



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, 2021

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DOUGALL CONRADIE LLC
CERTIFIED PUBLIC ACCOUNTANTS

Geoffrey Dougall, CPA
Heather Jackson, CPA
Monte Harrell, CPA
Lee Owen, CPA
Richard Winkel, CPA
Members of AICPA & OSCP

Independent Auditor's Report

To the Board of Directors
Forward Edge International
Vancouver, Washington

Opinion

We have audited the accompanying financial statements of Forward Edge International (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Forward Edge International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Forward Edge International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Forward Edge International 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Forward Edge International 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Forward Edge International's 2020 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated April 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dougall Conradi LLC

Portland, Oregon
June 23, 2022

Forward Edge International
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With Comparative Totals For December 31, 2020)

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,057,793	\$ 736,295
Investments	137,870	77,575
Other Receivables	13,173	58
Prepaid Expenses and Other Assets	41,596	23,901
Total current assets	1,250,432	837,829
Long-term Assets		
Fixed Assets, Net of Depreciation	699,895	743,709
Total Assets	\$ 1,950,327	\$ 1,581,538
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Expenses	\$ 46,871	\$ 38,330
Current Portion of Debt	10,000	2,756
Deferred Team Fee Revenue	22,245	27,233
Total Current Liabilities	79,116	68,319
Long-Term Portion of Debt	76,000	9,352
Total Liabilities	155,116	77,671
Net Assets		
Unrestricted		
Net Assets With Restrictions	327,226	257,451
Net Assets Without Restrictions	1,467,985	1,246,416
Total Net Assets	1,795,211	1,503,867
Total Liabilities and Net Assets	\$ 1,950,327	\$ 1,581,538

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, 2021

(With Comparative Totals For the Year Ended December 31, 2020)

	2021			2020 Total
	Without Restrictions	With Restrictions	Total	
Revenues:				
Donations & Grants	\$ 887,820	\$ 1,784,391	\$ 2,672,211	\$ 2,308,957
Trip Fees	60,249	-	60,249	72,099
Donations In Kind	67,310	-	67,310	103,020
Other Income	5,665	-	5,665	33
Investment Income	286	-	286	594
	1,021,330	1,784,391	2,805,721	2,484,703
Subtotal				
Satisfaction of Program Restrictions	1,714,616	(1,714,616)	-	-
Total Revenues	2,735,946	69,775	2,805,721	2,484,703
Expenses:				
Programs	1,964,970	-	1,964,970	1,587,440
Support Services				
Management & General	246,908	-	246,908	189,845
Fundraising	302,499	-	302,499	259,984
Total Support Services	549,407	-	549,407	449,829
Total Expenses	2,514,377	-	2,514,377	2,037,269
Change in Net Assets	221,569	69,775	291,344	447,434
Net Assets, Beginning of Year	1,246,416	257,451	1,503,867	1,056,433
Net Assets, End of Year	\$ 1,467,985	\$ 327,226	\$ 1,795,211	\$ 1,503,867

The accompanying notes are an integral part of these financial statements

Forward Edge International
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021
(With Comparative Totals For the Year Ended December 31, 2020)

	2021				2020 Total
	Program Services	Management and General	Fundraising	Total	
Salaried, Taxes & Benefits	\$ 391,315	\$ 188,293	\$ 192,156	\$ 771,764	\$ 741,913
Travel	481	38	16	535	1,267
Contracted Services	119,157	2,615	551	122,323	130,324
Occupancy	90,669	1,925	6,795	99,389	85,902
Office Supplies	11,983	391	930	13,304	10,921
Printing and Copying	5,729	821	1,638	8,188	3,909
Postage and Delivery	2,951	236	96	3,283	2,655
Insurance	5,581	438	187	6,206	8,970
Trip Expense	66,167	-	-	66,167	85,279
Donated Services	8,150	36,000	-	44,150	63,900
Education & Training	1,374	93	41	1,508	1,515
Promotion Expense	39,853	4,453	8,903	53,209	24,643
Depreciation Expense	21,060	456	192	21,708	21,708
Interest & Merchant Fees	26,030	4,933	2,396	33,359	31,763
Ministry Expense	1,148,623	-	-	1,148,623	759,000
Miscellaneous	2,730	6,216	66	9,012	12,010
Fundraising Events	23,117	-	88,532	111,649	51,588
	\$ 1,964,970	\$ 246,908	\$ 302,499	\$ 2,514,377	\$ 2,037,267

The accompanying notes are an integral part of these financial statements

Forward Edge International

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

(With Comparative Totals For the Year Ended December 31, 2020)

	2021	2020
Increase (Decrease) in Cash and Cash Equivalents		
Change in Net Assets	\$ 291,344	\$ 447,434
Adjustments to Reconcile Change in Net Assets to Cash		
Provided by Operating Activities:		
Depreciation	21,708	21,708
Net Loss on Disposal of Fixed Assets	105,753	-
Forgiveness of Paycheck Protection Program Loan	-	(155,822)
Donation of Investments	(60,143)	(38,832)
Investment Income	(152)	(594)
Change in Assets and Liabilities:		
Other Receivables	(13,115)	23,500
Prepaid Expenses	(17,695)	6,176
Accrued Expenses	8,541	(5,561)
Deferred revenue	(4,988)	(8,952)
Net Cash Provided by Operating Activities	331,253	289,057
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	-	(63,906)
Net Cash Used In Investing Activities	-	(63,906)
Cash Flows From Financing Activities:		
Issuance of Paycheck Protection Program Loan	-	155,822
Principal Payments on Notes Payable	(9,755)	(2,662)
Net Cash (Used In) Provided By Financing Activities	(9,755)	153,160
Net Change In Cash	321,498	378,311
Cash at Beginning of Year	736,295	357,984
Cash at End of Year	\$ 1,057,793	\$ 736,295
Supplemental Disclosures of Non-Cash Activity:		
Non-Cash Donation of Investments	\$ 60,143	\$ 38,832
Non-Cash Purchase of Land Financed With Note Payable	\$ 93,000	\$ -
Cash Paid for Interest	\$ 473	\$ 473

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, 2021

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, 2021

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, 2021 the Gifts-in-Kind were:

Airfare paid by volunteers	\$	21,800
Professional services		44,150
Supplies and materials		<u>1,360</u>
Total in-kind donations	\$	<u><u>67,310</u></u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021

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, 2021 no joint costs were allocated to programs or other activities.

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, 2021

2. Summary of Significant Accounting Policies, continued

Summarized Financial Information for 2020 – 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, 2020, from which the summarized information was derived. Certain 2020 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, 2021:

Financial assets at year end:

Cash and cash equivalents	\$ 1,057,793
Receivables	13,173
Investments	<u>137,870</u>
Financial assets	1,208,836
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(327,226)</u>
Total financial assets available	<u>\$ 881,610</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Checking accounts	\$ 181,845
Savings accounts	875,848
Petty cash	<u>100</u>
	\$ <u><u>1,057,793</u></u>

FORWARD EDGE INTERNATIONAL deposits its cash in financial institutions. At December 31, 2021 cash balances were not fully covered by FDIC insurance limits by \$745,648.

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, 2021

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 fair values for financial instruments at December 31, 2021:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Equities	\$ 137,870	\$ -	\$ -	\$ 137,870
Total investments	\$ <u>137,870</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>137,870</u>

FORWARD EDGE INTERNATIONAL had the following change in the investment balance during the year ended December 31, 2021:

Balance, December 31, 2020	\$ 77,575
Interest and dividends	810
Unrealized gains	210
Investment fees	<u>(868)</u>
Net investment income	<u>152</u>
Distributions	-
Stock donations	<u>60,142</u>
Balance, December 31, 2021	\$ <u>137,870</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2021

6. Fixed Assets

A summary of property and equipment at December 31, 2021 is as follows:

Land in Nicaragua	\$	278,550
Building in Nicaragua		606,252
Leasehold improvements		32,558
Office equipment and furnishings		34,586
Vehicles		<u>20,000</u>
		971,946
Accumulated depreciation		<u>(272,051)</u>
Net property and equipment	\$	<u>699,895</u>

Depreciation expense was \$21,708 for the year ended December 31, 2021.

7. Note Payable

FORWARD EDGE INTERNATIONAL financed a land purchase in Managua, Nicaragua on July 28, 2020 from 58:7 Ministries with annual payments of \$10,000 ending with a balloon payment in the final year of maturity in 2027 and a zero annual interest rate. The loan is secured by the land. The future minimum payment schedule of note principal subsequent to December 31, 2021 are as follows:

2022	\$	10,000
2023		10,000
2024		10,000
2025		10,000
2026		10,000
2027		<u>36,000</u>
	\$	<u>86,000</u>

Forward Edge International
Notes to the Financial Statements
For the Year Ended December 31, 2021

8. Related Party Transactions

FORWARD EDGE INTERNATIONAL leases office space from the organization's founder. The lease requires monthly rental payments and expires December 31, 2023. Total rent paid to the founder for the year ended December 31, 2021 was \$54,300.

Future obligations under the terms of this lease are as follows:

	<u>Year Ending December 31,</u>	
	2022	\$ 54,264
	2023	<u>54,264</u>
		\$ <u>108,528</u>

9. Net Assets

At December 31, 2021 FORWARD EDGE INTERNATIONAL has \$327,226 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.

10. Subsequent Events

FORWARD EDGE INTERNATIONAL has evaluated for subsequent events through June 23, 2022, which is the date the financial statements were available to be issued, noting no events requiring recording or disclosure in the financial statements for the year ended December 31, 2021.