

**FRIENDS WITHOUT A BORDER**  
**INDEPENDENT AUDITOR'S REPORT**  
**ON**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2021**  
**AND**  
**FOR THE YEAR THEN ENDED**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

# FRIENDS WITHOUT A BORDER

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**INDEPENDENT AUDITOR'S REPORT**

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

**Opinion**

We have audited the accompanying financial statements of Friends Without A Border, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends Without A Border and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends Without A Border's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform auditing procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends Without A Border's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends Without A Borders' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control matters that we identified during the audit.

## Report on Summarized Comparative Information

We have previously audited Friends Without A Border's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Winniford & Co., P.C.*

New York, New York  
August 15, 2022

**FRIENDS WITHOUT A BORDER  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021	2020
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 379,607	\$ 397,160
Investments - Notes 2 and 4	879,065	796,977
Grants and contributions receivable - Note 2	82,389	50,138
Inventories, at lower of cost or net realizable value	52,084	100,321
Prepaid expenses - Note 12	53,289	100,383
<b>Total Current Assets</b>	1,446,434	1,444,979
<b>Non-Current Assets</b>		
Fixed assets - at cost - net of accumulated depreciation of \$948,402 and \$778,526 in 2021 and 2020, respectively - Notes 2 and 5	1,329,598	1,414,482
Security deposit	12,950	12,950
<b>Total Assets</b>	<b>\$ 2,788,982</b>	<b>\$ 2,872,411</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Loan payable		\$ 48,668
Accounts and accrued expenses payable	\$ 70,604	45,227
Due to Angkor Hospital for Children - Note 6	3,575	21,490
Due to The Lake Clinic - Note 6	24,925	146,878
Deferred event revenue	13,562	-
<b>Total Current Liabilities</b>	112,666	262,263
<b>Non-Current Liabilities</b>		
Loan payable	-	18,859
Deferred rent payable - Note 12	503	1,503
<b>Total Liabilities</b>	113,169	282,625
<b><u>NET ASSETS</u></b>		
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	460,772	399,767
Board designated - Note 8	685,974	585,974
Fixed assets, net	1,329,598	1,414,482
Total without donor restrictions	2,476,344	2,400,223
With donor restrictions - Note 10	199,469	189,563
<b>Total Net Assets</b>	2,675,813	2,589,786
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,788,982</b>	<b>\$ 2,872,411</b>

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>	
			<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>				
<b><u>Support and Revenue</u></b>				
Grants and contributions	\$ 846,533	\$ 1,434,120	\$ 2,280,653	\$ 2,903,775
Special events, net of direct expenses of \$97,543 in 2021 and \$250,571 in 2020	496,877	9,923	506,800	280,110
In-kind contributions - Notes 2 and 7	7,436		7,436	86,710
Program income	7,743		7,743	9,018
Sales income	1,761		1,761	939
Interest and dividend income	1,104		1,104	2,616
Net realized loss on investment transactions	( 47)		( 47)	( 1,426)
Net unrealized loss on investments	( 173)		( 173)	-
Foreign currency exchange gains	77,258		77,258	34,448
Other income - Note 7	<u>28,439</u>		<u>28,439</u>	<u>874</u>
<b>Total Support and Revenue</b>	<u>1,466,931</u>	<u>1,444,043</u>	<u>2,910,974</u>	<u>3,317,064</u>
Net Assets released from restrictions - Note 9	<u>1,434,137</u>	<u>( 1,434,137)</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>2,901,068</u>	<u>9,906</u>	<u>2,910,974</u>	<u>3,317,064</u>
<b><u>Expenses</u></b>				
Awards to AHC and TLC	136,273		136,273	364,606
Lao Friends Hospital for Children	<u>2,263,258</u>		<u>2,263,258</u>	<u>2,221,767</u>
<b>Total Program Services</b>	<u>2,399,531</u>		<u>2,399,531</u>	<u>2,586,373</u>
<b><u>Supporting Services</u></b>				
Administrative and general	296,128		296,128	224,822
Fund raising	<u>254,896</u>		<u>254,896</u>	<u>221,507</u>
<b>Total Supporting Services</b>	<u>551,024</u>		<u>551,024</u>	<u>446,329</u>
<b>Total Expenses</b>	<u>2,950,555</u>		<u>2,950,555</u>	<u>3,032,702</u>
<b>Change in Net Assets from Operating Activities</b>	( 49,487)	9,906	( 39,581)	284,362
<b>Non-Operating Activities</b>				
Gain on extinguishment of debt	<u>125,608</u>		<u>125,608</u>	<u>-</u>
Change in Net Assets	76,121	9,906	86,027	284,362
Net Assets at beginning of year	<u>2,400,223</u>	<u>189,563</u>	<u>2,589,786</u>	<u>2,305,424</u>
Net Assets at end of year	<u>\$ 2,476,344</u>	<u>\$ 199,469</u>	<u>\$ 2,675,813</u>	<u>\$ 2,589,786</u>

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			Total Program and Supporting Services	
	Awards to AHC and TLC	Lao Friends Hospital for Children	Total	Administrative and General	Fund Raising	Total	2021	2020
Salaries		\$ 1,209,574	\$ 1,209,574	\$ 130,611	\$ 120,225	\$ 250,836	\$ 1,460,410	\$ 1,382,902
Fringe benefits		182,679	182,679	19,726	18,157	37,883	220,562	245,639
<b>Total Personnel and related costs</b>		1,392,253	1,392,253	150,337	138,382	288,719	1,680,972	1,628,541
Professional and consultant fees (including donated services of \$4,500 in 2021 - Note 7)		23,954	23,954	66,727	3,910	70,637	94,591	68,364
Grant awards - Notes 2 and 6	\$ 136,273		136,273				136,273	364,606
Medical supplies (including donated supplies of \$2,936 in 2021 and \$73,109 in 2020 - Note 7)		358,015	358,015				358,015	430,859
Office expenses		101,437	101,437	11,096	49,391	60,487	161,924	90,867
Postage and shipping		17,196	17,196	4,026	299	4,325	21,521	27,632
Printing and publications		3,642	3,642				3,642	5,506
Telephone and communications		2,625	2,625	1,649	34	1,683	4,308	4,823
Travel		44,680	44,680	107	140	247	44,927	39,158
Patient care		39,607	39,607				39,607	30,260
Advertising and promotion		20,392	20,392	33	765	798	21,190	15,406
Occupancy		14,849	14,849	53,587		53,587	68,436	67,119
Vehicle expenses		6,618	6,618				6,618	7,297
Repairs and maintenance		24,470	24,470	504		504	24,974	22,438
Insurance		6,293	6,293	5,523		5,523	11,816	11,637
Training and development		31,270	31,270				31,270	18,641
Event expenses					46,421	46,421	46,421	15,046
Bank and credit card fees		3,419	3,419	1,095	14,319	15,414	18,833	10,867
Interest expense				861		861	861	385
Miscellaneous		2,662	2,662	583	1,235	1,818	4,480	3,216
Depreciation		169,876	169,876				169,876	170,034
<b>Total Expenses 2021</b>	<u>\$ 136,273</u>	<u>\$ 2,263,258</u>	<u>\$ 2,399,531</u>	<u>\$ 296,128</u>	<u>\$ 254,896</u>	<u>\$ 551,024</u>	<u>\$ 2,950,555</u>	
<b>Total Expenses 2020</b>	<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>

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>2020</u>
		**
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 86,027	\$ 284,362
Adjustments to reconcile change in Net Assets to net cash provided by operating activities:		
Gain on extinguishment of debt	( 125,608)	-
Interest expense - debt issuance costs	861	385
Depreciation	169,876	170,034
Net realized loss on investment transactions	47	1,426
Net unrealized loss on investments	173	-
Changes in assets and liabilities:		
(Increase)/decrease in grants and contributions receivable	( 32,251)	39,785
Decrease/(increase) in inventories	48,237	( 12,299)
Decrease/(increase) in prepaid expenses	47,094	( 49,453)
Increase in accounts and accrued expenses payable	25,762	16,001
Decrease in due to Angkor Hospital for Children	( 17,915)	( 811)
Decrease in due to Friends Without A Border Japan	-	( 26,481)
(Decrease)/increase in due to The Lake Clinic	( 121,953)	100,132
Increase in deferred event revenue	13,562	-
(Decrease)/increase in deferred rent payable	( 1,000)	508
<b>Net Cash Provided by Operating Activities</b>	<u>92,912</u>	<u>523,589</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Acquisition of fixed assets	( 84,992)	( 71,952)
Purchase of investments	( 547,403)	( 897,922)
Proceeds from sales of investments	465,095	554,767
<b>Net Cash Used in Investing Activities</b>	<u>( 167,300)</u>	<u>( 415,107)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Loan proceeds	56,835	67,527
Loan repayment	-	( 75,000)
<b>Net Cash Provided by/(Used in) Financing Activities</b>	<u>56,835</u>	<u>( 7,473)</u>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	( 17,553)	101,009
Cash and cash equivalents at beginning of year	<u>397,160</u>	<u>296,151</u>
Cash and cash equivalents at end of year	<u>\$ 379,607</u>	<u>\$ 397,160</u>
<b><u>Supplemental disclosures of cash flow information:</u></b>		
Gifts of securities	<u>\$ 16,204</u>	<u>\$ 110,672</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

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

**FRIENDS WITHOUT A BORDER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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. In 2021, a new department, High Acuity Unit, was approved to launch in 2022. In collaboration with UNICEF, LFHC created audio-visual materials to improve malnutrition among children in the region.

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, 2021**

**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, 2021**

**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, 2021, 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 operating income in the period in which they are earned. Revenue received in advance are recorded as deferred revenue.

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 net realizable value.

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, 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

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.

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 Programs ("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 non-operating 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 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 and services 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.

(Continue)

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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, 2020, 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, 2021 are:

Financial Assets:	
Cash and cash equivalents	\$ 379,607
Investments	879,065
Grants and contributions receivable	<u>82,389</u>
Total Financial Assets	1,341,061
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 9)	( <u>199,469</u> )
Amount available for general expenditures within one year	<u>\$ 1,141,592</u>

(Continue)

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 LIQUIDITY AND AVAILABILITY - (Continued)**

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 consist of the following as of December 31, 2021:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Money market funds	\$ 865,676	\$ 865,676	\$ -
Equities	<u>13,562</u>	<u>13,389</u>	( <u>173</u> )
Total Investments	<u>\$ 879,238</u>	<u>\$ 879,065</u>	( <u>\$ 173</u> )

Total investment earnings consist of the following:

Interest and dividend income	\$ 1,104
Net realized loss on investment transactions	( 47)
Net unrealized loss on investments	( <u>173</u> )
Net investment return	<u>\$ 884</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.

(Continue)

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS - (Continued)**

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. The following table sets forth by level, within the fair value hierarchy, FWAB’s financial instruments at fair value as of December 31, 2021:

	<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	\$ 865,676	\$ 865,676
Equities	<u>13,389</u>	<u>13,389</u>
Total Investments	<u>\$ 879,065</u>	<u>\$ 879,065</u>

**NOTE 5 FIXED ASSETS**

As of December 31, 2021, the costs of the assets and the related accumulated depreciation were as follows:

Buildings	\$ 1,115,972
Building improvements	163,632
Medical equipment	853,108
Office equipment, vehicles and furniture	<u>145,288</u>
	2,278,000
Less - accumulated depreciation	( <u>948,402</u> )
Net	<u>\$ 1,329,598</u>

**NOTE 6 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.

(Continue)

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 GRANTS EXPENSES / RELATED PARTIES TRANSACTIONS - (Continued)**

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 \$641,886 during the fiscal year.

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

Support for AHC	\$ 104,803
Support for TLC	<u>31,470</u>
Total Grants	<u>\$ 136,273</u>

As of December 31, 2021, due to AHC of \$3,575 and due to TLC of \$24,925 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 \$49,820.

**NOTE 7 NON-CASH CONTRIBUTIONS**

In-kind contributions received during the year consist of donated services of \$4,500 and medical supplies of \$2,936. FWAB also received donated auction items of \$61,557 for their special events. Sold items of \$60,357 were recorded in direct event expenses. The unsold item of \$1,200 was recorded in inventories.

(Continue)

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 NON-CASH CONTRIBUTIONS** - (Continued)

During the fiscal year, past auction items of \$27,280 had sustained water damages and claims were submitted for reimbursement. The amount of \$28,168 was refunded by the insurance company and this amount was included as other income on the statement of activities.

**NOTE 8 BOARD DESIGNATED FUND**

In the prior year, the Board had designated \$585,974 for the Goodman Barinaga Pediatric and Outreach Fund. During the fiscal year, an additional amount of \$100,000 was designated by the Board. Disbursements from this fund is subject to the authorization from the Board. As of December 31, 2021, total amount of \$685,974 is included in net assets without donor restrictions.

**NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions during the year ended December 31, 2021 were as follows:

Satisfaction of purpose restrictions:	
Programmatic Support	\$ 797,603
Clinical Staff Training	65,265
Food and Nutrition Support	27,169
Hospital Support for AHC	104,803
Hospital Support for TLC	31,470
Neonatal Operations	178,822
Nutrition Training Videos	27,123
Pediatric Curriculum Project	121,229
Pediatric Residency Program	69,518
Thalassemia Clinic	<u>11,135</u>
Total	<u>\$ 1,434,137</u>

**FRIENDS WITHOUT A BORDER  
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**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2021, net assets with donor restrictions was available for the following:

Purpose restrictions, available for spending:	
Programmatic Support	\$ 46,689
Anestheist Nursing Training	21,524
Food and Nutrition Support	8,523
Neonatal Operations	17,151
Nutrition Training Videos	19,265
Pediatric Curriculum Project	64,582
Thalassemia Clinic	<u>21,735</u>
Total	<u>\$ 199,469</u>

**NOTE 11 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 \$2,958.

**NOTE 12 COMMITMENTS**

- a) In April 2019, FWAB extended the lease agreement for its office space under an operating lease that expired on April 30, 2022. Future minimum lease payments, exclusive of certain escalation costs, was \$17,400.

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, 2021, the amount of deferred rent was \$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, 2021, prepaid rent of \$28,800 was reported in the statement of financial position.

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 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.

**NOTE 14 SUBSEQUENT EVENTS**

FWAB evaluated subsequent events through August 15, 2022, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.