



FORWARD EDGE
INTERNATIONAL

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Financial Statements
For the Year Ended
December 31, 2019

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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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated May 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

April 21, 2020

Forward Edge International
STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With Comparative Totals For December 31, 2018)

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 357,984	\$ 389,183
Investments	38,149	42,924
Pledges Receivable	23,500	-
Employee Receivables	58	228
Prepaid Expenses and Other Assets	30,077	27,899
Total Current Assets	449,768	460,234
Long-Term Assets		
Fixed Assets, Net of Depreciation	701,511	680,300
Total Assets	\$ 1,151,279	\$ 1,140,534
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Expenses	\$ 43,891	\$ 43,656
Current Portion of Note Payable	2,661	2,570
Deferred Team Fee Revenue	36,185	33,375
Total Current Liabilities	82,737	79,601
Note Payable, Net of Current Portion	12,109	14,770
Total Liabilities	94,846	94,371
Net Assets		
Net Assets With Donor Restrictions	246,560	238,000
Net Assets Without Donor Restrictions	809,873	808,163
Total Net Assets	1,056,433	1,046,163
Total Liabilities and Net Assets	\$ 1,151,279	\$ 1,140,534

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, 2019

(With Comparative Totals For the Year Ended December 31, 2018)

	2019			2018 Total
	Without Restrictions	With Restrictions	Total	
Revenues:				
Donations & Grants	\$ 1,027,918	\$ 1,302,418	\$ 2,330,336	\$ 2,374,166
Trip Fees	351,069	-	351,069	314,799
Other Income	71	-	71	6,164
Investment Income	881	-	881	56
	1,379,939	1,302,418	2,682,357	2,695,185
Subtotal				
Satisfaction of Program Restrictions	1,293,858	(1,293,858)	-	-
	2,673,797	8,560	2,682,357	2,695,185
Total Revenues				
Expenses:				
Program Services	2,020,600	-	2,020,600	1,928,648
Support Services:				
Management & General	261,673	-	261,673	430,604
Fundraising	389,814	-	389,814	258,661
	651,487	-	651,487	689,265
Total Support Services				
Total Expenses	2,672,087	-	2,672,087	2,617,913
Change in Net Assets	1,710	8,560	10,270	77,272
Net Assets, Beginning of Year	808,163	238,000	1,046,163	968,891
Net Assets, End of Year	\$ 809,873	\$ 246,560	\$ 1,056,433	\$ 1,046,163

The accompanying notes are an integral part of these financial statements

Forward Edge International

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

(With Comparative Totals For the Year Ended December 31, 2018)

	2019				2018 Total
	Program Services	Management and General	Fundraising	Total	
Salaries, Taxes & Benefits	\$ 387,139	\$ 156,259	\$ 234,487	\$ 777,885	\$ 696,463
Travel	1,382	291	-	1,673	3,645
Contracted Services	184,959	5,580	-	190,539	221,498
Occupancy	43,141	11,718	21,069	75,928	84,969
Office Supplies	9,879	2,876	5,062	17,817	16,613
Printing and Copying	10,444	(4,946)	332	5,830	13,551
Postage and Delivery	5,306	1,684	-	6,990	8,380
Insurance	4,884	2,883	-	7,767	9,905
Trip Expense	502,312	-	-	502,312	470,549
Donated Services	58,875	63,000	-	121,875	128,150
Education & Training	9,718	3,235	-	12,953	4,017
Promotion Expense	22,032	3,751	12,617	38,400	49,656
Depreciation Expense	20,064	1,644	-	21,708	21,322
Interest & Merchant Fees	25,312	7,649	-	32,961	38,734
Ministry Expense	730,682	-	-	730,682	726,290
Miscellaneous	4,471	6,049	3,452	13,972	14,985
Fundraising Events	-	-	112,795	112,795	109,186
	\$ 2,020,600	\$ 261,673	\$ 389,814	\$ 2,672,087	\$ 2,617,913

The accompanying notes are an integral part of these financial statements

Forward Edge International

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

(With Comparative Totals For the Year Ended December 31, 2018)

	2019	2018
Increase (Decrease) in Cash and Cash Equivalents		
Change in Net Assets	\$ 10,270	\$ 77,272
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	21,708	21,322
Donation of Investment	(34,458)	(31,468)
Unrealized Loss/(Gain) on Investment	(767)	(56)
Change in Assets and Liabilities:		
Receivables	(23,330)	(228)
Prepaid Expenses	(2,178)	(3,630)
Accrued Expenses	235	(997)
Deferred revenue	2,810	(59,532)
Net Cash (Used In) Provided by Operating Activities	(25,710)	2,683
Cash Flows From Investing Activities:		
Proceeds From Sale of Investments	40,000	-
Purchase of Fixed Assets	(42,918)	(25,415)
Net Cash Used In Investing Activities	(2,918)	(25,415)
Cash flows from financing activities:		
Issuance of Note Payable	-	19,415
Principal Payments on Note Payable	(2,571)	(2,075)
Net Cash (Used In) Provided By Financing Activities	(2,571)	17,340
Net Change In Cash	(31,199)	(5,392)
Cash at beginning of year	389,183	394,575
Cash at end of year	\$ 357,984	\$ 389,183
Supplemental Disclosures:		
Non-cash donation of investments	\$ 34,458	\$ 31,468
Interest paid	\$ 564	\$ 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, 2019

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, 2019

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, 2019 the Gifts-in-Kind were:

Airfare paid by volunteers	\$	224,850
Professional services		24,575
Supplies and materials		<u>121,875</u>
Total in-kind donations	\$	<u><u>371,300</u></u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019

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.

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, 2019 no joint costs were allocated to programs or other activities.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 - 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. 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, 2019

2. Summary of Significant Accounting Policies, continued

Summarized Financial Information for 2018 – 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, 2018, from which the summarized information was derived. Certain 2018 amounts have been reclassified to conform to current year presentation.

New Accounting Pronouncement - FORWARD EDGE INTERNATIONAL implemented Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists organizations in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU 2018-08 were implemented applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no significant impact to the Organization's revenue recognition in either year presented for this change in accounting principle.

3. Availability and Liquidity

FORWARD EDGE INTERNATIONAL manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. FORWARD EDGE INTERNATIONAL's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, FORWARD EDGE INTERNATIONAL maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2019

3. Availability and Liquidity, continued

The following represents FORWARD EDGE INTERNATIONAL's financial assets at December 31, 2019:

Financial assets at year end:

Cash and cash equivalents	\$	357,984
Receivables		23,558
Investments		<u>38,149</u>
Financial assets		419,691
Less amounts not available to be used within one year:		
Net assets with donor restrictions		<u>(246,560)</u>
Total financial assets available	\$	<u>173,131</u>

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	\$	357,884
Petty cash		<u>100</u>
	\$	<u>357,984</u>

FORWARD EDGE INTERNATIONAL deposits its cash in financial institutions. At December 31, 2019 cash balances were not fully covered by FDIC insurance limits by \$24,040.

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.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2019

5. Investments, continued

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.

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, 2019:

	Level I	Level II	Level III	Total
	<u>Level I</u>	<u>II</u>	<u>III</u>	<u>Total</u>
Stock portfolio	\$ 38,149	\$ -	\$ -	\$ 38,149
Total investments	<u>\$ 38,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,149</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2019

5. Investments, continued

FORWARD EDGE INTERNATIONAL had had the following change in the investment balance during the year ended December 31, 2019:

Balance, December 31, 2018	\$ 42,924
Unrealized Gains	<u>767</u>
Net investment income	<u>767</u>
Distributions	(40,000)
Stock donations	<u>34,458</u>
Balance, December 31, 2019	\$ <u><u>38,149</u></u>

6. Property and Equipment

A summary of property and equipment at December 31, 2019 is as follows:

Land in Nicaragua	\$ 185,550
Building in Nicaragua	606,252
Leasehold improvements	32,558
Office equipment and furnishings	34,586
Software	42,918
Vehicles	<u>78,998</u>
	980,863
Accumulated depreciation	<u>(279,352)</u>
Net property and equipment	\$ <u><u>701,511</u></u>

Depreciation expense was \$21,708 for the year ended December 31, 2019.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2019

7. Notes Payable

FORWARD EDGE INTERNATIONAL financed a new vehicle 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, 2019 and thereafter are as follows:

2020	\$	2,661
2021		2,756
2022		2,854
2023		2,955
2024		3,060
2025		<u>484</u>
	\$	<u>14,770</u>

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, 2019 was \$46,143.

FORWARD EDGE INTERNATIONAL also had an employee receivable from the organization's founder in the amount of \$58 as of December 31, 2019.

9. Subsequent Events

FORWARD EDGE INTERNATIONAL has evaluated for subsequent events through April 21, 2020, 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, 2019.

Subsequent to year-end, FORWARD EDGE INTERNATIONAL has been negatively impacted by the effects of the world-wide coronavirus pandemic. FORWARD EDGE INTERNATIONAL is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the FORWARD EDGE INTERNATIONAL's financial position is not known.