Businesses United in Investing, Lending and Development

Financial Statements

June 30, 2022
(With Comparative Totals for 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Businesses United in Investing, Lending and Development
Redwood City, California

Opinion

We have audited the accompanying financial statements of Businesses United in Investing, Lending and Development (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Businesses United in Investing, Lending and Development as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Businesses United in Investing, Lending and Development and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Businesses United in Investing, Lending and Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Businesses United in Investing, Lending and Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Businesses United in Investing, Lending and Development's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Businesses United in Investing, Lending and Development's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Armanino LLP
San Jose, California

December 30, 2022

Businesses United in Investing, Lending and Development
Statement of Financial Position
June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,691,995	$ 5,894,160
Accounts receivable	40,250	113,050
Grants receivable and promises to give, current portion	3,492,013	1,927,574
Prepaid expenses	5,038	1,773
Total current assets	10,229,296	7,936,557
Property and equipment, net	68,654	70,790
Other assets		
Cash held for board-designated endowment	382,176	363,678
Investments held for board-designated funds	4,766,357	4,768,449
Grants receivable and promises to give, net of current portion	3,392,693	2,109,973
Deposits	41,489	32,490
Total other assets	8,582,715	7,274,590
Total assets	$ 18,880,665	$ 15,281,937
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 700,798	$ 593,060
Accrued payroll and related benefits	22,563	22,920
Total current liabilities	723,361	615,980
Net assets		
Without donor restrictions		
Undesignated	4,453,867	3,891,743
Board-designated endowment	382,176	363,678
Board-designated funds	4,766,357	4,768,449
Total without donor restrictions	9,602,400	9,023,870
With donor restrictions	8,554,904	5,642,087
Total net assets	18,157,304	14,665,957
Total liabilities and net assets	$ 18,880,665	$ 15,281,937

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

Businesses United in Investing, Lending and Development
Statement of Activities
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Support and revenue				
Grants and contributions	$ 3,199,594	$ 11,215,943	$ 14,415,537	$ 14,570,361
Special events (includes in-kind income of $1,005 and $0)	364,902	-	364,902	712,761
Less special event costs (includes in-kind expenses of $1,005 and $0)	(126,396)	-	(126,396)	(181,290)
Contributions in-kind	285,930	-	285,930	370,044
Program service fees	190,774	-	190,774	406,724
Interest income	8,865	-	8,865	14,258
Forgiveness of Paycheck Protection Program loan	-	-	-	843,400
Investment income (loss), net	(70,390)	-	(70,390)	4,041
Other income	-	-	-	5
Net assets released from restriction	8,303,126	(8,303,126)	-	-
Total support and revenue	12,156,405	2,912,817	15,069,222	16,740,304
Functional expenses				
Program services	8,380,678	-	8,380,678	6,597,061
Support services				
Management and general	1,828,898	-	1,828,898	1,652,841
Fundraising	1,368,299	-	1,368,299	883,697
Total support services	3,197,197	-	3,197,197	2,536,538
Total functional expenses	11,577,875	-	11,577,875	9,133,599
Change in net assets	578,530	2,912,817	3,491,347	7,606,705
Net assets, beginning of year	9,023,870	5,642,087	14,665,957	7,059,252
Net assets, end of year	$ 9,602,400	$ 8,554,904	$ 18,157,304	$ 14,665,957

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

Businesses United in Investing, Lending and Development
Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Total Support Services	2022 Total	2021 Total
Personnel expenses						
Salaries and wages	$ 5,462,779	$ 848,353	$ 671,068	$ 1,519,421	$ 6,982,200	$ 5,947,063
Employee benefits	598,863	93,001	73,567	166,568	765,431	538,290
Payroll taxes	492,488	76,482	60,499	136,981	629,469	555,797
Total personnel expenses	6,554,130	1,017,836	805,134	1,822,970	8,377,100	7,041,150
Professional services	933,463	252,198	339,402	591,600	1,525,063	1,015,765
Donated professional services	-	227,375	-	227,375	227,375	286,715
Occupancy, including in-kind	147,822	71,648	3,267	74,915	222,737	184,930
Awards	208,821	-	-	-	208,821	161,264
Conferences and meetings	130,186	37,853	10,696	48,549	178,735	79,129
Advertising and media expenses	12,580	1,283	160,832	162,115	174,695	7,155
Printing and publications	137,739	7,950	1,503	9,453	147,192	2,403
Supplies, including in-kind	109,904	31,642	1,987	33,629	143,533	127,100
Travel	51,126	14,641	27,668	42,309	93,435	6,450
Training	21,869	46,810	8,541	55,351	77,220	53,878
Depreciation and amortization	-	55,804	-	55,804	55,804	43,037
Insurance	37,497	-	-	-	37,497	30,340
Other operating expenses	158	31,827	135	31,962	32,120	29,158
Office equipment and software	25,668	1,373	185	1,558	27,226	29,123
Postage and shipping	2,996	12,522	3,953	16,475	19,471	10,342
Telephone	6,147	6,061	3,544	9,605	15,752	16,946
Dues and subscriptions	572	6,265	750	7,015	7,587	6,284
License fees	-	5,810	702	6,512	6,512	2,430
	$ 8,380,678	$ 1,828,898	$ 1,368,299	$ 3,197,197	$ 11,577,875	$ 9,133,599
Percentage of total	72 %	16 %	12 %	28 %	100 %	

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

Businesses United in Investing, Lending and Development
Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 3,491,347	$ 7,606,705
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	55,804	43,037
Forgiveness of Paycheck Protection Program loan	-	(843,400)
Unrealized loss on investments, net	135,144	-
Changes in operating assets and liabilities		
Accounts receivable	72,800	(56,434)
Grants receivable and promises to give	(2,847,159)	(2,393,866)
Prepaid expenses	(3,265)	178
Deposits	(8,999)	-
Accounts payable and accrued expenses	107,738	84,987
Accrued payroll and related benefits	(357)	3,439
Accrued vacation	-	(147,357)
Net cash provided by operating activities	1,003,053	4,297,289
Cash flows from investing activities		
Purchases of property and equipment	(53,668)	(43,991)
Purchases of investments	(133,052)	(4,768,449)
Net cash used in investing activities	(186,720)	(4,812,440)
Net increase (decrease) in cash, cash equivalents and restricted cash	816,333	(515,151)
Cash, cash equivalents and restricted cash, beginning of year	6,257,838	6,772,989
Cash, cash equivalents and restricted cash, end of year	$ 7,074,171	$ 6,257,838

	2022	2021
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 6,691,995	$ 5,894,160
Cash held for board-designated endowment	382,176	363,678
	$ 7,074,171	$ 6,257,838

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

1. NATURE OF OPERATIONS

Businesses United in Investing, Lending and Development ("BUILD" or the "Organization"), is a tax-exempt, nonprofit organization founded in 1999 that uses entrepreneurship to excite and propel disengaged, low income students through high school to college and life success. By helping students start their own small businesses and teaching them 21st Century skills that improve their academic performance and help them prepare for college, BUILD youth acquire the knowledge, skills and experience necessary to succeed in school and career.

BUILD was incorporated in 2001 in California and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to the Organization qualify for the maximum charitable deduction for federal income tax purposes.

2. EXPANSION AND DEVELOPMENT COSTS

Beginning in 1999 as an elective class in one school in East Palo Alto, California, the BUILD program is now operating in a total of 35 schools (an increase of four schools compared to June 30, 2021) in the San Francisco Bay Area (8), Los Angeles (5), Washington D.C. (6), Boston (7), Pittsburgh (1), Utah (1) and New York City (7). Through its direct-service model, BUILD served 2,031 students in the year ended June 30, 2022 (compared to 1,546 students in the year ended June 30, 2021). In 2021, BUILD launched a 3-year, $15M growth campaign called BUILDing Generation Entrepreneur with a bold plan for dramatic growth and scale. The plan focuses on three pillars: Digital Acceleration, Geographic Expansion, and Systemic Change. In its second year, BUILD's digital offerings reached nearly 9,000 students in more than 100 cities.

Record of Success - BUILD's greatest success is the academic and social advancement its current 2,000+ students are making every day. In year-end surveys, teachers working with BUILD reported that they see significant improvement in their freshmen students' communication, collaboration, problem solving, grit and innovation. These skills lead to high success in the students' academic pursuits. For the latest senior class (Class of 2022), 99% of BUILD's seniors successfully graduated from high school on time, 91% were admitted to a post-secondary institution, and 84% of those admitted were granted admission to a four-year institution.

BUILD is not only growing to serve more students, it is committed to serving them better. BUILD expanded its mission to include not only college eligibility but also college persistence and success. BUILD believes that attaining a post-secondary degree (i.e., receiving a bachelor's degree, associate's degree or trade certificate) is essential for youth to find good-paying jobs in our economy. Reaching these outcomes will put BUILD students on the path to the American Dream and break the cycle of poverty in their families.

Raising the bar to post-secondary educational success demands that BUILD reshape its curriculum to push much harder on academics, particularly 21st Century skills that research shows promote college success and to integrate academics more explicitly into the entrepreneurship curriculum.

3. PROGRAM SERVICES

BUILD's four-year, in-school and after-school programs are as follows:

Entrepreneurs 1 (E1) - Freshman Year - Planning a business. Freshmen enroll in a rigorous, credit bearing class for the entire academic year. Students learn the tenets of time management, goal setting and professional communication etiquette. In teams of 3-5 members, students develop comprehensive 20-30 page business plans based on ideas they create. The year culminates with participation in BUILD's Youth Business Plan Competition held at university graduate schools of business in BUILD's four regions.

Entrepreneurs 2 (E2) - Sophomore Year - Running a business. Sophomores meet after school for up to 6 hours per week for the entire academic year. In BUILD's Youth Business and Academic Incubator, they begin to operate a small business while learning negotiation, business ethics, venture capital and more. Teams are assigned Venture Capital Advisors, who act on BUILD's behalf to finance a student business with funding from BUILD. Simultaneously, sophomores receive academic coaching, advising and tutoring to ensure they get on track to graduate high school eligible for college.

Entrepreneurs 3 (E3) - Junior Year - Preparing for college. Juniors meet after school and are trained on advanced topics relating to college selection. Students continue to operate their businesses but now focus more on developing college readiness skills so they will be prepared to attend the college of their choice. In preparation for college, students are trained on essay writing, interviewing, financial aid and standardized testing. To assist students in the college selection process, BUILD staff members accompany students on college tours in various parts of the country.

Entrepreneurs 4 (E4) - Senior Year - Selecting and applying for college. Seniors work with BUILD mentors and staff to identify their schools, write and prepare college admission essays and applications and package their BUILD experience into a portfolio. Students continue to hone their interviewing and presentation skills in preparation for communicating with college admissions officers. When possible, BUILD assists in arranging for communicating with local BUILD alumni. BUILD staff provides students' parents with information about scholarships and financial aid resources through workshops and meetings.

BUILD graduates have been awarded such honors as the National Foundation for Teaching Entrepreneurship (NFTE) National Youth Entrepreneur of the Year, Merrill Lynch Growing Up CEO and Gates Millennium Scholarship. The Organization's students have been admitted to over 90 colleges and universities, including Arizona State, Brigham Young, Columbia, Cornell, San Diego State, San Francisco State, Stanford, University of California Berkeley, UCLA, UC San Diego, UC Santa Barbara, and USC. BUILD has been featured in the media, including CNN, PBS, NPR, San Francisco Chronicle, San Jose Mercury News, Bay Area Business Woman News and Palo Alto Weekly News.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of BUILD have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Organization reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* - include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, plus any net assets designated by the Board for specific purposes.
- *Net assets with donor restrictions* - include those assets which are subject to donor-imposed stipulations that will be met by actions of the Organization, and/or the passage of time, or are maintained in perpetuity by the Organization. When the donor-imposed stipulation ends or the Organization satisfies an action, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions.

Adoption of accounting standards update

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including fixed assets, supplies, services, and other items. The update includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The Organization adopted ASU 2020-07 with a date of the initial application of July 1, 2021, using the full retrospective method.

The adoption of ASU 2020-07 did not have a significant impact on the Organization's financial position, results of operations, or cash flows.

Comparative financial information

The financial statements include prior year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly-liquid investments and investments with a maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Grants receivable

The Organization considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Promises to give

Unconditional promises to give are recognized as contribution support in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- *Level 1* - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
- *Level 2* - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
- *Level 3* - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $1,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation and amortization is computed on the straight-line method based on the estimated useful lives of the assets, which range from 2 to 5 years. Depreciation and amortization is charged to the activity benefiting from the use of the property or equipment.

Impairment of long-lived assets

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of June 30, 2022 and 2021, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable.

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2022 and 2021. The Organization offers a flexible time-off policy effective July 2018. The accrued vacation balances as of June 30, 2022 and 2021 were $0 and $0.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Organization generates revenue through program service fees. The Organization follows the following steps to determine revenue recognition:

- Identifying the contract(s) with a customer,
- Identifying the performance obligations in the contract(s),
- Determining the transaction price,
- Allocating the transaction price to the performance obligations in the contract(s), and
- Recognizing revenue when, or as, the Organization satisfies a performance obligation.

Revenue from program service fees are recognized in the period in which the service is provided.

Contributions

Contributions, including unconditional promises to give, are recognized as support in the period received. Contributions, including unconditional promises to give, are recorded with donor restrictions depending on the existence and/or nature of any restrictions and are then reclassified to net assets without donor restrictions upon satisfaction of any restrictions through the net assets released from restriction.

Contributions that are considered conditional promises to give which contain barriers and a right of return or right of release are not recognized until the conditions on which they depend are met, at which time, the gift is recognized as either grants and contributions support with or without donor restrictions.

Contributions in-kind

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 13.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Businesses United in Investing, Lending and Development is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under various state codes and statutes of California, Massachusetts, Maryland, Virginia, New York, Pennsylvania and Washington D.C. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Organization files information returns in the U.S. federal jurisdiction and various states. The Organization's federal returns for the years ended June 30, 2019 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's state returns for the tax years ended June 30, 2018 and beyond remain subject to possible examination by various state tax boards.

Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended June 30, 2022 and 2021 was $174,695 and $7,155, respectively.

Allocation of functional expenses

Directly identifiable expenses are charged to program and support services. Management's estimate of indirect salary expense allocation for senior management team members (whose job description is over program and support services) is based on annual time studies. Management's estimate of indirect salary expense allocation for other employees is based on individual employee estimated time spent based on their job descriptions, their goals for the year and prior year allocation. Management's estimate of other indirect costs is based on salary expense or square footage.

Subsequent events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2022 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2022. Subsequent events have been evaluated through the date the financial statements became available to be issued, December 30, 2022.

5. INFORMATION REGARDING LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization expects that accounts receivable from program service fee revenue will be collected and available within 90 days of the fiscal year-end. Grants receivable and promises to give, current portion, consisted of contributions receivable expected to be received within one year from June 30, 2022.

Cash held for endowment consisted of a board-designated endowment. Investments held for board-designated funds consisted of the funds designated by the board for specific programs or future use.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2022 to fund general expenditures and other obligations as they become due:

Financial assets	
Cash and cash equivalents	$ 6,691,995
Accounts receivable	40,250
Grants receivable and promises to give	6,884,706
Cash held for board-designated endowment	382,176
Investments held for board-designated funds	4,766,357
	18,765,484
Less: portion not available for current use	
Board-designated endowment	(382,176)
Board-designated funds	(4,766,357)
Net assets with donor restrictions	(8,554,904)
	(13,703,437)
	$ 5,062,047

As of June 30, 2022, the Organization had $5,062,047 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. In addition, the board-designated funds could be made available in its entirety if needed.

6. GRANTS RECEIVABLE AND PROMISES TO GIVE

Grants receivable and promises to give consist of unconditional promises to give by various donors. The Organization's management has estimated that the following amounts will be collected within the 4-year period after June 30, 2022. The Organization records pledges expected to be collected in more than one year at the present value of the assets to be received in the future. The discount rates used as of June 30, 2022 and 2021 ranged from 0.6% to 3.7% and 0.5% to 1.4%, respectively.

6. GRANTS RECEIVABLE AND PROMISES TO GIVE (continued)

Grants receivable and promises to give consisted of the following:

	2022	2021
Grants receivable and promises to give	$ 7,064,166	$ 4,154,166
Discounts to net present value	(179,460)	(116,619)
	6,884,706	4,037,547
Grants receivable and promises to give, current portion	(3,492,013)	(1,927,574)
	$ 3,392,693	$ 2,109,973

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2022	2021
Computer equipment	$ 471,829	$ 418,161
Software	26,710	26,710
Furniture and fixtures	17,692	17,692
Office equipment	14,982	14,982
Computer equipment	5,478	5,478
	536,691	483,023
Accumulated depreciation and amortization	(468,037)	(412,233)
	$ 68,654	$ 70,790

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 , totaled $55,804 and $43,037, respectively.

8. INVESTMENTS

Investments consisted of the following:

	2022	2021
Investments held for board-designated funds	$ 4,766,357	$ 4,768,449

8. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Fair Value
Fixed income (bonds)	$ 4,627,161	$ -	$ -	$ 4,627,161
Money market funds and bank deposits	139,196	-	-	139,196
	$ 4,766,357	$ -	$ -	$ 4,766,357

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
Money market funds and bank deposits	$ 4,768,449	$ -	$ -	$ 4,768,449

9. PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN

On April 20, 2020, the Organization received loan proceeds of $843,400 from a promissory note issued by Boston Private Bank and Trust Company, under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and is administered by the U.S. Small Business Administration ("SBA"). The term of the loan was two years and the annual interest rate was 1%. Payments of principal and interest were deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP.

In March 2021, the SBA granted full forgiveness of the loan and accordingly, the Organization has recognized $843,400 of the PPP loan proceeds as Forgiveness of Paycheck Protection Program loan in the accompanying statement of activities for the year ended June 30, 2021.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	Balance at June 30, 2021	Additions	Releases	Balance at June 30, 2022
National office	$ 2,902,155	$ 7,141,904	$ (3,748,654)	$ 6,295,405
Bay Area sites	1,495,126	1,439,494	(1,495,602)	1,439,018
Boston	862,175	1,171,514	(1,437,661)	596,028
Washington D.C.	2,241	371,324	(286,324)	87,241
New York	313,955	971,707	(1,200,412)	85,250
Los Angeles	48,941	120,000	(134,473)	34,468
Incubator team accounts	17,494	-	-	17,494
	$ 5,642,087	$ 11,215,943	$ (8,303,126)	$ 8,554,904

11. BOARD-DESIGNATED FUNDS

Board-designated funds consisted of the following:

	2022	2021
National and Regional Reserves	$ 1,582,611	$ 1,607,664
Open Opportunity	2,668,528	2,710,013
SMK Scholarship Fund	355,321	350,772
Sherman Scholarship Fund	159,897	100,000
	$ 4,766,357	$ 4,768,449

12. BOARD-DESIGNATED ENDOWMENT

As of June 30, 2022, the Board of Directors had designated $382,176 of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Currently endowment funds are used for William Lazier Scholarship payments and the Glass Scholarship campaign. Annually, additional funds are deposited into the endowment account to offset these scholarship payments to ensure the Organization protects and grows the principal investment. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide modest returns on investment with the goal of capital preservation.

12. BOARD-DESIGNATED ENDOWMENT (continued)

To achieve that objective, the Organization has adopted an investment policy that is focused on capital preservation, which protects the principal investment and grows it at a modest rate with little to no risk of loss. Endowment assets are invested in a money market account. The Organization's Finance Committee will review the investment strategy and make a recommendation to the Board of Directors. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 1% to 3% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment composition

Changes in endowment net assets for the fiscal year ended June 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2021	$ 363,678	$ -	$ 363,678
Investment income (loss)			
Investment income	5,822	-	5,822
Fees	(12,324)	-	(12,324)
Net investment income (loss)	(6,502)	-	(6,502)
Contributions	25,000	-	25,000
	18,498	-	18,498
Balance, June 30, 2022	$ 382,176	$ -	$ 382,176

Changes in endowment net assets for the fiscal year ended June 30, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2020	$ 363,662	$ -	$ 363,662
Investment income	16	-	16
Balance, June 30, 2021	$ 363,678	$ -	$ 363,678

13. CONTRIBUTIONS IN-KIND

The estimated fair value of donated supplies, equipment, expert services and facilities are recorded as contributions.

Contributions in-kind consisted of the following:

	2022	2021
Professional services	$ 227,375	$ 286,715
Facilities	28,512	34,007
Supplies and minor equipment	30,043	49,322
	285,930	370,044
Special event supplies and auction items	1,005	-
	$ 286,935	$ 370,044

BUILD recognized contributed nonfinancial assets within support and revenue, including contributed professional services, facilities, supplies and minor equipment. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions. The donated professional services consisted of legal services, coaching services and marketing services. The value of these professional services are measured using the estimated hourly rate for the professional providing the services. The contributed facilities was measured based on the estimated fair value provided by the donor. Donated supplies, minor equipment and auction items are valued at the price paid by the donor to acquire these items.

During the years ended June 30, 2022 and 2021, the Organization also received donated services from volunteers that do not require specific expertise but which are nonetheless central to the Organization's operations. During the years ended June 30, 2022 and 2021, mentors dedicated 3,935 and 8,024 hours, respectively, to tutoring services. The estimated value of tutoring services based on the nature of the services and the amount of time donated is estimated to be $145,588 and $278,235, respectively.

14. COMMITMENTS AND CONTINGENCIES

The Organization conducts its operations from facilities leased under various non-cancelable operating and month-to-month leases. Rent expense for these facilities for the years ended June 30, 2022 and 2021 was $194,225 and $150,923, respectively.

14. COMMITMENTS AND CONTINGENCIES (continued)

The scheduled minimum lease payments under the lease terms are as follows:

Year ending June 30,	
2023	$ 39,364
	$ 39,364

15. RETIREMENT PLAN

BUILD provides a 403(b) retirement plan with a 50% match up to 6% of contributions for all employees working more than 20 hours per week. The Organization contributed $102,563 and $0, respectively, to the Plan during the years ended June 30, 2022 and 2021. All of the Plan's administration costs were paid for by the Plan.

16. CONDITIONAL GRANTS

Conditional grants are recognized when BUILD meets the terms of the conditions in the grant agreements.

Conditional grants as of June 30, 2022 are detailed as follows:

Achieving specific program success metrics	$ 150,000