

BEYOND BORDERS, INC.  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED  
JUNE 30, 2011 AND 2010

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## Independent Auditor's Report

Board of Directors  
Beyond Borders, Inc.  
Norristown, PA 19404

I have audited the accompanying statements of financial position of Beyond Borders, Inc. (a nonprofit organization) as of June 30, 2011 and 2010 and the related statements of activities and of cash flows, for the years then ended. The financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beyond Borders, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

October 24, 2011

BEYOND BORDERS, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2011 AND 2010

ASSETS

	2011	2010
Cash and cash equivalents (Note 9)	\$ 399,724	\$ 1,121,033
The Starfish Fund (Note 2)	170,685	158,387
Notes receivable	10,000	10,000
Accounts receivable	124,428	33,887
Prepaid expenses	47,731	15,243
Property and equipment (Note 3)	4,112	-
	\$ 756,680	\$ 1,338,550

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 55,536	\$ 392,568
Deferred revenue	400	2,490
Accrued pension (Note 5)	92,454	85,918
Total liabilities	148,390	480,976
Net assets:		
Unrestricted	272,685	246,864
Temporarily restricted	335,605	610,710
Total net assets	608,290	857,574
	\$ 756,680	\$ 1,338,550

See notes to financial statements.

BEYOND BORDERS, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Unrestricted:		
Revenue (Note 6)		
Contributions	\$ 412,681	\$ 327,760
Grants	24,478	22,500
Interest income	474	1,130
Net assets released from restrictions	<u>1,271,936</u>	<u>2,850,999</u>
Total revenue	<u>1,709,569</u>	<u>3,202,389</u>
Expenses:		
Apprenticeship in Shared Living	39,617	9,053
Transformational Travel	21,965	14,427
Constituency Education	53,669	31,138
Child Literacy	174,298	79,923
Adult Literacy	109,887	81,228
Campaign to End Child Servitude	151,383	242,486
Schools Alive	0	42,665
Haiti Partners	0	1,221,951
Earthquake Response	113,633	518,297
Rethinking Power	94,588	0
Model Community	106,269	0
Child Protection	202,450	0
Agency (Note 4)	427,160	814,437
Support services:		
Management and general	104,970	80,770
Fund raising	<u>83,858</u>	<u>34,960</u>
Total expenses	<u>1,683,747</u>	<u>3,171,335</u>
Increase in unrestricted net assets	<u>25,822</u>	<u>31,054</u>
Temporarily restricted:		
Contributions	692,368	2,244,657
Interest income and unrealized losses on investments	12,298	12,025
Agency (Note 4)	292,164	948,239
Net assets released from restrictions	<u>(1,271,936)</u>	<u>(2,850,999)</u>
Increase (decrease) in temporarily restricted net assets	<u>( 275,106)</u>	<u>353,922</u>
Increase (decrease) in net assets (Note 4)	<u>( 249,284)</u>	<u>384,976</u>
Net assets at beginning of year	<u>857,574</u>	<u>472,598</u>
Net assets at end of year	<u>\$ 608,290</u>	<u>\$857,574</u>

See notes to financial statements.

BEYOND BORDERS, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2011 AND 2010

	2011	2010
Cash flows from operating activities:		
Increase (decrease) in net assets	\$(249,284)	\$ 384,976
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,192	2,834
Unrealized (gain) loss on investments	( 8,310)	( 8,175)
(Increase) decrease in:		
Accounts receivable	( 90,541)	( 24,486)
Prepaid expenses	( 32,488)	6,478
Increase (decrease) in:		
Accounts payable	( 337,032)	382,761
Accrued pension	6,536	( 8,346)
Deferred revenue	( 2,090)	( 38,025)
Net cash provided by (used in) operating activities	<u>( 712,017)</u>	<u>698,017</u>
Cash flows from investing activities:		
Proceeds of note receivable	-	25,000
Purchase of fixed assets	( 5,304)	-
(Increase) decrease in investment	<u>( 3,988)</u>	<u>20,150</u>
Net cash provided by (used in) investing activities	<u>( 9,292)</u>	<u>45,150</u>
Net increase (decrease) in cash	( 721,309)	743,167
Cash and cash equivalents at beginning of year	<u>1,121,033</u>	<u>377,866</u>
Cash and cash equivalents at end of year	<u>\$ 399,724</u>	<u>\$1,121,033</u>

See notes to financial statements.

BEYOND BORDERS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

1. **Nature of activities and summary of significant accounting policies:**

Nature of activities:

Beyond Borders, Inc. (the “Organization”) was incorporated as a nonprofit organization in January 1993 as a group of people who join together out of devotion to Christ to work for justice and peace by fostering transformative learning within and across cultural and economic borders. The Organization worked primarily among the people of Haiti and North America in adult literacy and education, children’s rights, cultural exchange, curriculum development, leadership development, preventing gender-based violence, schooling for underserved children, and teacher training. In February 2011, after a six-month-long discernment process, the board adopted a new mission statement. The Organization’s new mission is to help people build movements in Haiti to liberate themselves from oppression and isolation. In pursuit of this new mission the Organization is committed to helping people build four movements in Haiti – the movement to end child slavery, the movement to guarantee universal access to quality education, the movement to end violence against women and girls, and the movement for dignified work and sustainable livelihoods.

Basis of accounting:

The accompanying financial statements are prepared on the accrual basis of accounting.

Property and equipment and depreciation and amortization:

Property and equipment are stated at cost. Expenditures for maintenance, repairs and renewals of a minor nature are charged against earnings as incurred. Major improvements and betterments are capitalized. Depreciation and amortization is provided by the use of the straight-line method over the estimated useful lives of the related assets.

Uses of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial statement presentation:

The Organization has adopted FASB ASC 958-205, Presentation of Financial Statements. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization does not use fund accounting.

BEYOND BORDERS, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEARS ENDED JUNE 30, 2011 AND 2010

1. **Nature of activities and summary of significant accounting policies - continued:**

Financial statement presentation – continued:

Contributions:

The Organization has also adopted FASB ASC 958-605 Accounting for Contributions Received and Contributions Made.” Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

2. **The Starfish Fund:**

On March 10, 2004, Beyond Borders, Inc. created The Starfish Fund as a restricted account to receive a gift of \$150,000 to be available for use by the Matenwa Community Learning Center (MCLC) in Haiti. Income from the fund is to be used to support the staff and educational mission as defined by those who govern the MCLC. Up to 10% of principal may be distributed in any one year.

BEYOND BORDERS, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEARS ENDED JUNE 30, 2011 AND 2010

3. **Property and equipment:**

Description	Estimated life range (years)	2011	2010
Office equipment	5 and 8	\$12,191	\$ 6,887
Less accumulated depreciation		<u>8,079</u>	<u>6,887</u>
Net property and equipment		<u>\$ 4,112</u>	<u>\$ -</u>

Depreciation expense for the years ended June 30, 2011 and 2010 were \$1,192 and \$0 respectively.

4. **Agency funds:**

The Organization is the agent for several beneficiaries in Haiti. Funds are received and held for these beneficiaries until the funds are disbursed to them. This arrangement is contingent upon the beneficiaries remaining in agreement with the mission and work of the organization. The change in net assets in the Statements of Activities reflects core activities as well as Agency funds. If Agency funds were not reflected in the Organizations Statements of Activities the change in net assets would have been (\$114,288) and \$227,174 for the years ended June 30, 2011 and 2010 respectively. Refer to supplemental information.

5. **Pension plan liability:**

The Organization began a pension fund considered non-qualified under the Internal Revenue Code (IRC) during fiscal 1997 for all employees with the intent of disbursing the funds to the employees upon their retirement or separation from the Organization. Subject to approval by the Board of Trustees, the employee can request a payment while still employed in the event of an urgent need.

6. **Donated services:**

Unpaid volunteers conduct a portion of the Organization's functions. The value of this contributed time is not reflected in the accompanying financial statements as the volunteers' time does not meet criteria for recognition under SFAS No. 117.

7. **Contributions and gifts to others:**

Limye Lavi typically receives a substantial part of its revenue from Beyond Borders. That funding amounted to \$377,426 and \$411,744 in years ended June 30, 2011 and 2010 respectively. These contributions represent about 43.1% and 75.1% of Limye Lavi's revenues for the years ended June 30, 2011 and 2010 respectively.

BEYOND BORDERS, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEARS ENDED JUNE 30, 2011 AND 2010

8. **Related party transaction – lease:**

The Organization leases office space from an employee under an annually renewable operating lease.

Total occupancy costs for the years ended June 30, 2011 and 2010 were \$29,729 and \$27,579 respectively. For the year ended June 30, 2011, this included \$3,000 of occupancy costs paid to an employee.

9. **Concentration of credit risk:**

The Organization maintains its cash and cash equivalents with high quality financial institutions. One of the institutions is not insured or otherwise protected by the Federal Deposit Insurance Corporation or any other governmental agency. Those accounts totaled \$158,409 and \$766,813 for the fiscal years ended June 30, 2011 and 2010 respectively.

SUPPLEMENTARY INFORMATION

BEYOND BORDERS, INC.  
SCHEDULE OF AGENCY FUNDS – RECEIPTS AND DISBURSEMENTS  
YEARS ENDED JUNE 30, 2011 AND 2010

Agent for:	2010				2011				
	Balance	Receipts	Disbursements	Retained for administration	Balance	Receipts	Disbursements	Retained for administration	Balance
Bluntschli	\$ -	\$ 24,055	\$ 21,649	\$ 2,406	\$ -	\$ 3,860	\$ 3,384	\$ 387	\$ 89
MCLC Breakfast	11,988	13,714	20,840	1,372	3,490	17,610	19,848	1,261	( 9)
MCLC Library	9,500	39,652	30,578	1,982	10,592	1,320	11,816	66	30
Chris Low/MCLC	39,935	103,786	61,922	10,348	71,451	107,471	80,847	12,846	85,229
MCLC Earthquake	-	81,068	51,825	8,004	21,239	3,432	20,000	343	4,328
MCLC Mother	-	-	-	-	6,000	42,583	48,583	-	-
Tongue Books	63	-	63	-	-	-	-	-	-
Emergency Relief	13,446	1,200	10,270	-	4,376	210	-	-	4,586
Guerilla Capitalism	-	562,686	475,125	187	87,374	90,572	177,946	-	-
Groundswell, Int'l	-	12,443	11,085	-	1,358	25,106	20,812	2,167	3,485
Epple Seeds Arts Prg	-	109,635	82,781	-	26,854	-	26,854	-	-
Cite Soleil Comm Sc	300	-	-	-	300	-	-	-	300
Haiti Benefit	\$75,232	\$948,239	\$766,138	\$ 24,299	\$233,034	\$292,164	\$410,090	\$ 17,070	\$ 98,038