



FORWARD EDGE
INTERNATIONAL

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Financial Statements
For the Year Ended
December 31, 2016

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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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated May 2, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

April 17, 2017

Forward Edge International
STATEMENT OF FINANCIAL POSITION
December 31, 2016
(With Comparative Totals For December 31, 2015)

	2016	2015
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 262,354	\$ 232,216
Investments	44,040	17,445
Employee Receivables	-	6,846
Pledge Receivables	30,000	-
Prepaid Expenses and Other Assets	18,808	21,379
Total current assets	355,202	277,886
Long-term Assets		
Fixed Assets, net of depreciation	693,535	710,863
Total assets	\$ 1,048,737	\$ 988,749
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 18,075	\$ 15,000
Accrued Payroll	24,133	4,443
Deferred Team Fee Revenue	53,525	96,789
Total current liabilities	95,733	116,232
Net Assets		
Temporarily Restricted	250,889	218,713
Unrestricted	702,115	653,804
Total net assets	953,004	872,517
Total Liabilities and Net Assets	\$ 1,048,737	\$ 988,749

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, 2016

(With Comparative Totals For the Year Ended December 31, 2015)

	2016			2015 Total Total
	Unrestricted	Temporarily Restricted	Total	
Revenues:				
Donations & Grants	\$ 1,262,324	\$ 1,139,694	\$ 2,402,018	\$ 2,251,724
Trip Fees	509,701	-	509,701	532,282
Other Income	38	-	38	94
Investment Income	210	-	210	9,424
Subtotal	1,772,273	1,139,694	2,911,967	2,793,524
Satisfaction of Program Restrictions	1,107,518	(1,107,518)	-	-
Total revenues	2,879,791	32,176	2,911,967	2,793,524
Expenses:				
Programs	2,366,444	-	2,366,444	2,453,015
Support Services				
Management & General	253,162	-	253,162	331,061
Fundraising	211,874	-	211,874	203,836
Total Support Services	465,036	-	465,036	534,897
Total expenses	2,831,480	-	2,831,480	2,987,912
Change in net assets	48,311	32,176	80,487	(194,388)
Net assets, beginning of year	653,804	218,713	872,517	1,066,905
Net assets, end of year	<u>\$ 702,115</u>	<u>\$ 250,889</u>	<u>\$ 953,004</u>	<u>\$ 872,517</u>

The accompanying notes are an integral part of these financial statements

Forward Edge International
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016
(With Comparative Totals For the Year Ended December 31, 2015)

	2016				2015 Total
	Program Services	Management and General	Fundraising	Total	
Salaries, Taxes & Benefits	\$ 362,446	\$ 132,487	\$ 114,945	\$ 609,878	\$ 615,373
Travel	5,021	2,428	1,051	8,500	8,162
Contracted Services	300,119	10,485	684	311,288	348,522
Occupancy	41,120	16,832	9,306	67,258	67,249
Office Supplies	11,570	4,932	2,619	19,121	27,724
Printing and Copying	4,126	1,608	699	6,433	5,096
Postage and Delivery	3,138	1,315	658	5,111	4,731
Insurance	7,659	2,071	838	10,568	9,640
Trip Expense	871,866	-	-	871,866	941,404
Donated Services	107,800	63,000	-	170,800	174,390
Education & Training	3,762	1,997	789	6,548	46,180
Promotion Expense	38,048	7,457	3,115	48,620	45,184
Depreciation Expense	16,452	552	324	17,328	16,448
Interest & Merchant Fees	24,025	7,998	-	32,023	27,195
Ministry Expense	553,852	-	1,670	555,522	574,865
Miscellaneous	14,202	-	-	14,202	11,750
Fundraising Events	1,237	-	75,176	76,413	63,999
	<u>\$ 2,366,444</u>	<u>\$ 253,162</u>	<u>\$ 211,874</u>	<u>\$ 2,831,480</u>	<u>\$ 2,987,912</u>

The accompanying notes are an integral part of these financial statements

Forward Edge International

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

(With Comparative Totals For the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	\$ 80,487	\$ (194,389)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	17,328	16,448
Donation of investment	(26,385)	(28,012)
Unrealized gain on investment	(210)	(9,424)
Change in assets and liabilities:		
Accounts receivable	6,846	494
Other receivables	(30,000)	-
Prepaid expenses	2,571	(1,174)
Accounts payable	3,075	15,000
Accrued payroll	19,690	1,265
Deferred revenue	(43,264)	43,018
Net Cash (Used In) Provided by Operating Activities	<u>30,138</u>	<u>(156,773)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	180,000
Purchase of property and equipment	-	(32,557)
Net Cash Provided By Investing Activities	<u>-</u>	<u>147,443</u>
Net Change In Cash and Cash Equivalents	30,138	(9,331)
Cash at beginning of year	<u>232,216</u>	<u>241,547</u>
Cash at end of year	<u>\$ 262,354</u>	<u>\$ 232,216</u>
Supplemental Disclosures:		
Non-cash donation of investment	<u>\$ 26,385</u>	<u>\$ 28,012</u>

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, 2016

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, 2016

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, 2016 the Gifts-in-Kind were:

Airfare paid by volunteers	\$	436,600
Professional services		170,800
Supplies and materials		<u>68,856</u>
Total in-kind donations	\$	<u><u>676,256</u></u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2016

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, 2016

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, 2016 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, 2016

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, 2015, from which the summarized information was derived. Certain 2015 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, 2016.

Cash in bank	\$ 262,254
Petty cash	<u>100</u>
	<u>\$ 262,354</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, 2016

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, 2016:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Money markets	\$ 44,040	\$ -	\$ -	\$ 44,040
Total investments	<u>\$ 44,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,040</u>

The Organization had had the following change in the investment balance during the year ended December 31, 2016:

Balance, December 31, 2015	\$ 17,445
Interest and dividends	13
Gains	<u>197</u>
Net investment income	<u>210</u>
Stock donations	<u>26,385</u>
Balance, December 31, 2016	<u>\$ 44,040</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2016

5. Property and Equipment

A summary of property and equipment at December 31, 2016 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>(304,943)</u>
Net property and equipment	\$	<u>693,535</u>

Depreciation expense was \$17,328 for the year ended December 31, 2016.

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, 2016 was \$38,400. FORWARD EDGE INTERNATIONAL also forgave a \$6,846 employee receivable from the founder for the year ended December 31, 2016.

FORWARD EDGE INTERNATIONAL also paid \$18,000 to another board member for consulting services for the year ended December 31, 2016.

7. Subsequent Events

FORWARD EDGE INTERNATIONAL did not have any subsequent events through April 17, 2017, 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, 2016.