BEYOND

ACT BEYOND d/b/a BEYOND

Consolidated Financial Statements With Independent Auditors' Report

September 30, 2017

CAPINCROUSE LLP

ACT BEYOND d/b/a BEYOND

Table of Contents

INDEPENDENT AUDITORS' REPORT

Board of Directors
Act Beyond d/b/a Beyond
Richardson, Texas

We have audited the accompanying consolidated financial statements of Act Beyond d/b/a Beyond, which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1000 Texan Trail, Suite 125
Grapevine, TX 76051
817.328.6510
capincrouse.com

Board of Directors
Act Beyond d/b/a Beyond
Richardson, Texas

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Act Beyond d/b/a Beyond as of September 30, 2017, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Grapevine, Texas
January 30, 2018

ACT BEYOND d/b/a BEYOND

Consolidated Statement of Financial Position

September 30, 2017

ASSETS:		
Current assets:		
Cash and cash equivalents	$	589,951
Investments		1,089,303
Prepaid expenses and other current assets		25,924
		1,705,178
Property and equipment–net		1,418,808
Total Assets	$	3,123,986
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	$	195,676
Note payable, net–current portion		40,311
		235,987
Note payable, net–net of current portion		1,099,219
		1,335,206
Net assets:		
Unrestricted:		
Operating		(171,771)
Preferenced for missionary activities		962,758
Equity in property and equipment		279,278
		1,070,265
Temporarily restricted:		
Projects and other		615,478
Training		103,037
		718,515
		1,788,780
Total Liabilities and Net Assets	$	3,123,986

See notes to consolidated financial statements

ACT BEYOND d/b/a BEYOND

Consolidated Statement of Activities

For the Year Ended September 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Field ministries support	$ 3,246,998	$ 1,001,197	$ 4,248,195
General purpose gifts	519,965	-	519,965
Rental income	217,820	-	217,820
Investment and other income	126,191	-	126,191
Total Support and Revenue	4,110,974	1,001,197	5,112,171
NET ASSETS RELEASED:			
Purpose restrictions	2,049,968	(2,049,968)	-
EXPENSES:			
Program services	4,170,352	-	4,170,352
Supporting activities:			
General and administration	1,035,219	-	1,035,219
Fund-raising	215,584	-	215,584
Total Expenses	5,421,155	-	5,421,155
Change in Net Assets	739,787	(1,048,771)	(308,984)
Net Assets, Beginning of Year	330,478	1,767,286	2,097,764
Net Assets, End of Year	$ 1,070,265	$ 718,515	$ 1,788,780

See notes to consolidated financial statements

ACT BEYOND d/b/a BEYOND

Consolidated Statement of Functional Expenses

For the Year Ended September 30, 2017

	Program Services	General and Administration	Fund-raising	Total
Missionary activities	$ 2,692,213	$ 248,144	$ 49,629	$ 2,989,986
Home office salaries	211,813	356,916	81,112	649,841
Travel	603,671	17,445	4,882	625,998
Payroll taxes and benefits	168,264	49,896	10,549	228,709
Professional fees	168,098	111,975	11,498	291,571
Printing	-	1,932	39,534	41,466
Facilities	110,069	72,887	10,544	193,500
Depreciation	42,677	28,237	4,081	74,995
Computer supplies	-	29,128	-	29,128
Bank fees	-	36,533	-	36,533
Communications	21,136	15,021	-	36,157
Conferences	81,365	463	-	81,828
Interest	30,776	20,363	2,943	54,082
Dues and subscriptions	-	11,944	-	11,944
Postage	-	12,803	-	12,803
Taxes	25,520	1,387	-	26,907
Miscellaneous	14,750	20,145	812	35,707
Total	$ 4,170,352	$ 1,035,219	$ 215,584	$ 5,421,155

See notes to consolidated financial statements

ACT BEYOND d/b/a BEYOND

Consolidated Statement of Cash Flows

Year Ended September 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(308,984)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense		76,858
Realized and unrealized gains on investments		(112,241)
Change in operating assets and liabilities:		
Prepaid expenses and other current assets		2,969
Accounts payable		26,887
Accrued vacation		(41,101)
Net Cash Used by Operating Activities		(355,612)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments		(52,501)
Proceeds from sales of investments		41,231
Purchases of property and equipment		(10,070)
Net Cash Used by Investing Activities		(21,340)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable		(37,986)
Net Cash Used by Financing Activities		(37,986)
Net Change in Cash and Cash Equivalents		(414,938)
Cash and Cash Equivalents, Beginning of Year		1,004,889
Cash and Cash Equivalents, End of Year	$	589,951
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	$	54,082
Cash paid for taxes	$	26,907

See notes to consolidated financial statements

1. NATURE OF ORGANIZATION:

Act Beyond d/b/a Beyond (Beyond) was established in 1981 as a Washington non-profit corporation and is exempt from the federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code. During 2010, Beyond became incorporated as a Texas non-profit corporation organized exclusively for religious and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. On September 30, 2011, the Washington corporation merged into the Texas corporation. Beyond files information tax returns, including Form 990T, in the U.S. and various states.

Beyond is a Christian organization which has a global purpose of catalyzing holistic church planting movements until the gospel has penetrated and begun to transform every tribe, people, city, and language, including, but not limited to (i) sending strategic teams and (ii) collaborating with Christians from all continents.

The consolidated financial statements include those of an affiliate and a wholly owned entity. This operational affiliate provides logistical support for workers overseas including preparation and timing, relief and development, and community development.

In May 2016, Beyond established an LLC, of which Beyond is the sole member, to manage property purchased, including a portion of the property leased to others which is not used by Beyond.

Beyond's programs consist of church planting movements and mission work to make Jesus known while transforming lives, relationships, and communities. Beyond's missionaries operate primarily in geographic regions of East Asia and the Pacific, Europe, and South Asia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Beyond have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial resources and activities of Beyond and its affiliates. All material transactions and balances between these entities have been eliminated in consolidation. Beyond and its affiliates will be collectively referred to as "Beyond" throughout the notes to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and money market accounts. Cash accounts may, at times, exceed federally insured limits. Beyond has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

INVESTMENTS

Investments consists of shares in a group investment fund that is managed by High Ground Advisors (HGA). These funds are reported at estimated fair value as measured by their net asset value as reported by HGA, which represents Beyond's proportionate interest in the capital of the invested funds.

PROPERTY AND EQUIPMENT–NET

Expenditures for property and equipment greater than $1,500 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation and amortization is computed on the straight line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 15 years.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts by class of net assets:

Unrestricted net assets are currently available for operations under the direction of the board, including contributions preferenced for missionary activities, and resources invested in property and equipment.

Temporarily restricted net assets are restricted by donors for specific projects or purposes.

SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to Beyond.

Beyond reports gifts of cash and other assets as restricted support if they are received with donor preferences that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Temporarily restricted contributions are subject to an assessment of approximately 11% for general and administration costs. For the year ended September 30, 2017, assessments of $493,847 have been recorded as net assets released from purpose restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued
Beyond records donated gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Beyond reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributions received with donor restrictions that are used in the year received are reported as unrestricted.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES
The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities benefited.

NEW ACCOUNTING STANDARDS
In April 2015, the Financial Accounting Standards Board (FASB) recently issued Accounting Standards Update (ASU) No. 2015–03, *Simplifying the Presentation of Debt Issuance Costs* . In order to simplify presentation of debt issuance costs, the ASU requires that debt issuance costs related to a recognized debt liability be presented in the consolidated statement of financial position as a direct deduction from the carrying amount of that debt liability. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The ASU is effective for the financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016, with early application permitted. ASU 2015-15 allows Beyond to defer debt issuance costs associated with line-of-credit arrangements, including arrangements with no outstanding borrowings, classify them as an asset, and amortize them over the term of the arrangements. Beyond had no capitalized costs that would be covered by ASU 2015-15 as of September 30, 2017. Beyond adopted ASU 2015-03 during the year ended September 30, 2017, with full retrospective application as required by the guidance.

3. INVESTMENTS:
Investments at September 30, 2017, consist of:

Cash and cash equivalents:	
Higher Ground group investment fund	$ 204,523
Investments:	
Higher Ground group investment fund	$ 1,089,303

3. INVESTMENTS, continued:

Higher Ground group investment fund is diversified in domestic and international equities, private equities, real estate, energy, marketable alternatives, domestic and global fixed income, and cash. The fund seeks to maximize total return within reasonable risk levels, consistent with the long-term nature of these accounts with a long-term distribution goal of approximately 5%. The fair value of the investment in this category has been established using the net asset value per share of the investment as provided by HGA and have no restriction on redemptions.

Interest and investment income for the year ended September 30, 2017, consists of:

Net realized and unrealized gains	$	112,241
Interest and dividends on investment accounts		12,555
	$	124,796

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net at September 30, 2017, consists of the following:

Land	$	751,580
Building and improvements		732,661
Furniture and fixtures		95,584
		1,579,825
Less accumulated depreciation		(161,017)
	$	1,418,808

5. LEASES:

Beyond leases office space to other organizations under non-cancelable lease agreements. Rental income from these leases for the year ended September 30, 2017, was $217,820. The future minimum rentals to be received under these noncancelable operating leases are:

Year Ending September 30,		
2018	$	159,507
2019		128,831
2020		118,773
2021		110,234
2022		110,234
	$	627,579

6. NOTE PAYABLE, NET:

Notes payable at September 30, 2017, consists of:

Note payable to a bank secured by property. Total monthly payments of principal and interest of $7,672. The interest rate is a fixed rate of 5.77% The note matures in April 2023.	$	1,149,936
Less capitalized note issuance costs		(10,406)
	$	1,139,530

Future minimum payments are:

Year Ending September 30,		
2018	$	40,311
2019		42,195
2020		44,168
2021		46,232
2022		48,393
Thereafter		928,637
	$	1,149,936

Under the note payable agreement, Beyond is subject to certain financial and non-financial covenants. As of and for the year ended September 30, 2017, Beyond was in compliance with these covenants and had obtained certification of their compliance from their lender.

7. RELATED PARTY INFORMATION:

Beyond receives funds from an affiliate organization, the Canadian Mission to Unreached Peoples Society, a registered Canadian charitable organization. The net amount received for the year ended September 30, 2017, was $6,546.

8. RETIREMENT PLAN:

Beyond has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate. Employees may make voluntary contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Beyond did not make any employer contributions to the plan during the year ended September 30, 2017.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the January 30, 2018, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.