

**PARTNER FOR SURGERY, INC.**

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

**Years Ended December 31, 2022 and 2021**

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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, 2022 and 2021, 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, 2022 and 2021, 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.

### ***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.*

October 2, 2023  
Alexandria, Virginia

**PARTNER FOR SURGERY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

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	<b>ASSETS</b>		<b>2022</b>	<b>2021</b>
<b>Current assets</b>				
Cash			\$ 199,960	\$ 201,192
Promises to give			10,000	10,000
Investments			197,171	220,657
Prepaid expenses			-	8,209
Total current assets			407,131	440,058
Property and equipment - net of accumulated depreciation			-	-
Total assets			\$ 407,131	\$ 440,058

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>				
Accounts payable			\$ 36,416	\$ 2,514
Total current liabilities			36,416	2,514
<b>Net assets</b>				
Without donor restrictions			313,965	386,122
With donor restrictions			56,750	51,422
Total net assets			370,715	437,544
Total liabilities and net assets			\$ 407,131	\$ 440,058

See notes to financial statements.

**PARTNER FOR SURGERY, INC.**  
**STATEMENT OF ACTIVITIES and CHANGES IN NET ASSETS**  
**Year Ended December 31, 2022**  
**(with comparative totals for 2021)**

	Net assets without donor restrictions	Net assets with donor restrictions	Total	<u>2021</u> Comparative Totals
<b>Revenue and support</b>				
Contributions	\$ 210,963	\$ 55,268	\$ 266,231	\$ 309,081
Program revenue	6,400		6,400	-
Investment income	(25,733)	-	(25,733)	22,731
Total revenue and support	<u>191,630</u>	<u>55,268</u>	<u>246,898</u>	<u>331,812</u>
<b>Expenses</b>				
Programs				
Stateside				
Recruitment	-	-	-	178
Guatemala				
Companion organization support	111,159	-	111,159	87,652
Development and outreach	-	-	-	2,507
Infant nutrition	59,503	-	59,503	83,380
Cleft	103,814	-	103,814	45,320
Surgical teams	16,606	-	16,606	19,667
Total Guatemala	<u>291,082</u>	<u>-</u>	<u>291,082</u>	<u>238,526</u>
Total programs	291,082	-	291,082	238,704
Management and general	12,742	-	12,742	12,664
Fundraising	9,903	-	9,903	8,969
Total support services	<u>22,645</u>	<u>-</u>	<u>22,645</u>	<u>21,633</u>
Total expenses	<u>313,727</u>	<u>-</u>	<u>313,727</u>	<u>260,337</u>
Change in net assets	(122,097)	55,268	(66,829)	71,475
Net assets without donor restrictions, beginning of year	386,122	51,422	437,544	366,069
Net assets released from restrictions	<u>49,940</u>	<u>(49,940)</u>	<u>-</u>	<u>-</u>
Net assets without donor restrictions, end of year	<u>\$ 313,965</u>	<u>\$ 56,750</u>	<u>\$ 370,715</u>	<u>\$ 437,544</u>

See notes to financial statements.

**PARTNER FOR SURGERY, INC.**  
**STATEMENT OF ACTIVITIES and CHANGES IN NET ASSETS**  
**Year Ended December 31, 2021**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
<b>Revenue and support</b>			
Contributions	\$ 248,058	\$ 61,023	\$ 309,081
Program revenue	-	-	-
Investment income	22,731	-	22,731
Total revenue and support	<u>270,789</u>	<u>61,023</u>	<u>331,812</u>
<b>Expenses</b>			
Programs			
Stateside			
Recruitment	178	-	178
Guatemala			
Companion organization support	87,652	-	87,652
Development and outreach	2,507	-	2,507
Infant nutrition	83,380	-	83,380
Cleft	45,320	-	45,320
Surgical teams	19,667	-	19,667
Total Guatemala	<u>238,526</u>	<u>-</u>	<u>238,526</u>
Total Programs	238,704	-	238,704
Management and general	12,664	-	12,664
Fundraising	8,969	-	8,969
Total support services	<u>21,633</u>	<u>-</u>	<u>21,633</u>
Total expenses	<u>260,337</u>	<u>-</u>	<u>260,337</u>
Change in net assets	10,452	61,023	71,475
Net assets without donor restrictions, beginning of year	328,185	37,884	366,069
Net assets released from restrictions	<u>47,485</u>	<u>(47,485)</u>	<u>-</u>
Net assets without donor restrictions, end of year	<u>\$ 386,122</u>	<u>\$ 51,422</u>	<u>\$ 437,544</u>

See notes to financial statements.

**PARTNER FOR SURGERY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2022**  
**(with comparative totals for 2021)**

	<b>Support Services</b>			<b>Total Support</b>	<b>Total expenses</b>	<b>2021</b>
	<b>Programs</b>	<b>Management and General</b>	<b>Fundraising</b>			<b>Comparative Total</b>
Grants	\$ 209,247	\$ -	\$ -	\$ -	\$ 209,247	\$ 111,746
Accounting	4,436	12,242	54	12,296	16,732	20,426
Advertising	-	-	-	-	-	41
Bank charges	475	-	-	-	475	425
Communications	-	120	-	120	120	286
Guatemala staff	28,457	-	-	-	28,457	30,774
Guatemala staff related	6,516	-	-	-	6,516	4,400
Licenses and fees	-	25	885	910	910	971
Media outreach	-	-	561	561	561	285
Office	-	276	3,000	3,276	3,276	3,260
Online data management	-	-	-	-	-	122
Online transaction fees	-	-	392	392	392	251
Patient related	22,760	-	-	-	22,760	40,288
Postage and delivery	-	79	1,625	1,704	1,704	1,392
Printing	-	-	3,386	3,386	3,386	2,096
Supplies	16,286	-	-	-	16,286	37,732
Team related	2,905	-	-	-	2,905	5,747
	<u>\$ 291,082</u>	<u>\$ 12,742</u>	<u>\$ 9,903</u>	<u>\$ 22,645</u>	<u>\$ 313,727</u>	<u>\$ 260,337</u>

See notes to financial statements.



**PARTNER FOR SURGERY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2021**

	<b>Support Services</b>			<b>Total Support</b>	<b>Total expenses</b>
	<b>Programs</b>	<b>Management and General</b>	<b>Fundraising</b>		
Grants	\$ 111,746			\$ -	\$ 111,746
Accounting	7,473	11,738	1,215	12,953	20,426
Advertising	-	-	41	41	41
Bank charges	365	60	-	60	425
Communications	-	286	-	286	286
Guatemala staff	30,774	-	-	-	30,774
Guatemala staff related	4,400	-	-	-	4,400
Licenses and fees	-	-	971	971	971
Media outreach	57	-	228	228	285
Office	-	260	3,000	3,260	3,260
Online data management	122	-	-	-	122
Online transaction fees	-	-	251	251	251
Patient related	40,288	-	-	-	40,288
Postage and delivery	-	320	1,072	1,392	1,392
Printing	-	-	2,096	2,096	2,096
Supplies	37,732	-	-	-	37,732
Team related	5,747	-	-	-	5,747
Travel	-	-	95	95	95
	<u>\$ 238,704</u>	<u>\$ 12,664</u>	<u>\$ 8,969</u>	<u>\$ 21,633</u>	<u>\$ 260,337</u>

See notes to financial statements.

**PARTNER FOR SURGERY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (66,829)	\$ 71,475
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	27,966	(20,950)
Changes in operating assets and liabilities:		
Promises to give	-	3,615
Dividends receivable	-	18
Prepaid expenses	8,209	19,852
Accounts payable	33,902	(506)
	3,248	73,504
<b>Net cash provided by operating activities</b>	<b>3,248</b>	<b>73,504</b>
<b>Cash flows from investment activities</b>		
Investments purchased	(4,480)	(76,794)
<b>Net decrease in cash</b>	(1,232)	(3,290)
Cash, beginning of year	201,192	204,482
Cash, end of year	\$ 199,960	\$ 201,192

See notes to financial statements.

**PARTNER FOR SURGERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**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, in 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.

*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.

**PARTNER FOR SURGERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

*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, 2022 and 2021, 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 2022. The Organization is no longer subject to examination by relevant tax authorities for years prior to 2019.

*Concentration of credit risks arising from cash deposits exceeding insured limits*

The Organization maintains cash accounts with federally-insured banks. At December 31, 2022, the Organization's cash balances do not exceed FDIC insurance limits.

*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.

**PARTNER FOR SURGERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

*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.

**3. Investments**

Investments as of December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Broker held cash	\$ 61,377	\$ 56,645
Closed-end funds	<u>135,794</u>	<u>164,012</u>
	<u>\$ 197,171</u>	<u>\$ 220,657</u>

Investment income for the year ended December 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Dividends	\$ 2,227	\$ 1,775
Interest	6	6
Unrealized gain (loss)	<u>(27,966)</u>	<u>21,959</u>
	<u>\$ (25,733)</u>	<u>\$ 23,740</u>

**PARTNER FOR SURGERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**4. Fair Value Measurements**

The following summarizes fair value of investments as of December 31, 2022 and 2021:

	2022			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>total</u>
Closed-end funds	<u>\$ 135,794</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,794</u>
	2021			
	<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>

**5. Property and Equipment**

Property and equipment as of December 31, 2022 and 2021 consists of the following:

	<b>2022</b>	<b>2021</b>
Office and medical equipment	\$ 446	\$ 943
Accumulated depreciation	<u>446</u>	<u>943</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense during either the years ended December 31, 2022 or 2021.

**6. Financial assets available and management of liquidity risks**

The Organization has \$350,381 of financial assets available to meet cash needs for general expenditures within one year of December 31, 2022. Financial assets available consist of cash in the amount of \$199,960, promises to give of \$10,000, and \$197,171 of investments, \$56,750 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.

**PARTNER FOR SURGERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**6. Net assets with donor restrictions**

At December 31, 2022, net assets with donor restrictions were as follows:

	beginning <u>balance</u>	<u>contributions</u>	restrictions <u>released</u>	ending <u>balance</u>
Infant Nutrition	\$ 32,421	\$ 20,000	\$ 32,421	\$ 20,000
Medical Missions	11,838	25,968	17,519	20,287
Outreach and Community Development	1,200	-	-	1,200
Guardian Angels	5,963	9,300	-	15,263
	<u>51,422</u>	<u>\$ 55,268</u>	<u>\$ 49,940</u>	<u>\$ 56,750</u>

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

	beginning <u>balance</u>	<u>contributions</u>	restrictions <u>released</u>	ending <u>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>

**8. Subsequent Events**

Management has evaluated subsequent events through October 2, 2023, 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.