

Friends in Action International
Middletown, Pennsylvania

Financial Statements

Years Ended December 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Friends in Action International
Middletown, Pennsylvania**

Opinion

We have audited the accompanying financial statements of Friends in Action International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 Friends in Action International as of December 31, 2024 and 2023, 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 audits 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 Friends in Action International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Friends in Action International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 Friends in Action 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 Friends in Action 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.

Walz Group

**Lancaster, Pennsylvania
July 24, 2025**

Friends in Action International

Statements of Financial Position

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 910,235	\$ 1,423,113
Accounts Receivable	10,243	3,844
Promises Receivable	100,000	---
Note Receivable - Individual	20,000	20,000
TOTAL CURRENT ASSETS	<u>1,040,478</u>	<u>1,446,957</u>
PROPERTY AND EQUIPMENT		
Land	355,222	355,222
Buildings and Improvements	2,641,425	2,591,840
Vehicles	39,917	18,917
Equipment	1,553,475	1,540,131
Construction in Progress	---	6,497
TOTAL PROPERTY AND EQUIPMENT	<u>4,590,039</u>	<u>4,512,607</u>
Less: Accumulated Depreciation	<u>1,686,329</u>	<u>1,700,510</u>
NET PROPERTY AND EQUIPMENT	<u>2,903,710</u>	<u>2,812,097</u>
OTHER ASSETS		
Right of Use Operating Lease	93,918	95,626
Note Receivable - Individual	40,000	60,000
Investments with Readily Determinable Fair Values	24,300	---
TOTAL OTHER ASSETS	<u>158,218</u>	<u>155,626</u>
TOTAL ASSETS	<u>\$ 4,102,406</u>	<u>\$ 4,414,680</u>



See independent auditors' report and notes to the financial statements.

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 37,594	\$ 22,906
Accrued Wages and Accrued and Withheld Payroll Taxes	41,890	55,112
Security Deposit Held	7,684	7,684
Customer Deposits	---	20,000
Current Portion of Long-Term Debt	50,639	89,473
TOTAL CURRENT LIABILITIES	137,807	195,175
 LONG-TERM DEBT	 263,864	 441,274
TOTAL LIABILITIES	401,671	636,449
 NET ASSETS		
Without Donor Restrictions	2,819,897	2,777,906
With Donor Restrictions	880,838	1,000,325
TOTAL NET ASSETS	3,700,735	3,778,231
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,102,406	 \$ 4,414,680



Friends in Action International

Statements of Activities

For the Years Ended December 31, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE AND SUPPORT			
Contributions	\$ 423,989	\$ 1,484,423	\$ 1,908,412
Contributed Nonfinancial Assets	23,112	24,300	47,412
Fundraising	22,700	---	22,700
Net Rental Income	76,071	---	76,071
Loss on Abandonment of Buildings and Equipment	(10,000)	---	(10,000)
Interest Income	40,180	233	40,413
Net Assets Released from Restrictions	1,628,443	(1,628,443)	---
TOTAL REVENUE AND SUPPORT	2,204,495	(119,487)	2,085,008
FUNCTIONAL EXPENSES			
Program Services	1,836,490	---	1,836,490
Management and General	149,821	---	149,821
Fundraising	176,193	---	176,193
TOTAL FUNCTIONAL EXPENSES	2,162,504	---	2,162,504
CHANGE IN NET ASSETS	41,991	(119,487)	(77,496)
NET ASSETS - BEGINNING	2,777,906	1,000,325	3,778,231
NET ASSETS - ENDING	\$ 2,819,897	\$ 880,838	\$ 3,700,735

See independent auditors' report and notes to the financial statements.



Friends in Action International

Statements of Activities

For the Years Ended December 31, 2024 and 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE AND SUPPORT			
Contributions	\$ 520,652	\$ 1,455,674	\$ 1,976,326
Contributed Nonfinancial Assets	49,192	---	49,192
Fundraising	22,851	---	22,851
Net Rental Income	64,624	---	64,624
Loss on Abandonment of Buildings and Equipment	(33,332)	---	(33,332)
Interest Income	42,778	---	42,778
Net Assets Released from Restrictions	1,330,350	(1,330,350)	---
TOTAL REVENUE AND SUPPORT	1,997,115	125,324	2,122,439
FUNCTIONAL EXPENSES			
Program Services	1,329,717	---	1,329,717
Management and General	133,462	---	133,462
Fundraising	144,133	---	144,133
TOTAL FUNCTIONAL EXPENSES	1,607,312	---	1,607,312
CHANGE IN NET ASSETS	389,803	125,324	515,127
NET ASSETS - BEGINNING	2,388,103	875,001	3,263,104
NET ASSETS - ENDING	\$ 2,777,906	\$ 1,000,325	\$ 3,778,231



Friends in Action International

Statements of Functional Expenses

For the Years Ended December 31, 2024 and 2023

	2024			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries, Wages, and Related Items	\$ 538,503	\$ 87,892	\$ 102,395	\$ 728,790
Forward Funds	509,737	---	---	509,737
Construction Materials	50,870	---	---	50,870
Supplies	104,816	1,391	1,620	107,827
Travel	180,395	3,893	4,535	188,823
Vehicle Expense	3,541	540	629	4,710
Repairs and Maintenance	114,255	2,644	3,080	119,979
Depreciation	99,914	5,038	5,870	110,822
Lease Expense	1,708	---	---	1,708
Property Taxes	8,118	1,325	1,544	10,987
Utilities	12,101	1,558	1,815	15,474
Insurance	8,183	1,336	1,556	11,075
Office Supplies and Expense	13,286	2,167	2,526	17,979
Postage and Shipping	147,131	218	287	147,636
Interest Expense	6,279	1,025	1,194	8,498
Advertising	18,309	2,988	23,966	45,263
Dues and Training	10,237	1,671	1,946	13,854
Bank Charges	9,107	1,205	1,404	11,716
Professional Fees	---	26,423	---	26,423
Taxes	---	8,507	---	8,507
Donor Development	---	---	21,826	21,826
Total	<u>\$ 1,836,490</u>	<u>\$ 149,821</u>	<u>\$ 176,193</u>	<u>\$ 2,162,504</u>

See independent auditors' report and notes to the financial statements.



Friends in Action International

Statements of Functional Expenses

For the Years Ended December 31, 2024 and 2023

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries, Wages, and Related Items	\$ 472,371	\$ 71,590	\$ 72,632	\$ 616,593
Forward Funds	283,450	---	---	283,450
Construction Materials	11,046	---	---	11,046
Supplies	59,372	2,277	2,310	63,959
Travel	174,407	5,978	2,079	182,464
Vehicle Expense	2,555	344	349	3,248
Repairs and Maintenance	30,556	2,623	2,661	35,840
Depreciation	82,135	5,456	5,536	93,127
Lease Expense	1,708	---	---	1,708
Property Taxes	7,789	1,380	1,401	10,570
Utilities	14,589	2,152	2,183	18,924
Insurance	8,954	518	642	10,114
Office Supplies and Expense	24,019	4,244	4,306	32,569
Postage and Shipping	124,701	348	376	125,425
Interest Expense	9,456	1,676	1,700	12,832
Advertising	10,007	1,773	16,504	28,284
Dues and Training	2,262	401	407	3,070
Bank Charges	6,662	972	986	8,620
Professional Fees	3,678	24,501	634	28,813
Taxes	---	7,229	---	7,229
Donor Development	---	---	29,427	29,427
Total	\$ 1,329,717	\$ 133,462	\$ 144,133	\$ 1,607,312



Friends in Action International

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (77,496)	\$ 515,127
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	142,330	124,635
Loss on Abandonment of Buildings and Equipment	10,000	33,332
Amortization of Loan Origination Fees	909	909
Noncash Donations of Equipment and Vehicles	(21,000)	(48,226)
Noncash Donation of Precious Metals	(24,300)	---
Operating Lease Expense Related to Right of Use Asset	1,708	1,708
Change in Assets and Liabilities:		
Accounts Receivable	(6,399)	157,290
Promises Receivable	(100,000)	---
Prepaid Expenses	---	1,000
Accounts Payable	14,688	(9,864)
Shipping Deposit	---	20,000
Other Current Liabilities	(33,222)	2,262
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(92,782)</u>	<u>798,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(222,943)	(270,600)
Construction in Progress	---	(6,497)
NET CASH USED BY INVESTING ACTIVITIES	<u>(222,943)</u>	<u>(277,097)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(217,153)	(309,486)
Cash Receipt on Note Receivable - Individual	20,000	20,000
NET CASH USED BY FINANCING ACTIVITIES	<u>(197,153)</u>	<u>(289,486)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(512,878)	231,590
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,423,113</u>	<u>1,191,523</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 910,235</u></u>	<u><u>\$ 1,423,113</u></u>

See independent auditors' report and notes to the financial statements.



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Friends in Action International (the Organization) is a not-for-profit organization whose purpose is to accelerate the work of proclaiming the Gospel to people groups around the world that have not had the opportunity to hear the Good News of Jesus Christ. This is accomplished primarily through missions work in areas of limited infrastructure by using construction projects to spread the Gospel to those who have never heard.

In 2024 and 2023, the Organization's focus was in eight remote areas of West Africa, Bolivia, Moldova, Mexico, Nicaragua, Papua New Guinea, Peru, and Vanuatu. The Organization's volunteers have built medical clinics, bridges, schools, homes, and airstrips in remote locations, and drilled wells and infrastructure supporting clean water to drink. The Organization ships containers of supplies and provides equipment like vehicles and generators to project sites. The Organization also provides vocational training for mechanics, welding, woodworking, construction, and other skills that will help support local families as well as ongoing project needs.

Accounting Method

The financial statements are prepared on the accrual basis of accounting. Donations are recorded and recognized when pledged. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Revenue Recognition

Revenues from fundraising activities are recognized when control of the goods and services are transferred to the Organization's customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the goods and services. The Organization does not have any financing components from this revenue stream as payment is received prior to or shortly after the transfer of control. There is no variable consideration or multiple performance obligations related to this revenue stream. This revenue is recognized at a point in time.

The Organization records revenue from office space leased to an unrelated party in alignment with the lease agreement and in accordance with Leases (Topic 842).

Accounts Receivable

The Organization carries accounts receivable at the outstanding principal balance reduced by any charge-offs and any allowance for credit losses. The Organization periodically reviews the receivables and charges off balances that are deemed uncollectible. The allowance is calculated based on management's evaluation of outstanding receivables at the end of the year. Management has determined that an allowance for credit losses is not necessary for the years ended December 31, 2024 and 2023.

Promises Receivable

The Organization carries promises receivable at the outstanding principal balance reduced by any charge-offs and any allowance for credit losses. The Organization periodically reviews the receivables and charges off balances that are deemed uncollectible. The allowance for doubtful promises is calculated based on management's evaluation of outstanding promises receivable at the end of the year. Management has determined that an allowance for doubtful promises is not necessary for the years ended December 31, 2024 and 2023. All promises are expected to be collected within one year.



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments with Readily Determinable Fair Values

Investments in precious metals with readily determinable fair values are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in other income on the statements of activities.

Property and Equipment

The Organization’s policy is to capitalize property and equipment with a cost over \$500. Expenditures for major improvements that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs, or for property and equipment with a cost under \$500, are charged to expense as incurred.

Property and equipment are carried at cost, except for donated equipment, which is recorded at fair value on the date of donation. Equipment and vehicles purchased and donated to missions, with all rights and title of ownership, is shown as an expense in the year of purchase and transfer. Equipment and vehicles whose title is retained, but are used in overseas projects, are reflected as fixed assets, and depreciated over their useful lives. Depreciation of property and equipment is determined using the straight-line method at rates based on the following estimated useful lives:

<i>Buildings and Improvements</i>	<i>15 - 45 years</i>
<i>Vehicles</i>	<i>5 years</i>
<i>Equipment</i>	<i>5 - 20 years</i>

Depreciation expense charged to operations amounted to \$142,330 and \$124,635 for the years ended December 31, 2024 and 2023, respectively.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a donor 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.

The Organization allocates 10% of contributions made with donor restrictions to administrative costs (contributions without donor restrictions), which is noted on all solicitation requests.

Net Assets

Net assets are recorded according to the existence of donor restrictions and are classified and reported as follows:

- Net Assets without donor restrictions - net assets that are not subject to donor-imposed stipulations.
- Net Assets with donor restrictions - net assets that are subject to donor-imposed stipulations that may or will be met, whether by the Organization’s actions or the passage of time.

Donated Assets and Services

Non-cash donations of property, equipment, and materials are recorded as contributions at their estimated fair values at the date of donation and are not generally sold upon receipt. Vehicles and equipment are valued based on comparable sales and are used in program construction activities. Precious metals are valued based on the spot market value of gold. Donations are recorded as contributions without donor restrictions unless the donor has restricted the donated assets to a specific purpose. In 2024, the donation of precious metals was restricted 50% to Vanuatu, 25% to Nicaragua, and 25% to debt reduction.



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets and Services (Continued)

The Organization recorded donations in-kind as follows for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<i>Vehicles and Equipment (Capitalized)</i>	\$ 21,000	\$ 48,226
<i>Precious Metals - Gold Coins</i>	24,300	---
<i>Other Miscellaneous Items (Expensed)</i>	<u>2,112</u>	<u>966</u>
Total Donations In-Kind	\$ <u>47,412</u>	\$ <u>49,192</u>

The Organization receives a significant amount of donated services from unpaid volunteers. However, no amounts were recognized in these financial statements because the services do not meet the criteria for recognition.

Loan Origination Fee

The Organization has incurred loan origination fees totaling \$13,644 as of December 31, 2024 and 2023, respectively. The loan fee of \$13,644 is being amortized over a period of 15 years. The amortization of the loan origination fee was \$909 during each of the years ended December 31, 2024 and 2023 and is included in interest expense.

Income Taxes

The Organization is a non-profit corporation exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and as such, is subject to income taxes only to the extent of unrelated business income.

Advertising

Advertising costs are charged to operations in the year they are incurred and totaled \$45,263 and \$28,284 for the years ended December 31, 2024 and 2023, respectively.

Cash Flow Information

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Cash paid for interest totaled \$16,086 and \$24,754 for the years ended December 31, 2024 and 2023, respectively. Cash paid for taxes on unrelated business income totaled \$8,507 and \$7,229 for the years ended December 31, 2024 and 2023, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ESTIMATES

Functional Expenses

The financial statements report certain categories of expenses that are attributable to operating and rental activities or supporting functions of the Organization. These expenses include bank charges, depreciation, insurance, interest, occupancy, postage and shipping, professional fees, property taxes, repairs and maintenance, staff support, supplies, travel, and vehicle expense. Depreciation and interest are allocated based on square footage and estimates of staff usage based on time. Costs of other categories were allocated by estimates of staff time and compensation earned.

NOTE C - SUMMARY OF SIGNIFICANT RISKS AND UNCERTAINTIES

Concentrations of Credit Risk

The Organization may maintain certain bank accounts in excess of the FDIC insured limited at various times throughout the year. For the year ended December 31, 2024, the Organization's uninsured cash and cash equivalents balance was \$518,026.

Overseas Property and Equipment

The Organization maintains a significant portion of their property and equipment overseas (See Note E for additional information). The net book value of such assets was \$629,585 and \$504,551 as of December 31, 2024 and 2023, respectively. Due to the increased potential for instability in these overseas locations as a result of social, economic, or political unrest, there is an enhanced risk of loss related to these assets.

Concentration of Contributors

Approximately 15% of the Organization's cash contributions were provided by one donor for the year ended December 31, 2023. For year ended December 31, 2024, no individual contributor accounted for more than 10% of total contributions. Management does not believe the current year's donor base presents a concentration risk. Approximately 99% of the Organization's receivables, including pledges receivable, were from three different donors as of December 31, 2024. Approximately 97% of the Organization's receivables, including pledges receivable, were from two donors as of December 31, 2023.

NOTE D - ACCOUNTS RECEIVABLE

Beginning and end of the year receivables consisted of the following as of December 31, 2024, 2023, and 2022:

	December 31, <u>2024</u>	December 31, <u>2023</u>	December 31, <u>2022</u>
<i>Shipping Ministry</i>	\$ 11,912	\$ 9,090	\$ (521)
<i>General</i>	(1,669)	(5,246)	11,655
Total Accounts Receivable	\$ <u>10,243</u>	\$ <u>3,844</u>	\$ <u>11,134</u>



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Property and Equipment Located in the United States:		
<i>Land</i>	\$ 319,965	\$ 319,965
<i>Buildings and Improvements</i>	2,420,457	2,370,872
<i>Vehicles</i>	39,917	18,917
<i>Equipment</i>	96,521	114,698
<i>Construction in Progress</i>	---	6,497
Total United States Property and Equipment	<u>\$ 2,876,860</u>	<u>\$ 2,830,949</u>
Property and Equipment Located Overseas:		
<i>Land</i>	\$ 35,257	\$ 35,257
<i>Improvements</i>	220,968	220,968
<i>Equipment</i>	<u>1,456,954</u>	<u>1,425,433</u>
Total Overseas Property and Equipment	<u>1,713,179</u>	<u>1,681,658</u>
Total Property and Equipment	4,590,039	4,512,607
<i>Less: Accumulated Depreciation</i>	<u>1,686,329</u>	<u>1,700,510</u>
Net Property and Equipment	<u>\$ 2,903,710</u>	<u>\$ 2,812,097</u>

NOTE F - RIGHT OF USE ASSET - OPERATING

Several years ago, the Organization prepaid lease expense for the lease of land in Santo, Vanuatu. The amount previously paid is being amortized straight-line over its life of 65 years, and the related lease expense was \$1,708 for both of the years ended December 31, 2024 and 2023. On January 1, 2022, the Organization recorded a right-of-use asset and a right-of-use operating liability of \$99,042 for the operating lease. The \$99,042 prepaid expense was then applied to the right-of-use lease liability reducing the balance to \$-0- for the year ended December 31, 2022.

NOTE G - INVESTMENTS AND FAIR VALUE

FASB ASC Topic 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1 - defined as observable inputs such as quoted prices in active markets for identical assets;

Level 2 - defined as inputs other than quoted prices for similar assets in active markets that are either directly or indirectly observable; and

Level 3 - defined as unobservable inputs in which little or no market data exists; therefore, requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE G - INVESTMENTS AND FAIR VALUE (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Precious Metals: Valued at the closing price of similar assets trading on an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In 2024, the Organization received a donation of gold coins, with donor restrictions. The Organization's fair value and costs of the precious metals as of December 31, 2024 were \$24,300 and \$24,300, respectively. The precious metals are a level 2 investment.

NOTE H - LONG-TERM DEBT

The Organization has a mortgage outstanding to a bank related to administrative and warehouse facilities constructed in Middletown, Pennsylvania. The original note principal balance was in the amount of \$1,230,000. The loan is secured by the property and any lease rental revenue. The loan requires monthly payments of principal and interest totaling \$9,103. The loan matures in May 2035. Interest is charged at a rate of 3.95% for the first five years of the loan, after which the interest rate will be variable based on the bank's prime rate. This loan is also secured by the property and any lease rental revenue. Beginning in July 2025, the loan terms were adjusted and now require monthly payments of principal and interest totaling \$2,235. It is management's intention to pay off the loan early.

The cost and net book value of the property securing the loan were \$2,279,656 and \$1,772,559, respectively, as of December 31, 2024 and \$2,279,656 and \$1,831,639, respectively, as of December 31, 2023, and are included under the caption of Buildings and Improvements on the Statements of Financial Position.

Following is a summary of the outstanding balances as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<i>Building Loan</i>	\$ 323,972	\$ 541,125
<i>Less: Loan Origination Fees, Net</i>	<u>9,469</u>	<u>10,378</u>
Total Long-Term Debt	314,503	530,747
<i>Less: Current Portion Long-Term Debt</i>	<u>50,639</u>	<u>89,473</u>
Long-Term Debt	<u>\$ 263,864</u>	<u>\$ 441,274</u>

The following table summarizes the maturity of long-term debt as of December 31, 2024:

<u>Years Ending</u> <u>December 31,</u>	<u>Amount</u>
2025	\$ 50,639
2026	6,250
2027	6,742
2028	7,273
2029	7,845
Thereafter	<u>245,223</u>
	<u>\$ 323,972</u>



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE I - NET ASSETS

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

Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations at December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
<i>Undesignated</i>	\$ 210,859	\$ 482,618
<i>Board Designated for Contingency Fund</i>	29,300	24,300
<i>Represented by Net Property and Equipment Less Related Long-Term Debt</i>	<u>2,579,738</u>	<u>2,270,972</u>
Total Net Assets Without Donor Restrictions	\$ <u>2,819,897</u>	\$ <u>2,777,890</u>

With Donor Restrictions

At December 31, 2024 and 2023, net assets with donor restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
<i>Staff Support</i>	\$ 271,105	\$ 320,193
<i>Medical Kits</i>	4,341	3,261
<i>Short-Term Missions</i>	10,182	8,958
<i>Bolivia</i>	41,503	43,385
<i>Moldova</i>	---	1,872
<i>Nicaragua</i>	44,502	68,972
<i>Papua New Guinea</i>	1,030	11,556
<i>Vanuatu</i>	264,345	375,520
<i>Debt Reduction</i>	78,575	---
<i>USA Headquarters</i>	90	---
<i>West Africa Well Drilling</i>	159,932	165,608
<i>Endowment</i>	<u>5,233</u>	<u>1,016</u>
Total Net Assets With Donor Restrictions	\$ <u>880,838</u>	\$ <u>1,000,341</u>

For the years ended December 31, 2024 and 2023, net assets were released from net assets with donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>2024</u>	<u>2023</u>
<i>Staff Support</i>	\$ 756,104	\$ 669,430
<i>Medical Kits</i>	120	11
<i>U.S.A Headquarters Projects</i>	10	161
<i>Short-Term Missions and Travel</i>	29,554	15,196
<i>Bolivia</i>	58,993	36,372
<i>Moldavia</i>	1,897	44,243
<i>Nicaragua</i>	110,141	97,493
<i>Papua New Guinea</i>	111,625	115,604
<i>Peru</i>	10,084	---
<i>Vanuatu</i>	312,012	282,965
<i>International Team Travel</i>	14,938	---
<i>West Africa Well Drilling</i>	<u>222,965</u>	<u>68,875</u>
Total Net Assets Released from Donor Restrictions	\$ <u>1,628,443</u>	\$ <u>1,330,350</u>



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE J - OPERATING LEASE

In November 2019, the Organization began leasing 50% of its Middletown office and warehouse facility to a new third party for \$7,684 per month under a long-term lease agreement with an initial term which expired in October 2023. The lease term automatically extended for an additional four years as neither party provided notice at least 90 days prior to the lease term of their intent to cancel the lease agreement. The new monthly rate is \$8,222. The tenant is also responsible for common area maintenance charges totaling \$2,261 per month. The lessee also paid a security deposit in the amount of \$7,684. Under the terms of the lease, the tenant has the right to elect early termination at any time upon 90-days written notice.

Net rental income for the years ended December 31, 2024 and 2023 is comprised of the following:

	<u>2024</u>	<u>2023</u>
<i>Rental Income</i>	\$ 128,313	\$ 120,584
<i>Less:</i>		
<i>Property Taxes and Insurance</i>	12,236	11,620
<i>Depreciation</i>	31,508	31,508
<i>Interest Expense</i>	<u>8,498</u>	<u>12,832</u>
Net Rental Income	<u>\$ 76,071</u>	<u>\$ 64,624</u>

The following table summarizes future gross rental income as of December 31, 2024, assuming the tenant does not provide notice of termination prior to November 2027:

<u>Years Ending</u> <u>December 31,</u>	<u>Amount</u>
2025.....	\$ 125,796
2026.....	125,796
2027.....	<u>104,830</u>
	<u>\$ 356,422</u>

NOTE K - RELATED PARTY TRANSACTIONS

The Organization is related to Friends in Action International - Canada (FIAIC) and Friends in Action - UK (FIAUK), which are separate legal entities chartered under the rules of Canada and the United Kingdom, respectively. The Organizations provide financial support to each other for various mission projects run separately by each entity.

During the years ended December 31, 2024 and 2023, the Organization provided \$43,680 and \$26,303, respectively, in support to various missions projects administered by FIAIC. The Organization did not provide any support to FIAUK during either of the years ended December 31, 2023.

During the year ended December 31, 2024, the Organization received support totaling \$150,521 and \$5,896 from FIAIC and FIAUK, respectively. Additionally, during the year ended December 31, 2023, the Organization received support totaling \$154,193 and \$2,732 from FIAIC and FIAUK, respectively.

NOTE L - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is primarily funded by contributions from donors throughout the fiscal year. Contributions may contain donor restrictions. Those restrictions require that resources be used in a certain manner or in a future period. The Organization must maintain adequate resources to meet those responsibilities to its donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.



Friends in Action International

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

NOTE L - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The chart below reflects the Organization's financial assets as of the year ended December 31, 2024, respectively, reduced by amounts that are not available for general use due to donor-imposed restrictions or board designations within one year of the Statement of Financial Position date.

	<u>2024</u>
<i>Financial assets, at year-end *</i>	\$ 1,104,778
<i>Less those unavailable for general expenditures within one year, due to donor-imposed restrictions:</i>	
<i>Restricted by donor with time or purpose restrictions</i>	(880,838)
<i>Board designations:</i>	
<i>Amounts set aside for contingency fund</i>	(29,300)
<i>Note Receivable - Individual</i>	<u>(40,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>154,640</u>

* Total assets, less nonfinancial assets (e.g., prepaid expenses, property, and equipment, and right of use operating lease).

NOTE M - ACCOUNTING FOR UNCERTAIN TAX POSITIONS

Management has determined that the Organization does not have any unrecognized tax benefits as of December 31, 2024 and 2023.

Federal and state tax returns are generally open and subject to the respective tax authority's examination for the current period and the previous three years.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 24, 2025, the date the financial statements were issued. There were no material subsequent events that require recognition or additional disclosure in these financial statements except as set forth below.

In May 2025, at the conclusion of the fixed rate period, the bank recalculated monthly payment terms of the existing installment note as described in Note H. The schedule of long-term debt maturities has been updated to reflect the new monthly payment amounts.

