

BUILDABRIDGE INTERNATIONAL
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BUILDABRIDGE INTERNATIONAL

DECEMBER 31, 2013 AND 2012

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Independent Auditor's Report

To: The Board of Directors
BuildaBridge International
Philadelphia, PA

We have audited the accompanying financial statements of **BuildaBridge International** (a non-profit organization) which comprise the statements of financial position as of December 31, 2013 and 2012, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **BuildaBridge International** as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 11 and 12 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.

Collingswood, NJ
April 29, 2014

Handwritten signature in cursive script that reads "Keyi Bernardi, CPA & Co".

BUILDABRIDGE INTERNATIONAL
 STATEMENTS OF FINANCIAL POSITION
 YEARS ENDED DECEMBER 31,

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 95,618	\$ 26,303
Accounts receivable, net	2,595	30,873
Prepaid expenses	5,424	-
Property and equipment, net	<u>8,251</u>	<u>10,359</u>
Total assets	<u>\$ 111,888</u>	<u>\$ 67,535</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	<u>\$ 3,017</u>	<u>\$ -</u>
Total liabilities	<u>3,017</u>	<u>-</u>
Net assets		
Unrestricted	(10,218)	62,189
Temporarily restricted	<u>119,089</u>	<u>5,346</u>
Total net assets	<u>108,871</u>	<u>67,535</u>
Total liabilities and net assets	<u>\$ 111,888</u>	<u>\$ 67,535</u>

The accompanying notes are an integral part of these financial statements.

BUILDABRIDGE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>REVENUE AND SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions	\$ 25,763	\$ -	\$ 25,763
Grant income	62,202	151,254	213,456
Program income	40,687	8,853	49,540
Registration	26,323	-	26,323
Special events	28,751	-	28,751
Trip income	6,344	-	6,344
In-kind contributions	95,882	-	95,882
Rental (room and board)	850	-	850
Miscellaneous	1,523	-	1,523
Net assets released from restrictions:			
Satisfaction of program restrictions	103,207	(103,207)	-
	<u>391,532</u>	<u>56,900</u>	<u>448,432</u>
Total revenue and support			
<u>EXPENSES</u>			
Program expenses	<u>327,274</u>	<u>-</u>	<u>327,274</u>
Supporting services			
Management and general	38,312	-	38,312
Fundraising	<u>41,510</u>	<u>-</u>	<u>41,510</u>
Total supporting services	<u>79,822</u>	<u>-</u>	<u>79,822</u>
Total expenses	<u>407,096</u>	<u>-</u>	<u>407,096</u>
Changes in net assets	(15,564)	56,900	41,336
Net assets - beginning of year	<u>5,346</u>	<u>62,189</u>	<u>67,535</u>
Net assets - end of year	<u>\$ (10,218)</u>	<u>\$ 119,089</u>	<u>\$ 108,871</u>

The accompanying notes are an integral part of these financial statements.

BUILDABRIDGE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>REVENUE AND SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions	\$ 36,838	\$ -	\$ 36,838
Grant income	51,737	55,000	106,737
Program income	71,004	82,020	153,024
Registration	13,732	-	13,732
Trip income	17,684	-	17,684
In-kind contributions	94,869	-	94,869
Rental (room and board)	3,450	-	3,450
Miscellaneous	1,028	-	1,028
Net assets released from restrictions:			
Satisfaction of program restrictions	79,704	(79,704)	-
	<u>370,046</u>	<u>57,316</u>	<u>427,362</u>
Total revenue and support			
<u>EXPENSES</u>			
Program expenses	<u>335,556</u>	<u>-</u>	<u>335,556</u>
Supporting services			
Management and general	28,396	-	28,396
Fundraising	<u>34,450</u>	<u>-</u>	<u>34,450</u>
Total supporting services	62,846	-	62,846
Total expenses	<u>398,402</u>	<u>-</u>	<u>398,402</u>
Changes in net assets	(28,356)	57,316	28,960
Net assets - beginning of year	<u>33,703</u>	<u>4,873</u>	<u>38,576</u>
Net assets - end of year	<u>\$ 5,346</u>	<u>\$ 62,189</u>	<u>\$ 67,535</u>

The accompanying notes are an integral part of these financial statements.

BUILDABRIDGE INTERNATIONAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2013</u>	<u>2012</u>
Changes in net assets	\$ 41,336	\$ 28,959
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,804	3,360
(Increase) decrease in:		
Accounts receivable	28,278	(13,830)
Prepaid expenses	(5,424)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	3,017	(4,594)
Net cash provided by operating activities	<u>71,011</u>	<u>13,895</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(1,696)</u>	<u>(2,118)</u>
Net cash (used in) investing activities	<u>(1,696)</u>	<u>(2,118)</u>
Net increase in cash and cash equivalents	69,315	11,777
Cash and cash equivalents - beginning of year	<u>26,303</u>	<u>14,526</u>
Cash and cash equivalents - end of year	<u>\$ 95,618</u>	<u>\$ 26,303</u>

The accompanying notes are an integral part of these financial statements.

BUILDABRIDGE INTERNATIONAL
NOTES TO THE FINANCIALS
DECEMBER 31, 2013 AND 2012

1. PROGRAMS AND ACTIVITIES

BuildaBridge International (“BB”) is a non-profit arts education and intervention organization dedicated to bringing hope and healing to vulnerable children, families and communities in the tough places of Philadelphia and the world through direct arts-integrated intervention and cross-cultural service. BB was founded on the core values of love, compassion, justice, reconciliation, and service to others. Through these values, BB seeks to motivate, enlist, train and connect those who have the desire to serve others through their artistic gifts with those in greatest need.

BB engages the arts to bridge barriers of race, class, and ethnicity and to impact a child's academic, social, artistic and character development. Recognizing that in many communities the arts are not thought of as a vehicle for service, but rather an enjoyment reserved for the elite, BB developed direct service programs that made the arts accessible to underserved populations, providing aesthetic nourishment, therapeutic intervention, holistic development as well as enjoyment.

Primarily a volunteer organization, BB serves the community through three distinct and unique programs: the Community Arts Program, the Overseas Program, and the Institute for the Arts and Transformation. BB receives grants and contributions to support its programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below.

Basis of Presentation

BB prepares its financial statements in accordance with Accounting Standards Codification (ASC) No. 958, “Not-for-Profit Entities.” Under ASC No. 958, BB is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. In addition, BB is required to present a statement of cash flows.

Contributions and Grants

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All of BB's expenses, including expenses relating to assets previously included among the temporarily restricted net assets class of accounts, are decreases in unrestricted net assets.

BUILDABRIDGE INTERNATIONAL
NOTES TO THE FINANCIALS
DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of Estimates

The timely preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts Receivable

BB considers its 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.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged against operations as incurred and major renewals and improvements are capitalized.

Contributed In-Kind Services and Materials

Donated services are recognized as contributions in accordance with ASC No. 958-605-25-16, "Not-For-Profit Entities - Revenue Recognition - Contributed Services", if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Income Taxes

BB is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

Effective January 1, 2009, management adopted the accounting standard, "Accounting for Uncertainty Income Taxes." This standard clarifies the accounting and reporting of uncertainties in income tax positions taken or expected to be taken in filings with taxing jurisdictions, using minimum recognition and measurement thresholds.

Management has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. These filings are subject to examination generally for three years after they are filed.

Should settlement of an examination or other event result in a change in management's evaluation of a tax position taken or expected to be taken in filings that have not been closed by statute or examination, any interest and penalties related to the unrecognized tax benefit as a result of the uncertain tax position would be included in interest expense and administrative expenses, respectively.

BUILDABRIDGE INTERNATIONAL
NOTES TO THE FINANCIALS
DECEMBER 31, 2013 AND 2012

3. CONCENTRATION OF CREDIT RISK

BB maintains its operating cash at a local bank. These balances are insured by the FDIC up to \$250,000.

4. RELATED PARTY TRANSACTIONS

BB leases office space at a below market rate from the officers and founders. Total rent expense, including utilities, for office facilities for the years ended December 31, 2013 and 2012 were \$29,000 and \$24,830, respectively. See Note 8.

5. DONATED SERVICES

BB receives donated services through interns and other volunteers. No amounts for donated services have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort have not been satisfied. A substantial number of volunteers have donated significant amounts of time in various capacities. However, the value of the services has not been recognized for reasons described above. Nonetheless, these services are critical to the successful completion of BB's mission.

6. ALLOCATION OF FUNCTIONAL EXPENSES

The cost of providing the various programs and other activities has been summarized in general categories based on specific identification in the schedule of functional expenses. Direct costs are allocated by specific identification and indirect expenses are allocated based upon salary expenditures

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2013</u>	<u>2012</u>
Capital improvements	\$ 5,557	\$ 5,557
Leasehold improvements	5,655	5,655
Furniture, fixtures, and equipment	19,271	17,576
Pre-2008 assets	<u>5,638</u>	<u>5,638</u>
	36,121	34,426
Less: accumulated depreciation	(27,870)	(24,067)
Property and equipment, net	<u>\$ 8,251</u>	<u>\$ 10,359</u>

Depreciation expense for the years ended December 31, 2013 and 2012 were \$3,804 and \$3,360, respectively.

BUILDABRIDGE INTERNATIONAL
NOTES TO THE FINANCIALS
DECEMBER 31, 2013 AND 2012

8. LEASING ARRANGEMENTS

In February 2007, BB entered into a lease for office space for a period of six years with a four year renewal option ending January 31, 2017. Each year the lease is subject to a 3% increase. The future minimum lease payments are \$25,800 for 2014. See Note 4.

Rent expense including utilities was \$29,000 and \$24,830 for the years ended December 31, 2013, and 2012, respectively.

9. SUBSEQUENT EVENTS

In preparing these financial statements, management of BB has evaluated events and transactions for potential recognition or disclosure through April 29, 2014, the date the financial statements were available to be issued. BB had no significant or material subsequent events through April 29, 2014.

BUILDABRIDGE INTERNATIONAL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 71,199	\$ 16,752	\$ 16,752	\$ 104,703
Payroll taxes	5,579	1,313	1,313	8,205
Fringe benefits	5,467	1,287	1,286	8,040
Total personnel costs	82,245	19,352	19,351	120,948
Bank service charges	-	833	-	833
Conferences and seminars	903	411	328	1,642
Dues and subscriptions	802	365	292	1,459
Equipment expense	241	109	88	438
Food and beverage	790	359	287	1,436
Fundraising expenses	-	-	7,656	7,656
Depreciation	2,092	951	761	3,804
Insurance	1,379	627	501	2,507
Miscellaneous	5,689	2,585	2,069	10,343
Office expense	1,397	635	508	2,540
Printing and reproduction	1,725	784	627	3,136
Program expenses:				
Artists, teachers, etc	43,086	-	-	43,086
Art supplies	6,875	-	-	6,875
Food and beverage	10,792	-	-	10,792
Housing and hotel	1,840	-	-	1,840
Insurance	5,245	-	-	5,245
Program expenses	14,073	-	-	14,073
Photographic docs	874	-	-	874
Postage and delivery	620	-	-	620
Rent	2,187	-	-	2,187
Supplies	6,418	-	-	6,418
Telephone	2,580	-	-	2,580
Travel	20,558	-	-	20,558
Professional fees	7,839	3,563	2,851	14,253
Professional services - in-kind	90,000	-	-	90,000
Rent	11,285	5,129	4,104	20,518
Utilities	4,660	2,118	1,695	8,473
Travel	1,079	491	392	1,962
Total expenses	\$ 327,274	\$ 38,312	\$ 41,510	\$ 407,096

The accompanying notes are an integral part of this schedule.

BUILDABRIDGE INTERNATIONAL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 48,268	\$ 11,357	\$ 11,357	\$ 70,982
Payroll taxes	6,399	1,505	1,505	9,409
Total personnel costs	54,667	12,862	12,862	80,391
Bank service charges	-	272	-	272
Conferences and seminars	65	-	-	65
Dues and subscriptions	773	351	281	1,405
Equipment expense	966	439	351	1,756
Food and beverage	1,071	487	389	1,947
Fundraising expenses	-	-	9,381	9,381
Depreciation	1,848	840	672	3,360
Insurance	1,632	742	594	2,968
Maintenance and repairs	1,081	492	393	1,966
Miscellaneous	2,462	1,119	896	4,477
Printing and reproduction	2,465	1,120	896	4,481
Program expenses:				
Artists, teachers, etc	63,206	-	-	63,206
Art supplies	1,891	-	-	1,891
Food and beverage	11,804	-	-	11,804
Housing and hotel	27,819	-	-	27,819
Insurance	7,697	-	-	7,697
Program expenses	7,897	-	-	7,897
Photographic docs	23	-	-	23
Postage and delivery	538	-	-	538
Rent	4,602	-	-	4,602
Supplies	6,640	-	-	6,640
Telephone	1,914	-	-	1,914
Travel	23,219	-	-	23,219
Professional fees	5,907	2,685	2,148	10,740
Professional services - in-kind	90,000	-	-	90,000
Rent	9,449	4,295	3,435	17,180
Utilities	4,208	1,913	1,529	7,650
Travel	1,712	779	623	3,114
Total expenses	\$ 335,556	\$ 28,396	\$ 34,450	\$ 398,402

The accompanying notes are an integral part of this schedule.