FINANCIAL STATEMENTS

FRIENDSHIP BRIDGE

Empower Women. Eliminate Poverty.

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

THE FRIENDSHIP BRIDGE

CONTENTS

		PAGE NO.
INDEPENDENT AUDITOR'S REPORT		2 - 3
EXHIBIT A -	Statements of Financial Position, as of December 31, 2024 and 2023	4 - 5
EXHIBIT B -	Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2024	6
EXHIBIT C -	Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2023	7
EXHIBIT D -	Statement of Functional Expenses, for the Year Ended December 31, 2024	8
EXHIBIT E -	Statement of Functional Expenses, for the Year Ended December 31, 2023	9
EXHIBIT F -	Statements of Cash Flows, for the Years Ended December 31, 2024 and 2023	10 - 11
NOTES TO FINANCIAL STATEMENTS		12 - 27

CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Friendship Bridge
Lakewood, Colorado

Opinion

We have audited the accompanying financial statements of The Friendship Bridge, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, 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 The Friendship Bridge 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 The Friendship Bridge 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 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 The Friendship Bridge's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Friendship Bridge'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 The Friendship Bridge'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.



May 9, 2025

THE FRIENDSHIP BRIDGE

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents:		
Cash held in the United States	$ 193,640	$ 186,134
Cash held in Guatemala	273,489	414,946
Total cash and cash equivalents	467,129	601,080
Investments	1,958,688	2,769,464
Loans receivable, net	16,125,623	13,923,768
Loan interest receivable, net	459,049	331,570
Grants receivable	5,000	1,088,411
Prepaid expenses and other assets	244,271	201,928
Total current assets	19,259,760	18,916,221
PROPERTY AND EQUIPMENT		
Furniture and equipment	191,990	164,970
Computers and related equipment	681,833	608,359
Vehicles	183,989	149,960
Leasehold improvements	178,002	161,555
	1,235,814	1,084,844
Less: Accumulated depreciation and amortization	(802,800)	(663,837)
Net property and equipment	433,014	421,007
NONCURRENT ASSETS		
Loans receivable, net	690,255	262,812
Security deposits	20,790	23,873
Right-of-use assets, net	293,077	285,743
Total noncurrent assets	1,004,122	572,428
TOTAL ASSETS	**$ 20,696,896**	**$ 19,909,656**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,426,668	$ 1,533,988
Accrued salaries and related benefits	413,548	382,909
Line of credit	71,909	-
Deferred revenue	6,419	7,760
Loans payable	4,211,022	2,357,547
Operating lease liabilities	142,507	114,016
Total current liabilities	6,272,073	4,396,220
NONCURRENT LIABILITIES		
Loans payable, net	7,300,000	8,189,870
Operating lease liabilities, net	159,921	180,741
Total noncurrent liabilities	7,459,921	8,370,611
Total liabilities	13,731,994	12,766,831
NET ASSETS		
Without donor restrictions	5,737,546	5,520,845
With donor restrictions	1,227,356	1,621,980
Total net assets	6,964,902	7,142,825
TOTAL LIABILITIES AND NET ASSETS	**$ 20,696,896**	**$ 19,909,656**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Loan interest and fees	$ 8,104,111	$ -	$ 8,104,111
Grants and contributions	1,296,394	300,000	1,596,394
Net investment return	199,137	18,192	217,329
Sales and other income	154,027	-	154,027
Events	27,240	-	27,240
Net assets released from donor restrictions - satisfaction of donor restrictions	712,816	(712,816)	-
Total support and revenue	10,493,725	(394,624)	10,099,101
EXPENSES			
Program Services:			
Financial Products	5,880,673	-	5,880,673
Plus Services	3,720,561	-	3,720,561
Total program services	9,601,234	-	9,601,234
Supporting Services:			
General and Administrative	625,307	-	625,307
Fundraising	229,211	-	229,211
Total supporting services	854,518	-	854,518
Total expenses	10,455,752	-	10,455,752
Changes in net assets before other items	37,973	(394,624)	(356,651)
OTHER ITEMS			
Net currency gain on loan portfolio	164,561	-	164,561
Other net currency gains	14,167	-	14,167
Total other items	178,728	-	178,728
Changes in net assets	216,701	(394,624)	(177,923)
Net assets at beginning of year	5,520,845	1,621,980	7,142,825
NET ASSETS AT END OF YEAR	**$ 5,737,546**	**$ 1,227,356**	**$ 6,964,902**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Loan interest and fees	$ 6,849,665	$ -	$ 6,849,665
Grants and contributions	1,193,940	1,133,185	2,327,125
Net investment return	150,628	25,519	176,147
Sales and other income	173,189	-	173,189
Events	37,897	-	37,897
Net assets released from donor restrictions - satisfaction of donor restrictions	447,306	(447,306)	-
Total support and revenue	8,852,625	711,398	9,564,023
EXPENSES			
Program Services:			
Financial Products	5,298,150	-	5,298,150
Plus Services	2,778,406	-	2,778,406
Total program services	8,076,556	-	8,076,556
Supporting Services:			
General and Administrative	572,643	-	572,643
Fundraising	189,944	-	189,944
Total supporting services	762,587	-	762,587
Total expenses	8,839,143	-	8,839,143
Changes in net assets before other items	13,482	711,398	724,880
OTHER ITEMS			
Net currency gain on loan portfolio	26,899	-	26,899
Other net currency losses	(6,174)	-	(6,174)
Total other items	20,725	-	20,725
Changes in net assets	34,207	711,398	745,605
Net assets at beginning of year	5,486,638	910,582	6,397,220
NET ASSETS AT END OF YEAR	**$ 5,520,845**	**$ 1,621,980**	**$ 7,142,825**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services			Supporting Services			
	Financial Products	Plus Services	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries, benefits and payroll taxes	$ 2,634,284	$ 1,504,339	$ 4,138,623	$ 375,826	$ 127,483	$ 503,309	$ 4,641,932
Consulting fees	50,704	839,290	889,994	110,932	37,629	148,561	1,038,555
Travel and transportation	427,061	276,882	703,943	33,591	11,394	44,985	748,928
Taxes	579,938	-	579,938	-	-	-	579,938
Software and other fees	272,849	181,186	454,035	32,551	11,042	43,593	497,628
Provision for credit loss expense and allowances	493,072	-	493,072	-	-	-	493,072
Interest expense	282,155	159,411	441,566	-	-	-	441,566
Training and other personnel costs	269,141	155,763	424,904	2,976	1,009	3,985	428,889
Advertising	185,557	115,208	300,765	11,971	4,061	16,032	316,797
Occupancy	169,572	113,924	283,496	21,903	7,430	29,333	312,829
Supplies	77,423	160,174	237,597	4,821	1,635	6,456	244,053
Telecommunications	118,641	71,048	189,689	4,339	1,472	5,811	195,500
Depreciation and amortization	83,925	47,840	131,765	-	-	-	131,765
Credit checks	125,927	-	125,927	-	-	-	125,927
Professional fees	51,295	40,140	91,435	13,830	4,691	18,521	109,956
Equipment, repairs and maintenance	47,058	28,801	75,859	2,507	850	3,357	79,216
Other	12,071	26,555	38,626	10,060	20,515	30,575	69,201
TOTAL	**$ 5,880,673**	**$ 3,720,561**	**$ 9,601,234**	**$ 625,307**	**$ 229,211**	**$ 854,518**	**$ 10,455,752**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			
	Financial Products	Plus Services	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries, benefits and payroll taxes	$ 2,471,952	$ 1,130,757	$ 3,602,709	$ 359,030	$ 110,064	$ 469,094	$ 4,071,803
Consulting fees	84,659	538,971	623,630	74,130	22,725	96,855	720,485
Travel and transportation	345,117	174,729	519,846	27,333	8,379	35,712	555,558
Taxes	486,948	-	486,948	-	-	-	486,948
Software and other fees	249,864	130,049	379,913	24,941	7,646	32,587	412,500
Interest expense	254,882	115,156	370,038	-	-	-	370,038
Provision for credit loss expense and allowances	347,628	-	347,628	-	-	-	347,628
Training and other personnel costs	212,940	101,159	314,099	7,197	2,207	9,404	323,503
Supplies	77,868	219,527	297,395	4,529	1,362	5,891	303,286
Occupancy	164,344	91,174	255,518	24,597	7,541	32,138	287,656
Advertising	165,661	82,203	247,864	10,692	3,278	13,970	261,834
Telecommunications	117,782	55,595	173,377	3,461	1,061	4,522	177,899
Equipment, repairs and maintenance	78,172	45,053	123,225	14,149	4,338	18,487	141,712
Depreciation and amortization	80,505	36,373	116,878	-	-	-	116,878
Professional fees	56,163	34,314	90,477	12,995	3,984	16,979	107,456
Credit checks	93,025	-	93,025	-	-	-	93,025
Other	10,640	23,346	33,986	9,589	17,359	26,948	60,934
TOTAL	**$ 5,298,150**	**$ 2,778,406**	**$ 8,076,556**	**$ 572,643**	**$ 189,944**	**$ 762,587**	**$ 8,839,143**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (177,923)	$ 745,605
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	131,765	116,878
Decrease in the provision for uncollectable loans	-	(465,800)
Net increase in the provision for expected credit losses	109,555	591,107
Loan principal written off	332,076	178,210
Loan guarantee funds absorbed	410,287	323,995
Net currency gain on loan portfolio	(164,561)	(26,899)
Unrealized gain investments	(23,386)	(31,658)
Amortization of right-of-use assets	129,316	12,385
(Increase) decrease in:		
Loan interest receivable	(127,479)	(45,519)
Grants receivable	1,083,411	(1,038,411)
Prepaid expenses and other assets	(42,343)	(27,474)
Security deposits	3,083	9,238
(Decrease) increase in:		
Accounts payable and accrued liabilities	(107,320)	392,231
Accrued salaries and related benefits	30,639	(8,296)
Deferred revenue	(1,341)	(79,005)
Operating lease liabilities	(128,979)	(10,993)
Net cash provided by operating activities	1,456,800	635,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(143,772)	(241,243)
Proceeds from sales of investments	3,650,131	3,077,157
Purchases of investments	(2,815,969)	(3,974,691)
Loan capital issued to beneficiaries	(30,917,268)	(26,525,980)
Loan capital collected from beneficiaries	27,600,613	24,283,541
Net cash used by investing activities	(2,626,265)	(3,381,216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from investors/lenders	4,235,526	6,702,100
Proceeds from line of credit	71,909	-
Repayments on loans	(3,271,921)	(4,148,177)
Net cash provided by financing activities	1,035,514	2,553,923
Net decrease in cash and cash equivalents	(133,951)	(191,699)
Cash and cash equivalents at beginning of year	601,080	792,779
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 467,129**	**$ 601,080**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
SUPPLEMENTAL INFORMATION		
Interest Paid	$ 395,853	$ 323,561
Taxes Paid	$ 568,810	$ 472,596
Right-of-Use Assets	$ 136,650	$ 37,188
Operating Lease Liability for Right-of-Use Assets	$ 136,650	$ 37,188

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Friendship Bridge was incorporated as a Colorado non-profit corporation on March 20, 1990. The Friendship Bridge empowers impoverished Guatemalan women to create a better future for themselves, their children and their communities through microfinance, health and education. The Friendship Bridge's primary sources of revenue include microcredit loan interest, donations, grants, and interest earned on investments.

Program Services -

Financial Products - The Friendship Bridge extends microcredit loans to aspiring women entrepreneurs in Guatemala enabling them to expand their small businesses. These loans are characterized by their accessibility and flexibility, catering to impoverished women who have limited access to traditional banking services. In order to support our clients with the most appropriate Microcredit Plus services and financial products, we place them into one of two distinct client segments: Dreamers and Entrepreneurs.

Dreamer loan products include:

- Group Loans - This is The Friendship Bridge's entry loan product, offered to individuals who form a Trust Bank (7 to 25 women) and co-guarantee each others' loans as a form of social collateral.

- Parallel Loans - This individual loan is available to clients already borrowing as part of a Trust Bank who have a good credit history and a need for additional credit in order to expand their businesses.

- Chanim-Chanim Loans - Meaning "very, very fast" in Kaqchikel (Mayan language), this loan is available to Trust Bank clients for quick access to short-term loan capital for emergency or last-minute opportunities.

Entrepreneur loan products include:

- Individual Loans - A larger, longer-term loan offered to accelerate the growth of The Friendship Bridge's entrepreneur clients' businesses and prepare them for the formal banking sector.

- Lines of Credit - A pre-approved source of funding that can readily be tapped at the client's discretion for business or personal use.

Plus Services - The Friendship Bridge goes beyond conventional financial products by providing non-financial services such as preventive health services, non-formal education, agriculture, advanced business training, intensive business development, mentoring and social support. These holistic services address the multifaceted needs of clients, contributing to their overall well-being, resilience and socioeconomic empowerment.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions -** Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Friendship Bridge considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of $253,863 and $207,460 as of December 31, 2024 and 2023, respectively.

U.S. bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, The Friendship Bridge maintains cash balances at financial institutions in excess of the U.S. Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

The Friendship Bridge maintained $273,489 and $414,946 of cash and cash equivalents on hand and invested in financial institutions in Guatemala as of December 31, 2024 and 2023, respectively. The majority of these funds are uninsured. The Friendship Bridge's investment policy ensures cash in Guatemala is distributed among numerous banks to mitigate the risk of any bank failure, and the Finance Committee of the Board of Directors reviews the credit ratings of the banks in Guatemala on a semi-annual basis.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

Equity investments acquired by gift are recorded at their fair value at the date of the gift. The Friendship Bridge’s policy is to liquidate all gifts of equity investments when received from a donor that places restrictions on the use of those funds; all other donated equity investments are liquidated at the discretion of management.

Cryptocurrency acquired by gift is accepted by The Friendship Bridge only if it can be liquidated through a third-party payment processor, and it is liquidated upon receipt.

The Friendship Bridge maintained $1,126,086 and $1,654,155 of investments in financial institutions in Guatemala as of December 31, 2024 and 2023, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants receivable -

Grants receivable include unconditional promises to give that are expected to be collected in the subsequent fiscal year. Any non-current grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The Friendship Bridge did not have any non-current grants receivable as of December 31, 2024 and 2023. Accordingly, a discount has not been established.

Loans and loan interest receivable -

Loans and loan interest receivable consists of unsecured programmatic loans to various individuals (customers). The loans have various origination dates and maturity dates and are typically repaid over six moths to five years. Loans receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The Friendship Bridge reviews the credit quality of each debtor on an annual basis. The Friendship Bridge uses consumer credit risk scores in conjunction with internal credit risk grades based on collection experience in combination with current economic conditions and a forecast of future economic conditions to determine credit quality. The allowance for credit losses is based upon a discounted cash flows model using the contractual effective interest rate applied to the expected payments, which equal contractual payments adjusted for prepayment rates, probability of default, loss given default, and recovery delay.

Property and equipment -

Property and equipment (with an acquisition value greater than $1,500) are stated at cost. Property and equipment (including vehicles) are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease.

Donations of property and equipment are recorded as current support at their estimated fair value on the date of receipt. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restriction. Absent specific stipulations regarding how long those donated assets must be maintained, The Friendship Bridge reports expirations of donor restrictions when the donated or acquired assets are placed in service, at which time those net assets are released from restrictions into "net assets without donor restrictions".

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 totaled $131,765 and $116,878, respectively.

Revenue from loans interest and fees -

Revenue from loan interest and fees is recognized in accordance with ASC Topic 310 - Receivables. Loan interest income is recognized over the term of the loan using the effective interest method, which allocates interest income in a manner that results in a constant rate of return on the outstanding loan balance. Loan origination fees, as well as other nonrefundable fees, are deferred and recognized over the life of the loan in accordance with the effective interest method. Revenue from fees such as late payment charges and prepayment penalties is recognized when the event triggering the fee occurs, typically when the borrower misses a payment or repays the loan early.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue from contracts with customers -

The Friendship Bridge's sales and other income is the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met when the sales occur. The Friendship Bridge has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Friendship Bridge's contracts with customers generally have initial terms of one year or less.

Support from grants and contributions -

Grants and contributions are recognized in the appropriate category of net assets in the period received. The Friendship Bridge performs an analysis of the individual grant or contribution or agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants and contributions qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and contributions that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Grants and contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, The Friendship Bridge had no refundable advances as of December 31, 2024 and 2023.

In addition, The Friendship Bridge has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Friendship Bridge's unrecognized conditional contributions to be received in future years totaled approximately $24,000 and $179,000 as of December 31, 2024 and 2023, respectively.

Income taxes -

The Friendship Bridge is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Friendship Bridge is not a private foundation.

The Friendship Bridge maintains a branch office in Guatemala which is dually structured as a representative office of a U.S. non-governmental organization as well as a local Guatemalan not-for-profit entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Income taxes (continued) -

Since August 2014, The Friendship Bridge has been paying income taxes in Guatemala due to a change in tax law which was enacted during January 2013, that requires The Friendship Bridge to pay taxes on Guatemala-source income (however the law exempts income from donations received).

A resident company, which The Friendship Bridge is, can opt to be taxed under one of two regimes: (1) the general tax regime under which tax is levied on net taxable income (traditional corporate income tax) at 25%; or (2) the simplified optional tax regime, under which tax is levied on gross revenue (gross receipts tax) at a rate of 5% (up to GTQ 30,000) or 7% (in excess of GTQ 30,000). A company must elect which regime it opts prior to the tax year commencing (all companies must follow a calendar year tax year). The Friendship Bridge elected the optional tax regime for the years ended December 31, 2024 and 2023 and incurred $579,938 and $486,948, respectively, of gross receipts tax.

Functional allocation of expenses -

The costs of providing The Friendship Bridge's programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as salaries and benefits).

Program Services expenses are defined as direct costs (those with a singular cost objective), specifically attributable to enhancing The Friendship Bridge's program activities and ultimately furthering the organization's mission. Program activities include client lending (Financial Products); supplemental education, health and agricultural/artisanal training (Plus Services).

Supporting Services expenses includes (and specifically defines) the following categories:

1. General and Administrative (G&A): indirect expenses which The Friendship Bridge incurs in connection with carrying out its mission-related programs but which are not identified or allocable to specific programs or projects. This category also includes development indirect expenses which the organization incurs in support of its fundraising function but cannot be specifically identified or directly allocated to a specific fundraising activity. Development indirect costs include, but are not limited to, those expenses incurred in connection with maintaining the basic infrastructure supporting the fundraising function, i.e. donor outreach, grant proposal design, preparation, and submission to prospective funders, e-mail communications, and maintenance of CRM software and data.

2. Fundraising: direct costs (those with a singular cost objective), specifically attributable to the activities related to raising funds, i.e. direct solicitation of a single donor and fundraising events.

Functional currency -

The Quetzal (GTQ) is the functional currency of Guatemala. All assets and liabilities held in Guatemala are reported in the accompanying Statements of Financial Position and translated into U.S. Dollars using the spot exchange rate in effect at December 31, 2024 and 2023 of $1.00 = GTQ 7.74 and $1.00 = GTQ 7.83, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional currency (continued) -

All revenues and expenses transacted in Guatemala are reported in the accompanying Statements of Activities and Changes in Net Assets and have been translated to U.S. Dollars based on average annual exchange rates (GTQ 7.74 in 2024 and GTQ 7.83 in 2023). The effect of exchange rate variances have been reflected as currency gains or losses in the accompanying Statements of Activities and Changes in Net Assets.

Advertising -

The Friendship Bridge expenses advertising costs as incurred. Advertising expense totaled $316,797 and $261,834 during the years ended December 31, 2024 and 2023, respectively.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Risks and uncertainties -

Investment risk - The Friendship Bridge invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Credit risk - The risk of financial loss to The Friendship Bridge if a borrower fails to meet its contractual obligations, and arises principally from The Friendship Bridge's lending activities. Allowances for impairment are accounted for where there is objective evidence that the loans to beneficiaries are impaired. Significant changes in the economy, depreciation of local currencies against the currencies of the indexed portfolios, natural disasters (that impair borrowers' ability to repay loans), or in the health of a particular industry segment, could result in evidence that the expected future cash flows are different from those provided for at the end of the reporting period. Management, therefore, carefully monitors and manages its exposure to credit risk.

Market risk - Defined as external influences, generally outside of the control of The Friendship Bridge's executive management, but which can be identified, assessed and mitigating actions put in place to reduce any adverse impact. Management monitors and manages its exposure to market risk on a regular basis.

Currency risk - The Friendship Bridge is exposed to currency risk through transactions in foreign currencies against the U.S. Dollar (USD). There is also a Statement of Financial Position risk that the net monetary liabilities in foreign currencies will take a higher value when translated into USD's as a result of currency movements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, The Friendship Bridge has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the The Friendship Bridge has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by The Friendship Bridge are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by The Friendship Bridge are deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Annuity Contracts* - Include guaranteed annuities, equities and money market funds (see above)

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ -	$ 1,376,080	$ -	$ 1,376,080
Mutual funds	171,560	-	-	171,560
Equities	79,284	-	-	79,284
Money market funds	253,863	-	-	253,863
Annuity contracts	-	77,901	-	77,901
TOTAL INVESTMENTS	**$ 504,707**	**$ 1,453,981**	**$ -**	**$ 1,958,688**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Certificates of deposit	$ -	$ 2,254,155	$ -	$ 2,254,155
Mutual funds	191,529	-	-	191,529
Equities	41,271	-	-	41,271
Money market funds	207,460	-	-	207,460
Annuity contracts	-	75,049	-	75,049
TOTAL INVESTMENTS	**$ 440,260**	**$ 2,329,204**	**$ -**	**$ 2,769,464**

Net investment return consisted of the following for the years ended:

	2024	2023
Interest and dividends	$ 193,943	$ 144,489
Unrealized gain on investments	23,386	31,658
TOTAL NET INVESTMENT RETURN	**$ 217,329**	**$ 176,147**

3. LOANS AND INTEREST RECEIVABLE

Loans receivable consist of group and individual loans provided to impoverished women in Guatemala.

The terms of group loans range between four and twelve months and bear a non-declining interest rate between 2% and 4% per month. Loans range from $191 to $3,200 and are unsecured; they do, however, require social collateral which relies on joint liability by fellow group members. Individual loan terms range from twelve to sixty months and bear a declining balance interest rate between 1.94% and 3.67% per month. The Friendship Bridge requires hard collateral for individual loans, i.e. – rights of possession of a property or a mortgage, or other major asset (machinery, vehicle), or a fiscal guarantor. Loan amounts range from $1,300 to $103,000. Principal and interest payments are due monthly on all loans.

During the year ended December 31, 2024, The Friendship Bridge recorded $493,072 of a credit loss expense provision based on a $109,555 increase in the loan loss allowance from 2023, direct write-offs of loans during the current year totaling $332,076 and recoveries of $51,441.

As of December 31, 2024, the total loans receivable balance, net of the allowance of $700,662, which represents 4.0% of the gross portfolio balance of $17,516,540, aggregated $16,815,878. Based on the Guatemala Quetzal spot exchange rate fluctuation from December 31, 2023 to December 31, 2024, the total loans receivable balance experienced a $164,561 gain on valuation at fiscal year-end.

During the year ended December 31, 2023, The Friendship Bridge recorded $347,628 of credit loss expense based on a $125,307 increase in the loan loss allowance from 2022, direct write-offs of loans totaling $178,210 and recoveries of $44,111.

3. LOANS AND INTEREST RECEIVABLE (Continued)

As of December 31, 2023, the total loans receivable balance, net of the allowance of $591,107, which represents 4.0% of the gross portfolio balance of $14,777,687, aggregated $14,186,580. Based on the Guatemala Quetzal spot exchange rate fluctuation from December 31, 2022 to December 31, 2023, the total loans receivable balance experienced a $26,899 gain on valuation at fiscal year-end.

The following is a schedule of expected receipts of principal under the loans receivable (net of allowance for credit losses):

Year Ending December 31,	
2025	$ 16,826,286
2026	387,290
2027	123,242
2028	85,567
2029	59,448
Less: Provision for expected credit losses	(700,662)
TOTAL	**$ 16,815,878**

The allowance for credit losses on loans receivable consisted of the following as of and for the year ended:

	2024	2023
Allowance for credit losses, beginning of year	$ 591,107	465,800
Additions (charges to expenses)	493,072	347,628
Deductions (write-offs, net of recoveries)	(383,517)	(222,321)
ALLOWANCE FOR CREDIT LOSSES, END OF YEAR	**$ 700,662**	**591,107**

The allowance for credit losses on loan interest receivable consisted of the following as of and for the year ended:

	2024	2023
Allowance for credit losses, beginning of year	$ 29,388	18,668
Additions (charges to expenses)	16,016	10,720
ALLOWANCE FOR CREDIT LOSSES, END OF YEAR	**$ 45,404**	**29,388**

During the years ended December 31, 2024 and 2023 the total allowance for loan interest losses increased by $16,016 and $10,720, respectively. The credit loss was $16,016 and $10,720 during the years ended December 31, 2024 and 2023, respectively.

4. LOANS PAYABLE

The Friendship Bridge has unsecured promissory note agreements with numerous qualified private investors as of December 31, 2024 and 2023 totaling $2,405,000 and $2,505,000, respectively, which mature in October 2025 and bear interest of 4.00%. Among the investors participating in the Private Placement as of December 31, 2024 and 2023 were five and eight related parties, respectively, including Board Members and family of Board Members, for a total of $175,000 and $275,000 year (1.52% and 2.61% of total outstanding loans payable balance at December 31, 2024 and 2023, respectively); the details of these loans are disclosed in The Friendship Bridge IRS Form 990 tax return.

4. LOANS PAYABLE (Continued)

The Friendship Bridge has also entered into numerous unsecured loans with a variety of social investors. Loans are all unsecured and bear interest between 0% and 6.50% as of December 31, 2024 and 2023, with terms ranging between 12 and 61 months. As of December 31, 2024 and 2023, the outstanding principal balance on such loans aggregated $9,106,022 and $8,042,417, respectively.

As of December 31, 2024 and 2023, the outstanding principal balance on all loans from both private and social investors aggregated $11,511,022 and $10,547,417, respectively.

Total interest expense during the years ended December 31, 2024 and 2023 under all loans payable, aggregated $439,066 and $370,038, respectively, and is included within interest expense on the accompanying Statements of Functional Expenses.

The loan agreements contain various covenants, which among other things, ensure that at all times the obligations with respect to the loans and other amounts payable rank at least equally with all other present and future unsecured and unsubordinated obligations; to provide information within specified periods including unaudited and audited financial reports; to use loan proceeds to support clients, providing microloans and education to Guatemalan women; to comply with all OFAC guidelines; and to maintain certain financial ratios.

Future estimated maturities of the aforementioned loans are as follows:

Year Ended December 31,	2024	2023
2024	$ -	$ 2,357,547
2025	4,211,022	2,789,870
2026	1,400,000	1,000,000
2027	3,650,000	2,650,000
2028	1,750,000	1,750,000
2029	500,000	-
TOTAL	**$ 11,511,022**	**$ 10,547,417**

5. LINE OF CREDIT

During 2024 and 2023, The Friendship Bridge maintained one line of credit with a local financial institution. As of December 31, 2024, the total amount available under the line of credit aggregated GTQ1,800,000 ($232,558); as of December 31, 2023, the total amount available under the line of credit aggregated GTQ1,800,000 ($229,920). The line of credit is guaranteed by investments (certificates of deposit) on deposit at the financial institutions totaling $258,398 (GTQ2,000,000) at December 31, 2024, and $255,320 (GTQ2,000,000) at December 31, 2023.

The interest rate on the line of credit was 8.75% during 2024 and 7.75% during 2023. During 2024, there was one borrowing on the line of credit. During 2023, there was one borrowing on the line of credit which has been repaid during 2025. The line of credit expires as the certificates of deposit mature, with a current expiration date of January 3, 2026. As of December 31, 2024, outstanding borrowings totaled $71,909. As of December 31, 2023, there were no outstanding borrowings.

6. NET ASSETS WITH RESTRICTIONS

Net assets with restrictions consisted of the following at:

	2024	2023
Entrepreneur Program	$ 815,078	$ 990,390
University Program	175,316	
Bridge to Success	19,898	9,819
Agriculture Program	8,227	4,750
Artisan Program	7,339	13,783
Health Program	4,265	-
MIS Project	-	20,887
Friendship University	-	383,810
Endowments to be invested in perpetuity (Note 12)	201,100	201,100
Accumulated losses from endowments not yet authorized for spending (Note 12)	(3,867)	(2,559)
TOTAL NET ASSETS WITH RESTRICTIONS	**$ 1,227,356**	**$ 1,621,980**

7. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with restrictions were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

	2024	2023
Friendship University	$ 208,494	$ 110,348
Entrepreneur Program	192,845	181,848
Health Program	170,739	28,090
Bridge to Success	29,921	10,181
Agriculture Program	26,523	55,250
Mental Health Program	25,000	-
MIS Project	20,887	30,366
WEA Program	12,466	-
Artisan Program	4,470	1,055
BEA Program	1,971	-
Opportunity collaboration	-	10,000
Nurses Education (Vietnam)	-	9,339
Safety Protocol Supplies	-	10,591
Use of endowment earnings (Note 12)	19,500	238
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 712,816**	**$ 447,306**

8. CONCENTRATION OF ASSETS

The Friendship Bridge provides microloans, education, and preventive health services to impoverished women in Guatemala. Accordingly, The Friendship Bridge maintains a significant portion of its assets within Guatemala.

The future results of its programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate; management monitors both factors and implements mitigation actions if possible.

8. CONCENTRATION OF ASSETS (Continued)

As of December 31, 2024 and 2023, The Friendship Bridge had cash, investments, property and equipment and loans receivable in Guatemala totaling $19,269,261 and $16,988,051, respectively, which represent 93% and 85% of The Friendship Bridge's total assets as of December 31, 2024 and 2023, respectively.

9. LIQUIDITY AND AVAILABILITY

The Friendship Bridge monthly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds.

The Friendship Bridge's financial assets available within one year of the Statements of Financial Position date for general expenditures, were as follows:

	2024	2023
Cash and cash equivalents	$ 467,129	$ 601,080
Investments	1,958,688	2,769,464
Loans receivable, net	16,815,878	14,186,580
Loan interest receivable, net	459,049	331,570
Grants receivable	5,000	1,088,411
Total financial assets available	19,705,744	18,977,105
Receivables scheduled:		
Due after one year	(690,255)	(262,812)
More than 30 days overdue	-	(50,244)
Contractual or donor-imposed restrictions:		
Endowment	(201,100)	(201,100)
Donor restrictions	(1,026,256)	(1,420,880)
Designations:		
Operating reserves (a)	(1,921,597)	(1,577,912)
Debt obligations reserve (b)	(715,936)	(435,582)
Client guarantees (c)	(1,198,932)	(1,029,732)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 13,951,668**	**$ 13,998,843**

Liquidity Disclosure

(a) Operating reserves should be held to cover Guatemalan capital equivalent to three months of operating expenses.

(b) The debt obligations reserve had been calculated so that by the maturity date of the loan the reserve equals 60% of the principal repayment amount. For purposes of the debt obligation reserve calculation, liabilities are reviewed at a minimum annually and adjusted (reduced) by a probability of rollover based on prior history and management's relationship with, and knowledge of, the investors and the investment, which has the effect of lowering the reserve.

9. LIQUIDITY AND AVAILABILITY (Continued)

Liquidity Disclosure (continued)

(c) Client Guarantees are held for the sole purpose of supporting loans to clients and are not permitted for any other use. The Guarantees (required deposits made by clients to secure their loans) must be paid back if the clients pay off their loans without renewing.

As of December 31, 2024 and 2023, The Friendship Bridge has financial assets equal to more than a year of total operating expenses.

10. LEASE COMMITMENTS

The Friendship Bridge follows FASB ASC 842 for leases. The Friendship Bridge has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Friendship Bridge has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

The Friendship Bridge has an operating lease for office space for its principal headquarters in Lakewood, Colorado that expires in October 2025. Additionally, The Friendship Bridge rents several offices in Guatemala under various leases which expire on various periods through 2032.

For the year ended December 31, 2024 total lease cost was $141,627 and is included in Occupancy in the Statement of Functional Expenses. Total cash paid was $140,293 for all operating leases. As of December 31, 2024, the weighted-average remaining lease term and rate for operating leases is 3.12 years and 3.5%, respectively. For the year ended December 31, 2023, total lease cost was $194,306 and total cash paid was $195,308 for all operating leases. As of December 31, 2023, the weighted-average remaining lease term and rate for operating leases is 5.02 years and 3.5%, respectively. The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of December 31, 2024:

Year Ending December 31,	
2025	$ 150,693
2026	84,442
2027	36,428
2028	14,271
2029	10,318
Thereafter	24,076
Subtotal	320,228
Less: Imputed interest	(17,800)
Less: Current portion	(142,507)
LONG-TERM PORTION	**$ 159,921**

11. RETIREMENT PLAN

The Friendship Bridge adopted an IRS 403(b) plan (the Plan) covering all eligible U.S. employees. Under the provisions of the Plan, an eligible employee may defer up to 100% of annual compensation, with the total dollar amount limited by law. At its discretion, The Friendship Bridge may make matching contributions or elective contributions. Participants are 100% vested in all contributions to the Plan. During the years ended December 31, 2024 and 2023, The Friendship Bridge made contributions to the Plan totaling $26,954 and $29,000, respectively, and is included in salaries, benefits, and payroll taxes in the Statement of Functional Expenses.

12. ENDOWMENT FUNDS

The Friendship Bridge's endowment funds consist of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law -

The Friendship Bridge has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by Colorado as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result of this interpretation, The Friendship Bridge classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Additionally, in accordance with UPMIFA, The Friendship Bridge considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Return Objectives and Risk Parameters -

The Friendship Bridge has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that The Friendship Bridge must hold in perpetuity or for a donor specified period. The endowment assets are invested in a conservative manner in mutual funds, equities and money market funds with the expectation to provide an average annual rate of return of more than 7% for equities and more than 3% for fixed income. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, The Friendship Bridge relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Friendship Bridge targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Friendship Bridge has adopted a spending policy for its endowment funds such that, over the long-term, The Friendship Bridge expects the current spending policy to allow its endowments to grow at an average of 8% annually. This is consistent with The Friendship Bridge's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

12. ENDOWMENT FUNDS (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires The Friendship Bridge to maintain as a fund of perpetual duration. Deficiencies of this nature exist in the donor-restricted endowment funds, which together have an original gift value of $201,100, and a deficiency of $3,867 and $2,559 as of December 31, 2024 and 2023, respectively.

Endowment funds consisted of the following as of December 31, 2024:

	With Donor Restrictions		
	Available for Appropriation	Held in Perpetuity	Total
Donor Restricted Funds	**$ (3,867)**	**$ 201,100**	**$ 197,233**

Changes in endowment funds consisted of the following as of and for the year ended December 31, 2024:

	With Donor Restrictions		
	Available for Appropriation	Available for Appropriation	Total
Endowment funds, beginning of year	$ (2,559)	$ 201,100	$ 198,541
Net investment return	18,192	-	18,192
Appropriations	(19,500)	-	(19,500)
ENDOWMENT FUNDS, END OF YEAR	**$ (3,867)**	**$ 201,100**	**$ 197,233**

Endowment funds consisted of the following as of December 31, 2023:

	With Donor Restrictions		
	Available for Appropriation	Held in Perpetuity	Total
Donor Restricted Funds	**$ (2,559)**	**$ 201,100**	**$ 198,541**

Changes in endowment funds consisted of the following as of and for the year ended December 31, 2023:

	With Donor Restrictions		
	Available for Appropriation	Held in Perpetuity	Total
Endowment net assets, beginning of year	$ (27,840)	$ 201,100	$ 173,260
Net investment return	25,519	-	25,519
Appropriations	(238)	-	(238)
ENDOWMENT FUNDS, END OF YEAR	**$ (2,559)**	**$ 201,100**	**$ 198,541**

13. SUBSEQUENT EVENTS

In preparing these financial statements, The Friendship Bridge has evaluated events and transactions for potential recognition or disclosure through May 9, 2025, the date the financial statements were issued.

On January 27, 2025, the United States Government issued stop-work orders applicable to foreign aid funded programs. This directive was issued as a result of the Presidential Executive Order entitled “Reevaluating and Realigning United States Foreign Aid” which was issued on January 20, 2025 and mandated a 90-day pause in United States foreign development assistance for assessment of programmatic efficiencies and consistency with United States foreign policy. The Friendship Bridge is currently assessing the financial and operational impact of this event. Management does not anticipate any immediate effects on other programs or funding sources; however, there is inherent uncertainty regarding the long-term implications of the foreign aid freeze. These financial statements do not reflect any adjustments related to this subsequent event.