

BUILDABRIDGE INTERNATIONAL

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2019 AND 2018

TOGETHER WITH

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

BUILDABRIDGE INTERNATIONAL

DECEMBER 31, 2019 AND 2018

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Independent Accountant's Review Report

To: The Board of Directors
BuildaBridge International
Philadelphia, PA

Report on the Financial Statements

We have reviewed the accompanying financial statements of **BuildaBridge International** (a Pennsylvania non-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with **Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA**. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Renzi, Bernabè, Aruffo & Co

Cherry Hill, NJ
September 22, 2020

BUILDABRIDGE INTERNATIONAL
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31,

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 16,797	\$ 59,451
Prepaid expenses	-	1,041
Property and equipment, net	-	322
	<hr/>	<hr/>
Total assets	<u>\$ 16,797</u>	<u>\$ 60,814</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	<u>\$ 871</u>	<u>\$ 1,268</u>
	<hr/>	<hr/>
Total liabilities	<u>871</u>	<u>1,268</u>
Net assets		
Without donor restriction	15,926	59,546
With donor restriction	-	-
	<hr/>	<hr/>
Total net assets	<u>15,926</u>	<u>59,546</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 16,797</u>	<u>\$ 60,814</u>

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Contributions	\$ 33,340	\$ -	\$ 33,340
Grant income	24,011	10,000	34,011
Program income	20,798	-	20,798
Registration	1,851	-	1,851
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total revenue and support	<u>90,001</u>	<u>-</u>	<u>90,001</u>
 <u>EXPENSES</u>			
Program expenses	<u>107,707</u>	<u>-</u>	<u>107,707</u>
Supporting services			
Management and general	16,260	-	16,260
Fundraising	<u>9,654</u>	<u>-</u>	<u>9,654</u>
Total supporting services	<u>25,914</u>	<u>-</u>	<u>25,914</u>
Total expenses	<u>133,621</u>	<u>-</u>	<u>133,621</u>
Changes in net assets	(43,620)	-	(43,620)
Net assets - beginning of year	<u>59,546</u>	<u>-</u>	<u>59,546</u>
Net assets - end of year	<u>\$ 15,926</u>	<u>\$ -</u>	<u>\$ 15,926</u>

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Contributions	\$ 19,958	\$ -	\$ 19,958
Grant income	57,785	-	57,785
Registration	667	-	667
Miscellaneous	12	-	12
Net assets released from restrictions:			
Satisfaction of program restrictions	750	(750)	-
	<u>79,172</u>	<u>(750)</u>	<u>78,422</u>
Total revenue and support			
<u>EXPENSES</u>			
Program expenses	<u>97,033</u>	<u>-</u>	<u>97,033</u>
Supporting services			
Management and general	17,320	-	17,320
Fundraising	<u>13,680</u>	<u>-</u>	<u>13,680</u>
Total supporting services	<u>31,000</u>	<u>-</u>	<u>31,000</u>
Total expenses	<u>128,033</u>	<u>-</u>	<u>128,033</u>
Changes in net assets	(48,861)	(750)	(49,611)
Net assets - beginning of year	<u>108,407</u>	<u>750</u>	<u>109,157</u>
Net assets - end of year	<u>\$ 59,546</u>	<u>\$ -</u>	<u>\$ 59,546</u>

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 31,406	\$ 6,700	\$ 3,769	\$ 41,875
Payroll taxes	2,632	561	316	3,509
Total personnel costs	34,038	7,261	4,085	45,384
Bank service charges	-	1,105	-	1,105
Conferences/seminars	718	-	-	718
Depreciation	322	-	-	322
Dues and subscriptions	-	290	-	290
Fundraising expenses	-	-	3,066	3,066
Insurance	4,373	1,988	1,590	7,951
Miscellaneous	336	-	-	336
Office expense	-	543	-	543
Payroll processing fees	-	257	-	257
Program expenses:				
Artists, teachers, etc.	64,343	-	-	64,343
Art supplies	155	-	-	155
Housing and hotel	677	-	-	677
Professional fees	-	3,675	-	3,675
Rent	1,320	600	480	2,400
Telephone and internet	1,191	541	433	2,165
Travel	234	-	-	234
Total expenses	\$ 107,707	\$ 16,260	\$ 9,654	\$ 133,621

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 29,600	\$ 6,315	\$ 3,552	\$ 39,467
Payroll taxes	2,562	547	307	3,416
Fringe benefits	689	147	83	919
Total personnel costs	32,851	7,009	3,942	43,802
Bank service charges	-	315	-	315
Conferences/seminars	1,053	-	-	1,053
Depreciation	332	151	120	603
Dues and subscriptions	543	247	198	988
Food and beverage	298	-	-	298
Fundraising expenses	-	-	4,905	4,905
Insurance	3,118	1,417	1,135	5,670
Licenses and permits	-	150	-	150
Marketing and public relations	-	456	-	456
Miscellaneous	718	327	261	1,306
Office expense	424	193	154	771
Payroll processing fees	262	119	96	477
Program expenses:				
Artists, teachers, etc.	44,241	-	-	44,241
Art supplies	209	-	-	209
Field trip/park fees	5,963	-	-	5,963
Food and beverage	584	-	-	584
Housing and hotel	172	-	-	172
Program expenses	1,000	-	-	1,000
Supplies	36	-	-	36
Travel	2,290	-	-	2,290
Professional fees	-	5,600	1,800	7,400
Rent	1,320	600	480	2,400
Telephone and internet	1,619	736	589	2,944
Total expenses	\$ 97,033	\$ 17,320	\$ 13,680	\$ 128,033

See accompanying notes and independent accountant's review report.

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

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2019</u>	<u>2018</u>
Changes in net assets	\$ (43,620)	\$ (49,611)
Adjustments to reconcile changes in net assets to net cash (used in) operating activities:		
Depreciation	322	603
Decrease in:		
Accounts receivable	-	5,643
Prepaid expenses	1,041	737
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>(397)</u>	<u>565</u>
Net cash (used in) operating activities	<u>(42,654)</u>	<u>(42,063)</u>
Net (decrease) in cash and cash equivalents	(42,654)	(42,063)
Cash and cash equivalents - beginning of year	<u>59,451</u>	<u>101,514</u>
Cash and cash equivalents - end of year	<u>\$ 16,797</u>	<u>\$ 59,451</u>

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PROGRAMS AND ACTIVITIES

BuildaBridge International (“BaB”) is a non-profit arts education and intervention organization that engages creative people and the transformative power of art-making to bring hope, healing, and resilience to children, families and communities living in contexts of crisis and poverty in Philadelphia and around the world. BaB accomplishes this through direct arts-based services and through training artists in the "BuildaBridge Classroom Model", a trauma-informed, hope-infused, child-centered replicable model that includes a restorative approach for working with youth. BaB was founded on the core values of love, compassion, justice, reconciliation, and service to others. Through these values, BaB seeks to motivate, enlist, train and connect those who have the desire to serve others through their artistic gifts with those in greatest need.

BaB 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, BaB 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, BaB serves the community through three distinct and unique programs: the Community Arts Program, the Overseas Program, and the Institute for the Arts and Transformation. BaB 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

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which require BaB to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of BaB. These net assets may be used at the discretion of BaB's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BaB or by the passage of time.

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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

BaB 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

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. BaB also receives donated services through interns and other volunteers. No amounts for these 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 BaB's mission.

Income Taxes

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

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

Management has 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.

Change in Accounting Principle

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958); *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

3. LIQUIDITY AND AVAILABILITY

	<u>2019</u>	<u>2018</u>
Total financial assets	\$ 16,797	\$ 59,451
Donor-imposed restrictions:		
Restricted funds	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,797</u>	<u>\$ 59,451</u>

BaB manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. In addition to these available financial assets, a significant portion of BaB's annual expenditures will be funded by current year operating revenues including contributions, grants, and contract income.

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

3. LIQUIDITY AND AVAILABILITY (CONT'D)

During the years ended December 31, 2019 and 2018, BaB has been able to meet cash needs for general expenditures within each respective year.

4. CONCENTRATION OF CREDIT RISK

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

5. 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 statement of functional expenses. Direct costs are allocated by specific identification and indirect expenses are allocated based upon salary expenditures.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Capital improvements	\$ 5,557	\$ 5,557
Leasehold improvements	5,655	5,655
Furniture, fixtures, and equipment	21,158	21,158
Pre-2008 assets	<u>5,638</u>	<u>5,638</u>
	38,008	38,008
Less: accumulated depreciation	<u>(38,008)</u>	<u>(37,686)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ 322</u>

Depreciation expense for the years ended December 31, 2019 and 2018 were \$322 and \$603, respectively.

7. LEASING ARRANGEMENTS

BaB has been renting office space on a month-to-month basis since its lease agreement expired in January 2018, at a monthly rental at \$200 per month. Rent expense including utilities was \$2,400 for the years ended December 31, 2019 and 2018.

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

8. SUBSEQUENT EVENTS

In preparing these financial statements, management of BaB has evaluated events and transactions for potential recognition or disclosure through September 22, 2020, the date the financial statements were available to be issued.

The novel coronavirus (COVID-19) and subsequent forced closure could have a material adverse impact upon BaB's financial position, results of operations and cash flows. There is uncertainty surrounding the current situation and the financial impact cannot be estimated at this time.

In April 2020, through the CARES Act, BaB applied for and received \$8,707 of funding through the Paycheck Protection Program with the intention of having that loan forgiven.