

PARTNER FOR SURGERY, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE FOURTEEN MONTH PERIOD ENDING
DECEMBER 31, 2018

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TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	5
NOTES TO FINANCIAL STATEMENTS	6-11

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INDEPENDENT AUDITOR'S REPORT

June 18, 2019

To the Board of Directors
Partner for Surgery, Inc.
McLean, VA

I have audited the accompanying financial statements of Partner for Surgery, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the fourteen month period 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partner for Surgery, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the fourteen month period then ended in accordance with accounting principles generally accepted in the United States of America.

C. Michael Koon, CPA.

C. Michael Koon, CPA

PARTNER FOR SURGERY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

<i>Current assets</i>	
Cash and cash equivalents - Note 2	\$ 149,345
Grants receivable - Note 3	1,176
Investments	92,185
Prepaid expenses	730
Security deposit - GT office	405
Total current assets	<u>243,841</u>
 <i>Furniture and equipment</i>	
Office and medical equipment	38,104
Less: accumulated depreciation	<u>(9,935)</u>
Total furniture and equipment, net	<u>28,169</u>
Total assets	<u>\$ 272,010</u>

LIABILITIES AND NET ASSETS

<i>Current liabilities</i>	
Accounts payable	\$ <u>7,479</u>
Total liabilities	<u>7,479</u>
 <i>Net assets</i>	
Unrestricted net assets	238,332
Temporarily restricted net assets - Note 4	<u>26,199</u>
Total net assets	<u>264,531</u>
Total liabilities and net assets	<u>\$ 272,010</u>

See independent auditor's report and notes to financial statements

PARTNER FOR SURGERY, INC.
STATEMENT OF ACTIVITIES
FOR THE FOURTEEN MONTH PERIOD ENDING DECEMBER 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<i>Public support, revenues and reclassifications</i>			
Contributions:			
Individuals	\$ 97,095	\$ 27,224	\$ 124,319
Corporate	7,040	0	7,040
Churches, clubs and groups	14,835	0	14,835
Indirect contributions	2,061	0	2,061
Publicly supported foundations	61,458	0	61,458
Private foundations	39,300	0	39,300
Total contributions	<u>221,789</u>	<u>27,224</u>	<u>249,013</u>
Investment income	1,404	0	1,404
Loss on disposal of inventory	2,629	0	2,629
Net assets released from restriction - Note 4	2,505	(2,505)	0
Total public support, revenues and reclassifications	<u>228,327</u>	<u>24,719</u>	<u>253,046</u>
<i>Expenses</i>			
Program expenses:			
Stateside program expenses:			
Program recruitment	1,895	0	1,895
Guatemala program expenses:			
Support for companion organizations	89,596	0	89,596
Outreach and community development	12,785	0	12,785
Infant nutrition programs	37,326	0	37,326
Cervical cancer program	10,000	0	10,000
Medical missions	18,299	0	18,299
Surgical teams	6,251	0	6,251
Total Guatemala program expenses	<u>174,257</u>	<u>0</u>	<u>174,257</u>
Total program expenses	<u>176,152</u>	<u>0</u>	<u>176,152</u>
Administration expenses	12,535	0	12,535
Fundraising expenses	24,376	0	24,376
Total expenses	<u>213,063</u>	<u>0</u>	<u>213,063</u>
Increase in net assets	15,264	24,719	39,983
Net assets - beginning of period	223,068	1,480	224,548
Net assets - end of period	<u>\$ 238,332</u>	<u>\$ 26,199</u>	<u>\$ 264,531</u>

See independent auditor's report and notes to financial statements

PARTNER FOR SURGERY, INC.
STATEMENT OF CASH FLOWS
FOR THE FOURTEEN MONTH PERIOD ENDING DECEMBER 31, 2018

<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>	
Increase in net assets	\$ 39,983
Adjustments to reconcile increase in net assets to net cash (provided by) operating activities:	
Depreciation	305
Decrease in grants receivable	1,887
(Increase) in prepaid expenses	(730)
Increase in accounts payable	2,866
Net cash provided by operating activities	<u>44,311</u>
 <i>CASH FLOWS FROM INVESTING ACTIVITIES</i>	
Earnings net of fees on mutual fund	<u>(3,858)</u>
Net cash (used by) investing activities	<u>(3,858)</u>
Net increase in cash and cash equivalents	40,453
Cash and cash equivalents - beginning of period	<u>108,892</u>
Cash and cash equivalents - end of period	<u>\$ 149,345</u>
 <i>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</i>	
Cash paid during the year for interest	<u>\$ 0</u>
Cash paid during the year for taxes	<u>\$ 0</u>

See independent auditor's report and notes to financial statements

**PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Business

Partner for Surgery, Inc. (formerly Partner in Health, Inc., and not related to the entity known as Partners in Health) is a not-for-profit organization incorporated on May 7, 2001 under the laws of the Commonwealth of Virginia.

The purpose of Partner for Surgery, Inc. is to increase the ability of the extremely poor Mayan population in Guatemala to utilize the services of the visiting foreign surgical teams. This goal is accomplished by educating the target population through field visits to explain the process, use of rural radio programs in the local language, training and utilization of community members to be Partner for Surgery representatives. Coordination between the surgical teams and Partner for Surgery, Inc. is accomplished through email. Funds to cover costs associated with the rural triage, community education, communication, post operative care, and logistics are solicited as direct donations to Partner for Surgery, Inc. The surgical teams donate their service and frequently participate in the payment of patient laboratory and food expenses.

Board members, officers, and volunteers of Partner for Surgery, Inc perform this work. In addition, Partner for Surgery, Inc. has a relationship with Asociacion Companero para Cirugia, a Guatemalan nonprofit organization, to provide the services of staff members, as well as local area managers.

Income Taxes

Partner for Surgery, Inc. is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and is organized and operated exclusively for charitable and educational purposes. In addition, the Internal Revenue Service has determined that the Organization, during the advance ruling period from May 7, 2001 to December 31, 2005, qualified for the charitable contribution deduction under Section 170 (b)(1)(A)(vi) and has been classified as a publicly supported organization, and not a private foundation under Section 509(a)(1).

See independent auditor's report

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

Income Taxes – continued

Partner for Surgery, Inc.'s Form 990, Return of Organization Exempt from Income Tax, for the fiscal years ending October 31, 2015, 2016, 2017 and the two month period ending December 31, 2017 are subject to examination by the IRS generally for three years after they were filed.

Principles of Accounting

Partner for Surgery, Inc. prepares its financial statements on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Furniture and Equipment

Expenditures for the acquisition of furniture and equipment are capitalized at cost. Depreciation is provided over the estimated useful lives of assets by the straight-line method. For the fourteen month period ending December 31, 2018, depreciation expense totaled \$305.

Promise to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

See independent auditor's report

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

Promise to Give – continued

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Change of Accounting Period

During the fiscal year ending October 31, 2017, the Partner for Surgery, Inc. board of directors approved a change in accounting period to coincide with the calendar year. Subsequently, the organization requested and was granted approval of the change from the Internal Revenue Service. To comply with the change a short-period two month IRS Form 990 was submitted for the period ending December 31, 2017.

The enclosed financial statements of Partner for Surgery, Inc., notes to financial statements, and independent auditor's report include the fourteen month period ending December 31, 2017.

Note 2. Cash and Cash Equivalents

For purposes of the statement of cash flows, Partner for Surgery, Inc. considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. Undeposited funds are included in cash.

At December 31, 2018, Partner for Surgery, Inc. had a cash and cash equivalent balance in the amount of \$ 149,345.

Note 3. Grants Receivable

During the fourteen month period ending December 31, 2018 the Organization received a total of \$26,713 pledges from individuals, foundations, trusts and churches. The pledge balance receivable at December 31, 2018 is \$1,176. As of the date of the auditor's report \$ 0 remains outstanding.

See independent auditor's report

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

Note 4. Temporarily Restricted Net Assets

At December 31, 2018 temporarily restricted net assets in the amount of \$26,199 are available for the Guatemala program expenses as follows:

	<u>2018</u>
Infant Nutrition Program	\$ 8,829
Medical Missions Program	5,022
Fuego Burn Repair Program	10,348
Cervical Cancer Program	<u>2,000</u>
	<u>\$ 26,199</u>

During the fourteen month period ending December 31, 2018, net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished:

	<u>2018</u>
Medical Missions Program	\$ <u>2,505</u>
	<u>\$ 2,505</u>

See independent auditor's report

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

Note 5. Functional Expenses

Expenses reported on the statement of activities for the fourteen month period ending December 31, 2018, are classified as follows:

	<u>Program Expenses</u>	<u>Administration Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Advertising & promotion	\$ 710	\$ 0	\$ 101	\$ 811
Bank service charges	500	70	0	570
Board expenses	0	264	0	264
Communications	674	99	0	773
Contract services	0	1,380	0	1,380
Delivery	0	68	0	68
Depreciation	305	0	0	305
Event expenses	0	0	760	760
Fees and licenses	0	223	760	983
Office expense	0	247	21	268
Online transaction fees	4	0	713	717
Postage & delivery	129	183	778	1,090
Printing and reproduction	404	0	2,722	3,126
Auto expense	23	32	0	55
Guatemala office expenses	8,085	0	0	8,085
Professional fees:				
Consultant services	0	0	1,320	1,320
Accounting services	5,844	9,870	1,471	17,185
Development	0	0	12,000	12,000
Media Outreach	1,077	0	2,183	3,260
Subtotal carried forward	<u>\$ 17,775</u>	<u>\$ 12,436</u>	<u>\$ 22,829</u>	<u>\$ 53,020</u>

See independent auditor's report

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED

Note 5. Functional Expenses (continued)

	<u>Program Expenses</u>	<u>Administration Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Subtotal carried forward	\$ 17,755	\$ 12,436	\$ 22,829	\$ 53,020
Program related expenses:				
Grants and allocations	121,152	0	0	121,152
Guatemalan staff	18,191	0	0	18,191
Guatemalan staff related expenses	4,505	0	1,125	5,630
Online data management	304	0	0	304
Patient related expenses	1,638	0	0	1,638
Project Supplies	1,603	0	261	1,864
Team related expenses	7,079	0	0	7,079
US staff travel related expenses	3,925	99	161	4,185
Total Functional Expenses	<u>\$ 176,152</u>	<u>\$ 12,535</u>	<u>\$ 24,376</u>	<u>\$ 213,063</u>

Note 6. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through June 18, 2019, the date which the financial statements were available to be issued. As of June 18, 2019, Partner for Surgery, Inc. has stated that it has no knowledge of any subsequent events that it would significantly affect these financial statements.

See independent auditor's report