

BEYOND BORDERS, INC.  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
YEARS ENDED  
JUNE 30, 2008 AND 2007

## CONTENTS

Independent auditor's report	2
Financial statements:	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Notes to financial statements	6 - 9
Supplementary information	
Schedule of agency funds - receipts and disbursements	11

## 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, 2008 and 2007 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, 2008 and 2007, 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 2, 2008

BEYOND BORDERS, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2008 AND 2007

ASSETS

	2008	2007
Cash and cash equivalents (Note 9)	\$347,312	\$445,177
The Starfish Fund (Note 2)	176,984	168,983
Notes receivable	10,000	10,000
Accounts receivable	32,705	40,174
Prepaid expenses	26,128	11,865
Property and equipment (Note 3)	5,233	3,665
	<u>\$598,362</u>	<u>\$679,864</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 11,909	\$ 17,471
Deferred revenue	55,094	130,000
Accrued pension (Note 5)	113,215	104,889
Total liabilities	<u>180,218</u>	<u>252,360</u>
Net assets:		
Unrestricted	139,389	101,971
Temporarily restricted	278,755	325,533
Total net assets	<u>418,144</u>	<u>427,504</u>
	<u>\$598,362</u>	<u>\$679,864</u>

See notes to financial statements.

BEYOND BORDERS, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Unrestricted:		
Revenue (Note 6)		
Contributions	\$246,881	\$265,428
Grants	40,000	30,000
Interest income	11,015	11,216
Net assets released from restrictions	<u>716,714</u>	<u>515,067</u>
Total revenue	<u>1,014,610</u>	<u>821,711</u>
Expenses:		
Apprenticeship in Shared Living	16,012	44,401
Transformational Travel	9,901	15,504
Constituency Education	21,998	24,011
Child Literacy	99,459	83,367
Adult Literacy	61,158	54,241
Campaign to End Child Servitude	217,158	167,583
Schools Alive	44,282	24,060
Circles of Change	125,086	101,762
Living Words	107,364	68,498
Dominican Republic Expansion	25,217	16,892
Agency (Note 4)	156,875	101,422
Support services:		
Management and general	63,186	47,370
Fund raising	<u>29,496</u>	<u>24,940</u>
Total expenses	<u>977,192</u>	<u>774,051</u>
Increase in unrestricted net assets	<u>37,418</u>	<u>47,660</u>
Temporarily restricted:		
Contributions	526,935	472,594
Interest income	8,001	11,009
Agency (Note 4)	135,000	98,099
Net assets released from restrictions	<u>( 716,714)</u>	<u>( 515,067)</u>
Increase (decrease) in temporarily restricted net assets	<u>( 46,778)</u>	<u>66,635</u>
Increase (decrease) in net assets (Note 4)	<u>( 9,360)</u>	<u>114,295</u>
Net assets at beginning of year	<u>427,504</u>	<u>313,209</u>
Net assets at end of year	<u>\$418,144</u>	<u>\$427,504</u>

See notes to financial statements.

BEYOND BORDERS, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2008 AND 2007

	2008	2007
Cash flows from operating activities:		
Increase (decrease) in net assets	\$( 9,360)	\$ 114,295
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,605	1,149
(Increase) decrease in:		
Accounts receivable	7,469	35,270
Prepaid expenses	( 14,263)	886
Increase (decrease) in:		
Accounts payable	( 5,562)	2,730
Accrued pension	8,326	( 10,426)
Deferred revenue	<u>( 74,906)</u>	<u>81,812</u>
Net cash provided by (used in) operating activities	<u>( 86,691)</u>	<u>225,716</u>
Cash flows from investing activities:		
Purchase of fixed assets	( 3,173)	-
Increase (decrease) in investment	<u>( 8,001)</u>	<u>10,236</u>
Net cash provided by (used in) investing activities	<u>( 11,174)</u>	<u>10,236</u>
Net increase (decrease) in cash	( 97,865)	235,952
Cash and cash equivalents at beginning of year	<u>445,177</u>	<u>209,225</u>
Cash and cash equivalents at end of year	<u>\$ 347,312</u>	<u>\$ 445,177</u>

See notes to financial statements.

BEYOND BORDERS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2008 AND 2007

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 is committed to fostering transformative learning primarily among the people of Haiti, the Dominican Republic, and North America in these areas: children’s rights, Christian education, cultural exchange, literacy, leadership development, 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, 2008 AND 2007

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, 2008 AND 2007

3. **Property and equipment:**

Description	Estimated life range (years)	2008	2007
Office equipment	5 and 8	\$11,633	\$8,460
Less accumulated depreciation		6,400	4,795
Net property and equipment		<u>\$ 5,233</u>	<u>\$3,665</u>

Depreciation expense for the years ended June 30, 2008 and 2007 were \$1,605 and \$1,149 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 \$12,515 and \$117,618 for the years ended June 30, 2008 and 2007 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 \$308,143 and \$230,985 in years ended June 30, 2008 and 2007 respectively. These contributions represent about 76% and 90% of Limye Lavi's revenues for the years ended June 30, 2008 and 2007 respectively.

BEYOND BORDERS, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
YEARS ENDED JUNE 30, 2008 AND 2007

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

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

Total occupancy costs for the years ended June 30, 2008 and 2007 were \$12,600 and \$9,325, 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 \$303,042 and \$424,456 for the fiscal years ended June 30, 2008 and 2007 respectively.

SUPPLEMENTARY INFORMATION

BEYOND BORDERS, INC.  
 SCHEDULE OF AGENCY FUNDS – RECEIPTS AND DISBURSEMENTS  
 YEARS ENDED JUNE 30, 2008 AND 2007

	2007				2008				
	Balance	Receipts	Disburse- ments	Retained for administration	Balance	Receipts	Disburse- ments	Retained for administration	Balance
Agent for:									
Bluntschli	\$ -	\$ 8,099	\$ 7,109	\$ 990	\$ -	\$ 5,882	\$ 5,294	\$ 588	\$ -
MCLC Breakfast	( 1,958)	9,672	13,590	756	( 6,632)	5,417	13,626	542	(15,383)
MCLC Library	-	7,865	6,650	393	822	47,328	43,789	2,366	1,995
Chris Low/MCLC	69,636	68,463	62,296	6,671	69,132	68,635	77,083	6,864	53,820
Haitian Child Choir	-	4,000	2,967	-	1,033	3,800	6,723	-	( 1,890)
Haiti Benefit	-	-	-	-	-	3,938	-	-	3,938
	<u>\$67,678</u>	<u>\$ 98,099</u>	<u>\$ 92,612</u>	<u>\$ 8,810</u>	<u>\$64,355</u>	<u>\$135,000</u>	<u>\$146,515</u>	<u>\$ 10,360</u>	<u>\$42,480</u>