

PARTNER FOR SURGERY, INC.

**AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Years Ended December 31, 2021 and 2020

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Thompson, Hughes & Trollinger



Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Partner for Surgery, Inc.

Opinion

We have audited the financial statements of Partner for Surgery, Inc.(a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Partner for Surgery, Inc., as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partner for Surgery, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Partner for Surgery, Inc. as of December 31, 2020, and for the year then ended, before the restatement described in Note 2 were audited by another auditor, whose report, dated April 26, 2021, expressed an unmodified opinion on those statements.

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 Partner for Surgery, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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 GAAS, 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 audit 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 Partner for Surgery, Inc.'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 Partner for Surgery, Inc.'s 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-related matters that we identified during the audit.

Thompson, Hughes & Trolinger P.L.L.C.

November 11, 2022
Alexandria, Virginia

PARTNER FOR SURGERY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
Current assets		
Cash	\$ 201,192	\$ 204,482
Promises to give	10,000	13,615
Dividends receivable	-	18
Investments	220,657	122,913
Prepaid expenses	8,209	28,061
Total current assets	440,058	369,089
Property and equipment - net of accumulated depreciation	-	-
Total assets	\$ 440,058	\$ 369,089

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 2,514	\$ 3,020
Total current liabilities	2,514	3,020
Net assets		
Without donor restrictions	386,122	328,185
With donor restrictions	51,422	37,884
Total net assets	437,544	366,069
Total liabilities and net assets	\$ 440,058	\$ 369,089

See notes to financial statements.

PARTNER FOR SURGERY, INC.
STATEMENT OF ACTIVITIES and CHANGES IN NET ASSETS
Year Ended December 31, 2021
(with comparative totals for 2020)

				2020
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Compared Total
Revenue and support				
Contributions	\$ 248,058	\$ 61,023	\$ 309,081	\$ 316,470
Investment income	22,731		22,731	23,576
Total revenue and support	270,789	61,023	331,812	340,046
Expenses				
Programs				
Stateside				
Recruitment	178	-	178	288
Guatemala				
Companion organization support	87,652	-	87,652	108,131
Development and outreach	2,507	-	2,507	8,441
Infant nutrition	83,380	-	83,380	75,391
Cervical cancer	-	-	-	6,000
Cleft	45,320	-	45,320	-
Medical missions	-	-	-	4,509
Research support	-	-	-	694
Surgical teams	19,667	-	19,667	7,498
Total Guatemala	238,526	-	238,526	210,664
Total programs	238,704	-	238,704	210,952
Management and general	12,664	-	12,664	15,182
Fundraising	8,969	-	8,969	16,480
Total support services	21,633	-	21,633	31,662
Total expenses	260,337	-	260,337	242,614
Change in net assets	10,452	61,023	71,475	97,432
Net assets without donor restrictions, beginning of year	328,185	37,884	366,069	268,637
Net assets released from restrictions	47,485	(47,485)	-	-
Net assets without donor restrictions, end of year	\$ 386,122	\$ 51,422	\$ 437,544	\$ 366,069

See notes to financial statements.

PARTNER FOR SURGERY, INC.
STATEMENT OF ACTIVITIES and CHANGES IN NET ASSETS
Year Ended December 31, 2020

	2020		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenue and support			
Contributions	\$ 279,710	\$ 36,760	\$ 316,470
Investment income	23,576	-	23,576
Total revenue and support	<u>303,286</u>	<u>36,760</u>	<u>340,046</u>
Expenses			
Programs			
Stateside			
Recruitment	288	-	288
Guatemala			
Companion organization support	108,131	-	108,131
Development and outreach	8,441	-	8,441
Infant nutrition	75,391	-	75,391
Cervical cancer	6,000	-	6,000
Medical missions	4,509	-	4,509
Research support	694	-	694
Surgical teams	7,498	-	7,498
Total Guatemala	<u>210,664</u>	<u>-</u>	<u>210,664</u>
Total Programs	210,952	-	210,952
Management and general	15,182	-	15,182
Fundraising	16,480	-	16,480
Total support services	<u>31,662</u>	<u>-</u>	<u>31,662</u>
Total expenses	<u>242,614</u>	<u>-</u>	<u>242,614</u>
Change in net assets	60,672	36,760	97,432
Net assets without donor restrictions, beginning of year	250,798	17,839	268,637
Net assets released from restrictions	<u>16,715</u>	<u>(16,715)</u>	<u>-</u>
Net assets without donor restrictions, end of year	<u>\$ 328,185</u>	<u>\$ 37,884</u>	<u>\$ 366,069</u>

See notes to financial statements.

PARTNER FOR SURGERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021
(with comparative totals for 2020)

	Support Services			Total Support	Total expenses	2020
	Programs	Management and General	Fundraising			Compared Total
Grants	\$ 111,746	\$ -	\$ -	\$ -	\$ 111,746	\$ 171,506
Accounting	7,473	11,738	1,215	12,953	20,426	18,765
Advertising	-	-	41	41	41	331
Bank charges	365	60	-	60	425	370
Board	-	-	-	-	-	105
Communications	-	286	-	286	286	882
Contract services	-	-	-	-	-	2,806
Developmental	-	-	-	-	-	2,750
Event	-	-	-	-	-	2,924
Guatemala office	-	-	-	-	-	6,657
Guatemala staff	30,774	-	-	-	30,774	5,684
Guatemala staff related	4,400	-	-	-	4,400	949
Licenses and fees	-	-	971	971	971	949
Media outreach	57	-	228	228	285	625
Office	-	260	3,000	3,260	3,260	3,264
Online data management	122	-	-	-	122	132
Online transaction fees	-	-	251	251	251	308
Patient related	40,288	-	-	-	40,288	3,189
Postage and delivery	-	320	1,072	1,392	1,392	2,897
Printing	-	-	2,096	2,096	2,096	2,438
Supplies	37,732	-	-	-	37,732	10,058
Team related	5,747	-	-	-	5,747	4,465
Travel	-	-	95	95	95	560
	<u>\$ 238,704</u>	<u>\$ 12,664</u>	<u>\$ 8,969</u>	<u>\$ 21,633</u>	<u>\$ 260,337</u>	<u>\$ 242,614</u>

See notes to financial statements.

PARTNER FOR SURGERY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	<u>Support Services</u>			<u>Total Support</u>	<u>Total expenses</u>
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>		
Grants and allocaions	\$ 171,506			\$ -	\$ 171,506
Accounting	6,315	11,033	1,417	12,450	18,765
Advertising	287	-	44	44	331
Bank charges	300	70	-	70	370
Board	-	105	-	105	105
Communications	484	398	-	398	882
Contract services	456	2,350	-	2,350	2,806
Developmental consulting	-	-	2,750	2,750	2,750
Event	-	-	2,924	2,924	2,924
Guatemala office	6,657	-	-	-	6,657
Guatemala staff	5,684	-	-	-	5,684
Guatemala staff related	949	-	-	-	949
Licenses and fees	-	214	735	949	949
Media outreach	56	-	569	569	625
Office	-	264	3,000	3,264	3,264
Online data management	132	-	-	-	132
Online transaction fees	-	-	308	308	308
Patient related	3,189	-	-	-	3,189
Postage and delivery	-	738	2,159	2,897	2,897
Printing	-	10	2,428	2,438	2,438
Supplies	10,058	-	-	-	10,058
Team related	4,465	-	-	-	4,465
Travel	414	-	146	146	560
	<u>\$ 210,952</u>	<u>\$ 15,182</u>	<u>\$ 16,480</u>	<u>\$ 31,662</u>	<u>\$ 242,614</u>

See notes to financial statements.

PARTNER FOR SURGERY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 71,475	\$ 97,432
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain in investments	(20,950)	(21,977)
Changes in operating assets and liabilities:		
Promises to give	3,615	2,605
Reimbursements receivable	-	165
Dividends receivable	18	(18)
Prepaid expenses	19,852	(27,061)
Accounts payable	(506)	(13,701)
	<u>73,504</u>	<u>37,445</u>
Cash flows from investment activities		
Investments purchased	(76,794)	(6,405)
Disposal of equipment	-	28,169
	<u>(76,794)</u>	<u>21,764</u>
Net cash provided (used) by investing activities	<u>(76,794)</u>	<u>21,764</u>
Net increase (decrease) in cash	(3,290)	59,209
Cash, beginning of year	<u>204,482</u>	<u>145,273</u>
Cash, end of year	<u>\$ 201,192</u>	<u>\$ 204,482</u>

See notes to financial statements.

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. Organization & Summary of Significant Accounting Policies

Organization

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

Partner in Surgery's purpose is to enhance the opportunity for the extremely poor Mayan population in Guatemala to utilize the services of visiting foreign surgical teams. This 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. ("the Organization") 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.

Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized when incurred.

Basis of presentation

The Organization classifies net assets into two categories: with or without donor restrictions, depending on whether they are subject to donor-imposed stipulations. Net assets without donor restrictions are available for general operations. Net assets with donor restrictions may either expire by the passage of time or can be fulfilled and removed by actions of the Organization, pursuant to their stipulations, or may be perpetually limited by donors to be used to generate revenue to support the activities of the Organization.

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. Organization & Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Actual results could differ from those estimates.

Tax status and uncertainty of tax positions

The Organization is a publicly-supported organization, recognized as tax exempt under section 501(c)(3) of the Internal Revenue Code, being organized exclusively for charitable and educational purposes. Donations to the Organization are tax deductible and the Organization has been determined by the Internal Revenue Service to not be a private foundation under Section 509(a)(1). The Organization is exempt from the payment of taxes on income other than unrelated business income. For the years ended December 31, 2021 and 2020 no provision for income taxes were made as the organization did not have any net unrelated business income.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based in the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrealized tax benefits identified or recorded as liabilities for 2021. The Organization's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits income tax expense in the financial statements. No interest or penalties were assessed or recorded during 2021. The Organization is no longer subject to examination by relevant tax authorities for years prior to 2018.

Concentration of credit risks arising from cash deposits exceeding insured limits

The Organization maintains cash accounts with federally-insured banks. At December 31, 2021, the Organization's cash balance does not exceed FDIC insurance limits.

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. Organization & Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at estimated fair value based on quoted market. Realized and unrealized holding gains and losses are included with investment income net of investment expenses in the Statement of Activities and Change in Net Assets.

Fair value measurements

The Organization uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs.

Property and Equipment

Property and equipment are recorded at cost. Equipment is depreciated using the straight-line method over five years. Furniture is depreciated using the straight-line method over ten years.

Contributions and Promises to Give

Contributions and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Promises to give are recognized as contributions when a donor makes an unconditional commitment to give. The organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

Allocation of functional expenses

The costs of the Organization's various programs and activities have been summarized by function in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and activities benefited, based on management estimates of the level of effort.

2. Restatement of prior period financial statements

Financial statements as of December 31, 2020 and for the year then ended have been restated to reflect the fair value of investments. Investments, investment income, change in net assets, and net assets without donor restrictions have all been increased by \$21,977.

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

3. Investments

Investments as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Broker held cash	\$ 56,645	\$ 56,469
Closed-end funds	<u>164,012</u>	<u>66,444</u>
	<u>\$ 220,657</u>	<u>\$ 122,913</u>

Investment income for the year ended December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Dividends	\$ 1,775	\$ 794
Interest	6	823
Unrealized gain (loss)	<u>20,950</u>	<u>21,959</u>
	<u>\$ 22,731</u>	<u>\$ 23,576</u>

4. Fair Value Measurements

The following summarizes fair value of investments as of December 31, 2021 and 2020:

	<u>2021</u>			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>total</u>
Closed-end funds	<u>\$ 164,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,012</u>
	<u>2020</u>			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>total</u>
Closed-end funds	<u>\$ 66,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,444</u>

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

5. Property and Equipment

Property and equipment as of December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Office and medical equipment	\$ 943	\$ 943
Accumulated depreciation	943	943
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense during either the years ended December 31, 2021 or 2020.

6. Net assets with donor restrictions

At December 31, 2021, net assets with donor restrictions were as follows:

	<u>beginning balance</u>	<u>contributions</u>	<u>restrictions released</u>	<u>ending balance</u>
Infant Nutrition	\$ 32,421			\$ 32,421
Medical Missions	5,463	49,500	43,125	11,838
Outreach and Community Development	-	1,200		1,200
Guardian Angels	-	10,323	4,360	5,963
	<u>\$ 37,884</u>	<u>\$ 61,023</u>	<u>\$ 47,485</u>	<u>\$ 51,422</u>

At December 31, 2020, net assets with donor restrictions were as follows:

	<u>beginning balance</u>	<u>contributions</u>	<u>restrictions released</u>	<u>ending balance</u>
Infant Nutrition	\$ 7,194	\$ 35,126	\$ 9,899	\$ 32,421
Medical Missions	6,663	3,309	4,509	5,463
Outreach and Community Development	1,900	407	2,307	-
Fuego Burn Repair	82	(82)		-
Cervical Cancer	2,000	(2,000)	-	-
	<u>\$ 17,839</u>	<u>\$ 36,760</u>	<u>\$ 16,715</u>	<u>\$ 37,884</u>

PARTNER FOR SURGERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

7. Financial assets available and management of liquidity risks

The Organization has \$431,849 of financial assets available to meet cash needs for general expenditures within one year of the balance sheet date. Financial assets available consist of cash in the amount of \$201,192, promises to give of \$10,000, and \$220,657 of investments, \$51,422 of which are subject to restrictions that make them unavailable for general expenditures. The Organization has no policy to maintain a contingency reserve. The Organization has no long-term debt.

8. Subsequent Events

Management has evaluated subsequent events through November 11, 2022, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.