BUSINESSES UNITED IN INVESTING,
LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

***

FINANCIAL STATEMENTS

Year Ended June 30, 2014 with Comparative Totals
for the Year Ended June 30, 2013

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

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Thomas C. Bondi
Lawrence S. Kuechler
Roberto M. Maragoni
Frank A. Minuti, Jr.

FOUNDERS
Alexander W. Berger (1916-2005)
Griffith R. Lewis (1930-2012)

BERGER LEWIS
ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

Daniel C. Moors
Randy G. Peterson
Todd W. Robinson
David R. Sheets
Robert W. Smiley

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Businesses United in Investing, Lending and Development
(A California Nonprofit Public Benefit Corporation)
Redwood City, California

We have audited the accompanying financial statements of Businesses United in Investing, Lending and Development (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2014, 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 audits. We conducted our audits 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 Organization'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 Organization'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.

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MEMBER OF AGN INTERNATIONAL AN ASSOCIATION OF SEPARATE AND INDEPENDENT ACCOUNTING & CONSULTING FIRMS

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, 2014, 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.

Report on Summarized Comparative Information

We have previously audited Businesses United in Investing, Lending and Development's financial statements for the year ended June 30, 2013, and we expressed an unmodified opinion on those audited financial statements in our report dated October 31, 2013,. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Berger Lewis Accountancy Corporation

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
October 30, 2014

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

June 30, 2014 with Comparative Totals as of June 30, 2013

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 1,642,919	$ 2,036,119
Accounts Receivable	-	3,890
Current Portion of Grants Receivable and Promises to Give	827,176	503,925
Prepaid Expenses	7,985	5,896
Total Current Assets	2,478,080	2,549,830
PROPERTY AND EQUIPMENT, At Cost:		
Property and Equipment	496,917	398,859
Accumulated Depreciation	(338,707)	(244,909)
Total Property and Equipment, Net	158,210	153,950
OTHER ASSETS:		
Cash Held for Endowment	223,253	217,431
Grants Receivable and Promises to Give, Net of Current Portion	555,624	121,542
Deposits	31,735	39,899
Total Other Assets	810,612	378,872
TOTAL ASSETS	$ 3,446,902	$ 3,082,652

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 181,307	$ 94,504
Accrued Payroll and Related Benefits	31,878	36,285
Accrued Vacation	222,133	160,003
Line of Credit	-	350,000
Total Current Liabilities	435,318	640,792
NET ASSETS:		
Unrestricted Net Assets:		
Undesignated	1,005,486	1,306,341
Board Designated for Endowment	223,253	217,431
Total Unrestricted Net Assets	1,228,739	1,523,772
Temporarily Restricted Net Assets	1,782,845	918,088
Total Net Assets	3,011,584	2,441,860
TOTAL LIABILITIES AND NET ASSETS	$ 3,446,902	$ 3,082,652

The Accompanying Notes are an Integral Part of these Financial Statements.

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	2014			2013
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
SUPPORT AND REVENUE:				
Grants and Contributions	$ 2,403,002	$ 3,988,596	$ 6,391,598	$ 5,057,667
Contributions In-Kind	115,657	-	115,657	83,591
Special Events (Includes In-Kind Income of $65,212 and $79,988)	1,635,798	-	1,635,798	1,564,438
Less: Special Event Costs (Includes In-Kind Expenses of $65,212 and $79,988)	(532,092)	-	(532,092)	(442,200)
Interest Income	617	-	617	559
Incubator Income	-	3,512	3,512	18,578
Rental Income	-	-	-	62,858
Gain on Disposal of Equipment	-	-	-	2,858
Net Realized Gain on Investments	660	-	660	2,667
Total Support and Revenue	3,623,642	3,992,108	7,615,750	6,351,016
Net Assets Released from Restrictions	3,127,351	(3,127,351)	-	-
Total Support, Revenue and Net Assets Released from Restrictions	6,750,993	864,757	7,615,750	6,351,016
EXPENSES:				
Program Services	5,036,408	-	5,036,408	4,762,969
Supporting Services:				
Management and General	754,440	-	754,440	496,932
Fundraising (See Note 2)	1,255,178	-	1,255,178	761,142
Total Supporting Services	2,009,618	-	2,009,618	1,258,074
Total Expenses	7,046,026	-	7,046,026	6,021,043
CHANGE IN NET ASSETS	(295,033)	864,757	569,724	329,973
NET ASSETS, Beginning of Year	1,523,772	918,088	2,441,860	2,111,887
NET ASSETS, End of Year	$ 1,228,739	$ 1,782,845	$ 3,011,584	$ 2,441,860

The Accompanying Notes are an Integral Part of these Financial Statements.

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTALS	
		MGMT AND GENERAL	FUNDRAISING	TOTAL	2014	2013
EXPENSES:						
Salaries	$ 2,934,226	$ 432,697	$ 750,458	$ 1,183,155	$ 4,117,381	$ 3,219,035
Payroll Taxes	253,113	37,325	64,736	102,061	355,174	291,976
Employee Benefits	277,408	40,908	70,950	111,858	389,266	289,221
Total Salaries and Related Expenses	3,464,747	510,930	886,144	1,397,074	4,861,821	3,800,232
Occupancy, Including In-Kind	429,541	16,285	67,098	83,383	512,924	597,658
Professional Fees	317,379	38,358	116,704	155,062	472,441	620,032
Travel	233,449	2,936	43,288	46,224	279,673	243,733
Conferences, Conventions and Meetings	157,530	11,288	20,185	31,473	189,003	181,251
Supplies, Including In-Kind	123,917	15,590	10,366	25,956	149,873	124,499
Awards	101,812	-	-	-	101,812	83,466
Donated Professional Fees	10,376	70,877	-	70,877	81,253	45,587
Telephone	54,594	3,708	13,498	17,206	71,800	67,553
Office Equipment and Software	28,845	8,531	8,269	16,800	45,645	31,162
Accounting and Audit Fees	-	41,899	-	41,899	41,899	34,925
Printing and Publication	6,123	556	27,103	27,659	33,782	24,185
Other Operating Expenses	3,108	11,761	15,804	27,565	30,673	30,766
Insurance	19,137	1,708	3,675	5,383	24,520	17,943
Training	5,100	5,027	6,546	11,573	16,673	15,380
Dues and Subscriptions	1,453	1,754	11,873	13,627	15,080	6,431
Postage and Shipping	3,846	1,931	1,959	3,890	7,736	7,775
License Fees	3,953	1,200	540	1,740	5,693	4,002
Outside Services	3,679	543	941	1,484	5,163	4,904
Web Design and Hosting	-	617	4,147	4,764	4,764	600
Total Expenses Before Depreciation	4,968,589	745,499	1,238,140	1,983,639	6,952,228	5,942,084
Depreciation	67,819	8,941	17,038	25,979	93,798	78,959
Total Functional Expenses	$ 5,036,408	$ 754,440	$ 1,255,178	$ 2,009,618	$ 7,046,026	$ 6,021,043
Percentage of Total (See Notes 2 and 4)	71.5 %	10.7 %	17.8 %	28.5 %	100.0 %	

The Accompanying Notes are an Integral Part of these Financial Statements.

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2014 with Comparative Totals for the Year Ended June 30, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 569,724	$ 329,973
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	93,798	78,959
Donated Furniture and Equipment	(20,749)	(4,783)
(Gain) Loss on Disposal of Equipment	-	(2,858)
(Increase) Decrease in Assets:		
Accounts Receivable	3,890	-
Grants Receivable and Promises to Give	(757,333)	84,634
Prepaid Expenses	(2,089)	(228)
Deposits	8,164	(1,898)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	86,803	1,753
Accrued Payroll and Related Benefits	(4,407)	22,767
Accrued Vacation	62,132	4,562
Net Cash Provided by Operating Activities	39,933	512,881
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Cash Held for Endowment	(5,823)	(7,020)
Purchase of Property and Equipment	(77,310)	(54,389)
Net Cash Used by Investing Activities	(83,133)	(61,409)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (Payments) from Line of Credit	(350,000)	350,000
Net Cash Provided (Used) by Financing Activities	(350,000)	350,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(393,200)	801,472
CASH AND CASH EQUIVALENTS, Beginning of Year	2,036,119	1,234,647
CASH AND CASH EQUIVALENTS, End of Year	$ 1,642,919	$ 2,036,119

The Accompanying Notes are an Integral Part of these Financial Statements.

NOTE 1 - ORGANIZATION:

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 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 experiences 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. BUILD 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.

NOTE 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 19 schools in the San Francisco Bay Area, Washington DC, and Boston. Over the past four years, BUILD’s student enrollment has grown on average 24% annually, currently serving over 1,200 students.

BUILD is not only growing to serve more students; it is committed to serving them better. BUILD recently expanded its mission to include not only college eligibility but also college persistence and success. We believe that successfully 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.

To support programmatic growth and new curriculum development, BUILD has focused on expanding its fundraising capacity with a resulting increase in development costs. The Organization is putting into place a national development team that can keep pace with BUILD’s growth and ensure financial sustainability over the long term for each site and the Organization as a whole.

NOTE 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 our three 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 their small businesses while learning negotiation, business ethics, venture capital, and more. Teams are assigned Venture Capital Advisors, who act on BUILD’s behalf to finance student businesses 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 to college. Seniors work with BUILD mentors and staff to identify their schools, write and prepare college admissions 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 interviews with local BUILD alumni. BUILD staff provides students’ parents with information about scholarships and financial aid resources through workshops and meetings.

Record of Success - BUILD's greatest success is the academic and social advancement its current 1,200+ students are making every day. In year-end surveys, our teachers report that they see significant improvement in their freshmen students’ self-initiative, time management, self-discipline, and resiliency. These character developments lead to high academic achievement. For our latest senior class (Class of 2014), 96% of BUILD’s seniors successfully graduated from high school, 95% were admitted to a postsecondary institution, and 84% of those admitted were granted admission to a four-year institution.

NOTE 3 - PROGRAM SERVICES (Continued):

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 the Gates Millennium Scholarship. The Organization's students have been admitted to over 90 colleges and universities, including New York, Brown, Stanford, Louisiana State and Hampton Universities, as well as University of California at Berkeley, Davis, Los Angeles, and Merced. 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. BUILD's CEO was recently awarded the 2012 Manhattan Institute Award for Social Entrepreneurship, the Ashoka Fellowship and was honored with KQED and Wells Fargo's 2011 Women's History Month Local Heroes Award.

BUILD's success will continue to grow as the Organization continues to serve more students as well as deepen its impact in 2015.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

<u>Basis of Accounting</u> - The financial statements of BUILD have been prepared on the accrual basis of accounting.

<u>Basis of Presentation</u> - In accordance with accounting principles generally accepted in the United States of America, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

> Unrestricted net assets 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.
>
> Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year-end of the current reporting period.
>
> Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments.

<u>Comparative Financial Information</u> - The financial statements include certain 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, 2013, from which the summarized information was derived.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Accounts and Grants Receivable - The Organization considers all accounts and 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 assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

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.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment. Depreciation expense for the years ended June 30, 2014 and 2013 totaled $93,798 and $78,959, respectively.

Accrued Vacation - Accrued vacation represents vacation earned, but not taken as of June 30, 2014 and 2013. The accrued vacation balance as of June 30, 2014 and 2013 was $222,133 and $160,003, respectively.

Revenue Recognition - The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

Contributions - Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

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 9.

Allocation of Functional Expenses - Directly identifiable expenses are charged to programs and supporting services. Management's estimate of indirect salary expense allocation for senior management team members (whose job description is over programs and operations) 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 are based on salary expense or square footage.

NOTE 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 statues of California, Massachusetts, Maryland, Virginia, New York, Pennsylvania and Washington D.C. Accordingly, no provision for income taxes has been made in the accompanying statements.

Advertising - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended June 30, 2014 and 2013 was $147 and $0, respectively.

Uncertainty in Taxes - 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 state of California. The Organization's federal returns for the years ended June 30, 2011 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns for the tax years ended June 30, 2010 and beyond remain subject to possible examination by the Franchise Tax Board.

Subsequent Events - Management of the Organization has evaluated events and transactions subsequent to June 30, 2014 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, 2014. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 30, 2014.

NOTE 5 - 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, 2014. 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 rate used as of June 30, 2014 and 2013 was 1.8%.

NOTE 5 - GRANTS RECEIVABLE AND PROMISES TO GIVE (Continued):

Grants receivable and promises to give as of June 30, consisted of the following:

	2014	2013
Total Grants Receivable and Promises to Give	$ 1,416,933	$ 633,315
Discounts to Net Present Value	(34,133)	(7,848)
Net Grants Receivable and Promises to Give	1,382,800	625,467
Current Portion of Grants Receivable and Promises to Give	(827,176)	(503,925)
Noncurrent Portion of Grants Receivable and Promises to Give	$ 555,624	$ 121,542

NOTE 6 - LINE OF CREDIT:

The Organization has a $1,100,000 line of credit with Wells Fargo Bank. The line of credit is secured by the Organization's personal and real property and bears interest at the prime rate plus 2.00% (3.25% at June 30, 2014) or the Floor Rate of 5.00% per annum. The amount available under the line of credit at June 30, 2014 was $1,100,000. As of June 30, 2014, BUILD had $0 outstanding on the line of credit.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

The Organization's temporarily restricted net assets as of June 30, consisted of the following:

	2014	2013
Purpose Restrictions:		
Boston	$ 423,768	$ 164,341
Washington D.C. Programs	288,006	80,316
National Program - Athena	263,059	64,309
National Office	81,791	-
Incubator Team Accounts	42,806	39,368
Bay Area Sites	13,616	35,891
Student College Tours	200	400
Peninsula Programs	-	69,585
East Oakland	-	51,695
Monterey Programs	-	33,100
Time Restrictions:		
General Support for Future Period	669,599	379,083
Total Temporarily Restricted Net Assets	$ 1,782,845	$ 918,088

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or the occurrence of other events specified by donors during the year ended June 30, as follows:

	2014
Purpose Restrictions:	
Boston	$ 747,406
Monterey	538,881
Bay Area Sites	350,425
Oakland Programs	260,000
Peninsula Programs	238,289
East Oakland	113,430
Student Launch Camps	76,735
National Program - Athena	51,492
General Operations - President Search	38,209
Monterey	33,100
Student College Tours	200
Time Restrictions:	
General Support for Future Period	679,184
Total Net Assets Released from Restrictions	$ 3,127,351

NOTE 9 - CONTRIBUTIONS IN-KIND:

The estimated fair value of donated supplies, equipment, expert services and facilities are recorded as contributions. During fiscal years ended June 30, 2014 and 2013, the following in-kind contributions were received by the Organization:

	2014	2013
Professional Services	$ 81,253	$ 45,588
Computer Equipment	20,748	4,783
Facilities	-	7,400
Supplies and Minor Equipment	13,656	25,820
In-Kind Contributions for Operations	115,657	83,591
Special Event Supplies and Auction Items	65,212	79,988
Total Contributions In-Kind	$ 180,869	$ 163,579

During the years ended June 30, 2014 and 2013, 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, 2014 and 2013, mentors dedicated approximately 16,785 and 16,468 hours to tutoring services. The estimated value of tutoring services based on the nature of the service and the amount of time donated is estimated to be approximately $475,424 and $396,575, respectively.

NOTE 10 - BOARD DESIGNATED ENDOWMENT:

As of June 30, 2014, the Board of Directors had designated $223,253 of unrestricted net assets 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 unrestricted net assets.

The Organization's policy is to build the endowment. Currently endowment funds are only used for William Lazier Scholarship payments. 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.

NOTE 10 - 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.

Changes in endowment net assets for the year ended June 30, 2014 consisted of the following:

Board Designated Endowment Net Assets, Beginning of Year	$ 217,431
Contributions	9,945
Investment Income	27
Investment Fees	(150)
Amount Appropriated for Expenditure	(4,000)
Board Designated Endowment Net Assets, End of Year	$ 223,253

NOTE 11 - OPERATING LEASE COMMITMENTS:

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, 2014 and 2013 was $512,924 and $597,658, respectively.

Future minimum lease payments under operating leases are as follows:

Year Ending June 30,	Amount
2015	$ 449,943
2016	466,549
2017	366,605
2018	55,461
Total Future Minimum Lease Payments	$ 1,338,558