BUILDING BRIDGES

FINANCIAL STATEMENTS
WITH
INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

DECEMBER 31, 2016

Crady, Puca & Associates

Certified Public Accountants & Consultants

BUILDING BRIDGES

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Building Bridges

We have reviewed the accompanying financial statements of Building Bridges (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, 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.

Accountants' 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.

Accountants' 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.

Crady, Puca & Associates
Centennial, CO

August 31, 2017

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BUILDING BRIDGES
Statement of Financial Position
As of December 31, 2016

ASSETS		
Cash and cash equivalents	$	41,152
Prepaid expenses		5,202
Contributions receivable		85,976
Property and equipment, net		5,479
Total assets	$	137,809
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$	3,446
Grants payable		16,500
Capital lease obligation		3,945
Total liabilities		23,891
NET ASSETS		
Unrestricted		27,942
Temporarily Restricted		85,976
Total net assets		113,918
Total liabilities and net assets	$	137,809

See accompanying notes and independent accountants' review report.

BUILDING BRIDGES
Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions	$ 32,875	$ 86,026	$ 118,901
Other income	825	-	825
Interest income	369	-	369
Net assets released from restrictions -			
Satisfaction of time and program restrictions	50,050	(50,050)	-
Total Support and Revenue	84,119	35,976	120,095
Expenses:			
Program services -			
Grants and assistance	63,200	-	63,200
Training and education	69,368	-	69,368
Total program services	132,568	-	132,568
Supporting services -			
Management and general	70,948	-	70,948
Fundraising	21,172	-	21,172
Total supporting services	92,120	-	92,120
Total Expenses	224,688	-	224,688
Changes in net assets	(140,569)	35,976	(104,593)
Net assets, beginning of year	168,511	50,000	218,511
Net assets, end of year	$ 27,942	$ 85,976	$ 113,918

See accompanying notes and independent accountants' review report.

BUILDING BRIDGES
Statement of Cash Flows
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	$ (104,593)
Adjustments to reconcile changes in net assets to net cash used in operating activities	
Depreciation	1,500
(Increase) decrease in operating assets:	
Prepaid expenses	(927)
Contributions receivable	(35,976)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	2,166
Grants payable	16,500
Net cash used in operating activities	(121,330)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(1,729)
Net cash used in investing activities	(1,729)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on capital lease obligation	(954)
Net cash used in financing activities	(954)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(124,013)
Cash and cash equivalents - beginning of the year	165,165
Cash and cash equivalents - end of the year	$ 41,152
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid for interest	$ 1,129

See accompanying notes and independent accountants' review report.

BUILDING BRIDGES
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services			Supporting Services			
	Grants and Assistance	Training and Education	Total	Management & General	Fundraising	Total	Total
Salary expense	$ -	$ 30,460	$ 30,460	$ 40,510	$ 13,537	$ 54,047	$ 84,507
Payroll taxes	-	2,486	2,486	3,315	1,105	4,420	6,906
Other benefits	-	1,346	1,346	2,290	677	2,967	4,313
Total payroll expenses	-	34,292	34,292	46,115	15,319	61,434	95,726
Grants and assistance	63,200	-	63,200	-	-	-	63,200
Advertising	-		-		156	156	156
Professional fees	-	7,121	7,121	7,069	-	7,069	14,190
Travel, meetings & meals	-	17,527	17,527	520	-	520	18,047
Printing & copying	-	1,008	1,008	1,344	448	1,792	2,800
Insurance	-	1,989	1,989	2,584	861	3,445	5,434
Occupancy	-	3,725	3,725	4,967	1,656	6,623	10,348
Postage & shipping	-	47	47	798	715	1,513	1,560
Office expenses	-	2,712	2,712	5,406	577	5,983	8,695
IT related expenses	-	-	-	883	1,020	1,903	1,903
Interest expense	-	407	407	542	180	722	1,129
Depreciation	-	540	540	720	240	960	1,500
Total expenses	$ 63,200	$ 69,368	$ 132,568	$ 70,948	$ 21,172	$ 92,120	$ 224,688

See accompanying notes and independent accountants' review report.

1. Summary of Significant Accounting Policies

Nature of the Organization

Building Bridges, (the "Organization"), was formed as a nonprofit organization and incorporated in the State of Colorado on November 5, 1992.

The Organization was created to equip young people with the communication and leadership skills necessary to address the root causes of hatred, discrimination, and violence. We create a safe space for young people to meet face to face with those they have been taught to fear. Together, they develop personal connections based on empathy and respect and the confidence to transform divisive attitudes in their communities.

The majority of the Organization's revenue is derived from grants and contributions.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Organization reports 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. At December 31, 2016, the Organization had no permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and contributions receivable.

The Organization places its cash accounts with creditworthy, high-quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Such account balances may, at times, exceed the federally insured limit. At December 31, 2016, no amounts exceeded the FDIC limit.

Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the organization and individuals from whom the amounts are due.

1. Summary of Significant Accounting Policies (continued)

Contributions and Support

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions of cash and other assets are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions Receivable

Unconditional contributions receivable are recognized as revenue in the period the pledge is received. Unconditional contributions receivable 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 contributions receivable are recognized when the conditions on which they depend are substantially met.

At December 31, 2016, all contributions receivable are expected to be collected within one year and are deemed fully collectible and therefore no allowance for doubtful accounts has been recorded.

Capitalization and Depreciation

Property and equipment are stated at cost, or fair value if contributed. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $500. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives are 5 years.

Program Grants

Program grants awarded by the Organization are recorded as expenses and liabilities upon approval by the Organization’s Board of Directors.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the “Code”), and accordingly, is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Therefore, no provision for federal income tax is recorded in the accompanying financial statements. Income from activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have unrelated business income subject to tax during the year ended December 31, 2016.

1. Summary of Significant Accounting Policies (continued)

Income Tax Status (continued)

The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for fiscal years ending prior to December 31, 2013. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's financial statements were available to be issued on August 31, 2017 and this is the date through which subsequent events were evaluated.

2. Property and Equipment

Property and equipment consisted of the following at December 31, 2016:

Computers	$ 1,729
Office equipment	7,500
	9,229
Less: accumulated depreciation	(3,750)
Net property and equipment	$ 5,479

Depreciation expense for the year ended December 31, 2016 was $1,500.

3. Fair Value Measurements

The carrying amount reported in the statement of financial position for cash and cash equivalents, prepaid expenses, contributions receivable, accounts payable, and grants payable approximates fair value because of the immediate or short-term maturities of these financial instruments.

4. Capital Lease Obligation

The Organization entered into a capital lease arrangement in 2014 for a copier. The lease requires monthly payments of $159 for 63 months with the final payment due September 2019. The lease is secured by the copier. At December 31, 2016, the asset carries a capitalized cost of $7,500 less accumulated amortization of $3,750. Annual amortization of the capital lease is included in depreciation expense.

The future minimum lease payments due under this capital lease obligation and the net present value of those payments at December 31, 2016 are as follows:

Year Ending December 31,		
2017	$	1,908
2018		1,908
2019		1,431
		5,247
Less: amount representing interest		(1,302)
Present value of future minimum lease payments		3,945
Less: current portion		(1,178)
Long-term portion	$	2,767

Interest expense on the capital lease obligation amounted to $1,129 for the year ended December 31, 2016.

5. Net Assets

Temporarily Restricted Net Assets:

At December 31, 2016, temporarily restricted net assets consisted of the following:

Time restriction - pledges	$	85,976
Total	$	85,976

6. Significant Concentrations

At December 31, 2016, 87% of contributions receivable is due from one donor.

For the year ended December 31, 2016, 62% of the Organization's revenue and support was generated from one donor.