

# **Financial Statements**

## **The Boston Foundation for Sight, Inc.**

**December 31, 2014 and 2013**



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

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Financial Statements*

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Tofias New England Division  
An Independent CPA Firm

500 Boylston Street ■ Boston, MA 02116  
Tel: 617.761.0600 ■ Fax: 617.761.0601 ■ www.cbiztofias.com

### *Independent Auditors' Report*

To the Board of Directors  
The Boston Foundation for Sight, Inc.  
Needham, Massachusetts

We have audited the accompanying financial statements of The Boston Foundation for Sight, Inc. (the "Foundation"), which comprise the balance sheets as of December 31, 2014 and 2013, 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 the Foundation'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 Foundation'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. as of December 31, 2014 and 2013, 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.*

April 13, 2015  
Boston, Massachusetts

**THE BOSTON FOUNDATION FOR SIGHT, INC.**

*Balance Sheets*

	<i>December 31,</i>	
	<i>2014</i>	<i>2013</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,056,784	\$ 2,439,602
Accounts receivable - patients, net of reserve for doubtful accounts of \$248,000 and \$288,000 in 2014 and 2013, respectively	1,001,556	1,161,100
Accounts receivable - network clinics	535,750	755,200
Other receivables	67,238	123,821
Prepaid expenses	80,027	56,920
	<u>4,741,355</u>	<u>4,536,643</u>
<b>Total current assets</b>		
Other assets:		
Restricted cash	185,012	185,361
Deposits	32,918	32,918
	<u>217,930</u>	<u>218,279</u>
<b>Total other assets</b>		
<b>Property and equipment, net</b>	<u>291,878</u>	<u>435,498</u>
<b>Total assets</b>	<u>\$ 5,251,163</u>	<u>\$ 5,190,420</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ <u>1,012,616</u>	\$ <u>813,390</u>
<b>Total current liabilities</b>	<u>1,012,616</u>	<u>813,390</u>
<b>Total liabilities</b>	<u>1,012,616</u>	<u>813,390</u>
Net assets:		
Unrestricted net assets	4,029,799	4,151,186
Temporarily restricted net assets	23,748	40,844
Permanently restricted net assets	185,000	185,000
	<u>4,238,547</u>	<u>4,377,030</u>
<b>Total net assets</b>		
<b>Total liabilities and net assets</b>	<u>\$ 5,251,163</u>	<u>\$ 5,190,420</u>

**THE BOSTON FOUNDATION FOR SIGHT, INC.**

*Statements of Operations and Changes in Net Assets*

*Years Ended December 31,*

	<u>2014</u>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>2013</u>
Changes in unrestricted net assets:					
Revenue and other support:					
Patient services, net	\$ 3,167,385	\$ -	\$ -	\$ 3,167,385	\$ 3,557,078
Provision for bad debts	(62,147)	-	-	(62,147)	(89,228)
Patient services, net	<u>3,105,238</u>	<u>-</u>	<u>-</u>	<u>3,105,238</u>	<u>3,467,850</u>
Network clinic revenue, net	2,136,430	-	-	2,136,430	2,326,190
In-kind contributions	143,137	-	-	143,137	239,761
Other	74,942	-	-	74,942	141,746
Contributions and grants	341,160	25,281	-	366,441	446,939
Net assets released from restrictions, satisfied by payment	<u>42,395</u>	<u>(42,395)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total unrestricted revenue and other support</b>	<b><u>5,843,302</u></b>	<b><u>(17,114)</u></b>	<b><u>-</u></b>	<b><u>5,826,188</u></b>	<b><u>6,622,486</u></b>
Expenses:					
Operating, research, education and teaching	4,107,722	-	-	4,107,722	3,824,000
General and administrative	1,533,193	-	-	1,533,193	1,766,781
Fundraising	426,998	-	-	426,998	417,488
Depreciation	<u>195,602</u>	<u>-</u>	<u>-</u>	<u>195,602</u>	<u>317,450</u>
<b>Total expenses</b>	<b><u>6,263,515</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,263,515</u></b>	<b><u>6,325,719</u></b>
<b>Operating gain (loss)</b>	<b><u>(420,213)</u></b>	<b><u>(17,114)</u></b>	<b><u>-</u></b>	<b><u>(437,327)</u></b>	<b><u>296,767</u></b>
Nonoperating activities:					
Net realized loss on sale of assets	(1,174)	-	-	(1,174)	393
Interest income	-	18	-	18	-
Rental income	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
<b>Net nonoperating gains</b>	<b><u>298,826</u></b>	<b><u>18</u></b>	<b><u>-</u></b>	<b><u>298,844</u></b>	<b><u>300,393</u></b>
<b>Excess (deficit) of revenue over expenses</b>	<b><u>(121,387)</u></b>	<b><u>(17,096)</u></b>	<b><u>-</u></b>	<b><u>(138,483)</u></b>	<b><u>597,160</u></b>
Net assets, beginning of year	<u>4,151,186</u>	<u>40,844</u>	<u>185,000</u>	<u>4,377,030</u>	<u>3,779,870</u>
<b>Net assets, end of year</b>	<b><u>\$ 4,029,799</u></b>	<b><u>\$ 23,748</u></b>	<b><u>\$ 185,000</u></b>	<b><u>\$ 4,238,547</u></b>	<b><u>\$ 4,377,030</u></b>

**THE BOSTON FOUNDATION FOR SIGHT, INC.**

*Statement of Operations and Changes in Net Assets*

*Year Ended December 31,*

	<i>2013</i>			
	<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	\$ 3,557,078	\$ -	\$ -	\$ 3,557,078
Provision for bad debts	(89,228)	-	-	(89,228)
Patient services, net	3,467,850	-	-	3,467,850
Network clinic revenue, net	2,326,190	-	-	2,326,190
In-kind contributions	239,761	-	-	239,761
Other	141,746	-	-	141,746
Contributions	405,328	41,611	-	446,939
Net assets released from restrictions, satisfied by payment	16,619	(16,619)	-	-
	<b>6,597,494</b>	<b>24,992</b>	<b>-</b>	<b>6,622,486</b>
Expenses:				
Operating, research, education and teaching	3,824,000	-	-	3,824,000
General and administrative	1,766,781	-	-	1,766,781
Fundraising	417,488	-	-	417,488
Depreciation	317,450	-	-	317,450
	<b>6,325,719</b>	<b>-</b>	<b>-</b>	<b>6,325,719</b>
<b>Operating gain</b>	<b>271,775</b>	<b>24,992</b>	<b>-</b>	<b>296,767</b>
Nonoperating activities:				
Interest income	32	361	-	393
Rental income	300,000	-	-	300,000
	<b>300,032</b>	<b>361</b>	<b>-</b>	<b>300,393</b>
<b>Excess of revenue over expenses</b>	<b>571,807</b>	<b>25,353</b>	<b>-</b>	<b>597,160</b>
Net assets, beginning of year	3,579,379	15,491	185,000	3,779,870
<b>Net assets, end of year</b>	<b>\$ 4,151,186</b>	<b>\$ 40,844</b>	<b>\$ 185,000</b>	<b>\$ 4,377,030</b>

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Statements of Cash Flows*

	<i>Years Ended December 31,</i>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (138,483)	\$ 597,160
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	195,602	317,450
Loss on sale of assets	1,174	-
Changes in operating assets and liabilities:		
Change in accounts receivable - patients	159,544	(129,904)
Change in accounts receivable - network clinics	219,450	(94,622)
Change in other receivables	56,583	(119,508)
Change in prepaid expenses	(23,107)	(9,029)
Change in accounts payable and accrued expenses	199,226	297,349
	<u>669,989</u>	<u>858,896</u>
<b>Net cash provided by operating activities</b>	<b>669,989</b>	<b>858,896</b>
<b>Cash flows from investing activities:</b>		
Change in restricted cash	(349)	(18)
Proceeds from the sale of asset	250	-
Purchases of property and equipment	(52,708)	(15,853)
	<u>(52,807)</u>	<u>(15,871)</u>
<b>Net cash used in financing activities</b>	<b>(52,807)</b>	<b>(15,871)</b>
<b>Cash flows from financing activities:</b>		
Payments from note payable	-	(181,745)
	<u>-</u>	<u>(181,745)</u>
<b>Cash used in financing activities</b>	<b>-</b>	<b>(181,745)</b>
<b>Net increase in cash and cash equivalents</b>	<b>617,182</b>	<b>661,280</b>
Cash and cash equivalents, beginning of year	<u>2,439,602</u>	<u>1,778,322</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>3,056,784</u></b>	<b>\$ <u>2,439,602</u></b>

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Notes to Financial Statements*

### *Note 1 - Significant Accounting Policies*

#### *Organization and Purpose*

The Boston Foundation for Sight, Inc. (the "Foundation") was incorporated under the laws of the Commonwealth of Massachusetts on April 1, 1992. The purpose of the Foundation is to support research on the use of scleral lenses as a means of restoring vision in eyes damaged by certain injuries and diseases and to provide practitioners with the skills necessary to properly fit these lenses through training conducted by the Foundation. Resources are raised through private and corporate contributions. The efforts of the Foundation are considered to be one program. In addition, the Foundation provides medical services directly to patients. As of October 31, 2003, the Foundation began to manufacture the scleral lenses.

#### *Financial Statement Presentation*

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

The Foundation 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 the Foundation to use or expend the donated assets as specified and is satisfied by either the passage of time or by actions of the Foundation.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. 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, estimated useful lives of depreciable assets, satisfaction of restrictions for the release of net assets and allocation of functional expenses.

#### *Cash and Cash Equivalents*

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

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *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 bank deposit account.

#### ***Patient Service Revenue, Clinic Revenue, and Related Accounts Receivable***

Accounts receivable are recorded at their net realizable value. Accordingly, for patient accounts receivable, the Foundation provides a reserve for contractual adjustments and doubtful accounts equal to the estimated uncollectible amounts. The Foundation's estimate is based on historical collection experience and a review of the current status of patient accounts receivable. It is reasonably possible that the Foundation'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 \$248,000 and \$288,000 at December 31, 2014 and 2013, respectively.

The Foundation provides medical services to patients whose vision, damaged by certain injuries and diseases, cannot be restored through standard ophthalmologic practices. 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 the Foundation a net amount after adjustments. Patients who do not carry insurance are not denied medical services, and the Foundation performs a financial analysis of each patient and provides free care 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 \$786,459 and \$696,394, and free care totaling \$665,886 and \$581,827 for the years ended December 31, 2014 and 2013, respectively.

Network clinic receivables represent amounts owed to the Foundation by network clinics for devices manufactured by the Foundation. Each participating network clinic is licensed to dispense the devices through a contractual agreement with the Foundation. 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 the Foundation.

#### ***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.

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

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Notes to Financial Statements*

### *Note 1 - Significant Accounting Policies (Continued)*

#### *Fair Value Measurements*

The Foundation 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 the Foundation 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.

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.

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Notes to Financial Statements*

### *Note 1 - Significant Accounting Policies (Continued)*

#### *Contributions*

The Foundation 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*

The Foundation received in-kind contributions and certain equipment and collectible items from various donors and individuals, including its Board of Directors, for which there was no form of remuneration. Accordingly, the value of these contributed services, along with certain equipment and collectible items, has not been recognized in the accompanying statements of operations and changes in net assets. In-kind contributions recognized of \$143,137 and \$239,761 in 2014 and 2013, respectively, consist primarily of materials used in the manufacture of scleral lenses. 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.

#### *Allocation of Common Expenses*

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

#### *Income Taxes*

The Foundation 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 the Foundation, management concluded that disclosures relative to tax provisions are not necessary.

#### *Uncertain Tax Positions*

The Foundation 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.

The Foundation 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. The Foundation 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.

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Notes to Financial Statements*

### *Note 1 - Significant Accounting Policies (Continued)*

#### *Reclassifications*

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

#### *Subsequent Events*

The Foundation has evaluated subsequent events through April 13, 2015, the date the financial statements were issued.

### *Note 2 - Property and Equipment*

Property and equipment as of December 31, 2014 and 2013 consists of the following:

	<i>2014</i>	<i>2013</i>
Clinical equipment	\$ 1,848,538	\$ 1,810,987
Leasehold improvements	465,177	465,177
Office equipment	148,279	138,491
Furniture and fixtures	<u>10,531</u>	<u>10,531</u>
	2,472,525	2,425,186
Less: accumulated depreciation	<u>2,180,647</u>	<u>1,989,688</u>
	<u>\$ 291,878</u>	<u>\$ 435,498</u>

### *Note 3 - Debt*

#### *Line of Credit*

The Foundation 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 (3.35% and 3.33% at December 31, 2014 and 2013, respectively). As of December 31, 2014 and 2013, there was no outstanding balance on the line of credit. Borrowings are collateralized by substantially all assets of the Foundation.

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Notes to Financial Statements*

### *Note 4 - Operating Lease Commitments*

The Foundation 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. Under the terms of this lease agreement, the Foundation is required to remit a minimum monthly rental plus certain operating costs. Rent expense incurred by the Foundation under this lease agreement, including operating costs, amounted to \$440,459 during the years ended December 31, 2014 and 2013.

The Foundation has entered into a motor vehicle lease and various office equipment and residential leases. The non-cancellable lease agreements require minimum monthly rentals ranging from \$238 to \$1,555 and expire at various intervals through September 2017. During the years ended December 31, 2014 and 2013, lease expense incurred by the Foundation under these lease agreements amounted to \$54,504 and \$34,281, respectively.

Future minimum lease payments due under these non-cancellable lease agreements as of December 31, 2014 are as follows:

<i>Year Ending</i> <i>December 31,</i>	
2015	\$ 497,721
2016	110,758
2017	<u>57,787</u>
	<u>\$ 666,266</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 the Foundation's operations.

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

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Notes to Financial Statements*

### *Note 5 - Net Assets and Endowment Matters (Continued)*

#### *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>2014</i>	<i>2013</i>
Purpose restricted:		
Research fund	\$ 7,975	\$ 7,975
Patient/family fund	15,611	32,388
Accumulated earning on permanently restricted funds	12	361
Other	150	120
<b>Temporarily restricted net assets</b>	<b>\$ 23,748</b>	<b>\$ 40,844</b>

#### *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>2014</i>	<i>2013</i>
Purpose restricted gifts:		
Patient networking	\$ 816	\$ -
SJS kids week	-	7,516
Patient/family fund	41,212	9,003
Other	367	100
<b>Total net assets released</b>	<b>\$ 42,395</b>	<b>\$ 16,619</b>

#### *Permanently Restricted Net Assets*

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

	<i>2014</i>	<i>2013</i>
Endowment - to support patient services	\$ 185,000	\$ 185,000

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Notes to Financial Statements*

### *Note 5 - Net Assets and Endowment Matters (Continued)*

#### *Permanently Restricted Net Assets (Continued)*

The following represents required disclosure relative to the composition of endowment assets and those functioning as endowment assets at December 31, 2014 and 2013:

	<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>
<b>Endowment assets and those functioning as endowment assets, end of year</b>	<b>\$ <u><u>185,000</u></u></b>	<b>\$ <u><u>185,000</u></u></b>

Temporarily restricted net assets includes \$12 and \$361 of accumulated unspent earnings on permanently restricted net assets at December 31, 2014 and 2013, respectively.

### *Note 6 - Retirement Plan*

The Foundation 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. The Foundation, at the discretion of the Board of Directors, may make matching contributions to the Plan. Matching contributions made by the Foundation for the years ended December 31, 2014 and 2013 amounted to \$98,997 and \$97,987, respectively.

# THE BOSTON FOUNDATION FOR SIGHT, INC.

## *Notes to Financial Statements*

### *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:

	<b>2014</b>	<b>2013</b>
Operating, research, education and teaching	\$ 4,279,321	\$ 4,099,438
General and administrative	1,549,094	1,804,395
Fundraising	<u>435,100</u>	<u>421,886</u>
<b>Total expenses</b>	<b>\$ <u>6,263,515</u></b>	<b>\$ <u>6,325,719</u></b>

### *Note 8 - Contingency*

The Foundation is involved in a legal dispute (non-patient care related) and has accrued an amount equal to the Foundation's estimated insurance deductible and is included in accounts payable and accrued expenses on the balance sheets at December 31, 2014 and 2013. In management's opinion, this matter will not have any additional material adverse effect on the financial position of the Foundation.