

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

BUILDON, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
buildOn, Inc.
Stamford, Connecticut

Opinion

We have audited the accompanying financial statements of buildOn, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets, 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 buildOn, Inc. as of December 31, 2023, and the activities and change in 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 buildOn, Inc. 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 the 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 buildOn, Inc.'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.

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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 buildOn, Inc.'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 buildOn, Inc.'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 buildOn, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



July 31, 2024

BUILDON, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,593,595	\$ 1,628,930
Investments	10,387,153	9,603,786
Contributions receivable, net	5,655,548	5,738,650
Prepaid expenses and other assets	<u>131,309</u>	<u>98,952</u>
Total current assets	<u>18,767,605</u>	<u>17,070,318</u>
PROPERTY AND EQUIPMENT		
Furniture	32,102	32,102
Equipment and other	83,836	85,490
Vehicles	912,146	870,226
Generators	<u>25,623</u>	<u>29,609</u>
	1,053,707	1,017,427
Less: Accumulated depreciation and amortization	<u>(658,534)</u>	<u>(638,153)</u>
Net property and equipment	<u>395,173</u>	<u>379,274</u>
NONCURRENT ASSETS		
Security deposits	16,898	16,898
Right-of-use asset, net	<u>456,436</u>	<u>525,050</u>
Total noncurrent assets	<u>473,334</u>	<u>541,948</u>
TOTAL ASSETS	<u>\$ 19,636,112</u>	<u>\$ 17,991,540</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 603,760	\$ 446,959
Refundable advances	13,506	-
Operating lease liability	<u>72,100</u>	<u>68,614</u>
Total current liabilities	<u>689,366</u>	<u>515,573</u>
NONCURRENT LIABILITIES		
Operating lease liability, net	<u>439,497</u>	<u>511,597</u>
Total liabilities	<u>1,128,863</u>	<u>1,027,170</u>
NET ASSETS		
Without donor restrictions	7,514,997	9,161,662
With donor restrictions	<u>10,992,252</u>	<u>7,802,708</u>
Total net assets	<u>18,507,249</u>	<u>16,964,370</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,636,112</u>	<u>\$ 17,991,540</u>

See accompanying notes to financial statements.

BUILDON, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions:				
Foundations and corporations	\$ 540,334	\$ 11,208,187	\$ 11,748,521	\$ 9,583,810
Individuals	1,640,887	5,708,390	7,349,277	5,325,768
State and Federal assistance	1,233,392	-	1,233,392	1,424,231
Special events, net of expenses of \$914,105	231,124	-	231,124	552,847
In-kind contributions	7,136,210	-	7,136,210	6,330,197
Interest	10,933	-	10,933	2,558
Gain on sale of property and equipment	10,210	-	10,210	4,313
Merchandise sales	-	-	-	1,312
Net assets released from donor restrictions	<u>13,727,033</u>	<u>(13,727,033)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>24,530,123</u>	<u>3,189,544</u>	<u>27,719,667</u>	<u>23,225,036</u>
EXPENSES				
Program Services:				
International Building Schools, including donated goods and services of \$6,690,420	18,941,173	-	18,941,173	15,753,916
U.S. After-School, including donated goods and services of \$2,000	4,972,857	-	4,972,857	3,683,032
International Adult Literacy	<u>305,414</u>	<u>-</u>	<u>305,414</u>	<u>224,046</u>
Total program services	<u>24,219,444</u>	<u>-</u>	<u>24,219,444</u>	<u>19,660,994</u>
Supporting Services:				
Management and General, including donated goods and services of \$124,951	1,223,650	-	1,223,650	909,149
Development, including donated goods and services of \$318,839	<u>2,230,285</u>	<u>-</u>	<u>2,230,285</u>	<u>2,488,376</u>
Total supporting services	<u>3,453,935</u>	<u>-</u>	<u>3,453,935</u>	<u>3,397,525</u>
Total expenses	<u>27,673,379</u>	<u>-</u>	<u>27,673,379</u>	<u>23,058,519</u>
Change in net assets before other items	<u>(3,143,256)</u>	<u>3,189,544</u>	<u>46,288</u>	<u>166,517</u>
OTHER ITEMS				
Dividends	270,246	-	270,246	211,416
Realized gain (loss) on sales of investments	236,349	-	236,349	(4,950)
Unrealized gain (loss) on investments	1,056,773	-	1,056,773	(2,051,990)
Investment expenses	(30,000)	-	(30,000)	(30,000)
Net foreign exchange loss	<u>(36,777)</u>	<u>-</u>	<u>(36,777)</u>	<u>(12,383)</u>
Total other items	<u>1,496,591</u>	<u>-</u>	<u>1,496,591</u>	<u>(1,887,907)</u>
Change in net assets	(1,646,665)	3,189,544	1,542,879	(1,721,390)
Net assets at beginning of year	<u>9,161,662</u>	<u>7,802,708</u>	<u>16,964,370</u>	<u>18,685,760</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,514,997</u>	<u>\$ 10,992,252</u>	<u>\$ 18,507,249</u>	<u>\$ 16,964,370</u>

BUILD^{ON}, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023							2022	
	Program Services				Supporting Services			Total Expenses	Total Expenses
	International Building Schools	U.S. After-School	International Adult Literacy	Total Program Services	Management and General	Development	Total Supporting Services		
Salaries and wages	\$ 3,889,933	\$ 3,496,750	\$ -	\$ 7,386,683	\$ 354,461	\$ 1,199,288	\$ 1,553,749	\$ 8,940,432	\$ 7,227,283
Payroll taxes and benefits	915,613	1,109,964	-	2,025,577	105,276	294,942	400,218	2,425,795	1,908,750
Total salaries and benefits	4,805,546	4,606,714	-	9,412,260	459,737	1,494,230	1,953,967	11,366,227	9,136,033
Construction	5,920,870	-	4,920	5,925,790	-	-	-	5,925,790	4,743,527
Contractor fees	6,267,320	2,000	-	6,269,320	17,342	1,660	19,002	6,288,322	5,203,451
Professional fees	36,809	800	-	37,609	193,021	111,411	304,432	342,041	467,732
Occupancy	119,667	7,545	-	127,212	140,207	378	140,585	267,797	232,917
Conference and meetings	336,241	7,212	240,607	584,060	4,758	933,924	938,682	1,522,742	1,469,508
Travel	833,266	101,908	27,697	962,871	37,774	97,133	134,907	1,097,778	964,219
Insurance	92,944	41,413	-	134,357	6,481	26,739	33,220	167,577	121,413
Postage	3,144	443	-	3,587	3,134	1,094	4,228	7,815	9,543
Printing and publications	839	1,366	-	2,205	386	4,043	4,429	6,634	6,664
Repairs and maintenance	102,885	-	-	102,885	160	-	160	103,045	86,559
Supplies	206,062	175,276	323	381,661	11,332	18,390	29,722	411,383	433,391
Telephone and communications	62,835	15,569	687	79,091	13,939	5,528	19,467	98,558	83,327
Depreciation and amortization	124,047	-	-	124,047	6,690	-	6,690	130,737	114,254
Software and related	653	1,331	-	1,984	173,526	378,172	551,698	553,682	698,547
Bank charges	8,330	-	-	8,330	31,415	53,140	84,555	92,885	98,068
Bad debts and allowances	-	-	-	-	88,376	-	88,376	88,376	61,256
Miscellaneous	19,715	11,280	31,180	62,175	35,372	18,548	53,920	116,095	101,376
Total expenses	18,941,173	4,972,857	305,414	24,219,444	1,223,650	3,144,390	4,368,040	28,587,484	24,031,785
Less: special event expenses	-	-	-	-	-	(914,105)	(914,105)	(914,105)	(973,266)
TOTAL	\$ 18,941,173	\$ 4,972,857	\$ 305,414	\$ 24,219,444	\$ 1,223,650	\$ 2,230,285	\$ 3,453,935	\$ 27,673,379	\$ 23,058,519

See accompanying notes to financial statements.

BUILDON, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,542,879	\$ (1,721,390)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	130,737	114,254
Gain on disposal of property and equipment	(10,210)	(4,313)
Realized (gain) loss on sales of investments	(236,349)	4,950
Unrealized (gain) loss on investments	(1,056,773)	2,051,990
Receipt of donated investments	-	(57,311)
Proceeds from sales of donated investments	-	65,540
Increase in allowance for doubtful accounts	52,375	(8,304)
Amortization of right-of-use asset	68,614	63,145
Decrease (increase) in:		
Contributions receivable	30,727	(4,522,617)
Prepaid expenses and other assets	(32,357)	(4,863)
Increase (decrease) in:		
Accounts payable and accrued liabilities	156,801	58,046
Refundable advances	13,506	-
Operating lease liability	<u>(68,614)</u>	<u>(64,005)</u>
Net cash provided (used) by operating activities	<u>591,336</u>	<u>(4,024,878)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(146,636)	(87,824)
Proceeds from sales of property and equipment	10,210	4,313
Purchases of investments	(240,245)	(209,793)
Proceeds from sales of investments	<u>750,000</u>	<u>380,000</u>
Net cash provided by investing activities	<u>373,329</u>	<u>86,696</u>
Net increase (decrease) in cash and cash equivalents	964,665	(3,938,182)
Cash and cash equivalents at beginning of year	<u>1,628,930</u>	<u>5,567,112</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,593,595</u>	<u>\$ 1,628,930</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Asset	<u>\$ -</u>	<u>\$ 588,195</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ -</u>	<u>\$ 644,216</u>

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

buildOn, Inc. is a not-for-profit corporation headquartered in Stamford, Connecticut. buildOn, Inc. was established in 1991, and its mission is to break the cycle of poverty, illiteracy and low expectations through service and education.

In line with this mission, buildOn, Inc. runs service learning programs in challenged urban high schools. It empowers U.S. youth to contribute direct service to their communities - working with senior citizens, the homeless, and younger children. These same students help build schools in some of the economically poorest countries in the world. Approximately 97% of buildOn, Inc.'s students in the U.S. not only graduate from high school, they go on to college. Internationally, buildOn, Inc. schools provide access to education for 334,843 children, parents and grandparents every day.

Since buildOn, Inc.'s inception, the students it serves have contributed 2,463,191 hours of service in the U.S., and have helped build 2,538 schools, 275 of which were completed during 2023, in the following locations: Bolivia (8), Brazil (2), Burkina Faso (183), Guatemala (97), Haiti (195), India (3), Malawi (518), Mali (478), Nepal (362), Nicaragua (316), Senegal (375), and the United States (1). The majority of buildOn, Inc.'s revenues are generated by donations from individuals, corporations and foundations, which are used to aid in the construction of schoolhouses in remote villages around the world. Ownership of the schools vests with the local communities in which they are built.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with buildOn, Inc.'s financial statements as of and for the year ended December 31, 2022, from which the summarized information was derived.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Cash and cash equivalents -

buildOn, Inc. considers all cash and other highly liquid investments with initial maturities of three months or less, excluding money market funds held with investments, to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, buildOn, Inc. maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

At December 31, 2023, buildOn, Inc. maintained approximately \$189,000 of cash and cash equivalents at financial institutions in foreign countries (and on hand) to support operations in those countries. The majority of funds invested in foreign banking institutions are uninsured.

Foreign currency translation -

The functional currency of buildOn, Inc. is the U.S. Dollar. The financial statements and transactions of buildOn, Inc.'s foreign operations are generally maintained in the applicable local currency. When local currencies are used, assets and liabilities are translated into U.S. Dollars in the accompanying Statement of Financial Position at the spot exchange rate in effect as of December 31, 2023. Transactions in currencies other than U.S. Dollars are translated into U.S. Dollars at the rates of exchange in effect during the month of the transaction. In the accompanying Statement of Activities and Change in Net Assets, net gains or losses resulting from these transactional exchanges are recognized as an "Other Item" of income or expense. During the year ended December 31, 2023, net losses on foreign exchange totaled \$36,777.

Investments -

Investments are recorded at their readily determinable fair value. Dividends and realized/unrealized gains and losses, net of investment expenses, are included in "Other Items" in the accompanying Statement of Activities and Change in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift. buildOn, Inc.'s policy is to liquidate all gifts of investments as soon as possible after the gift.

Contributions receivable -

Contributions receivable include unconditional promises to give that are expected to be collected in future years. Contributions receivable are recorded at their fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor. Any current period expense related to reserving (or writing-off) contributions receivable is presented as a management and general expense in the accompanying financial statements.

Property and equipment -

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years.

Income taxes -

buildOn, Inc. is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. buildOn, Inc. is not a private foundation.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition -

buildOn, Inc.'s support includes contributions from corporations, foundations and individuals.

Contributions are recognized in the appropriate category of net assets in the period received. buildOn, Inc. performs an analysis of awards to determine if the revenue streams follow the contribution rules, or if they should be recorded as exchange transactions, depending upon whether the transactions are deemed reciprocal or nonreciprocal with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances.

In addition, buildOn, Inc. may obtain funding source agreements related to conditional contributions, which will be received in future years. While buildOn, Inc. raises funds from donors for school construction activities, those awards are not treated as conditional contributions as the right of return (and a release from obligation) is removed at the point in time when the school construction plans are drafted and the local community has agreed to accept the project, which generally happens concurrently when donors make funding commitments.

On March 29, 2021, buildOn received a multi-year conditional commitment from a donor. The total value of the project is \$75,414,472, of which \$19,800,000 will be contributed by the donor and the balance by buildOn (as a cost share) during the period of award (terminating on March 31, 2027). buildOn will recognize revenue annually under this conditional award to the extent it has incurred qualifying expenditures and has demonstrated that it has satisfied the donor match requirement. As of December 31, 2023, the cumulative unrecognized conditional assistance from this donor aggregated \$10,680,192 (which will be recognized in future periods)

In-kind contributions -

In-kind contributions consist of donated services, office space and facilities. Land contributions (for site development) are received by the local community in which the school is constructed. Accordingly, such amounts are excluded from buildOn, Inc.'s revenue and expenses, as land is utilized by buildOn, Inc. solely to construct the school.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by buildOn, Inc.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

In-kind contributions (continued) -

Labor associated with site development (including school construction), construction materials and other project-specific goods/materials are recognized in the Statement of Activities and Change in Net Assets as support in the period received. Contributions totaling \$6,675,561 are included as both revenue and expense in the accompanying Statement of Activities and Change in Net Assets. Also during 2023, buildOn, Inc. received \$460,649 in donated legal and professional services. All in-kind contributions are recorded at their fair value at the time the donation is received; these contributions have been reported as in-kind contributions revenue, and included in the respective expense categories (in the accompanying Statement of Functional Expenses).

Additionally, volunteers have donated significant amounts of their time to buildOn, Inc.; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Investment risks and uncertainties -

buildOn, Inc. invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Functional allocation of expenses -

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

Expenses directly attributed to a specific functional area are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort or other reasonable basis. Bad debts expense and changes in allowance for uncollectable pledges are all reported as Management and General expenses.

Special event expenses -

The Statement of Functional Expenses includes special event expenses which are deducted from special event revenue in the Statement of Activities and Change in Net Assets.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, buildOn, Inc. has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy (there were no transfers between levels in the hierarchy during the year). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market buildOn, Inc. has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used (and no transfers between the levels in the fair value hierarchy) as of December 31, 2023.

- *Money market funds* - These are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by buildOn, Inc. are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by buildOn, Inc. are deemed to be actively traded.

The table below summarizes, by level within the fair value hierarchy, buildOn, Inc.'s investments:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 221,959	\$ -	\$ -	\$ 221,959
Mutual funds	<u>10,165,194</u>	<u>-</u>	<u>-</u>	<u>10,165,194</u>
TOTAL	<u>\$ 10,387,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,387,153</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2023:

International Building Schools	\$ 10,808,352
U.S. After-School	<u>183,900</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 10,992,252</u>

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets were released from restrictions by incurring expenses (or through the passage of time), satisfying the restrictions imposed by the donors:

International Building Schools	\$ 12,736,757
U.S. After-School	<u>990,276</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 13,727,033</u>

4. RETIREMENT PLAN

buildOn, Inc. provides retirement benefits to its full-time employees through a plan under IRS Section 403(b) of the Internal Revenue Code. buildOn, Inc. matches employee contributions up to \$1,500 per year. Employer contributions made to the Plan during the year ended December 31, 2023, totaled \$76,922.

5. LEASES

buildOn, Inc. follows FASB ASC 842 for leases. buildOn, Inc. has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. buildOn, Inc. has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

buildOn, Inc. maintains its headquarters office in Stamford, Connecticut under a 127-month lease agreement set to expire on November 30, 2029. The lease commenced on May 1, 2019, with annual rental escalations and an initial rent holiday period of seven months (the first payment was due for the month of December 2019). The discount rate applied to this lease is 2%.

For the year ended December 31, 2023, total lease cost was \$89,290 and total cash paid was \$91,950 for the lease.

Following is a schedule of the future minimum lease payments (required under long-term leases) as of December 31, 2023:

Year Ending December 31,

2024	\$ 93,750
2025	95,550
2026	97,350
2027	99,150
2028	100,950
Thereafter	<u>94,050</u>
	580,800
Less: Imputed interest	<u>(69,203)</u>
	511,597
Less: Current portion	<u>(72,100)</u>
NONCURRENT PORTION	<u>\$ 439,497</u>

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

5. LEASES (Continued)

buildOn, Inc. also rents out various other office locations under short term lease arrangements within the United States (where buildOn, Inc.'s regional branches are based). The total 2023 rent expense under all U.S. leases aggregated \$115,333 during the year ended December 31, 2023.

buildOn, Inc. leases office space in foreign countries under short-term rental agreements. The total paid by buildOn, Inc. for all foreign office spaces during the year ended December 31, 2023 totaled \$91,937.

Total worldwide occupancy expense (including utilities of \$60,527 and paid office space of \$207,270) totaled \$267,797 during the year ended December 31, 2023.

6. FUND ACTING AS AN ENDOWMENT (FAE)

buildOn, Inc.'s FAE consists of funds designated by the Board of Directors to function as a backstop for growth and for short term liquidity needs. buildOn, Inc. considers the following factors in making a determination to appropriate or accumulate its FAE funds:

- The duration and preservation of the fund;
- The purpose of buildOn, Inc. and the FAE fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of buildOn, Inc.

Following is the FAE composition, by net asset type, as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
FAE NET ASSETS	<u>\$ 10,387,153</u>	<u>\$ -</u>	<u>\$ 10,387,153</u>

Following are the changes in the FAE, by net asset type, during the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
FAE net assets, beginning of year	\$ <u>9,603,786</u>	\$ <u>-</u>	\$ <u>9,603,786</u>
Net investment return:			
Investment income, net of fees	240,246	-	240,246
Net realized and unrealized gains	<u>1,293,122</u>	<u>-</u>	<u>1,293,122</u>
Net investment return	<u>1,533,368</u>	<u>-</u>	<u>1,533,368</u>
Less: appropriations	<u>(750,001)</u>	<u>-</u>	<u>(750,001)</u>
FAE NET ASSETS, END OF YEAR	<u>\$ 10,387,153</u>	<u>\$ -</u>	<u>\$ 10,387,153</u>

Subsequent to year end, the Board of Directors voted to allocate approximately \$2,000,000 from the FAE to undesignated net assets.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

6. FUND ACTING AS AN ENDOWMENT (FAE) (Continued)

The investment objectives for the management of buildOn, Inc.'s FAE are to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets against inflation. Subject to the ultimate approval of the Board of Directors, these objectives shall be implemented and monitored by the Investment Committee.

The general policy shall be to diversify investments within both equity and fixed income mutual funds to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment style.

The FAE income under this investment policy shall be defined on a total return basis (i.e. including realized and unrealized gains/losses). The exact amount of total withdrawals made in a year, if any, shall be as set forth in buildOn, Inc.'s budget as approved annually by the Board of Directors.

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 2,593,595
Investments	10,387,153
Contributions receivable, net	<u>5,655,548</u>
Subtotal financial assets available within one year	18,636,296
Less: Donor restricted funds	<u>(10,992,252)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 7,644,044</u>

buildOn, Inc. is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, buildOn, Inc. must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of buildOn, Inc.'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. In addition, buildOn, Inc. invests cash in excess of daily requirements in highly liquid investments (mutual funds).

The Board of Directors has designated a portion of each year's operating surplus to its liquidity reserve, which in the aggregate totaled \$10,387,153 as of December 31, 2023. This fund may be drawn upon in the event of financial distress or an immediate liquidity need resulting from the timing of cash receipts versus outlays.

8. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2023, buildOn, Inc. was the beneficiary of donated services (and other contributions) which allowed it to provide greater resources toward its programs and related supporting services activities. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended December 31, 2023. The contributions were valued at their fair market value (cost that buildOn, Inc. would have incurred to purchase similar services in the marketplace) as of the date of the gift.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

8. IN-KIND CONTRIBUTIONS (Continued)

The following in-kind contributions have been included in support revenue (and the related functional expenses) during the year ended December 31, 2023:

Construction cost	\$ 1,164,250
Contractor fees	5,511,311
Professional fees	<u>460,649</u>
TOTAL	<u>\$ 7,136,210</u>

The aforementioned expenses have been recorded in the following categories in the accompanying Statement of Functional Expenses:

International Building Schools	\$ 6,675,561
Management and General Development	<u>460,649</u>
TOTAL	<u>\$ 7,136,210</u>

9. CONTINGENCIES

Various lawsuits and other contingent liabilities arise in the ordinary course of buildOn, Inc.'s activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on buildOn's financial statements.

10. SUBSEQUENT EVENTS

In preparing these financial statements, buildOn, Inc. has evaluated events and transactions for potential recognition or disclosure through July 31, 2024, the date the financial statements were issued.