

**BUILDABRIDGE INTERNATIONAL**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2018 AND 2017

TOGETHER WITH

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

BUILDABRIDGE INTERNATIONAL

DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, 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.

*Kunz, Bernicki, Aug & Co*

Cherry Hill, NJ  
May 10, 2019

BUILDABRIDGE INTERNATIONAL  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31,

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 59,451	\$ 101,514
Accounts receivable, net	-	5,643
Prepaid expenses	1,041	1,778
Property and equipment, net	<u>322</u>	<u>925</u>
 Total assets	 <u>\$ 60,814</u>	 <u>\$ 109,860</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	<u>\$ 1,268</u>	<u>\$ 703</u>
 Total liabilities	 <u>1,268</u>	 <u>703</u>
Net assets		
Without donor restriction	59,546	108,407
With donor restriction	<u>-</u>	<u>750</u>
 Total net assets	 <u>59,546</u>	 <u>109,157</u>
 Total liabilities and net assets	 <u>\$ 60,814</u>	 <u>\$ 109,860</u>

See accompanying notes and independent accountant's review report.

BUILDBRIDGE 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>97,035</u>	<u>-</u>	<u>97,035</u>
Supporting services			
Management and general	17,319	-	17,319
Fundraising	<u>13,679</u>	<u>-</u>	<u>13,679</u>
Total supporting services	<u>30,998</u>	<u>-</u>	<u>30,998</u>
Total expenses	<u>128,032</u>	<u>-</u>	<u>128,032</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 ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Contributions	\$ 24,944	\$ -	\$ 24,944
Grant income	57,309	-	57,309
Program income	30,267	-	30,267
Registration	10,954	-	10,954
In-kind contributions	90,171	-	90,171
Miscellaneous	1,696	-	1,696
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>49,118</u>	<u>(49,118)</u>	<u>-</u>
Total revenue and support	<u>264,459</u>	<u>(49,118)</u>	<u>215,341</u>
 <u>EXPENSES</u>			
Program expenses	<u>137,738</u>	<u>-</u>	<u>137,738</u>
Supporting services			
Management and general	27,329	-	27,329
Fundraising	<u>24,901</u>	<u>-</u>	<u>24,901</u>
Total supporting services	<u>52,230</u>	<u>-</u>	<u>52,230</u>
Total expenses	<u>189,968</u>	<u>-</u>	<u>189,968</u>
Changes in net assets	74,491	(49,118)	25,373
Net assets - beginning of year	<u>33,916</u>	<u>49,868</u>	<u>83,784</u>
Net assets - end of year	<u>\$ 108,407</u>	<u>\$ 750</u>	<u>\$ 109,157</u>

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
<b>Total personnel costs</b>	<b>32,852</b>	<b>7,008</b>	<b>3,942</b>	<b>43,802</b>
Bank service charges	-	315	-	315
Conferences/seminars	1,053	-	-	1,053
Depreciation	332	151	121	603
Dues and subscriptions	543	247	198	988
Food and beverage	298	-	-	298
Fundraising expenses	-	-	4,905	4,905
Insurance	3,118	1,417	1,134	5,670
Licenses and permits	-	150	-	150
Marketing and public relations	-	456	-	456
Miscellaneous	718	327	261	1,306
Office expense	424	193	154	770
Payroll processing fees	262	119	95	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
Insurance	-	-	-	-
Program expenses	1,000	-	-	1,000
Postage and delivery	-	-	-	-
Printing	-	-	-	-
Supplies	36	-	-	36
Telephone	-	-	-	-
Training	-	-	-	-
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
Travel	-	-	-	-
<b>Total expenses</b>	<b>\$ 97,035</b>	<b>\$ 17,319</b>	<b>\$ 13,679</b>	<b>\$ 128,032</b>

See accompanying notes and independent accountant's review report.



BUILDABRIDGE INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 7,085	\$ 1,512	\$ 849	\$ 9,446
Payroll taxes	642	137	77	856
Fringe benefits	651	139	78	868
<b>Total personnel costs</b>	<b>8,378</b>	<b>1,788</b>	<b>1,004</b>	<b>11,170</b>
Bank service charges	-	99	-	99
Depreciation	665	303	241	1,209
Dues and subscriptions	805	366	292	1,463
Food and beverage	-	-	-	-
Fundraising expenses	-	-	3,583	3,583
Insurance	3,090	1,405	1,123	5,618
Licenses and permits	-	100	-	100
Marketing and public relations	-	385	-	385
Miscellaneous	1,035	-	-	1,035
Office expense	338	154	123	615
Payroll processing fees	352	160	128	640
Program expenses:				
Artists, teachers, etc.	52,442	-	-	52,442
Art supplies	1,337	-	-	1,337
Field trip/park fees	144	-	-	144
Food and beverage	928	-	-	928
Housing and hotel	-	-	-	-
Insurance	-	-	-	-
Program expenses	-	-	-	-
Postage and delivery	53	-	-	53
Printing	80	-	-	80
Supplies	457	-	-	457
Telephone	-	-	-	-
Training	-	-	-	-
Travel	4,039	-	-	4,039
Professional fees	-	5,935	2,100	8,035
Professional services - in-kind	60,000	15,000	15,000	90,000
Rent	1,320	600	480	2,400
Utilities	-	-	-	-
Telephone and internet	2,275	1,034	827	4,136
Travel	-	-	-	-
<b>Total expenses</b>	<b>\$ 137,738</b>	<b>\$ 27,329</b>	<b>\$ 24,901</b>	<b>\$ 189,968</b>

See accompanying notes and independent accountant's review report.

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

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2018</u>	<u>2017</u>
Changes in net assets	\$ (49,611)	\$ 25,373
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	603	1,209
Decrease in:		
Accounts receivable	5,643	7,528
Prepaid expenses	737	1,654
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>565</u>	<u>(1,263)</u>
Net cash (used in) provided by operating activities	<u>(42,063)</u>	<u>34,501</u>
Net (decrease) increase in cash and cash equivalents	(42,063)	34,501
Cash and cash equivalents - beginning of year	<u>101,514</u>	<u>67,013</u>
Cash and cash equivalents - end of year	<u>\$ 59,451</u>	<u>\$ 101,514</u>

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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 BuildaBridge or by the passage of time.

BUILDABRIDGE INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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.

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.

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. See Note 4. 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.

BUILDBRIDGE INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Income Taxes

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

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. CONCENTRATION OF CREDIT RISK

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

4. DONATED SERVICES

BaB recognized in-kind revenues and expenses for the years ended December 31, 2018 and 2017 of \$-0- and \$90,171, respectively, primarily for donated professional services.

BUILDABRIDGE INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

5. PROPERTY AND EQUIPMENT

Property and equipment at December 31 consist of the following:

	<u>2018</u>	<u>2017</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>(37,686)</u>	<u>(37,083)</u>
Property and equipment, net	<u>\$ 322</u>	<u>\$ 925</u>

Depreciation expense for the years ended December 31, 2018 and 2017 were \$603 and \$1,209, respectively.

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. LEASING ARRANGEMENTS

In February 2007, BaB entered into a lease for office space for a period of six years with a four-year renewal option ending January 31, 2017. After this date BaB is on a month-to-month basis, at a monthly rental at \$200 per month.

Rent expense including utilities was \$2,400 for the years ended December 31, 2018 and 2017.

8. SUBSEQUENT EVENTS

In preparing these financial statements, management of BaB has evaluated events and transactions for potential recognition or disclosure through May 10, 2019, the date the financial statements were available to be issued. BaB had no significant or material subsequent events through May 10, 2019.