



ACT BEYOND d/b/a BEYOND

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2018 and 2017

ACT BEYOND d/b/a BEYOND

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses–2018	5
Consolidated Statement of Functional Expenses–2017	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

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 statements of financial position as of September 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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.

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

Emphasis of Matter

Act Beyond d/b/a Beyond has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This had a material effect on the presentation of the September 30, 2018 and 2017 financial statements.

Capin Crouse LLP

Grapevine, Texas
January 31, 2019

ACT BEYOND d/b/a BEYOND

Consolidated Statements of Financial Position

	September 30,	
	2018	2017
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 248,643	\$ 589,951
Investments	1,367,904	1,089,303
Contributions receivable	285,140	-
Prepaid expenses and other current assets	18,412	25,924
	1,920,099	1,705,178
Property and equipment–net	1,420,155	1,418,808
Total Assets	\$ 3,340,254	\$ 3,123,986
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 270,756	\$ 195,676
Note payable–current portion, net of issuance costs	40,331	40,311
	311,087	235,987
Note payable–net of current portion, net of issuance costs	1,061,284	1,099,219
	1,372,371	1,335,206
Net assets:		
Without donor restrictions:		
Operating	63,658	(171,771)
Preferred for missionary activities	894,091	962,758
Equity in property and equipment	318,540	279,278
	1,276,289	1,070,265
With donor restrictions:		
Projects and other	639,773	615,478
Training	51,821	103,037
	691,594	718,515
	1,967,883	1,788,780
Total Liabilities and Net Assets	\$ 3,340,254	\$ 3,123,986

See notes to consolidated financial statements

ACT BEYOND d/b/a BEYOND

Consolidated Statements of Activities

For the Year Ended September 30,

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Field ministries support	\$ 4,144,095	\$ 679,737	\$ 4,823,832	\$ 3,246,998	\$ 1,001,197	\$ 4,248,195
General purpose gifts	736,855	-	736,855	519,965	-	519,965
Rental income	229,527	-	229,527	217,820	-	217,820
Investment and other income	97,784	-	97,784	126,191	-	126,191
Total Support and Revenue	5,208,261	679,737	5,887,998	4,110,974	1,001,197	5,112,171
NET ASSETS RELEASED:						
Purpose restrictions	706,658	(706,658)	-	2,049,968	(2,049,968)	-
EXPENSES:						
Program services	4,495,089	-	4,495,089	3,964,319	-	3,964,319
Supporting activities:						
General and administration	1,017,746	-	1,017,746	1,171,062	-	1,171,062
Fund-raising	196,060	-	196,060	285,774	-	285,774
Total Expenses	5,708,895	-	5,708,895	5,421,155	-	5,421,155
Change in Net Assets	206,024	(26,921)	179,103	739,787	(1,048,771)	(308,984)
Net Assets, Beginning of Year	1,070,265	718,515	1,788,780	330,478	1,767,286	2,097,764
Net Assets, End of Year	\$ 1,276,289	\$ 691,594	\$ 1,967,883	\$ 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, 2018

	Program Services	General and Administration	Fund-raising	Total
Salaries and wages	\$ 2,807,883	\$ 464,019	\$ 52,350	\$ 3,324,252
Travel	539,920	32,604	5,483	578,007
Fees for services:				-
Other	122,578	81,704	-	204,282
Legal	-	10,562	-	10,562
Accounting	-	27,215	-	27,215
Professional fund-raising	34,668	1,562	96,486	132,716
Occupancy	116,218	114,804	10,456	241,478
Payroll taxes and benefits	235,533	34,645	3,957	274,135
All other expenses	154,505	13,568	-	168,073
Office expenses	182,655	17,136	518	200,309
Training	138,282	-	-	138,282
Conferences, conventions, and meetings	59,502	-	-	59,502
Depreciation	-	59,093	-	59,093
Interest	-	52,290	-	52,290
Information technology	25,314	50,727	-	76,041
Advertising and promotion	5,484	19,813	26,810	52,107
Visa/Passport fees	30,324	-	-	30,324
Insurance	-	16,697	-	16,697
Hospitality	42,223	21,307	-	63,530
Total	\$ 4,495,089	\$ 1,017,746	\$ 196,060	\$ 5,708,895

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
Salaries and wages	\$ 2,395,487	\$ 605,057	\$ 130,735	\$ 3,131,279
Travel	603,670	17,445	4,881	625,996
Fees for services:				
Other	169,878	38,985	5,635	214,498
Legal	7,110	4,681	677	12,468
Accounting	-	32,424	-	32,424
Professional fund-raising	-	-	85,658	85,658
Occupancy	3,693	268,042	373	272,108
Payroll taxes and benefits	168,264	49,896	10,548	228,708
All other expenses	193,234	1,707	321	195,262
Office expenses	83,163	67,742	489	151,394
Training	106,335	-	-	106,335
Conferences, conventions, and meetings	97,971	-	-	97,971
Depreciation	41,616	27,535	3,980	73,131
Interest	30,776	20,363	2,943	54,082
Information technology	22,665	29,128	-	51,793
Advertising and promotion	2,777	1,932	39,534	44,243
Visa/Passport fees	28,238	-	-	28,238
Insurance	149	5,662	-	5,811
Hospitality	9,293	463	-	9,756
Total	\$ 3,964,319	\$ 1,171,062	\$ 285,774	\$ 5,421,155

See notes to consolidated financial statements

ACT BEYOND d/b/a BEYOND

Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 179,103	\$ (308,984)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	(59,093)	76,858
Unrealized gain on investments	(64,248)	(112,241)
Change in operating assets and liabilities:		
Contributions receivable	(285,140)	-
Prepaid expenses and other current assets	7,512	2,969
Accounts payable	75,080	26,887
Accrued vacation	-	(41,101)
Net Cash Used by Operating Activities	(146,786)	(355,612)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(262,459)	(52,501)
Proceeds from sales of investments	48,106	41,231
Purchases of property and equipment	57,746	(10,070)
Net Cash Used by Investing Activities	(156,607)	(21,340)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(37,915)	(37,986)
Net Cash Used by Financing Activities	(37,915)	(37,986)
Net Change in Cash and Cash Equivalents	(341,308)	(414,938)
Cash and Cash Equivalents, Beginning of Year	589,951	1,004,889
Cash and Cash Equivalents, End of Year	\$ 248,643	\$ 589,951
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 52,107	\$ 54,082
Cash paid for taxes	\$ 37,592	\$ 26,907

See notes to consolidated financial statements

ACT BEYOND d/b/a BEYOND

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

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, a wholly owned entity. This operational affiliate provided logistical support for workers overseas including preparation and timing, relief and development, and community development.

In May 2016, Beyond established a new legal entity, of which Beyond is the sole member. The entity is related to the management of property purchased, which facilitates financial and operational activities and contains taxable income for the portion of the property not utilized 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.

ACT BEYOND d/b/a BEYOND

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

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. As of September 30, 2018 and 2017, Beyond had cash balances that exceeded federally insured limits of \$0 and \$5,576, respectively. 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.

CONTRIBUTIONS RECEIVABLE

During the year ended September 30, 2018, Beyond met the conditions of a matching grant to be received in fiscal year 2019. The receivable is recorded at a value which represents the amount to be received in accordance with the matching grant agreement. The amount due was paid to Beyond in the first quarter of fiscal year 2019. Accordingly, no allowance or discount is recorded. Given that the funds were intended to match gifts raised during the year ended September 30, 2018, there is no implied time restriction on the gift. Accordingly, the gift was recorded as a contribution without donor restriction.

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 30 years.

CLASSES OF NET ASSETS

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

Net assets without donor restrictions are currently available for operations under the direction of the board and resources invested in property and equipment.

Net assets with donor restrictions are restricted by donors for specific projects and 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.

ACT BEYOND d/b/a BEYOND

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions preferenced for missionary support are subject to an assessment of approximately 11% for general and administration costs. For the years ended September 30, 2018 and 2017, assessments of \$471,980 and \$493,847, respectively, have been recorded as net assets released from purpose restrictions.

Beyond records donated gifts as support without donor restriction 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 support with donor restrictions. Beyond reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Beyond. Those expenses included salaries and wages, travel, payroll taxes and benefits, legal services, other fees for services, advertising and promotion, occupancy, depreciation, information technology, office, interest, insurance, hospitality, and other expenses. Salaries and wages, travel, payroll taxes and benefits, legal services, other fees for services, advertising and promotion, information technology, hospitality, and all other expenses are allocated based upon estimates of time and effort within the underlying departments to which the expenses were related. Occupancy, depreciation, office expenses, interest, and insurance are allocated based upon an estimate of square footage used. All of the methods described above are translated into percentages that are then used to allocate the categories across their program and supporting functions. Percentages used to allocate expenses are reviewed annually to ensure that they continue to accurately reflect the nature of the activities.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Beyond adopted the provisions of this new standard during the year ended September 30, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources, disclosures related to the functional allocation of expenses were expanded, and the reporting of investment expenses was clarified.

ACT BEYOND d/b/a BEYOND

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

3. INVESTMENTS:

Investments consist of:

	September 30,	
	2018	2017
Investments:		
High Ground group investment fund	\$ 1,367,904	\$ 1,089,303

High 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 consists of:

	Years Ended September 30,	
	2018	2017
Net realized and unrealized gains	\$ 16,141	\$ 71,711
Interest and dividends on investment accounts	63,444	53,085
	\$ 79,585	\$ 124,796

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of the following:

	September 30,	
	2018	2017
Land	\$ 751,580	\$ 751,580
Building and improvements	782,264	732,661
Furniture and fixtures	104,556	95,584
	1,638,400	1,579,825
Less accumulated depreciation	(218,245)	(161,017)
	\$ 1,420,155	\$ 1,418,808

ACT BEYOND d/b/a BEYOND

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

5. LEASES:

Beyond leases office space at their property to other organizations under non-cancelable lease agreements. Rental income from these leases for the years ended September 30, 2018 and 2017, was \$229,527 and \$217,820, respectively. The future minimum rentals to be received under these noncancelable operating leases are:

<u>Year Ending September 30,</u>	
2019	\$ 223,776
2020	181,606
2021	156,002
2022	141,401
2023	115,711
	<hr/>
	\$ 818,496
	<hr/> <hr/>

6. NOTE PAYABLE—NET OF ISSUANCE COSTS:

Note payable consists of:

	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
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.	\$ 1,110,157	\$ 1,149,936
Less capitalized note issuance costs	<u>(8,542)</u>	<u>(10,406)</u>
	<hr/>	<hr/>
	\$ 1,101,615	\$ 1,139,530
	<hr/> <hr/>	<hr/> <hr/>

ACT BEYOND d/b/a BEYOND

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

6. NOTE PAYABLE—NET OF ISSUANCE COSTS, continued:

Future minimum payments are:

Year Ending September 30,

2019	\$	42,195
2020		44,168
2021		46,232
2022		48,393
2023		929,169
		<hr/>
	\$	<u>1,110,157</u>

Under the note payable agreement, Beyond is subject to certain financial and non-financial covenants. As of and for the years ended September 30, 2018 and 2017, Beyond was in compliance with these covenants and had obtain certification of their compliance from their lender.

7. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Beyond's financial assets as of September 30, 2018 and 2017, reduced by amounts not available for general expenditure within one year. All financial assets listed below are considered to be convertible to cash within one year.

	<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash and cash equivalents	\$ 248,643	\$ 589,951
Contributions receivable	285,140	-
Investments	1,367,904	1,089,303
Financial assets, at year-end	<u>1,901,687</u>	<u>1,679,254</u>
Less those unavailable for general expenditure within one year, due to:		
Assets preferenced for missionary support	(894,091)	(962,758)
Assets restricted by donors for projects	(639,773)	(615,478)
Assets restricted by donors for training	(51,821)	(103,037)
Total unavailable	<u>(1,585,685)</u>	<u>(1,681,273)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 316,002</u>	<u>\$ (2,019)</u>

ACT BEYOND d/b/a BEYOND

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

7. LIQUIDITY AND FUNDS AVAILABLE, continued:

Beyond attempts to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. A large portion of Beyond's expenses are related to missionary support. This fact allows the organization to fund its operations without the use of a line of credit.

Beyond's practice is to pay bills as soon as they are received. The organization does have use of a corporate credit card with a \$100,000 credit limit. That credit account is paid in full each month.

8. 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 years ended September 30, 2018 and 2017, was \$3,675 and \$6,546, respectively.

9. 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 years ended September 30, 2018 and 2017.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 31, 2019, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.