

PARTNER FOR SURGERY, INC.
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDING
DECEMBER 31, 2020 AND 2019

C. MICHAEL KOON, CPA
CERTIFIED PUBLIC ACCOUNTANT
10102 QUINBY STREET
SILVER SPRING, MD 20901
TELEPHONE: 301-922-9101

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-10
SUPPLEMENTARY INFORMATION:	
STATEMENT OF FUNCTIONAL EXPENSES – FOR THE YEAR ENDING DECEMBER 31, 2020	11
STATEMENT OF FUNCTIONAL EXPENSES – FOR THE YEAR ENDING DECEMBER 31, 2019	12

C. Michael Koon, CPA
10102 Quinby Street
Silver Spring, Maryland, 20901
(301) 922-9101

INDEPENDENT AUDITOR'S REPORT

April 26, 2021

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 statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 11 and 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

C. Michael Koon, CPA.

C. Michael Koon, CPA

PARTNER FOR SURGERY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<i>Current assets</i>		
Cash and cash equivalents - Note 3	\$ 204,482	\$ 145,273
Grants receivable - Note 4	13,615	16,220
Reimbursements receivable	0	165
Dividends receivable	18	0
Investments	100,936	94,531
Prepaid expenses	28,061	1,000
Total current assets	<u>347,112</u>	<u>257,189</u>
<i>Furniture and equipment</i>		
Office and medical equipment	943	33,361
Less: accumulated depreciation	<u>(943)</u>	<u>(5,192)</u>
Total furniture and equipment, net	<u>0</u>	<u>28,169</u>
Total assets	<u>\$ 347,112</u>	<u>\$ 285,358</u>

LIABILITIES AND NET ASSETS

<i>Current liabilities</i>		
Accounts payable	\$ <u>3,020</u>	\$ <u>16,721</u>
Total liabilities	<u>3,020</u>	<u>16,721</u>
<i>Net assets</i>		
Net assets without donor restrictions	306,208	250,798
Net assets with donor restrictions - Note 5	<u>37,884</u>	<u>17,839</u>
Total net assets	<u>344,092</u>	<u>268,637</u>
Total liabilities and net assets	<u>\$ 347,112</u>	<u>\$ 285,358</u>

See independent auditor's report and notes to financial statements

PARTNER FOR SURGERY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDING DECEMBER 31, 2020 AND 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<i>Public support, revenues and reclassifications</i>						
Contributions:						
Individuals	\$ 157,189	\$ 6,760	\$ 163,949	\$ 122,307	\$ 7,141	\$ 129,448
Corporate	28,100	0	28,100	2,700	0	2,700
Churches, clubs and groups	13,205	0	13,205	7,695	0	7,695
Indirect Contributions	4,303	0	4,303	5,821	0	5,821
Publicly supported foundations	22,913	0	22,913	59,884	0	59,884
Private foundations	54,000	30,000	84,000	42,806	7,194	50,000
Total contributions	279,710	36,760	316,470	241,213	14,335	255,548
Investment income - None 2	1,617	0	1,617	969	0	969
Gain (Loss) on Sale of Stocks	(18)	0	(18)	2,631	0	2,631
Special events - auction revenue, net	0	0	0	(10)	0	(10)
Net assets released from restriction - Note 4	16,715	(16,715)	0	22,695	(22,695)	0
Total public support, revenues and reclassifications	298,024	20,045	318,069	267,498	(8,360)	259,138
<i>Expenses</i>						
Program expenses:						
Stateside program expenses:						
Program recruitment	288	0	288	582	0	582
Guatemala program expenses:						
Support for companion organizations	108,131	0	108,131	80,676	0	80,676
Fuego burn repair program	0	0	0	10,266	0	10,266
Outreach and community development	8,441	0	8,441	12,753	0	12,753
Infant nutrition programs	75,391	0	75,391	58,336	0	58,336
Cervical cancer program	6,000	0	6,000	10,000	0	10,000
Medical missions	4,509	0	4,509	22,165	0	22,165
Research support	694	0	694	691	0	691
Surgical teams	7,498	0	7,498	34,957	0	34,957
Total Guatemala program expenses	210,664	0	210,664	229,844	0	229,844
Total program expenses	210,952	0	210,952	230,426	0	230,426
Administration expenses	15,182	0	15,182	9,894	0	9,894
Fundraising expenses	16,480	0	16,480	13,633	0	13,633
Total expenses	242,614	0	242,614	253,953	0	253,953
Increase in net assets	55,410	20,045	75,455	13,545	(8,360)	5,185
Net assets - beginning of year (as corrected - Note 2	250,798	17,839	268,637	237,253	26,199	263,452
Net assets - end of year	\$ 306,208	\$ 37,884	\$ 344,092	\$ 250,798	\$ 17,839	\$ 268,637

PARTNER FOR SURGERY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Increase in net assets	\$ 75,455	\$ 5,185
Adjustments to reconcile increase in net assets to net cash (provided by) operating activities:		
Depreciation	0	0
Decrease (increase) in grants receivable	2,605	(15,044)
Decrease in reimbursements receivable	165	0
(Increase) in dividends receivable	(18)	0
(Increase) in prepaid expenses	(27,061)	(270)
Increase (decrease) in accounts payable	(13,701)	9,242
Net cash provided by operating activities	<u>37,445</u>	<u>(887)</u>
 <i>CASH FLOWS FROM INVESTING ACTIVITIES</i>		
Earnings net of fees on mutual fund	(6,405)	(3,185)
Disposal of furniture and equipment	28,169	0
Net cash (used by) investing activities	<u>21,764</u>	<u>(3,185)</u>
 Net increase in cash and cash equivalents	59,209	(4,072)
 Cash and cash equivalents - beginning of year	<u>145,273</u>	<u>149,345</u>
 Cash and cash equivalents - end of year	<u>\$ 204,482</u>	<u>\$ 145,273</u>
 <i>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</i>		
Cash paid during the year for interest	\$ <u>0</u>	\$ <u>0</u>
 Cash paid during the year for taxes	\$ <u>0</u>	\$ <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.

Effects of COVID 19 Pandemic

In 2020 three surgical teams completed their time in Guatemala prior to the closing of the country on March 16 due to the COVID 19 pandemic. At that point, staff was reduced from 9 to 4 and focused on sustaining the Cleft Infant Nutrition Program (CINP). The CINP became the dominant program since the remaining scheduled surgical teams had to cancel their trips to Guatemala. With no CINP graduates, transportation stopped throughout the country and 8 to 10 new born babies added to CINP each month, the program expenses increased significantly. Many CINP families lost their jobs and the organization had to assist with basic food supplies. Then in November, two back- to- back hurricanes devastated homes, villages and crops and Partner for Surgery again added family food assistance to the efforts in the CINP.

See independent auditor's report

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

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).

Partner for Surgery, Inc.'s Forms 990, Return of Organization Exempt from Income Tax, for the and calendar years 2018, 2019 and 2020 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. During 2020, the organization discarded nonfunctioning and fully depreciated office equipment in the amount of \$ 2,364. In addition, at the December 16, 2020 executive committee meeting, the Board approved donating \$ 30,054 of surgical equipment to Compañero para Cirugía (ACPC). No depreciation was expensed for the calendar years 2020 and 2019.

See independent auditor's report

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

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.

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

Note 2. Prior Year Adjustment to Net Assets

During the year ending December 31, 2020, a portion of prior years' investment income was recharacterized as non-dividend distributions. The effect of recharacterizations was to correct the 2019 beginning and ending net assets without donor restrictions and investment income as follows:

(1)	2019 Net assets without donor restrictions – beginning of year	
	Originally reported	\$ 238,332
	Prior years' adjustments:	
	2015	\$ (417)
	2016	(359)
	2017	<u>(303)</u>
	2019 Corrected Net assets without donor restrictions – beginning of year	<u>\$ 237,253</u>

(2) The 2019 Investment income has been adjusted for non-dividend distributions in the amount of \$ 273 as follows:

	Original <u>Balance</u>	2019 Non-Dividend <u>Distribution</u>	Corrected <u>Balance</u>
2019 Investment income	\$ 1,242	\$ (273)	\$ 969

See independent auditor's report

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

Note 2. Prior Year Adjustment to Net Assets - continued

(3) The 2019 Investment account has been adjusted for non-dividend distributions in the amount of \$ 1,352 as follows:

	<u>Original Balance</u>	<u>Non-Dividend Distribution</u>	<u>Corrected Balance</u>
2019 Investment account	\$ 95,883	\$ (1,352)	\$ 94,531

Note 3. 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, 2020 and 2019, Partner for Surgery, Inc. had a cash and cash equivalent balance in the amount of \$ 204,482 and \$ 145,273 respectively.

Note 4. Grants Receivable

During the years ending December 31, 2020 and 2019 the Organization received total pledges of \$ 102,500 and \$ 34,059, respectively from individuals, foundations, trusts and churches. The pledge balances receivable at December 31, 2020 and 2019 are \$ 13,615 and \$16,220 respectively. As of the date of the auditor's report there are no Grants Receivable outstanding balances for each year.

See independent auditor's report

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

Note 5. Net Assets with Donor Restrictions

At December 31, 2020 net assets with donor restrictions in the amount of \$ 37,884 are available for the Guatemala program expenses as follows:

	Balance @ 12/31/2019	2020 Revenues*	2020 Expenses	Balance @ 12/31/2020
Infant Nutrition Program	\$ 7,194	\$ 35,126	\$ 9,899	\$ 32,421
Medical Missions Program	6,663	3,309	4,509	5,463
Outreach & Community Development Program	1,900	2,082*	3,982	0
Fuego Burn Repair Program	82	(82)*	0	0
Cervical Cancer Program	2,000	(2,000)*	0	0
	<u>\$ 17,839</u>	<u>\$ 38,435</u>	<u>\$ 18,390</u>	<u>\$ 37,884</u>

*Restricted funds released to Outreach & Community Development Program

At December 31, 2019 net assets with donor restrictions in the amount of \$ 17,839 are available for the Guatemala program expenses as follows:

	Balance @ 12/31/2018	2019 Revenues	2019 Expenses	Balance @ 12/31/2019
Infant Nutrition Program	\$ 8,829	\$ 11,806	\$ 13,441	\$ 7,194
Medical Missions Program	5,022	5,241	3,600	6,663
Outreach & Community Development Program	0	1,900	0	1,900
Fuego Burn Repair Program	10,348	0	10,266	82
Cervical Cancer Program	2,000	0	0	2,000
	<u>\$ 26,199</u>	<u>\$ 18,947</u>	<u>\$ 27,307</u>	<u>\$ 17,839</u>

Note 6. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through April 26, 2021, the date which the financial statements were available to be issued. As of that date, 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

SUPPLEMENTARY INFORMATION

PARTNER FOR SURGERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2020

	Program Expenses	Administration Expenses	Fundraising Expenses	Total
Advertising and promotion	\$ 287	\$ 0	\$ 44	\$ 331
Bank service charges	300	70	0	370
Board expenses	0	105	0	105
Communications	484	398	0	882
Contract services	456	2,350	0	2,806
Delivery	0	97	0	97
Event expenses	0	0	2,924	2,924
Fees and licenses	0	214	735	949
Office expense	0	264	3,000	3,264
Online transaction fees	0	0	308	308
Postage and delivery	0	641	2,159	2,800
Printing and reproduction	0	10	2,428	2,438
Auto expense	2	0	0	2
Guatemala office expenses	6,657	0	0	6,657
Professional fees:				
Accounting services	6,315	11,033	1,417	18,765
Development	0	0	2,750	2,750
Media Outreach	56	0	569	625
Program related expenses:				
Grants and allocations	171,506	0	0	171,506
Guatemalan staff	5,684	0	0	5,684
Guatemalan staff related expenses	949	0	0	949
Online data management	132	0	0	132
Patient related expenses	3,189	0	0	3,189
Project supplies	10,058	0	0	10,058
Team related expenses	4,465	0	0	4,465
US staff travel related expenses	412	0	146	558
Total Functional Expenses	\$ 210,952	\$ 15,182	\$ 16,480	\$ 242,614

See independent auditor's report and notes to financial statements

PARTNER FOR SURGERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2019

	Program Expenses	Administration Expenses	Fundraising Expenses	Total
Advertising and promotion	\$ 740	\$ 0	\$ 30	\$ 770
Bank service charges	400	70	0	470
Board expenses	0	152	0	152
Communications	809	0	0	809
Contract services	0	47	0	47
Event expenses	0	0	664	664
Fees and licenses	0	210	806	1,016
Office expense	0	386	2,714	3,100
Online transaction fees	0	0	729	729
Postage and delivery	0	186	906	1,092
Printing and reproduction	0	20	1,893	1,913
Auto expense	58	0	38	96
Guatemala office expenses	7,559	0	0	7,559
Professional fees:				
Accounting services	5,205	8,823	997	15,025
Development	0	0	1,800	1,800
Media Outreach	493	0	1,041	1,534
Program related expenses:				
Grants and allocations	153,409	0	0	153,409
Guatemalan staff	18,230	0	0	18,230
Guatemalan staff related expenses	6,009	0	2,015	8,024
Online data management	89	0	0	89
Patient related expenses	15,836	0	0	15,836
Project supplies	6,814	0	0	6,814
Team related expenses	10,167	0	0	10,167
US staff travel related expenses	4,608	0	0	4,608
Total Functional Expenses	\$ 230,426	\$ 9,894	\$ 13,633	\$ 253,953

See independent auditor's report and notes to financial statements