

BUILDING ONE COMMUNITY, CORP.

**Financial Statements
for the years ended
December 31, 2022
and
December 31, 2021**

Independent Auditor's Report

To the Board of Directors of
Building One Community, Corp.

Opinion

We have audited the accompanying financial statements of Building One Community, Corp. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and December 31, 2021, and the related statements of activities, functional expenses and cash flows for the years 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 the Organization as of December 31, 2022 and December 31, 2021, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization has changed its method of accounting for operating leases as of January 1, 2022 due to the adoption of ASU 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to that matter.

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 the Organization'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 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 the Organization'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 the Organization'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.

Condon O'mema McBinty & Donnelly LLP

BUILDING ONE COMMUNITY, CORP.**Statement of Financial Position****Assets**

	December 31	
	2022	2021
Cash and cash equivalents	\$ 1,293,547	\$ 1,801,915
Investments, at fair value	1,667,978	742,314
Contributions and grants receivable	480,295	21,025
Leasehold improvements, net of accumulated depreciation of \$45,700 in 2022 and \$28,986 in 2021	59,830	716
ROU asset – operating leases, net	551,131	-
Security and other deposits	25,944	8,850
Total assets	\$ 4,078,725	\$ 2,574,820

Liabilities and Net Assets

Accounts payable	\$ 92,249	\$ 46,941
Operating lease liabilities, net	602,697	-
Total liabilities	694,946	46,941
Net assets		
Without donor restrictions		
Operating fund	1,469,413	1,426,440
Board designated operating reserve	900,000	900,000
Total net assets without donor restrictions	2,369,413	2,326,440
With donor restrictions	1,014,366	201,439
Total net assets	3,383,779	2,527,879
Total liabilities and net assets	\$ 4,078,725	\$ 2,574,820

See notes to financial statements.

BUILDING ONE COMMUNITY, CORP.

Statement of Activities

For the Year Ended December 31, 2022

(with summarized comparative information for the year ended December 31, 2021)

	Year Ended December 31		
	2022		2021
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions and grants	\$ 1,075,684	\$ 2,004,261	\$3,079,945
Events, net of direct expenses of \$49,098 in 2022 and \$29,992 in 2021	323,246	50,000	373,246
Programs and other	267,033	-	267,033
Contributed non-financial assets	107,081	-	107,081
Net investment (loss)	(15,209)	-	(15,209)
Net assets released from restrictions	1,241,334	(1,241,334)	-
Total public support and revenue	<u>2,999,169</u>	<u>812,927</u>	<u>3,812,096</u>
Expenses			
Program services	2,417,402	-	2,417,402
Management and general	146,599	-	146,599
Fundraising	392,195	-	392,195
Total expenses	<u>2,956,196</u>	<u>-</u>	<u>2,956,196</u>
Increase in net assets	42,973	812,927	855,900
Net assets, beginning of year	<u>2,326,440</u>	<u>201,439</u>	<u>2,527,879</u>
Net assets, end of year	<u>\$ 2,369,413</u>	<u>\$ 1,014,366</u>	<u>\$3,383,779</u>

See notes to financial statements

BUILDING ONE COMMUNITY, CORP.

**Statement of Activities
For the Year Ended December 31, 2021**

	Year Ended December 31		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions and grants	\$ 1,248,148	\$ 1,030,977	\$2,279,125
Events, net of direct expenses of \$29,992	308,693	50,000	358,693
Programs and other	177,829	-	177,829
Contributed non-financial assets	79,097	-	79,097
Net investment return	(1,885)	-	(1,885)
Net assets released from restrictions	<u>1,017,874</u>	<u>(1,017,874)</u>	<u>-</u>
Total public support and revenue	<u>2,829,756</u>	<u>63,103</u>	<u>2,892,859</u>
Expenses			
Program services	2,052,245	-	2,052,245
Management and general	181,789	-	181,789
Fundraising	<u>277,834</u>	<u>-</u>	<u>277,834</u>
Total expenses	<u>2,511,868</u>	<u>-</u>	<u>2,511,868</u>
Increase in net assets	317,888	63,103	380,991
Net assets, beginning of year	<u>2,008,552</u>	<u>138,336</u>	<u>2,146,888</u>
Net assets, end of year	<u>\$ 2,326,440</u>	<u>\$ 201,439</u>	<u>\$2,527,879</u>

See notes to financial statements

BUILDING ONE COMMUNITY, CORP.

**Statement of Functional Expenses
For the Year Ended December 31, 2022**

(with summarized comparative information for the year ended December 31, 2021)

	2022					2021
	Program Services	Management and General	Direct Cost of Special Event	Fundraising	Total	Total
Salaries and wages	\$1,521,492	\$ 34,147	-	\$ 288,234	\$1,843,873	\$1,420,933
Payroll taxes	123,403	2,770	-	23,378	149,551	115,659
Employee benefits	95,678	2,147	-	18,125	115,950	87,833
Professional development	35,740	802	-	6,771	43,313	31,693
Professional fees	113,213	99,805	-	19,426	232,444	236,331
Program supplies	85,063	-	-	3,480	88,543	72,402
COVID assistance	20,000	-	-	-	20,000	204,208
Lease obligations	153,339	2,371	-	2,371	158,081	117,969
Custodial and maintenance	11,134	172	-	172	11,478	11,112
Utilities	57,855	625	-	625	59,105	42,612
Insurance	29,894	1,440	-	2,480	33,814	35,491
Office and technology	132,371	1,729	-	3,840	137,940	99,893
Advertising and promotion	22,008	340	-	340	22,688	19,057
Events	-	-	49,098	-	49,098	29,992
Development	-	-	-	22,702	22,702	15,958
Depreciation	16,212	251	-	251	16,714	717
Total expenses	2,417,402	146,599	49,098	392,195	3,005,294	2,541,860
Less: expenses deducted directly on the statement of activities	-	-	(49,098)	-	(49,098)	(29,992)
Total expenses reported by function on the statement of activities	<u>\$2,417,402</u>	<u>\$ 146,599</u>	<u>\$ -</u>	<u>\$ 392,195</u>	<u>\$2,956,196</u>	<u>\$2,511,868</u>

See notes to financial statements.

BUILDING ONE COMMUNITY, CORP.

**Statement of Functional Expenses
For the Year Ended December 31, 2021**

	2021				
	Program Services	Management and General	Direct Cost of Special Event	Fundraising	Total
Salaries and wages	\$1,193,355	\$ 38,402	\$ -	\$ 189,176	\$1,420,933
Payroll taxes	97,135	3,126	-	15,398	115,659
Employee benefits	73,765	2,374	-	11,694	87,833
Professional development	26,617	857	-	4,219	31,693
Professional fees	78,570	128,590	-	29,171	236,331
Program supplies	72,402	-	-	-	72,402
COVID assistance	204,208	-	-	-	204,208
Lease obligations	112,071	2,949	-	2,949	117,969
Custodial and maintenance	10,556	278	-	278	11,112
Utilities	40,868	872	-	872	42,612
Insurance	30,740	1,802	-	2,949	35,491
Office and technology	93,172	2,045	-	4,676	99,893
Advertising and promotion	18,105	476	-	476	19,057
Events	-	-	29,992	-	29,992
Development	-	-	-	15,958	15,958
Depreciation	681	18	-	18	717
Total expenses	2,052,245	181,789	29,992	277,834	2,541,860
Less: expenses deducted directly on the statement of activities	-	-	(29,992)	-	(29,992)
Total expenses reported by function on the statement of activities	<u>\$2,052,245</u>	<u>\$ 181,789</u>	<u>\$ -</u>	<u>\$ 277,834</u>	<u>\$2,511,868</u>

See notes to financial statements.

BUILDING ONE COMMUNITY, CORP.

Statements of Cash Flows

	Year Ended December 31	
	2022	2021
Cash flows from operating activities		
Increase in net assets	\$ 855,900	\$ 380,991
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	16,714	717
Net realized and unrealized loss on investments	35,455	11,323
Donated securities	20,575	28,575
Proceeds from sale of donated securities	(20,575)	(28,575)
(Increase) decrease in contributions and grants receivable	(459,270)	52,975
(Increase) in security and other deposits	(17,094)	-
Increase in accounts payable	45,308	3,528
Increase in operating lease liabilities, net	51,566	-
Net cash provided by operating activities	<u>528,579</u>	<u>449,534</u>
Cash flows from investing activities		
Purchases of leasehold improvements	(75,828)	-
Net (purchases) sales of investments	<u>(961,119)</u>	<u>43,792</u>
Net cash provided by (used in) investing activities	<u>(1,036,947)</u>	<u>43,792</u>
Net increase (decrease) in cash and cash equivalents	(508,368)	493,326
Cash and cash equivalents, beginning of year	<u>1,801,915</u>	<u>1,308,589</u>
Cash and cash equivalents, end of year	<u>\$ 1,293,547</u>	<u>\$ 1,801,915</u>
Supplemental disclosure of cash flow information:		
ROU assets obtained under operating leases	\$ 640,364	\$ -
Cash paid for operating leases, net	<u>\$ 37,667</u>	<u>\$ -</u>

See notes to financial statements.

BUILDING ONE COMMUNITY, CORP.**Notes to Financial Statements
December 31, 2022 and December 31, 2021****Note 1 – Nature of organization**

Building One Community (the “Organization”) is a non-profit organization located in Stamford, Connecticut. The Organization provides free services that educate, employ, empower and engage immigrants and the broader community. Their mission is to advance the successful integration of immigrants and their families. The Organization does this by providing English language instruction, job skills training, personal and family support services, and more.

Note 2 – Summary of significant accounting policies**Net assets**

The Organization maintains two classes of net assets as follows:

Without donor restrictions

Net assets without donor restrictions are not subject to donor-imposed restrictions and are available for operations and board-designated purposes.

The Board of Directors adopted a policy to establish and maintain a funded Board Designated Operating Reserve (the “Operating Reserve”) at a level relative to annual program funding and the costs of operating and maintaining the Organization. The goal of the Operating Reserve is to achieve and maintain between three and six months of operating expenses. At December 31, 2022 and December 31, 2021, the Operating Reserve totaled \$900,000.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. During 2022 and 2021 the net assets released from restrictions were used to fund the programs described in note 1 to the financial statements.

Revenue recognition

Contributions and grants are recognized as revenue when the pledged or cash is received. Contributions or grants restricted by the donor or relating to future events or periods are reflected as net assets with donor restrictions until the restriction is satisfied, the event occurs or time lapses.

Contributed non-financial assets

The Organization recognizes donated services, which require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if they had not been donated. The Organization also receives donated materials. The estimated fair value of these services and materials has been reported in the statement of activities.

BUILDING ONE COMMUNITY, CORP.**Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021****Note 2 – Summary of significant accounting policies (continued)****Cash equivalents**

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Investments

Investments are recorded, at fair value, based on publicly quoted prices. Interest, dividends, realized and unrealized gains and losses are included in the statement of activities.

Allowance for doubtful accounts

As of December 31, 2022 and December 31, 2021, the Organization deems its receivables to be collectable and, accordingly, does not have an allowance for doubtful accounts for any potential uncollectable receivables. This is based on management's experience, the aged basis of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment are recorded at cost. The Organization capitalizes property and equipment in excess of a nominal amount and with a useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Adoption of FASB ASC 842, *Leases*

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right of use ("ROU") model that requires a lessee to record an ROU asset, which represents the right to use a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of future payments due under the lease. In connection with the adoption of FASB ASC 842, the Organization has recognized ROU assets and operating lease liabilities of \$640,364 during 2022. The Organization has elected to use a risk-free rate at the lease commencement dates to discount its office leases to their net present value. The Organization's reporting for the comparative period presented in the financial statements is in accordance with previous lease accounting standards. The implementation of the standard did not have an impact on the Organization's operating results and cash flows. The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional expense category are allocated based on an estimate of time and effort spent.

BUILDING ONE COMMUNITY, CORP.

Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021

Note 2 – Summary of significant accounting policies (continued)

Concentrations of risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions and to date, the Organization has not experienced any losses in these accounts. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of December 31, 2022. However, the Organization routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. The Organization monitors the collection of its receivables and deems them collectable. As a consequence, the Organization believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments, and receivables.

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 certain reported amounts and disclosures. Actual results could differ from these estimates.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through February 17, 2023, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

As of December 31, 2022 and December 31, 2021, financial assets available within one year for general expenditures, such as operating expenses, were as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,293,547	\$ 1,801,915
Investments, at fair value	1,667,978	742,314
Receivables	<u>480,295</u>	<u>21,025</u>
Total	3,441,820	2,565,254
Less: assets with donor restrictions not available for general expenditures in the upcoming fiscal year	<u>(357,500)</u>	<u>-</u>
Total financial assets	<u>\$ 3,084,320</u>	<u>\$ 2,565,254</u>

The table above reflects assets of the Board Designated Operating Reserve of \$900,000 at December 31, 2022 and December 31, 2021.

BUILDING ONE COMMUNITY, CORP.**Notes to Financial Statements (continued)**
December 31, 2022 and December 31, 2021**Note 4 – Investments, at fair value**

At December 31, 2022 and December 31, 2021, the following is a summary of the investments at fair value:

	<u>2022</u>	<u>2021</u>
U.S. Treasury bonds	\$ 964,996	\$ -
Common stock	-	1,963
Exchange traded funds – U.S. Treasuries	<u>702,982</u>	<u>740,351</u>
Total	<u>\$ 1,667,978</u>	<u>\$ 742,314</u>

Net investment return for the years ended December 31, 2022 and December 31, 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 20,246	\$ 9,438
Net realized and unrealized loss	<u>(35,455)</u>	<u>(11,323)</u>
Net investment loss	<u>\$ (15,209)</u>	<u>\$ (1,885)</u>

Fair value measurements

For assets measured at fair value on a recurring basis as of December 31, 2022, accounting standards require quantitative disclosures about the fair value measurements separately for each major class of assets. The Organization's investments have all been classified in the highest level of hierarchy (Level 1) in which quoted prices are in active markets for identical assets.

Note 5 – Net assets with donor restrictions

At December 31, 2022 and December 31, 2021, the following is a summary of the Organization's net assets with donor restrictions:

	<u>2022</u>	<u>2021</u>
Community Engagement	\$ 1,299	\$ 1,299
English Language Learning	-	17,325
2022 Spring Breakfast	-	50,000
2023 Spring Breakfast	50,000	-
Immigration Legal Services	65,051	67,973
IT and Data Systems	32,920	43,558
Occupancy Expansion	114,172	-
POWER Program	31,000	-
Staff Development	18,256	21,284
Time restricted grants	<u>701,668</u>	<u>-</u>
Total	<u>\$ 1,014,366</u>	<u>\$ 201,439</u>

BUILDING ONE COMMUNITY, CORP.

Notes to Financial Statements (continued) December 31, 2022 and December 31, 2021

Note 6 – Commitments

The Organization had a three-year lease for office space which expired during 2022. The lease required annual payments of \$66,219 in the first year of the agreement increasing to \$69,741 in the final year.

During April 2022, the Organization entered into a five-year lease agreement for office space which expires during October 2027. The lease requires payments of \$9,273 in the first year of the lease term increasing to \$10,236 in the final year. At the end of the lease term, the Organization has an option to renew the lease for an additional five-years. In addition, the Organization is required to pay a proportionate share in property operating costs as defined in the agreement. In connection with the lease, the Organization paid a \$18,546 security deposit to the landlord. The Organization received a seven-month rent abatement at the commencement of the lease.

During June 2022, the Organization entered into a three-year lease agreement for additional office space expiring in May 2025. The lease requires monthly payments of \$2,793 in the first year of the agreement increasing to \$2,963 in the final year. In addition, the Organization is required to pay a proportionate share in property operating costs as defined in the agreement. In connection with the lease, the Organization paid a \$2,793 security deposit to the landlord.

Future minimum payments due under the lease agreements as of December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 145,845
2024	149,661
2025	132,214
2026	120,334
2027	<u>102,359</u>
Total	\$ 650,413
Less: present value discount	<u>(47,716)</u>
Operating lease liabilities, net	<u>\$ 602,697</u>

Note 7 – Retirement plan

During 2021, the Organization established a 401(k) retirement plan for all eligible employees. Eligible employees may defer a portion of their compensation, not to exceed the limitations established by the Internal Revenue Code. In addition, the Organization may elect to make matching contributions of up to 1% of an employee's compensation. For the years ended December 31, 2022 and December 31, 2021, plan expense totaled \$6,648 and \$4,043, respectively.

Note 8 – Tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organization is a Section 509(a)(1) organization as defined in the Code and is, therefore, not a private foundation and qualifies for the maximum charitable deduction for donors.