

**FRIENDS WITHOUT A BORDER**  
**INDEPENDENT AUDITOR'S REPORT**  
**ON**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2019**  
**AND**  
**FOR THE YEAR THEN ENDED**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

# FRIENDS WITHOUT A BORDER

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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Friends Without A Border  
New York, New York

We have audited the accompanying financial statements of Friends Without A Border, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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, 2019 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.

**Report on Summarized Comparative Information**

The financial statements of Friends Without A Border as of and for the year ended December 31, 2018 were audited by other auditors, whose report dated August 22, 2019, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Winnie Lam & Co., P.C.*

New York, New York  
November 30, 2020

**FRIENDS WITHOUT A BORDER  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
		**
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 296,151	\$ 359,274
Investments - Notes 2 and 4	455,248	570,392
Grants and contributions receivable - Note 2	89,923	175,292
Other receivables	-	11,148
Inventories, at lower of cost or market	88,022	96,030
Prepaid expenses - Note 12	50,930	12,918
<b>Total Current Assets</b>	<b>980,274</b>	<b>1,225,054</b>
<b>Non-Current Assets</b>		
Fixed assets - at cost - net of accumulated depreciation of \$608,492 and \$441,328 in 2019 and 2018, respectively - Notes 2 and 5	1,512,564	1,575,768
Security deposit	12,950	11,600
<b>Total Assets</b>	<b>\$ 2,505,788</b>	<b>\$ 2,812,422</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities</b>		
Loan payable - Note 6	\$ 75,000	\$ 150,000
Accounts and accrued expenses payable	28,841	146,580
Due to Angkor Hospital for Children - Note 7	22,301	48,902
Due to Friends Without A Border Japan - Note 7	26,481	-
Due to The Lake Clinic - Note 7	46,746	10,240
<b>Total Current Liabilities</b>	199,369	355,722
<b>Non-Current Liability</b>		
Deferred rent payable - Note 12	995	-
<b>Total Liabilities</b>	200,364	355,722
<b><u>NET ASSETS</u></b>		
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	584,678	857,008
Fixed assets, net	1,512,564	1,575,768
	2,097,242	2,432,776
With donor restrictions - Note 9	208,182	23,924
<b>Total Net Assets</b>	<b>2,305,424</b>	<b>2,456,700</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,505,788</b>	<b>\$ 2,812,422</b>

\*\* Reclassified for comparative purposes.

See accompanying notes to financial statements.

**FRIENDS WITHOUT A BORDER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total All Funds</u>	
			<u>2019</u>	<u>2018</u>
				**
<b><u>Public Support and Revenue</u></b>				
Grants and contributions	\$ 783,702	\$ 1,248,092	\$ 2,031,794	\$ 2,413,941
Special events, net of direct expenses of \$250,571 in 2019 and \$257,833 in 2018	584,421	34,394	618,815	936,343
In-kind contributions - Note 10	18,562		18,562	-
Program income	9,445		9,445	3,726
Sales income	11,337		11,337	7,057
Interest and dividend income	7,070		7,070	2,920
Net realized loss on investment transactions	( 34,786)		( 34,786)	( 6,612)
Net unrealized gain/(loss) on investments	90,573		90,573	( 90,829)
Foreign currency exchange gains	13,916		13,916	5,939
Other income	<u>118</u>		<u>118</u>	<u>5,939</u>
<b>Total Public Support and Revenue</b>	<b>1,484,358</b>	<b>1,282,486</b>	<b>2,766,844</b>	<b>3,278,424</b>
Net Assets released from restrictions - Note 8:	<u>1,098,228</u>	<u>( 1,098,228)</u>	<u>-</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	<b><u>2,582,586</u></b>	<b><u>184,258</u></b>	<b><u>2,766,844</u></b>	<b><u>3,278,424</u></b>
<b><u>Expenses</u></b>				
Awards to AHC and TLC	244,425		244,425	364,738
Lao Friends Hospital for Children	2,133,790		2,133,790	1,967,739
Program Development	<u>10,946</u>		<u>10,946</u>	<u>21,556</u>
<b>Total Program Services</b>	<b><u>2,389,161</u></b>		<b><u>2,389,161</u></b>	<b><u>2,354,033</u></b>
<b><u>Supporting Services</u></b>				
Administrative and general	235,366		235,366	236,722
Fund raising	<u>293,593</u>		<u>293,593</u>	<u>248,362</u>
<b>Total Supporting Services</b>	<b><u>527,923</u></b>		<b><u>527,923</u></b>	<b><u>485,084</u></b>
<b>Total Expenses</b>	<b><u>2,918,120</u></b>		<b><u>2,918,120</u></b>	<b><u>2,839,117</u></b>
Change in Net Assets	( 335,534)	184,258	( 151,276)	439,307
Net Assets at beginning of year	<u>2,432,776</u>	<u>23,924</u>	<u>2,456,700</u>	<u>2,017,393</u>
Net Assets at end of year	<u><u>\$ 2,097,242</u></u>	<u><u>\$ 208,182</u></u>	<u><u>\$ 2,305,424</u></u>	<u><u>\$ 2,456,700</u></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, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)**

	PROGRAM SERVICES			SUPPORTING SERVICES			Total	
	Awards to AHC and TLC	Lao Friends Hospital for Children	Program Development	Administrative and General	Fund Raising	Total	2019	2018
			Total					**
Salaries	\$ 1,191,101	\$ 1,191,101	\$ 71,349	\$ 164,187	\$ 235,536	\$ 1,426,637	\$ 1,316,109	
Fringe benefits	211,888	211,888	12,693	29,207	41,900	253,788	231,541	
<b>Total Personnel and related costs</b>	<b>1,402,989</b>	<b>1,402,989</b>	<b>84,042</b>	<b>193,394</b>	<b>277,436</b>	<b>1,680,425</b>	<b>1,547,650</b>	
Professional and consultant fees	4,232	4,232	65,340	5,080	70,420	74,652	58,034	
Grant awards - Notes 2 and 7	\$ 244,425	244,425				244,425	363,702	
Medical supplies (including donated supplies of \$18,562 - Note 10)	321,522	321,522	8,624	705	9,329	321,522	251,356	
Office expenses	73,717	73,717	5,320	1,465	6,785	83,046	53,170	
Postage and shipping	22,755	22,755				29,540	30,265	
Printing and publications	3,942	3,942	1,329	3,660	4,989	8,931	10,008	
Telephone and communications	1,978	1,978	2,956	942	3,898	5,936	8,279	
Travel	25,846	35,302	2,596	19,552	22,148	57,450	72,822	
Patient care	35,396	35,396				35,396	27,729	
Advertising and promotion	15,837	15,837	2,423	6,643	9,066	24,903	18,867	
Occupancy	9,404	9,404	52,182		52,182	61,586	54,375	
Vehicle expenses	10,687	10,687				10,687	8,598	
Repairs and maintenance	18,823	18,823	980		980	19,803	20,254	
Insurance	6,499	6,499	5,745		5,745	12,244	12,572	
Training and development	8,848	8,848	551	1,210	1,761	10,609	54,146	
Event expenses	3,322	3,322		46,502	46,502	46,502	-	
Bank and credit card fees			2,613	8,722	11,335	14,657	22,206	
Bad debt expense							56,274	
Miscellaneous	829	1,430	665	5,718	6,383	8,642	19,514	
Depreciation	167,164	167,164				167,164	149,296	
<b>Total Expenses 2019</b>	<b>\$ 2,133,790</b>	<b>\$ 2,389,161</b>	<b>\$ 235,366</b>	<b>\$ 293,593</b>	<b>\$ 528,959</b>	<b>\$ 2,918,120</b>		
<b>Total Expenses 2018</b>	<b>\$ 364,738</b>	<b>\$ 1,967,739</b>	<b>\$ 236,722</b>	<b>\$ 248,362</b>	<b>\$ 485,084</b>	<b>\$ 2,839,117</b>		

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

**FRIENDS WITHOUT A BORDER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
		**
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	(\$ 151,276)	\$ 439,307
Adjustments to reconcile change in Net Assets to net cash (used in)/provided by operating activities		
Depreciation	167,164	149,296
Net realized loss on investment transactions	34,786	6,612
Net unrealized (gain)/loss on investments	( 90,573)	90,829
Changes in assets and liabilities:		
Decrease/(increase) in grants and contributions receivable	85,369	( 26,643)
Decrease in other receivables	11,148	72,539
Decrease in inventories	8,008	9,478
(Increase)/decrease in prepaid expenses	( 38,012)	7,119
Increase in security deposit	( 1,350)	-
(Decrease)/increase in accounts and accrued expenses payable	( 117,739)	122,237
(Decrease)/increase in due to Angkor Hospital for Children	( 26,601)	7,107
Increase in due to Friends Without A Border Japan	26,481	-
Increase in due to The Lake Clinic	36,506	1,885
Increase in deferred rent payable	995	-
<b>Net Cash (Used in)/Provided by Operating Activities</b>	<b>( 55,094)</b>	<b>879,766</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Acquisition of fixed assets	( 103,960)	( 166,660)
Purchase of investments	( 906,327)	( 874,520)
Proceeds from sales of investments	1,077,258	206,686
<b>Net Cash Provided by/(Used in) Investing Activities</b>	<b>66,971</b>	<b>( 834,494)</b>
<b><u>Cash Flows from Financing Activities</u></b>		
Loan proceeds	-	150,000
Loan repayment	( 75,000)	( 50,000)
<b>Net Cash (Used in)/Provided by Financing Activities</b>	<b>( 75,000)</b>	<b>100,000</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	( 63,123)	145,272
Cash and cash equivalents at beginning of year	359,274	214,002
Cash and cash equivalents at end of year	<b>\$ 296,151</b>	<b>\$ 359,274</b>
<b><u>Supplemental disclosures of cash flow information:</u></b>		
Gifts of securities	<b>\$ 19,397</b>	<b>\$ 95,551</b>

\*\* Reclassified for comparative purposes.

See accompanying notes to financial statements.



**FRIENDS WITHOUT A BORDER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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. In 2016, the hospital opened a Neonatal Unit, as well as a Surgical Theater, which greatly expanded the reach of services available to children in Laos. The Thalassemia and Development clinics opened in 2017 to better serve the needs at the Outpatient Department. The Neonatal Unit was expanded in 2018 to respond to the growing caseload. FWAB aims to expand LFHC's Outreach Programs to teach children and families health awareness and disease prevention practices, in addition to home care visits to patients who have chronic diseases or require follow-up care after hospital visits.

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, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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:

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.

Public Support and Revenue

Grants and contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

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, 2019**

**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. As of December 31, 2019, all unconditional promises to give are due in less than one year.

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

Program Revenue

Program revenue is recognized as income when earned.

Cash and Cash Equivalents

Cash consist of cash held in checking and money market accounts. FWAB's cash balances were deposited in various high-quality financial institutions which, at times, may exceed federal insured limits. FWAB has not experienced any losses in such accounts.

Inventories

Inventories are stated at the lower of cost, determined by the FIFO method, or market.

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.

(Continue)

**FRIENDS WITHOUT A BORDER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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.

Non-Cash Contributions

Donated goods are reflected in the statement of activities at their fair values. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Foreign Currency Transactions

Transactions in currencies other than US dollars are converted into US dollars at rates which approximate the actual rates at the transaction date. 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.

Grant Expenses

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

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. 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, 2018, from which the summarized information was derived.

(Continue)

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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, 2019 are:

Financial Assets:	
Cash and cash equivalents	\$ 296,151
Investments	455,248
Grants and contributions receivable	<u>89,923</u>
Total Financial Assets	841,322
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 9)	( <u>183,182</u> )
Amount available for general Expenditures within one year	<u>\$ 658,140</u>

As part of the liquidity management plan, FWAB invests cash in excess of daily requirements in short term money market accounts and investments (Note 4).

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments as of December 31, 2019 are stated at fair value and consist of money market funds.

Total investment earnings consist of the following:

Interest and dividend income	\$ 7,070
Net realized loss on investment transactions	( 34,786 )
Net unrealized gains on investments	<u>90,573</u>
Total	<u>\$ 62,857</u>

(Continue)

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS - (Continued)**

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.
- 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, 2019:

<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	\$ 455,248	\$ 455,248

**NOTE 5 FIXED ASSETS**

As of December 31, 2019, the costs of the assets and the related accumulated depreciation were as follows:

Buildings	\$ 1,115,972
Building improvements	111,072
Medical equipment	753,871
Office equipment, vehicles and furniture	<u>140,141</u>
	2,121,056
Less - accumulated depreciation	<u>( 608,492)</u>
Net	<u>\$ 1,512,564</u>

**FRIENDS WITHOUT A BORDER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 6 LOAN PAYABLE**

Loan payable as of December 31, 2019 consist of a non-interest bearing loan due to a board member due on demand. The loan was subsequently paid in full on June 4, 2020.

**NOTE 7 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 \$435,000 during the fiscal year.

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

Support for AHC	\$ 102,272
Support for TLC	<u>142,153</u>
Total Grants	<u>\$ 244,425</u>

As of December 31, 2019, due to AHC of \$22,301 and due to TLC of \$46,746 represents the balance due for grants. In addition, amount due to Friends Japan of \$26,481 represents donations for the Tokyo Gala that was received by FWAB.

**FRIENDS WITHOUT A BORDER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions during the year ended December 31, 2019 were as follows:

Satisfaction of purpose restrictions:	
Programmatic Support	\$ 549,439
Anestheist Nursing Training	1,987
Clinical Staff Training	23
Dorkeo's Studies	3,138
Hospital Support for AHC	102,272
Hospital Support for TLC	142,153
Neonatal Operations	139,839
Pediatric Curriculum Project	28,937
Pediatric Residency Program	16,440
Pharmacy	<u>114,000</u>
Total	<u>\$ 1,098,228</u>

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2019, net assets with donor restrictions was available for the following:

Purpose restrictions, available for spending:	
Anestheist Nursing Training	\$ 7,524
Clinical Staff Training	26,852
Neonatal Operations	12,661
Pediatric Curriculum Project	66,145
Surgery Department	<u>70,000</u>
Total purpose-restricted net assets	183,182
Time restrictions:	
General Support designated for 2020	<u>25,000</u>
Total	<u>\$ 208,182</u>



**FRIENDS WITHOUT A BORDER  
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**NOTE 10 NON-CASH CONTRIBUTIONS**

In-kind contributions received during the year consist of medical supplies of \$18,562.

FWAB also received donated marathon and auction items of \$122,638 for their special events. This amount was recorded in direct event expenses.

**NOTE 11 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 \$5,382.

**NOTE 12 COMMITMENTS**

- a) In April 2019, FWAB extended the lease agreement for its office space under an operating lease expiring on April 30, 2022. Future minimum lease payments, exclusive of certain escalation costs, are as follows:

<u>Year Ending December 31</u>	
2020	\$ 50,184
2021	51,692
2022	<u>17,400</u>
Total	<u>\$ 119,276</u>

For financial statement purposes, total rent expenses are accounted for on a straight-line basis. Accordingly, the accompanying statement of financial position reflects the liability for deferred rent for the excess of the rent expense charged under generally accepted accounting principles over the rent paid pursuant to the lease term. As of December 31, 2019, the amount of deferred rent was \$995.

- b) In February 2014, FWAB 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, 2019, prepaid rent of \$23,040 was reported in the statement of financial position.

**FRIENDS WITHOUT A BORDER**  
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**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 has evaluated subsequent events through November 30, 2020, which is the date the financial statements were available to be issued.

In response to an order by the Governor of New York related to the coronavirus (COVID-19) in March 2020, FWAB closed their physical office on a short-term basis but maintained member and client support with staff working remotely. FWAB does not know the overall effect on its operations from this closure.

In addition, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government.

The term of the loan is two years and bears interest at a fixed rate of 0.98% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the eight (8) or twenty-four (24) week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the employees. FWAB applied for this loan through an SBA authorized lender. On May 1, 2020, FWAB received PPP funding of \$67,527. The maturity date of this loan is May 1, 2022.