BEYOND BORDERS, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED
JUNE 30, 2018 AND 2017

CONTENTS

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Independent Auditor's Report

Board of Directors
Beyond Borders, Inc.

I have audited the accompanying financial statements of Beyond Borders, Inc. (a nonprofit organization) which comprise statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, statements of functional expenses and of cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

My responsibility is to express an opinion on these 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

**November 16, 2018**

*Member of the American Institute of Certified Public Accountants*
*Member of the Pennsylvania Institute of Certified Public Accountants*

BEYOND BORDERS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

## ASSETS

| | 2018 | 2017 |
|---|---|---|
| Cash and cash equivalents (Note 8) | $ 477,288 | $ 549,703 |
| The Starfish Fund (Note 2) | 0 | 214,237 |
| Accounts receivable | 73,288 | 48,493 |
| Prepaid expenses | 82,791 | 60,686 |
| Property and equipment, net (Note 3) | 6,170 | 6,258 |
| | $ 639,537 | $ 879,377 |

## LIABILITIES AND NET ASSETS

| | | |
|---|---|---|
| Liabilities: | | |
| Accounts payable | $ 28,935 | $ 12,558 |
| Starfish Fund payable (Note 2) | 0 | 214,237 |
| Deferred revenue | 148,816 | 128,175 |
| Accrued pension (Note 4) | 46 | 16,337 |
| Total liabilities | 177,797 | 371,307 |
| Net assets: | | |
| Unrestricted | 225,947 | 202,298 |
| Temporarily restricted | 235,793 | 305,772 |
| Total net assets | 461,740 | 508,070 |
| | $ 639,537 | $ 879,377 |

See notes to financial statements.

BEYOND BORDERS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| Unrestricted: | | |
| Revenue (Note 6) | | |
| Contributions (Note 1) | $ 342,505 | $ 413,698 |
| Grants | 81,592 | 81,263 |
| Interest income | 4,028 | 4,957 |
| Other income | 0 | 0 |
| Net assets released from restrictions | 1,612,605 | 1,585,359 |
| Total revenue | 2,040,730 | 2,085,277 |
| Expenses: | | |
| Child Protection | 209,694 | 195,953 |
| Model Community Initiative | 964,791 | 810,475 |
| Rethinking Power | 502,609 | 466,362 |
| Transforming the Mission Model | 36,742 | 29,843 |
| Starfish Fund (Note 2) | 0 | 214,237 |
| Support services: | | |
| Management and general (Note 1) | 140,838 | 109,379 |
| Fund raising | 162,406 | 133,781 |
| Total expenses | 2,017,080 | 1,960,030 |
| Increase (decrease) in unrestricted net assets | 23,650 | 125,247 |
| Temporarily restricted: | | |
| Contributions (Note 1) | 451,210 | 416,237 |
| Grants | 1,077,325 | 1,029,925 |
| Program service income | 14,090 | 20,903 |
| Investment income and unrealized gains on investments | 0 | 11,165 |
| Net assets released from restrictions | ( 1,612,605) | (1,585,359) |
| Increase (decrease) in temporarily restricted net assets | ( 69,980) | ( 107,129) |
| Increase (decrease) in net assets | ( 46,330) | 18,118 |
| Net assets at beginning of year | 508,070 | 489,952 |
| Net assets at end of year | $ 461,740 | $ 508,070 |

See notes to financial statements.

BEYOND BORDERS, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| Cash flows from operating activities: | | |
| Increase (decrease) in net assets | $( 46,330) | $ 18,118 |
| Adjustments to reconcile increase (decrease)in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 4,196 | 2,048 |
| Unrealized (gain) loss on investments | 0 | ( 4,653) |
| (Increase) decrease in: | | |
| Accounts receivable | ( 24,795) | ( 15,384) |
| Notes receivable | 0 | 10,000 |
| Prepaid expenses | ( 22,105) | ( 16,284) |
| Increase (decrease) in: | | |
| Accounts payable | 16,377 | ( 7,873) |
| Starfish Fund payable | ( 214,237) | 214,237 |
| Accrued pension | ( 16,291) | ( 15,789) |
| Deferred revenue | 20,641 | ( 12,472) |
| Net cash provided by (used in) operating activities | ( 282,544) | 171,948 |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | ( 4,108) | ( 4,589) |
| Decrease (increase) in investment | 214,237 | ( 6,512) |
| Net cash provided by (used in) investing activities | 210,129 | ( 11,101) |
| Cash flows from financing activities: | - | - |
| Net increase (decrease) in cash | ( 72,415) | 160,847 |
| Cash and cash equivalents at beginning of year | 549,703 | 388,856 |
| Cash and cash equivalents at end of year | $ 477,288 | $ 549,703 |

See notes to financial statements.

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's mission is to help people build movements in Haiti to liberate themselves from oppression and isolation. In pursuit of this 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 amortized 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.

Reclassifications:

Certain reclassifications have been made to the June 30, 2017 amounts in the accompanying financial statements to conform to the June 30, 2018 presentation.

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.

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 and Fair Value Measurements:**

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. During the prior audit period, Friends of Matenwa (FOM), the current fiscal agent for MCLC, requested transfer of the Starfish Fund to their ownership. This fund was distributed to Friends of Matenwa (FOM) during the year ended June 30, 2018.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2018 are as follows:

| | Fair Value | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|
| Money market accounts | $ 0 | $ 0 | $ 0 |
| Mutual Funds | 0 | 0 | 0 |
| Cash | 0 | 0 | 0 |
| | $ 0 | $ 0 | $ 0 |

2. **The Starfish Fund and Fair Value Measurements, continued:**

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2017 are as follows:

| | Fair Value | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|
| Money market accounts | $ 50,873 | $ 0 | $ 0 |
| Mutual Funds | 147,002 | 0 | 0 |
| Cash | 16,362 | 0 | 0 |
| | $ 214,237 | $ 0 | $ 0 |

3. **Property and equipment:**

| Description | Estimated life range (years) | 2018 | 2017 |
|---|---|---|---|
| Office equipment | 3, 5 and 8 | 21,498 | $18,370 |
| Less accumulated depreciation | | 15,328 | 12,112 |
| Net property and equipment | | $ 6,170 | $ 6,258 |

Depreciation expense for the years ended June 30, 2018 and 2017 were $4,196 and $2,048 respectively.

4. **Pension plan liability and retirement plans:**

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. This plan was discontinued in July 2017.

The Organization has adopted a qualified retirement plan with a 401k feature. Eligible employees can defer salary up to the limits allowed by the IRS. The plan also allows for matching and discretionary contributions by the Organization. There were no matching or discretionary contributions during the years ended June 30, 2018 and 2017.

5. **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.

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

For the year ended June 30, 2018, the Haitian organization AAPLAG received a substantial part of its revenue from Beyond Borders. That funding amounted to $201,606. These contributions represent about 93% of AAPLAG's revenues for the year ended June 30, 2018.

During the fiscal year, Beyond Borders (BB) assisted in the establishment of a non-governmental foundation in Haiti, Fondasyon Depase Fwontyè Yo (DF), including filing the official registration with the Government of Haiti. DF has 4 board members in common with BB. During the fiscal year, BB provided $798,514 in grants to DF to support 3 programs, representing 100% of DF total support. DF maintained the equivalent of $62,337 in cash assets at year end to be used for programs funded by BB.

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

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

Total occupancy costs for the years ended June 30, 2018 and 2017 were $45,800 and $50,600 respectively. For the years ended June 30, 2018 and 2017, this included $8,773 and $5,400, respectively for occupancy costs paid to employees.

8. **Concentration of credit risk:**

The Organization maintains its cash and cash equivalents with high quality financial institutions. Two of the institutions are not insured or otherwise protected by the Federal Deposit Insurance Corporation or any other governmental agency. Those accounts totaled $33,615 and $494,755 for the fiscal years ended June 30, 2018 and 2017 respectively.

9. **Subsequent events:**

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Company has evaluated subsequent events through November 16, 2018 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2018, have been incorporated into these financial statements herein.