



FORWARD EDGE
INTERNATIONAL

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Financial Statements
For the Year Ended
December 31, 2020

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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated April 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

April 13, 2021

Forward Edge International
STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With Comparative Totals For December 31, 2019)

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 736,295	\$ 357,984
Investments	77,575	38,149
Pledges Receivable	-	23,500
Employee Receivables	58	58
Prepaid Expenses and Other Assets	23,901	30,077
Total Current Assets	837,829	449,768
Long-Term Assets		
Fixed Assets, Net of Depreciation	743,709	701,511
Total Assets	\$ 1,581,538	\$ 1,151,279
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Expenses	\$ 38,330	\$ 43,891
Current Portion of Note Payable	2,756	2,661
Deferred Team Fee Revenue	27,233	36,185
Total Current Liabilities	68,319	82,737
Note Payable, Net of Current Portion	9,352	12,109
Total Liabilities	77,671	94,846
Net Assets		
Net Assets With Donor Restrictions	257,451	246,560
Net Assets Without Donor Restrictions	1,246,416	809,873
Total Net Assets	1,503,867	1,056,433
Total Liabilities and Net Assets	\$ 1,581,538	\$ 1,151,279

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, 2020

(With Comparative Totals For the Year Ended December 31, 2019)

	2020			2019 Total
	Without Restrictions	With Restrictions	Total	
Revenues:				
Donations & Grants	\$ 1,177,357	\$ 1,234,620	\$ 2,411,977	\$ 2,330,336
Trip Fees	72,099	-	72,099	351,069
Other Income	33	-	33	71
Investment Income	594	-	594	881
	Subtotal	1,250,083	1,234,620	2,484,703
	Satisfaction of Program Restrictions	1,223,729	(1,223,729)	-
	Total revenues	2,473,812	10,891	2,484,703
Expenses:				
Programs	1,587,440	-	1,587,440	2,020,600
Support Services				
Management & General	189,845	-	189,845	261,673
Fundraising	259,984	-	259,984	389,814
Total Support Services	449,679	-	449,679	651,487
	Total expenses	2,037,269	-	2,037,269
	Change in net assets	436,543	10,891	447,434
Net assets, beginning of year	809,873	246,560	1,056,433	1,046,163
Net assets, end of year	\$ 1,246,416	\$ 257,451	\$ 1,503,867	\$ 1,056,433

The accompanying notes are an integral part of these financial statements

Forward Edge International
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
(With Comparative Totals For the Year Ended December 31, 2019)

	2020				2019 Total
	Program Services	Management and General	Fundraising	Total	
Salaried, Taxes & Benefits	\$ 431,825	\$ 118,012	\$ 192,076	\$ 741,913	\$ 777,885
Travel	1,217	34	16	1,267	1,673
Contracted Services	127,805	1,972	547	130,324	190,539
Occupancy	77,351	2,620	5,931	85,902	75,928
Office Supplies	9,860	301	760	10,921	17,817
Printing and Copying	2,810	382	717	3,909	5,830
Postage and Delivery	2,383	193	79	2,655	6,990
Insurance	6,150	2,614	206	8,970	7,767
Trip Expense	85,279	-	-	85,279	502,312
Donated Services	14,400	49,500	-	63,900	121,875
Education & Training	1,360	109	46	1,515	12,953
Promotion Expense	18,085	2,186	4,372	24,643	38,400
Depreciation Expense	21,060	456	192	21,708	21,708
Interest & Merchant Fees	24,349	5,338	2,076	31,763	32,961
Ministry Expense	759,000	-	-	759,000	730,682
Miscellaneous	4,506	6,126	1,378	12,010	13,972
Fundraising Events	-	-	51,588	51,588	112,795
	<u>\$ 1,587,440</u>	<u>\$ 189,845</u>	<u>\$ 259,984</u>	<u>\$ 2,037,269</u>	<u>\$ 2,672,087</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, 2020

(With Comparative Totals For the Year Ended December 31, 2019)

	2020	2019
Increase (Decrease) in Cash and Cash Equivalents		
Change in Net Assets	\$ 447,434	\$ 10,270
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	21,708	21,708
Forgiveness of Note Payable	(155,822)	-
Donation of Investment	(38,832)	(34,458)
Investment Income	(594)	(767)
Change in Assets and Liabilities:		
Receivables	23,500	(23,330)
Prepaid Expenses	6,176	(2,178)
Accrued Expenses	(5,561)	235
Deferred Revenue	(8,952)	2,810
Net Cash Provided by (Used In) Operating Activities	289,057	(25,710)
Cash Flows From Investing Activities:		
Proceeds From Sale of Investments	-	40,000
Purchase of Fixed Assets	(63,906)	(42,918)
Net Cash Used In Investing Activities	(63,906)	(2,918)
Cash flows from financing activities:		
Issuance of Note Payable	155,822	-
Principal Payments on Note Payable	(2,662)	(2,571)
Net Cash Provided By (Used In) Financing Activities	153,160	(2,571)
Net Change In Cash	378,311	(31,199)
Cash at beginning of year	357,984	389,183
Cash at end of year	\$ 736,295	\$ 357,984
Supplemental Disclosures:		
Non-cash donation of investments	\$ 38,833	\$ 34,458
Interest paid	\$ 473	\$ 564

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, 2020

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, 2020

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, 2020 the Gifts-in-Kind were:

Airfare paid by volunteers	\$	35,600
Professional services		63,900
Supplies and materials		<u>3,520</u>
Total in-kind donations	\$	<u><u>103,020</u></u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020

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, 2020 no joint costs were allocated to programs or other activities.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020

2. Summary of Significant Accounting Policies, continued

Summarized Financial Information for 2019 – 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, 2019, from which the summarized information was derived. Certain 2019 amounts have been reclassified to conform to current year presentation.

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.

The following represents FORWARD EDGE INTERNATIONAL's financial assets at December 31, 2020:

Financial assets at year end:

Cash and cash equivalents	\$ 736,295
Receivables	58
Investments	<u>77,575</u>
Financial assets	813,928
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(257,451)</u>
Total financial assets available	<u>\$ 556,477</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, 2020.

Cash in bank	\$ 736,195
Petty cash	<u>100</u>
	<u>\$ 736,295</u>

FORWARD EDGE INTERNATIONAL deposits its cash in financial institutions. At December 31, 2020 cash balances were not fully covered by FDIC insurance limits by \$421,536.

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.

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.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2020

5. Investments, continued

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, 2020:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Stock portfolio	\$ 77,575	\$ -	\$ -	\$ 77,575
Total investments	\$ <u>77,575</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>77,575</u>

FORWARD EDGE INTERNATIONAL had the following change in the investment balance during the year ended December 31, 2020:

Balance, December 31, 2019	\$ 38,149
Interest and dividends	867
Unrealized gains	152
Investment fees	<u>(425)</u>
Net investment income	<u>594</u>
Distributions	-
Stock donations	<u>38,832</u>
Balance, December 31, 2020	\$ <u>77,575</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2020

6. Property and Equipment

A summary of property and equipment at December 31, 2020 is as follows:

Land in Nicaragua	\$ 185,550
Building in Nicaragua	606,252
Leasehold improvements	32,558
Office equipment and furnishings	34,586
Software	106,825
Vehicles	<u>78,998</u>
	1,044,769
Accumulated depreciation	<u>(301,060)</u>
Net property and equipment	<u>\$ 743,709</u>

Depreciation expense was \$21,708 for the year ended December 31, 2020.

7. Notes Payable

FORWARD EDGE INTERNATIONAL financed a new vehicle with \$261.22 monthly payments at 3.49% annual interest rate. The future minimum payment schedule of note principal subsequent to December 31, 2020 are as follows:

2021	\$ 2,756
2022	2,854
2023	2,955
2024	3,060
2025	<u>483</u>
	<u>\$ 12,108</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2020

7. Notes Payable (Continued)

On April 17, 2020, FORWARD EDGE INTERNATIONAL was granted a loan from Chase Bank in the aggregate amount of \$155,822 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act administered by a Small Business Administration (SBA) approved partner. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan.

During the year ended December 31, 2020, the Organization initially recorded the loan as a loan payable and subsequently recognized grant revenue of \$155,822 once the PPP loan was forgiven by the SBA.

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, 2020 was \$38,773.

FORWARD EDGE INTERNATIONAL also had an employee receivable from the organization's founder in the amount of \$58 as of December 31, 2020.

9. Net Assets

At December 31, 2020 FORWARD EDGE INTERNATIONAL has \$257,451 in net assets that are restricted for future program expenses, these net assets will be released from restriction as the funds are spent in the future.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2020

10. Subsequent Events

FORWARD EDGE INTERNATIONAL has evaluated for subsequent events through April 13, 2021, 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, 2020.

Subsequent to year-end, FORWARD EDGE INTERNATIONAL has continued to be 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.