FRIENDSHIP FORCE INTERNATIONAL, INC.

FINANCIAL STATEMENTS
Together with
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2020 AND 2019

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LONG & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

April 21, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friendship Force International, Inc.

We have audited the accompanying financial statements of Friendship Force International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friendship Force International, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 10 to the financial statements, due to the COVID-19 global pandemic, the Organization sustained a significant loss in 2020 journey revenue and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Long & Company, P.C.

Long & Company, P.C.

Certified Public Accountants

FRIENDSHIP FORCE INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

Assets	2020	2019
Current Assets:		
Cash and cash equivalents	$ 690,630	$ 546,133
Grants receivable	775	20,881
Other receivables	10,447	13,649
Prepaid expenses	15,154	20,691
Total Current Assets	717,006	601,354
Property & Equipment, Net	34,420	32,894
Other Assets:		
Deposits	5,658	6,008
Total Other Assets	5,658	6,008
Total Assets	$ 757,084	$ 640,256

Liabilities And Net Assets	2020	2019
Current Liabilities:		
Accounts payable and accrued expenses	$ 24,712	$ 47,287
Journey refunds payable	18,817	-
Deferred revenue	13,763	100,410
Unearned club affiliation fees	36,140	49,772
Refundable advance	100,227	-
Sublease liability - current portion	9,657	5,043
Total Liabilities	203,316	202,512
Long-Term Liabilities		
Sublease refundable deposit	4,608	4,608
Sublease liability	4,701	8,556
Total Long-Term Liabilities	9,309	13,164
Total Liabilities	212,625	215,676
Net Assets		
Without donor restrictions	500,617	366,779
With donor restrictions	43,842	57,801
Total Net Assets	544,459	424,580
Total Liabilities And Net Assets	$ 757,084	$ 640,256

See accompanying notes which are an integral part of these financial statements

FRIENDSHIP FORCE INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Journey fees	$ 81,014	$ -	$ 81,014
Club affiliation fees	217,060	-	217,060
Annual Fund contributions	493,223	1,200	494,423
Government grants	43,523	-	43,523
Investment return	98	-	98
Other income	3,611	-	3,611
Net assets released from restrictions	15,159	(15,159)	-
Total Revenue, Gains and Other Support	853,688	(13,959)	839,729
Expenses and Losses			
Program Services	323,620	-	323,620
Supporting Services:			
Management and general	211,766	-	211,766
Fundraising	184,464	-	184,464
Total Supporting Services	396,230	-	396,230
Total Expenses	719,850	-	719,850
Change In Net Assets	133,838	(13,959)	119,879
Net Assets-Beginning of Year	366,779	57,801	424,580
Net Assets-End of Year	$ 500,617	$ 43,842	$ 544,459

FRIENDSHIP FORCE INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Journey fees	$ 944,002	$ -	$ 944,002
Club affiliation fees	174,814	-	174,814
Annual Fund contributions	14,927	18,428	33,355
Government grants	69,100	-	69,100
Investment return	270	-	270
Other income	67,264	-	67,264
Net assets released from restrictions	26,796	(26,796)	-
Total Revenue, Gains and Other Support	1,297,173	(8,368)	1,288,805
Expenses			
Program Services	815,758	-	815,758
Supporting Services:			
Management and general	235,785	-	235,785
Fundraising	85,344	-	85,344
Total Supporting Services	321,129	-	321,129
Total Expenses	1,136,887	-	1,136,887
Change In Net Assets	160,286	(8,368)	151,918
Net Assets-Beginning of Year	206,493	66,169	272,662
Net Assets-End of Year	$ 366,779	$ 57,801	$ 424,580

FRIENDSHIP FORCE INTERNATIONAL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

		Supporting Services				Supporting Services		
	Program Services	Management & General	Fundraising	2020 Total	Program Services	Management & General	Fundraising	2019 Total
Salaries	140,275	$ 111,285	$ 98,575	$ 350,135	$ 329,520	$ 96,098	$ 35,523	$ 461,141
Fringe benefits	26,287	20,855	18,473	65,615	93,048	27,100	10,018	130,166
Bank and credit card fees	-	18,618	-	18,618	-	27,423	-	27,423
Depreciation	10,080	7,997	7,084	25,161	43,296	12,610	4,661	60,567
Grants to local clubs	12,900	-	-	12,900	-	-	-	-
Insurance	2,932	2,326	2,061	7,319	8,295	737	184	9,216
Miscellaneous general expenses	-	1,754	-	1,754	-	86	-	86
Office rent	3,603	2,859	2,532	8,994	9,002	2,622	969	12,593
Printing, publications, & postage	332	5,939	978	7,249	1,139	8,933	759	10,831
Professional services	-	17,405	-	17,405	-	25,273	-	25,273
Professional services-external staff	71,425	11,904	35,712	119,041	221,105	-	-	221,105
Program development	31,289	-	-	31,289	43,912	-	-	43,912
Public relations	6,226	1,038	13,492	20,756	26,574	210	26,532	53,316
Supplies	230	423	308	961	1,454	1,454	727	3,635
Telephone	1,882	3,449	2,508	7,839	4,608	4,609	2,304	11,521
Travel	10,732	487	27	11,246	29,132	23,957	1,331	54,420
Website	5,427	5,427	2,714	13,568	4,673	4,673	2,336	11,682
Total	$ 323,620	$ 211,766	$ 184,464	$ 719,850	$ 815,758	$ 235,785	$ 85,344	$ 1,136,887

FRIENDSHIP FORCE INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Change in Net Assets	$ 119,879	$ 151,918
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	25,161	60,567
(Increase) decrease in operating assets:		
Grants receivable	20,106	37,459
Other receivable	3,202	-
Prepaid expenses	5,537	7,454
Deposits	350	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(22,575)	(37,499)
Journey refunds payable	18,817	
Deferred revenue	(86,647)	(166,872)
Unearned club affiliation fees	(13,632)	-
Refundable advances	100,227	-
Sublease liability	759	(4,431)
Net Cash Provided (Used) by Operating Activities	171,184	48,596
Cash Flows from Investing Activities:		
Purchases of property and equipment	(26,687)	(15,000)
Net Cash Provided (Used) by Investing Activities	(26,687)	(15,000)
Net Increase (Decrease) in Cash and Cash Equivalents	144,497	33,596
Cash and Cash Equivalents at Beginning of Year	546,133	512,537
Cash and Cash Equivalents at End of Year	$ 690,630	$ 546,133

See accompanying notes which are an integral part of these financial statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Friendship Force International, Inc. ("FFI") was incorporated on March 17, 1977 as a non-profit corporation under the laws of the State of Georgia. FFI is operated exclusively for educational and charitable purposes. FFI's primary mission is to promote global understanding across the barriers that separate people, using short-term exchange (“journey”) visits involving “citizen ambassadors” who travel and are hosted by Friendship Force member clubs in other countries. FFI is funded primarily by journey fees and club affiliation fees.

FFI's main function is to develop and maintain a global network of local Friendship Force clubs, each of which is an independent, volunteer-led organization that operates in accordance with the policies established by FFI’s Board of Directors. To the extent possible, each club receives an annual assignment from Friendship Force International, Inc. to operate one or more journeys with partner clubs. FFI's staff monitors and supports the efforts of the local exchange communities. In addition, FFI develops new clubs and evaluates journey performance to ensure proper control.

Each club is responsible for conducting its journey and for submitting appropriate administrative and membership fees to Friendship Force International, Inc. The accompanying financial statements do not reflect the activities of these local clubs or journey committees, since, in the opinion of management, such activities do not come under Friendship Force International, Inc.’s financial accountability.

To supplement the journeys sponsored by the Friendship Force club network, FFI develops partnerships with external organizations for the purpose of organizing goodwill journeys for special groups. In 2020 and 2019, FFI continued its relationship with The Open World Leadership Center.

Financial Statement Presentation

FFI prepares its financial statements using the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor-imposed restrictions. The Board, at its discretion, may designate a portion of the net assets without donor restrictions to be used for specific purposes.

- *Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by the actions of FFI or the passage of time. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. 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 Statement of Activities as net assets released from restrictions. If a restriction is fulfilled during the same year in which the contribution is received, FFI reports that support as an increase in net assets without donor restrictions.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, FFI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

FFI carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. FFI maintains one brokerage account but had no investment activity during the years ended December 31, 2020 and 2019. The brokerage money market account is classified as cash and cash equivalents.

Revenue Recognition

Promises to Give and Contributions

Contributions, including unconditional promises to give that are expected to be collected within one year, are recognized as support in the period received and are either classified as with or without donor restrictions. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. An allowance for uncollectible accounts is recorded by management, if necessary, for reimbursable expenses either in dispute with the funding agency or deemed uncollectible. FFI had no promises to give as of December 31, 2020, and 2019.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Annual Fund Contributions

FFI launched a Global Expansion Plan. The Global Expansion Plan involves club expansion, expanding themed journeys, and new programs. Contributions to the Annual Fund are held as net assets with donor restrictions until the Board of Directors appropriates the funds for expenditure.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grant Revenue

A portion of the Organization's revenue is derived from a cost-reimbursable federal grant, which is conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the FFI has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Grant revenue was received in 2020 and 2019 from Open World Leadership Center.

Journey Fees

Revenue is measured based on consideration specified in a contract with a customer. Revenue excludes amounts collected on behalf of third-party providers. FFI recognizes revenue when it satisfied a performance obligation by transferring control over a product or service to a customer.

Journey fee revenue is derived from payments made to FFI by club ambassadors for activities essential to meeting our mission, including the coordination and management of the journeys. FFI fees are recognized when the journey travel date occurs and FFI's obligations have been fulfilled. Payments are also received as advance deposits for travel related costs and pass-through host fees. These payments are designated for third parties and are not recognized as revenue. Rather, they are treated as pass through payments and are accounted for in liability accounts.

Club Affiliation Fees

Club affiliation fees are recognized as revenue over the term covered by the fees, which is generally the calendar year. Club affiliation fees are $15 per individual and $25 per family as of December 31, 2020.

Deferred Revenue

Deferred revenue results from FFI receiving journey fees and costs in advance of the travel dates. It also includes club affiliation fees received in advance of the period covered by the fees.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair market value at the date of the gift. Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets in excess of $500 are capitalized. Depreciation of property is computed on a straight-line basis over the estimated service lives of the assets. The following lives have been assigned to the capitalized assets:

Computer Equipment	3-5 years
Furniture and Fixtures	5 years
Network/Database/Website	3-5 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

Donations of property and equipment are recorded as support at their estimated fair market value. Such donations are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations regarding how long the long-lived assets must be maintained, FFI reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service. FFI reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel costs, depreciation, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Tax-Exempt Status

FFI is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501(c)(3), except to the extent it has unrelated business income. In addition, FFI has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the IRC. FFI did not have an unrelated business income tax liability as of June 30, 2020 and 2019. Accordingly, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the FFI's tax return and recognition of a tax liability (or asset) if FFI has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Compensated Absences

Annual leave is granted to all employees working 20 hours per week. Annual leave is earned at a rate of 14 to 28 days per year for full-time employees depending upon the years of service. That rate is prorated for part-time employees based on the number of hours worked. Liability for annual leave and related benefits are accrued as they are vested to the employees.

Reclassification of Prior Year's Financial Statements

Certain items in the prior year financial statements have been reclassified to conform to the current year's presentation. The reclassifications have no effect on previously reported changes in net assets or net assets.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In determining fair value, FFI uses various methods including market, income and cost approaches. Based on these approaches, FFI often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. FFI utilizes valuation techniques that maximize the use of observable inputs and minimize the use on unobservable inputs. SFAS 157 establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. These three general valuation techniques that may be used to measure fair value are as follows:

- **Level 1** – quoted prices (unadjusted) in active markets that are accessible at the measurement date for the assets or liabilities
- **Level 2** – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- **Level 3** – unobservable inputs are used when little or no market data is available

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842),” which replaces the existing guidance in ASC 840 - Leases. This ASU requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset and for operating leases, the lessee would recognize a straight-line total lease expense. This ASU is effective for fiscal years beginning after December 15, 2020. The requirements of this standard include a significant increase in required disclosures. Management is currently evaluating the impact of this ASU on the financial statements.

Note 2 – RECEIVABLES

Grant receivable consisted of $775 as of December 31, 2020, and $20,881 as of December 31, 2019 representing amounts due from the Federal Government Open World Leadership Center grant. Amounts were considered fully collectible and due within one year.

Note 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2020, and 2019:

	2020	2019
Property and Equipment Being Depreciated		
Computer Equipment	$ 10,929	$ 10,929
Computer Network/Website	189,340	189,340
	200,269	200,269
Accumulated Depreciation	(192,536)	(167,375)
Property and Equipment Being Depreciated - Net	7,733	32,894
Property and Equipment not Being Depreciated		
Website work in process	26,687	-
Total Property and Equipment	$ 34,420	$ 32,894
Depreciation Expense	$ 25,161	$ 60,567

Note 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are those resources currently available for use, but expendable only for purposes specified by the donor. Net assets with donor restrictions were available for the following purposes as of December 31, 2020, and 2019:

	2020	2019
Annual Fund		
Club Development and Expansion	$ 17,030	$ 30,989
Leadership Development	9,131	10,131
Other	17,681	16,681
	$ 43,842	$ 57,801

Note 5 – REFUNDABLE ADVANCE

On April 22, 2020, FFI was granted a $100,227 loan under the Paycheck Protection Program (“PPP”) administered by the Small Business Administration (“SBA”). The PPP was established by the Coronavirus Aid, Relief and Economic Security (“CARES”) Act and provides loans to qualifying businesses to keep their workers on payroll during the COVID-19 pandemic. The loan is uncollateralized and is fully guaranteed by the federal government. FFI is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan and accrued interest may be eligible for forgiveness if the funds are used for eligible payroll, benefit, and other qualified expenses during the 24 - week covered period. The loan has been accounted for as a donor advance on a conditional grant from the US Government and will be recognized as grant income when all conditions, including the approval of the application for forgiveness, are met. While formal forgiveness has not yet been received from the Small Business Administration (SBA), management expects the advance to be forgiven in full.

Note 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the FFI's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2020	2019
Total financial assets at end of the year:		
Cash and cash equivalents	$ 690,630	$ 546,133
Grants receivable	775	20,881
Other receivables	10,447	31,649
Total financial assets	701,852	598,663
Less amounts unavailable for expenditures within one year:		
Journey refunds payable	(18,817)	-
Amounts held for third-party travel expenses	(13,763)	(24,497)
Total financial assets available for general expenditure within one year	$ 669,272	$ 574,166

As part of its plan to manage liquid assets, FFI's goal is to maintain cash to fund 90 days of operations. FFI invests excess cash conservatively in money market funds to attain the highest yield possible, while still preserving capital.

FFI has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2020, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Note 7 –CONCENTRATION OF CREDIT RISK –DEPOSITS IN EXCESS OF INSURED LIMITS

FFI maintains demand deposit accounts with federally insured banks in the United States. FFI also maintains a demand account in the United Kingdom, which is not federally insured. The value of that account is subject to currency exchange fluctuations. Cash and cash equivalents reported on the statements of financial position also include funds held in a money market mutual fund in a brokerage account. That account is covered by Securities Investor Protection Corporation (SIPC), but it is not insured by the FDIC or otherwise guaranteed by the U.S. Government. FFI's cash and cash equivalents in excess of FDIC coverage was approximately $246,907 and $284,803 at December 31, 2020 and 2019, respectively. Management has considered the financial strength of the financial institutions and considers the risk of loss to be minimal.

Note 8 - RETIREMENT PLAN

Friendship Force International, Inc. offers its eligible employees a SIMPLE-IRA retirement plan. Employees may contribute the maximum allowed under the Internal Revenue Code. FFI matches employee contributions up to 3% of compensation. Employer contributions for the year ended December 31, 2020, and 2019 were $7,282, and $7,951, respectively.

Note 9 - COMMITMENTS AND CONTINGENCIES

Grant Commitments

Federal awards require the fulfillment of certain conditions as set forth in the contracts. Failure to fulfill the conditions could result in the return of funds to grantors. Although the return of funds is a possibility, the Board of Directors deems the contingency unlikely since, upon accepting the grants, FFI has agreed to comply with the provisions thereof.

Operating Leases

FFI is obligated under an operating lease for office facilities. The lease commenced on January 1, 2016 with a term of eighty-four (84) months. The lease calls for monthly rent payments ($5,384 as of December 31, 2020) with annual escalations. FFI is also responsible for its share of the landlord's operating costs. A security deposit in the amount of $5,658 was paid to the landlord and is reported on the statement of financial position as a deposit.

Sublease Liability

FFI moved out of the leased offices on June 30, 2017 and subleased the entire space to a subtenant effective July 1, 2017. The sublease agreement calls for monthly rent payments of $4,608, with annual escalations. The sublease agreement expires on December 31, 2022, the same date that FFI's original lease agreement expires. The sub-lessee has paid FFI a security deposit of $4,608.

FFI has recorded a sublease liability on its statement of financial position representing the difference between the present value of the lease payments due to the landlord under the original lease over the present value of the minimum rent payments due from the subtenant. Future minimum lease payments are as follows:

	2020		
Years ended December 31:	Rent to be Paid	Less: Rent to be Received	Sublease Liability
2021	66,231	56,117	10,114
2022	67,890	63,190	4,700
Total Rent	134,121	119,307	14,814
Discount to Present Value	(6,780)	(6,324)	(456)
Sublease Liability	$ 127,341	$ 112,983	$ 14,358

Classification on statements of financial position:	
Current portion	$ 9,657
Long-term portion	4,701
	$ 14,358

Note 9 - COMMITMENTS AND CONTINGENCIES (continued)

	2019		
Years ended December 31:	Rent to be Paid	Less: Rent to be Received	Sublease Liability
2020	64,605	59,562	5,043
2021	66,231	61,352	4,879
2022	67,890	63,190	4,700
Total Rent	198,726	184,104	14,622
Discount to Present Value	(14,694)	(13,671)	(1,023)
Sublease Liability	$ 184,032	$ 170,433	$ 13,599

Classification on statements of financial position:	
Current portion	$ 5,043
Long-term portion	8,556
	$ 13,599

Note 10 – RISKS AND UNCERTAINTIES

In December 2019, a novel strain of coronavirus disease (“COVID-19”) was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Many countries around the world have significant governmental measures being implemented to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. The extent of COVID-19’s effect on FFI’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. COVID-19 will likely continue to have a material adverse effect on the FFI’s business, results of operations, financial condition, and cash flows.

FFI operates globally coordinating global travel exchanges (Journeys). Journey fees are FFI’s most significant source of operating revenue. All 2020 Journeys from March through the end of the year were cancelled, resulting in a significant loss of revenue in 2020. Without a clear view of when this pandemic will subside enough for travel to continue, many of these Journeys have been postponed to 2021 and even 2022 with others being refunded by FFI. Depending on the duration of the pandemic, management projects that this loss of Journey fee revenue to continue into third quarter of 2021. These conditions raise substantial doubt about FFI’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should FFI be unable to continue as a going concern.

During 2020, FFI launched a global fundraising campaign to help to sustain the organization during the pandemic. FFI was able to raise a substantial amount of contribution revenue to sustain operations through 2020 and projects this funding will carry FFI through 2021.

FFI also received a second PPP loan in March 2021, which will cover a significant amount of FFI’s personnel costs for second quarter of 2021.

Note 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 21, 2021, which is the date the financial statements were available to be issued.

FFI applied for a second Paycheck Protection Program loan in February 2021 and was approved for and received $103,698 on March 2, 2021. The second PPP loan has terms similar to the first loan as described in Note 5 and is forgivable if FFI uses the loan for eligible expenses (payroll, operating expenses) during a period of up to 24 weeks.