SIGHTLIFE[tm]

Consolidated Financial Statements with
Independent Auditors' Report

For the Year Ended December 31, 2009

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Certified Public
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and Consultants

Independent Auditors' Report

Board of Directors
SightLife^{tm}
Seattle, Washington

We have audited the accompanying consolidated statement of financial position of SightLife (the Organization) as of December 31, 2009, and the related consolidated statements of activities and changes in net assets, 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. The prior year summarized comparative information has been derived from the Organization's December 31, 2008, financial statements and in our report dated April 20, 2009, we expressed an unqualified opinion on those financial statements.

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 that our audit provides a reasonable basis for our opinion.

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

Clark Nuber P S

Certified Public Accountants
Bellevue, Washington
May 5, 2010

SIGHTLIFE ™

Consolidated Statement of Financial Position
December 31, 2009
(With Comparative Totals for 2008)

	SightLife	*AUDIENT*	*Northwest Lions Endowment*	*Eliminations*	*2009 Total*	*2008 Total*
Assets						
Current Assets:						
Cash and cash equivalents	$ 801,496	$ 27,931	$ 218	$ -	$ 829,645	$ 427,440
Accounts receivable	1,379,141	27,709	3,000	(68,637)	1,341,213	980,594
Pledges receivable (Note 2)	134,000				134,000	451,412
Inventory	85,222				85,222	86,761
Other assets	187,570	30,604			218,174	148,460
Total Current Assets	**2,587,429**	**86,244**	**3,218**	**(68,637)**	**2,608,254**	**2,094,667**
Long-term pledges receivable (Note 2)	1,084,808				1,084,808	1,146,529
Deposits	33,029				33,029	33,029
Investments (Note 3)	1,731,640		1,832,637		3,564,277	3,035,133
Property and equipment, net (Note 5)	1,933,822				1,933,822	2,089,869
Perpetual trusts (Note 6)	952,941				952,941	787,395
Total Assets	**$ 8,323,669**	**$ 86,244**	**$ 1,835,855**	**$ (68,637)**	**$ 10,177,131**	**$ 9,186,622**
Liabilities						
Current Liabilities:						
Accounts payable	$ 408,244	$ 45,798	$ 50,524	$ (68,637)	$ 435,929	$ 464,035
Grants and pledges payable	378,413				378,413	197,131
Accrued liabilities	478,232	126,934			605,166	502,710
Current portion of lease incentive liability	68,168				68,168	68,168
Total Current Liabilities	**1,333,057**	**172,732**	**50,524**	**(68,637)**	**1,487,676**	**1,232,044**
Lease incentive liability	284,042				284,042	352,202
Grants and pledges payable	40,000				40,000	128,334
Total Liabilities	**1,657,099**	**172,732**	**50,524**	**(68,637)**	**1,811,718**	**1,712,580**
Net Assets:						
Unrestricted:						
Undesignated	4,448,332	(86,488)			4,361,844	3,559,274
Board designated (Note 9)			936,574		936,574	804,712
Total unrestricted	4,448,332	(86,488)	936,574		5,298,418	4,363,986
Temporarily restricted (Note 10)	1,265,297		111,724		1,377,021	1,585,628
Permanently restricted (Note 11)	952,941		737,033		1,689,974	1,524,428
Total Net Assets	**6,666,570**	**(86,488)**	**1,785,331**		**8,365,413**	**7,474,042**
Total Liabilities and Net Assets	**$ 8,323,669**	**$ 86,244**	**$ 1,835,855**	**$ (68,637)**	**$ 10,177,131**	**$ 9,186,622**

The accompanying notes are an integral part of the financial statements.

SIGHTLIFE tm

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2009
(With Comparative Totals for December 31, 2008)

	SightLife	*AUDIENT*	*Northwest Lions Endowment*	*Eliminations*	*2009 Total*	*2008 Total*
Revenues, Gains, and Other Support:						
Eye bank revenues	$ 10,938,503	$ -	$ -	$ -	$ 10,938,503	$ 8,385,075
Hearing care revenues		761,917			761,917	570,292
Grants and contributions	407,322	64,839	4,000		476,161	712,093
Investment return (Note 3)	264,852		156,713		421,565	(582,330)
Other	21,671				21,671	200,076
Contributions and grants released from time restrictions	439,099				439,099	104,545
Total Revenue, Gains, and Other Support	**12,071,447**	**826,756**	**160,713**		**13,058,916**	**9,389,751**
Expenses:						
Program Services:						
Eye Bank	9,796,630				9,796,630	7,413,451
Lions and AUDIENT programs	525,697	753,823			1,279,520	1,739,220
Endowment			28,851		28,851	16,212
Total Program Services	**10,322,327**	**753,823**	**28,851**		**11,105,001**	**9,168,883**
General and administrative	434,031				434,031	292,686
Development	585,452				585,452	710,951
Total Expenses	**11,341,810**	**753,823**	**28,851**		**12,124,484**	**10,172,520**
Change in Unrestricted Net Assets	**729,637**	**72,933**	**131,862**		**934,432**	**(782,769)**
Temporarily Restricted Net Assets:						
Contributions and grants	118,768				118,768	213,901
Investment income on endowments (Note 3)			111,724		111,724	
Contributions and grants released from time restrictions	(439,099)				(439,099)	(104,545)
Change in Temporarily Restricted Net Assets	**(320,331)**		**111,724**		**(208,607)**	**109,356**
Permanently Restricted Net Assets:						
Contributions and grants						737,033
Net income (loss) on perpetual trust (Note 6)	165,546				165,546	(140,913)
Change in Permanently Restricted Net Assets	**165,546**				**165,546**	**596,120**
Total Change in Net Assets	**574,852**	**72,933**	**243,586**		**891,371**	**(77,293)**
Beginning of year net assets	6,091,718	(159,421)	1,541,745		7,474,042	7,551,335
End of Year Net Assets	**$ 6,666,570**	**$ (86,488)**	**$ 1,785,331**	**$ -**	**$ 8,365,413**	**$ 7,474,042**

The accompanying notes are an integral part of these financial statements.

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Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2009
(With Comparative Totals for December 31, 2008)

	SightLife						*AUDIENT*	*NLE*		
	Program Services			*General*						
		Lions		*and*		*Total*	*Program*	*Program*		
	Eye Bank	*Programs*	*Total*	*Administrative*	*Development*	*SightLife*	*Services*	*Services*	*2009 Total*	*2008 Total*
Wages and salaries	$ 3,248,928	$ 133,648	$ 3,382,576	$ 252,101	$ 297,011	$ 3,931,688	$ 144,940	$ 16,001	$ 4,092,629	$ 3,270,368
Payroll taxes	289,155	12,306	301,461	18,378	23,758	343,597	17,514	1,218	362,329	272,394
Employee benefits	786,240	36,999	823,239	48,181	69,376	940,796	30,224	3,427	974,447	710,163
Total Salaries and Related Expenses	**4,324,323**	**182,953**	**4,507,276**	**318,660**	**390,145**	**5,216,081**	**192,678**	**20,646**	**5,429,405**	**4,252,925**
Tissue processing	1,953,083		1,953,083			1,953,083			1,953,083	1,623,972
Supplies, lab	721,570	2,856	724,426			724,426			724,426	552,224
Hearing aid cost of goods sold							530,901		530,901	370,413
Depreciation	405,970	5,036	411,006	14,759	32,512	458,277	6,321		464,598	348,685
Rent	395,902		395,902	21,676	45,302	462,880			462,880	563,656
Vehicles	242,058	35,896	277,954	11,128	14,528	303,610	75	393	304,078	253,308
Travel	216,050	31,616	247,666	7,752	1,730	257,148			257,148	221,245
Telephone	213,552	744	214,296	9,410	22,739	246,445	8,556		255,001	183,473
Meetings	167,124	384	167,508	23,203	4,312	195,023	180		195,203	78,691
Marketing	133,211	11,174	144,385	1,116	28,532	174,033	4,890		178,923	328,064
Contract services and consulting	153,381		153,381	10,429	4,296	168,106			168,106	102,811
Professional services	121,924		121,924	3,766	6,979	132,669	4,429	7,597	144,695	141,441
Hearing aid refurbishing		121,393	121,393			121,393			121,393	104,790
Repairs and maintenance	101,246	957	102,203	1,938	4,032	108,173	1,160		109,333	91,526
Dues and subscriptions	86,616	55	86,671	269	4,176	91,116			91,116	66,603
Office	70,840	605	71,445	3,444	7,556	82,445	22		82,467	69,845
Insurance	56,724		56,724	3,288	6,335	66,347			66,347	62,774
Business and excise tax	46,945		46,945			46,945	3,535		50,480	39,713
Seminars and conferences	30,278	141	30,419	246	7,285	37,950	55		38,005	33,869
Miscellaneous	27,138	508	27,646	298	1,701	29,645	1,011	215	30,871	28,107
Medical director	28,956		28,956			28,956			28,956	34,774
Postage and shipping	9,651	164	9,815	992	2,128	12,935			12,935	14,247
Continuing education	9,275		9,275	1,566		10,841			10,841	36,870
Printing and publications	2,850		2,850	91	201	3,142	10		3,152	5,297
Special event direct cost					120	120			120	122,599
Office relocation										50,647
Total Expenses before Grants	**9,518,667**	**394,482**	**9,913,149**	**434,031**	**584,609**	**10,931,789**	**753,823**	**28,851**	**11,714,463**	**9,782,569**
Other grants	277,963	11,945	289,908			289,908			289,908	205,500
Patient care grants		74,409	74,409		843	75,252			75,252	91,463
Vision grants		20,861	20,861			20,861			20,861	66,347
Hearing grants		24,000	24,000			24,000			24,000	26,641
Total Grants	**277,963**	**131,215**	**409,178**		**843**	**410,021**			**410,021**	**389,951**
Total Expenses	**$ 9,796,630**	**$ 525,697**	**$ 10,322,327**	**$ 434,031**	**$ 585,452**	**$ 11,341,810**	**$ 753,823**	**$ 28,851**	**$ 12,124,484**	**$ 10,172,520**

The accompanying notes are an integral part of the financial statements.

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Consolidated Statement of Cash Flows
For the Year Ended December 31, 2009
(With Comparative Totals for December 31, 2008)

	SightLife	*AUDIENT*	*NLE*	*2009 Total*	*2008 Total*
Cash Flows from Operating Activities:					
Change in net assets	$ 574,852	$ 72,933	$ 243,586	$ 891,371	$ (77,293)
Adjustments to reconcile change in net assets to cash provided by operating activities:					
Non-cash items included in change in net assets:					
Depreciation	464,598			464,598	348,685
(Gain) loss on investments	(270,456)		(217,261)	(487,717)	705,985
Gain on disposal of property and equipment	(3,600)			(3,600)	(3,577)
(Gain) loss on perpetual trust	(165,546)			(165,546)	140,913
Change in operating accounts:					
(Increase) decrease in accounts receivable	(313,337)	2,841	(50,123)	(360,619)	(265,347)
Decrease in tenant improvement receivable					103,950
(Increase) decrease in pledges receivable	379,133			379,133	(110,496)
(Increase) decrease in inventory	1,539			1,539	(30,446)
(Increase) decrease in other assets	(84,049)	14,335		(69,714)	(12,253)
(Decrease) increase in accounts payable	(18,959)	(82,118)	72,971	(28,106)	7,454
Increase in grants and pledges payable	92,948			92,948	196,338
Increase (decrease) in accrued liabilities	98,811	3,645		102,456	(4,157)
Increase (decrease) in lease incentive liability	(68,160)			(68,160)	316,420
Net Cash Provided by Operating Activities	**687,774**	**11,636**	**49,173**	**748,583**	**1,316,176**
Cash Flows from Investing Activities:					
Purchase of investments	(915,000)		(723,230)	(1,638,230)	(867,381)
Proceeds from sale of investments	924,750		672,053	1,596,803	1,280,894
Purchase of property and equipment	(304,951)			(304,951)	(1,670,709)
Proceeds from sale of property and equipment					20,184
Net Cash Used by Investing Activities	**(295,201)**		**(51,177)**	**(346,378)**	**(1,237,012)**
Net Increase (Decrease) in Cash	**392,573**	**11,636**	**(2,004)**	**402,205**	**79,164**
Cash and cash equivalents beginning of year	408,923	16,295	2,222	427,440	348,276
Cash and Cash Equivalents End of Year	**$ 801,496**	**$ 27,931**	**$ 218**	**$ 829,645**	**$ 427,440**

The accompanying notes are an integral part of the financial statements.

Note 1 - Mission Statement and Summary of Significant Accounting Policies

During 2008, the Organization changed its legal name from Northwest Lions Foundation for Sight & Hearing (the Foundation) to SightLife. The former Foundation's board of trustees continues to support the Lions programs within SightLife.

Mission Statement - SightLife (the Organization), a not-for-profit corporation, serves as a global leader and partner to eliminate cornea blindness.

AUDIENT, LLC (AUDIENT), formerly Northwest Hearing Care, LLC, a wholly owned subsidiary of the Organization, was formed in 2004. Its mission is to deliver affordability in hearing care in the United States to low income populations who could not otherwise afford the high cost of hearing aids.

Northwest Lions Endowment (NLE), a not-for-profit corporation, was formed in 2005. Its mission is to conduct fundraising activities to support the charitable programs of SightLife.

SightLife Canada, a British Columbia Society, was formed in 2009. Its mission is identical to SightLife except that it will be carried out in Canada. There was no activity in SightLife Canada for the year ended December 31, 2009.

Principles of Consolidation - The consolidated financial statements include the accounts of the Organization, AUDIENT, Northwest Lions Endowment and SightLife Canada. All significant inter-organization transactions have been eliminated.

Program Services - Programs and their descriptions are as follows:

> SightLife Eye Bank, formerly Northwest Lions Eye Bank (NLEB) - Founded in 1969, the SightLife Eye Bank is the Organization's most recognized program. To date, SightLife Eye Bank has provided corneal tissue for more than 44,000 sight-restoring transplants (unaudited) and has become prominent as a leader and partner within the eye bank community. As one of the leading eye banks in the world, it provides recovery and replacement of corneal tissue for transplant, donation services, research support and family support programs. It also is a significant provider of whole eye globes and sclera for research into eye diseases.
>
>> Global Eye Bank Development Initiative - Within the SightLife Eye Bank, the Organization established in 2009 a Global Eye Bank Development Initiative. This initiative is focused on leveraging the Organization's expertise and resources to address worldwide cornea blindness. Within the year, the Organization established a dedicated Global Eye Bank Development Department, hosted the first ever Global Congress on Eye Banking and Cornea Transplantation, and provided strategic, technical and financial assistance to eye bank projects in developing countries.
>
> AUDIENT, LLC (formerly Northwest Hearing Care) - AUDIENT, LLC facilitates the distribution of new low-cost hearing aids through the AUDIENT Hearing Care Alliance. The alliance includes leading hearing aid manufacturers and suppliers, licensed audiologists and dispensers across the country. This program provides for people who have some means to pay for hearing aids but cannot afford full market price.

Note 1 - Continued

Lions Programs - The Northwest Lions Foundation (NLF) is an operating unit of SightLife. NLF oversees the Lions community service programs. These Lions Programs include:

The Lions Health Screening Unit which provides free screening for vision, hearing, glaucoma, diabetes and blood pressure to more than 30,000 people annually.

The Lions Hearing Aid Bank which refurbishes donated hearing aids and provides them at no cost to individuals otherwise unable to afford them.

Project Support and Patient Care Grants to Lions sponsored projects and other non-profit organizations for special vision and hearing related projects.

Various Lions Fundraising events to support Lions Programs including White Cane Days and Year End Giving.

Basis of Presentation - Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that will be met by actions of the Organization and/or passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that the net assets be maintained permanently by the Organization.

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 investments and other assets or 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 (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets under the caption “contributions and grants released from restrictions.” Donor-imposed restrictions that are met in the same reporting period are classified as increases in unrestricted net assets.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers cash and cash equivalents to include all highly liquid investments purchased with an original maturity of three months or less, except for those included in the Organization’s investment portfolio. Virtually all cash and cash equivalents are on deposit with local banks. These amounts may at times exceed the limits insured by the FDIC.

Note 1 - Continued

Accounts Receivable - The Organization carries its accounts receivable at cost, less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write offs and collections and current credit collections. There is currently no allowance accrued because the Organization has experienced minimal losses due to uncollectible receivables. All reported receivables at December 31, 2009 and 2008, are due in less than one year.

Revenue Recognition - The Organization generally recognizes SightLife eye bank revenue when the tissue is delivered and accepted by the recipient. Returned tissue is not recorded as revenue. The Organization provides corneal tissue to individuals meeting certain criteria and to providers in underdeveloped countries without charge. Because the Organization does not pursue collection on these corneal tissues, no revenue is reported in the statement of activities. AUDIENT recognizes revenue when the process of the sale and fitting of hearing aids is complete. Only those individuals who qualify under certain low income guidelines are eligible to purchase the hearing aids.

Inventory - Inventory is stated at the lower of cost or market. Inventory consists primarily of lab recovery kits.

Investments - Investments in debt and equity securities with readily determinable fair values are reported at their fair value as determined by quoted market prices. Realized and unrealized gains and losses are included in the statement of activities. The estimated fair value of certain alternative investments for which quoted market prices are not available, is based on valuations provided by the external investment managers and the management of the investees.

Property and Equipment - The Organization capitalizes all expenditures for property and equipment in excess of $1,000. Property and equipment donated to the Organization is stated at the estimated fair value at the date of the donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Leasehold improvements are capitalized over the remaining useful life of the leasehold improvement or the lease term, whichever is shorter.

Federal Income Taxes - The Internal Revenue Service (IRS) has determined that SightLife and the Northwest Lions Endowment are not-for-profit organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Because AUDIENT is a wholly-owned subsidiary of SightLife, its activities are reported along with the Organization on its annual IRS information return, Form 990. SightLife Canada has not yet applied for tax-exempt status.

Donated Materials and Services - The Organization periodically receives donated materials and services. Donated goods are recorded at fair market value at the date of receipt. Donated services are recorded only if specific professional expertise is provided or the services are for constructing a fixed asset, in accordance with GAAP. During the year ended December 31, 2008, the Organization received in-kind donations of $34,540 in advertising services, $24,174 in catering services and $2,558 in professional services. During the year ended December 31, 2009, there were no in-kind donations.

Note 1 - Continued

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

Marketing Costs - Marketing costs are charged to operations when incurred.

Subsequent Events - The Organization has evaluated subsequent events (Note 14) through May 5, 2010, the date on which the financial statements were available to be used.

Note 2 - Pledges Receivable

Pledges receivable at December 31 are to be received as follows:

	2009	*2008*
Less than one year	$ 134,000	$ 451,412
One to five years	1,050,000	675,000
Thereafter	325,000	825,000
	1,509,000	1,951,412
Less present value discount (5%)	(290,192)	(353,471)
	$ 1,218,808	**$ 1,597,941**

At December 31, 2009 and 2008, 99% and 92%, respectively, of total pledges receivable were from one donor.

Note 3 - Investments

Investments consist of the following at December 31:

	2009	*2008*
Money market funds	$ 332,556	$ 1,107,462
Equity and bond mutual funds	1,422,516	251,979
Equities	1,442,195	1,087,210
U.S. treasuries	140,039	217,736
Corporate bonds		174,187
Asset backed securities	226,971	196,559
	$ 3,564,277	**$ 3,035,133**

Note 3 - Continued

Investment return for the years ended December 31 consisted of:

	2009	*2008*
Interest and dividends on investments	$ 101,176	$ 127,310
Realized and unrealized gains on investments	432,103	(709,640)
	$ 533,279	**$ (582,330)**

Investment return is reported in the statement of activities and changes in net assets at December 31 as follows:

Unrestricted investment return	$ 421,555	$ (582,330)
Temporarily restricted investment income	111,724	
	$ 533,279	**$ (582,330)**

Note 4 - Fair Value Measurements

The framework for measuring fair value is based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The framework uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect market assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Financial assets and liabilities classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Financial assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. Financial assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

Note 4 - Continued

Fair Values Measured on a Recurring Basis - Fair values of assets and liabilities measured on a recurring basis at December 31 were as follows:

	Fair Value Measurements at December 31, 2009			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*	*Total*
Money market funds	$ 332,556	$ -	$ -	$ 332,556
Mutual funds	1,422,516			1,422,516
Equities	1,442,195			1,442,195
US treasuries		140,039		140,039
Asset backed securities		226,971		226,971
Perpetual trust			952,941	952,941
	$ 3,197,267	**$ 367,010**	**$ 952,941**	**$ 4,517,218**

	Fair Value Measurements at December 31, 2008			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*	*Total*
Money market funds	$ 1,107,462	$ -	$ -	$ 1,107,462
Mutual funds	251,979			251,979
Equities	1,087,210			1,087,210
US treasuries		217,736		217,736
Corporate bonds		174,187		174,187
Asset backed securities		196,559		196,559
Perpetual trust			787,395	787,395
	$ 2,446,651	**$ 588,482**	**$ 787,395**	**$ 3,822,528**

Note 4 - Continued

A reconciliation of the beginning and ending balances for fair value measurements made using significant unobservable inputs (Level 3) at December 31 is as follows:

	2009	*2008*
Beginning of year	$ 787,395	$ 928,308
Return on investment	165,546	(140,913)
End of Year	**$ 952,941**	**$ 787,395**

Note 5 - Property and Equipment

A summary of property and equipment at December 31 is as follows:

	2009	*2008*
Furniture and fixtures	$ 503,459	$ 450,719
Office equipment	615,350	456,429
Vehicles	175,394	150,753
Medical equipment	587,992	529,908
Health screening unit	183,645	183,645
Tenant improvements	1,331,859	1,298,379
Assets in process	22,217	56,846
	3,419,916	3,126,679
Less accumulated depreciation	(1,486,094)	(1,036,810)
Total Property and Equipment, Net	**$ 1,933,822**	**$ 2,089,869**

Note 6 - Perpetual Trusts

The Organization is named as a 12% beneficiary of a trust established by the John Moffitt Organization and held for the benefit of various non-profit agencies. The trust, which is held in perpetuity, is administered by a financial institution and provides for annual earnings distributions to the Organization. The Organization received $19,584 and $20,003 in earnings distributions from the trust during the years ended December 31, 2009 and 2008, respectively. The earnings are available for general operating purposes. The Organization's interest in net gains of $165,546 and losses of $140,913 in the trust value for the years ended December 31, 2009 and 2008, respectively, are recognized in the statement of activities and changes in net assets as permanently restricted activities.

The Organization is also the recipient of a portion of a second perpetual trust, the Harry L. and Claire Kayo Wilson Charitable Trust. This trust is not recorded in these financial statements because it is subject to the trustee's discretion as to which beneficiary receives the earnings distributions in any particular year. The Organization received distributions of $15,000 and $35,000 for the years ended December 31, 2009 and 2008, respectively.

Note 7 - Operating Leases

The Organization leases a Seattle office under an operating lease expiring February 2015 as well as two copiers under sixty month leases expiring November 2012 and May 2013, respectively. Total rental expense under operating leases were $462,881 and $563,661 for the years ended December 31, 2009 and 2008, respectively.

The future minimum lease payments under these leases at December 31, 2009, are as follows:

2010	$ 358,547
2011	369,713
2012	379,726
2013	385,600
2014	396,407
Thereafter	66,068
	$ 1,956,061

Note 8 - Retirement Plans

The Organization has a tax-deferred annuity plan and defined contribution retirement plan under IRS Code Section 403(b) for the benefit of eligible employees. All employees are eligible for participation in the tax-deferred annuity plan sixty days following employment. Eligibility for the defined contribution retirement plan is achieved by all employees after completion of one year of service.

The Organization contributes 8% of each eligible employee's salary to the defined contribution retirement plan. Contributions to this plan totaled $235,591 and $185,667 for the years ended December 31, 2009 and 2008, respectively.

Note 9 - Northwest Lions Endowment (NLE)

The Organization's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of the Organization has interpreted the Washington State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 9 - Continued

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

At December 31, endowment net assets consisted of the following:

	December 31, 2009			
	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Donor restricted endowment funds	$ -	$ 111,724	$ 737,033	$ 848,757
Board designated quasi-endowment funds	936,574			936,574
Endowment Net Assets	**$ 936,574**	**$ 111,724**	**$ 737,033**	**$ 1,785,331**

	December 31, 2008			
	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Donor restricted endowment funds	$ -	$ -	$ 737,033	$ 737,033
Board designated quasi-endowment funds	804,712			804,712
Endowment Net Assets	**$ 804,712**	**$ -**	**$ 737,033**	**$ 1,541,745**

Note 9 - Continued

Changes to endowment net assets for the years ended December 31 are as follows:

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*Total*
Endowment net assets, December 31, 2007	$ 1,129,513	$ -	$ -	$ 1,129,513
Endowment investment return:				
Interest and dividends	42,140			42,140
Realized and unrealized gains and losses	(308,964)			(308,964)
Total endowment investment return	(266,824)			(266,824)
Contributions			737,033	737,033
Expenses	(16,212)			(16,212)
Appropriation of endowment for expenditure	(41,765)			(41,765)
Endowment Net Assets, December 31, 2008	**804,712**		**737,033**	**1,541,745**
Endowment investment return:				
Interest and dividends	36,856	14,320		51,176
Realized and unrealized gains and losses	119,857	97,404		217,261
Total endowment investment return	156,713	111,724		268,437
Contributions	4,000			4,000
Expenses	(28,851)			(28,851)
Endowment Net Assets, December 31, 2009	**$ 936,574**	**$ 111,724**	**$ 737,033**	**$ 1,785,331**

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that was donated to the Organization. There were no such deficiencies as of December 31, 2009 and 2008.

Note 9 - Continued

Return Objectives and Risk Parameters - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested so that the funds preserve their real purchasing power, after accounting for investment returns, spending and inflation. The investment strategy is to emphasize total return; that is the aggregate return from capital appreciation and dividend and interest income. The objective of the fund is to earn, over the long term, an average annual total return of six percent measured over rolling ten year periods. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Organization has a policy of appropriating for distribution, over the long-term, an annual average of five percent of its endowment fund's rolling five year average fair value. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Organization decided not to appropriate any distribution from the endowment during the year ended December 31, 2009.

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31:

	2009	*2008*
Patient care	$	$ 7,686
Long-term pledge	1,209,808	1,446,529
Unappropriated earnings on endowments	111,724	
Capital replacement campaign	55,489	
Other		131,413
	$ 1,377,021	**$ 1,585,628**

Note 11 - Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at December 31:

	2009	*2008*
Interest in a perpetual trust (Note 6)	$ 952,941	$ 787,395
Endowment	737,033	737,033
	$ 1,689,974	**$ 1,524,428**

Note 12 - Transfer between Entities

In 2008, the Board of Directors of the Organization determined that the SightLife investment in AUDIENT, LLC and the intercompany note payable from AUDIENT, LLC should be eliminated and reduced to zero. This transfer between entities of $60,209 had no impact on the total consolidated results of the Organization.

Note 13 - Commitments

In June 2008, the Organization made a commitment to contribute $200,000 to the 2011 Lions Club International Convention. During 2009 and 2008 respectively, $10,000 and $5,000 was paid on the commitment. The balance due at December 31, 2009 and 2008, totaled $185,000 and $195,000, respectively.

In December 2007, the Organization made a commitment to contribute $100,000 to Seattle Parks Foundation for development of Lake Union Park. During 2009 and 2008, approximately $34,000 and $33,000, respectively, was paid on the commitment. The balance due at December 31, 2009 and 2008, totaled approximately $33,000 and $67,000, respectively.

As part of the Organization’s Global Eye Bank Development Initiative, certain grants were provided to eye bank projects in developing countries throughout 2009. The remaining balance due at December 31, 2009, related to these program commitments was approximately $98,000.

In August 2009, the Organization made a commitment to contribute $50,000 to the Department of Ophthalmology and Visual Sciences of Case Western Reserve University. The pledge is in support of research related to cornea preservation and is expected to be paid over the next five years. The balance due at December 31, 2009, was $50,000.

The remaining amounts due are included in grants and pledges payable in the consolidated statement of financial position.

Note 14 - Subsequent Events

Effective January 17, 2010, the Organization acquired the assets and operations of the Lions Eye Bank of San Joaquin Valley. The eye bank is located in Fresno, California.

AUDIENT entered into a co-marketing agreement with EPIC, a third party organization, to manage, organize, and administer the AUDIENT program. Under this agreement, EPIC is responsible for operating, managing, and overseeing all aspects of the program. The agreement includes a monthly licensing fee to AUDIENT. The agreement is effective January 1, 2010, and will remain in effect for a period of five years. Thereafter it will be automatically renewed for successive five year renewal terms unless terminated by either party.