BUILDING BRIDGES

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

Crady, Puca & Associates
Certified Public Accountants & Consultants

BUILDING BRIDGES

CONTENTS

Crady, Puca & Associates
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Building Bridges

We have audited the accompanying financial statements of Building Bridges, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Bridges as of December 31, 2017, 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.

Crady, Puca & Associates
Centennial, Colorado
May 16, 2018

12150 East Briarwood Avenue, Suite 201
Centennial, Colorado 80112
Phone: 303.771.9575
Fax: 303.221.5394
www.cradypucacpas.com

BUILDING BRIDGES
Statement of Financial Position
As of December 31, 2017

ASSETS		
Cash and cash equivalents	$	7,087
Prepaid expenses		11,483
Contributions receivable		113,198
Property and equipment, net		3,633
Total assets	$	135,401
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$	4,863
Capital lease obligation		2,767
Total liabilities		7,630
NET ASSETS		
Unrestricted		12,572
Temporarily Restricted		115,199
Total net assets		127,771
Total liabilities and net assets	$	135,401

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

BUILDING BRIDGES
Statement of Activities
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions	$ 85,893	$ 119,119	$ 205,012
Government grants	17,500	-	17,500
Other income	1,150	-	1,150
Interest income	16	-	16
Net assets released from restrictions -			
Satisfaction of time and program restrictions	89,896	(89,896)	-
Total Support and Revenue	194,455	29,223	223,678
Expenses:			
Program services -			
Grants and assistance	7,500	-	7,500
Training and education	113,183	-	113,183
Total program services	120,683	-	120,683
Supporting services -			
Management and general	53,145	-	53,145
Fundraising	35,997	-	35,997
Total supporting services	89,142	-	89,142
Total Expenses	209,825	-	209,825
Changes in net assets	(15,370)	29,223	13,853
Net assets, beginning of year	27,942	85,976	113,918
Net assets, end of year	$ 12,572	$ 115,199	$ 127,771

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

BUILDING BRIDGES
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services			Supporting Services			
	Grants and Assistance	Training and Education	Total	Management & General	Fundraising	Total	Total
Salary expense	$ -	$ 41,377	$ 41,377	$ 28,691	$ 23,989	$ 52,680	$ 94,057
Payroll taxes	-	3,206	3,206	2,222	1,858	4,080	7,286
Other benefits	-	3,012	3,012	2,088	1,746	3,834	6,846
Total payroll expenses	-	47,595	47,595	33,001	27,593	60,594	108,189
Grants and assistance	7,500	-	7,500	-	-	-	7,500
Advertising	-	253	253	-	-	-	253
Professional fees	-	24,060	24,060	10,968	1,917	12,885	36,945
Travel, meetings & meals	-	26,623	26,623	115	47	162	26,785
Printing & copying	-	708	708	490	410	900	1,608
Insurance	-	2,902	2,902	2,012	1,682	3,694	6,596
Occupancy	-	3,539	3,539	2,412	2,016	4,428	7,967
Office expenses	-	2,960	2,960	2,277	769	3,046	6,006
IT related expenses	-	2,376	2,376	1,647	1,377	3,024	5,400
Interest expense	-	321	321	223	186	409	730
Depreciation	-	1,846	1,846	-	-	-	1,846
Total expenses	$ 7,500	$ 113,183	$ 120,683	$ 53,145	$ 35,997	$ 89,142	$ 209,825

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

BUILDING BRIDGES
Statement of Cash Flows
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$	13,853
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation		1,846
(Increase) decrease in operating assets:		
Prepaid expenses		(6,281)
Contributions receivable		(27,222)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities		1,417
Grants payable		(16,500)
Net cash used in operating activities		(32,887)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation		(1,178)
Net cash used in financing activities		(1,178)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(34,065)
Cash and cash equivalents - beginning of the year		41,152
Cash and cash equivalents - end of the year	$	7,087
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$	730

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

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, prepaid expenses, 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, 2017, 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, 2017, 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.

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, 2017.

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, 2014. 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 May 16, 2018 and this is the date through which subsequent events were evaluated.

2. Contributions Receivable

Contributions receivable consisted of the following at December 31, 2017:

Amounts due in:	
Less than one year	$ 63,198
One to five years	50,000
Total	$ 113,198

Management believes contributions receivable balances are collectible and, therefore, no allowance for doubtful accounts is recorded. In addition, as the discount on future receipts was deemed immaterial, no discount has been recorded.

3. Property and Equipment

Property and equipment consisted of the following at December 31, 2017:

Computers	$	1,729
Office equipment		7,500
		9,229
Less: accumulated depreciation		(5,596)
Net property and equipment	$	3,633

Depreciation expense for the year ended December 31, 2017 was $1,846.

4. 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 accrued liabilities approximates fair value because of the immediate or short-term maturities of these financial instruments.

5. 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, 2017, the asset carries a capitalized cost of $7,500 less accumulated amortization of $5,250. 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, 2017 are as follows:

Year Ending December 31,		
2018	$	1,908
2019		1,431
		3,339
Less: amount representing interest		(572)
Present value of future minimum lease payments	$	2,767

Interest expense on the capital lease obligation amounted to $730 for the year ended December 31, 2017.

6. Line of Credit

The Organization has a credit card account which has a limit of $50,000. At December 31, 2017, the balance due on this credit card was $36.

7. Net Assets

Temporarily Restricted Net Assets:

At December 31, 2017, temporarily restricted net assets consisted of the following:

Time restriction - pledges	$	103,199
Technical assistance		2,000
Transform		10,000
Total	$	115,199

8. Significant Concentrations

At December 31, 2017, 88% of contributions receivable is due from one donor.

For the year ended December 31, 2017, 45% of the Organization's revenue and support was generated from one donor.