BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT

(A California Nonprofit Public Benefit Corporation)

***

FINANCIAL STATEMENTS

Year Ended June 30, 2013 with Comparative Totals
for the Year Ended June 30, 2012

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

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Thomas C. Bondi
Lawrence S. Kuechler
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Griffith R. Lewis

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, 2013 and 2012, and the related statements of activities and cash flows for the years 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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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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Berger Lewis Accountancy Corporation

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
October 31, 2013

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

STATEMENT OF FINANCIAL POSITION

June 30, 2013 with Comparative Totals as of June 30, 2012

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 2,036,119	$ 1,234,647
Accounts Receivable	3,890	3,890
Current Portion of Grants Receivable and Promises to Give	503,925	530,093
Prepaid Expenses	5,896	5,668
Total Current Assets	2,549,830	1,774,298
PROPERTY AND EQUIPMENT, At Cost:		
Property and Equipment	398,859	339,688
Accumulated Depreciation	(244,909)	(168,809)
Total Property and Equipment, Net	153,950	170,879
OTHER ASSETS:		
Cash Held for Endowment	217,431	210,411
Grants Receivable and Promises to Give, Net of Current Portion	121,542	180,008
Deposits	39,899	38,001
Total Other Assets	378,872	428,420
TOTAL ASSETS	$ 3,082,652	$ 2,373,597

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 94,504	$ 92,754
Accrued Payroll and Related Benefits	36,285	13,518
Accrued Vacation	160,003	155,438
Line of Credit	350,000	-
Total Current Liabilities	640,792	261,710
NET ASSETS:		
Unrestricted Net Assets:		
Undesignated	1,306,341	825,185
Board Designated for Endowment	217,431	210,411
Total Unrestricted Net Assets	1,523,772	1,035,596
Temporarily Restricted Net Assets	918,088	1,076,291
Total Net Assets	2,441,860	2,111,887
TOTAL LIABILITIES AND NET ASSETS	$ 3,082,652	$ 2,373,597

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, 2013 with Comparative Totals for the Year Ended June 30, 2012

	2013			2012
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
SUPPORT AND REVENUE:				
Grants and Contributions	$ 2,381,165	$ 2,676,502	$ 5,057,667	$ 4,539,145
Contributions In-Kind	83,591	-	83,591	358,345
Special Events (Includes In-Kind Income of $79,988 and $25,956)	1,564,438	-	1,564,438	1,134,800
Less: Special Event Costs (Includes In-Kind Expenses of $79,988 and $25,956)	(442,200)	-	(442,200)	(260,738)
Interest Income	559	-	559	4,568
Incubator Income (Loss)	-	18,578	18,578	(9,976)
Program Service Fees	-	-	-	263
Rental Income	62,858	-	62,858	-
Gain (Loss) on Disposal of Equipment	2,858	-	2,858	(524)
Net Realized Gain on Investments	2,667	-	2,667	1,226
Total Support and Revenue	3,655,936	2,695,080	6,351,016	5,767,109
Net Assets Released from Restrictions	2,853,283	(2,853,283)	-	-
Total Support, Revenue and Net Assets Released from Restrictions	6,509,219	(158,203)	6,351,016	5,767,109
EXPENSES:				
Program Services	4,762,969	-	4,762,969	4,482,854
Supporting Services:				
Management and General	496,932	-	496,932	561,286
Fundraising (See Note 2)	761,142	-	761,142	758,779
Total Supporting Services	1,258,074	-	1,258,074	1,320,065
Total Expenses	6,021,043	-	6,021,043	5,802,919
CHANGE IN NET ASSETS	488,176	(158,203)	329,973	(35,810)
NET ASSETS, Beginning of Year	1,035,596	1,076,291	2,111,887	2,147,697
NET ASSETS, End of Year	$ 1,523,772	$ 918,088	$ 2,441,860	$ 2,111,887

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, 2013 with Comparative Totals for the Year Ended June 30, 2012

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTALS	
		MGMT AND GENERAL	FUNDRAISING	TOTAL	2013	2012
EXPENSES:						
Salaries	$ 2,510,354	$ 243,310	$ 465,371	$ 708,681	$ 3,219,035	$ 3,032,540
Payroll Taxes	234,298	17,697	39,981	57,678	291,976	239,923
Employee Benefits	220,528	20,598	48,095	68,693	289,221	241,340
Total Salaries and Related Expenses	2,965,180	281,605	553,447	835,052	3,800,232	3,513,803
Professional Fees	508,799	56,084	55,149	111,233	620,032	845,061
Occupancy, Including In-Kind	556,738	13,451	27,469	40,920	597,658	431,189
Travel	222,767	2,250	18,716	20,966	243,733	227,697
Donated Professional Fees	-	45,587	-	45,587	45,587	150,639
Conferences, Conventions and Meetings	137,367	16,959	26,925	43,884	181,251	150,176
Supplies, Including In-Kind	100,140	9,440	14,919	24,359	124,499	119,056
Telephone	57,393	3,075	7,085	10,160	67,553	64,212
Accounting and Audit Fees	-	34,925	-	34,925	34,925	42,000
Printing and Publication	8,539	2,469	13,177	15,646	24,185	40,484
Office Equipment and Software	12,159	2,431	1,967	4,398	16,557	39,528
Awards	83,466	-	-	-	83,466	33,237
Other Operating Expenses	5,540	10,465	14,761	25,226	30,766	24,572
Insurance	14,385	836	2,722	3,558	17,943	12,713
Repairs and Maintenance	14,259	346	-	346	14,605	9,299
Postage and Shipping	4,754	1,540	1,481	3,021	7,775	8,835
Training	1,732	6,063	7,585	13,648	15,380	6,049
Dues and Subscriptions	1,921	2,681	1,829	4,510	6,431	5,464
Web Design and Hosting	469	50	81	131	600	3,688
License Fees	2,532	895	575	1,470	4,002	3,521
Outside Services	4,158	139	607	746	4,904	3,403
Advertising	-	-	-	-	-	250
Total Expenses Before Depreciation	4,702,298	491,291	748,495	1,239,786	5,942,084	5,734,876
Depreciation	60,671	5,641	12,647	18,288	78,959	68,043
Total Functional Expenses	$ 4,762,969	$ 496,932	$ 761,142	$ 1,258,074	$ 6,021,043	$ 5,802,919
Percentage of Total (See Note 4)	79.1 %	8.3 %	12.6 %	20.9 %	100.0 %	

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

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 329,973	$ (35,810)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	78,959	68,043
Donated Furniture and Equipment	(4,783)	(143,861)
(Gain) Loss on Disposal of Equipment	(2,858)	524
(Increase) Decrease in Assets:		
Accounts Receivable	-	(1,988)
Grants Receivable and Promises to Give	84,634	283,063
Inventory	-	16,016
Prepaid Expenses	(228)	(1,350)
Deposits	(1,898)	(9,439)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	1,753	14,710
Accrued Payroll and Related Benefits	22,767	10,462
Accrued Vacation	4,562	35,170
Net Cash Provided by Operating Activities	512,881	163,795
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Cash Held for Endowment	(7,020)	(18,088)
Purchase of Property and Equipment	(54,389)	(68,693)
Net Cash Used by Investing Activities	(61,409)	(86,781)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Line of Credit	350,000	-
Net Cash Provided by Financing Activities	350,000	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	801,472	148,759
CASH AND CASH EQUIVALENTS, Beginning of Year	1,234,647	1,085,888
CASH AND CASH EQUIVALENTS, End of Year	$ 2,036,119	$ 1,234,647

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 1,100 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 1,100+ 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 2013), 99% of BUILD's seniors successfully graduated from high school, 98% were admitted to a postsecondary institution, and 89% 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 2014.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Presentation - The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. 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.

Comparative Financial Information - 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, 2012, 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.

Inventory - Inventory consists of donated goods held for sale. Goods donated to the Organization are valued at their estimated fair market value and recognized as support in the statement of activities. Goods remaining in ending inventory are also recorded at their estimated fair market value.

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, 2013 and 2012 totaled $78,959 and $68,043, respectively.

Accrued Vacation - Accrued vacation represents vacation earned, but not taken as of June 30, 2013 and 2012. The accrued vacation balance as of June 30, 2013 and 2012 was $160,003 and $155,438, 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.

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

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.

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, 2013 and 2012 was $0 and $250, 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, 2010 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns of the tax years ended June 30, 2009 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, 2013 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, 2013. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 31, 2013. The entity has not evaluated subsequent events after October 31, 2013.

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 3-year period after June 30, 2013. 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, 2013 ranged from 1.3% to 2.2%.

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

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

	2013	2012
Total Grants Receivable and Promises to Give	$ 633,315	$ 720,524
Discounts to Net Present Value	(7,848)	(10,423)
Net Grants Receivable and Promises to Give	625,467	710,101
Current Portion of Grants Receivable and Promises to Give	(503,925)	(530,093)
Noncurrent Portion of Grants Receivable and Promises to Give	$ 121,542	$ 180,008

NOTE 6 - LINE OF CREDIT:

The Organization has a $750,000 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 1.50% (3.25% at June 30, 2013) or the Floor Rate of 5.00% per annum. As of June 30, 2013, BUILD had $350,000 outstanding on the line of credit. That balance was paid in full on July 30, 2013. The existing line of credit had a maturity date of October 1, 2013. The line has now been extended under the same terms to October 1, 2014.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

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

	2013	2012
Purpose Restrictions:		
Boston	$ 164,341	$ 288,459
Washington D.C. Programs	80,316	30,000
Peninsula Programs	69,585	105,932
National Program - Athena	64,309	45,304
East Oakland	51,695	180,857
Incubator Team Accounts	39,368	21,160
Bay Area Sites	35,891	-
Monterey Programs	33,100	33,100
Student College Tours	400	400
Lazier Memorial	-	10,000
Time Restrictions:		
General Support for Future Period	379,083	361,079
Total Temporarily Restricted Net Assets	$ 918,088	$ 1,076,291

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:

	2013
Purpose Restrictions:	
Boston	$ 417,156
Peninsula Programs	303,173
East Oakland	263,219
Washington D.C. Programs	344,507
Bay Area Sites	148,109
Student Launch Camps	70,175
General Operations - President Search	60,000
Fundraising	100
National Program - Athena	126,846
Lazier Memorial	20,148
Time Restrictions:	
General Support for Future Period	1,099,850
Total Net Assets Released from Restrictions	$ 2,853,283

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, 2013 and 2012, the following in-kind contributions were received by the Organization:

	2013	2012
Professional Services	$ 45,588	$ 150,484
Computer Equipment	4,783	143,861
Facilities	7,400	35,700
Supplies and Minor Equipment	25,820	28,300
In-Kind Contributions for Operations	83,591	358,345
Special Event Supplies and Auction Items	79,988	25,956
Total Contributions In-Kind	$ 163,579	$ 384,301

During the years ended June 30, 2013 and 2012, 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, 2013 and 2012, mentors dedicated approximately 16,468 and 16,833 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 $396,575 and $407,022, respectively.

NOTE 10 - BOARD DESIGNATED ENDOWMENT:

As of June 30, 2013, the Board of Directors had designated $217,431 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. 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, 2013 consisted of the following:

Board Designated Endowment Net Assets, Beginning of Year	$ 210,411
Contributions	10,148
Investment Income	22
Investment Fees	(150)
Amount Appropriated for Expenditure	(3,000)
Board Designated Endowment Net Assets, End of Year	$ 217,431

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, 2013 and 2012 was $597,658 and $431,189, respectively.

Future minimum lease payments under operating leases are as follows:

Year Ending June 30,	Amount
2014	$ 424,466
2015	396,897
2016	399,945
2017	291,751
2018	15,225
Total Future Minimum Lease Payments	$ 1,528,284