VisionSpring, Inc.

Consolidated Financial Statements

December 31, 2013

Independent Auditors' Report

Board of Directors
VisionSpring, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of VisionSpring, Inc. (the “Organization”), which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of VisionSpring, Inc., El Salvador and VisionSpring, Inc., India, which statements reflect 23% of total assets as of December 31, 2013 and 24% of total support and revenue for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of VisionSpring, Inc. as of December 31, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules on pages 14-15 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

O'Connor Davies, LLP

October 20, 2014

VisionSpring, Inc.

Consolidated Statement of Financial Position
December 31, 2013
(with comparative amounts for 2012)

	2013	2012
ASSETS		
Cash and cash equivalents	$1,554,232	$ 866,282
Contributions and grants receivable, net	1,368,418	156,420
Accounts and other receivables	284,832	149,607
Due from employees	2,610	9,422
Inventory	354,717	229,952
Other assets	256,691	46,604
Property and equipment, net	256,964	205,025
	$4,078,464	$1,663,312
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 298,029	$ 250,378
Loans payable	18,557	19,156
Total Liabilities	316,586	269,534
Net Assets		
Unrestricted	1,675,191	363,710
Temporarily restricted	2,086,687	1,030,068
Total Net Assets	3,761,878	1,393,778
	$4,078,464	$1,663,312

See notes to consolidated financial statements

VisionSpring, Inc.

Consolidated Statement of Activities
Year Ended December 31, 2013
(with summarized totals for the year ended December 31, 2012)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
SUPPORT AND REVENUE				
Contributions and grants	$ 1,726,007	$ 2,557,894	$ 4,283,901	$ 1,864,070
Earned income	1,441,151	-	1,441,151	1,356,873
Special events, net expenses of $1,714	-	-	-	24,462
Interest income	2,800	-	2,800	1,600
In-kind contributions	-	-	-	8,937
Other income	76,952	-	76,952	68,246
Released from restrictions	1,501,275	(1,501,275)	-	-
Total Support and Revenue	4,748,185	1,056,619	5,804,804	3,324,188
EXPENSES				
Program	2,612,883	-	2,612,883	2,631,217
Management and general	340,095	-	340,095	313,592
Fundraising	350,629	-	350,629	286,284
Total Expenses	3,303,607	-	3,303,607	3,231,093
Change in Net Assets Before Foreign Currency Translation gain (loss)	1,444,578	1,056,619	2,501,197	93,095
Foreign currency translation gain (loss)	(133,097)	-	(133,097)	(17,369)
Change in Net Assets	1,311,481	1,056,619	2,368,100	75,726
NET ASSETS				
Beginning of year	363,710	1,030,068	1,393,778	1,318,052
End of year	$ 1,675,191	$ 2,086,687	$ 3,761,878	$ 1,393,778

See notes to consolidated financial statements

VisionSpring, Inc.

Consolidated Statement of Functional Expenses
Year Ended December 31, 2013
(with summarized totals for the year ended December 31, 2012)

	Program Expenses					Management			
	India	El Salvador	Bangladesh	Global Partnerships	Total Program	and General	Fundraising	2013 Total	2012 Total
Salaries and wages	$ 293,142	$ 402,703	$ 50,238	$ 54,998	$ 801,081	$ 127,346	$ 223,558	$ 1,151,985	$ 1,168,300
Payroll taxes and benefits	21,271	66,025	5,751	7,489	100,536	28,459	28,157	157,152	163,614
Glasses	257,529	373,119	24,408	106,199	761,255	-	-	761,255	735,061
Freight and shipping	8,267	323	494	24,342	33,426	-	-	33,426	88,569
Professional fees	10,204	104,847	15,148	-	130,199	79,100	1,745	211,044	156,786
Professional development and training	4,966	-	61,162	79	66,207	-	-	66,207	9,800
Subcontractors	51,282	-	13,993	43,100	108,375	14,340	42,508	165,223	125,411
Travel	42,769	69,635	4,206	15,918	132,528	18,788	19,545	170,861	308,206
Marketing and advertising	39,793	52,293	-	1,007	93,093	1,010	13,380	107,483	111,198
Printing	4,144	933	-	-	5,077	33	317	5,427	28,864
Postage	9,649	375	211	1,862	12,097	739	908	13,744	20,045
Telephone	6,682	16,694	45	371	23,792	6,369	210	30,371	33,095
IT network	-	-			-	1,755	-	1,755	16,349
Office	5,485	20,198	864		26,547	13,164	2,740	42,451	52,581
Repairs and maintenance	4,898	19,726	-		24,624	4,153	-	28,777	23,469
Miscellaneous	7,496	41,922	740	1,624	51,782	1,920	722	54,424	15,060
Rent and utilities	59,444	35,174	1,604	2,406	98,628	26,806	16,839	142,273	121,326
Depreciation and amortization	20,261	31,171	-	-	51,432	8,593	-	60,025	41,352
Insurance	-	-	-	-	-	7,520	-	7,520	4,668
Taxes	-	-	-	-	-	-	-	-	1,178
Bad debt	-	83,295	-	8,909	92,204	-	-	92,204	6,161
Total Expenses	$ 847,282	$ 1,318,433	$ 178,864	$ 268,304	$ 2,612,883	$ 340,095	$ 350,629	$ 3,303,607	$ 3,231,093

See notes to consolidated financial statements

VisionSpring, Inc.

Consolidated Statement of Cash Flows
Year Ended December 31, 2013
(with comparative amounts for 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,368,100	$ 75,726
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	56,256	41,352
Loss on disposal of property and equipment	-	47,669
Change in operating assets and liabilities		
Contributions and grants receivable	(1,211,998)	241,530
Accounts and other receivables	(135,225)	(42,482)
Due from employees	6,812	(5,462)
Inventory	(124,765)	(10,180)
Other assets	(210,087)	(18,455)
Accounts payable and accrued expenses	47,651	59,843
Net Cash from Operating Activities	796,744	389,541
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(108,195)	(164,738)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on loan	-	13,540
Repayments on loan principal	(599)	(3,009)
Net Cash from Financing Activities	(599)	10,531
Net Change in Cash and Cash Equivalents	687,950	235,334
CASH AND CASH EQUIVALENTS		
Beginning of year	866,282	630,948
End of year	$ 1,554,232	$ 866,282

See notes to consolidated financial statements

1. Organization

VisionSpring, Inc. ("the Organization"), is a not for profit organization established to provide access to eyewear products and services to help those in the developing world achieve their full potential. The Organization supports programs that sell and distribute eyeglasses and eye care products around the world. The Organization's vision is to create and scale innovative eyewear distribution models. The consolidated financial statements include the following entities:

- VisionSpring, Inc., a not for profit organization located in the United States, that trains local people in India and El Salvador to sell eyeglasses. Through partnerships with organizations, VisionSpring, Inc. dispenses reading glasses in other developing countries.

- VisionSpring El Salvador, a not for profit corporation located in El Salvador, that provides eyeglasses and eyewear products through optical shops, as well as vision campaigns in rural areas of the country. The Organization owns 100% of VisionSpring El Salvador.

- VisionSpring India, a not for profit organization located in India, provides eyeglasses and eyewear products through outreach work and a fixed location optical shop. VisionSpring, Inc. owns 99.83% of VisionSpring India.

VisionSpring, Inc. is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws.

2. Principles of Consolidation

These financial statements are prepared on a consolidated basis and include the activities for the year ended December 31, 2013 of VisionSpring, Inc, VisionSpring El Salvador and VisionSpring India. The consolidated entity is collectively referred to as the "Organization." All intercompany transactions and balances have been eliminated in consolidation.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

3. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the time of purchase.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the Organization's historical experience, review of account balances and expectations relative to collections.

Inventory

Inventories consist of reading glasses, frames and cases, which are stated at the lower of cost or market, with cost being determined by the first-in, first-out method.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided under the straight-line method over the estimated useful lives of the assets. The Organization has established a $1,000 threshold above which assets are capitalized.

Net Asset Presentation

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in the consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a consolidated statement of activities.

The classes of net assets are defined as follows:

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities.

3. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation (continued)

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions with purpose or time restrictions are reported as increases in temporarily restricted net assets. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received and are classified as unrestricted, temporarily restricted, or permanently restricted support. Promises to give are recorded at net realizable value if expected to be collected in one year. Unconditional promises to give that are expected to be collected in the future years are recorded at the present value of these estimated future cash flows.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at the estimated fair value.

Revenue Recognition

Sales are recorded when products are shipped to customers.

Donated Goods

The Organization records contributions of eye glass lenses, cases and frames by manufacturers. The contributed goods are added to inventory and expensed when sold.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for 2013 and 2012 were $15,568 and $15,065.

3. Summary of Significant Accounting Policies *(continued)*

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to 2010.

Prior Year Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which is October 20, 2014.

4. Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts with major financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes its cash balances are not exposed to any significant risk.

At December 31, 2013, approximately 99% of the Organization's contributions receivable consists of contributions derived from two donors.

5. Contributions and Grants Receivable

Contributions and grants receivable are shown in the accompanying consolidated statement of financial position net of a discount to present value of approximately 4% on payments due in future years.

5. Contributions and Grants Receivable *(continued)*

Contributions and grants receivable are due as follows at December 31:

	2013	2012
Less than one year	$ 177,017	$156,420
One year	590,382	-
Two years	625,000	-
	1,392,399	156,420
Discount to present value	(23,981)	-
	$1,368,418	$156,420

The Organization has determined all amounts to be collectible. At December 31, 2013 and 2012 no allowance was considered necessary.

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2013	2012
Machinery and equipment	$324,342	$241,190
Furniture and fixtures	58,877	52,004
Leasehold improvements	42,379	24,209
	425,598	317,403
Accumulated depreciation	(168,634)	(112,378)
	$256,964	$205,025

Depreciation expense was $56,256 and $41,352 for 2013 and 2012.

7. Loans Payable

The Organization obtained two loans in the amounts of $8,750 and $13,540 to finance the acquisition of vehicles. The loans have an interest rate of 10.95% and are payable as follows at December 31, 2013:

2014	$ 5,765
2015	3,768
2016	4,198
2017	4,516
Thereafter	310
	$18,557

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are as follows at December 31:

	2013	2012
Sustainable Enhancement Grant (SEGUE)	$ -	$ 855,068
BRAC/Bangladesh program costs	730,886	-
Mobile application data tool project	-	125,000
Time restricted	1,355,801	50,000
	$2,086,687	$1,030,068

SEGUE funds were raised from philanthropic investors providing equity-like capital necessary to meet the Organization's Phase II Growth plan for the years 2009 through 2012. The use of SEGUE proceeds is, until December 31, 2012, restricted towards achieving a positive change in unrestricted net assets. Beginning January 1, 2013 the use of SEGUE funds are no longer subject to donor imposed restrictions.

Net assets were released from donor restrictions during 2013 and 2012 as follows:

	2013	2012
BRAC/Bangladesh program costs	$ 161,809	$ -
India program costs	-	125,000
Central America program costs	-	50,000
Mobile application data tool project	125,000	13,000
Sustainable Enhancement Grant (SEGUE)	855,068	-
Travel and market research	8,000	-
Reading glasses	10,000	-
Hub and spoke model	163,898	-
Optical Model shop	12,500	-
Generic program	115,000	-
	50,000	175,000
Time restricted	$1,501,275	$363,000

9. Pension Plan

VisionSpring, Inc. has a defined contribution plan for its employees. Under this plan, the Organization matches 100% up to 4% of compensation. The Organization contributed $14,075 and $15,240 for 2013 and 2012.

VisionSpring, El Salvador has a pension plan (AFP) based on personal savings. Under this plan, the Organization contributes up to 6.75% of compensation. The Organization contributed $16,747 and $18,841 for 2013 and 2012.

VisionSpring, India has a contribution plan for some employees. Under this plan, the Organization contributes up to 12% of compensation. The Organization contributed $2,144 and $8,235 for 2013 and 2012.

10. Commitments

In August 2009, VisionSpring, Inc. entered into a five year non-cancelable lease for office space due to expire on September 30, 2014. The Organization's future rental commitment for 2014 is $37,019.

VisionSpring El Salvador and VisionSpring India have multiple annual leases for office space and operations. These leases are cancellable on one to three months notice.

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Supplementary Financial Information

VisionSpring, Inc.

Consolidating Schedule of Financial Position
December 31, 2013

	VisionSpring Inc.	VisionSpring El Salvador	VisionSpring India	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	$ 1,455,131	$ 24,942	$ 74,159	$ -	$ 1,554,232
Contributions and grants receivable, net	1,368,418	-	-	-	1,368,418
Accounts and other receivables	247,191	109,703	92,604	(164,666)	284,832
Due from employees	-	2,610	-	-	2,610
Inventory	5,031	141,009	208,677	-	354,717
Other assets	36,461	26,587	193,643	-	256,691
Property and equipment, net	9,095	127,066	120,803	-	256,964
	$ 3,121,327	$ 431,917	$ 689,886	$ (164,666)	$ 4,078,464
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 140,467	$ -	$ 322,228	$ (164,666)	$ 298,029
Loans payable	-	18,557	-	-	18,557
Total Liabilities	140,467	18,557	322,228	(164,666)	316,586
Net Assets					
Unrestricted	894,173	413,360	367,658	-	1,675,191
Temporarily restricted	2,086,687	-	-	-	2,086,687
Total Net Assets	2,980,860	413,360	367,658	-	3,761,878
	$ 3,121,327	$ 431,917	$ 689,886	$ (164,666)	$ 4,078,464

See independent auditors report

VisionSpring, Inc.

Consolidating Schedule of Activities
Year Ended December 31, 2013

	VisionSpring, Inc.						
	Unrestricted	Temporarily Restricted	Total	VisionSpring El Salvador	VisionSpring India	Eliminating Entries	Total
SUPPORT AND REVENUE							
Contributions and grants	$1,701,549	$2,557,894	$4,259,443	$ 353,015	$ 573,920	$ (902,477)	$4,283,901
Earned income	141,528	-	141,528	968,325	331,298	-	1,441,151
Special events, net expenses of $	-	-	-	-	-	-	-
Interest income	-	-	-	-	2,800	-	2,800
In-kind contributions	-	-	-	-	-	-	-
Other income	7,509	-	7,509	6,121	63,322	-	76,952
Released from restrictions	1,501,275	(1,501,275)	-	-	-	-	-
Total Support and Revenue	3,351,861	1,056,619	4,408,480	1,327,461	971,340	(902,477)	5,804,804
EXPENSES							
Program							
India	740,344	-	740,344	-	680,858	(573,920)	847,282
El Salvador	485,096	-	485,096	1,161,894	-	(328,557)	1,318,433
Bangladesh	178,864	-	178,864	-	-	-	178,864
Global partnerships	268,304	-	268,304	-	-	-	268,304
Total program	1,672,608	-	1,672,608	1,161,894	680,858	(902,477)	2,612,883
Management and general	340,095	-	340,095	-	-	-	340,095
Fundraising	350,629	-	350,629	-	-	-	350,629
Total Expenses	2,363,332	-	2,363,332	1,161,894	680,858	(902,477)	3,303,607
Change in Net Assets Before Foreign Currency Translation	988,529	1,056,619	2,045,148	165,567	290,482	-	2,501,197
Foreign currency translation loss	-	-	-	-	(133,097)	-	(133,097)
Change in Net Assets	988,529	1,056,619	2,045,148	165,567	157,385	-	2,368,100
NET ASSETS							
Beginning of year	(94,356)	1,030,068	935,712	247,793	210,273	-	1,393,778
End of year	$ 894,173	$2,086,687	$2,980,860	$ 413,360	$ 367,658	$ -	$3,761,878

See independent auditors' report