

BUILDABRIDGE INTERNATIONAL
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015
TOGETHER WITH
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

BUILDABRIDGE INTERNATIONAL

DECEMBER 31, 2016 AND 2015

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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, 2016 and 2015, and the related statements of activities and cash flows for the year 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, Femelli, Puzo & Co

Collingswood, NJ
March 30, 2017

BUILDABRIDGE INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31,

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 67,013	\$ 39,375
Accounts receivable, net	13,171	6,254
Prepaid expenses	3,432	2,755
Property and equipment, net	<u>2,134</u>	<u>4,032</u>
 Total assets	 <u>\$ 85,750</u>	 <u>\$ 52,416</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	<u>\$ 1,966</u>	<u>\$ 1,316</u>
 Total liabilities	 <u>1,966</u>	 <u>1,316</u>
Net assets		
Unrestricted	33,916	20,469
Temporarily restricted	<u>49,868</u>	<u>30,631</u>
 Total net assets	 <u>83,784</u>	 <u>51,100</u>
 Total liabilities and net assets	 <u>\$ 85,750</u>	 <u>\$ 52,416</u>

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>REVENUE AND SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions	\$ 17,060	\$ -	\$ 17,060
Grant income	26,271	12,500	38,771
Program income	2,458	49,867	52,325
Registration	5,263	-	5,263
Trip income	20,016	-	20,016
In-kind contributions	92,179	-	92,179
Miscellaneous	2,551	-	2,551
Net assets released from restrictions:			
Satisfaction of program restrictions	43,130	(43,130)	-
	<u>208,928</u>	<u>19,237</u>	<u>228,165</u>
Total revenue and support			
 <u>EXPENSES</u>			
Program expenses	<u>148,245</u>	<u>-</u>	<u>148,245</u>
Supporting services			
Management and general	24,205	-	24,205
Fundraising	<u>23,031</u>	<u>-</u>	<u>23,031</u>
Total supporting services	<u>47,236</u>	<u>-</u>	<u>47,236</u>
Total expenses	<u>195,481</u>	<u>-</u>	<u>195,481</u>
Changes in net assets	13,447	19,237	32,684
Net assets - beginning of year	<u>20,469</u>	<u>30,631</u>	<u>51,100</u>
Net assets - end of year	<u>\$ 33,916</u>	<u>\$ 49,868</u>	<u>\$ 83,784</u>

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>REVENUE AND SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions	\$ 14,236	\$ -	\$ 14,236
Grant income	39,579	57,989	97,568
Program income	33,674	-	33,674
Registration	4,534	-	4,534
Trip income	11,655	-	11,655
In-kind contributions	94,409	-	94,409
Miscellaneous	4,866	-	4,866
Net assets released from restrictions:			
Satisfaction of program restrictions	51,007	(51,007)	-
	<u>253,960</u>	<u>6,982</u>	<u>260,942</u>
Total revenue and support			
 <u>EXPENSES</u>			
Program expenses	<u>178,156</u>	<u>-</u>	<u>178,156</u>
Supporting services			
Management and general	31,216	-	31,216
Fundraising	29,055	-	29,055
	<u>60,271</u>	<u>-</u>	<u>60,271</u>
Total supporting services			
Total expenses	<u>238,427</u>	<u>-</u>	<u>238,427</u>
Changes in net assets	15,533	6,982	22,515
Net assets - beginning of year	<u>4,936</u>	<u>23,649</u>	<u>28,585</u>
Net assets - end of year	<u>\$ 20,469</u>	<u>\$ 30,631</u>	<u>\$ 51,100</u>

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>2016</u>	<u>2015</u>
Changes in net assets	\$ 32,684	\$ 22,515
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,898	2,678
(Increase) decrease in:		
Accounts receivable	(6,917)	(1,941)
Prepaid expenses	(677)	2,440
Increase (decrease) in:		
Accounts payable and accrued expenses	650	(6,311)
Net cash provided by operating activities	<u>27,638</u>	<u>19,381</u>
Net increase in cash and cash equivalents	27,638	18,803
Cash and cash equivalents - beginning of year	<u>39,375</u>	<u>20,572</u>
Cash and cash equivalents - end of year	<u><u>\$ 67,013</u></u>	<u><u>\$ 39,375</u></u>

See accompanying notes and independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

BaB prepares its financial statements in accordance with Accounting Standards Codification (ASC) No. 958, "Not-for-Profit Entities." Under ASC No. 958, BaB 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, BaB 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.

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

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 5. 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.

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.

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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.

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. RELATED PARTY TRANSACTIONS

BaB leased 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, 2016 and 2015 were \$2,400 and \$4,535, respectively. In November 2015 the co-founders sold the property to an independent party.

5. DONATED SERVICES

BaB recognized in-kind revenues and expenses for the years ended December 31, 2016 and 2015 of \$92,179 and \$94,409, respectively, primarily for donated professional services.

6. PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

	<u>2016</u>	<u>2015</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>(35,874)</u>	<u>(33,976)</u>
Property and equipment, net	<u>\$ 2,134</u>	<u>\$ 4,032</u>

BUILDABRIDGE INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

6. PROPERTY AND EQUIPMENT (CONT'D)

Depreciation expense for the years ended December 31, 2016 and 2015 were \$1,898 and \$2,678, respectively.

7. 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.

8. 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. See Note 4.

Rent expense including utilities was \$2,400 and \$4,535 for the years ended December 31, 2016 and 2015, respectively.

9. SUBSEQUENT EVENTS

In preparing these financial statements, management of BaB has evaluated events and transactions for potential recognition or disclosure through March 30, 2017, the date the financial statements were available to be issued. BaB had no significant or material subsequent events through March 30, 2017.

BUILDABRIDGE INTERNATIONAL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 6,631	\$ 1,415	\$ 795	\$ 8,841
Payroll taxes	507	108	61	676
Fringe benefits	2,453	523	294	3,270
Total personnel costs	9,591	2,046	1,150	12,787
Bank service charges	-	570	-	570
Depreciation	1,044	475	379	1,898
Dues and subscriptions	668	304	242	1,214
Fundraising expenses	-	-	1,614	1,614
Insurance	2,107	958	766	3,831
Licenses and permits	666	303	242	1,211
Miscellaneous	277	-	-	277
Office expense	332	151	121	604
Payroll processing fees	835	380	304	1,519
Program expenses:				
Artists, teachers, etc	36,443	-	-	36,443
Art supplies	2,348	-	-	2,348
Fees - CEU	400	-	-	400
Food and beverage	380	-	-	380
Housing and hotel	4,180	-	-	4,180
Insurance	1,352	-	-	1,352
Postage and delivery	94	-	-	94
Supplies	314	-	-	314
Telephone	15	-	-	15
Travel	18,307	-	-	18,307
Professional fees	4,975	2,262	1,809	9,046
Professional services - in-kind	60,000	15,000	15,000	90,000
Rent	1,320	600	480	2,400
Telephone and internet	2,543	1,156	924	4,623
Travel	54	-	-	54
Total expenses	\$ 148,245	\$ 24,205	\$ 23,031	\$ 195,481

See independent accountant's review report.

BUILDABRIDGE INTERNATIONAL
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Expenses	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 29,970	\$ 6,480	\$ 4,050	\$ 40,500
Payroll taxes	4,607	995	621	6,223
Fringe benefits	1,776	384	240	2,400
Total personnel costs	36,353	7,859	4,911	49,123
Bank service charges	-	405	-	405
Conferences and seminars	15	-	-	15
Depreciation	1,473	670	535	2,678
Dues and subscriptions	723	330	262	1,315
Food and beverage	591	269	215	1,075
Fundraising expenses	-	-	2,784	2,784
Insurance	3,076	1,398	1,118	5,592
Miscellaneous	812	369	296	1,477
Office expense	590	268	215	1,073
Program expenses:				
Artists, teachers, etc	33,066	-	-	33,066
Art supplies	2,475	-	-	2,475
Fees - CEU	300	-	-	300
Food and beverage	1,986	-	-	1,986
Housing and hotel	1,798	-	-	1,798
Insurance	1,065	-	-	1,065
Program expenses	5,113	-	-	5,113
Postage and delivery	305	-	-	305
Rent	2,680	-	-	2,680
Supplies	1,883	-	-	1,883
Telephone	118	-	-	118
Training	1,952	-	-	1,952
Travel	11,453	-	-	11,453
Professional fees	6,068	2,758	2,207	11,033
Professional services - in-kind	60,000	15,000	15,000	90,000
Rent	2,047	931	744	3,722
Utilities	447	203	163	813
Telephone and internet	1,664	756	605	3,025
Travel	103	-	-	103
Total expenses	\$ 178,156	\$ 31,216	\$ 29,055	\$ 238,427

See independent accountant's review report.