

Financial Statements

The Boston Foundation for Sight, Inc. d/b/a BostonSight

December 31, 2015 and 2014



Mayer Hoffman McCann P.C.
Tofias New England Division
An Independent CPA Firm

THE BOSTON FOUNDATION FOR SIGHT, INC.
d/b/a BostonSight

Financial Statements

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Independent Auditors' Report

To the Board of Directors
The Boston Foundation for Sight, Inc.
d/b/a BostonSight
Needham, Massachusetts

We have audited the accompanying financial statements of The Boston Foundation for Sight, Inc. d/b/a BostonSight ("BostonSight"), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 BostonSight'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 BostonSight'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Boston Foundation for Sight, Inc. d/b/a BostonSight as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCann P.C.

March 17, 2016
Boston, Massachusetts

THE BOSTON FOUNDATION FOR SIGHT, INC.
d/b/a BostonSight

Balance Sheets

	<i>December 31,</i>	
	<i>2015</i>	<i>2014</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,514,445	\$ 3,056,784
Accounts receivable - patients, net of reserve for doubtful accounts of \$126,500 and \$248,000 in 2015 and 2014, respectively	646,884	1,001,556
Accounts receivable - network clinics	742,850	535,750
Other receivables	12,800	67,238
Inventory	101,000	-
Prepaid expenses	74,878	80,027
	<u>4,092,857</u>	<u>4,741,355</u>
Total current assets		
Other assets:		
Restricted cash	185,000	185,012
Deposits	32,918	32,918
	<u>217,918</u>	<u>217,930</u>
Total other assets		
Property and equipment, net	<u>190,341</u>	<u>291,878</u>
Total assets	<u>\$ 4,501,116</u>	<u>\$ 5,251,163</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 384,476	\$ 1,012,616
	<u>384,476</u>	<u>1,012,616</u>
Total current liabilities		
Total liabilities	<u>384,476</u>	<u>1,012,616</u>
Net assets:		
Unrestricted net assets	3,914,085	4,029,799
Temporarily restricted net assets	17,555	23,748
Permanently restricted net assets	185,000	185,000
	<u>4,116,640</u>	<u>4,238,547</u>
Total net assets		
Total liabilities and net assets	<u>\$ 4,501,116</u>	<u>\$ 5,251,163</u>

THE BOSTON FOUNDATION FOR SIGHT, INC.
d/b/a BostonSight

Statements of Operations and Changes in Net Assets

Years Ended December 31,

	2015			Total	2014
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Changes in unrestricted net assets:					
Revenue and other support:					
Patient services, net	\$ 2,498,547	\$ -	\$ -	\$ 2,498,547	\$ 3,167,385
(Provision for) recoveries of bad debts	41,863	-	-	41,863	(62,147)
Patient services, net	2,540,410	-	-	2,540,410	3,105,238
Network clinic revenue, net	2,504,150	-	-	2,504,150	2,136,430
In-kind contributions	-	-	-	-	143,137
Other	167,743	-	-	167,743	74,942
Contributions and grants	371,613	21,925	-	393,538	366,441
Net assets released from restrictions, satisfied by payment	28,118	(28,118)	-	-	-
Total unrestricted revenue and other support	5,612,034	(6,193)	-	5,605,841	5,826,188
Expenses:					
Operating, research, education and teaching	4,108,577	-	-	4,108,577	4,107,722
General and administrative	1,454,655	-	-	1,454,655	1,533,193
Fundraising	219,703	-	-	219,703	426,998
Depreciation	147,545	-	-	147,545	195,602
Total expenses	5,930,480	-	-	5,930,480	6,263,515
Operating loss	(318,446)	(6,193)	-	(324,639)	(437,327)
Nonoperating activities:					
Net realized loss on disposal of assets	(29,029)	-	-	(29,029)	(1,174)
Interest income	-	-	-	-	18
Rental income	231,761	-	-	231,761	300,000
Net nonoperating gains	202,732	-	-	202,732	298,844
Deficit of revenue over expenses	(115,714)	(6,193)	-	(121,907)	(138,483)
Net assets, beginning of year	4,029,799	23,748	185,000	4,238,547	4,377,030
Net assets, end of year	\$ 3,914,085	\$ 17,555	\$ 185,000	\$ 4,116,640	\$ 4,238,547

THE BOSTON FOUNDATION FOR SIGHT, INC.
d/b/a BostonSight

Statement of Operations and Changes in Net Assets

Year Ended December 31, 2014

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Changes in unrestricted net assets:				
Revenue and other support:				
Patient services, net	\$ 3,167,385	\$ -	\$ -	\$ 3,167,385
Provision for bad debts	<u>(62,147)</u>	<u>-</u>	<u>-</u>	<u>(62,147)</u>
Patient services, net	3,105,238	-	-	3,105,238
Network clinic revenue, net	2,136,430	-	-	2,136,430
In-kind contributions	143,137	-	-	143,137
Other	74,942	-	-	74,942
Contributions	341,160	25,281	-	366,441
Net assets released from restrictions, satisfied by payment	<u>42,395</u>	<u>(42,395)</u>	<u>-</u>	<u>-</u>
Total unrestricted revenue and other support	<u>5,843,302</u>	<u>(17,114)</u>	<u>-</u>	<u>5,826,188</u>
Expenses:				
Operating, research, education and teaching	4,107,722	-	-	4,107,722
General and administrative	1,533,193	-	-	1,533,193
Fundraising	426,998	-	-	426,998
Depreciation	<u>195,602</u>	<u>-</u>	<u>-</u>	<u>195,602</u>
Total expenses	<u>6,263,515</u>	<u>-</u>	<u>-</u>	<u>6,263,515</u>
Operating loss	<u>(420,213)</u>	<u>(17,114)</u>	<u>-</u>	<u>(437,327)</u>
Nonoperating activities:				
Net realized loss on disposal of assets	(1,174)	-	-	(1,174)
Interest income	-	18	-	18
Rental income	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Net nonoperating gains	<u>298,826</u>	<u>18</u>	<u>-</u>	<u>298,844</u>
Deficit of revenue over expenses	<u>(121,387)</u>	<u>(17,096)</u>	<u>-</u>	<u>(138,483)</u>
Net assets, beginning of year	<u>4,151,186</u>	<u>40,844</u>	<u>185,000</u>	<u>4,377,030</u>
Net assets, end of year	<u>\$ 4,029,799</u>	<u>\$ 23,748</u>	<u>\$ 185,000</u>	<u>\$ 4,238,547</u>

THE BOSTON FOUNDATION FOR SIGHT, INC.
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Statements of Cash Flows

	<i>Years Ended December 31,</i>	
	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (121,907)	\$ (138,483)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	147,545	195,602
Loss on disposal of assets	29,029	1,174
Changes in operating assets and liabilities:		
Change in accounts receivable - patients	354,672	159,544
Change in accounts receivable - network clinics	(207,100)	219,450
Change in other receivables	54,438	56,583
Change in inventories	(101,000)	-
Change in prepaid expenses	5,149	(23,107)
Change in accounts payable and accrued expenses	(628,140)	199,226
	<u>(467,314)</u>	<u>669,989</u>
Net cash provided by (used in) operating activities	(467,314)	669,989
Cash flows from investing activities:		
Change in restricted cash	(12)	(349)
Proceeds from the sale of asset	-	250
Purchases of property and equipment	(75,013)	(52,708)
	<u>(75,025)</u>	<u>(52,807)</u>
Net cash used in investing activities	(75,025)	(52,807)
Net increase (decrease) in cash and cash equivalents	(542,339)	617,182
Cash and cash equivalents, beginning of year	<u>3,056,784</u>	<u>2,439,602</u>
Cash and cash equivalents, end of year	\$ <u>2,514,445</u>	\$ <u>3,056,784</u>

THE BOSTON FOUNDATION FOR SIGHT, INC.
d/b/a BostonSight

Notes to Financial Statements

Note 1 - Significant Accounting Policies

Organization and Purpose

The Boston Foundation for Sight, Inc. d/b/a BostonSight (“BostonSight”) was incorporated under the laws of the Commonwealth of Massachusetts on April 1, 1992. The mission of BostonSight is to improve the quality of life for patients and their families by transforming the understanding, treatment and care of complex corneal disease. BostonSight achieves its mission through education, empowerment, treatment, and innovation. Resources are raised through private and corporate contributions. The efforts of BostonSight are considered to be one program, which includes providing medical services directly to patients and manufacturing custom prosthetic devices for patients served throughout the BostonSight provider network.

Financial Statement Presentation

The financial statements of BostonSight have been prepared on the accrual basis of accounting.

BostonSight reports three classes of net assets and the changes in those net assets in the balance sheets and statements of operations and changes in net assets, respectively. The three classes of net assets – unrestricted, temporarily restricted and permanently restricted – are based on the existence or absence of donor-imposed restrictions, either explicit or implicit. The three classifications are defined as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations or for which donor restrictions have expired.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that permit BostonSight to use or expend the donated assets as specified and is satisfied by either the passage of time or by actions of BostonSight.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by BostonSight. Unexpended appreciation on permanently restricted net assets is included in temporarily restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates included in the financial statements. Significant management estimates include the allowance for doubtful accounts receivable, decisions on what to capitalize and estimated useful lives of depreciable assets, valuation of inventory, satisfaction of restrictions for the release of net assets and allocation of functional expenses.

Cash and Cash Equivalents

BostonSight considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. BostonSight maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. BostonSight monitors its exposure associated with bank deposits and has not experienced any losses in such accounts.

THE BOSTON FOUNDATION FOR SIGHT, INC.
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Notes to Financial Statements

Note 1 - Significant Accounting Policies (Continued)

Restricted Cash

Restricted cash consists of long-term donor restricted funds. The funds are held in a money market account.

Patient Service Revenue, Clinic Revenue, and Related Accounts Receivable

Accounts receivable are recorded at their net realizable value. Accordingly, for patient accounts receivable, BostonSight provides a reserve for contractual adjustments and doubtful accounts equal to the estimated uncollectible amounts. BostonSight's estimate is based on historical collection experience and a review of the current status of patient accounts receivable. It is reasonably possible that BostonSight's estimate of the allowance for doubtful accounts will change. Patient accounts receivable are presented net of reserve for contractual adjustments and doubtful accounts of approximately \$126,500 and \$248,000 at December 31, 2015 and 2014, respectively.

BostonSight provides medical services to patients whose visual function has been damaged by certain injuries and diseases. Fees for services are billed to third-party service providers (insurance) if the patient carries such insurance. Typically insurance providers determine an allowable amount for the services rendered and remit to BostonSight a net amount after adjustments. Patients who do not carry insurance are not denied medical services, and BostonSight performs a financial analysis of each patient and provides financial assistance for such patients based on need. Patient Service Revenue is presented in the accompanying statements of operations and changes in net assets, net of such contractual adjustments totaling \$550,724 and \$786,459, and financial assistance totaling \$523,552 and \$665,886 for the years ended December 31, 2015 and 2014, respectively.

Network clinic receivables represent amounts owed to BostonSight by network clinics for devices manufactured by BostonSight. Each participating network clinic is licensed to dispense the devices through a contractual agreement with BostonSight. Revenue for devices sold under contract to network clinics is recognized when the devices are shipped. No amounts are reserved for these network clinic receivables based on the history of collections and the ongoing contractual relationships with BostonSight.

Inventory

Beginning in 2015, BostonSight began holding inventory of buttons and related materials used in the manufacturing of the prosthetic devices and lenses as well as clinical supplies needed for clinical services. Inventory, consisting of raw materials and clinical supplies, is valued at cost which approximates fair market value.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. Fair value of donated property and equipment is effectively recorded using a Level 3 market approach. Minor repairs and maintenance are expensed in the year incurred while major additions and renewals are capitalized.

THE BOSTON FOUNDATION FOR SIGHT, INC.
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Notes to Financial Statements

Note 1 - Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Depreciation is provided on the straight-line basis over the following estimated useful lives:

Clinical equipment	5 to 7 years
Leasehold improvements	5 to 10 years or lease term whichever is shorter
Office equipment	5 years
Furniture and fixtures	7 years

Deferred Rent Liability

Rent expense is recorded on the straight-line basis over the life of the leases. Deferred rental liability results from leases with built in rental increases being recorded as expense in advance of the actual payment of the related rent under the leases. The rent liability was \$2,296 and \$45,848 at December 31, 2015 and 2014, respectively, and is included in accounts payable and accrued expenses on the balance sheet.

Fair Value Measurements

BostonSight reports required types of financial instruments at fair value on a recurring and non-recurring basis depending on the underlying accounting policy for the particular item. Fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require BostonSight to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument including situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

THE BOSTON FOUNDATION FOR SIGHT, INC.
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Notes to Financial Statements

Note 1 - Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Market price is affected by a number of factors, including the type of instruments and the characteristics specific to the instruments. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

Revenues

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated time period are reported as reclassifications between the applicable classes of net assets.

Contributions

BostonSight reports gifts of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restriction. Fair value is determined at the date of recordation as earlier described in these notes using Level 2 fair value methods.

In-Kind Contributions

During the year ended December 31, 2014, BostonSight received \$143,137 of donated materials used in the manufacture of prosthetic devices. The materials would need to be purchased if not provided by donation. The materials are recognized at their fair value when received using Level 2 inputs. There were no in-kind contributions received during the year ended December 31, 2015. During 2015, BostonSight began purchasing the materials.

Rental Income

BostonSight rented a portion of its office space to an unrelated entity through August of 2015. Rental income totaled \$231,761 and \$300,000 for the years ended December 31, 2015 and 2014, respectively.

Allocation of Common Expenses

Certain common expenses have been allocated to functions based on percentage of effort, usage, square footage and other criteria.

THE BOSTON FOUNDATION FOR SIGHT, INC.
d/b/a BostonSight

Notes to Financial Statements

Note 1 - Significant Accounting Policies (Continued)

Income Taxes

BostonSight is recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes. Accordingly, no provision for income taxes is made in the financial statements. Given the limited taxable activities of BostonSight, management concluded that disclosures relative to tax provisions are not necessary.

Uncertain Tax Positions

BostonSight accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense.

BostonSight has identified its tax status as a tax exempt entity and its determination of which activities are related and unrelated as its only significant tax positions and has determined that such tax positions do not result in an uncertainty requiring recognition. BostonSight is not currently under examination by any taxing jurisdiction. Federal and state income tax returns are generally open for examination for three years following the date filed.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform with the current year presentation.

Subsequent Events

BostonSight has evaluated subsequent events through March 17, 2016, the date the financial statements were issued.

THE BOSTON FOUNDATION FOR SIGHT, INC.
d/b/a BostonSight

Notes to Financial Statements

Note 2 - Property and Equipment

Property and equipment as of December 31, 2015 and 2014 consists of the following:

	<i>2015</i>	<i>2014</i>
Clinical equipment	\$ 1,870,018	\$ 1,848,538
Leasehold improvements	426,269	465,177
Office equipment	148,279	148,279
Furniture and fixtures	<u>10,531</u>	<u>10,531</u>
	2,455,097	2,472,525
Less: accumulated depreciation	<u>2,264,756</u>	<u>2,180,647</u>
	<u>\$ 190,341</u>	<u>\$ 291,878</u>

Note 3 - Debt

Line of Credit

BostonSight has a revolving line of credit with a bank in the amount of \$500,000. Borrowings under the line of credit bear interest at 2.75% above LIBOR (3.84% and 3.35% at December 31, 2015 and 2014, respectively). As of December 31, 2015 and 2014, there was no outstanding balance on the line of credit. Borrowings are collateralized by substantially all assets of BostonSight.

Note 4 - Operating Lease Commitments

BostonSight leases space for its office and manufacturing facility under a non-cancellable lease agreement with an effective commencement date of August 31, 2010 and expiration date of January 31, 2016. The lease was renewed effective February 1, 2016 through January 31, 2021. Under the terms of this lease agreement, BostonSight is required to remit a minimum monthly rental plus certain operating costs. Rent expense incurred by BostonSight under this lease agreement, including operating costs, amounted to \$446,028 and \$440,599 for the years ended December 31, 2015 and 2014, respectively.

BostonSight has entered into office equipment and residential leases. The non-cancellable lease agreements require minimum monthly rentals ranging from \$238 to \$614 and expire at various intervals through June 2017. During the years ended December 31, 2015 and 2014, lease expense incurred by BostonSight under these lease agreements amounted to \$57,038 and \$54,504, respectively.

THE BOSTON FOUNDATION FOR SIGHT, INC.
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Notes to Financial Statements

Note 4 - Operating Lease Commitments (Continued)

Future minimum lease payments due under these non-cancellable lease agreements as of December 31, 2015 are as follows:

<i>Year Ending December 31,</i>		
2016	\$	426,648
2017		406,693
2018		412,326
2019		424,884
2020		437,988
2021		<u>36,590</u>
	\$	<u><u>2,145,129</u></u>

Note 5 - Net Assets and Endowment Matters

Unrestricted Net Assets

Unrestricted net assets are comprised of the following:

Net investment in property and equipment - The value of property and equipment net of depreciation used by BostonSight's operations.

Operating - Discretionary funds available for carrying on the operating activities of BostonSight.

Temporarily Restricted Net Assets

Purpose restricted - Amounts received with donor restrictions which have not yet been expended for their designated purpose at December 31:

	<i>2015</i>	<i>2014</i>
Purpose restricted:		
Research fund	\$ -	\$ 7,975
Patient/family fund	17,243	15,611
Accumulated earning on permanently restricted funds	-	12
Other	<u>312</u>	<u>150</u>
Temporarily restricted net assets	\$ <u><u>17,555</u></u>	\$ <u><u>23,748</u></u>

THE BOSTON FOUNDATION FOR SIGHT, INC.
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Notes to Financial Statements

Note 5 - Net Assets and Endowment Matters (Continued)

Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions as specified by the donors as follows for the years ended December 31:

	<i>2015</i>	<i>2014</i>
Purpose restricted gifts:		
Prose Research/KC Research	\$ 7,975	\$ -
Patient networking	10,050	816
Patient/family fund	10,093	41,212
Other	-	367
	<u> </u>	<u> </u>
Total net assets released	\$ <u>28,118</u>	\$ <u>42,395</u>

Permanently Restricted Net Assets

Endowment - Amounts restricted in perpetuity by donors at December 31:

	<i>2015</i>	<i>2014</i>
Endowment - to support patient services	\$ <u>185,000</u>	\$ <u>185,000</u>

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Notes to Financial Statements

Note 5 - Net Assets and Endowment Matters (Continued)

The following represents required disclosure relative to the composition of endowment assets and those functioning as endowment assets at December 31, 2015 and 2014:

	<i>Permanently Restricted Net Assets</i>	<i>Total</i>
Endowment assets and those functioning as endowment assets, beginning of year	\$ <u>185,000</u>	\$ <u>185,000</u>
Contributions and additions	<u>-</u>	<u>-</u>
Investments return:		
Interest and dividends, net of investment expenses	-	-
Realized gains	-	-
Unrealized losses	<u>-</u>	<u>-</u>
Total investments return	<u>-</u>	<u>-</u>
Expenditures:		
Amounts appropriated for expenditure	<u>-</u>	<u>-</u>
Change in endowment assets and those functioning as endowment assets	<u>-</u>	<u>-</u>
Endowment assets and those functioning as endowment assets, end of year	\$ <u><u>185,000</u></u>	\$ <u><u>185,000</u></u>

Temporarily restricted net assets include \$0 and \$12 of accumulated unspent earnings on permanently restricted net assets at December 31, 2015 and 2014, respectively.

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Notes to Financial Statements

Note 6 - Retirement Plan

BostonSight maintains a 401(k) retirement plan (the “Plan”) for the benefit of its employees. Upon achieving certain eligibility requirements, the Plan allows each employee participant an election to defer a percentage of their compensation up to the maximum limits as established for federal income tax purposes. BostonSight, at the discretion of the Board of Directors, may make matching contributions to the Plan. Matching contributions made by BostonSight for the years ended December 31, 2015 and 2014 amounted to \$104,896 and \$98,997, respectively.

Note 7 - Expenses by Functional Classification

The following is a summary of expenses by functional classification after the allocation of depreciation expense for the years ended December 31:

	<i>2015</i>	<i>2014</i>
Operating, research, education and teaching	\$ 4,237,203	\$ 4,279,321
General and administrative	1,470,588	1,549,094
Fundraising	<u>222,689</u>	<u>435,100</u>
Total expenses	<u><u>\$ 5,930,480</u></u>	<u><u>\$ 6,263,515</u></u>

Note 8 - Contingency

BostonSight was involved in a legal dispute (non-patient care related) and had accrued an amount equal to BostonSight’s estimated insurance deductible and is included in accounts payable and accrued expenses at December 31, 2014. The matter was resolved during the year ended December 31, 2015, and in management’s opinion, this matter will not have any additional material adverse effect on the financial position of BostonSight.