

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

***FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

**DECEMBER 31, 2010 AND 2009**

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

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**TAIT, WELLER & BAKER LLP**  
*Certified Public Accountants*

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**To the Board of Directors of  
Médecins Sans Frontières USA, Inc.  
New York, New York**

We have audited the accompanying statement of financial position of Médecins Sans Frontières USA, Inc. Doctors Without Borders USA, Inc. ("MSF USA") as of December 31, 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from MSF USA's 2009 financial statements and, in our report dated April 14, 2010, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MSF USA, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Tait, Weller & Baker LLP*

**New York, New York  
April 4, 2011**

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 34,916,661	\$ 9,291,485
Current investments (Note 3)	121,925,073	53,730,764
MSF network receivables	2,961,922	1,453,996
Contributions receivable (Note 4)	15,501,185	13,646,637
Pledges receivable (Note 5)	3,093,536	3,915,105
Prepaid expenses and other	1,228,564	1,701,160
Long-term investments (Note 3)	8,149,019	6,939,730
Equipment, net of accumulated depreciation of \$1,749,456 in 2010 and \$1,704,917 in 2009	<u>451,359</u>	<u>483,932</u>
<b>Total Assets</b>	<b><u>\$ 188,227,319</u></b>	<b><u>\$ 91,162,809</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Grants payable	\$ 27,496,518	\$ 1,510,000
Accounts payable and accrued expenses	2,577,205	3,468,432
MSF network payables	460	25,627
Capitalized lease obligation (Note 6)	46,752	13,503
Annuity and other life income agreement obligations	<u>3,491,036</u>	<u>2,941,265</u>
<b>Total Liabilities</b>	<b><u>33,611,971</u></b>	<b><u>7,958,827</u></b>
<b>NET ASSETS (Note 8)</b>		
Unrestricted		
Undesignated	140,268,528	74,714,692
Reserves	<u>1,153,074</u>	<u>1,056,041</u>
<b>Total unrestricted</b>	<b>141,421,602</b>	<b>75,770,733</b>
Temporarily restricted	<u>13,193,746</u>	<u>7,433,249</u>
<b>Total Net Assets</b>	<b><u>154,615,348</u></b>	<b><u>83,203,982</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 188,227,319</u></b>	<b><u>\$ 91,162,809</u></b>

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the year ended December 31, 2010 with Summarized Information for 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>	<u>Total 2009</u>
<b>REVENUES</b>				
<b>Public Support</b>				
Contributions and private grants	\$170,136,261	\$ 92,948,518	\$263,084,779	\$133,901,066
Contributions – pledged	<u>1,363,620</u>	<u>-</u>	<u>1,363,620</u>	<u>1,461,589</u>
<b>Total Public Support</b>	<u>171,499,881</u>	<u>92,948,518</u>	<u>264,448,399</u>	<u>135,362,655</u>
<b>Other Revenue</b>				
Investment income, net	114,745	205,699	320,444	446,268
Unrealized and realized gain on investments, net	90,985	307,282	398,267	652,324
Actuarial loss on annuity and trust obligations	-	(376,573)	(376,573)	(303,220)
Other revenue	89,060	-	89,060	148,622
MSF network grants	1,824,150	-	1,824,150	1,673,357
Secoded field staff grants	<u>7,191,162</u>	<u>-</u>	<u>7,191,162</u>	<u>5,828,267</u>
<b>Total Other Revenue</b>	<u>9,310,102</u>	<u>136,408</u>	<u>9,446,510</u>	<u>8,445,618</u>
<b>Total Public Support and Other Revenue</b>	<u>180,809,983</u>	<u>93,084,926</u>	<u>273,894,909</u>	<u>143,808,273</u>
<b>Contributions of Services and Materials</b>				
<b>In-Kind (Note 2)</b>	<u>1,226,021</u>	<u>-</u>	<u>1,226,021</u>	<u>1,023,656</u>
Net assets released from restrictions (Note 8)	<u>87,324,429</u>	<u>(87,324,429)</u>	<u>-</u>	<u>-</u>
<b>Total Revenues and Gifts-In-Kind</b>	<u>269,360,433</u>	<u>5,760,497</u>	<u>275,120,930</u>	<u>144,831,929</u>
<b>EXPENSES</b>				
<b>Program Services</b>				
Emergency and medical programs	165,903,069	-	165,903,069	111,089,005
Program support and development	4,293,186	-	4,293,186	4,086,417
Field staff	7,305,668	-	7,305,668	5,929,603
Communications	<u>3,249,346</u>	<u>-</u>	<u>3,249,346</u>	<u>2,975,452</u>
<b>Total Program Services</b>	<u>180,751,269</u>	<u>-</u>	<u>180,751,269</u>	<u>124,080,477</u>
<b>Supporting Services</b>				
Management and general	1,972,638	-	1,972,638	2,186,692
Fundraising	<u>19,759,636</u>	<u>-</u>	<u>19,759,636</u>	<u>18,874,268</u>
<b>Total Supporting Services</b>	<u>21,732,274</u>	<u>-</u>	<u>21,732,274</u>	<u>21,060,960</u>
<b>Total Expenses</b>	<u>202,483,543</u>	<u>-</u>	<u>202,483,543</u>	<u>145,141,437</u>
<b>In-Kind Services and Materials</b>				
Management	<u>1,226,021</u>	<u>-</u>	<u>1,226,021</u>	<u>1,023,656</u>
<b>Total In-Kind Services</b>	<u>1,226,021</u>	<u>-</u>	<u>1,226,021</u>	<u>1,023,656</u>
<b>Total Expenses and In-Kind Services</b>	<u>203,709,564</u>	<u>-</u>	<u>203,709,564</u>	<u>146,165,093</u>
<b>Increase (decrease) in net assets</b>	65,650,869	5,760,497	71,411,366	(1,333,164)
<b>Net Assets</b>				
Beginning of year	<u>75,770,733</u>	<u>7,433,249</u>	<u>83,203,982</u>	<u>84,537,146</u>
<b>End of year</b>	<u>\$141,421,602</u>	<u>\$ 13,193,746</u>	<u>\$154,615,348</u>	<u>\$ 83,203,982</u>

The accompanying notes are an integral part of these statements.

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

**STATEMENTS OF CASH FLOWS**

**December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 71,411,366	\$(1,333,164)
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation expense	100,932	97,202
Unrealized and realized gains on long-term investments	(398,267)	(652,324)
Actuarial loss on annuity and trust obligations	376,573	303,220
Actuarial liability for annuities and trusts issued	658,718	700,406
(Increase) decrease in		
Current investments	(68,194,309)	9,369,756
Contributions receivable	(1,854,548)	381,054
MSF network receivables	(1,507,926)	91,550
Prepaid expenses and other	472,596	(1,534,095)
Pledges receivable	821,569	2,191,926
Increase (decrease) in		
Grants payable	25,986,518	1,484,500
Accounts payable and accrued expenses	(891,227)	(118,678)
MSF network payables	(25,167)	(119,676)
<b>Net cash provided by operating activities</b>	<u>26,956,828</u>	<u>10,861,677</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(68,359)	(91,132)
Purchases of long-term investments	(3,240,121)	(2,964,869)
Proceeds from sales of long-term investments	2,429,099	1,436,823
Annuity and trust payments	(485,520)	(499,340)
<b>Net cash used for investing activities</b>	<u>(1,364,901)</u>	<u>(2,118,518)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of capitalized lease obligation	53,839	-
Repayments of capitalized lease obligations	(20,590)	(11,538)
<b>Net cash provided by (used for) financing activities</b>	<u>33,249</u>	<u>(11,538)</u>
<b>Net increase in cash</b>	25,625,176	8,731,621
<b>CASH</b>		
Beginning of year	<u>9,291,485</u>	<u>559,864</u>
<b>End of year</b>	<u>\$ 34,916,661</u>	<u>\$ 9,291,485</u>

*The accompanying notes are an integral part of these statements.*

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2010 with Summarized Information for 2009

	Program Services			Supporting Services			Total Expenses	
	Programs And Support (1)	Field Staff (2)	Communications	Management And General	Fund- Raising	Total	2010	2009
Salaries and benefits	\$ 3,289,435	\$6,221,480	\$1,471,420	\$1,329,920	\$ 2,274,999	\$ 3,604,919	\$ 14,587,254	\$ 13,338,021
Grants for emergency and medical projects (Note 9)	165,903,069	-	-	-	-	-	165,903,069	111,089,005
Printing and publications	3,913	-	422,465	207	4,984,227	4,984,434	5,410,812	6,513,210
Rent and occupancy costs	247,915	-	167,685	106,157	290,026	396,183	811,783	816,010
Consultancy and project development	38,283	101,493	652,244	132,187	914,282	1,046,469	1,838,489	1,729,496
Fundraising services	-	-	-	-	6,131,378	6,131,378	6,131,378	4,300,478
Office expense and management	68,672	53	22,913	65,533	45,800	111,333	202,971	178,331
Office supplies	13,673	-	9,277	6,246	16,592	22,838	45,788	54,781
Insurance - office and field	20,675	-	10,409	17,275	18,214	35,489	66,573	79,025
Postage/freight/shipping	24,140	8,874	178,200	4,262	4,843,189	4,847,451	5,058,665	5,196,448
Professional fees	5,029	-	3,906	63,593	86,740	150,333	159,268	110,710
Travel and transportation	403,098	940,518	84,832	131,560	48,727	180,287	1,608,735	1,197,954
Financial services	3,330	33,250	3,040	48,618	5,936	54,554	94,174	159,998
Telecommunications	63,986	-	177,891	23,315	33,640	56,955	298,832	179,093
Dues and subscription	6,691	-	5,306	4,087	2,817	6,904	18,901	15,272
Recruiting and relocation	31,187	-	1,238	13,262	7,446	20,708	53,133	21,404
Representation/meetings	42,170	-	17,910	13,146	19,560	32,706	92,786	64,999
<b>Total expenses before depreciation</b>	<b>170,165,266</b>	<b>7,305,668</b>	<b>3,228,736</b>	<b>1,959,368</b>	<b>19,723,573</b>	<b>21,682,941</b>	<b>202,382,611</b>	<b>145,044,235</b>
Depreciation of equipment	30,989	-	20,610	13,270	36,063	49,333	100,932	97,202
<b>Total expenses</b>	<b>\$170,196,255</b>	<b>\$7,305,668</b>	<b>\$3,249,346</b>	<b>\$1,972,638</b>	<b>\$19,759,636</b>	<b>\$21,732,274</b>	<b>\$202,483,543</b>	<b>\$145,141,437</b>

(1) Includes emergency and medical programs; program support and development.

(2) Field staff expenses include costs for U.S. residents working on assignments in MSF field projects overseas and will fluctuate year to year in response to emergency and medical needs.

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

***NOTES TO FINANCIAL STATEMENTS***

**December 31, 2010 and 2009**

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**(1) ORGANIZATION**

Médecins Sans Frontières USA, Inc., also known as Doctors Without Borders USA, Inc. ("**MSF USA**") was organized in New York State under Section 402 of the Not-For-Profit Corporation Law.

***CHARITABLE PURPOSES***

MSF USA is a private, not-for-profit organization devoted to assisting victims of disasters and conflicts worldwide, regardless of race, political beliefs, or religion. The purposes of MSF USA are:

- To support relief projects, including emergency medical relief projects, conducted primarily by the international Médecins Sans Frontières network, wherever in the world medical and public health crises may exist,
- To facilitate the recruitment of volunteer medical and other professionals from the United States to participate in these projects and,
- To carry out public education projects to increase public awareness of populations at risk.

***TAX EXEMPT STATUS***

MSF USA is a not-for-profit organization exempt from U.S. Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is a public charity and not a private foundation. As such, donations to MSF USA qualify for maximum deduction for charitable contributions.

Management has reviewed the tax positions for each of the open tax years (2007 – 2009) or expected to be taken in MSF USA's 2010 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***PRIOR YEAR INFORMATION***

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class or by expense category. 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 the MSF USA's audited financial statements for the year ended December 31, 2009 from which the summarized information was derived.

***USE OF ESTIMATES***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.



**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2010 and 2009**

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***BASIS OF PRESENTATION***

The assets of MSF USA are reported as follows:

- ***Unrestricted:*** Unrestricted assets include the net assets that are associated with the principal mission of MSF USA.
- ***Unrestricted – Designated for Reserves:*** Gifts designated by the Board of Directors for long-term investments.
- ***Temporarily Restricted:*** Temporarily restricted assets include contributions and other assets received with donor stipulations that limit the use of the donated asset. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as ***“net assets released from restrictions.”***

Contributions are recorded as unrestricted and temporarily restricted depending on the existence and/or nature of donor restrictions. MSF USA reports information regarding its financial position and activities according to its classes of net assets: unrestricted or temporarily restricted net assets. There are no permanently restricted net assets.

***SUBSEQUENT EVENTS***

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, April 4, 2011, have been evaluated in the preparation of the financial statements.

***CONCENTRATION OF CREDIT RISK***

MSF USA generally maintains deposits in several financial institutions in excess of federally insured limits. Accounting Standards Codification (“ASC”) 825, ***“Financial Instruments”***, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

***INVESTMENTS***

MSF USA records its investments at their fair market value with the related gains and losses included in the statement of activities. The fair value of investments traded on a securities exchange is determined based on quoted market prices. The cost of investments received as gifts is based on fair value as determined upon receipt.

***EQUIPMENT***

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, generally five years.

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2010 and 2009**

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**CONTRIBUTIONS**

Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit the use of such contributions. When the donor restrictions are met, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities and changes in net assets as “net assets released from restrictions.”

**GRANTS PAYABLE**

MSF USA records grants as liabilities upon approval by the Board of Directors.

**ANNUITIES AND OTHER LIFE INCOME AGREEMENTS**

The assets held subject to life income provisions include amounts held subject to stated payments to life beneficiaries. On maturity, the remainder interests revert to MSF USA. The assets of the gift annuity agreements are segregated from other assets of the organization.

The actuarial valuations of the gift annuities and other life income agreements are recorded as obligations. The present value of these obligations was determined using discount rates of 1.8% to 4.2%.

**CONTRIBUTIONS IN-KIND**

Services provided for legal services are donated to MSF USA. The estimated fair market value of these services was \$1,226,021 and \$1,023,656 for the years ended December 31, 2010 and 2009, respectively. These services are reflected as Contributions and Expenses of Services and Materials In-Kind in the accompanying statement of activities and changes in net assets.

**RECLASSIFICATIONS**

Certain reclassifications were made to the 2009 financial statements to conform to the 2010 presentation.

**(3) INVESTMENTS**

The current investments at December 31, 2010 and 2009 consist of securities donated by contributors to MSF USA which have not been converted to cash, deposits in money market funds and other short-term investments designated for current operations. At December 31, 2010 and 2009 current investments consist of the following:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Current Investments				
Certificates of Deposit	\$ 7,431,696	\$ 7,431,696	\$ -	\$ -
Common Stock	23,766	23,766	28,215	28,215
Mutual Fund Securities	3,989	3,989	-	-
Money Market Funds	<u>114,465,622</u>	<u>114,465,622</u>	<u>53,702,549</u>	<u>53,702,549</u>
<b>Total Current Investments</b>	<u>\$121,925,073</u>	<u>\$121,925,073</u>	<u>\$53,730,764</u>	<u>\$53,730,764</u>

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2010 and 2009**

Long-term investments include the board designated reserves and annuity and charitable remainder trusts. At December 31, 2010 and 2009, long-term investments consisted of the following:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Board-designated reserves				
Certificates of Deposit	\$ 455,000	\$ 467,820	\$ 585,000	\$ 592,069
Money Market	304,737	304,737	129,907	129,907
Common Stock	586,570	694,709	581,698	640,715
Municipal Bonds	72,576	75,937	72,576	67,467
Equity Mutual Funds	70,000	73,866	70,000	68,697
Corporate Bonds	5,000	4,694	5,000	4,624
Mortgage and Asset Backed Securities	<u>1,521</u>	<u>705</u>	<u>1,607</u>	<u>781</u>
<b>Total board-designated reserves</b>	<u>1,495,404</u>	<u>1,622,468</u>	<u>1,445,788</u>	<u>1,504,260</u>
	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Annuity and Charitable Remainder Trusts				
Cash	29,336	29,336	29,791	29,791
Certificates of Deposit	15,000	15,119	38,000	38,781
Mutual Funds				
Money Market	275,530	275,530	72,363	72,363
Fixed Income	3,583,620	3,713,254	3,655,076	3,793,344
Equity	2,210,122	2,493,312	1,467,294	1,476,186
Preferred Stock	<u>-</u>	<u>-</u>	<u>28,867</u>	<u>25,005</u>
<b>Total annuity and charitable remainder trusts</b>	<u>6,113,608</u>	<u>6,526,551</u>	<u>5,291,391</u>	<u>5,435,470</u>
<b>Total Long-Term Investments</b>	<u>\$7,609,012</u>	<u>\$8,149,019</u>	<u>\$6,737,179</u>	<u>\$6,939,730</u>

As of December 31, 2010 and 2009, unrealized gains (losses) consist of \$540,007 and \$202,551, respectively.

MSF USA utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the MSF USA's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

**MÉDECINS SANS FRONTIÈRES USA, INC.**  
**DOCTORS WITHOUT BORDERS USA, INC.**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2010 and 2009**

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value MSF USA's investments as of December 31, 2010 and 2009 is as follows:

	<b>2010</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Current Investments				
Common Stock	\$ 23,766	\$ 23,766	\$ -	\$ -
Money Market Funds	114,465,622	114,465,622	-	-
Certificates of Deposit	7,431,696	-	7,431,696	-
Mutual Fund Securities	3,989	3,989	-	-
Long-Term Investments				
Cash and Cash Equivalents	29,336	29,336	-	-
Certificates of Deposits	482,939	-	482,939	-
Common Stock – Growth	694,709	694,709	-	-
Money Market Funds	580,267	580,267	-	-
Fixed Income Mutual Funds	3,713,254	3,713,254	-	-
Equity Mutual Funds	2,567,178	2,567,178	-	-
Corporate Bonds	4,694	-	4,694	-
Mortgage and Asset Backed Securities	705	-	705	-
Municipal Bonds	75,937	-	75,937	-
Totals	<u>\$130,074,092</u>	<u>\$122,078,121</u>	<u>\$7,995,971</u>	<u>\$ -</u>
	<b>2009</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Current Investments				
Common Stock	\$ 28,215	\$ 28,215	\$ -	\$ -
Money Market Funds	53,702,549	53,702,549	-	-
Long-Term Investments				
Cash and Cash Equivalents	29,791	29,791	-	-
Certificates of Deposits	630,850	-	630,850	-
Common Stock – Growth	640,715	640,715	-	-
Money Market Funds	202,270	202,270	-	-
Fixed Income Mutual Funds	3,793,343	3,793,343	-	-
Equity Mutual Funds	1,544,884	1,544,884	-	-
Corporate Bonds	4,624	-	4,624	-
Mortgage and Asset Backed Securities	781	-	781	-
Preferred Stock	25,005	25,005	-	-
Municipal Bonds	67,467	-	67,467	-
Totals	<u>\$ 60,670,494</u>	<u>\$ 59,966,772</u>	<u>\$ 703,722</u>	<u>\$ -</u>

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2010 and 2009**

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**(4) CONTRIBUTIONS RECEIVABLE**

Contributions receivable represent contributions received by MSF USA as of year-end, but were deposited in the following month of January.

**(5) PLEDGES RECEIVABLE**

Total pledges received in 2010 and 2009 were \$1,326,300 and \$2,031,000, respectively, (before discount and allowance adjustments) and are recorded as pledged contributions in the statement of activities and changes in net assets. At December 31, 2010 and 2009, pledges receivable were due as follows:

	<u>2010</u>	<u>2009</u>
In less than one year	\$ 1,969,933	\$ 2,265,495
Between one and five years	1,364,600	1,974,400
More than five years	<u>292,100</u>	<u>414,200</u>
Total pledges outstanding	3,626,633	4,654,095
Less: discount to present value	(189,371)	(303,978)
Less: allowance for uncollectible pledges	<u>(343,726)</u>	<u>(435,012)</u>
Total pledges receivable – net	<u>\$ 3,093,536</u>	<u>\$ 3,915,105</u>

**(6) LEASE COMMITMENTS**

MSF USA has a noncancellable lease agreement expiring June 2018 for office space. Annual rent under this agreement is \$550,000 per annum plus operating costs and real estate taxes in the first year and increases by \$11,000 per year thereafter. Rental payments required under the lease are reported as expense on a straight-line basis over the term of the lease. Total rent expense for 2010 and 2009 was approximately \$672,000 and \$663,000, respectively.

Future minimum rental commitments (exclusive of electricity and real estate taxes) under this lease are as follows:

2011	\$ 632,500
2012	643,500
2013	654,500
2014	665,500
2015	676,500
2016 and thereafter	<u>1,738,000</u>
	<u>\$ 5,010,500</u>

On March 10, 2011, MSF USA amended their lease agreement to acquire additional office space at its New York office. The amended lease agreement extends the expiration date of the original lease to June 2021.

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

**NOTES TO FINANCIAL STATEMENTS -- (Continued)**

**December 31, 2010 and 2009**

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***CAPITAL LEASES***

MSF USA leases office equipment under a capital lease expiring in June 2015. The related office equipment is included in equipment at a cost of \$53,839 with accumulated depreciation of \$5,384 at December 31, 2010. Future minimum lease payments under this capital lease together with the present value of the net minimum lease payments at December 31, 2010 are as follows:

2011	\$ 12,420
2012	12,420
2013	12,420
2014	12,420
2015	<u>5,392</u>
Total minimum lease payments	55,072
Less: Amounts representing interest	<u>8,320</u>
Present value of minimum lease payments	<u>\$46,752</u>

**(7) PENSION PLAN**

MSF USA has two 401(k) defined contribution plans covering all headquarter employees and field employees. Under these plans, headquarter employees may contribute the lesser of 85% of their salaries or the IRS contribution limit and field employees may contribute the lesser of 75% of their salaries or IRS contribution limit. In addition to the IRS contribution limit, there is a catch-up provision of an additional \$5,000 per year for all employees who have reached the age of 50 and elect to contribute the additional funds into their 401k account. Under the headquarter employee plan, MSF USA matches each contribution up to \$1,200 per year and provides a yearly Safe Harbor distribution of not less than 3%. For field employees, MSF USA matches each contribution up to \$100 per month and provides a yearly Safe Harbor distribution of not less than 6%. Employer contributions under the headquarter employee plan vest over a two-year period while employer contributions to the field employee plan vest immediately. During the years ended December 31, 2010 and 2009, MSF USA contributed approximately \$391,000 and \$376,000, respectively, to the headquarter employee plan and approximately \$427,000 and \$381,000, respectively, to the field employee plan.

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2010 and 2009**

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**(8) NET ASSETS**

The Board of Directors designated a bequest received in prior years as a reserve balance. The balance in this reserve fund was \$1,153,074 and \$1,056,041 as of December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, MSF USA had adequate reserves among its assets for its charitable gift annuity program.

Temporarily restricted net assets at December 31, 2010 and 2009 consist of:

	<u>2010</u>	<u>2009</u>
Emergency and medical relief	\$ 6,333,071	\$ 111,096
Annuity and charitable remainder trusts	3,767,139	3,407,048
Use in future periods – pledges receivable*	<u>3,093,536</u>	<u>3,915,105</u>
	<u>\$13,193,746</u>	<u>\$ 7,433,249</u>

\* *These pledges receivable represent unrestricted resources which will be released upon receipt of such funds.*

The 2010 increase in the Emergency and Medical Relief category is predominately associated with MSF USA's donor restricted Emergency Relief Fund as well as donor restricted support for Pakistan projects made in 2010. These temporarily restricted net assets will be allocated to MSF USA's emergency programs and ongoing Pakistan response in 2011.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose of restrictions accomplished:

	<u>2010</u>	<u>2009</u>
Emergency and medical relief	\$87,006,975	\$ 6,088,861
Time restrictions expired	<u>317,454</u>	<u>-</u>
	<u>\$87,324,429</u>	<u>\$ 6,088,861</u>

**MÉDECINS SANS FRONTIÈRES USA, INC.  
DOCTORS WITHOUT BORDERS USA, INC.**

*NOTES TO FINANCIAL STATEMENTS – (Continued)*

**December 31, 2010 and 2009**

**(9) GRANTS**

During the years ended December 31, 2010 and 2009, MSF USA awarded grants for emergency and medical relief projects to Médecins Sans Frontières affiliates for overseas operations and to the Drugs for Neglected Diseases Initiative, a not-for-profit organization, of which MSF is a founding member, as follows:

	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Armenia	\$ 350,000	\$ 294,000	Mali	\$ 2,140,000	\$ -
Bangladesh	500,000	355,000	Mozambique	1,225,000	830,000
Burkina Faso	-	1,319,000	Myanmar	-	41,630
Burundi	1,000,000	-	Niger	2,329,280	515,850
Cambodia	200,000	780,000	Nigeria	10,680,850	6,300,000
Cameroon	825,000	323,500	South Korea		
Central African Republic	3,150,000	2,420,000	(North Korean Refugees)	375,000	390,000
Chad	5,850,000	4,400,000	Pakistan	2,020,000	1,810,000
Chile	244,202	-	Palestinian Territories	1,670,000	3,336,830
China	180,000	500,000	Papua New Guinea	250,000	-
Colombia	3,594,260	1,690,990	Philippines	-	631,000
Congo (Brazzaville)	3,700,000	-	Russia (North Caucasus)	1,110,000	1,900,000
Congo (DRC)	13,191,999	18,274,608	Somalia	6,347,420	5,398,300
Djibouti	922,628	370,000	Sri Lanka	910,000	975,000
Ethiopia	925,000	797,320	Sudan	10,494,994	10,083,660
Georgia	1,860,000	1,860,000	Swaziland	950,000	1,400,000
Guatemala	500,000	700,000	Thailand	-	600,000
Guinea	800,000	1,400,000	Uganda	2,800,000	2,340,000
Haiti	58,617,398	7,850,000	Yemen	3,634,148	3,145,000
Honduras	500,000	380,000	Zimbabwe	2,000,000	3,010,850
India	968,108	3,227,620	Other	1,000	-
Indonesia	-	15,372	Access Campaign	714,887	606,277
Iraq	1,550,000	250,000	Drugs for		
Jordan / Iraq	3,340,000	8,250,000	Neglected Diseases Initiative	1,084,486	1,250,345
Kenya	4,495,000	3,820,000	Epicentre	430,000	430,000
Kyrgyzstan	150,000	-	Logistique Expansion	1,400,500	-
Lesotho	-	700,000	MSF International Office	1,583,289	1,354,858
Liberia	400,000	1,000,000	International Innovation Fund	<u>1,388,620</u>	<u>61,995</u>
Malawi	2,550,000	3,700,000	<b>Total</b>	<b><u>\$165,903,069</u></b>	<b><u>\$111,089,005</u></b>