

BUILDING LIVES FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

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BUILDING LIVES FOUNDATION, INC.

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Building Lives Foundation, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of Building Lives Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Lives Foundation, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Joe Osterfeld, CPA
Columbia, Tennessee
January 12, 2022

Building Lives Foundation, Inc.
Statement of Financial Position
June 30, 2021

ASSETS

Current Assets	
Cash and cash equivalents	\$ 110,084
Prepaid expenses	2,277
Pledges & accounts receivable, net of allowance for bad debt of \$1,530	12,630
Property and equipment, net of accumulated depreciation	200,528
Total Assets	<u>\$ 325,519</u>

LIABILITIES

<u>Current Liabilities</u>	
Accounts payable	\$ 8,785
Deferred concert revenue	12,000
Payroll Protection Program loan	12,905
Note payable - current portion	78,306
Total Current Liabilities	<u>111,996</u>
 Total Liabilities	 <u>111,996</u>

NET ASSETS

Net assets without donor restrictions	<u>213,523</u>
Total Liabilities and Net Assets	<u>\$ 325,519</u>

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

Building Lives Foundation, Inc.
Statement of Activities
For the Year Ended June 30, 2021

Revenue and Support

Fundraising - annual events	\$ 6,405
Concert	18,867
Program Services	55,040
Donations	49,070
Grant proceeds	203,980
Forgiveness of SBA Payroll Protection Plan first draw	12,900
Interest income	49
Total Revenue and Support	<u>346,311</u>

Expenses

Program Services	284,157
Fundraising	29,652
General and Administrative	72,039
Total Expense	<u>385,848</u>

Change in net position	(39,537)
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Beginning Net Assets	<u>253,060</u>
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Ending Net Assets	<u><u>\$ 213,523</u></u>
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The accompanying notes are an integral part of the financial statements.

Building Lives Foundation, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Fundraising</u>	<u>General & Administrative</u>	<u>Total</u>
Client support	\$ 18,464	\$ -	\$ -	\$ 18,464
Salary and wages	55,618	18,431	29,720	103,769
Payroll tax expense	7,996	-	-	7,996
Depreciation	12,043	-	-	12,043
Fees, dues, and subscriptions	-	-	1,151	1,151
Food	1,015	-	-	1,015
Fundraising expense	-	11,221	-	11,221
Insurance expense	5,733	-	7,353	13,086
Interest expense	3,471	-	-	3,471
Miscellaneous	11	-	-	11
Mobile phone	120	-	5,309	5,429
Office supplies	3,021	-	-	3,021
Postage and delivery		-	559	559
Professional fees	28,050	-	25,647	53,697
Property tax		-	2,300	2,300
Rent expense	97,290	-	-	97,290
Repairs and maintenance - building	14,622	-	-	14,622
Stipend	19,315	-	-	19,315
Supplies	1,431	-	-	1,431
Training	250	-	-	250
Utilities	8,666	-	-	8,666
Vehicle expense	7,041	-	-	7,041
Total Expense	<u>\$ 284,157</u>	<u>\$ 29,652</u>	<u>\$ 72,039</u>	<u>\$ 385,848</u>

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

Building Lives Foundation, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows From Operating Activities:

Change in net position	\$ (39,537)
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	12,043
Changes in operating assets and liabilities	
(Increase) decrease in accounts receivable	(5,472)
(Increase) decrease in prepaid expense	(2,277)
Increase (decrease) in deferred revenue	4,520
Increase (decrease) in accounts payable	(2,586)
Increase (decrease) in payroll taxes payable	(1,963)
Net Cash Provided (Used) By Operating Activities	<u>(35,272)</u>

Cash Flows from Investing Activities

Purchase of fixed assets	<u>(2,808)</u>
Net Cash Provided (Used) By Investing Activities	<u>(2,808)</u>

Cash Flows From Financing Activities

Increase (decrease) in note payable	(7,637)
Proceeds from Payroll Protection Program loan - Draw 2	12,905
Decrease in Payroll Protection Program loan - Draw 1 SBA loan forgiveness	(12,900)
Net Cash Provided (Used) By Financing Activities	<u>(7,632)</u>

Net increase (decrease) in cash & cash equivalents (45,712)

Cash and cash equivalents - July 1, 2020 155,796

Cash and cash equivalents - June 30, 2021 \$ 110,084

Supplemental Information:

Interest paid \$ 3,471

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

BUILDING LIVES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organized in 2006, Building Lives Foundation, Inc. (BLF) is a not-for-profit corporation committed to assisting veterans, primarily in Middle Tennessee, by providing one-on-one mentoring, health and psychological care referrals, employment, transportation, housing, and financial education. The singular goal is to support and transition each veteran/client to become a productive member of the community.

The BLF program includes five major components, which working together, build a solid foundation upon which a fulfilling life can be structured as follows: (1) Job Assistance, (2) Affordable Housing, (3) Apartment Furnishings, (4) Vehicle Program, and (5) Guidance. Additionally, services are offered by the BLF through a program known as “The Academy” which provides basic needs, housing, meals, transportation, etc., for the participants while taking part in a work-therapy program during a transition period.

BLF is governed by a board of directors.

Basis of Accounting

The financial statements of BLF have been prepared on the accrual basis of accounting and accordingly reflect all significant accounts receivable, accounts payable, and other liabilities.

Basis of Presentation

Financial statement presentation follows US generally accepted accounting principles which require BLF to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are defined as all cash on hand and deposited in FDIC insured bank accounts with an initial maturity of three months or less.

BUILDING LIVES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Accounts and Grants Receivable

Account receivables are stated at their net realizable value. It is the opinion of management that all receivables at fiscal year-end are collectible.

Management periodically reviews all delinquent receivables and charges off accounts, grants, and notes after collection efforts are exhausted. The allowance for doubtful accounts receivable represents an amount which, in management's judgment, reflects the net collectible balance of the accounts receivable. In determining the adequacy of the allowance, management considers general economic conditions, the financial ability of the client and grantors, the age of the receivable, and any potential collateral.

Donated Services

Officers, members of the Board of Directors, and other volunteers of BLF have assisted BLF in the accomplishment of its goals and objectives by the donation of their time and services. No amounts have been reflected in the financial statements as it was not practicable to determine the valuation of such services to the BLF, and the BLF exercises no significant control over the major elements of donated services.

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. Accordingly, actual results could differ from those from those estimates.

Income Tax Status

BLF is an organization which is not considered a private foundation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. BLF's Form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2019, 2020, and 2021 are subject to examination by the IRS, generally for 3 years after they were filed. There are no tax examinations currently in process. However, income from certain activities not directly related to the BLF's tax-exempt purpose is subject to taxation as unrelated business income.

As of June 30, 2021, BLF has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. Management has concluded that BLF has taken no uncertain tax positions as of June 30, 2021.

BUILDING LIVES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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. Accordingly, costs have been allocated among the programs and supporting services benefitted based on time and square footage used for the various programs and services.

Revenue Recognition

Contributions received are recorded as with donor restrictions or without donor restrictions support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net position with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Property and Equipment

Property and equipment are carried at cost, if donated, at the appropriate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful life of the asset and is reflected as expense in the Statement of Functional Expenses.

Fair Values of Financial Instruments

Financial instruments of BLM include cash, short-term accounts receivable, accounts payable, and notes payable. Management estimates that the fair value of all financial instruments at fiscal year-end does not differ materially from the carrying values of the financial instruments recorded in the accompanying Statement of Financial Position.

Compensated Absences

Employees of BLF are entitled to paid vacation, paid sick leave, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. BLF's policy is to recognize the cost of compensated absences when actually paid to employees.

BUILDING LIVES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – CASH

All cash of BLF is deposited in FDIC insured banks. At June 30, 2021, BLF did not have any deposits that exceeded the FDIC deposit insurance coverage.

NOTE 3 – ACCOUNTS RECEIVABLE

Account receivable consists of amounts due for services performed and advances to employees. An allowance for uncollectible accounts has been provided in the amount of \$1,530.

NOTE 4 – PROPERTY AND EQUIPMENT

Useful lives are 19-40 years for building and improvements, 5 to 11 years for furniture and equipment, and 5 years for vehicles. Property and equipment consist of:

Land	\$ 50,000
Building	140,837
Vehicles and Equipment	45,576
Total	236,413
Less: accumulated depreciation	(35,885)
Net Property and Equipment	<u>\$ 200,528</u>

NOTE 5 – FUNDRAISING EVENTS

During the fiscal year ended June 30, 2021, BLF sponsored three fundraising events as sources of additional revenue and greater public awareness. The events were Christmas ‘warehouse sales’ held in Nashville, TN, Bloomington, IN, and Conyers, GA and a concert.

NOTE 6 – LEASES

Historically, BLF has entered into six-month leases to provide a number of veterans with housing. The veterans are required to reimburse BLF monthly. Leases are cancelable if a client moves out. As of June 30, 2021, there were no such leases to which BLF was liable for payment of rents.

BUILDING LIVES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – NOTE PAYABLE

In September 2016, BLF borrowed \$150,000 from Reliant Bank to assist in buying a building to use in its efforts to support veterans. The property is pledged as collateral for the loan. The interest rate of the loan is 4.15% per annum with monthly payments of \$925.61 including interest. The loan is being amortized on a twenty-year basis with the unpaid balance due September 12, 2021. The loan was subsequently paid off in August 2021.

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
September 2021	78,306	681	78,987
	<u>\$ 78,306</u>	<u>\$ 681</u>	<u>\$ 78,987</u>

NOTE 8 – CONCENTRATION

BLF receives a significant amount of its support from the community, corporations, and other organizations, especially related to its fundraising efforts. Any significant reduction in the level of this support, if this were to occur, could have an adverse effect on its programs and activities.

NOTE 9 – COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of corona virus originating in Wuhan, China (the Covid-19 outbreak) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the Covid-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the Covid-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on BLF's financial condition, liquidity, and future results of operations in future reporting periods. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the Covid-19 outbreak and the global responses to curb its spread, BLF is not able to fully estimate the effects of the Covid-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2022.

Although BLF is not able to estimate the effects of the Covid-19 outbreak, management does believe they did incur some reduction of fund raising income of \$125,000 for the current fiscal year. In addition, BLF increased its assistance to individuals by \$70,000.

BUILDING LIVES FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – PAYROLL PROTECTION PROGRAM LOAN

Due to the Covid-19 outbreak, the Federal government pass the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) that included the Payroll Protection Program (PPP).

BLF applied for and received in April 2020, a \$12,900 loan from the PPP. Interest will accrue at a rate of 1% per year beginning November 2020. To the extent that the loan amount is not forgiven under the PPP (Section 1102 and 1106) of the CARES Act, borrower must make equal monthly payments of principal and interest beginning November 2020, until the maturity date of April 2022. This note may be prepaid in part or in full at any time without penalty. In addition, the Payroll Protection Program Flexibility Act (the “Flex Act”) that was passed by Congress earlier this year states that BLF is not required to make payments of principal and interest on its PPP loan until the Small Business Administration (SBA) has received and reviewed BLF’s forgiveness application and remitted any forgiveness amount to the bank. In April 2021, the SBA approved BLF’s application for forgiveness of the \$12,900. This amount has been recorded and included on the Statement of Activities.

On February 1, 2021, BLF applied for and received a “second draw” PPP loan in the amount of \$12,905 with the same terms as the “first draw” loan. As of June 30, 2021, the second draw loan has not been forgiven and is reported on the Statement of Financial Position as a current liability. BLF applied to the SBA for forgiveness of the second draw which was approved after June 30, 2021.

NOTE 11 – DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through January 12, 2022, the date which the financial statements were available to be issued.