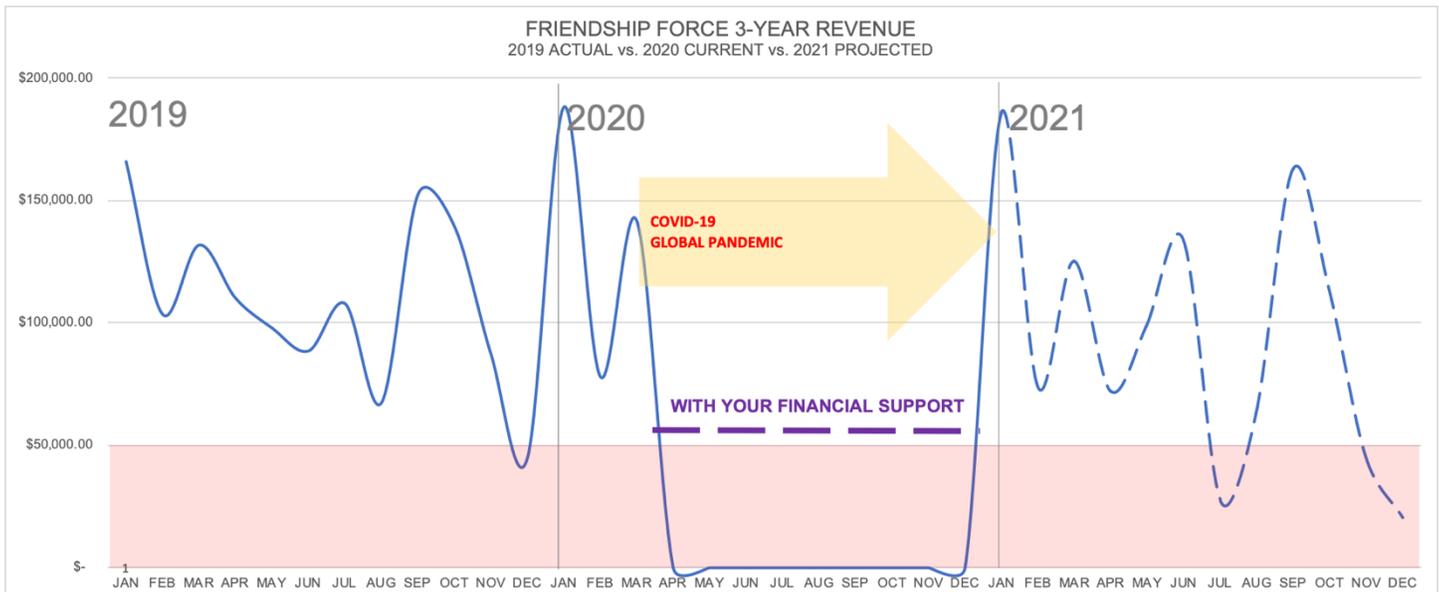


FRIENDSHIP FORCE INTERNATIONAL

FINANCIAL IMPACT REPORT

IMPACT OF COVID-19 PANDEMIC ON OPERATIONS

April 1, 2020



Unique in the nonprofit industry, Friendship Force sustains itself through fees generated on Journeys. This graph shows the actual revenue by month in 2019, the current projection for the rest of 2020, and 2021 projected revenue. Your support ensure FFI survives the pandemic to serve our clubs and members in 2021.

Understanding the full impact of the COVID-19 pandemic on FFI operations is important to understanding how contributions to FFI help to sustain the organization through the pandemic.

Although there are still Journeys scheduled to depart in the third and fourth quarter of 2020, it is becoming very apparent that business will not return to some level of normalcy until 2021. Long after the actual impact of COVID-19 has subsided in the world, the psychological impact will likely keep members from traveling until the first quarter of 2021. Therefore, we must move forward with the assumption that all journeys for the remainder of 2020 are compromised.

Friendship Force International runs on a razor-thin budget. Although we are proud to have been sustainable on annual member participation in Journeys since the early 1980's, the organization is also highly susceptible to fluctuations in the travel industry. If members don't travel, FFI does not receive funds to support its mission. Unlike SARS, 9/11, H1N1 or any number of natural disasters FFI has survived, this pandemic impacts every country where FFI clubs exist, leaving no way to escape the full impact of this economic crisis.

61% Revenue Loss

147 Journeys Canceled*

241 Journeys Pending Cancellation**

At the heart of FFI are 15 highly dedicated and talented staff, half of which are part-time and globally positioned, with a combined 10.38 FTE (full-time equivalents).

- **40% Reduction in Expenses for remainder of 2020**
- **20% Reduction in staff payroll**
- **All projects suspended**
- **All nonessential subscriptions and costs eliminated**

Friendship Force International operates on a roughly \$1.2 million annual budget. That budget supports, in large part, the very small staff: a group of highly talented and passionately loyal individuals that keeps FFI going. In a healthy financial year, everything from Journey support, club development, business support, marketing and public relations are handled by your staff. During this pandemic, our operations have been scaled back to not only ensure the survival of Friendship Force, but to ensure that work continues on 2021 and beyond.

No one will escape the economic impact of the pandemic and, like yourself, we are hopeful we can take advantage of US government assistance being passed through legislation so that we can get back to the business of promoting peace through friendship. **Our revised budget for the rest of 2020 shows a 20% reduction in hours and pay for all staff as well as some staff being furloughed.** It keeps a basic level of operations going while we navigate these next few months. We can get through this, with your support.

This unprecedented \$340,000 global campaign is about ensuring that FFI is here after the pandemic, when the world will need us more than ever.

*Friendship Force International is overseen by an eleven-member volunteer **International Board of Directors**, all of whom are Friendship Force Members.*

*The **Finance Committee** of the Board oversees the annual budget and works with the CEO in ensuring the sustainability of FFI, especially during times of crisis like this. **Both the CEO and members of the Board are available to meet with club leaders and members to answer any questions may have.** Simply email*

| | ORIGINAL BOARD APPROVED | 2020 REVISED BUDGET |
|--|-------------------------|---------------------|
| Revenue | \$1,059,296 | \$408,203 |
| Expenses | \$1,059,296 | \$750,090 |
| Surplus/Loss | 0 | \$(341,886) |
| The campaign to save FFI is based on this revised budget the reduces staff, expenses and operations but ensures FFI will be here when the pandemic subsides. | | |

support@friendshipforce.org and put COVID-19 MEETING REQUESTED in the subject line.

WE ARE HERE TO ANSWER YOUR QUESTIONS!

- Request a meeting for your board or club to meet virtually with Jeremi Snook, Friendship Force's President and CEO.
- Check for the latest news and notes from FFI regularly at blog.friendshipforce.org.
- Reach out to the International Board of Directors or staff anytime.

Frequently Asked Questions...

1. Doesn't FFI have an endowment or savings account for just this kind of event?

FFI has had a savings account with \$200,000 in it for nearly five years. This amount, with no revenue, covers only two months of operating. Industry standard is to have six months of operating in savings. Last year (2019), as a result of high program participation, we had a very healthy financial year and were able to add nearly \$100,000 to our savings account. Unfortunately, the joy of this success has been short-lived with the pandemic's economic impact. Even with drastic expense reductions, FFI's savings will only sustain the organization through the end of May.

2. What are FFI's biggest expenses and how are they being managed through this crisis?

Friendship Force International is in the people industry, and it takes people to help manage our programs. *FFI's greatest asset, outside of the clubs and members, is our staff.* Without them, there is no FFI as it currently exists. Despite some people's assumptions, FFI's staff work well below industry pay standards and for those in the US accept less-than-optimal health insurance and benefits. Like our members, the staff at FFI are dedicated to the mission of FFI and are passionate about seeing this organization grow. As a result of the pandemic's impact on FFI operations, all staff are taking a 20% reduction in pay and some staff are being furloughed (temporarily released). This austerity will continue until FFI finds ways to make up for lost revenue. Unfortunately, if this continues, it will be at a great loss to FFI with talented staff being terminated, ultimately to the detriment of FFI itself.

3. What level of transparency can FFI provide related to the organization's financial position and actions taken to save the organization during this crisis?

FFI is managed by a staff and by a CEO that reports to a volunteer international Board of Directors that are nearly 90% made of experienced FFI members. There has never been a lack of transparency, since the organization is run by the very volunteers it serves. There has been, admittedly, a lack of communication largely as a result of an unspoken 'English-only' policy, which I am committed to changing.

Throughout this crisis I am making myself available, as well as the Board of Directors to answer any questions you may have. Any member may go to blog.friendshipforce.org to get the latest details on the crisis as well as other news from FFI and the CEO.