

BEYOND BORDERS, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED
JUNE 30, 2010 AND 2009

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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, 2010 and 2009 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, 2010 and 2009, 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.

September 17, 2010

BEYOND BORDERS, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2010 AND 2009

ASSETS

	2010	2009
Cash and cash equivalents (Note 9)	\$ 1,121,033	\$377,866
The Starfish Fund (Note 2)	158,387	170,362
Notes receivable	10,000	35,000
Accounts receivable	33,887	9,401
Prepaid expenses	15,243	21,721
Property and equipment (Note 3)	-	2,834
	<u>\$ 1,338,550</u>	<u>\$617,184</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 392,568	\$ 9,807
Deferred revenue	2,490	40,515
Accrued pension (Note 5)	85,918	94,264
Total liabilities	<u>480,976</u>	<u>144,586</u>
Net assets:		
Unrestricted	246,864	215,810
Temporarily restricted	610,710	256,788
Total net assets	<u>857,574</u>	<u>472,598</u>
	<u>\$ 1,338,550</u>	<u>\$617,184</u>

See notes to financial statements.

BEYOND BORDERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Unrestricted:		
Revenue (Note 6)		
Contributions	\$ 327,760	\$393,451
Grants	22,500	39,305
Interest income	1,130	4,205
Net assets released from restrictions	<u>2,850,999</u>	<u>757,163</u>
Total revenue	<u>3,202,389</u>	<u>1,194,124</u>
Expenses:		
Apprenticeship in Shared Living	9,053	6,395
Transformational Travel	14,427	16,801
Constituency Education	31,138	26,963
Child Literacy	79,923	80,177
Adult Literacy	81,228	63,582
Campaign to End Child Servitude	242,486	284,422
Schools Alive	42,665	57,570
Dominican Republic Expansion	-	610
Haiti Partners	1,221,951	277,654
Earthquake Response	518,297	-
Agency (Note 4)	814,437	176,256
Support services:		
Management and general	80,770	68,348
Fund raising	<u>34,960</u>	<u>58,925</u>
Total expenses	<u>3,171,335</u>	<u>1,117,703</u>
Increase in unrestricted net assets	<u>31,054</u>	<u>76,421</u>
Temporarily restricted:		
Contributions	2,244,657	532,810
Interest income and unrealized losses on investments	12,025	(6,622)
Agency (Note 4)	948,239	209,008
Net assets released from restrictions	<u>(2,850,999)</u>	<u>(757,163)</u>
Increase (decrease) in temporarily restricted net assets	<u>353,922</u>	<u>(21,967)</u>
Increase (decrease) in net assets (Note 4)	384,976	54,454
Net assets at beginning of year	<u>472,598</u>	<u>418,144</u>
Net assets at end of year	<u>\$857,574</u>	<u>\$472,598</u>

See notes to financial statements.

BEYOND BORDERS, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2010 AND 2009

	2010	2009
Cash flows from operating activities:		
Increase in net assets	\$ 384,976	\$ 54,454
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,834	2,399
Unrealized gain (loss) on investments	(8,175)	14,011
(Increase) decrease in:		
Accounts receivable	(24,486)	23,304
Prepaid expenses	6,478	4,407
Increase (decrease) in:		
Accounts payable	382,761	(2,102)
Accrued pension	(8,346)	(18,951)
Deferred revenue	(38,025)	(14,579)
Net cash provided by operating activities	698,017	62,943
Cash flows from investing activities:		
Proceeds of note receivable	25,000	-
Purchase of note receivable	-	(25,000)
Increase (decrease) in investment	20,150	(7,389)
Net cash provided by (used in) investing activities	45,150	(32,389)
Net increase in cash	743,167	30,554
Cash and cash equivalents at beginning of year	377,866	347,312
Cash and cash equivalents at end of year	\$1,121,033	\$ 377,866

See notes to financial statements.

BEYOND BORDERS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009

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 works 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.

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 Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations.” Under SFAS No. 117, 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, 2010 AND 2009

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

Financial statement presentation – continued:

The Organization also follows SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raised or Hold Contributions for Others*. Funds received in the names of other organizations and individuals are held as a liability until disbursement to the affiliate. The funds are not recorded as revenue or expense by the organization.

Contributions:

The Organization has also adopted SFAS No. 116, “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, 2010 AND 2009

3. **Property and equipment:**

Description	Estimated life range (years)	2010	2009
Office equipment	5 and 8	\$6,887	\$11,633
Less accumulated depreciation		<u>6,887</u>	<u>8,799</u>
Net property and equipment		<u>\$ -</u>	<u>\$ 2,834</u>

Depreciation expense for the years ended June 30, 2010 and 2009 were \$2,834 and \$2,399 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 \$227,174 and \$21,702 for the years ended June 30, 2010 and 2009 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 \$411,744 and \$346,176 in years ended June 30, 2010 and 2009 respectively. These contributions represent about 75.1% and 77% of Limye Lavi's revenues for the years ended June 30, 2010 and 2009 respectively.

BEYOND BORDERS, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED JUNE 30, 2010 AND 2009

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

The Organization leases office space and pays utilities to four employees under annually renewable operating leases.

Total occupancy costs for the years ended June 30, 2010 and 2009 were \$25,579 and \$16,152 respectively.

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 \$766,813 and \$273,079 for the fiscal years ended June 30, 2010 and 2009 respectively.

SUPPLEMENTARY INFORMATION

BEYOND BORDERS, INC.
 SCHEDULE OF AGENCY FUNDS – RECEIPTS AND DISBURSEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009

Agent for:	2009				2010				
	Balance	Receipts	Disburse- ments	Retained for administration	Balance	Receipts	Disburse- ments	Retained for administration	Balance
Bluntschli	\$ -	\$ 8,155	\$ 7,340	\$ 815	\$ -	\$ 24,055	\$ 21,649	\$ 2,406	\$ -
MCLC Breakfast	(15,383)	48,556	16,329	4,856	11,988	13,714	20,840	1,372	3,490
MCLC Library	1,995	10,000	1,995	500	9,500	39,652	30,578	1,982	16,592
Chris Low/MCLC	53,820	87,910	93,028	8,767	39,935	103,786	61,922	10,348	71,451
MCLC Earthquake	-	-	-	-	-	81,068	51,825	8,004	21,239
Haitian Child Choir	(1,890)	1,890	-	-	-	-	-	-	-
Emergency Relief	-	37,838	33,991	3,784	63	-	63	-	-
Guerilla Capitalism	-	14,389	943	-	13,446	1,200	10,270	-	4,376
Groundswell, Int'l	-	-	-	-	-	562,686	475,125	187	87,374
Epple Seeds Arts Prg	-	-	-	-	-	12,443	11,085	-	1,358
Cite Soleil Comm Sc	-	-	-	-	-	109,635	82,781	-	26,854
Haiti Benefit	3,938	270	3,908	-	300	-	-	-	300
	<u>\$42,480</u>	<u>\$209,008</u>	<u>\$157,534</u>	<u>\$ 18,722</u>	<u>\$75,232</u>	<u>\$948,239</u>	<u>\$766,138</u>	<u>\$ 24,299</u>	<u>\$233,034</u>