

**Return of Organization Exempt From Income Tax**

**2011**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

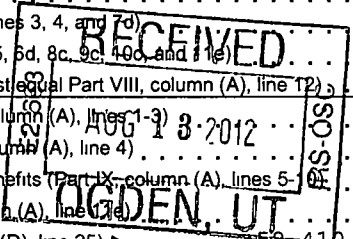
The organization may have to use a copy of this return to satisfy state reporting requirements

**A For the 2011 calendar year, or tax year beginning** , 2011, and ending , 20

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization FRIENDS IN ACTION INTERNATIONAL Doing Business As		<b>D</b> Employer identification number 77-0296087
	Number and street (or P O box if mail is not delivered to street address) Room/suite PO BOX 323		<b>E</b> Telephone number (717) 546-0208
	City or town, state or country, and ZIP + 4 ELIZABETHTOWN, PA 17022		<b>G</b> Gross receipts \$ 1,409,810.
	<b>F</b> Name and address of principal officer TIMOTHY JOHNSTON PO BOX 323 ELIZABETHTOWN, PA 17022		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)( ) (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>J</b> Website ▶ FIAINTL.ORG <b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ <b>L</b> Year of formation 1998 <b>M</b> State of legal domicile PA	

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities TO ASSIST MISSIONARIES AND PASTORS WHO ARE TEACHING THE BIBLE BY HELPING TO PROVIDE THEM WITH THE INFRASTRUCTURE NEEDED IN REMOTE LOCATIONS THROUGHOUT THE WORLD			
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	3	5.	
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	4	4.	
	<b>5</b> Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	19.	
	<b>6</b> Total number of volunteers (estimate if necessary)	6	21.	
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
	<b>7b</b> Net unrelated business taxable income from Form 990-T, line 34	7b	0	
	<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
		<b>9</b> Program service revenue (Part VIII, line 2g)	1,465,485.	1,409,810.
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)		0	0	
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		61,930.	0	
<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)		1,527,415.	1,409,810.	
<b>Expenses</b>		<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	537,467.	372,792.
		<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0	0
		<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-7)	547,024.	559,672.
		<b>16a</b> Professional fundraising fees (Part IX, column (A), line 7d)	0	0
		<b>b</b> Total fundraising expenses (Part IX, column (D), line 25)	59,410.	
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	465,489.	375,871.		
<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	1,549,980.	1,308,335.		
<b>19</b> Revenue less expenses Subtract line 18 from line 12	-22,565.	101,475.		
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	Beginning of Current Year	End of Year	
	<b>21</b> Total liabilities (Part X, line 26)	1,143,032.	1,259,900.	
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20.	51,689.	67,082.	
		1,091,343.	1,192,818.	



SCANNED AUG 29 2012

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	Signature of officer 	Date 8/3/12
	Type or print name and title CHARLES B ZEAGER CHAIRMAN	

<b>Paid Preparer Use Only</b>	Print/Type preparer's name JOHN W. BONAWITZ	Preparer's signature 	Date 8-1-12	Check <input type="checkbox"/> if self-employed	PTIN P00033505
	Firm's name ▶ BROWN SCHULTZ SHERIDAN FRITZ			Firm's EIN ▶ 25-1644159	
	Firm's address ▶ 210 GRANDVIEW AVENUE CAMP HILL, PA 17011			Phone no 717-761-7171	

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

For Paperwork Reduction Act Notice, see the separate instructions.

917 2

**Part III** Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission:

TO ASSIST MISSIONARIES AND PASTORS WHO ARE TEACHING THE BIBLE BY  
HELPING TO PROVIDE THEM WITH THE INFRASTRUCTURE NEEDED IN REMOTE  
LOCATIONS THROUGHOUT THE WORLD

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No  
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 971,446 including grants of \$ 372,792 ) (Revenue \$ )  
WATER WELL DRILLING TO SUPPLY WATER TO VILLAGES,  
TRANSPORTATION OF SUPPLIES FOR MISSIONARIES,  
ASSISTANCE IN CONSTRUCTION OF HOUSING FOR VICTIMS  
OF HURRICANES, BUILDING OR ASSISTANCE IN THE  
BUILDING OF HOUSING AND CHURCHES FOR MISSIONARIES  
AND ORPHANAGE SUPPORT

4b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services (Describe in Schedule O.)  
(Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 971,446.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I . . . . .		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II . . . . .		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III . . . . .		
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I . . . . .		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II . . . . .		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .		X
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV . . . . .		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V . . . . .		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .	X	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII . . . . .		X
c Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII . . . . .		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX . . . . .		X
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X . . . . .	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII . . . . .	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional . . . . .		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .		X
14a Did the organization maintain an office, employees, or agents outside of the United States? . . . . .		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV . . . . .	X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV . . . . .	X	
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV . . . . .		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) . . . . .		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III . . . . .		X
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .		X

**Part IV Checklist of Required Schedules (continued)**

		Yes	No
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i>		X
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III.</i>		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J.</i>		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25.</i>		X
24b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
24c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
24d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I.</i>		X
25b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I.</i>		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II.</i>		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III.</i>		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
28a	a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
28b	b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
28c	c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i>		X
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i>		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i>		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i>		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i>		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i>		X
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1.</i>		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
35b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2.</i>		X
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i>		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI.</i>		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V.

Table with columns for question numbers (1a-14b), Yes, and No. Contains various tax-related questions and their corresponding responses.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI. [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include questions about voting members, family relationships, management delegation, significant changes, assets, members, and documentation.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include questions about local chapters, written policies, Form 990 distribution, conflict of interest, whistleblower policy, document retention, and compensation review.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed PA.
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection.
19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: TIMOTHY JOHNSTON 4008 E HARRISBURG PIKE MIDDLETOWN, PA 17057 717-546-0208

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CHARLES B. ZEAGER CHAIRMAN	10.00	X		X				0	0	0
(2) RALPH BELTRAN VICE CHAIRMAN	1.00	X		X				0	0	0
(3) TOM KWEDER SECRETARY	1.00	X		X				0	0	0
(4) LYLE LEONARD TREASURER	1.00	X		X				0	0	0
(5) TIMOTHY J. JOHNSTON EXECUTIVE DIRECTOR	40.00			X				10,660.	0	22,000.
(6)										
(7)										
(8)										
(9)										
(10)										
(11)										
(12)										
(13)										
(14)										



**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d				
	e	Government grants (contributions) . . . . .	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above . . . . .	1f	1,409,810			
	g	Noncash contributions included in lines 1a-1f \$ . . . . .					
h	<b>Total.</b> Add lines 1a-1f . . . . .		1,409,810				
<b>Program Service Revenue</b>	2a	_____	<b>Business Code</b>				
	b	_____					
	c	_____					
	d	_____					
	e	_____					
	f	All other program service revenue . . . . .					
	g	<b>Total.</b> Add lines 2a-2f . . . . .		0			
<b>Other Revenue</b>	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		0			
	4	Income from investment of tax-exempt bond proceeds . . . . .		0			
	5	Royalties . . . . .		0			
	6a	Gross rents . . . . .	(i) Real	(ii) Personal			
	b	Less rental expenses . . . . .					
	c	Rental income or (loss) . . . . .					
	d	Net rental income or (loss) . . . . .		0			
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
	b	Less cost or other basis and sales expenses . . . . .					
	c	Gain or (loss) . . . . .					
d	Net gain or (loss) . . . . .		0				
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a					
b	Less direct expenses . . . . .	b					
c	Net income or (loss) from fundraising events . . . . .		0				
9a	Gross income from gaming activities See Part IV, line 19 . . . . .	a					
b	Less direct expenses . . . . .	b					
c	Net income or (loss) from gaming activities . . . . .		0				
10a	Gross sales of inventory, less returns and allowances . . . . .	a					
b	Less cost of goods sold . . . . .	b					
c	Net income or (loss) from sales of inventory . . . . .		0				
<b>Miscellaneous Revenue</b>		<b>Business Code</b>					
11a	_____						
b	_____						
c	_____						
d	All other revenue . . . . .						
e	<b>Total.</b> Add lines 11a-11d . . . . .		0				
12	<b>Total revenue.</b> See instructions . . . . .		1,409,810				

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21 . . . . .	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22 . . . . .	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 . . . . .	372,792.	372,792.		
4 Benefits paid to or for members . . . . .	0			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	33,361.	33,361.		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
7 Other salaries and wages . . . . .	501,820.	375,828.	125,992.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	0			
9 Other employee benefits . . . . .	24,491.		24,491.	
10 Payroll taxes . . . . .	0			
11 Fees for services (non-employees)				
a Management . . . . .	0			
b Legal . . . . .	0			
c Accounting . . . . .	17,666.		17,666.	
d Lobbying . . . . .	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees . . . . .	0			
g Other . . . . .	0			
12 Advertising and promotion . . . . .	2,135.		2,135.	
13 Office expenses . . . . .	29,336.	11,211.	17,454.	671.
14 Information technology . . . . .	0			
15 Royalties . . . . .	0			
16 Occupancy . . . . .	24,102.	13,102.	9,564.	1,436.
17 Travel . . . . .	77,290.	75,362.	1,928.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings . . . . .	3,169.		3,169.	
20 Interest . . . . .	2,799.	2,799.		
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	66,593.	61,266.	4,595.	732.
23 Insurance . . . . .	11,750.	7,837.	3,770.	143.
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a <u>DONOR DEVELOPMENT</u> . . . . .	32,643.			32,643.
b <u>REPAIRS &amp; MAINTENANCE</u> . . . . .	58,478.		58,478.	
c <u>POSTAGE AND SHIPPING</u> . . . . .	22,697.	16,625.	1,591.	4,481.
d <u>PRINTING AND POSTAGE</u> . . . . .	19,304.			19,304.
e All other expenses . . . . .	7,909.	1,263.	6,646.	
25 Total functional expenses Add lines 1 through 24e	1,308,335.	971,446.	277,479.	59,410.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .	0			

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year	
<b>Assets</b>	1	Cash - non-interest-bearing	0	1	0
	2	Savings and temporary cash investments	158,109.	2	122,632.
	3	Pledges and grants receivable, net	0	3	0
	4	Accounts receivable, net	17,152.	4	63,044.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)	0	6	0
	7	Notes and loans receivable, net	0	7	0
	8	Inventories for sale or use	2,851.	8	15,694.
	9	Prepaid expenses and deferred charges	402,820.	9	118,464.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	1,448,902.	10a	
	b	Less: accumulated depreciation	508,836.	10b	
			562,100.	10c	940,066.
	11	Investments - publicly traded securities	0	11	0
	12	Investments - other securities. See Part IV, line 11	0	12	0
	13	Investments - program-related. See Part IV, line 11	0	13	0
	14	Intangible assets	0	14	0
15	Other assets. See Part IV, line 11	0	15	0	
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	1,143,032.	16	1,259,900.	
<b>Liabilities</b>	17	Accounts payable and accrued expenses	51,689.	17	67,082.
	18	Grants payable	0	18	0
	19	Deferred revenue	0	19	0
	20	Tax-exempt bond liabilities	0	20	0
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23	Secured mortgages and notes payable to unrelated third parties	0	23	0
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	0	25	0
	26	<b>Total liabilities.</b> Add lines 17 through 25	51,689.	26	67,082.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>				
	27	Unrestricted net assets	844,500.	27	956,187.
	28	Temporarily restricted net assets	246,843.	28	236,631.
	29	Permanently restricted net assets	0	29	0
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	<b>Total net assets or fund balances</b>	1,091,343.	33	1,192,818.	
34	<b>Total liabilities and net assets/fund balances.</b>	1,143,032.	34	1,259,900.	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	<b>1</b>	1,409,810.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25) . . . . .	<b>2</b>	1,308,335.
<b>3</b>	Revenue less expenses Subtract line 2 from line 1 . . . . .	<b>3</b>	101,475.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	<b>4</b>	1,091,343.
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	<b>5</b>	0
<b>6</b>	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B)) . . . . .	<b>6</b>	1,192,818.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .		X
<b>2b</b>	Were the organization's financial statements audited by an independent accountant? . . . . .	X	
<b>2c</b>	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . . . . If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.		X
<b>d</b>	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .		X
<b>3b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Public Charity Status and Public Support**

OMB No 1545-0047

**2011**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization FRIENDS IN ACTION INTERNATIONAL	Employer identification number 77-0296087
---	--

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I      b  Type II      c  Type III - Functionally integrated      d  Type III - Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
  - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? 

	Yes	No
11g(i)		
  - (ii) A family member of a person described in (i) above? 

	Yes	No
11g(ii)		
  - (iii) A 35% controlled entity of a person described in (i) or (ii) above? 

	Yes	No
11g(iii)		
- h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									

For Paperwork Reduction Act Notice, see the instructions for Form 990 or 990-EZ. Schedule A (Form 990 or 990-EZ) 2011

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") . . . . .	1,252,857	1,521,028	1,363,165	1,465,485	1,409,810	7,012,345
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>4 Total.</b> Add lines 1 through 3 . . . . .	1,252,857	1,521,028	1,363,165	1,465,485	1,409,810	7,012,345
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f). . . . .						1,952,259
<b>6 Public support.</b> Subtract line 5 from line 4						5,060,086

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>7</b> Amounts from line 4 . . . . .	1,252,857	1,521,028	1,363,165	1,465,485	1,409,810	7,012,345
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .	2,091	7,826	9,258	2,189		21,364
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
<b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) . . . . .						
<b>11 Total support.</b> Add lines 7 through 10 . . . . .						7,033,709

**12** Gross receipts from related activities, etc (see instructions) . . . . . **12**

**13 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here . . . . .

**Section C. Computation of Public Support Percentage**

**14** Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)) . . . . . **14** 71.94%

**15** Public support percentage from 2010 Schedule A, Part II, line 14 . . . . . **15** 71.77%

**16a 33 1/3% support test - 2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization . . . . .

**b 33 1/3% support test - 2010.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization . . . . .

**17a 10%-facts-and-circumstances test - 2011.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .

**b 10%-facts-and-circumstances test - 2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization . . . . .

**18 Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . .

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support. (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	%

- 19a **33 1/3% support tests - 2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here The organization qualifies as a publicly supported organization
- b **33 1/3% support tests - 2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here The organization qualifies as a publicly supported organization
- 20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

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**Part IV** **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

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**SCHEDULE D  
(Form 990)**

**Supplemental Financial Statements**

OMB No 1545-0047

**2011**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**  
▶ **Attach to Form 990. ▶ See separate instructions.**

Name of the organization  
**FRIENDS IN ACTION INTERNATIONAL**

Employer identification number  
**77-0296087**

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year . . . . .		
2 Aggregate contributions to (during year) . . . . .		
3 Aggregate grants from (during year) . . . . .		
4 Aggregate value at end of year . . . . .		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? . . . . .  Yes  No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? . . . . .  Yes  No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements . . . . .	2a
b Total acreage restricted by conservation easements . . . . .	2b
c Number of conservation easements on a certified historic structure included in (a) . . . . .	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register . . . . .	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? . . . . .  Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B) (i) and section 170(h)(4)(B)(ii)? . . . . .  Yes  No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items.

(i) Revenues included in Form 990, Part VIII, line 1 . . . . .	▶ \$ _____
(ii) Assets included in Form 990, Part X . . . . .	▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 . . . . .	▶ \$ _____
b Assets included in Form 990, Part X . . . . .	▶ \$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2011

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a Public exhibition, b Scholarly research, c Preservation for future generations, d Loan or exchange programs, e Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

b If "Yes," explain the arrangement in Part XIV and complete the following table:

Table with 2 columns: Description, Amount. Rows: 1c Beginning balance, 1d Additions during the year, 1e Distributions during the year, 1f Ending balance.

2a Did the organization include an amount on Form 990, Part X, line 21?

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

Table with 6 columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows: 1a-1g Balance and expense categories.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment %
b Permanent endowment %
c Temporarily restricted endowment %
The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
(ii) related organizations

Table with 2 columns: Yes, No. Rows: 3a(i), 3a(ii), 3b

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Table with 4 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other, Total.

**Part VII Investments - Other Securities.** See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely-held equity interests . . . . .		
(3) Other _____		
(A) _____		
(B) _____		
(C) _____		
(D) _____		
(E) _____		
(F) _____		
(G) _____		
(H) _____		
(I) _____		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 12) ▶		

**Part VIII Investments - Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) _____		
(2) _____		
(3) _____		
(4) _____		
(5) _____		
(6) _____		
(7) _____		
(8) _____		
(9) _____		
(10) _____		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 13) ▶		

**Part IX Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) _____	
(2) _____	
(3) _____	
(4) _____	
(5) _____	
(6) _____	
(7) _____	
(8) _____	
(9) _____	
(10) _____	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 15) . . . . . ▶	

**Part X Other Liabilities.** See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) _____	
(3) _____	
(4) _____	
(5) _____	
(6) _____	
(7) _____	
(8) _____	
(9) _____	
(10) _____	
(11) _____	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 25) ▶	

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

**Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	1,409,810.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	1,308,335.
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	101,475.
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net). Add lines 4 through 8	9	
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	10	101,475.

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements	1	1,409,810.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV.)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	1,409,810.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	1,409,810.

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements	1	1,308,335.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV.)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	1,308,335.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18).	5	1,308,335.

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4, Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

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SEE PAGE 5

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**Part XIV** Supplemental Information (continued)

FIN 48

## PART X, LINE 25 - OTHER LIABILITIES

THE INTERNAL REVENUE SERVICE HAS DETERMINED THAT THE ORGANIZATION IS EXEMPT FROM TAXATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. IT IS ALSO EXEMPT FOR STATE PURPOSES. THE ORGANIZATION IS, HOWEVER, SUBJECT TO TAX ON UNRELATED BUSINESS INCOME. THERE WERE NO INCOME TAXES DUE FOR UNRELATED BUSINESS INCOME FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010.

THE ORGANIZATION FOLLOWS FASB ACCOUNTING STANDARDS CODIFICATION (ASC) 740, TO ACCOUNT FOR UNCERTAINTY IN INCOME TAXES. THE ORGANIZATION FILES A FORM 990, RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX, WITH THE INTERNAL REVENUE SERVICE AND PENNSYLVANIA STATE INFORMATION RETURNS. THE ORGANIZATION'S RETURNS ARE NO LONGER OPEN TO AUDIT UNDER THE STATUTE OF LIMITATIONS OF THESE TAX AUTHORITIES FOR THE YEARS BEFORE 2008.

**SCHEDULE F  
(Form 990)**

**Statement of Activities Outside the United States**

OMB No 1545-0047

**2011**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

▶ Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization

FRIENDS IN ACTION INTERNATIONAL

Employer identification number

77-0296087

**Part I** General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) CENTRAL AMERICA/CARIBBEAN			PROGRAM SERVICES	MISSIONARY SUPPORT	85,609
(2) EAST ASIA AND THE PACIFIC			PROGRAM SERVICES	MISSIONARY SUPPORT	90,994
(3) SOUTH AMERICA			PROGRAM SERVICES	MISSIONARY SUPPORT	6,500
(4) SUB-SAHARAN AFRICA			PROGRAM SERVICES	MISSIONARY SUPPORT	39,270
(5) RUSSIA/INDEPENDENT STATES			PROGRAM SERVICES	MISSIONARY SUPPORT	150,419
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Sub-total					372,792
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					372,792

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2011

**Part II** Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000.  Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)			RUSSIA	EDUCATION	103,000.	WIRE			
(2)			RUSSIA	SUPPORT	42,700.	WIRE			
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter.  3.

3 Enter total number of other organizations or entities  3.

**Part III** Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

**Part IV Foreign Forms**

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926).*  Yes  No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A).*  Yes  No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations (see Instructions for Form 5471).*  Yes  No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621).*  Yes  No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships (see Instructions for Form 8865).*  Yes  No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*  Yes  No

**Part V** **Supplemental Information**

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

## MONITORING OF GRANT USE

## SCHEDULE F, PART 1, QUESTION 2

EITHER GRANTS ARE ON A PER PROJECT REQUEST BASIS FOR A SPECIFIC NEED OR FOR ONGOING ACTIVITIES. FOR ONGOING ACTIVITIES, WE REQUIRE FINANCIAL STATEMENTS TO SUPPORT PROPER ALLOCATION OF GRANTS, AND AT TIME HAVE ARMS LENGTH OVERSIGHT IN THE ACTIVITIES. FOR SPECIFIC PROJECT GRANTS WE REQUEST PROJECT DESCRIPTION TO EVALUATE. IN BOTH CASES, WE PHYSICALLY VISIT THE LOCATIONS YEARLY TO EVALUATE AND MONITOR USE OF GRANTS.

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

**Supplemental Information to Form 990 or 990-EZ**

OMB No 1545-0047

**2011**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

Name of the organization

Employer identification number

FRIENDS IN ACTION INTERNATIONAL

77-0296087

REVIEW OF FORM 990

PART VI, SECTION B, LINE 11B

COPY OF FORM 990 IS REVIEWED BY THE CHAIRMAN, TREASURER AND EXECUTIVE  
DIRECTOR BEFORE FILING.

CONFLICT OF INTEREST POLICY

PART VI, SECTION B, LINE 12C

EACH BOARD MEMBER REVIEWS AND SIGNS A CONFLICT OF INTEREST POLICY  
ANNUALLY.

PROCESS FOR DETERMINING COMPENSATION

PART VI, SECTION B, LINE 15A

THERE IS NO DIRECT COMPENSATION FROM THE ORGANIZATION TO THE CEO,  
EXECUTIVE DIRECTOR OR TOP MANAGEMENT OFFICIAL AS THESE INDIVIDUALS OBTAIN  
SUPPORT ON THEIR OWN FROM CHURCHES, INDIVIDUALS, ETC.

PUBLIC INSPECTION OF DOCUMENTS

PART VI, SECTION C, LINE 19

THESE DOCUMENTS ARE AVAILABLE UPON REQUEST AT THE CORPORATE OFFICE AND  
THROUGH THE EVANGELICAL COUNCIL FOR FINANCIAL ACCOUNTABILITY (ECFA)  
ORGANIZATION.

DOCUMENTATION OF MEETINGS HELD BY COMMITTEES

PART VI, SECTION A, LINE 8B

THERE ARE NO COMMITTEES.

**FRIENDS IN ACTION INTERNATIONAL**

**YEARS ENDED  
DECEMBER 31, 2011 AND 2010**

***FRIENDS IN ACTION INTERNATIONAL***

DECEMBER 31, 2011 AND 2010

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Statements of financial position	2
Statements of activities	3
Statements of cash flows	4-5
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Accompanying information to financial statements:	
Natural expense classifications	13-15

## Independent Auditors' Report

Board of Trustees  
Friends in Action International  
Middletown, Pennsylvania

We have audited the accompanying statements of financial position of Friends in Action International (a nonprofit organization) as of December 31, 2011 and 2010 and the related statements of activities 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.

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 Friends in Action International as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The natural expense classifications are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Brown Schultz Sheridan & Fritz*

July 20, 2012

## **FRIENDS IN ACTION INTERNATIONAL**

### STATEMENTS OF FINANCIAL POSITION – DECEMBER 31, 2011 AND 2010

#### ASSETS

	<u>2011</u>	<u>2010</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 122,632	\$ 158,109
Accounts receivable	63,044	17,152
Inventory	15,694	2,851
Prepaid expense and deposits	<u>4,050</u>	<u>286,698</u>
<b>Total current assets</b>	<u>205,420</u>	<u>464,810</u>
<b>Noncurrent assets:</b>		
Long-term prepaid lease	114,414	116,122
Property and equipment, net of accumulated depreciation of \$508,836 and \$460,808 in 2011 and 2010, respectively	<u>940,066</u>	<u>562,100</u>
<b>Total noncurrent assets</b>	<u>1,054,480</u>	<u>678,222</u>
<b>Total assets</b>	<u><u>\$ 1,259,900</u></u>	<u><u>\$ 1,143,032</u></u>

See notes to financial statements.

LIABILITIES AND NET ASSETS

	2011	2010
Current liabilities:		
Accounts payable	\$ 28,490	\$ 44,177
Accrued liabilities	38,592	7,512
	67,082	51,689
 Total liabilities, current		
Net assets:		
Temporarily restricted	236,631	246,843
Unrestricted	956,187	844,500
	1,192,818	1,091,343
 Total net assets		
 Total liabilities and net assets	\$ 1,259,900	\$ 1,143,032

# FRIENDS IN ACTION INTERNATIONAL

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011		2010	
	Unrestricted	Temporarily restricted	Unrestricted	Temporarily restricted
Revenues, gain and other support:				
Donations	\$ 217,453	\$ 1,192,357	\$ 190,124	\$ 1,275,361
Income, interest			2,183	2,183
Gain on disposal of capital assets			59,747	59,747
Net assets released from restrictions	1,202,569	(1,202,569)	1,203,893	(1,203,893)
Total revenues, gain and other support	<u>1,420,022</u>	<u>(10,212)</u>	<u>1,455,947</u>	<u>71,468</u>
Expenses				
Program	971,446		1,150,280	1,150,280
Management and general	277,479		336,815	336,815
Fund-raising	59,410		62,885	62,885
Total expenses	<u>1,308,335</u>		<u>1,549,980</u>	<u>1,549,980</u>
Change in net assets	111,687	(10,212)	(94,033)	71,468
Net assets				
Beginning of year	844,500	246,843	938,533	175,375
End of year	<u>\$ 956,187</u>	<u>\$ 236,631</u>	<u>\$ 844,500</u>	<u>\$ 246,843</u>
			<u>\$ 1,192,818</u>	<u>\$ 1,091,343</u>
			<u>\$ 844,500</u>	<u>\$ 1,113,908</u>
			<u>\$ 1,192,818</u>	<u>\$ 1,091,343</u>

See notes to financial statements.

**FRIENDS IN ACTION INTERNATIONAL**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 101,475	\$ (22,565)
Adjustments:		
Depreciation	66,593	57,924
Gain on sale or disposal of property and equipment		(59,747)
Donated of property, plant and equipment	(5,773)	
(Increase) decrease in:		
Accounts receivable	(45,892)	13,797
Inventory	(12,843)	
Prepaid expense	1,098	(281,557)
Increase (decrease) in:		
Accounts payable	(15,687)	20,594
Accrued liabilities	31,080	3,367
	<u>120,051</u>	<u>(268,187)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Proceeds from sale of land and building		174,905
Purchase of property and equipment	(155,528)	(64,459)
	<u>(155,528)</u>	<u>110,446</u>
Net cash provided by (used in) investing activities		

(continued)

**FRIENDS IN ACTION INTERNATIONAL**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Net decrease in cash and cash equivalents	\$ (35,477)	\$ (157,741)
Cash and cash equivalents:		
Beginning of year	158,109	315,850
End of year	\$ 122,632	\$ 158,109
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 2,799	\$ 2,586

**Noncash investing activities:**

In 2011, the Organization received donated parts and equipment of approximately \$62,500. The Organization capitalized \$5,773 as part of property, plant and equipment. The remainder was part of repair and maintenance.

In 2011, a deposit of \$283,259 was applied to property, plant and equipment as described in Note 8.

See notes to financial statements.

# **FRIENDS IN ACTION INTERNATIONAL**

## **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2011 AND 2010**

### **1. Nature of activities and significant accounting policies:**

#### *Nature of activities:*

Friends in Action International (the Organization) is a not-for-profit organization whose purpose is furthering and encouraging the evangelizing of unreached tribal peoples through the planting of indigenous new testament churches and the translation of scripture into indigenous languages.

The Organization fulfills its purpose through contributions received from the general public and other not-for-profit organizations and churches. Contributions to the Organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code. Approximately 25% and 28% of the Organization's revenues, gain and other support were provided by Board members for the years ended December 31, 2011 and 2010, respectively.

#### *Use of estimates:*

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 the reported amounts of assets and liabilities and 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.

#### *Cash and cash equivalents:*

The Organization considers all investments in money market funds under a cash management sweep agreement and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### *Accounts receivable:*

Accounts receivable are stated at the amount management expects to collect from outstanding balances and are not collateralized.

#### *Inventory valuation:*

Inventory consists of items purchased for use at various mission sites which have not been shipped out as of year-end and are valued at actual cost or estimated cost.

## **FRIENDS IN ACTION INTERNATIONAL**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEARS ENDED DECEMBER 31, 2011 AND 2010**

#### **1. Nature of activities and significant accounting policies (continued):**

##### *Property and equipment:*

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Routine repairs and maintenance are expensed as incurred. Equipment purchased and given to missions with all rights and title of ownership is shown as an expense in the year of purchase and transfer. Equipment and vehicles whose title is retained but are used in overseas projects and not likely to be returned to the United States of America are shown in project vehicles and equipment and depreciated over the estimated duration of the program for which the item was purchased. Property and equipment are depreciated using the straight-line method.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. There were no such restrictions at December 31, 2011 or 2010.

##### *Reclassifications:*

Certain reclassifications have been made to the 2010 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

##### *Contributions:*

Contributions are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor restrictions.

## **FRIENDS IN ACTION INTERNATIONAL**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**YEARS ENDED DECEMBER 31, 2011 AND 2010**

#### **1. Nature of activities and significant accounting policies (continued):**

##### *Contributed services:*

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized because the criteria for recognition under accounting principles generally accepted in the United States of America have not been satisfied.

##### *Functional allocation of expenses:*

The costs of providing the various activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the functions benefited.

##### *Basis of accounting:*

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

#### **2. Cash and cash equivalents:**

The Organization maintains several bank accounts that may at times exceed the federally insured limits. Bank deposits in these accounts totaled \$67,152 at December 31, 2011, all of which was insured by the Federal Deposit Insurance Corporation (FDIC).

#### **3. Long-term prepaid lease:**

The long-term prepaid lease represents amounts paid for the lease of land in Santo, Vanuatu. The lease is being amortized over its life of 75 years, and the related rent expense was \$1,708 for both the years ended December 31, 2011 and 2010.

**FRIENDS IN ACTION INTERNATIONAL**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010

**4. Accounts receivable:**

Accounts receivable consists of the following:

	<u>2011</u>	<u>2010</u>
Shipping ministry	\$ 13,870	\$ 15,706
General	2,437	1,253
Postage	112	193
Contributions	<u>46,625</u>	
 Total accounts receivable	 <u><u>\$ 63,044</u></u>	 <u><u>\$ 17,152</u></u>

**5. Property and equipment:**

	<u>2011</u>	<u>2010</u>
Land	\$ 457,249	\$ 145,114
Buildings	88,446	88,446
Improvements	76,746	68,932
Equipment	141,814	141,150
Project vehicles and equipment	652,718	518,948
Vehicles	23,477	34,307
Construction in progress	<u>8,452</u>	<u>26,011</u>
	1,448,902	1,022,908
Accumulated depreciation	<u>(508,836)</u>	<u>(460,808)</u>
 Total	 <u><u>\$ 940,066</u></u>	 <u><u>\$ 562,100</u></u>

Depreciation charged to expense totaled \$66,593 and \$57,924 during the years ended December 31, 2011 and 2010, respectively.

**FRIENDS IN ACTION INTERNATIONAL**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010

**6. Temporarily restricted net assets (continued):**

Amounts released from restrictions consisted of amounts expensed predominantly for staff support and specified projects as follows for the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
	\$ 34,534	\$ 21,392
	22,050	500
	566,105	451,888
	55,265	66,198
	80	2,700
	390	716
	3,977	129,042
	14,861	9,925
	247,121	185,276
	145,098	107,498
	4,720	32,402
	<u>108,368</u>	<u>196,356</u>
Total restrictions released	<u>\$ 1,202,569</u>	<u>\$ 1,203,893</u>

**7. Related entity:**

Effective January 1, 2007, the Organization entered into an agreement with Friends in Action, International – Canada (FIAIC), a separate legal entity chartered under the rules of Canada, to provide financial support to various mission projects run separately by each entity. While the Organization has an economic interest in FIAIC, it does not have control. Therefore, its operations are not consolidated in the financial statements of the Organization.

In 2011 and 2010, FIAIC provided the Organization \$14,823 and \$28,032, respectively, in support for various mission projects run by the Organization. In 2011 and 2010, the Organization provided FIAIC with support for mission projects totaling \$16,536 and \$29,091, respectively.

**FRIENDS IN ACTION INTERNATIONAL**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010

**8. Related party agreement:**

In November 2010, the Organization entered into an agreement for the purchase of 14.424 acres of property located in Londonderry Township, Dauphin County with Zeager Brothers, Inc., which is owned by the chairman of the Board of Directors of Friends in Action International. As part of the agreement, the Organization paid a deposit of \$283,259 toward the property pending final subdivision. In 2011, the property was transferred to Friends in Action International and is included as part of property and equipment.

**9. Income tax status:**

The Internal Revenue Service has determined that the Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. It is also exempt for state purposes.

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, to account for uncertainty in income taxes. The Organization files a Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service. The Organization's returns are no longer open to audit under the statute of limitations of these tax authorities for the years before 2008.

**10. Subsequent events:**

The Organization has evaluated subsequent events through July 20, 2012, which is the date the financial statements were available to be issued.

**FRIENDS IN ACTION INTERNATIONAL**

**NATURAL EXPENSE CLASSIFICATIONS**

**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Program services:		
Land purchases and leases	\$ 1,708	\$ 1,708
Construction materials	43,785	1,803
Equipment purchases	1,403	2,829
Repairs and maintenance	18,307	1,958
Consumables	10,017	10,491
Supplies	8,067	7,782
National workers support	14,550	18,691
Field operating expenses	53,760	149,201
Forward funds	216,320	340,713
Clothing	6,519	1,783
Insurance	7,837	9,807
Occupancy	11,394	15,177
Vehicle expense	1,220	512
Travel	75,362	151,748
Postage and shipping	16,732	28,592
Office supplies and printing	11,211	19,813
Interest expense	2,799	2,586
Depreciation	61,266	52,600
Staff support	409,189	332,486
Total program services	<u>\$ 971,446</u>	<u>\$ 1,150,280</u>

(continued)

**FRIENDS IN ACTION INTERNATIONAL**

**NATURAL EXPENSE CLASSIFICATIONS (CONTINUED)**

**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Management and general:		
Repairs and maintenance	\$ 58,478	\$ 3,238
Insurance	3,770	5,123
Occupancy	9,564	9,218
Vehicle expenses	50	395
Travel	1,928	3,858
Postage and shipping	1,591	1,385
Office supplies and printing	12,138	12,182
Advertising	2,135	2,002
Dues and training	3,385	3,171
Meetings	3,169	6,267
Professional fees	17,666	65,759
Bank charges	1,931	1,993
Depreciation	4,595	4,687
Staff support	150,483	214,538
Miscellaneous	<u>6,596</u>	<u>2,999</u>
Total management and general	<u>\$ 277,479</u>	<u>\$ 336,815</u>

(continued)

**FRIENDS IN ACTION INTERNATIONAL**

**NATURAL EXPENSE CLASSIFICATIONS (CONTINUED)**

**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Fund-raising:		
Insurance	\$ 143	\$ 172
Donor development	32,643	24,120
Occupancy	1,436	528
Postage and shipping	4,481	2,960
Office supplies	671	80
Equipment rental and maintenance		264
Printing and postage	19,304	34,124
Depreciation	<u>732</u>	<u>637</u>
Total fund-raising	<u>\$ 59,410</u>	<u>\$ 62,885</u>

**FRIENDS IN ACTION INTERNATIONAL**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010

**6. Temporarily restricted net assets:**

Temporarily restricted net assets consist of assets raised and available for staff support and specified projects as follows at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
		\$ 17,682
		11,328
\$ 96,773		72,158
34,062		28,599
68		68
90		90
11,439		11,108
7,916		4,580
54,297		34,760
25,925		15,857
3,068		16,424
306		3,526
2,687		30,663
	<u>\$ 236,631</u>	<u>\$ 246,843</u>

# Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only Part I and check this box  **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II (on page 2 of this form).

**Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.**

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*.

**Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).**

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print  File by the due date for filing your return See instructions	Name of exempt organization or other filer, see instructions. <b>FRIENDS IN ACTION INTERNATIONAL</b>	Employer identification number (EIN) or <input checked="" type="checkbox"/> <b>77-0296087</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>PO BOX 323</b>	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>ELIZABETHTOWN, PA 17022</b>	

Enter the Return code for the return that this application is for (file a separate application for each return)  0  1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ▶ TIMOTHY JOHNSTON

Telephone No. ▶ \_\_\_\_\_ FAX No. ▶ \_\_\_\_\_

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box  . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 08/15, 2012, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶  calendar year 2011 or

▶  tax year beginning \_\_\_\_\_, 20\_\_\_\_, and ending \_\_\_\_\_, 20\_\_\_\_.

2 If the tax year entered in line 1 is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a \$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b \$
c <b>Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c \$

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.