

**Businesses United in Investing, Lending
and Development**

Financial Statements

June 30, 2025

(With Comparative Totals for Fiscal Year 2024)



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Businesses United in Investing, Lending and Development (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Businesses United in Investing, Lending and Development as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Businesses United in Investing, Lending and Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Businesses United in Investing, Lending and Development's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Businesses United in Investing, Lending and Development's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



St. Louis, Missouri

December 29, 2025

Businesses United in Investing, Lending and Development
Statement of Financial Position
June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,398,288	\$ 3,095,555
Accounts receivable	68,125	72,020
Grants receivable and promises to give, current portion, net	495,000	871,210
Prepaid expenses	15,413	19,914
Total current assets	2,976,826	4,058,699
Property and equipment, net	461,871	782,332
Other assets		
Cash held for board-designated endowment	462,115	452,579
Investments held for board-designated funds	2,922,205	3,191,235
Grants receivable and promises to give, net of current portion	-	257,073
Deposits	44,373	56,908
Total other assets	3,428,693	3,957,795
Total assets	\$ 6,867,390	\$ 8,798,826
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 384,831	\$ 419,639
Accrued payroll and related benefits	132,357	21,448
Total current liabilities	517,188	441,087
Net assets		
Without donor restrictions		
Undesignated	417,349	1,088,163
Board-designated endowment	462,115	452,579
Board-designated funds	2,922,205	3,191,235
Property and equipment	461,871	782,332
Total without donor restrictions	4,263,540	5,514,309
With donor restrictions	2,086,662	2,843,430
Total net assets	6,350,202	8,357,739
Total liabilities and net assets	\$ 6,867,390	\$ 8,798,826

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

Businesses United in Investing, Lending and Development
Statement of Activities
For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Support and revenue				
Grants and contributions	\$ 1,217,489	\$ 3,902,479	\$ 5,119,968	\$ 4,995,109
Contributions in-kind	1,481,019	-	1,481,019	1,980,504
Special events (includes in-kind income of \$34,227 and \$3,200)	422,803	-	422,803	393,045
Less special event costs (includes in-kind expenses of \$34,227 and \$3,200)	(284,216)	-	(284,216)	(191,799)
Program service fees	361,625	-	361,625	359,615
Investment income, net	171,930	-	171,930	280,190
Interest income	17,156	-	17,156	24,393
Net assets released from restriction	<u>4,659,247</u>	<u>(4,659,247)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>8,047,053</u>	<u>(756,768)</u>	<u>7,290,285</u>	<u>7,841,057</u>
Functional expenses				
Program services	<u>6,305,027</u>	<u>-</u>	<u>6,305,027</u>	<u>9,416,494</u>
Support services				
Management and general	1,617,217	-	1,617,217	2,408,960
Fundraising	<u>1,375,578</u>	<u>-</u>	<u>1,375,578</u>	<u>1,968,355</u>
Total support services	<u>2,992,795</u>	<u>-</u>	<u>2,992,795</u>	<u>4,377,315</u>
Total functional expenses	<u>9,297,822</u>	<u>-</u>	<u>9,297,822</u>	<u>13,793,809</u>
Change in net assets	(1,250,769)	(756,768)	(2,007,537)	(5,952,752)
Net assets, beginning of year	<u>5,514,309</u>	<u>2,843,430</u>	<u>8,357,739</u>	<u>14,310,491</u>
Net assets, end of year	<u>\$ 4,263,540</u>	<u>\$ 2,086,662</u>	<u>\$ 6,350,202</u>	<u>\$ 8,357,739</u>

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

Businesses United in Investing, Lending and Development
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

	<u>Program Services</u>	<u>Support Services</u>		<u>2025 Total</u>	<u>2024 Total</u>
		<u>Management and General</u>	<u>Fundraising</u>		
Personnel expenses					
Salaries and wages	\$ 2,785,114	\$ 805,240	\$ 669,541	\$ 4,259,895	\$ 6,892,634
Employee benefits	342,164	98,927	82,256	523,347	948,480
Payroll taxes	331,579	95,868	79,710	507,157	661,658
Total personnel expenses	<u>3,458,857</u>	<u>1,000,035</u>	<u>831,507</u>	<u>5,290,399</u>	<u>8,502,772</u>
Advertising, in-kind	1,411,926	-	-	1,411,926	1,843,338
Professional services, including in-kind	612,411	256,902	463,450	1,332,763	1,821,907
Depreciation and amortization	298,384	26,016	-	324,400	193,527
Awards	218,785	-	2,388	221,173	277,788
Occupancy, including in-kind	55,695	97,806	4,022	157,523	183,629
Travel	83,023	12,890	37,405	133,318	257,611
Conferences and meetings	67,058	21,490	23,752	112,300	257,080
Bad debt	-	100,000	-	100,000	-
Insurance	-	52,661	-	52,661	39,930
Printing and publications	45,060	19	1,080	46,159	208,036
Supplies, including in-kind	26,887	3,746	308	30,941	58,578
Training	9,850	14,201	555	24,606	34,648
Other operating expenses	1,050	18,250	375	19,675	40,801
Telephone	8,579	1,475	1,575	11,629	16,718
Dues and subscriptions	3,725	1,322	1,991	7,038	16,692
Office equipment and software	1,780	790	744	3,314	14,260
Postage and shipping	1,250	3,334	867	5,451	12,028
Advertising and media expenses	643	-	5,559	6,202	9,783
License fees	<u>64</u>	<u>6,280</u>	<u>-</u>	<u>6,344</u>	<u>4,683</u>
	<u>\$ 6,305,027</u>	<u>\$ 1,617,217</u>	<u>\$ 1,375,578</u>	<u>\$ 9,297,822</u>	<u>\$13,793,809</u>
Percentage of total	<u>68 %</u>	<u>17 %</u>	<u>15 %</u>	<u>100 %</u>	

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

Businesses United in Investing, Lending and Development
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (2,007,537)	\$ (5,952,752)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	324,400	193,527
Bad debt expense	100,000	-
Unrealized gains (loss) on investments, net	13,008	(4,231)
Discounts to net present value	61,717	46,890
Changes in operating assets and liabilities		
Accounts receivable	3,895	26,980
Grants receivable and promises to give	471,566	2,885,386
Prepaid expenses	4,501	(17,354)
Deposits	12,535	2,073
Accounts payable and accrued expenses	(34,808)	(269,733)
Accrued payroll and related benefits	110,909	(3,584)
Net cash used in operating activities	(939,814)	(3,092,798)
Cash flows from investing activities		
Purchases of property and equipment	(3,939)	(285,827)
Proceeds from sale of investments	423,785	2,753,248
Purchases of investments	(167,763)	(255,801)
Net cash provided by investing activities	252,083	2,211,620
Net decrease in cash, cash equivalents and restricted cash	(687,731)	(881,178)
Cash, cash equivalents and restricted cash, beginning of year	3,548,134	4,429,312
Cash, cash equivalents and restricted cash, end of year	\$ 2,860,403	\$ 3,548,134
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 2,398,288	\$ 3,095,555
Cash held for board-designated endowment	462,115	452,579
	\$ 2,860,403	\$ 3,548,134

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

Businesses United in Investing, Lending and Development
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

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, the Organization's youth acquire the knowledge, skills and experience necessary to succeed in post-secondary opportunities.

The Organization 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 direct service program is now operating in a total of 32 schools (compared to 41 schools in the year ended June 30, 2024) in California (10), Washington D.C. (2), Boston (8), Pittsburgh (6), and New York City (6). Through its direct service model, BUILD served 2,649 students in the year ended June 30, 2025 (compared to 2,878 students in the year ended June 30, 2024). In 2021, BUILD launched a 3-year, \$15 million growth campaign called BUILDing Generation Entrepreneur with a bold plan for dramatic growth and scale. The plan focused on three pillars: Digital Acceleration, Geographic Expansion, and Systemic Change. As a result, BUILD now incorporates digital offerings into regular programming and has reached over 288,000 students in more than 1,607 cities in said programming since 2021.

Record of Success - The Organization's greatest success is the academic and social advancement its current 2,000+ students are making every day. In year-end surveys, teachers working with BUILD reported that they see significant improvement in their freshmen students' communication, collaboration, problem solving, grit, innovation, and self-management skills. These skills lead to high success in the students' academic pursuits.

The Organization is not only growing to serve more students, but also committed to serving them better. The Organization expanded its mission to include not only college eligibility but also post-secondary persistence and success. BUILD believes that attaining postsecondary success (i.e., receiving a bachelor's degree, associate's degree, or trade certificate; participating in a fellowship or similar work study program; starting their own business) is essential for youth to find good-paying jobs in our economy. Raising the bar to post-secondary success demands that BUILD reshape the education landscape by teaching the importance of 21st Century skills via its dynamic entrepreneurship curriculum. Reaching these outcomes will put the Organization students on the path to become the CEO of their own lives.

Businesses United in Investing, Lending and Development
Notes to Financial Statements
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(With Comparative Totals for Fiscal Year 2024)

3. PROGRAM SERVICES

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

Year 1: BUILD Your Business (Y1) - Freshman, Sophomore, Junior, and Senior Year - BUILD Your Business students gain an introduction to entrepreneurship and how BUILD wants them to become the CEO of their own lives. They use the human-centered design process to create and pitch an original product idea to volunteer professionals. They build out these ideas into business pitch decks that they present in a culminating Business Plan Competition event.

Year 2: BUILD Your Voice (Y2) - Freshman, Sophomore, Junior, and Senior Year - In BUILD Your Voice, students develop their unique voice and brand (both personal and business) as they continue their journey to college, career, and life success. They continue building their skills in product design, marketing, production, finances and sales, finishing the year with a selling event and portfolio pitch.

Year 3: BUILD Your Future (Y3) - Junior and Senior Year - BUILD Your Future is the bridge that links entrepreneurial skills and mindsets that the students develop in Y1 and Y2 to their pathways after high school. The Y3 students learn to be CEOs - they're learning how to be career-focused, enterprising, and opportunity-oriented. Through their BUILD experience, they are expanding their social and navigational capital. They're growing their networks, and learning how to utilize these networks and resources to be proactive about their future. BUILD Your Future empowers BUILD students to learn about potential pathways and how to access them. They are setting themselves up to be successful no matter what their pathway is.

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 the Organization 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.

Businesses United in Investing, Lending and Development
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *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.

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, 2024, from which the summarized information was derived.

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

Grants receivable consist of amounts due from from funding agencies under grant agreements. The Organization evaluates the collectability of grants receivable based on past experience and management's review of outstanding receivables. Amounts that are deemed uncollectible are charged to expense in the period collection efforts have been exhausted. The Organization considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Businesses United in Investing, Lending and Development
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Management evaluates the collectability of promise to give and establishes an allowance for doubtful accounts when collection is uncertain. Based on this evaluation, no allowance for doubtful accounts is considered necessary.

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.

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.

Businesses United in Investing, Lending and Development
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$1,000 and with an estimated useful life of one year or greater 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, 2025 and 2024, there were no events or changes in circumstances indicating that the carrying amount of property and equipment may not be recoverable.

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.

Businesses United in Investing, Lending and Development
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contract balance consisted of the following:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Contract assets		
Accounts receivable	\$ 68,128	\$ 72,020

Contributions

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

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

Contributions in-kind

Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 12.

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.

Businesses United in Investing, Lending and Development
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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.

Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended June 30, 2025 and 2024 was \$6,202 and \$9,783, respectively. In addition, the Organization also received donated advertising services. Donated advertising expense for the years ended June 30, 2025 and 2024 was \$1,411,926 and \$1,843,338 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 estimated time spent by function. 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.

Reclassifications

Certain reclassifications have been made to the consolidated financial statements for the year ended June 30, 2024 for comparative purposes to conform with the presentation in the current year consolidated financial statements.

Subsequent events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2025 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, 2025. Subsequent events have been evaluated through the date the financial statements became available to be issued, December 29, 2025.

Businesses United in Investing, Lending and Development
Notes to Financial Statements
June 30, 2025
(With Comparative Totals for Fiscal Year 2024)

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, 2025.

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

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2025 and 2024 to fund general expenditures and other obligations as they become due:

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 2,398,288	\$ 3,095,555
Accounts receivable	68,125	72,020
Grants receivable and promises to give	495,000	1,128,283
Cash held for board-designated endowment	462,115	452,579
Investments held for board-designated funds	2,922,205	3,191,235
	6,345,733	7,939,672
Less: portion not available for current use		
Board-designated endowment	(462,115)	(452,579)
Board-designated scholarship funds	(499,446)	(495,099)
Net assets with donor restrictions	(2,086,662)	(2,843,430)
	(3,048,223)	(3,791,108)
	\$ 3,297,510	\$ 4,148,564

As of June 30, 2025, the Organization had \$3,297,510 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 2-year period after June 30, 2025. 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, 2025 and 2024 was 0% and ranged from 4.6% to 5.6%, respectively.

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6. GRANTS RECEIVABLE AND PROMISES TO GIVE (continued)

Grants receivable and promises to give consisted of the following:

	2025	2024
Grants receivable and promises to give	\$ 495,000	\$ 1,190,000
Discounts to net present value	-	(61,717)
	495,000	1,128,283
Grants receivable and promises to give, current portion, net	(495,000)	(871,210)
	\$ -	\$ 257,073

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2025	2024
Computer equipment	\$ 129,780	\$ 468,533
Software	895,151	921,861
Furniture and fixtures	-	17,692
Office equipment	-	14,982
Computer equipment	-	5,478
	1,024,931	1,428,546
Accumulated depreciation and amortization	(563,060)	(646,214)
	\$ 461,871	\$ 782,332

Depreciation and amortization expense for the years ended June 30, 2025 and 2024, totaled \$324,400 and \$193,527, respectively.

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8. INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds and bank deposits	\$ 2,521,943	\$ -	\$ -	\$ 2,521,943
Exchange traded funds	<u>400,262</u>	<u>-</u>	<u>-</u>	<u>400,262</u>
	<u>\$ 2,922,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,922,205</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds and bank deposits	\$ 2,256,158	\$ -	\$ -	\$ 2,256,158
Exchange traded funds	<u>935,077</u>	<u>-</u>	<u>-</u>	<u>935,077</u>
	<u>\$ 3,191,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,191,235</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	<u>Balance at June 30, 2024</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at June 30, 2025</u>
National office	\$ 1,327,248	\$ 1,120,422	\$ (1,557,179)	\$ 890,491
Bay Area sites	706,400	946,734	(1,244,991)	408,143
Boston	428,815	493,231	(833,342)	88,704
New York	296,806	764,717	(584,568)	476,955
Washington D.C.	39,167	321,250	(294,792)	65,625
Incubator team accounts	17,494	-	-	17,494
Pittsburgh	15,000	123,000	(46,667)	91,333
Los Angeles	<u>12,500</u>	<u>133,125</u>	<u>(97,708)</u>	<u>47,917</u>
	<u>\$ 2,843,430</u>	<u>\$ 3,902,479</u>	<u>\$ (4,659,247)</u>	<u>\$ 2,086,662</u>

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9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions consisted of the following:

	Balance at June 30, 2023	Additions	Releases	Balance at June 30, 2024
National office	\$ 5,053,150	\$ 609,980	\$ (4,335,882)	\$ 1,327,248
Bay Area sites	801,644	757,581	(852,825)	706,400
Boston	407,355	1,048,466	(1,027,006)	428,815
New York	82,081	624,015	(409,290)	296,806
Washington D.C.	111,667	182,000	(254,500)	39,167
Incubator team accounts	17,494	-	-	17,494
Pittsburgh	-	45,000	(30,000)	15,000
Los Angeles	111,136	89,300	(187,936)	12,500
	<u>\$ 6,584,527</u>	<u>\$ 3,356,342</u>	<u>\$ (7,097,439)</u>	<u>\$ 2,843,430</u>

10. BOARD-DESIGNATED FUNDS

Board-designated funds consisted of the following:

	2025	2024
Operating Reserves	\$ 1,246,721	\$ 1,690,543
Open Opportunity	1,176,038	1,005,593
SMK Scholarship Fund	338,416	332,474
Sherman Scholarship Fund	161,030	162,625
	<u>\$ 2,922,205</u>	<u>\$ 3,191,235</u>

11. BOARD-DESIGNATED ENDOWMENT

As of June 30, 2025, the Board of Directors had designated \$462,115 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.

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11. 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, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2024	\$ 452,579	\$ -	\$ 452,579
Investment income			
Investment income	<u>22,536</u>	-	<u>22,536</u>
Net investment income	<u>22,536</u>	-	<u>22,536</u>
Contributions	4,000	-	4,000
Appropriations	<u>(17,000)</u>	-	<u>(17,000)</u>
	<u>9,536</u>	-	<u>9,536</u>
Balance, June 30, 2025	<u>\$ 462,115</u>	<u>\$ -</u>	<u>\$ 462,115</u>

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11. BOARD-DESIGNATED ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, June 30, 2023	\$ 403,306	\$ -	\$ 403,306
Investment income			
Investment income	21,273	-	21,273
Fees	-	-	-
Net investment income	21,273	-	21,273
Contributions	44,000	-	44,000
Appropriations	(16,000)	-	(16,000)
	49,273	-	49,273
Balance, June 30, 2024	\$ 452,579	\$ -	\$ 452,579

12. CONTRIBUTIONS IN-KIND

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

Contributions in-kind consisted of the following:

	2025	2024
Advertising	\$ 1,411,926	\$ 1,843,338
Professional services	-	54,200
Facilities	65,664	61,845
Supplies and minor equipment	3,429	300
	1,481,019	1,959,683
Special event facilities and supplies	34,227	20,821
	\$ 1,515,246	\$ 1,980,504

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12. CONTRIBUTIONS IN-KIND (continued)

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

During the years ended June 30, 2025 and 2024, 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, 2025 and 2024, mentors dedicated 2,495 and 2,866 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 \$101,209 and \$112,379, respectively.

13. LEASE

The Organization conducts its operations from facilities leased under various month-to-month leases. Lease expense for these facilities for the years ended June 30, 2025 and 2024, was \$91,859 and \$121,784, respectively.

14. RETIREMENT PLAN

BUILD provides a 403(b) retirement plan with a 50% discretionary match up to 6% of contributions for all employees working more than 20 hours per week. The Organization contributed \$0 and \$87,307, respectively, to the Plan during the years ended June 30, 2025 and 2024. All of the Plan's administration costs were paid for by the Plan.

15. CONDITIONAL GRANTS

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

Conditional grants as of June 30, 2025 are detailed as follows:

Achieving specific program success metrics	<u>\$ 250,000</u>
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