



**SURGICAL EYE EXPEDITIONS
INTERNATIONAL, INC.**

FINANCIAL STATEMENTS

**December 31, 2009
(with Independent Auditors' Report Thereon)**



Independent Auditors' Report

To the Board of Directors
Surgical Eye Expeditions International, Inc.
Santa Barbara, California

We have audited the accompanying statement of financial position of the Surgical Eye Expeditions International, Inc. (the Organization), a non-profit organization, as of December 31, 2009, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit that year. Information for the year ended December 31, 2008 is presented for comparative purposes only and was extracted from financial statements for that year, which we audited and issued an unqualified auditors' report dated March 4, 2009.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Surgical Eye Expeditions International, Inc. as of December 31, 2009, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Stoltey & Associates

May 19, 2010
Los Olivos, California

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2009
(with comparative totals for 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Current Assets:					
Cash and cash equivalents	\$ 229,493	\$ 49,196	\$ -	\$ 278,689	\$ 912,944
Investments	1,439,293	-	57,792	1,497,085	767,881
Pledges receivable	-	5,367	-	5,367	6,667
Prepaid expenses	18,695	-	-	18,695	20,996
Medical supplies inventory	1,792,277	-	-	1,792,277	2,711,735
Total Current Assets	<u>3,479,758</u>	<u>54,563</u>	<u>57,792</u>	<u>3,592,113</u>	<u>4,420,223</u>
Property and Equipment:					
Office furniture and equipment	24,349	-	-	24,349	24,349
Computer equipment	106,521	-	-	106,521	106,521
Surgical equipment	948,093	-	-	948,093	936,093
Total Equipment	<u>1,078,963</u>	<u>-</u>	<u>-</u>	<u>1,078,963</u>	<u>1,066,963</u>
Less accumulated depreciation	<u>(1,007,536)</u>	<u>-</u>	<u>-</u>	<u>(1,007,536)</u>	<u>(947,696)</u>
Net Property and Equipment	<u>71,427</u>	<u>-</u>	<u>-</u>	<u>71,427</u>	<u>119,267</u>
Total Assets	<u>\$ 3,551,185</u>	<u>\$ 54,563</u>	<u>\$ 57,792</u>	<u>\$ 3,663,540</u>	<u>\$ 4,539,490</u>
Accounts payable and accrued expenses	<u>\$ 32,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,356</u>	<u>\$ 61,377</u>
Net Assets:					
Unrestricted	3,518,829	-	-	3,518,829	4,372,138
Temporarily restricted (Note 3)	-	54,563	-	54,563	49,683
Permanently restricted	-	-	57,792	57,792	56,292
Total Net Assets	<u>3,518,829</u>	<u>54,563</u>	<u>57,792</u>	<u>3,631,184</u>	<u>4,478,113</u>
Total Liabilities and Net Assets	<u>\$ 3,551,185</u>	<u>\$ 54,563</u>	<u>\$ 57,792</u>	<u>\$ 3,663,540</u>	<u>\$ 4,539,490</u>

See accompanying notes

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009
(with comparative totals for 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Public Support:					
Donated medical services	\$ 27,101,339	\$ -	\$ -	\$ 27,101,339	\$ 19,489,157
Donated medical supplies and equipment	6,937,024	-	-	6,937,024	6,043,997
In-kind donations - other	14,105	-	-	14,105	-
Contributions	539,152	6,380	1,500	547,032	1,150,627
Memberships	27,232	-	-	27,232	34,606
Total Public Support	<u>34,618,852</u>	<u>6,380</u>	<u>1,500</u>	<u>34,626,732</u>	<u>26,718,387</u>
Special Events:					
Gross revenue	20,907	-	-	20,907	13,873
Costs of direct benefit to participant	(8,729)	-	-	(8,729)	(5,408)
Net Special Events	<u>12,178</u>	<u>-</u>	<u>-</u>	<u>12,178</u>	<u>8,465</u>
Other Revenue (Losses):					
Interest and dividends	24,639	-	-	24,639	27,507
Unrealized gain (loss) on investments	355,762	-	-	355,762	(675,934)
Loss on disposal of assets	-	-	-	-	(2,629)
Gain (Loss) on sale of investments	66,504	-	-	66,504	(27,354)
Total Other Revenue (Losses)	<u>446,905</u>	<u>-</u>	<u>-</u>	<u>446,905</u>	<u>(678,410)</u>
Total Public Support, Special Event and Revenue	<u>35,077,935</u>	<u>6,380</u>	<u>1,500</u>	<u>35,085,815</u>	<u>26,048,442</u>
Net Assets Released From Restriction	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:					
International clinics	35,443,954	-	-	35,443,954	25,713,838
Santa Barbara Vision Care	139,486	-	-	139,486	145,649
Total Program Services	<u>35,583,440</u>	<u>-</u>	<u>-</u>	<u>35,583,440</u>	<u>25,859,487</u>
Management and General	112,265	-	-	112,265	121,924
Fundraising	237,039	-	-	237,039	229,808
Total Expenses	<u>35,932,744</u>	<u>-</u>	<u>-</u>	<u>35,932,744</u>	<u>26,211,219</u>
Change in Net Assets	(853,309)	4,880	1,500	(846,929)	(162,777)
Net Assets at Beginning of Year	<u>4,372,138</u>	<u>49,683</u>	<u>56,292</u>	<u>4,478,113</u>	<u>4,640,890</u>
Net Assets at End of Year	<u>\$ 3,518,829</u>	<u>\$ 54,563</u>	<u>\$ 57,792</u>	<u>\$ 3,631,184</u>	<u>\$ 4,478,113</u>

See accompanying notes

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSE
December 31, 2009
(with comparative totals for 2008)

	Program Services			Support Services		Totals	
	International Clinics	SB Vision Care	Total Program	Management and General	Fund-Raising	2009	2008
Donated medical services	\$ 27,030,032	\$ 71,307	\$ 27,101,339	\$ -	\$ -	\$ 27,101,339	\$ 19,489,157
Donated medical supplies	7,843,295	1,187	7,844,482	-	-	7,844,482	5,762,644
In-kind expenses - other	9,375	-	9,375	-	4,730	14,105	-
Conferences	40,991	-	40,991	-	-	40,991	53,981
Depreciation	47,731	11,502	59,233	267	340	59,840	45,142
Dues and subscriptions	1,798	-	1,798	422	538	2,758	1,410
Expeditions	27,152	610	27,762	-	-	27,762	27,107
Insurance	33,599	4,302	37,901	8,895	11,345	58,141	42,426
Maintenance	2,096	212	2,308	542	691	3,541	3,576
Miscellaneous	21,493	-	21,493	5,045	6,434	32,972	41,714
Outside services	26,085	5,925	32,010	6,119	53,355	91,484	175,318
Payroll taxes	18,382	2,883	21,265	4,991	6,365	32,621	27,295
Professional services	8,146	980	9,126	10,633	2,732	22,491	24,576
Promotion	-	-	-	-	52,937	52,937	37,525
Rent	54,905	6,536	61,441	14,286	18,221	93,948	112,356
Salaries	205,609	32,245	237,854	55,822	71,198	364,874	299,289
Supplies - office	11,161	709	11,870	2,442	4,580	18,892	15,087
Supplies - medical	50,115	-	50,115	-	-	50,115	35,977
Utilities and telephone	11,989	1,088	13,077	2,801	3,573	19,451	16,639
Totals - 2009	<u>\$ 35,443,954</u>	<u>\$ 139,486</u>	<u>\$ 35,583,440</u>	<u>\$ 112,265</u>	<u>\$ 237,039</u>	<u>\$ 35,932,744</u>	
Totals - 2008	<u>\$ 25,713,838</u>	<u>\$ 145,649</u>	<u>\$ 25,859,487</u>	<u>\$ 121,924</u>	<u>\$ 229,808</u>		<u>\$ 26,211,219</u>

See accompanying notes

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009
(with comparative totals for 2008)

	2009	2008
Cash Flows from Operating Activities:		
Change in net assets	\$ (846,929)	\$ (162,777)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	59,840	45,142
Loss (gain) on sale of investments	(66,504)	27,354
Unrealized loss (gain) on investments	(355,762)	675,934
Loss on disposal of fixed assets	-	2,629
(Increase) decrease in:		
Pledges receivable	1,300	1,000
Inventory	919,459	(266,252)
Prepaid expenses	2,301	(1,827)
Increase (decrease) in:		
Accounts payable and accrued expenses	(29,021)	39,676
Net Cash Provided by (Used by) Operating Activities	(315,316)	360,879
Cash Flows From Investing Activities:		
Purchase of equipment	(12,000)	(31,271)
Purchase of investments	(306,939)	-
Proceeds from sale of investments	-	192,796
Net Cash Provided (Used) by Investing Activities	(318,939)	161,525
Net (Decrease) Increase in Cash	(634,255)	522,404
Cash at Beginning of Year	912,944	390,540
Cash at Ending of Year	\$ 278,689	\$ 912,944

See accompanying notes

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 1 Nature of the Corporation

Surgical Eye Expeditions International, Inc. (The Corporation) is a humanitarian nonprofit Corporation organized under the laws of the State of California to provide:

Eye Surgery

Volunteer eye surgeons provide free ophthalmic surgery to the blind and visually impaired of all ages. Primary focus is placed on life enhancing surgical procedures such as cataract, corneal transplant, and strabismus surgery

Public Education

The Corporation disseminates information to the public concerning eye care, sight and agencies available to assist with vision related problems.

Skills Enhancement

The Corporation presents skill enhancement programs and educational seminars for ophthalmic surgeons, surgical nurses and technicians.

Applied Research and Development

As part of the Corporation's program, it conducts applied research to generate, test, and evaluate technology and procedures for program improvement, and to disseminate information to aid in epidemiological studies and vision related statistics.

Ancillary Service

The Corporation expands the ophthalmic data bank of human and in-kind resources to support and amplify prevention of blindness projects through prophylactic screening and surgery programs.

The Corporation recruits, coordinates and deploys volunteer eye surgical teams and the necessary surgical supplies to provide free sight restoring surgery to the disadvantaged blind in the United States and throughout the world.

In addition to the direct service of sight restoring surgery, the Corporation also assists in updating and enhancing the surgical skills of ophthalmologists in developing countries.

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Consolidated Financial Statements

The California resident members of the Board of Directors of the Corporation are all members of the Board of Surgical Eye Expeditions International Holding Company, Inc. and Surgical Eye Expeditions International Endowment Trust. Surgical Eye Expeditions International Holding Company, Inc. is a tax-exempt corporation and the parent company for the Corporation and Surgical Eye Expeditions International Endowment Trust. As the Corporation and the Endowment Trust are controlled by the same board and are financially interrelated the financial statements of the two entities have been consolidated in the accompanying financial statements. All inter-company transactions have been eliminated.

Note 2 Summary of Significant Accounting Policies

Public Support

Volunteerism and contributed services are critical to the Corporation. Donated professional services and supplies pass through the Corporation to its charitable beneficiaries. Due to the number of countries in which clinics are held, the conditions where the surgeries are performed, the fact that surgeons on a team may originate from any of a number of developed countries, the complex array of donated surgical supplies and the many foreign currency translations required, it is difficult to determine a precise valuation for donated services. For these reasons, estimates of values are used. Surgical Eye Expeditions International, Inc. has selected the United States Medicare hospital outpatient reimbursement rates for surgeries and facilities usage for each procedure performed anywhere in the world. The Corporation reports gifts of donated services as unrestricted support and expense.

The Corporation reports gifts of cash and other assets as restricted support 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 statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

The Corporation reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Equipment

Equipment is stated at cost, or fair market value at the date of donation, with depreciation provided over the estimated useful lives of the respective assets on the straight-line basis. The Corporation's capitalization rate is \$500. The estimated useful lives of the assets are as follows:

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Office furniture and equipment	5 – 7 years
Computer equipment	5 – 7 years
Surgical equipment	5 years

Income Taxes

Surgical Eye Expeditions International, Inc. has been determined to be a nonprofit Corporation exempt from Federal income taxes under IRC501(c)(3) and State income taxes under Revenue and Taxation Code Section 23701(d).

Significant Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those assumed in computing the value of donated medical services and supplies, estimated useful lives of fixed assets and collectibility of pledges receivable.

Inventories

Inventory consists of purchased and donated medical supplies and instruments. Purchased inventory items are recorded at the lesser of cost or market value, and donated inventory items are recorded at their estimated value at the date of the donation or current market value.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 3 Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Clinic	\$ 16,000	\$ 16,000
General operating support	5,367	6,667
Other	33,196	27,016
	<u>\$ 54,563</u>	<u>\$ 49,683</u>

Permanently restricted net assets of \$57,792 consist of endowment fund investments to be held indefinitely. Unless specifically restricted by the donor, income from permanently restricted net assets is expendable to support program services and thus is recorded as increases to unrestricted net assets.

Note 4 Donated Medical Services

2009 Donated Services

The value of \$27,101,339 includes 14,130 surgeries and 34,775 eye examinations performed on expeditions or with consumable surgical supplies or with capital equipment provided by SEE International.

2008 Donated Services

The value of \$19,489,157 includes 10,187 surgeries and 32,995 eye examinations performed on expeditions or with consumable surgical supplies or with capital equipment provided by SEE International.

The numbers of surgeries are based upon information provided directly by the surgeon performing the surgeries. The surgeries are valued at U.S. Medicare reimbursement rate for surgeons and facilities usage.

Note 5 Pledges and Bequests Receivable

Unconditional promises are included in the financial statements as pledges and bequests receivable and revenue of the appropriate net asset category. The Corporation expects to collect all pledges and bequests receivable within one year.

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 6 Lease Obligations

The Corporation leases its office and warehouse space under a 5 year lease that commenced November 1, 2006 and terminates October 31, 2011. The lease requires a monthly rent payment of \$7,098 and a monthly common area operating expense payment of \$2,505. The rent payment is subject to cost of living adjustments based on the CPI of the Bureau of Labor Statistics of the U.S. Dept. of Labor for the Los Angeles area. The maximum rent increase allowed under the lease is 6% per year.

The Corporation is obligated under the operating lease as follows:

2010	\$ 115,224
2011	115,224

According to first lease amendment dated December 2009, "The property will be marketed for lease with Radius Group or other agent chosen by Lessor with cooperation from Lessee. Upon acceptable replacement Lessee and new lease, Lessee shall be released from further obligation under the lease."

Note 7 Related Organization

The Board of Directors of Surgical Eye Expeditions International, Inc. has designated a portion of the unrestricted net assets by the formation of the SEE International Endowment Trust (the Trust), dated December 4, 1996, for the specific purpose of long-term stability and insuring the continuance of the mission of the Corporation. The assets, consisting of cash and investments valued at \$1,449,156 were transferred to the Trust in 1997. Additional transfers to the Trust may be made from the Corporation, at the discretion of the Board of Directors, from time to time, depending upon the financial condition of the Corporation.

In addition at the discretion of the Board, funds may be distributed from the Trust to the Corporation in amounts not to exceed, on an annual basis, six percent of the Trust's total average value for the preceding calendar year.

The sole purpose of the Trust is to provide financial support for the Corporation. All activity of the Trust has been consolidated in the accompanying financial statements.

Note 8 Concentration of Credit Risk

At times the Corporation has deposits in excess of federal insurance limits in the accounts of financial institutions. The Corporation minimizes the risk by monitoring cash balances and by maintaining cash balances with a secure, major bank.

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

Note 9 Reclassifications

Certain reclassifications have been made to prior year balances to conform to current year presentation.

Note 10 Investments

Investments are carried at market value with realized and unrealized gains and losses reflected in the statement of activities. Investments consist of common stock and mutual funds at December 31, 2009.

Note 11 Supplemental Cash Flow Disclosures

Medical services donated to the Corporation were \$27,101,339 for the year ended December 31, 2009.

Medical supplies donated to the Corporation were \$6,930,649 for the year ended December 31, 2009.

There were no interest or taxes paid in 2009.

Note 12 Comparative Information

The 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 generally accepted accounting principles.