

ENTREPRENEURS ACROSS BORDERS, INC.

Financial Statements

December 31, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Entrepreneurs Across Borders, Inc.:

Opinion

We have audited the accompanying financial statements of Entrepreneurs Across Borders, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities 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 Entrepreneurs Across Borders, Inc. as of December 31, 2022 and 2021, and the results of its operations 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 (GAAS). 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 Entrepreneurs Across Borders, Inc. 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 Entrepreneurs Across Borders, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The Board of Directors
Page 2 of 2

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

In performing an audit in accordance with GAAS, 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 Entrepreneurs Across Borders, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Entrepreneurs Across Borders, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Fust Charles Chambers LLP

April 13, 2023

ENTREPRENEURS ACROSS BORDERS, INC.

Statements of Financial Position

December 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash	\$ 115,776	\$ 243,241
Investments	349,171	490,590
Prepaid expenses	<u>2,700</u>	<u>5,900</u>
Total assets	<u>\$ 467,647</u>	<u>\$ 739,731</u>
<u>Liabilities and Net Assets</u>		
Current liabilities -		
Accrued expenses	<u>6,250</u>	<u>6,250</u>
Total current liabilities	<u>6,250</u>	<u>6,250</u>
Net assets -		
Without donor restrictions	<u>461,397</u>	<u>733,481</u>
Uncertainties (note 2)		
Total liabilities and net assets	<u>\$ 467,647</u>	<u>\$ 739,731</u>

See accompanying notes to financial statements.

ENTREPRENEURS ACROSS BORDERS, INC.

Statements of Activities

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues and other support:		
Contributions	\$ -	\$ 50
Grant revenue	-	-
Contract revenue	-	95,857
	<hr/>	<hr/>
Total revenues and other support	-	95,907
	<hr/>	<hr/>
Operating expenses:		
Salaries and wages	-	115,000
Fringe benefits	-	36,366
Purchased services	110,875	149,458
Supplies and other	19,790	20,793
	<hr/>	<hr/>
Total operating expenses	130,665	321,617
	<hr/>	<hr/>
Operating loss	(130,665)	(225,710)
	<hr/>	<hr/>
Nonoperating income (loss) -		
Investment income (loss), net	(141,419)	151,891
	<hr/>	<hr/>
Decrease in net assets without donor restrictions	(272,084)	(73,819)
	<hr/>	<hr/>
Net assets at beginning of year	733,481	807,300
	<hr/>	<hr/>
Net assets at end of year	\$ 461,397	\$ 733,481
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

ENTREPRENEURS ACROSS BORDERS, INC.

Statements of Cash Flows

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (272,084)	\$ (73,819)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Realized and change in unrealized loss (gain) on investments net	141,419	(151,862)
Changes in operating assets and liabilities:		
Prepaid expenses	3,200	(2,078)
Accrued expenses	-	250
	<u>(127,465)</u>	<u>(227,509)</u>
Net cash used in operating activities		
	<u>(127,465)</u>	<u>(227,509)</u>
Cash flows provided by investing activities -		
Sale of investments	-	318,192
	<u>-</u>	<u>318,192</u>
Net increase (decrease) in cash	(127,465)	90,683
Cash at beginning of year	<u>243,241</u>	<u>152,558</u>
Cash at end of year	<u>\$ 115,776</u>	<u>\$ 243,241</u>

See accompanying notes to financial statements.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

December 31, 2022 and 2021

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Entrepreneurs Across Borders, Inc. (the Organization) is a start-up not-for-profit corporation incorporated in January 2019. The Organization serves to identify, curate and connect emerging entrepreneurs in developing countries with resources they need to create jobs, sustainable livelihood and equitable growth. For the years ended December 31, 2022 and 2021, the Organization's start-up activities and program initiatives have been delayed or extremely limited due to the Coronavirus Pandemic, which brought many restrictions and limited access to developing countries, particularly Jamaica, where the Organization's pilot program is based. Such restrictions and limited access impeded development of the Organization's progress in demonstrating efficacy of their operating model, which in turn affected their ability to interact with donors to receive additional public support. The Organization resumed its pilot program, including in country activities and program initiatives starting December 2022, the results of which are expected to be more evident in 2023.

(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, 2022 and 2021, the Organization did not have any net assets with donor restrictions.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

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

(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.

(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.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

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

(f) Investments and Investment Income, Continued

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.

(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, 2022 and 2021, 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 2022.

(h) Subsequent Events

Subsequent events have been evaluated through April 13, 2023, which is the date the financial statements were available to be issued.

(2) Coronavirus Pandemic

Pandemic

In March 2020, the World Health Organization designated the COVID-19 outbreak as a global pandemic. Throughout the COVID-19 pandemic, the Organization has complied with required COVID-19 protocols and restrictions mandated by New York State, the United States and international communities. Throughout the COVID-19 pandemic, the Organization suspended nonessential programs to protect its employees and consumers from the spread of this virus, consistent with governmental restrictions and guidance. The Organization has taken, and continues to take, actions to mitigate the effect of the COVID-19 pandemic on its financial condition and results of operations; however, the outcome and ultimate effect of the COVID-19 pandemic on the Organization's financial statements cannot be determined at this time beyond that noted footnote 1(a).

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

(2) Coronavirus Pandemic, Continued

Pandemic Relief Assistance

In May 2020, the Organization was approved for and received \$32,245 of funding through the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) under the CARES Act and extended under the Consolidated Appropriations Act, 2021. The funding was administered through a loan agreement with a bank that included 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. During November 2021, the Organization received adjudication by the SBA and bank for full forgiveness of the PPP arrangement. The Organization had elected to account for the PPP arrangement as a grant, and accordingly, the financial statements reflect the forgiveness as grant income for the year ended December 31, 2020. The Organization may be subject to SBA audit in future years.

(3) Liquidity and Availability of Financial Assets

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

	<u>2022</u>	<u>2021</u>
Cash	\$ 115,776	\$ 243,241
Investments	<u>349,171</u>	<u>490,590</u>
Total	<u>\$ 464,947</u>	<u>\$ 733,831</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, are as follows:

	<u>2022</u>	<u>2021</u>
Common stock	<u>\$ 349,171</u>	<u>\$ 490,590</u>

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

(4) Investments, Continued

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 common stock are based on quoted market prices and therefore classified as Level 1 financial assets.

(5) Transactions with Related Parties

The Organization recognized \$95,857 in contract revenue in 2021 for providing consulting, administrative and executive management services to UpMobility Foundation, a related party through common board membership.

In the third quarter of 2021, the Organization moved its employees to a management services company, a related party which is owned by the founder and current board member of the Organization, and began being charged through a management services agreement. Purchased services expense related to this agreement amounted to \$100,000 and \$139,417 during 2022 and 2021, respectively.

The Organization incurred \$4,350 in payroll, benefits, human resources and employer services during 2021 from TriNet, a related party through common board membership, which are included in purchased services on the accompanying statements of activities.

ENTREPRENEURS ACROSS BORDERS, INC.

Notes to Financial Statements

(6) Functional Expenses

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

	2022		
	<u>Program services</u>	<u>General and administrative</u>	<u>Total</u>
Salaries and wages	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Purchased services	75,000	35,875	110,875
Supplies and other	12,152	7,638	19,790
Total expenses	\$ 87,152	\$ 43,513	\$ 130,665
	2021		
	<u>Program services</u>	<u>General and administrative</u>	<u>Total</u>
Salaries and wages	\$ 89,375	\$ 25,625	\$ 115,000
Fringe benefits	28,263	8,103	36,366
Purchased services	112,692	36,766	149,458
Supplies and other	10,115	10,678	20,793
Total expenses	\$ 240,445	\$ 81,172	\$ 321,617

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.