



FORWARD EDGE
INTERNATIONAL

15121-A NE 72nd Avenue
Vancouver, WA 98686-1928
360.574.3343
www.forwardedge.org

Financial Statements
For the Year Ended
December 31, 2018

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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, 2018, 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.

Richard Winkel, CPA

PO Box 91637
Portland, OR 97291

tel: (503) 332-6750
fax: (888) 739-8185
email: rwinkel@winkelcpa.com

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, 2018, 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 2017 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated March 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

May 2, 2019

Forward Edge International
STATEMENT OF FINANCIAL POSITION
December 31, 2018
(With Comparative Totals For December 31, 2017)

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 389,183	\$ 394,575
Investments	42,924	11,400
Employee Receivables	228	-
Prepaid Expenses and Other Assets	27,899	24,269
Total current assets	460,234	430,244
Long-term Assets		
Fixed Assets, net of depreciation	680,300	676,207
Total assets	\$ 1,140,534	\$ 1,106,451
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Expenses	\$ 43,656	\$ 44,653
Current portion of debt	2,570	-
Deferred Team Fee Revenue	33,375	92,907
Total Current Liabilities	79,601	137,560
Long-term portion debt	14,770	-
Total Liabilities	94,371	137,560
Net Assets		
Unrestricted		
Net Assets With Restrictions	238,000	277,074
Net Assets Without Restrictions	808,163	691,817
Total Net Assets	1,046,163	968,891
Total Liabilities and Net Assets	\$ 1,140,534	\$ 1,106,451

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, 2018

(With Comparative Totals For the Year Ended December 31, 2017)

	2018			2017 Total
	With Restrictions	Without Restrictions	Total	
Revenues:				
Donations & Grants	\$ 1,134,728	\$ 1,239,438	\$ 2,374,166	\$ 2,425,241
Trip Fees	314,799	-	314,799	446,189
Other Income	6,164	-	6,164	123
Investment Income	56	-	56	132
	1,455,747	1,239,438	2,695,185	2,871,685
Subtotal				
Satisfaction of Program Restrictions	1,278,512	(1,278,512)	-	-
	2,734,259	(39,074)	2,695,185	2,871,685
Total revenues				
Expenses:				
Programs	1,928,648	-	1,928,648	2,163,750
Support Services				
Management & General	430,604	-	430,604	482,508
Fundraising	258,661	-	258,661	209,540
Total Support Services	689,265	-	689,265	692,048
	2,617,913	-	2,617,913	2,855,798
Total expenses				
Change in net assets	116,346	(39,074)	77,272	15,887
Net assets, beginning of year	691,817	277,074	968,891	953,004
Net assets, end of year	\$ 808,163	\$ 238,000	\$ 1,046,163	\$ 968,891

The accompanying notes are an integral part of these financial statements

Forward Edge International
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018
(With Comparative Totals For the Year Ended December 31, 2017)

	2018				2017
	Program Services	Management and General	Fundraising	Total	Total
Salaried, Taxes & Benefits	\$ 435,390	\$ 114,671	\$ 146,402	\$ 696,463	\$ 661,812
Travel	2,732	913	-	3,645	6,831
Contracted Services	23,961	197,537	-	221,498	258,210
Occupancy	58,236	17,315	9,418	84,969	81,138
Office Supplies	11,299	3,322	1,992	16,613	21,523
Printing and Copying	10,857	2,694	-	13,551	21,733
Postage and Delivery	6,285	2,095	-	8,380	6,134
Insurance	6,911	2,994	-	9,905	11,187
Trip Expense	470,549	-	-	470,549	705,100
Donated Services	65,150	63,000	-	128,150	146,400
Education & Training	3,210	807	-	4,017	22,161
Promotion Expense	43,204	4,792	1,660	49,656	53,343
Depreciation Expense	19,765	1,557	-	21,322	17,328
Interest & Merchant Fees	28,790	9,944	-	38,734	41,041
Ministry Expense	726,190	100	-	726,290	697,834
Miscellaneous	3,722	8,863	2,400	14,985	16,909
Fundraising Events	12,397	-	96,789	109,186	87,114
	<u>\$ 1,928,648</u>	<u>\$ 430,604</u>	<u>\$ 258,661</u>	<u>\$ 2,617,913</u>	<u>\$ 2,855,798</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, 2018

(With Comparative Totals For the Year Ended December 31, 2017)

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	\$ 77,272	\$ 15,887
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	21,322	17,328
Donation of investment	(31,468)	(7,585)
Unrealized loss/(gain) on investment	(56)	225
Change in assets and liabilities:		
Other Receivables	(228)	30,000
Prepaid Expenses	(3,630)	(5,461)
Accrued Expenses	(997)	2,445
Deferred revenue	(59,532)	39,382
Net Cash Provided by Operating Activities	2,683	92,221
Cash flows from investing activities:		
Proceeds from sale of investments	-	40,000
Purchase of property and equipment	(25,415)	-
Net Cash (Used In) Provided By Investing Activities	(25,415)	40,000
Cash flows from financing activities:		
Issuance of note payable	19,415	-
Principal payments on note payable	(2,075)	-
Net Cash Provided By Financing Activities	17,340	-
Net Change In Cash	(5,392)	132,221
Cash at beginning of year	394,575	262,354
Cash at end of year	\$ 389,183	\$ 394,575
Supplemental Disclosures:		
Non-cash donation of investments	\$ 31,468	\$ 7,585
Interest expense paid	\$ 538	\$ -

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, 2018

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.

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization 's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Forward Edge International

Notes to the Financial Statements
For the Year Ended December 31, 2018

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, 2018 the Gifts-in-Kind were:

Airfare paid by volunteers	\$	227,250
Professional services		128,150
Supplies and materials		<u>28,055</u>
Total in-kind donations	\$	<u><u>383,455</u></u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Concentrations of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2018

2. Summary of Significant Accounting Policies, continued

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.

Grants and Contributions - Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

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, 2018 no joint costs were allocated to programs or other activities.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2018

2. Summary of Significant Accounting Policies, continued

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.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2018

2. Summary of Significant Accounting Policies, continued

New Accounting Pronouncement - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Summarized Financial Information for 2017 - 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, 2017, from which the summarized information was derived. Certain 2017 amounts have been reclassified to conform to current year presentation.

3. Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2018:

Financial assets at year end:		
Cash and cash equivalents	\$	389,183
Investments		<u>42,924</u>
Financial assets		432,107
Less amounts not available to be used within one year:		
Net assets with donor restrictions		<u>238,000</u>
Total financial assets available	\$	<u>194,107</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2018

4. 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, 2018.

Cash in bank	\$ 389,083
Petty cash	<u>100</u>
	<u>\$ 389,183</u>

The Organization deposits its cash in financial institutions. At December 31, 2018 cash balances were not fully covered by FDIC insurance limits by \$113,937.

5. 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, 2018

5. 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, 2018:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Stock portfolio	\$ 42,924	\$ -	\$ -	\$ 42,924
Total investments	<u>\$ 42,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,924</u>

The Organization had had the following change in the investment balance during the year ended December 31, 2018:

Balance, December 31, 2017	\$ 11,400
Interest and dividends, net of \$97 fees	80
Losses	<u>(24)</u>
Net investment income	<u>56</u>
Stock donations	<u>31,468</u>
Balance, December 31, 2018	<u>\$ 42,924</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2018

6. Property and Equipment

A summary of property and equipment at December 31, 2018 is as follows:

Land in Nicaragua	\$	185,550
Building in Nicaragua		606,252
Leasehold improvements		32,558
Office equipment and furnishings		34,586
Vehicles		78,998
		937,944
Accumulated depreciation		(257,644)
Net property and equipment	\$	680,300

Depreciation expense was \$21,322 for the year ended December 31, 2018.

7. Notes Payable

FORWARD EDGE INTERNATIONAL financed a new vehicle during 2018 from Dick Hannah Honda over a term of 84 months beginning March 19, 2018 with \$261.22 monthly payments at 3.49% annual interest rate.

The future minimum payment schedule of note principal for the five years subsequent to December 31, 2018 and thereafter are as follows:

2019	\$	2,570
2020		2,661
2021		2,756
2022		2,854
2023-2025		6,499
	\$	17,340

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2018

8. 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, 2018 was \$44,144.

FORWARD EDGE INTERNATIONAL also had an employee receivable from the organization's founder in the amount of \$228 as of December 31, 2018.

9. Subsequent Events

FORWARD EDGE INTERNATIONAL did not have any subsequent events through May 2, 2019, 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, 2018.