Businesses United in Investing, Lending and Development

Financial Statements

June 30, 2021
(With Comparative Totals for 2020)

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INDEPENDENT AUDITOR'S REPORT

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

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, 2021, 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 Businesses United in Investing, Lending and Development as of June 30, 2021, 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.

Emphasis of Matter

As described in Note 17 of the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. However, the ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited Businesses United in Investing, Lending and Development's 2020 financial statements, and our report dated December 30, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 22, 2021

Businesses United in Investing, Lending and Development
Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,894,160	$ 6,409,327
Accounts receivable	113,050	56,616
Grants receivable and promises to give, current portion	1,927,574	716,876
Prepaid expenses	1,773	1,951
Total current assets	7,936,557	7,184,770
Property and equipment, net	70,790	69,836
Other assets		
Cash held for board-designated endowment	363,678	363,662
Investments held for board-designated funds	4,768,449	-
Grants receivable and promises to give, net of current portion	2,109,973	926,805
Deposits	32,490	32,490
Total other assets	7,274,590	1,322,957
Total assets	$ 15,281,937	$ 8,577,563
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 593,060	$ 508,073
Accrued payroll and related benefits	22,920	19,481
Accrued vacation	-	147,357
Total current liabilities	615,980	674,911
Paycheck Protection Program forgivable loan	-	843,400
Total liabilities	615,980	1,518,311
Net assets		
Without donor restrictions		
Undesignated	3,891,743	4,368,076
Board-designated endowment	363,678	363,662
Board-designated funds	4,768,449	-
Total without donor restrictions	9,023,870	4,731,738
With donor restrictions	5,642,087	2,327,514
Total net assets	14,665,957	7,059,252
Total liabilities and net assets	$ 15,281,937	$ 8,577,563

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, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and revenue				
Grants and contributions	$ 3,368,680	$ 11,201,681	$ 14,570,361	$ 7,374,432
Forgiveness of Paycheck Protection Program loan	843,400	-	843,400	-
Special events (includes in-kind income of $0 and $2,829)	712,761	-	712,761	1,545,443
Less special event costs (includes in-kind expenses of $0 and $2,829)	(181,290)	-	(181,290)	(167,586)
Program service fees	406,724	-	406,724	239,266
Contributions in-kind	370,044	-	370,044	328,327
Interest income	14,258	-	14,258	10,272
Net realized gains on investments	4,041	-	4,041	1,823
Other income	5	-	5	4
Net assets released from restriction	7,887,108	(7,887,108)	-	-
Total support and revenue	13,425,731	3,314,573	16,740,304	9,331,981
Functional expenses				
Program services	6,597,061	-	6,597,061	5,313,003
Support services				
Management and general	1,652,841	-	1,652,841	1,495,972
Fundraising	883,697	-	883,697	745,310
Total support services	2,536,538	-	2,536,538	2,241,282
Total functional expenses	9,133,599	-	9,133,599	7,554,285
Change in net assets	4,292,132	3,314,573	7,606,705	1,777,696
Net assets, beginning of year	4,731,738	2,327,514	7,059,252	5,281,556
Net assets, end of year	$ 9,023,870	$ 5,642,087	$ 14,665,957	$ 7,059,252

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, 2021
(With Comparative Totals for 2020)

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Total Support Services	2021 Total	2020 Total
Personnel expenses						
Salaries and wages	$ 4,644,950	$ 765,542	$ 536,571	$ 1,302,113	$ 5,947,063	$ 4,739,366
Payroll taxes	434,104	71,545	50,148	121,693	555,797	457,507
Employee benefits	420,430	69,292	48,568	117,860	538,290	455,104
Total personnel expenses	5,499,484	906,379	635,287	1,541,666	7,041,150	5,651,977
Professional services	604,283	208,523	202,959	411,482	1,015,765	845,673
Donated professional services	-	286,715	-	286,715	286,715	301,530
Occupancy, including in-kind	133,652	51,278	-	51,278	184,930	186,988
Awards	161,264	-	-	-	161,264	71,732
Supplies, including in-kind	74,026	50,582	2,492	53,074	127,100	73,136
Conferences and meetings	44,968	31,212	2,949	34,161	79,129	116,610
Training	24,366	5,036	24,476	29,512	53,878	19,939
Depreciation and amortization	-	43,037	-	43,037	43,037	37,234
Insurance	14,675	15,665	-	15,665	30,340	24,360
Other operating expenses	180	28,843	135	28,978	29,158	38,377
Office equipment and software	26,017	2,807	299	3,106	29,123	34,727
Telephone	7,580	4,144	5,222	9,366	16,946	15,090
Postage and shipping	3,177	5,998	1,167	7,165	10,342	5,550
Advertising and media expenses	995	-	6,160	6,160	7,155	5,655
Travel	890	4,623	937	5,560	6,450	90,116
Dues and subscriptions	452	5,378	454	5,832	6,284	4,011
License fees	-	2,430	-	2,430	2,430	2,500
Printing and publications	1,052	191	1,160	1,351	2,403	29,080
	$ 6,597,061	$ 1,652,841	$ 883,697	$ 2,536,538	$ 9,133,599	$ 7,554,285
Percentage of total	72 %	18 %	10 %	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, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 7,606,705	$ 1,777,696
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	43,037	37,234
Forgiveness of Paycheck Protection Program loan	(843,400)	-
Changes in operating assets and liabilities		
Accounts receivable	(56,434)	(22,116)
Grants receivable and promises to give	(2,393,866)	44,834
Prepaid expenses	178	315
Deposits	-	(732)
Accounts payable and accrued expenses	84,987	173,534
Accrued payroll and related benefits	3,439	2,327
Accrued vacation	(147,357)	(16,519)
Net cash provided by operating activities	4,297,289	1,996,573
Cash flows from investing activities		
Purchases of property and equipment	(43,991)	(64,473)
Purchases of investments	(4,768,449)	-
Net cash used in investing activities	(4,812,440)	(64,473)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program forgivable loan	-	843,400
Net cash provided by financing activities	-	843,400
Net increase (decrease) in cash, cash equivalents and restricted cash	(515,151)	2,775,500
Cash, cash equivalents and restricted cash, beginning of year	6,772,989	3,997,489
Cash, cash equivalents and restricted cash, end of year	$ 6,257,838	$ 6,772,989
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 5,894,160	$ 6,409,327
Cash held for board-designated endowment	363,678	363,662
	$ 6,257,838	$ 6,772,989

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 31 schools primarily in the San Francisco Bay Area, Washington D.C., Boston and New York City. Through its direct-service model, BUILD served 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 first year, BUILD's digital offerings reached 6,000 students in over 50 cities.

Record of Success - BUILD's greatest success is the academic and social advancement its current 1,500+ 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 2021), 100% of BUILD's seniors successfully graduated from high school on time, 63% were admitted to a post-secondary institution, and 82% 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.

Changes in accounting principles

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. GAAP. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Organization adopted ASU 2014-09 with a date of the initial adoption of July 1, 2020, using the full retrospective method.

The adoption of ASU 2014-09 did not have a significant impact on Organization's financial position, result 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, 2020, 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, 2021 and 2020, 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, 2021 and 2020. The accrued vacation balances as of June 30, 2021 and 2020 were $0 and $147,357, respectively.

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 revenue 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, 2018 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's state returns for the tax years ended June 30, 2017 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, 2021 and 2020 was $7,155 and $5,655, 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, 2021 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, 2021. Subsequent events have been evaluated through the date the financial statements became available to be issued, December 22, 2021.

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, 2021.

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 board-designated funds could be made available in its entirety if needed.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2021 to fund general expenditures and other obligations as they become due:

Financial assets	
Cash and cash equivalents	$ 5,894,160
Accounts receivable	113,050
Grants receivable and promises to give	4,037,547
Cash held for board-designated endowment	363,678
Investments held for board-designated funds	4,768,449
	15,176,884
Less: portion not available for current use	
Board-designated endowment	(363,678)
Board-designated funds	(4,768,449)
Net assets with donor restrictions	(5,642,087)
	(10,774,214)
	$ 4,402,670

As of June 30, 2021, the Organization had $4,402,670 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures.

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, 2021. 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, 2021 and 2020 ranged from 0.5% to 1.4%.

6. GRANTS RECEIVABLE AND PROMISES TO GIVE (continued)

Grants receivable and promises to give consisted of the following:

	2021	2020
Grants receivable and promises to give	$ 4,154,166	$ 1,760,000
Discounts to net present value	(116,619)	(116,319)
	4,037,547	1,643,681
Grants receivable and promises to give, current portion	(1,927,574)	(716,876)
	$ 2,109,973	$ 926,805

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2021	2020
Computer equipment	$ 418,161	$ 374,170
Software	26,710	26,710
Furniture and fixtures	17,692	17,692
Office equipment	14,982	14,982
Leasehold improvements	5,478	5,478
	483,023	439,032
Accumulated depreciation and amortization	(412,233)	(369,196)
	$ 70,790	$ 69,836

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 , totaled $43,037 and $37,234, respectively.

8. INVESTMENTS

Investments consisted of the following:

	2021	2020
Investments held for board-designated funds	$ 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, 2021:

	Level 1	Level 2	Level 3	Fair Value
Money 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 ("CARES") Act and is administered by the U.S. Small Business Administration. The term of the loan is two years and the annual interest rate is 1%. Payments of principal and interest are deferred for the first six 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. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations.

On June 5, 2020, Paycheck Protection Program Flexibility Act ("PPPFA") was signed into law, and was followed by revised forgiveness applications on June 16, 2020 and revised interim final rules ("IFRS") on June 22, 2020. The enactment of PPPFA and subsequent releases of the related IFRS and forgiveness applications provided several structural changes to the program aimed to provide businesses with added flexibility to utilize the funds and to be able to obtain forgiveness. The primary modifications include: reducing from 75% to 60% the percent of a borrower's loan proceeds which must be used for payroll costs; increase from 8 weeks to 24 weeks for the covered period, which is the period eligible costs can qualify for forgiveness; extended the deferral period for principal and interest on the loan to the date SBA remits the loan forgiveness amount to the lender or ten months after the loan forgiveness covered period if the borrower has not applied for forgiveness.

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.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	Balance at June 30, 2020	Additions	Releases	Balance at June 30, 2021
National office	$ 1,608,678	$ 5,838,615	$ (4,545,138)	$ 2,902,155
Bay Area sites	275,037	2,642,132	(1,422,043)	1,495,126
Boston	129,534	1,791,185	(1,058,544)	862,175
New York	293,633	701,559	(681,237)	313,955
Los Angeles	-	73,941	(25,000)	48,941
Incubator team accounts	17,494	-	-	17,494
Washington D.C.	3,138	154,249	(155,146)	2,241
	$ 2,327,514	$ 11,201,681	$ (7,887,108)	$ 5,642,087

11. BOARD-DESIGNATED FUNDS

During the year ended June 30, 2021, the Board of Directors approved to designate funds totaling $350,772 for SMK Scholarship Fund, $100,000 for Sherman Scholarship Fund, $2,710,013 for Open Opportunity, and $1,607,664 for National and Regional Reserves.

12. BOARD-DESIGNATED ENDOWMENT

As of June 30, 2021, the Board of Directors had designated $363,678 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, 2021 is as follows:

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

Changes in endowment net assets for the fiscal year ended June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2019	$ 362,429	$ -	$ 362,429
Investment return			
Investment income	1,408	-	1,408
Fees	(175)	-	(175)
Total investment return	1,233	-	1,233
Balance, June 30, 2020	$ 363,662	$ -	$ 363,662

13. CONTRIBUTIONS IN-KIND

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

13. CONTRIBUTIONS IN-KIND (continued)

Contributions in-kind consisted of the following:

	2021	2020
Professional services	$ 286,715	$ 301,530
Facilities	34,007	18,919
Supplies and minor equipment	49,322	7,878
	370,044	328,327
Special event supplies and auction items	-	2,829
	$ 370,044	$ 331,156

During the years ended June 30, 2021 and 2020, 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, 2021 and 2020, mentors dedicated 8,024 and 5,365 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 $278,235 and $176,889, 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, 2021 and 2020 was $150,923 and $168,069, respectively.

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

Year ending June 30,	
2022	$ 116,355
2023	39,363
	$ 155,718

15. RETIREMENT PLAN

Beginning July 1, 2014, the Organization launched a tax deferred 403(b) retirement plan (the "Plan") to provide retirement benefits for all eligible employees. The Plan provides for Organization contributions of 5% of eligible employee compensation. Vesting is based on years of service, with 100% vesting of employer matching contributions upon eligibility. The Organization did not make a contribution to the Plan during the years ended June 30, 2021 and 2020. 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.

The conditional grants are detailed as follows:

Achieving specific program success metrics	$ 225,000

17. RISKS AND UNCERTAINTIES

During the COVID-19 pandemic, the Organization's program services have not been materially interrupted. As the situation continues to evolve, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of its business, including how it impacts the Organization's vendors, employees, and ability to provide services. The Organization believes the ultimate impact of the COVID-19 pandemic on its program services and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of its control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely impact the Organization.