



**Border Women's Development Fund  
Dba Frontera Women's Foundation**

**Financial Statements for the Years Ended  
December 31, 2006 and 2005 and  
Independent Auditors' Report**

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION**

**TABLE OF CONTENTS**

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	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS:</b>	
<b>Statements of Financial Position</b>	<b>2</b>
<b>Statements of Activities</b>	<b>3</b>
<b>Statements of Functional Expenses</b>	<b>5</b>
<b>Statements of Cash Flows</b>	<b>7</b>
<b>Notes to Financial Statements</b>	<b>8</b>

**INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors  
Border Women's Development Fund dba  
Frontera Women's Foundation**

We have audited the accompanying statement of financial position of the Border Women's Development Fund dba Frontera Women's Foundation (a nonprofit organization) and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2006. 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 audit. The financial statements of the Frontera Women's Foundation as of December 31, 2005 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated November 30, 2006.

We conducted our audit 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 audit provides 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 the Frontera Women's Foundation as of December 31, 2006 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*White + Samaniego, LLP*

El Paso, TX  
April 23, 2007

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2006 AND 2005**

ASSETS		
	2006	2005
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 108,544	\$ 227,049
Contributions, grants, and accounts receivable	64,342	30,400
Total current assets	172,886	257,449
<b>EQUIPMENT, NET</b>	18,214	1,481
<b>TOTAL ASSETS</b>	<b>\$ 191,101</b>	<b>\$ 258,930</b>
LIABILITIES AND NET ASSETS		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 25,476	\$ 35,421
Accrued expenses	5,707	3,380
Total current liabilities	31,183	38,801
<b>NET ASSETS</b>		
Unrestricted	16,364	14,244
Investment in equipment	18,214	1,481
Temporarily restricted	56,682	204,404
Permanently restricted	68,658	-
Total net assets	159,918	220,129
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 191,101</b>	<b>\$ 258,930</b>

See accompanying notes to financial statements.

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

<b>UNRESTRICTED NET ASSETS</b>	<b>2006</b>	<b>2005</b>
<b>Support and revenue</b>		
<b>Contributions</b>	\$ 12,610	\$ 22,144
<b>Fundraising events</b>	3,115	10,342
<b>Grant revenue</b>	-	96,493
<b>Other</b>	3,127	1,369
<b>Total support</b>	18,852	130,348
 <b>NET ASSETS RELEASED FROM RESTRICTION</b>		
<b>Satisfaction of restrictions</b>	239,005	175,000
 <b>TOTAL UNRESTRICTED SUPPORT AND REVENUE</b>	<b>257,857</b>	<b>305,348</b>
 <b>Expenses</b>		
<b>Program expenses</b>	192,488	227,807
<b>Supporting expenses</b>	36,760	35,526
<b>Fundraising expenses</b>	9,757	10,674
<b>Total expenses</b>	239,005	274,006
 <b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>18,852</b>	<b>31,342</b>

(Continued)

See accompanying notes to financial statements.

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

<b>TEMPORARILY RESTRICTED NET ASSETS</b>	<b>2006</b>	<b>2005</b>
<b>Changes in temporarily restricted net assets</b>		
Grant revenue	\$ 120,000	\$ 204,404
Net assets transferred to permanently restricted	(28,716)	
Net assets released from restriction	(239,005)	(175,000)
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>(147,721)</b>	<b>29,404</b>
 <b>PERMANENTLY RESTRICTED NET ASSETS</b>		
<b>Changes in permanently restricted net assets</b>		
Endowments	28,716	-
Endowment grant match	39,942	-
<b>INCREASE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<b>68,658</b>	<b>-</b>
 <b>INCREASE (DECREASE) IN TOTAL NET ASSETS</b>	<b>(60,211)</b>	<b>60,746</b>
<b>NET ASSETS, Beginning of year</b>	<b>\$ 220,129</b>	<b>\$ 159,383</b>
<b>NET ASSETS, End of year</b>	<b>\$ 159,918</b>	<b>\$ 220,129</b> <b>(Concluded)</b>

See accompanying notes to financial statements.

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund Raising</u>	<u>Total</u>
<b>Compensation and related expenses</b>				
Salaries	\$ 76,580	\$ 18,706		\$ 95,286
Payroll taxes and benefits	5,850	3,669		9,519
<b>Total compensation and related expenses</b>	<b>82,430</b>	<b>22,375</b>		<b>104,805</b>
Advertising	707			707
Bank charges		473		473
Branding campaign	21,756			21,756
Training	8,434			8,434
Depreciation		2,394		2,394
Dues and subscriptions	1,318			1,318
Fundraising			9,757	9,757
Grants	43,831			43,831
Insurance	1,720	1,720		3,440
Membership		1,409		1,409
Miscellaneous	2,587	2,587		5,174
Occupancy	8,222	2,056		10,278
Office equipment	3,251	813		4,064
Office supplies	1,411	1,411		2,822
Printing and postage	1,497			1,497
Professional services	9,801			9,801
Telephone and communications	1,522	1,522		3,044
Travel	4,001			4,001
	<u>\$ 192,488</u>	<u>\$ 36,760</u>	<u>\$ 9,757</u>	<u>\$ 239,005</u>

See accompanying notes to financial statements.

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Services	Support Services	Fund Raising	Total
<b>Compensation and related expenses</b>				
Salaries	\$ 58,242	\$ 23,964		\$ 82,206
Payroll taxes and benefits	4,257	4,017		8,274
<b>Total compensation and related expenses</b>	<b>62,499</b>	<b>27,981</b>	-	<b>90,480</b>
Advertising	4,736			4,736
Bank Charges		185		185
Branding Campaign	-			-
Training	14,514			14,514
Depreciation		569		569
Dues and Subscriptions	-			-
Fundraising			10,674	10,674
Grants	115,221			115,221
Insurance	-	-		-
Membership		1,290		1,290
Miscellaneous		274		274
Occupancy	3,515	879		4,394
Office Equipment	349	87		436
Office Supplies	3,593	3,593		7,186
Printing and Postage	-			-
Professional Services	22,712			22,712
Telephone and Communications	668	668		1,335
Travel	-			-
	<u>\$ 227,807</u>	<u>\$ 35,526</u>	<u>\$ 10,674</u>	<u>\$ 274,006</u>

See accompanying notes to financial statements.



**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in unrestricted net assets	\$ 18,852	\$ 31,342
Change in temporarily restricted net assets	(147,721)	\$ 29,404
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,394	569
Changes in assets and liabilities:		
Contributions, grants, and accounts receivable	(33,942)	(30,400)
Accounts payable	(9,945)	35,421
Accrued expenses	2,327	2,163
Net cash provided by (used in) operating activities	(168,035)	68,499
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	(19,128)	(2,050)
Net cash used in investing activities	(19,128)	(2,050)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Endowments in permanently restricted net assets	68,658	-
Net cash provided by financing activities	68,658	-
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(118,505)</b>	<b>66,449</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>\$ 227,049</b>	<b>\$ 160,600</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 108,544</b>	<b>\$ 227,049</b>

See accompanying notes to financial statements.

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

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**NOTE 1. ORGANIZATION**

Border Women's Development Fund dba Frontera Women's Foundation ('the Foundation'), is a not-for-profit organization, formed in January 2002, with operations beginning in January 2002, which promotes not-for-profit women's organization's that support social change, women's rights, and community development projects to improve the living conditions of women and girls living along the Texas/Mexico border.

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

*Basis of Accounting and Presentation* – The accompanying financial statements are presented on the accrual basis of accounting. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*". Under SFAS 117, net assets, revenues, and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Unrestricted net assets represent resources that are not subject to donor-imposed stipulations and over which the Board of Directors has discretionary control. Net assets received and expended within the reporting period are reported in the Statements of Activities as unrestricted support or revenue.

*Investment in Equipment* – Investment in equipment is used to accumulate the net investment in equipment. The purchase (sale) of equipment is recognized as an increase (reduction) of available net assets.

*Temporarily Restricted Net Assets* – Temporarily restricted net assets are those net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

*Permanently Restricted Net Assets* – Permanently restricted net assets are those net assets resulting from endowments and other inflows of assets whose use is permanently restricted. The interest or earnings from these permanently restricted endowments will be paid as stated in the letter of agreement.

*Donated Materials, Equipment, and Services* – Donated materials and equipment are recorded as contributions at their estimated values at the date of receipt. In-kind services, which are defined as donations of services that would have to be purchased in order for the Foundation to operate if not donated, are recorded as revenue and expenses in the Statements of Activities for the fair market value of the services received. Volunteer services, which are not considered necessary for operations to continue, are not reflected in the financial statements, as no objective basis is available to measure the value of such services.

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

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*Equipment* – Equipment is carried at cost or, if donated, at the estimated market value at the time of donation. Depreciation is computed by using the straight-line basis over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized as revenue or expense for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

The Foundation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

*Federal Income Taxes* – Border Women's Development Fund dba Frontera Women's Foundation is a not-for-profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no liability or provision for federal income taxes is included in the accompanying financial statements.

*Restricted and Unrestricted Support and Revenue* – All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are restricted or permanently restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as unrestricted.

*Contributions, Grants, and Accounts Receivable* – Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation considers contributions and accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

*Cash and Cash Equivalents* – The Foundation considers all cash accounts, money market accounts, certificates of deposit and other short-term highly liquid investment instruments purchased with original maturities of three months or less to be cash equivalents.

*Revenue Recognition* – The Foundation recognizes donations as revenue when received. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

*Concentration of Credit Risk* – The Foundation maintains cash balances at a financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$100,000. Management assesses the financial condition of this bank and believes that the possibility of any credit loss is minimal.

*Analysis for Impairment* – Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such assets at December 31, 2006 or 2005.

*Management Estimates and Assumptions* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those revenues.

**NOTE 3. CONTRIBUTIONS, GRANTS, AND ACCOUNTS RECEIVABLE**

Included in contributions, grants, and accounts receivable are unconditional promises to give. The contributions are due within one year. The detail of receivables at December 31, 2006 and 2005 consist of:

	<u>2006</u>	<u>2005</u>
Pledge receivables	\$ 3,900	\$ 4,400
Grant receivables	60,442	26,000
Total	<u>\$64,342</u>	<u>\$30,400</u>

**NOTE 4. EQUIPMENT**

The cost basis of property and equipment, accumulated depreciation and estimated useful lives are stated below:

	Estimated Useful Life (Years)	<u>2006</u>	<u>2005</u>
Equipment	3	\$21,177	\$ 2,050
Less accumulated depreciation		2,963	569
Total		<u>\$18,214</u>	<u>\$ 1,481</u>

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

Total depreciation charged to operations amounted to \$2,394 and \$569 for the years ended December 31, 2006 and 2005, respectively.

**NOTE 5. ACCOUNTS PAYABLE**

Included in accounts payable are trade accounts payable and grants payable. The payables are due within one year. The detail of payables at December 31, 2006 and 2005 consist of:

	<u>2006</u>	<u>2005</u>
Trade payables	\$ 1,726	\$ 2,421
Grant payables	23,750	33,000
Total	<u>\$25,476</u>	<u>\$35,421</u>

**NOTE 6. CONTRIBUTIONS**

Included in contributions are amounts received from individuals, board members, and amounts designated for the Susan Law Fund. The detail of contributions received during 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Individuals	\$ 3,656	\$ 4,170
Board members	1,254	8,600
Susan Law Fund	7,700	9,374
Total	<u>\$12,610</u>	<u>\$22,144</u>

**NOTE 7. DONATED SERVICES, MATERIALS, AND FACILITIES**

The Foundation receives donated services from a variety of unpaid volunteers assisting the Foundation in its mission. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

**NOTE 8. TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2006 and 2005, temporarily restricted net assets are as follows:

	<u>2006</u>	<u>2005</u>
Synergos Institute	\$ 2,353	\$128,976
Meadows Foundation	54,329	75,428
Total	<u>\$ 56,682</u>	<u>\$204,404</u>

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**NOTE 9. PERMANENTLY RESTRICTED NET ASSETS**

Beginning in 2006, the Foundation was able to offer donors either a one to one match, or a two to one match for endowments that were set up and permanently restricted at the Foundation through a grant from the Synergos Institute. At December 31, 2006, permanently restricted net assets, including the respective matches, are as follows:

	Endowment	Endowment Match	Total Permanently Restricted Endowments
Frontera Women's Foundation Board Fund	\$ 11,226	\$ 22,452	\$ 33,678
Susan Law Fund	17,490	17,490	34,980
Total	\$ 28,716	\$ 39,942	\$ 68,658

**NOTE 10. COMMITMENTS AND CONTINGENCIES**

Border Women's Development Fund dba Frontera Women's Foundation receives a substantial amount of its support from grants. Therefore, the ability to continue as a going concern is dependent on the level of support received from grants.

In January 2004, the Foundation was awarded a grant from the Levi Strauss Foundation to hire administrative staff and establish an office. The award also required the Foundation to raise funds from individual donors, recruit and train volunteers, provide grants to women organizations within 67 miles along the Texas-Mexico border, provide capacity building trainings, and raise additional funds from corporate and private foundations. The total award amount was \$175,000 and was received in full in 2004. At the end of 2004, there were no funds expended and the \$175,000 was expended in 2005 and recognized as revenue at the time expenses were incurred, and released from temporarily restricted net assets at that time. The Foundation was granted an extension through December 31, 2007 to comply with all deliverables set forth in the grant agreement.

In January 2005, the Foundation was awarded a grant from the Synergos Institute to support organizational development and operations, grant making, and the building of local endowed funds. The award was made possible through the Houston Endowment in collaboration with The Synergos Institute's Border Philanthropy Partnership. The total award amount is \$575,000, available over a three-year period. The award details benchmark requirements, which must be met in order to receive scheduled payments. As of December 31, 2006 and 2005, the Foundation had received \$100,000 and \$175,000, respectively. At December 31, 2006 and 2005, the Foundation had temporarily restricted net assets, due to restrictions for the use of grant funds not being met, of

**BORDER WOMEN'S DEVELOPMENT FUND  
DBA FRONTERA WOMEN'S FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

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\$2,353 and \$128,976, respectively. The remaining balance of \$300,000 of the total grant award will be received through February 2008 as benchmarks outlined in the grant award are met.

In June 2005, the Foundation was awarded a grant from the Meadows Foundation in the amount of \$106,000. The grant is to be applied toward hiring a fund development officer for an emerging community foundation on the Texas-Mexico border. As of December 31, 2006 and 2005, the Foundation had received \$26,000 and \$60,000, respectively. At December 31, 2006 and 2005, the Foundation had temporarily restricted net assets, due to restrictions for the use of the grant funds not being met, of \$54,329 and \$49,428, respectively. The Foundation recorded the remaining \$20,000 of the award as a grant receivable at December 31, 2006, as it is payable on or before January 10, 2007.