

ONE WORLD SURGERY
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
One World Surgery
Deerfield, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of One World Surgery (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One World Surgery 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 One World Surgery 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 the 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 One World Surgery's ability to continue as a going concern for one year after the date the financial statements are available to be 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 One World Surgery'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 One World Surgery'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.



CliftonLarsonAllen LLP

Oak Brook, Illinois
January 24, 2024

ONE WORLD SURGERY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 3,151,522	\$ 4,433,857
Investments	4,445,492	4,500,050
Pledges Receivable, Net	301,396	526,484
Prepaid and Other Assets	965,250	598,994
Property and Equipment, Net	<u>8,571,307</u>	<u>4,933,077</u>
Total Assets	<u><u>\$ 17,434,967</u></u>	<u><u>\$ 14,992,462</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 105,290	\$ 234,990
Accrued Expenses and Other Liabilities	114,081	99,026
Deferred Revenue	72,849	-
Due to Related Party	<u>203,681</u>	<u>68,694</u>
Total Liabilities	495,901	402,710
NET ASSETS		
Without Donor Restrictions	11,698,322	8,524,543
With Donor Restrictions	<u>5,240,744</u>	<u>6,065,209</u>
Total Net Assets	<u>16,939,066</u>	<u>14,589,752</u>
Total Liabilities and Net Assets	<u><u>\$ 17,434,967</u></u>	<u><u>\$ 14,992,462</u></u>

See accompanying Notes to Financial Statements.

**ONE WORLD SURGERY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 3,706,095	\$ 675,254	\$ 4,381,349
Gross Participation Fee	928,149	-	928,149
Less: Cost of Direct Benefits to Donors	596,825		596,825
Net Participation Fee Revenue	331,324	-	331,324
Gross Special Events	2,000,808	-	2,000,808
Less: Cost of Direct Benefits to Donors	388,566	-	388,566
Net Special Events Revenue	1,612,242	-	1,612,242
Donated Materials and Services	11,824,530	-	11,824,530
Investment Loss	(55,095)	-	(55,095)
Net Assets Released from Restrictions	1,499,719	(1,499,719)	-
Total Revenues and Other Support	18,918,815	(824,465)	18,094,350
EXPENSES			
Program Services	14,323,172	-	14,323,172
Management and General	817,706	-	817,706
Fundraising	604,158	-	604,158
Total Expenses	15,745,036	-	15,745,036
CHANGE IN NET ASSETS	3,173,779	(824,465)	2,349,314
Net Assets - Beginning of Year	8,524,543	6,065,209	14,589,752
NET ASSETS - END OF YEAR	<u>\$ 11,698,322</u>	<u>\$ 5,240,744</u>	<u>\$ 16,939,066</u>

See accompanying Notes to Financial Statements.

**ONE WORLD SURGERY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 4,065,906	\$ 1,953,407	\$ 6,019,313
Gross Participation Fee	401,279	-	401,279
Less: Cost of Direct Benefits to Donors	139,000	-	139,000
Net Participation Fee Revenue	262,279	-	262,279
Gross Special Events	633,336	-	633,336
Less: Cost of Direct Benefits to Donors	157,559	-	157,559
Net Special Events Revenue	475,777	-	475,777
Donated Materials and Services	4,224,164	-	4,224,164
Investment Loss	(1,283)	-	(1,283)
Net Assets Released from Restrictions	42,448	(42,448)	-
Total Revenues and Other Support	9,069,291	1,910,959	10,980,250
EXPENSES			
Program Services	6,922,438	-	6,922,438
Management and General	487,692	-	487,692
Fundraising	481,446	-	481,446
Total Expenses	7,891,576	-	7,891,576
CHANGE IN NET ASSETS	1,177,715	1,910,959	3,088,674
Net Assets - Beginning of Year, Restated	7,346,828	4,154,250	11,501,078
NET ASSETS - END OF YEAR	<u>\$ 8,524,543</u>	<u>\$ 6,065,209</u>	<u>\$ 14,589,752</u>

See accompanying Notes to Financial Statements.

ONE WORLD SURGERY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries, Payroll Taxes, and Benefits	\$ 4,944,881	\$ 325,020	\$ 560,068	\$ 5,829,969
Medical Supplies	8,393,754	-	-	8,393,754
Office and Housekeeping Supplies	42,827	34,699	-	77,526
Minor Equipment	112,684	2,609	-	115,293
Repairs and Maintenance	88,479	-	-	88,479
Bank Service Charges	6,440	48,050	-	54,490
Dues and Subscriptions	9,352	20,054	-	29,406
Printing	-	32	-	32
Postage and Delivery	96,011	-	-	96,011
Telephone	300	11,417	-	11,717
Utilities	117,303	-	-	117,303
Education	122,446	13,023	-	135,469
Recruitment and Relocation	-	53,604	-	53,604
Security	65,188	-	-	65,188
Professional Fees and Contract Services	53,785	185,149	-	238,934
Marketing	1,342	-	41,685	43,027
Travel and Entertainment	2,789	28,243	-	31,032
Contributions	17,049	-	-	17,049
Brigade and Conference Center	998	-	-	998
Brigade and Conference Center - Cost of Direct Benefit to Donors	580,326	-	16,499	596,825
Rent	85,000	-	-	85,000
Insurance	-	16,870	-	16,870
Depreciation	77,740	-	-	77,740
Special Events - Cost of Direct Benefit to Donors	-	-	388,566	388,566
Miscellaneous	84,804	78,936	2,405	166,145
Total Functional Expenses	14,903,498	817,706	1,009,223	16,730,427
Less: Expenses Included with Revenues on the Statements of Activities:				
Cost of Direct Benefits to Donors	(580,326)	-	(405,065)	(985,391)
Total Expenses Included in the Expense Section of the Statements of Activities	\$ 14,323,172	\$ 817,706	\$ 604,158	\$ 15,745,036

See accompanying Notes to Financial Statements.

ONE WORLD SURGERY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries, Payroll Taxes, and Benefits	\$ 1,984,513	\$ 282,958	\$ 345,903	\$ 2,613,374
Medical Supplies	4,030,473	-	-	4,030,473
Office and Housekeeping Supplies	30,332	-	1,092	31,424
Minor Equipment	52,160	-	-	52,160
Repairs and Maintenance	31,889	-	-	31,889
Bank Service Charges	50,911	-	-	50,911
Dues and Subscriptions	-	-	20,705	20,705
Postage and Delivery	86,711	-	-	86,711
Telephone	-	8,253	-	8,253
Utilities	68,634	-	-	68,634
Education	36,903	-	-	36,903
Recruitment and Relocation	-	59,590	-	59,590
Security	44,789	-	-	44,789
Professional Fees and Contract Services	60,312	79,452	1,360	141,124
Marketing	20,410	-	20,410	40,820
Travel and Entertainment	3,133	-	16,668	19,801
Contributions	12,721	-	-	12,721
Brigade and Conference Center	170,795	-	-	170,795
Brigade and Conference Center - Cost of Direct Benefit to Donors	139,000	-	-	139,000
NPH Partnership Commitment	110,000	-	-	110,000
Insurance	16,445	-	-	16,445
Depreciation	42,850	-	-	42,850
Special Events - Event Supplies	-	-	75,308	75,308
Special Events - Cost of Direct Benefit to Donors	-	-	157,559	157,559
Bad Debt	-	32,448	-	32,448
Miscellaneous	68,457	24,991	-	93,448
Total Functional Expenses	\$ 7,061,438	\$ 487,692	\$ 639,005	\$ 8,188,135
Less: Expenses Included with Revenues on the Statements of Activities:				
Cost of Direct Benefits to Donors	(139,000)	-	(157,559)	(296,559)
Total Expenses Included in the Expense Section of the Statements of Activities	\$ 6,922,438	\$ 487,692	\$ 481,446	\$ 7,891,576

See accompanying Notes to Financial Statements.

ONE WORLD SURGERY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,349,314	\$ 3,088,674
Adjustments to Reconcile Change in Net Assets to		
Cash Provided by Operating Activities:		
Depreciation	77,740	42,850
Provision for uncollectible accounts	-	32,448
Net Realized Loss on Investments	134,894	1,283
Contributed Assets	(1,066,828)	-
(Increase) Decrease in Assets:		
Pledges Receivable	225,088	302,986
Prepaid and Other Assets	(366,256)	(176,251)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(114,645)	(134,140)
Deferred Revenue	72,849	-
Due to Related Party	134,987	(240,256)
Net Cash Provided by Operating Activities	<u>1,447,143</u>	<u>2,917,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(2,649,142)	(3,398,950)
Purchases of Investments	(229,769)	(5,719,502)
Proceeds from Sales of Investments	149,433	1,218,169
Net Cash Used by Investing Activities	<u>(2,729,478)</u>	<u>(7,900,283)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,282,335)	(4,982,689)
Cash and Cash Equivalents - Beginning of Year	<u>4,433,857</u>	<u>9,416,546</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,151,522</u></u>	<u><u>\$ 4,433,857</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Equipment Purchases Included in Accounts Payable	<u><u>\$ -</u></u>	<u><u>\$ 220,882</u></u>

See accompanying Notes to Financial Statements.

ONE WORLD SURGERY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

One World Surgery (the Organization) is a nonprofit organization established in 2015 with the mission to ignite the spirit of service and transform lives by providing access to high-quality surgical care globally. One World Surgery provides world class surgical care to underserved communities, as well as empowering volunteers to make a positive impact on global health. The Organization's vision is a world with safe, timely, and accessible surgical care.

The primary source of revenue is from contributions. The Organization's fiscal year-end is December 31.

Basis of Presentation

The financial statements of the Organization reflect the accrual method of accounting. Under this method, revenues are reported when earned, and expenses are reported when incurred.

Financial statement presentation follows accounting principles generally accepted in the United States of America (GAAP) for nonprofit organizations. GAAP requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions defined as follows:

Net Assets Without Donor Restrictions – Those resources over which the board of directors (board) has discretionary control.

Net Assets With Donor Restrictions – Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. The company's cash balance is maintained at one bank.

At times, the balance at the bank may be in excess of federally insured limits; however the Organization has not experienced any losses in such accounts and limits its exposure to credit risk by maintaining its cash and cash equivalents in a highly reputable institution.

**ONE WORLD SURGERY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Net investment return (loss) is reflected as an increase or decrease in net assets without donor restrictions or net assets with donor restrictions based upon any donor-imposed restrictions.

Prepaid Expenses

Costs incurred for advance payments to NPH Honduras to be utilized in subsequent months are deferred and expensed in the months in which they apply.

Property and Equipment

We record property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets which is five years for equipment, seven years for medical equipment, 15 years for building improvements and 30 years for buildings.. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Revenue Recognition

Contributions and Pledges Receivable

Contributions and pledges receivable are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**ONE WORLD SURGERY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions and Pledges Receivable (Continued)

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. At December 31, 2022 and 2021, there were \$- and \$1,000,000, respectively, of contributions not recognized in the accompanying financial statements because the conditions have not been met. Contributions of assets other than cash are recorded at their estimated fair value.

An allowance for uncollectible promises to give is recorded based on an analysis of collection histories and on reviews of the credit worthiness of major donors. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. Management believes that all recorded pledges receivable are fully collectible and as of December 31, 2022 and 2021 no allowance for uncollectible pledges is considered necessary.

Donated Materials and Services

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 7). We do not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Such donations are recorded as increases in net assets without donor restrictions unless the donor has restricted the donated materials to a specific purpose. Donated materials are expensed as medical supplies. Donated noncash assets are recorded in accordance with the Organization's capitalization policy and depreciated, if required.

Special Events and Participation Fee Income

Special events revenue and participation fee income is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. Revenues derived from participant attendance at special events including the Annual Leadership Meeting and medical missions are recognized over time as the event or mission is held. We recognize the contribution element of special event revenue and participant fee income immediately, unless there is a right of return if the event does not take place. All goods and services are transferred at a point in time.

Marketing Costs

Marketing and advertising costs are expensed as incurred and totaled \$43,027 and \$40,820 during the years ended December 31, 2022 and 2021, respectively.

**ONE WORLD SURGERY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and benefits, office supplies, bank service fees, marketing, travel costs, and special events. Salaries and benefit costs are allocated based on employee role with some employees allocated between function based on time and effort. Office supplies are allocated between function based on the location and purpose of purchase. Transaction fees are split between program and fundraising based on the source and purpose of the contributions that led to these transaction fees (general fundraising or program-specific contributions). Professional fees are allocated based on the nature of services provided (construction project guidance, accounting support, or management guidance). Marketing costs have been allocated based on the nature of service provided. Travel costs have been allocated between functions based on travel purpose (either program support, team management, or fundraising efforts).

Tax-Exempt Status

One World Surgery qualifies as tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore, has no provision for federal or state income taxes and is classified by the Internal Revenue Service as other than a private foundation. The Organization evaluates its exposure for uncertain tax positions on an annual basis. As of December 31, 2022 and 2021 there were no liabilities for uncertain tax positions.

Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

Liquidity

The Organization's financial assets available for general expenditures within one year of the December 31, 2022 and 2021 statement of financial position date are as follows:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,151,522	\$ 4,433,857
Investments	4,445,492	4,500,050
Pledges Receivable Due Within One Year	<u>301,396</u>	<u>429,632</u>
Total	7,898,410	9,363,539
Less: Donor-Restricted Funds	<u>(5,240,744)</u>	<u>(6,065,209)</u>
Total Financial Assets Available to Meet		
Cash Needed for General Expenditures		
Within One Year	<u><u>\$ 2,657,666</u></u>	<u><u>\$ 3,298,330</u></u>

**ONE WORLD SURGERY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity (Continued)

As part of the Organization's liquidity management, the Organization has a goal to maintain liquid assets, consisting of cash and marketable securities on hand to meet six months of normal cash operating expenses. These expenses exclude gifts in-kind for labor and supplies.

Adoption of New Accounting Standard

Contributed Nonfinancial Assets

In September 2020, Financial Accounting Standards Board (FASB) issued amended guidance for contributed nonfinancial assets, Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The adoption of the new guidance in 2022 did not have a significant effect on the presentation or disclosures within the Organization's financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Topic 842 increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization has adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this lease standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. Lease disclosure for the year ended December 31, 2021 is made under prior lease guidance FASB Accounting Standards Codification (ASC) 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets. The adoption of this standard did not have a material impact on the Organization's financial statements as the Organization has no non-cancelable lease contracts in effect.

**ONE WORLD SURGERY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Policy

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as leases liabilities or right of use assets on the statement of financial position.

Reclassifications

Certain reclassifications have been made to the December 31, 2021 financial statement amounts in order to conform to the December 31, 2022 presentation. These reclassifications have had no impact on the total assets, liabilities, net assets or changes in net assets previously reported.

Subsequent Events

Management evaluated subsequent events through January 24, 2024, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to January 24, 2024, that provided additional evidence about conditions that existed at December 31, 2022, have been recognized in the financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2022.

NOTE 2 INVESTMENTS

Investments consist of the following at December 31:

	2022	2021
Money Market	\$ 2,315,055	\$ 4,500,050
Exchange Traded Funds:		
USD Bond	1,581,952	-
Corporate Bond	548,485	-
Total Investments	<u>\$ 4,445,492</u>	<u>\$ 4,500,050</u>

At December 31, 2022 and 2021, income and loss recognized on investments that were held during the years ended December 31, 2022 and 2021 is summarized as follows:

	2022	2021
Interest and Dividends	\$ 79,799	\$ 598
Unrealized Loss	(134,320)	-
Realized Loss	(574)	(1,881)
Total Investment Loss	<u>\$ (55,095)</u>	<u>\$ (1,283)</u>

ONE WORLD SURGERY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable expected to be collected in future years are summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>
Pledges Receivable Due:		
Within One Year	\$ 301,396	\$ 429,632
Within Two to Five Years	<u>-</u>	<u>100,000</u>
Total	301,396	529,632
Less:		
Discount to Present Value	<u>-</u>	<u>(3,148)</u>
Total Pledges Receivable, Net	<u><u>\$ 301,396</u></u>	<u><u>\$ 526,484</u></u>

The discount rate used on long-term pledges receivable for the years ended December 31, 2021 was 3.25%.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 148,211	\$ 208,298
Medical Equipment	159,901	28,654
Vehicle	78,000	78,000
Land	6,631	-
Buildings	1,383,672	-
Building Improvements	343,875	-
Furniture and Fixtures	103,613	-
Construction in Progress	<u>6,611,590</u>	<u>4,804,571</u>
Total	8,835,493	5,119,523
Less: Accumulated Depreciation	<u>264,186</u>	<u>186,446</u>
Total Property and Equipment	<u><u>\$ 8,571,307</u></u>	<u><u>\$ 4,933,077</u></u>

Depreciation expense on equipment and vehicle for the years ended December 31, 2022 and 2021 totaled \$77,740 and \$42,850, respectively.

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NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022 and 2021, the Organization had net assets with donor restrictions totaling \$5,240,744 and \$6,065,209, respectively.

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Time and Purpose:		
Building Construction in Dominican Republic	\$ 4,771,740	\$ 6,065,209
Subject to Expenditure for Specified Purpose:		
Dental Program	469,004	-
Total Net Assets with Donor Restrictions	<u>\$ 5,240,744</u>	<u>\$ 6,065,209</u>

Net assets were released from donor restrictions due to passage of time for \$1,499,719 and \$42,448 during the years ended December 31, 2022 and 2021, respectively, for the building and construction in the Dominican Republic.

NOTE 6 SUPPORT REVENUE

The Organization conducted fundraising events during the years ended December 31, 2022 and 2021 to benefit the Organization which is reflected in the statement of activities as net special events revenue. Proceeds from special events comprise an exchange element based on the value of benefits provided, and a contribution element for the difference between the total proceeds and the exchange element. The exchange element includes the meals and activities provided at the event. The performance obligation for the meals and activities is met over time as the event is held.

The following table shows the Organization's special event income for the years ended December 31, disaggregated according to the timing of revenue recognition:

	<u>2022</u>	<u>2021</u>
Unconditional Contributions	\$ 1,612,242	\$ 475,777
Meals and Services	388,566	157,559
Total Special Events Revenue	<u>\$ 2,000,808</u>	<u>\$ 633,336</u>

The Organization conducted medical missions during the years ended December 31, 2022 and 2021 to benefit the Organization which is reflected in the statement of activities as net program fee revenue. Proceeds from program fees comprise an exchange element based on the value of benefits provided, and a contribution element for the difference between the total proceeds and the exchange element. The exchange element includes brigade expenses including meals, airfare and lodging provided at medical mission. The performance obligation for the meals, airfare and lodging is met over time as the mission is held.

ONE WORLD SURGERY
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NOTE 6 SUPPORT REVENUE (CONTINUED)

The following table shows the Organization's participation fee income for the years ended December 31, disaggregated according to the timing of revenue recognition:

	2022	2021
Unconditional Contributions	\$ 331,324	\$ 262,279
Meals, Airfare and Lodging	596,825	139,000
Total Participation Fee Revenue	<u>\$ 928,149</u>	<u>\$ 401,279</u>

Pledge receivable at December 31 consists of the following:

	2022	2021	2020
Pledges Receivable, Net	\$ 301,396	\$ 526,484	\$ 861,918

Deferred revenue at December 31 consists of the following:

	2022	2021	2020
Deferred Revenue	\$ 72,849	\$ -	\$ 7,725

NOTE 7 DONATED MATERIALS AND SERVICES

During the years ended June 30, 2022 and 2021, the Organization received the following contributions of nonfinancial assets for the year ending June 30:

	2022	2021
Medical Supplies	\$ 8,845,424	\$ 3,435,094
Professional Services	2,979,106	789,070
Total Donated Materials and Services	<u>\$ 11,824,530</u>	<u>\$ 4,224,164</u>

During the years ended December 31, 2022 and 2021, donated professional services received by the Organization were as follows:

	2022	2021
Nursing	\$ 291,720	\$ 126,000
Surgeon and Physician	2,137,526	528,000
Certified Registered Nurse Assistant	168,920	52,360
Medical Director	78,750	37,500
Clinical Director	-	3,060
Advanced Practice Clinicians	153,720	-
Resident	12,600	-
Other Medical Volunteers	74,120	-
Program Leader	35,600	-
Accounting and Administration	26,150	42,150
Total Donated Professional Services	<u>\$ 2,979,106</u>	<u>\$ 789,070</u>

**ONE WORLD SURGERY
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NOTE 7 DONATED MATERIALS AND IN-KIND CONTRIBUTIONS (CONTINUED)

Contributed medical supplies received by the Organization are recorded as in-kind contribution revenue and expensed as medical supplies. The Organization utilized the average price provided by the supplier for each item received. All contributed medical supplies were utilized for programmatic purposes and sent directly to program sites in Honduras and the Dominican Republic.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if they were not donated. The Organization utilized the average rate per professional role based on industry benchmarks.

Although the Organization receives a significant amount of donated services from unpaid volunteers who assist with fundraising, no amounts have been allocated to the statement of activities for these services because the criteria of recognition has not been met.

NOTE 8 FAIR VALUE MEASUREMENTS

As defined by current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods including the market, income, and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the inputs used in the valuation methods, the Organization is required to provide certain information, which is set forth below, according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the inputs used to determine fair values. Assets and liabilities measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

ONE WORLD SURGERY
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NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis are as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market	\$ 2,315,055	\$ -	\$ -	\$ 2,315,055
Exchange Traded Funds:				
USD Bond	1,581,952	-	-	1,581,952
Corporate Bond	548,485	-	-	548,485
Total Assets at Fair Value	<u>\$ 4,445,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,445,492</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market	<u>\$ 4,500,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500,050</u>

NOTE 9 MEMORANDUM OF UNDERSTANDING

The Organization has a Memorandum of Understanding agreement with NPH USA, a nonprofit organization with a complementary mission, and with Nuestros Pequeños Hermanos (NPH), a Honduran charity. Under the agreement, the Organization will make donations to NPH USA for its general operations. For the years ended December 31, 2022 and 2021, the Organization recognized NPH Partnership Commitment and Contributions of \$17,049 and \$110,000 during 2022 and 2021 respectively, on the statements of functional expenses.

NOTE 10 RELATED PARTY TRANSACTIONS

During the years ended December 31, 2022 and 2021, contributions received from board members were \$298,997 and \$551,504, respectively.

NOTE 11 SIGNIFICANT CONCENTRATIONS

GAAP requires disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

Concentration of Receivables and Revenue

During 2022, the Organization received \$100,000 from two individual donors, which is approximately 33% of total pledge receivables.

The Organization receives a substantial amount of its revenues from individual donors. During 2021, the Organization received \$2,006,716 from two individual donors, which is approximately 18% of total revenue and support.

