

ENTREPRENEURS ACROSS BORDERS, INC.

Financial Statements

December 31, 2020

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Entrepreneurs Across Borders, Inc.:

We have audited the accompanying financial statements of Entrepreneurs Across Borders, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Directors
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Opinion

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

Fust Charles Chambers LLP

May 3, 2021

ENTREPRENEURS ACROSS BORDERS, INC.

Statement of Financial Position

December 31, 2020

Assets

Current assets:

Cash	\$	152,558
Investments		656,920
Prepaid expenses		<u>3,822</u>

Total assets \$ 813,300

Liabilities and Net Assets

Current liabilities -

Accrued expenses		<u>6,000</u>
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Total current liabilities 6,000

Net assets -

Without donor restrictions		<u>807,300</u>
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Uncertainties (note 2)

Total liabilities and net assets \$ 813,300

See accompanying notes to financial statements.

ENTREPRENEURS ACROSS BORDERS, INC.

Statement of Activities

Year ended December 31, 2020

Revenues and other support:	
Contributions	\$ 768,400
Grant revenue	162,500
Contract revenue	<u>95,857</u>
Total revenues and other support	<u>1,026,757</u>
Operating expenses:	
Salaries and wages	270,606
Fringe benefits	65,420
Purchased services	10,440
Supplies and other	22,127
Interest	<u>2,000</u>
Total operating expenses	<u>370,593</u>
Operating gain	<u>656,164</u>
Nonoperating income:	
Related party forgiveness of debt	80,000
Paycheck Protection Program grant	32,245
Investment income, net	<u>38,670</u>
Nonoperating income	<u>150,915</u>
Increase in net assets without donor restrictions	<u>807,079</u>
Net assets at beginning of year	<u>221</u>
Net assets at end of year	<u>\$ 807,300</u>

See accompanying notes to financial statements.

ENTREPRENEURS ACROSS BORDERS, INC.

Statement of Cash Flows

Year ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ 807,079
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Contribution of stock	(768,400)
Related party debt forgiveness	(80,000)
Realized and change in unrealized gain on investments, net	(38,520)
Changes in operating assets and liabilities:	
Accounts receivable - Contract	26,560
Prepaid expenses	(3,822)
Accrued expenses	3,500
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Net cash used in operating activities	(53,603)
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Cash flows provided by investing activities -	
Sale of investments	150,000
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Net increase in cash	96,397
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Cash at beginning of year	56,161
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Cash at end of year	\$ <u>152,558</u>

See accompanying notes to financial statements.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

December 31, 2020

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Entrepreneurs Across Borders, Inc. (the Organization) is a not-for-profit corporation incorporated in January 2019. The Organization serves to identify, curate and connect emerging entrepreneurs in impoverished countries with resources they need to create jobs, sustainable livelihood and equitable growth.

(b) Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and present net assets and revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes in net assets are as follows:

Net assets without donor restrictions are available for general use and not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Organization's management and board of directors and may be subject to self-imposed limits by action of the governing board.

Net assets with donor restrictions are those that are subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature and are limited by donors to a specific time period or purpose. Other donor restrictions may be perpetual in nature, as stipulated by the donor.

At December 31, 2020, the Organization did not have any net assets with donor restrictions.

(c) Use of Estimates

The preparation of 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies, Continued

(d) Revenue and Related Receivables

Revenue and related accounts receivable are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Revenue is recognized as performance obligations are satisfied.

Revenues associated with grants are recognized as the related costs are incurred. To the extent that amounts are received exceed the amounts earned, the Organization records these as deferred revenue. Expenses consist of direct costs incurred and related indirect costs reimbursed according to the terms and conditions of such agreements.

(e) Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as the cost basis. Conditional contributions are reported at fair value at the date the contribution is received. The contributions are reported as net assets with donor restrictions if they are received with donor stipulation that limit the use of the donated assets. 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 as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restriction in the accompanying financial statements.

(f) Investments and Investment Income

Investments are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains or losses on investments, interest and dividends) is included as a component of the change in net assets without donor restrictions unless the income or loss is restricted by law or donor.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying statement of financial position and statement of activities.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies, Continued

(g) Income Tax Status

The Organization is a not-for-profit corporation and has been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. It has been determined that the Organization is not a private foundation. As of December 31, 2020, the Organization did not have any unrecognized tax benefits or any related accrued interest or penalties. The tax years open to examination by federal and New York State taxing authorities are 2019 through 2020.

(h) Subsequent Events

Subsequent events have been evaluated through May 3, 2021, which is the date the financial statements were available to be issued.

(2) Coronavirus Pandemic

Pandemic

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global and local situation on its financial condition, liquidity, operations, and suppliers.

Pandemic Relief Assistance

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act is an approximate \$2 trillion emergency economic stimulus package passed in response to the COVID-19 pandemic. The CARES Act was amended by the Paycheck Protection Program Flexibility Act enacted on June 5, 2020. The CARES Act included appropriated funds for the Small Business Administration Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law. The law provides continuing funding for the government and additional pandemic relief provisions. The pandemic relief includes, among other provisions, funding for additional PPP loans and enhancements and extensions of other CARES Act provisions.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

(2) Coronavirus Pandemic, Continued

Pandemic Relief Assistance, Continued

On March 11, 2021, the American Rescue Plan Act of 2021 (ARP) was signed into law to further assist in the United States' recovery from the economic and health effects of the COVID-19 pandemic. The ARP stimulus provisions expand upon many of the measures in the CARES Act and CAA, including relief for small businesses. The Organization is evaluating the relevant provisions of the ARP for participation consideration.

Paycheck Protection Program (PPP)

In May 2020, the Organization entered an arrangement with a bank under the auspices of the Paycheck Protection Program under which the Organization received \$32,245. The arrangement is evidenced by a loan agreement that include provisions whereby the loan balance can be fully or partially forgiven based on the use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the bank in accordance with the requirements of the PPP.

The application for these funds required the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support their ongoing operations. This certification further requires the Organization to take into account its current business activities and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria.

The Organization elected to account for PPP funding as a conditional contribution (grant) and revenue was recorded as the conditions meeting the requirements for forgiveness were met. Through December 31, 2020, the Organization estimated that it had administered the full proceeds of its PPP funding and managed its staff complement in a manner that met the conditions for forgiveness.

Ultimately, forgiveness will be adjudicated by the bank and approved by the U.S. Small Business Administration. The final outcome of whether this arrangement will be forgiven has not been determined as of the date these financial statements were available to be issued. The Organization expects this determination to be made during the fiscal year ending December 31, 2021. Under the terms of the PPP loan agreement, any balance related to this arrangement that is not ultimately forgiven will be repayable in monthly installments through April 2023, including interest at 1%.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

(3) Liquidity and Availability of Financial Assets

Financial assets available within one year for general expenditure are as follows as of December 31, 2020:

Cash	\$	152,558
Investments		<u>656,920</u>
Total	\$	<u><u>809,478</u></u>

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.

(4) Investments

Investments are presented in the financial statements at fair value. The fair values at December 31, 2020 are as follows:

Cash and cash equivalents	\$	30
Common stock		<u>656,890</u>
	\$	<u><u>656,920</u></u>

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories based on the lowest level input that is significant to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.
- Level 2 inputs are observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3 inputs are unobservable inputs that are used when little or no market data is available. Significant management judgment or estimation is likely involved in the determination of fair value.

Fair value for cash equivalents and common stock are based on quoted market prices and therefore classified at Level 1 financial assets.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

(5) Transactions with Related Parties

Contributions of \$868,400 received in 2020 consist of donated stock with a fair market value of 768,400 on the date of receipt and \$100,000 in grant revenue from a trust established by the founder and current board member of the Organization.

The Organization recognized \$95,857 in contract revenue and \$62,500 in grant revenue from UpMobility Foundation, a related party through common board membership.

The Organization incurred \$7,700 in payroll, benefits, human resources and employer services from TriNet, a related party through common board membership, which are included in purchased services on the accompanying statement of activities.

Pursuant to promissory notes, a trust established by the founder and current board member loaned \$80,000 to the Organization during 2019. In accordance with the terms of the notes, interest accrued at 2.5% annually. During 2020, the Organization paid \$2,000 of interest related to the notes. In December 2020, the promissory notes were forgiven, and \$80,000 was recognized as nonoperating income within the statement of activities.

(6) Functional Expenses

The Organization provides services to entrepreneurs. Expenses related to providing these services are as follows for the year ended December 31, 2020:

	<u>Program services</u>	<u>General and administrative</u>	<u>Total</u>
Salaries and wages	\$ 199,053	71,553	270,606
Fringe benefits	48,122	17,298	65,420
Purchased services	-	10,440	10,440
Supplies and other	9,279	12,848	22,127
Interest	-	2,000	2,000
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 256,454</u>	<u>114,139</u>	<u>370,593</u>

The financial statements report certain categories of expenses that are attributable to more than one functional expense category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, and fringe benefits which are allocated based on estimated time and effort. All remaining expenses are allocated based on the nature of the expense.