

FRIENDSHIP FORCE INTERNATIONAL, INC.

FINANCIAL STATEMENTS
Together with
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023 AND 2022

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March 25, 2024

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Friendship Force International, Inc. as of December 31, 2023 and 2022, 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.

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 Friendship Force International, Inc. 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 Friendship Force International, Inc.'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 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 Friendship Force International, Inc.'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 Friendship Force International, Inc.'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.

Long & Company, P.C.

Long & Company, P.C.

Certified Public Accountants

FRIENDSHIP FORCE INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

Assets	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 942,453	\$ 1,018,313
Grants receivable	13,086	15,650
Prepaid expenses	22,499	13,036
Total Current Assets	978,038	1,046,999
Property & Equipment, Net	239,852	137,937
Other Assets:		
Deposits	450	5,658
Total Other Assets	450	5,658
Total Assets	\$ 1,218,340	\$ 1,190,594
Liabilities And Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 62,841	\$ 72,967
Deferred revenue	85,002	71,077
Unearned club affiliation fees	26,135	22,050
Total Liabilities	173,978	166,094
Long-Term Liabilities		
Note Payable	500,000	500,000
Total Long-Term Liabilities	500,000	500,000
Total Liabilities	673,978	666,094
Net Assets		
Without donor restrictions	521,177	499,899
With donor restrictions	23,185	24,601
Total Net Assets	544,362	524,500
Total Liabilities And Net Assets	\$ 1,218,340	\$ 1,190,594

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Journey fees	\$ 541,900	\$ -	\$ 541,900
Club affiliation fees	186,226	-	186,226
Annual Fund contributions	42,925	13,430	56,355
Government grants	139,996	-	139,996
Investment return	2,253	-	2,253
Other income	44,216	-	44,216
Net assets released from restriction:	14,846	(14,846)	-
Total Revenue, Gains and Other Support	972,362	(1,416)	970,946
Expenses and Losses			
Program Services	634,338	-	634,338
Supporting Services:			
Management and general	259,213	-	259,213
Fundraising	52,247	-	52,247
Total Supporting Services	311,460	-	311,460
Total Expenses	945,798	-	945,798
Loss on disposal of property and equipment	5,286	-	5,286
Total Expenses and Losses	951,084	-	951,084
Change In Net Assets	21,278	(1,416)	19,862
Net Assets-Beginning of Year	499,899	24,601	524,500
Net Assets-End of Year	\$ 521,177	\$ 23,185	\$ 544,362

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Journey fees	\$ 273,411	\$ -	\$ 273,411
Club affiliation fees	193,119	-	193,119
Annual Fund contributions	86,753	14,478	101,231
Government grants	246,965	-	246,965
Investment return	260	-	260
Other income	26,978	-	26,978
Net assets released from restrictions:	-	-	-
Total Revenue, Gains and Other Support	827,486	14,478	841,964
Expenses			
Program Services	588,442	-	588,442
Supporting Services:			
Management and general	293,087	-	293,087
Fundraising	53,866	-	53,866
Total Supporting Services	346,953	-	346,953
Total Expenses	935,395	-	935,395
Loss on disposal of property and equipment	-	-	-
Total Expenses and Losses	935,395	-	935,395
Change In Net Assets	(107,909)	14,478	(93,431)
Net Assets-Beginning of Year	607,808	10,123	617,931
Net Assets-End of Year	\$ 499,899	\$ 24,601	\$ 524,500

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

FRIENDSHIP FORCE INTERNATIONAL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Services	Supporting Services Management & General	Fundraising	Total	Program Services	Supporting Services Management & General	Fundraising	Total
Salaries	164,809	\$ 113,202	\$ 32,415	\$ 310,426	\$ 139,211	\$ 115,707	\$ 30,791	\$ 285,709
Fringe benefits	47,410	32,563	9,324	89,297	49,876	41,456	11,032	102,364
Bad debt expense	-	-	-	-	-	38,464	-	38,464
Bank and credit card fees	-	32,990	-	32,990	-	13,215	-	13,215
Depreciation	58,810	-	-	58,810	21,395	-	-	21,395
Grants to local clubs	64,643	-	-	64,643	132,775	-	-	132,775
Insurance	8,955	796	199	9,950	6,593	586	147	7,326
Interest	-	12,416	-	12,416	-	15,684	-	15,684
Miscellaneous general expenses	10,397	7,307	2,045	19,749	735	4,159	163	5,057
Rent	8,210	6,675	1,614	16,499	7,370	6,126	1,630	15,126
Printing, publications, & postage	736	7,483	369	8,588	500	5,220	250	5,970
Professional services	-	24,282	-	24,282	-	26,122	-	26,122
Professional services-external staff	225,286	-	-	225,286	190,718	-	-	190,718
Program development	13,628	-	-	13,628	227	-	-	227
Public relations	10,262	1,207	604	12,073	11,729	1,380	690	13,799
Supplies	2,112	2,112	1,056	5,280	1,547	1,546	773	3,866
Telephone	3,441	3,442	1,721	8,604	3,835	3,835	1,917	9,587
Travel	9,838	8,938	-	18,776	8,985	6,641	-	15,626
Website	5,801	5,800	2,900	14,501	12,946	12,946	6,473	32,365
Total	\$ 634,338	\$ 259,213	\$ 52,247	\$ 945,798	\$ 588,442	\$ 293,087	\$ 53,866	\$ 935,395

See Accompanying Notes which are an Integral Part of These Financial Statements

FRIENDSHIP FORCE INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 19,862	\$ (93,431)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	58,810	21,395
Loss on disposal of property and equipment	5,286	-
(Increase) decrease in operating assets:		
Grants receivable	2,564	(12,311)
Other receivable	-	10,990
Prepaid expenses	(9,463)	6,136
Deposits	5,208	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(10,126)	52,087
Deferred revenue	13,925	60,448
Unearned club affiliation fees	4,085	(6,049)
Sublease liability	-	(14,428)
Net Cash Provided (Used) by Operating Activities	<u>90,151</u>	<u>24,837</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(166,011)</u>	<u>(56,852)</u>
Net Cash Provided (Used) by Investing Activities	<u>(166,011)</u>	<u>(56,852)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(75,860)	(32,015)
Cash and Cash Equivalents at Beginning of Year	<u>1,018,313</u>	<u>1,050,328</u>
Cash and Cash Equivalents at End of Year	<u>\$ 942,453</u>	<u>\$ 1,018,313</u>

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

FRIENDSHIP FORCE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 the United States and in other countries. FFI is funded primarily by journey fees, club affiliation fees, and grants and contributions.

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 FFI. 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 FFI'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 2023 and 2022, 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.

FRIENDSHIP FORCE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022. 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, 2023, and 2022.

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.

FRIENDSHIP FORCE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 2023 and 2022 from Open World Leadership Center, and a subgrant from American Councils for International Education.

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 satisfies 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 the calendar year. Club affiliation fees are \$25 per individual as of December 31, 2023.

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

FRIENDSHIP FORCE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 December 31, 2023 and 2022. 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 December 31, 2023 and 2022, 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.

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.

FRIENDSHIP FORCE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

FFI adopted Accounting Standards Update (“ASU”) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets effective January 1, 2023. Under this new guidance, contributed nonfinancial assets must be separately presented on the statement of activities apart from contributions of cash. Additionally, other qualitative disclosures are required regarding the monetization and utilization of contributed non-financial assets. No contributed nonfinancial assets were received in 2023.

Note 2 – RECEIVABLES

Grant receivable was \$13,086 as of December 31, 2023, and \$15,650 as of December 31, 2022 representing amounts due from the Federal Government Open World Leadership Center grant. Amounts were considered fully collectible and due within one year.

FRIENDSHIP FORCE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2023, and 2022:

	2023	2022
Computer Equipment	\$ 16,010	\$ 13,145
Computer Network/Website	318,281	163,784
	334,291	176,929
Accumulated Depreciation	(94,439)	(38,992)
Property and Equipment - Net	\$ 239,852	\$ 137,937
Depreciation Expense	\$ 58,810	\$ 21,395

Note 4 – NOTE PAYABLE

On October 26, 2021, FFI executed the standard loan documents required for securing a loan (the “EIDL Loan”) from the United States Small Business Administration (the “SBA”) under its Economic Injury Disaster Loan assistance program in light of the impact of the COVID-19 pandemic on the FFI’s operations. The principal amount of the EIDL Loan is \$500,000, with proceeds to be used for working capital purposes. Interest on the EIDL Loan accrues at the rate of 2.75% per annum and installment payments, including principal and interest, are due monthly beginning thirty (30) months from the date of the EIDL Loan in the amount of \$2,244. The balance of principal and interest is payable thirty years from the date of the promissory note. Payments will first be applied to accrued interest and to principal after all accrued interest has been paid. Accrued interest as of December 31, 2023 and 2022 was \$30,401 and \$17,984, respectively. The EIDL Loan is secured by all assets of the Organization.

Future maturities of the EIDL Lone are as follows:

Years Ended December 31	Interest	Principal	Total
2024	17,952	-	17,952
2025	26,928	-	26,928
2026	26,161	767	26,928
2027	13,561	13,367	26,928
2028 and thereafter	185,624	485,866	671,490
	\$ 270,226	\$ 500,000	\$ 770,226

FRIENDSHIP FORCE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 5 – 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, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
Annual Fund		
Club Development and Expansion	\$ 6,303	\$ 13,283
Leadership Development	9,055	9,131
Other	<u>7,827</u>	<u>2,187</u>
Total net assets with donor restrictions	<u>\$ 23,185</u>	<u>\$ 24,601</u>

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.

	<u>2023</u>	<u>2022</u>
Total financial assets at end of the year:		
Cash and cash equivalents	\$ 942,453	\$ 1,018,313
Grants receivable	13,086	15,650
Other receivables	<u>-</u>	<u>-</u>
Total financial assets	955,539	1,033,963
Less amounts unavailable for expenditure within one year:		
Amounts held for third-party travel expenses	<u>(43,920)</u>	<u>(39,185)</u>
Total financial assets available for general expenditure within one year	<u>\$ 911,619</u>	<u>\$ 994,778</u>

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, 2023, 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.

FRIENDSHIP FORCE INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 \$621,502 and \$505,681 as of December 31, 2023 and 2022, 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, 2023, and 2022 were \$6,707, and \$5,559, 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 entered into a lease agreement for office space. The lease commenced February 15, 2023 for a term of twelve months, expiring February 14, 2024. The lease payment is \$800 per month. Future minimum lease payments as of December 31, 2023 totaled \$1,600 for the year ended December 31, 2024

Note 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2024, which is the date the financial statements were available to be issued.