

**MISSION WITHOUT BORDERS, INCORPORATED**  
An Affiliate of Mission Without Borders International

Financial Statements for the Years  
Ended December 31, 2010 and 2009 and  
Independent Auditors' Report

**Fanning & Karrh**

**Certified Public Accountants**

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**A Professional Corporation**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Mission Without Borders, Incorporated:

We have audited the accompanying statements of financial position of Mission Without Borders, Incorporated (the "Organization") as of December 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from Mission Without Borders, Incorporated's 2009 financial statements and, in our report dated March 22, 2010, we expressed an unqualified opinion on those financial statements.

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 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 also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission Without Borders, Incorporated as of December 31, 2010 and 2009 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Fanning & Karrh*

March 22, 2011

MISSION WITHOUT BORDERS, INCORPORATED  
(An Affiliate of Mission Without Borders International)

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2010 and 2009

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<u>ASSETS</u>	<u>NOTES</u>	<u>2010</u>	<u>2009</u>
CURRENT ASSETS:			
Cash and cash equivalents		\$ 26,829	\$ 45,343
Accounts receivables		1,105	-
Prepaid expenses and other current assets		<u>2,255</u>	<u>1,290</u>
Total current assets		<u>30,189</u>	<u>46,633</u>
NON CURRENT ASSETS:			
Restricted cash and cash equivalents		2,584	2,782
Property and equipment, net	3	<u>3,826</u>	<u>11,260</u>
Total non current assets		<u>6,410</u>	<u>14,042</u>
TOTAL ASSETS		<u>\$ 36,599</u>	<u>\$ 60,675</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES -			
Accounts payable and accrued expenses		<u>\$ 18,913</u>	<u>\$ 17,796</u>
NON CURRENT LIABILITIES -			
Annuities - Stewardship		<u>2,584</u>	<u>2,782</u>
Total liabilities		<u>21,497</u>	<u>20,578</u>
Net assets:			
Unrestricted		15,006	40,097
Temporarily restricted		<u>96</u>	<u>-</u>
Total net assets		<u>15,102</u>	<u>40,097</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 36,599</u>	<u>\$ 60,675</u>

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See independent auditors' report and accompanying notes to financial statements.

MISSION WITHOUT BORDERS, INCORPORATED  
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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2010 WITH COMPARATIVE TOTALS FOR 2009

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2010</u>	Total <u>2009</u>
<b>SUPPORT AND REVENUE</b>				
Cash contributions	\$ 265,986	\$ 11,036	\$ 277,022	\$ 275,125
In-kind contributions	<u>916,284</u>	<u>-</u>	<u>916,284</u>	<u>2,092,881</u>
Total support and revenue	1,182,270	11,036	1,193,306	2,368,006
Assets released from restrictions	<u>10,940</u>	<u>(10,940)</u>	<u>-</u>	<u>-</u>
Net support and revenue	<u>1,193,210</u>	<u>96</u>	<u>1,193,306</u>	<u>2,368,006</u>
<b>EXPENSES</b>				
Program services	1,068,912	-	1,068,912	2,239,074
Administration	70,677	-	70,677	72,006
Fundraising	<u>78,712</u>	<u>-</u>	<u>78,712</u>	<u>78,308</u>
Total expenses	<u>1,218,301</u>	<u>-</u>	<u>1,218,301</u>	<u>2,389,388</u>
Change in net assets	<u>(25,091)</u>	<u>96</u>	<u>(24,995)</u>	<u>(21,382)</u>
NET ASSETS, BEGINNING OF YEAR	<u>40,097</u>	<u>-</u>	<u>40,097</u>	<u>61,479</u>
NET ASSETS, END OF YEAR	<u>\$ 15,006</u>	<u>\$ 96</u>	<u>\$ 15,102</u>	<u>\$ 40,097</u>

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MISSION WITHOUT BORDERS, INCORPORATED  
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STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Program Services	Administration	Fundraising	Total 2010	Total 2009
Employee compensation:					
Salaries	\$ 51,411	\$ 47,043	\$ 23,348	\$ 121,802	\$ 115,744
Employee benefits	1,083	728	727	2,538	2,425
Payroll taxes	<u>4,366</u>	<u>4,130</u>	<u>1,848</u>	<u>10,344</u>	<u>10,033</u>
Total salaries and related expenses	<u>56,860</u>	<u>51,901</u>	<u>25,923</u>	<u>134,684</u>	<u>128,202</u>
Other expenses:					
Gifts-in-kind distributions to MWBI for field programs	916,284	-	-	916,284	2,092,881
Cash distributions to MWBI for field programs	66,649	-	-	66,649	63,880
Occupancy	9,907	9,906	9,907	29,720	28,854
Professional fees	10,001	6,159	12,465	28,625	25,775
Advertising	241	-	7,844	8,085	-
Travel	-	27	238	265	2,405
Telephone	-	-	360	360	160
Supplies	567	192	598	1,357	1,508
Postage and shipping	4,094	84	5,592	9,770	11,127
Printing	1,831	-	11,551	13,382	15,418
Bank fees	-	-	966	966	1,171
Taxes and licenses	-	-	790	790	1,795
Promotion and goodwill	-	-	-	-	5,855
Miscellaneous expense	-	(70)	-	(70)	2,659
Total other expense	<u>1,009,574</u>	<u>16,298</u>	<u>50,311</u>	<u>1,076,183</u>	<u>2,253,488</u>
Total expenses before depreciation expense	1,066,434	68,199	76,234	1,210,867	2,381,690
Depreciation	<u>2,478</u>	<u>2,478</u>	<u>2,478</u>	<u>7,434</u>	<u>7,698</u>
Total functional expenses	<u>\$ 1,068,912</u>	<u>\$ 70,677</u>	<u>\$ 78,712</u>	<u>\$ 1,218,301</u>	<u>\$ 2,389,388</u>

See independent auditors' report and accompanying notes to financial statements.

MISSION WITHOUT BORDERS, INCORPORATED  
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STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

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	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (24,995)	\$ (21,382)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	7,434	7,698
Change in operating assets and liabilities:		
Increase in accounts receivable	(1,105)	-
Increase in prepaid expenses	(965)	(431)
Increase in accounts payable and accrued expenses	<u>1,117</u>	<u>1,318</u>
Net cash used for operating activities	<u>(18,514)</u>	<u>(12,797)</u>
CASH FLOWS FOR INVESTING ACTIVITIES -		
Purchase of fixed assets	<u>-</u>	<u>(2,445)</u>
NET DECREASE IN CASH	(18,514)	(15,242)
CASH, BEGINNING OF YEAR	<u>45,343</u>	<u>60,585</u>
CASH, END OF YEAR	<u>\$ 26,829</u>	<u>\$ 45,343</u>

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MISSION WITHOUT BORDERS, INCORPORATED  
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NOTES TO FINANCIAL STATEMENTS

**1. ORGANIZATION**

**General**

Mission Without Borders, Incorporated (the "Organization") is a nonprofit religious organization, and is affiliated with Mission Without Borders International (MWBI). The Organization is organized under the laws of California and, as such, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding state provisions. On July 13, 1992, the Organization changed its name from Underground Evangelism to Mission Without Borders, Incorporated. The Organization raises funds through cash contributions, in-kind donations and other miscellaneous sources, and distributes these funds to MWBI. MWBI coordinates funding programs and provides funding for program services worldwide, primarily Eastern Europe and China.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at December 31, 2010 and 2009, and the reported amounts of revenue and expenses for the years then ended. Actual results could differ from those estimates.

The valuation of gifts-in-kind received requires the use of estimates. The Organization believes the techniques and assumptions used in establishing these values are appropriate.

**Subsequent Events**

The Organization has evaluated subsequent events through March 22, 2011, the date which the financial statements were available to be issued.

**Description of Program**

Expenses classified as field programs represent the distribution of funds and gifts-in-kind to MWBI for the coordination of worldwide funding to relief programs.

The Organization and MWBI are dedicated to reaching people for Christ and dedicated to serving the spiritual, physical, emotional and educational needs of those suffering the effects of poverty or persecution without regard to their religion or ethnic background worldwide.

MWBI partners with churches, children's homes, schools, hospitals and prisons along with community centers to reach and meet the needs of poor, hungry and needy people.

Child Rescue International, Child Recovery Homes and Child Care Programs touch the lives of tens of thousands of children living in institutions. Orphaned, abandoned or handicapped children receive food, clothing, school supplies, go to summer camps, vocational training, are taught life skills and receive emotional support. MWBI helps with the upkeep and renovation of the institutions and offers medical assistance and spiritual guidance to all children.

Family Care, Family-to-Family and Community Center Programs help families and elderly people experiencing physical, social and economic hardships. Churches and community centers provide Christian literature, donated goods such as food, clothing, blankets, and furniture. Additionally, vocational training, health, hygiene and medical aid are also provided.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Mission Without Borders, Incorporated's significant accounting policies are as follows:

### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles for non-profit organizations.

### **Financial Statement Presentation**

The Organization follows the recommendations of Financial Accounting Standards Board in its 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. The Organization had no permanently restricted net assets at December 31, 2010.

### **Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor imposed restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Upon satisfaction of donor restrictions, assets are reclassified as increases to unrestricted net assets.

### **Gifts-in-Kind**

The Organization receives donations of clothing, food, medical supplies, household goods and other commodities for use in relief programs. Such gifts are recorded at their estimated fair value at the date of donation. Based upon quantities donated, such gifts were recorded at estimated wholesale value of gifts received considering their condition and utility for use. Gifts-in-kind of \$916,284 and \$2,092,881 were received in 2010 and 2009, respectively, through private donations or from other non-profit organizations. These gifts were valued at the estimated wholesale value at the date of receipt and recognized as revenue when received and expensed from inventory when shipped.

The Organization follows the Association of Evangelical Relief and Development Agencies (AERDO) standards as it related to gifts-in-kind transactions. These standards relate to the procurement, documentation, reporting and use of gifts-in-kind.

### **Cash and Cash Equivalents**

The Organization considers all liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

### **Property and Equipment**

The Organization's property and equipment are recorded at cost. Assets donated are recorded at their fair value at the date of gift. Depreciation is computed on the straight-line method over the estimated lives as follows:

Furniture and equipment	3 to 10 years
Films	3 to 5 years
Data processing equipment	3 to 5 years

Expenditures that increase an asset's useful life are capitalized; expenses for repairs and maintenance are charged to operations as incurred. The cost and related accumulated depreciation or amortization of property and equipment sold or disposed of are removed from the accounts and any resulting gain or loss is included in operations.

### **Advertising**

The Organization uses advertising to promote its programs within the audiences it serves. The advertising costs are expensed as incurred and totaled \$8,085 for 2010.

## **3. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2010</u>	<u>2009</u>
Furniture and equipment	\$ 13,805	\$ 13,805
Data processing equipment	9,275	9,275
Film	<u>13,489</u>	<u>13,489</u>
	36,569	36,569
Less accumulated depreciation and amortization	<u>(32,743)</u>	<u>(25,309)</u>
Total	<u>\$ 3,826</u>	<u>\$ 11,260</u>

#### **4. OBLIGATIONS UNDER OPERATING LEASES**

The Organization subleases office space from MWBI on a month-to-month basis for its headquarters in Camarillo, California. Rent expense was \$29,720 and \$28,855 in 2010 and in 2009, respectively.

#### **5. RELATED PARTY TRANSACTIONS**

MWBI provides certain administrative functions on behalf of the Organization which are not allocated to Mission Without Borders, Incorporated.

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