

FRIENDS WITHOUT A BORDER
INDEPENDENT AUDITOR'S REPORT
ON
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020
AND
FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR 2019)

FRIENDS WITHOUT A BORDER

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Friends Without A Border
New York, New York

We have audited the accompanying financial statements of Friends Without A Border, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor’s Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends Without A Border as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Subsequent Events

As discussed in Notes 6 and 15 to the financial statements, in 2020, Friends Without A Border received an unsecured loan in the amount of \$67,527 due to the Small Business Administration ("SBA"), as part of the *Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")* Paycheck Protection Program. In February 2021, Friends Without A Border received another unsecured loan in the amount of \$56,835 from the SBA as part of the *CARES Act's* Payment Protection Plan, as amended by the *Consolidated Appropriations Act, 2021*. In June 2021, Friends Without A Border received notification from the SBA that the first \$67,527 loan balance was forgiven. In December 2021, Friends Without A Border received notification from the SBA that the second \$56,835 loan balance was forgiven as well. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited Friends Without A Border's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Winnie Tam & Co., P.C.

New York, New York
December 13, 2021

**FRIENDS WITHOUT A BORDER
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 397,160	\$ 296,151
Investments - Notes 2 and 4	796,977	455,248
Grants and contributions receivable - Note 2	50,138	89,923
Inventories, at lower of cost or market	100,321	88,022
Prepaid expenses - Note 13	100,383	50,930
Total Current Assets	1,444,979	980,274
Non-Current Assets		
Fixed assets - at cost - net of accumulated depreciation of \$778,526 and \$608,492 in 2020 and 2019, respectively - Notes 2 and 5	1,414,482	1,512,564
Security deposit	12,950	12,950
Total Assets	<u>\$ 2,872,411</u>	<u>\$ 2,505,788</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Current Liabilities		
Loan payable - Note 6	\$ 48,668	\$ 75,000
Accounts and accrued expenses payable	45,227	28,841
Due to Angkor Hospital for Children - Note 7	21,490	22,301
Due to Friends Without A Border Japan	-	26,481
Due to The Lake Clinic - Note 7	146,878	46,746
Total Current Liabilities	262,263	199,369
Non-Current Liabilities		
Loan payable - Note 6	18,859	-
Deferred rent payable - Note 13	1,503	995
Total Liabilities	<u>282,625</u>	<u>200,364</u>
<u>NET ASSETS</u>		
Net Assets		
Without donor restrictions:		
Undesignated	399,767	584,678
Board designated - Note 9	585,974	-
Fixed assets, net	1,414,482	1,512,564
	2,400,223	2,097,242
With donor restrictions - Note 10	189,563	208,182
Total Net Assets	<u>2,589,786</u>	<u>2,305,424</u>
Total Liabilities and Net Assets	<u>\$ 2,872,411</u>	<u>\$ 2,505,788</u>

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total All Funds</u>	
			<u>2020</u>	<u>2019</u>
				**
<u>Public Support and Revenue</u>				
Grants and contributions	\$ 1,583,296	\$ 1,320,479	\$ 2,903,775	\$ 2,031,794
Special events, net of direct expenses of \$250,571 in 2019	247,875	32,235	280,110	618,815
In-kind contributions - Note 11	86,710		86,710	18,562
Program income	9,018		9,018	9,445
Sales income	939		939	11,337
Interest and dividend income	2,616		2,616	7,070
Net realized loss on investment transactions	(1,426)		(1,426)	(34,786)
Net unrealized gain on investments			-	90,573
Foreign currency exchange gains	34,448		34,448	13,916
Other income	<u>874</u>		<u>874</u>	<u>118</u>
Total Public Support and Revenue	1,964,350	1,352,714	3,317,064	2,766,844
Net Assets released from restrictions - Note 8	<u>1,371,333</u>	(<u>1,371,333</u>)	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>3,335,683</u>	(<u>18,619</u>)	<u>3,317,064</u>	<u>2,766,844</u>
<u>Expenses</u>				
Awards to AHC and TLC	364,606		364,606	244,425
Lao Friends Hospital for Children	<u>2,221,767</u>		<u>2,221,767</u>	<u>2,144,736</u>
Total Program Services	<u>2,586,373</u>		<u>2,586,373</u>	<u>2,389,161</u>
<u>Supporting Services</u>				
Administrative and general	224,822		224,822	235,366
Fund raising	<u>221,507</u>		<u>221,507</u>	<u>293,593</u>
Total Supporting Services	<u>446,329</u>		<u>446,329</u>	<u>527,923</u>
Total Expenses	<u>3,032,702</u>		<u>3,032,702</u>	<u>2,918,120</u>
Change in Net Assets	302,981	(18,619)	284,362	(151,276)
Net Assets at beginning of year	<u>2,097,242</u>	<u>208,182</u>	<u>2,305,424</u>	<u>2,456,700</u>
Net Assets at end of year	<u>\$ 2,400,223</u>	<u>\$ 189,563</u>	<u>\$ 2,589,786</u>	<u>\$ 2,305,424</u>

** Reclassified for comparative purposes.

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Program and Supporting Services	
	Awards to AHC and TLC	Lao Friends Hospital for Children	Total	Administrative and General	Fund Raising	Total	2020	2019 **
Salaries		\$ 1,151,803	\$ 1,151,803	\$ 72,081	\$ 159,018	\$ 231,099	\$ 1,382,902	\$ 1,426,637
Fringe benefits		204,590	204,590	12,804	28,245	41,049	245,639	253,788
Total Personnel and related costs		1,356,393	1,356,393	84,885	187,263	272,148	1,628,541	1,680,425
Professional and consultant fees		2,566	2,566	62,333	3,465	65,798	68,364	74,652
Grant awards - Notes 2 and 7	\$ 364,606		364,606				364,606	244,425
Medical supplies (including donated supplies of \$73,109 in 2020 and \$18,562 in 2019)		430,859	430,859				430,859	321,522
Office expenses		81,666	81,666	8,480	721	9,201	90,867	83,046
Postage and shipping		22,055	22,055	5,140	437	5,577	27,632	29,540
Printing and publications		3,477	3,477		2,029	2,029	5,506	8,931
Telephone and communications		3,037	3,037	1,682	104	1,786	4,823	5,936
Travel		33,709	33,709	1,850	3,599	5,449	39,158	57,450
Patient care		30,260	30,260				30,260	35,396
Advertising and promotion		15,248	15,248		158	158	15,406	24,903
Occupancy		15,365	15,365	51,754		51,754	67,119	61,586
Vehicle expenses		7,297	7,297				7,297	10,687
Repairs and maintenance		22,281	22,281	157		157	22,438	19,803
Insurance		5,008	5,008	6,629		6,629	11,637	12,244
Training and development		18,340	18,340		301	301	18,641	10,609
Event expenses					15,046	15,046	15,046	46,502
Bank and credit card fees		3,108	3,108	1,252	6,507	7,759	10,867	14,657
Interest expense				385		385	385	
Miscellaneous		1,064	1,064	275	1,877	2,152	3,216	8,642
Depreciation		170,034	170,034				170,034	167,164
Total Expenses 2020	<u>\$ 364,606</u>	<u>\$ 2,221,767</u>	<u>\$ 2,586,373</u>	<u>\$ 224,822</u>	<u>\$ 221,507</u>	<u>\$ 446,329</u>	<u>\$ 3,032,702</u>	
Total Expenses 2019	<u>\$ 244,425</u>	<u>\$ 2,144,736</u>	<u>\$ 2,389,161</u>	<u>\$ 235,366</u>	<u>\$ 293,593</u>	<u>\$ 528,959</u>		<u>\$ 2,918,120</u>

** Reclassified for comparative purposes.
See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 284,362	(\$ 151,276)
Adjustments to reconcile change in Net Assets to net cash provided by/(used in) operating activities		
Depreciation	170,034	167,164
Net realized loss on investment transactions	1,426	34,786
Net unrealized gain on investments	-	(90,573)
Changes in assets and liabilities:		
Decrease in grants and contributions receivable	39,785	85,369
Decrease in other receivables	-	11,148
(Increase)/decrease in inventories	(12,299)	8,008
Increase in prepaid expenses	(49,453)	(38,012)
Increase in security deposit	-	(1,350)
Increase/(decrease) in accounts and accrued expenses payable	16,386	(117,739)
Decrease in due to Angkor Hospital for Children (Decrease)/increase in due to Friends Without A Border Japan	(811)	(26,601)
Increase in due to The Lake Clinic	100,132	36,506
Increase in deferred rent payable	508	995
Net Cash Provided by/(Used in) Operating Activities	523,589	(55,094)
<u>Cash Flows from Investing Activities</u>		
Acquisition of fixed assets	(71,952)	(103,960)
Purchase of investments	(897,922)	(906,327)
Proceeds from sales of investments	554,767	1,077,258
Net Cash (Used in)/Provided by Investing Activities	(415,107)	66,971
<u>Cash Flows from Financing Activities</u>		
Loan proceeds	67,527	-
Loan repayment	(75,000)	(75,000)
Net Cash Used in Financing Activities	(7,473)	(75,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	101,009	(63,123)
Cash and cash equivalents at beginning of year	296,151	359,274
Cash and cash equivalents at end of year	<u>\$ 397,160</u>	<u>\$ 296,151</u>
<u>Supplemental disclosures of cash flow information:</u>		
Gifts of securities	\$ 110,672	\$ 19,397
Cash paid during the year for interest	\$ -	\$ -

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 ORGANIZATION

Friends Without a Border ("FWAB") is a not-for-profit organization established in 1996 with the belief that every child has the right to a healthy and loving life. FWAB accomplishes this by providing free, compassionate medical care to children in Southeast Asia, by creating health education programs, and by training local health care professionals.

FWAB promotes sustainable solutions to health care in developing countries through the model of *Treatment + Education + Prevention* by:

- Providing high-quality medical care to children in a compassionate environment;
- Educating families and health care professionals throughout Southeast Asia;
- Improving the health, nutrition and hygiene of local communities through outreach programs and home care.

On February 11, 2015, FWAB opened the doors to a new pediatric hospital: Lao Friends Hospital for Children ("LFHC") in Luang Prabang, Lao PDR with an Outpatient Department. In 2016, the hospital opened a Neonatal Unit, as well as a Surgical Theater, which greatly expanded the reach of services available to children in Laos. The Thalassemia and Development clinics opened in 2017 to better serve the needs at the Outpatient Department. The Neonatal Unit was expanded in 2019 to respond to the growing caseload. FWAB aims to expand LFHC's Outreach Programs to teach children and families health awareness and disease prevention practices, in addition to home care visits to patients who have chronic diseases or require follow-up care after hospital visits.

FWAB is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and similar provisions of the State Code. Contributions to FWAB are tax deductible to donors under Section 170 of the IRC. FWAB is not classified as a private foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FWAB prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit entities. The significant accounting and reporting policies used by FWAB are described below to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting.

(Continue)

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Financial Statement Presentation

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Public Support and Revenue

Grants and contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Grants and contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected in less than one year are reflected as current promises to give and are reported at net realizable value.

(Continue)

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unconditional promises to give that are expected to be collected in more than one year are reflected as long-term promises to give and are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectibility of individual promises. As of December 31, 2020, all unconditional promises to give are due in less than one year.

Fixed Assets

Buildings, improvements, vehicles, furniture and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Property and equipment are depreciated over their estimated useful lives using the straight-line method as follows:

Building	40 Years
Building improvements	10 Years
Medical equipment	7 Years
Furniture and equipment	5 Years
Vehicles	5 Years

Program Revenue

Program revenue is recognized as income when earned.

Cash and Cash Equivalents

Cash consist of cash held in checking and money market accounts. FWAB's cash balances were deposited in various high-quality financial institutions which, at times, may exceed federal insured limits. FWAB has not experienced any losses in such accounts.

Inventories

Inventories are stated at the lower of cost, determined by the FIFO method, or market.

Investments

Investments in securities with readily determinable fair values are measured at fair value in the statement of financial position. The basis of determining the fair value of investments is the readily determinable sales price of the investments based on prices or quotations from over-the-counter markets.

(Continue)

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities. Realized and unrealized gains and losses are recognized as incurred. They are recorded in the Statement of Activities as income or loss in accordance with donors' restrictions.

Forgivable Loans

FWAB's policy is to account for the forgivable loans received through the Small Business Administration ("SBA") under the *Coronavirus Aid, Relief, and Economic Security Act* ("*CARES Act*") Paycheck Protection Program ("PPP") as debt in accordance with Accounting Standards Codification (ASC) 470, *Debt*, and other related accounting pronouncements. The forgiveness of debt, in whole or in part, is recognized once the debt is extinguished, which occurs when FWAB is legally released from the liability by the SBA. Any portion of debt forgiven, adjusted for accrued interest forgiven and unamortized debt issuance costs, is recorded as a gain on extinguishment of debt, and presented in the other income section on the statement of activities.

Debt Issuance Costs

Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the two-year term of the debt using a straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of long-term debt on the balance sheet.

Non-Cash Contributions

Donated goods are reflected in the statement of activities at their fair values. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Foreign Currency Transactions

Transactions in currencies other than US dollars are converted into US dollars at rates which approximate the actual rates at the transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currency are converted into US dollars at the rate of exchange at that date. Realized and unrealized exchange differences are reported in the statement of activities. Due to the condition of the global market, the gain or loss from currency exchange could be significant.

Grant Expenses

Contributions made and unconditional promises to give are recognized as expenses in the period made at their fair value.

(Continue)

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, FWAB's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. FWAB's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

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. Accordingly, such information should be read in conjunction with FWAB's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

FWAB adopted *Financial Accounting Standards Board* ("FASB") guidance on uncertain income tax positions in its financial statements. FWAB recognizes the effect of tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 are:

Financial Assets:	
Cash and cash equivalents	\$ 397,160
Investments	796,977
Grants and contributions receivable	<u>50,138</u>
Total Financial Assets	1,244,275
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 10)	(<u>189,563</u>)

(Continue)

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 LIQUIDITY AND AVAILABILITY - (Continued)

Amount available for general	
Expenditures within one year	<u>\$ 1,054,712</u>

As part of the liquidity management plan, FWAB invests cash in excess of daily requirements in short term money market accounts and investments (Note 4).

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments as of December 31, 2020 are stated at fair value and consist of money market funds.

Total investment earnings consist of the following:

Interest and dividend income	\$ 2,616
Net realized loss on investment transactions	(1,426)
Net investment return	<u>\$ 1,190</u>

Investments are measured at fair value. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs used to measure fair value.

The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted market prices in active markets for identical assets and liabilities.
- Level 2: Significant observable inputs, other than those included in Level 1, such as unadjusted quoted market prices for similar assets or liabilities in active markets, unadjusted quoted prices for identical or similar assets and liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Significant unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

(Continue)

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS - (Continued)

The following table sets forth by level, within the fair value hierarchy, FWAB's financial instruments at fair value as of December 31, 2020:

	<u>Fair Value Measurements at Reporting Date Using</u>	
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
Money market funds	\$ 796,977	\$ 796,977

NOTE 5 FIXED ASSETS

As of December 31, 2020, the costs of the assets and the related accumulated depreciation were as follows:

Buildings	\$ 1,115,972
Building improvements	111,073
Medical equipment	825,823
Office equipment, vehicles and furniture	<u>140,141</u>
	2,193,008
Less - accumulated depreciation	<u>(778,526)</u>
Net	<u>\$ 1,414,482</u>

NOTE 6 LOAN PAYABLE

Loan payable as of December 31, 2020 was as follows:

<u>Year ending December 31</u>	
2021	\$ 48,668
2022	<u>18,859</u>
Total	67,527
Current portion	<u>48,668</u>
Non-current portion	<u>\$ 18,859</u>

(Continue)

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 LOAN PAYABLE - (Continued)

As of December 31, 2020, FWAB has an unsecured loan outstanding in the amount of \$67,527 due to the Small Business Administration (“SBA”) and administered by a local bank, as part of the *Coronavirus Aid, Relief, and Economic Security Act* (“*CARES Act*”) Paycheck Protection Program (“PPP”). Under the terms of the note dated April 23, 2020, loan payments are deferred until FWAB receives notification from the SBA as to the amount of the loan forgiven. Thereafter, monthly payments are due in the amount of \$3,781, including interest at 1% per annum, which approximates the effective interest rate. The note is due on April 23, 2022. The loan terms provide that a portion or all of the loan is forgivable to the extent that FWAB uses the loan proceeds to fund qualifying payroll and other expenses during a designated 24-week period. On June 24, 2021, FWAB received notification from the SBA that the entire loan balance of \$67,527 has been forgiven.

NOTE 7 GRANTS EXPENSES / RELATED PARTIES TRANSACTIONS

In 1999, FWAB built and opened the Angkor Hospital for Children (“AHC”) in Siem Reap, Cambodia. The mission of AHC was to provide high-quality and free pediatric medical care to Cambodian children, to work with the Cambodian’s Ministry of Health to strengthen Cambodia’s healthcare system through the training of doctors, nurses and health workers, and to play a central role in improving public health for all children.

In January 2013, FWAB transferred management and ownership of the hospital to the Cambodian staff of AHC. Transfer of management to an all-Cambodian staff was a goal for AHC from the beginning and was a much celebrated event. AHC is now an independently managed facility. FWAB continues to help support AHC with their fundraising goals.

FWAB also supports the efforts of The Lake Clinic (“TLC”) in Cambodia, which provides basic health care, disease surveillance, and proper medical referrals to a severely isolated and under-served region of Cambodia. TLC operates five floating medical clinics and a small fleet of boats that provide transportation and support for two clinical teams: one on the Tonle Sap Lake and the other on the Stung Sen River. Launched by the founding Executive Director of AHC, TLC is an extension of FWAB’s commitment to serve overlooked and impoverished children and their families in Asia.

Friends Without A Border in Japan (“Friends Japan”) was established in 1997 as a separate organization based in Tokyo. Friends Japan has raised millions of dollars for AHC and currently collaborates in the fundraising efforts to support LFHC. Total contributions received from Friends Japan was \$414,396 during the fiscal year.

(Continue)

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 GRANTS EXPENSES / RELATED PARTIES TRANSACTIONS - (Continued)

During the fiscal year, total grants made by FWAB were as follows:

Support for AHC	\$	29,664
Support for TLC		<u>334,942</u>
 Total Grants		 <u><u>\$ 364,606</u></u>

As of December 31, 2020, due to AHC of \$21,490 and due to TLC of \$146,878 represents the balance due for grants.

In addition, FWAB has a business relationship with a company in which a Board member held ownership. Total transactions with this Board member's company was \$48,438.

NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions during the year ended December 31, 2020 were as follows:

Satisfaction of purpose restrictions:		
Programmatic Support	\$	452,096
Education for Doctors and Nurses		38,627
Food and Nutrition Support		6,927
Hospital Support for AHC		29,664
Hospital Support for TLC		334,942
Medicines Consumed		130,000
Neonatal Operations		145,870
Pediatric Curriculum Project		83,374
Pediatric Residency Program		44,631
Surgery Department		70,000
Thalassemia Clinic		<u>10,202</u>
		1,346,333
Satisfaction of time restrictions:		
General Support designated for 2020		<u>25,000</u>
 Total		 <u><u>\$ 1,371,333</u></u>

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 BOARD DESIGNATED FUND

As of December 31, 2020, the Board had designated \$585,974 for the Goodman Barinaga Pediatric and Outreach Fund. Disbursements from this fund is subject to the authorization from the Board. This amount is included in net assets without donor restrictions.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020, net assets with donor restrictions was available for the following:

Purpose restrictions, available for spending:	
Programmatic Support	\$ 31,618
Anestheist Nursing Training	14,524
Clinical Staff Training	26,851
Education for Doctors and Nurses	1,073
Food and Nutrition Support	12,092
Pediatric Curriculum Project	90,548
Thalassemia Clinic	<u>12,857</u>
Total	<u>\$ 189,563</u>

NOTE 11 NON-CASH CONTRIBUTIONS

In-kind contributions received during the year consist of medical supplies of \$73,109. FWAB also received donated artwork of \$13,600 to be sold in future events. This amount was recorded in inventories.

NOTE 12 PENSION PLAN

FWAB sponsors a tax deferred pension plan that covers employees who have completed 3 months of service. Employees voluntarily make contributions to the retirement plan based on limits established under the Internal Revenue Code and FWAB offers a discretionary matching contribution of up to 3% under the retirement plan. Pension expense for the year was \$6,423.

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13 COMMITMENTS

- a) In April 2019, FWAB extended the lease agreement for its office space under an operating lease expiring on April 30, 2022. Future minimum lease payments, exclusive of certain escalation costs, are as follows:

<u>Year Ending December 31</u>	
2021	\$ 51,692
2022	<u>17,400</u>
Total	<u>\$ 69,092</u>

For financial statement purposes, total rent expenses are accounted for on a straight-line basis. Accordingly, the accompanying statement of financial position reflects the liability for deferred rent for the excess of the rent expense charged under generally accepted accounting principles over the rent paid pursuant to the lease term. As of December 31, 2020, the amount of deferred rent was \$1,503.

- b) In February 2014, FWAB entered into an operating lease agreement for its facility located in Luang Prabang, Lao PDR expiring on June 30, 2024. Rental payments were made in installments for the use of the land and building to be used as a Visitor Center and Gallery for LFHC. As of December 31, 2020, prepaid rent of \$40,320 was reported in the statement of financial position.

In addition, due to the COVID-19 pandemic, Gala deposits of \$29,250 and auction items of \$7,141 will be applied to future events. These amounts were recorded in prepaid expenses.

NOTE 14 FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing FWAB's services have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied.

Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fund raising costs are expensed as incurred, even though they may result in contributions received in future years.

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 SUBSEQUENT EVENTS

FWAB has evaluated subsequent events through December 13, 2021, which is the date the financial statements were available to be issued.

In February 2021, FWAB received a loan in the amount of \$56,835 from the SBA as part of the *CARES Act's* Payment Protection Plan, as amended by the *Consolidated Appropriations Act, 2021*. Under the terms of the loan, a portion or all of the loan is forgivable to the extent that loan proceeds are used to fund eligible expenses and that FWAB satisfies other conditions. The term of the loan is five years and bears interest at a fixed rate of 1% per annum. The maturity date of this loan is February 11, 2026. In December 2021, FWAB received notification from the SBA that the entire loan balance of \$56,835 has been forgiven.