



FORWARD EDGE
INTERNATIONAL

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Financial Statements
For the Year Ended
December 31, 2017

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Board of Directors
Forward Edge International
Vancouver, Washington

We have audited the accompanying financial statements of Forward Edge International, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 from 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forward Edge International as of December 31, 2017, 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

We have previously audited the Forward Edge International's 2016 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated March 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

March 19, 2018

Forward Edge International
STATEMENT OF FINANCIAL POSITION
December 31, 2017
(With Comparative Totals For December 31, 2016)

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 394,575	\$ 262,354
Investments	11,400	44,040
Pledge Receivables	-	30,000
Prepaid Expenses and Other Assets	24,269	18,808
Total current assets	430,244	355,202
Long-term Assets		
Fixed Assets, net of depreciation	676,207	693,535
Total assets	\$ 1,106,451	\$ 1,048,737
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Expenses	\$ 44,653	\$ 42,208
Deferred Team Fee Revenue	92,907	53,525
Total Current Liabilities	137,560	95,733
Net Assets		
Temporarily Restricted	277,074	255,989
Unrestricted	691,817	697,015
Total Net Assets	968,891	953,004
Total Liabilities and Net Assets	\$ 1,106,451	\$ 1,048,737

The accompanying notes are an integral part of these financial statements

Forward Edge International

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2017

(With Comparative Totals For the Year Ended December 31, 2016)

	2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues:				
Contributions and grants	\$ 1,154,648	\$ 1,270,593	\$ 2,425,241	\$ 2,402,018
Trip fees	446,189	-	446,189	509,701
Other income	123	-	123	38
Investment income	132	-	132	210
Subtotal	1,601,092	1,270,593	2,871,685	2,911,967
Satisfaction of Program Restrictions	1,249,508	(1,249,508)	-	-
Total revenues	2,850,600	21,085	2,871,685	2,911,967
Expenses:				
Programs	2,163,750	-	2,163,750	2,091,643
Support services				
Management and general	482,508	-	482,508	527,963
Fundraising	209,540	-	209,540	211,874
Total support services	692,048	-	692,048	739,837
Total expenses	2,855,798	-	2,855,798	2,831,480
Change in net assets	(5,198)	21,085	15,887	80,487
Net assets, beginning of year	697,015	255,989	953,004	872,517
Net assets, end of year	\$ 691,817	\$ 277,074	\$ 968,891	\$ 953,004

The accompanying notes are an integral part of these financial statements

Forward Edge International
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017
(With Comparative Totals For the Year Ended December 31, 2016)

	2017				2016
	Program Services	Management and General	Fundraising	Total	Total
Salaries, Taxes and Benefits	\$ 426,652	\$ 126,791	\$ 108,369	\$ 661,812	\$ 609,879
Travel	5,121	1,710	-	6,831	8,500
Contracted services	21,037	237,173	-	258,210	311,287
Occupancy	56,516	16,253	8,369	81,138	67,258
Office supplies	14,949	4,302	2,272	21,523	19,122
Printing and copying	20,448	1,130	155	21,733	6,433
Postage and delivery	4,717	890	527	6,134	5,111
Insurance	8,170	3,017	-	11,187	10,568
Trip expense	705,100	-	-	705,100	871,866
Donated services	83,400	63,000	-	146,400	170,800
Education and training	17,133	4,939	89	22,161	6,548
Promotion expense	48,523	4,769	51	53,343	48,620
Depreciation expense	16,776	552	-	17,328	17,328
Interest and merchant fees	30,649	10,392	-	41,041	32,023
Ministry expense	697,334	400	100	697,834	555,522
Miscellaneous	6,359	7,190	3,360	16,909	14,202
Fundraising events	866	-	86,248	87,114	76,413
	\$ 2,163,750	\$ 482,508	\$ 209,540	\$ 2,855,798	\$ 2,831,480

The accompanying notes are an integral part of these financial statements

Forward Edge International
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017
(With Comparative Totals For the Year Ended December 31, 2016)

	2017	2016
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	\$ 15,887	\$ 80,487
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	17,328	17,328
Donation of investment	(7,585)	(26,385)
Loss/(gain) on investments	225	(210)
Change in assets and liabilities:		
Accounts receivable	-	6,846
Other receivables	30,000	(30,000)
Prepaid expenses	(5,461)	2,571
Accrued expenses	2,445	22,765
Deferred revenue	39,382	(43,264)
Net Cash Provided by Operating Activities	92,221	30,138
Cash flows from investing activities:		
Proceeds from sale of investments	40,000	17,446
Purchases of investments	-	(17,446)
Net Cash Provided By Investing Activities	40,000	-
Net Change In Cash	132,221	30,138
Cash at beginning of year	262,354	232,216
Cash at end of year	\$ 394,575	\$ 262,354
Supplemental Disclosures:		
Non-cash donation of investment	\$ 7,585	\$ 26,385

The accompanying notes are an integral part of these financial statements

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2017

1. Organization

FORWARD EDGE INTERNATIONAL is a faith-based relief and development organization founded as a non-profit corporation in the state of Washington, and is dedicated to mobilizing volunteers to express the love of God through acts of service and mercy in the USA and around the world.

FORWARD EDGE INTERNATIONAL receives most of its funding from donations and trip fees paid by individuals to have their volunteer trips organized and facilitated.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with Accounting Standards Codification (ASC) of the Financial Accounting Standards Board 958. ASC 958 is the standard for external financial reporting for not-for-profit organizations.

Basis of Presentation - Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of FORWARD EDGE INTERNATIONAL and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets not subject to donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets.

- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of FORWARD EDGE INTERNATIONAL and/or the passage of time. Expirations of temporary restrictions result in the reclassification of temporarily restricted net assets to unrestricted net assets and are reported in the statement of activities as Satisfaction from Program Restrictions.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. Summary of Significant Accounting Policies, continued

Concentrations of Economic Risk - Like most non-profit organizations, FORWARD EDGE INTERNATIONAL is dependent upon donations for much of its income, which can be affected by economic downturns.

FORWARD EDGE INTERNATIONAL also operates and coordinates relief efforts in various parts of the world, including certain key countries. If political unrest was to occur in any or all of these key countries FORWARD EDGE INTERNATIONAL'S ongoing operations could be severely impacted in those affected areas.

Contributions - Contributions are comprised of cash and in-kind contributions. All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Contributions and grants are recognized as temporarily restricted revenue if they are received with donor stipulations that limit the use of the donated assets. Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the pledge is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of receipt.

Gifts-In-Kind - Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Volunteers pay for their own airfare to the destinations where they serve and their airfare costs are considered to be in-kind donations. All in-kind contributions of services and materials are recorded at their estimated fair values. In the year ended December 31, 2017 the Gifts-in-Kind were:

Airfare paid by volunteers	\$	340,750
Professional services		41,932
Supplies and materials		<u>146,400</u>
Total in-kind donations	\$	<u><u>529,082</u></u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. Summary of Significant Accounting Policies, continued

Contributions of Long-Lived Assets - Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings and equipment, or to rehabilitate existing properties, with specific donor-imposed stipulations concerning the use of such long-lived assets are reported as revenues of the temporarily restricted net asset class and are considered to be released when the funds are expended for the purposes given.

Trip Fees - Volunteers who participate in mission trips with FORWARD EDGE INTERNATIONAL pay the organization "trip fees" to cover their food, lodging, ground transportation, and some materials for their work projects while at their destinations. These are recorded as revenue when received.

Cash Equivalents - For purposes of the financial statements, FORWARD EDGE INTERNATIONAL considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Investments - FORWARD EDGE INTERNATIONAL follows the guidance in Accounting Standards Codification (ASC) 820 and 958. Investments are reflected on the statement of financial position at fair value based on quoted market prices, with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Interest and dividend income is reported as earned.

Fixed Assets and Depreciation - Assets over \$3,000 are capitalized and carried at cost, or at estimated market value if acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which are generally 3 to 5 years for equipment and furnishings and 40 years for buildings. All expenditures for repair and maintenance that do not appreciably extend the useful life or increase the value of the assets are expensed when incurred.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. Summary of Significant Accounting Policies, continued

Indirect Cost Allocation Plan - FORWARD EDGE INTERNATIONAL has an indirect cost allocation plan which is applied based on the analysis of direct program expenses and employee time charged to activities.

Fundraising Expenses - FORWARD EDGE INTERNATIONAL follows the guidance in ASC 958-720 related to accounting for costs of activities that include fundraising, issued by the American Institute of Certified Public Accountants. As a result, if a fundraising activity contains joint costs that might be allocated to programs or other activities, specific criteria regarding the audience and purpose of activity will be considered before costs will be allocated. If the criteria are not met, all costs are reported as fundraising expenses. During the year ended December 31, 2017 no joint costs were allocated to programs or other activities.

Income Taxes - FORWARD EDGE INTERNATIONAL is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Fair Value of Financial Instruments - Due to the short-term nature of cash equivalents, prepaid expenses and other assets, and accounts payable, their fair value approximates carrying value.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. Summary of Significant Accounting Policies, continued

Summarized Financial Information for 2015 – 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived. Certain 2016 amounts have been reclassified to conform to current year presentation.

3. Cash and Cash Equivalents

Cash and cash equivalents include accounts with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution and consist of the following as of December 31, 2017.

Cash in bank	\$ 394,475
Petty cash	<u>100</u>
	<u>\$ 394,575</u>

4. Investments

ASC 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent resources while unobservable inputs reflect estimates about market data.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2017

4. Investments, continued

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I: Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level II: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level III: Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The following table sets forth carrying amounts and estimated fair values for financial instruments at December 31, 2017:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Money markets	\$ 11,400	\$ -	\$ -	\$ 11,400
Total investments	<u>\$ 11,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,400</u>

The Organization had had the following change in the investment balance during the year ended December 31, 2017:

Balance, December 31, 2016	\$ 44,040
Interest and dividends	2
Investment fees	<u>(227)</u>
Net investment income	<u>(225)</u>
Stock donations	7,585
Purchases	-
Disbursements	<u>(40,000)</u>
Balance, December 31, 2017	<u>\$ 11,400</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2017

5. Property and Equipment

A summary of property and equipment at December 31, 2017 is as follows:

Land in Nicaragua	\$	185,550
Building in Nicaragua		606,252
Leasehold improvements		32,558
Office equipment and furnishings		34,586
Vehicles		<u>139,532</u>
		998,478
Accumulated depreciation		<u>(322,271)</u>
Net property and equipment	\$	<u><u>676,207</u></u>

Depreciation expense was \$17,328 for the year ended December 31, 2017.

6. Related Party Transactions

FORWARD EDGE INTERNATIONAL leases office space from the organization's founder. The lease is renewable each year and cancellable at the option of either party. Total rent paid to the founder for the year ended December 31, 2017 was \$42,925.

FORWARD EDGE INTERNATIONAL also paid \$18,000 to another board member for consulting services for the year ended December 31, 2017.

7. Subsequent Events

FORWARD EDGE INTERNATIONAL did not have any subsequent events through March 19, 2018, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2017.