

FRIENDS WITHOUT A BORDER
INDEPENDENT AUDITOR'S REPORT
ON
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023
AND
FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR 2022)

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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Winnicki Law & Co., P.C.

New York, New York
June 7, 2024

**FRIENDS WITHOUT A BORDER
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 301,143	\$ 193,252
Investments - Notes 2 and 4	374,672	722,982
Grants and contributions receivable - Note 2	208,908	166,189
Due from FWAB Japan - Note 6	2,675	2,675
Inventories, at lower of cost or net realizable value	52,146	49,932
Prepaid expenses - Note 12	46,284	45,401
Total Current Assets	985,828	1,180,431
Non-Current Assets		
Fixed assets - at cost - net of accumulated depreciation of \$1,253,171 and \$1,106,457 in 2023 and 2022, respectively - Notes 2 and 5	1,483,491	1,346,152
Right-of-use lease assets - Operating leases, net of accumulated amortization of \$14,248 - Note 12	3,036	11,443
Security deposit	1,443	1,443
Total Assets	\$ 2,473,798	\$ 2,539,469
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Current Liabilities		
Accounts and accrued expenses payable	\$ 85,918	\$ 55,046
Due to Angkor Hospital for Children - Note 6	10,484	3,696
Due to The Lake Clinic - Note 6	1,575	10,177
Lease obligations - Operating leases - Note 12	2,878	8,494
Total Current Liabilities	100,855	77,413
Non-Current Liability		
Lease obligations - Operating leases - Note 12	-	2,878
Total Liabilities	100,855	80,291
<u>NET ASSETS</u>		
Net Assets		
Without donor restrictions:		
Undesignated	576,713	230,092
Board designated - Note 8	-	685,974
Fixed assets, net	1,483,491	1,346,152
	2,060,204	2,262,218
With donor restrictions - Note 10	312,739	196,960
Total Net Assets	2,372,943	2,459,178
Total Liabilities and Net Assets	\$ 2,473,798	\$ 2,539,469

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total All Funds</u>	
			<u>2023</u>	<u>2022</u>
				**
<u>Support and Revenue</u>				
Grants and contributions	\$ 640,136	\$ 1,770,525	\$ 2,410,662	\$ 2,549,234
Special events, net of direct expenses of \$167,217 in 2023 and \$88,504 in 2022	423,758	6,102	429,860	404,459
Non-cash contributions - Notes 2 and 11	1,621,084		1,621,084	116,660
Program income	9,540		9,540	4,276
Sales income	1,855		1,855	570
Interest and dividend income	19,716		19,716	8,491
Net realized loss on investment transactions	-		-	(57)
Net unrealized gain on investments	908		908	173
Foreign currency exchange gains	26,898		26,898	45,956
Other income	<u>3,219</u>		<u>3,219</u>	<u>1,927</u>
Total Support and Revenue	2,747,114	1,776,627	4,523,741	3,135,689
Net Assets released from restrictions - Note 9	<u>1,660,848</u>	<u>(1,660,848)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>4,407,962</u>	<u>115,779</u>	<u>4,523,741</u>	<u>3,135,689</u>
<u>Expenses</u>				
Awards to AHC and TLC	50,909		50,909	289,524
Lao Friends Hospital for Children	<u>4,133,400</u>		<u>4,133,400</u>	<u>2,633,321</u>
Total Program Services	<u>4,184,309</u>		<u>4,184,309</u>	<u>2,922,845</u>
<u>Supporting Services</u>				
Administrative and general	255,736		255,736	259,611
Fund raising	<u>169,931</u>		<u>169,931</u>	<u>169,868</u>
Total Supporting Services	<u>425,667</u>		<u>425,667</u>	<u>429,479</u>
Total Expenses	<u>4,609,976</u>		<u>4,609,976</u>	<u>3,352,324</u>
Change in Net Assets	(202,014)	115,779	(86,235)	(216,635)
Net Assets at beginning of year	<u>2,262,218</u>	<u>196,960</u>	<u>2,459,178</u>	<u>2,675,813</u>
Net Assets at end of year	<u>\$ 2,060,204</u>	<u>\$ 312,739</u>	<u>\$ 2,372,943</u>	<u>\$ 2,459,178</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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	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	2023	2022
								**
Salaries		\$ 1,478,924	\$ 1,478,924	\$ 135,411	\$ 88,661	\$ 224,071	\$ 1,702,995	\$ 1,652,608
Fringe benefits		222,053	222,053	20,331	13,312	33,643	255,697	274,389
Total Personnel and related costs		1,700,977	1,700,977	155,742	101,973	257,715	1,958,692	1,926,997
Grant awards - Notes 2 and 6	\$ 50,909		50,909				50,909	289,524
Professional and consultant fees		26,989	26,989	64,648	1,731	66,379	93,368	107,555
Donated services - Notes 2 and 11		1,517,382	1,517,382				1,517,382	-
Medical supplies		334,244	334,244				334,244	415,723
Donated medical supplies - Notes 2 and 11		18,397	18,397				18,397	13,644
Office expenses		127,292	127,292	9,773	1,160	10,933	138,225	116,213
Postage and shipping		22,617	22,617	2,442	35	2,477	25,094	19,028
Printing and publications		4,540	4,540	50		50	4,590	4,276
Telephone and communications		778	778	1,167		1,167	1,945	2,632
Travel		59,800	59,800	388	9,285	9,673	69,473	62,262
Patient care		49,471	49,471				49,471	43,208
Advertising and promotion		8,337	8,337		175	175	8,512	19,820
Occupancy (including lease cost - Note 12)		14,108	14,108	13,302		13,302	27,410	44,766
Vehicle expenses		11,980	11,980				11,980	8,958
Repairs and maintenance		17,890	17,890	165		165	18,055	16,369
Insurance		7,051	7,051	5,594		5,594	12,645	11,618
Training and development		56,911	56,911		187	187	57,098	31,516
Event expenses					38,026	38,026	38,026	37,297
Bank and credit card fees		4,091	4,091	1,404	10,545	11,949	16,040	16,283
Miscellaneous		3,831	3,831	861	6,464	7,325	11,156	6,580
Bad debt expense				200	350	550	550	-
Depreciation expense		146,713	146,713				146,713	158,055
Total Expenses 2023	\$ 50,909	\$ 4,133,400	\$ 4,184,309	\$ 255,736	\$ 169,931	\$ 425,667	\$ 4,609,976	
Total Expenses 2022	\$ 289,524	\$ 2,633,321	\$ 2,922,845	\$ 259,611	\$ 169,868	\$ 429,479		\$ 3,352,324

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

**FRIENDS WITHOUT A BORDER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>2023</u>	<u>2022</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	(\$ 86,235)	(\$ 216,635)
Adjustments to reconcile change in Net Assets to net cash provided by/(used in) operating activities:		
Depreciation	146,714	158,055
Net realized loss on investment transactions	-	57
Net unrealized gain on investments	(908)	(173)
Changes in assets and liabilities:		
Increase in grants and contributions receivable	(42,719)	(83,800)
(Increase)/decrease in inventories	(2,214)	2,152
(Increase)/decrease in prepaid expenses	(883)	7,888
Amortization expense portion of lease expense for operating leases	9,137	5,841
Increase in security deposits	-	11,507
Increase/(decrease) in accounts and accrued expenses payable	30,872	(15,558)
Increase in due to Angkor Hospital for Children	6,788	121
Increase in due from Friends Without A Border Japan	-	(2,675)
Decrease in due to The Lake Clinic	(8,602)	(14,748)
Decrease in deferred event revenue	-	(13,562)
Repayments of right-of-use lease obligations - operating	(9,224)	(5,912)
Decrease in deferred rent payable	<u>-</u>	<u>(503)</u>
Net Cash Provided by/(Used in) Operating Activities	<u>42,726</u>	<u>(167,945)</u>
<u>Cash Flows from Investing Activities</u>		
Acquisition of fixed assets	(284,053)	(174,609)
Purchase of investments	(470,782)	(610,322)
Proceeds from sales of investments	<u>820,000</u>	<u>766,521</u>
Net Cash Provided by/(Used in) Investing Activities	<u>65,165</u>	<u>(18,410)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	107,891	(186,355)
Cash and cash equivalents at beginning of year	<u>193,252</u>	<u>379,607</u>
Cash and cash equivalents at end of year	<u>\$ 301,143</u>	<u>\$ 193,252</u>
<u>Supplemental disclosures of cash flow information:</u>		
Gifts of securities	<u>\$ 2,532</u>	<u>\$ 103,016</u>

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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. Since then, LFHC has greatly expanded to serve over 40,000 cases annually through the following departments and services: Inpatient department, outpatient department, neonatal ward, surgical suite, outreach department, development clinic to serve autistic, Down syndrome and cerebral palsy afflicted children, 24/7 emergency room, and an intensive care unit. LFHC also offers other specialty clinics, including thalassemia, orthopedic and nephrology.

LFHC has opened the first milk bank in Laos and is in collaboration with UNICEF and the Government of Lao PDR on an Integrated Management of Acute Malnutrition program that is attempting to reduce stunted growth among young children.

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, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and cash on hand. At year end and throughout the year, FWAB's cash balances were deposited in various high-quality financial institutions which, at times, may exceed the current insured amount under Federal Deposit Insurance Corporation ("FDIC") protection. Management believes that FWAB is not exposed to any significant credit risk on cash and cash equivalents.

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.

Support and Grant Revenue

FWAB recognizes government and private grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or not. For those recognized as contributions, revenue is recognized when a contract or grant becomes unconditional, that is, when the conditions on which they depend are substantially met. Contracts and grants that are treated as exchange transactions are reported as revenue without donor restrictions when expenses are incurred in accordance with the terms of the agreement. The excess of amounts received in exchange transactions over the amount of expenditures incurred is classified as deferred revenue in the statement of financial position.

If a contract or grant agreement contains a right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to overcome, FWAB recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

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, 2023

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. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

As of December 31, 2023, all unconditional promises to give are due in less than one year.

Inventories

Inventories are stated at the lower of cost, determined by the FIFO method, or net realizable value.

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

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:

(Continue)

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

Program Revenue

Revenues from program fees recognized over the terms of the program and the period of service provided. Amounts collected in advance but unearned are reflected in the statement of financial position as deferred revenue.

Special Events Revenue

The sale of auction items and portion of sponsorship revenue and attendee fees that relates to the commensurate value the winning bidder, sponsor and attendee receives in return is recognized when the related events are held and performance obligations are met. Amounts received in advance of the events are reflected in the statement of financial position as deferred event revenue.

Revenue Recognition

FWAB recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. ASC Topic 606 requires that an organization recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods or services.

(Continue)

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The guidance requires an organization to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the organization satisfies a performance obligation.

Grant Expenses

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

Non-Cash Contributions

Donated marketable securities and other non-cash donations are recorded as contributions at their fair values at the time of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. FWAB reports expirations of donor restrictions when the donated assets are placed in service, if applicable, as instructed by the donor. FWAB reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased by FWAB.

Foreign Currency Transactions

Transactions in currencies other than US dollars are converted into US dollars at a pre-established exchange rate. The exchange rate is determined on the first day of each month based on the average exchange rate from the prior month published by the financial institution. 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.

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.

(Continue)

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, 2023 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, 2023 are:

Financial Assets:	
Cash and cash equivalents	\$ 301,143
Investments	374,672
Grants and contributions receivable	<u>208,908</u>
Total Financial Assets	884,723
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 9)	(<u>312,739</u>)
Amount available for general Expenditures within one year	<u>\$ 571,984</u>

(Continue)

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 LIQUIDITY AND AVAILABILITY - (Continued)

As part of the liquidity management plan, FWAB invests cash in excess of daily requirements in money market accounts and money market funds (Note 4). In addition, FWAB has trade credit with a major credit card company for an available balance of \$79,700. As of December 31, 2023, there was a balance of \$8,283. This amount was reported as accounts and accrued expenses payable in the statement of financial position.

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following as of December 31, 2023:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Money market funds	\$ 371,232	\$ 371,232	
Equity securities	<u>2,532</u>	<u>3,440</u>	\$ <u>908</u>
Total Investments	<u>\$ 373,764</u>	<u>\$ 374,672</u>	<u>\$ 908</u>

Total investment earnings consist of the following:

Interest and dividend income	\$ 19,716
Net unrealized gain on investments	<u>908</u>
Net investment return	<u>\$ 20,624</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.

(Continue)

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS - (Continued)

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.

The following table sets forth by level, within the fair value hierarchy, FWAB's financial instruments at fair value as of December 31, 2023:

	<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	\$ 371,232	\$ 371,232
Equity securities	<u>3,440</u>	<u>3,440</u>
Total Investments	<u>\$ 374,672</u>	<u>\$ 374,672</u>

NOTE 5 FIXED ASSETS

As of December 31, 2023, the costs of the assets and the related accumulated depreciation were as follows:

Buildings	\$ 1,115,972
Building improvements	326,651
Medical equipment	1,144,601
Office equipment, vehicles and furniture	<u>149,438</u>
	2,736,662
Less - accumulated depreciation	<u>(1,253,171)</u>
Net	<u>\$ 1,483,491</u>

Depreciation expense for the year ended December 31, 2023 was \$146,714.

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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 \$633,381 during the fiscal year.

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

Support for AHC	\$ 21,484
Support for TLC	<u>29,425</u>
Total Grants	<u><u>\$ 50,909</u></u>

As of December 31, 2023, due to AHC of \$10,484 and due to TLC of \$1,575 represents the balance due for grants, and due from Friends Japan of \$2,675 represents balance due for expense reimbursement.

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 \$51,332.

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 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 \$2,317.

NOTE 8 BOARD DESIGNATED FUND

In prior years, the Board had designated \$685,974 for the Goodman Barinaga Pediatric and Outreach Fund. Disbursements from this fund is subject to the authorization from the Board. During the fiscal year ended December 31, 2023, the Board authorized the release of this fund and un-designated this amount.

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions during the year ended December 31, 2023 were as follows:

Satisfaction of purpose restrictions:	
Programmatic Support	\$ 1,123,217
Anesthetist Nursing Training	17,748
Hospital Support for AHC	21,484
Hospital Support for TLC	29,425
Integrated Management of Acute Malnutrition	4,785
Neonatal Operations	182,598
Nursing and High Acuity Unit Staffing Education	97,516
Pediatric Curriculum Project	65,130
Pediatric Residency Program	52,978
Sponsor a Doctor or Nurse	20,000
Surgery Department	32,953
Thalassemia Clinic	<u>13,014</u>
Total	<u>\$ 1,660,848</u>

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023, net assets with donor restrictions was available for the following:

Purpose restrictions, available for spending:	
Programmatic Support	\$ 89,193
Anesthetist Nursing Training	5,000
Neonatal Operations	1,441
Nursing and High Acuity Unit	
Staffing Education	30,785
Pediatric Curriculum Project	4,915
Sponsor a Doctor or Nurse	20,000
Surgery Department	62,047
Teacher Training Program	<u>99,358</u>
Total	<u>\$ 312,739</u>

NOTE 11 NON-CASH CONTRIBUTIONS

In-kind contributions received during the year consist of the following:

Donated services	\$ 1,517,382
Donated medical supplies	18,397
Donated auction items	<u>82,773</u>
Total	<u>\$ 1,618,552</u>

FWAB also received donated securities of \$2,532 for their Annual Gala event. The auction items were donated for their special events, all of which were sold and recorded in direct event expenses.

NOTE 12 LEASE INFORMATION

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842*, and ASU 2018-11, *Targeted Improvements*. In December 2018, the FASB issued ASU 2018-20, *Narrow-Scope Improvements for Lessors*, and in March 2019 issued ASU 2019-01, *Codification Improvements*.

(Continue)

**FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 LEASE INFORMATION - (Continued)

The new guidance applies to the operating lease under which FWAB is a lessee. FWAB has recognized a new asset and liability - “Right of use asset - operating leases” and “Lease obligations - operating leases” - for those leases classified as operating leases under the previous standard. FWAB continues to recognize expense on a straight-line basis for these operating leases. The expense recognition of the lease has not changed.

FWAB has elected to use the risk-free rate to discount the lease payments to their present values. FWAB adopted the practical expedient offered in ASU 2018-11 that allows lessors to not separate non-lease components from the related lease components under certain conditions.

A summary of total lease cost, by components, and other lease information for the fiscal year ended December 31, 2023 is as follows:

Commitments:

In March 2022, FWAB entered into a lease agreement for its office space under an operating lease expiring on April 30, 2024. In January 2024, the operating lease was renewed for another year, which will expire on April 30, 2025.

The future minimum lease payments, exclusive of certain escalation costs, are as follows:

<u>Year ending December 31</u>	
2024	\$ 10,392
2025	<u>3,612</u>
Total	<u>\$ 14,004</u>

In addition, in February 2014, FWAB had 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, 2023, prepaid rent of \$5,760 was reported in the statement of financial position.

Total lease cost:

Operating lease cost:

Amortization of right-of-use assets	\$ 9,137
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Other lease information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	(9,224)
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(Continue)

FRIENDS WITHOUT A BORDER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 LEASE INFORMATION - (Continued)

Lease obligations - Operating leases	\$ <u>8,494</u>
Right-of-use assets obtained in exchange for operating lease liabilities	\$ <u>8,407</u>
Weighted-average remaining lease term: Operating leases	1.33 years
Weighted-average discount rate: Operating leases	2.44%

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 June 7, 2024, 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.