

BRANDWORKERS INTERNATIONAL, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2017

BRANDWORKERS INTERNATIONAL, INC

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Brandworkers International, Inc
New York, New York

I have audited the accompanying financial statements of Brandworkers International, Inc., which comprise the statement of financial position as of December 31, 2017 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.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brandworkers International, Inc. as of December 31, 2017, 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.

Paul Sachrya

New York, New York
November 5, 2018

BRANDWORKERS INTERNATIONAL, INC
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

Assets

Cash and cash equivalents	\$ 351,730
Prepaid expense	2,500
Security deposit	<u>2,910</u>
Total assets	<u>\$ 357,140</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ <u>10,449</u>
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Net Assets

Unrestricted	78,824
Temporarily restricted	<u>267,867</u>
Total	<u>346,691</u>
Total liabilities and net assets	<u>\$ 357,140</u>

See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and support</u>			
Grants and contributions	\$ 297,138	322,000	619,138
LWC grants		335,328	335,328
Fundraising event - net	111,968		111,968
Sublease	1,200		1,200
Other income	1,400		1,400
Sub-total	<u>411,706</u>	<u>657,328</u>	<u>1,069,034</u>
Release from restriction:			
Satisfaction of program restriction	<u>429,461</u>	<u>(429,461)</u>	<u>-</u>
Total revenue	<u>841,167</u>	<u>227,867</u>	<u>1,069,034</u>
<u>Expenses</u>			
Program services	691,132		691,132
General and administration	52,712		52,712
Fundraising	<u>216,957</u>		<u>216,957</u>
Total expenses	<u>960,801</u>		<u>960,801</u>
Change in net assets	(119,634)	227,867	108,233
Net assets at beginning of year	<u>198,458</u>	<u>40,000</u>	<u>238,458</u>
Net assets at end of year	<u><u>78,824</u></u>	<u><u>267,867</u></u>	<u><u>\$ 346,691</u></u>

See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 208,687	25,045	89,951	323,683
Payroll taxes and fringes	<u>55,051</u>	<u>5,279</u>	<u>15,083</u>	<u>75,413</u>
Total personnel	263,738	30,324	105,034	399,096
Professionals and contractors	7,056	9,235	93,737	110,028
Office supplies and expenses	8,944	1,140	3,111	13,195
Events and meetings	14,238		3,192	17,430
Occupancy	22,678	5,589	5,589	33,856
Workers relief	29,293			29,293
Program expenses - LWC	343,278			343,278
Dues, fees and subscription	650		4,510	5,160
Insurance		5,944		5,944
Postage and shipping	41	335	307	683
Materials - campaign	105			105
Printing and copying	87	145	1,221	1,453
Travel	<u>1,024</u>		<u>256</u>	<u>1,280</u>
Total expenses	<u>\$ 691,132</u>	<u>52,712</u>	<u>216,957</u>	<u>960,801</u>

See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows From Operating Activities

Change in net assets \$ 108,233

Adjustments to reconcile change in net assets to cash flows

Decrease in contributions receivable 300

Increase in security deposit (2,910)

Increase in accounts payable and accrued expenses 5,569

Total adjustments 2,959

Net cash provided by operating activities
represent net increase in cash 111,192

Cash and cash equivalents at beginning of year 240,538

Cash and cash equivalents at end of year \$ 351,730

See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 Organization

Brandworkers International, Inc. (the “Organization”) was incorporated in 2009 under Section 402 of the New York Not-For-Profit Corporation Law. It was established to assist retail, food and allied workers to assert their rights and improve the living and working conditions of workers and their families.

Funding of the Organization’s programs is provided by grants from other organizations and individuals.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State code. However, tax years 2014, 2015 and 2016 are still subject to examinations by the Internal Revenue Service.

Note 2 Significant accounting policies
Financial Statement Presentation

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The classification of the Organization’s net assets and its support and revenue is based on the existence or absence of donor-imposed restrictions. It requires that the amount for each of the three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

These classes are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 2 Significant accounting policies (continued)
Financial Statement Presentation (continued)

Unrestricted - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

The Organization's net assets as at December 31, 2017 were made up of \$78,824 unrestricted and \$267,867 temporary restricted.

Grants and Contribution

All contributions are considered to be available for unrestricted use unless specifically restricted by the grantor.

Cash and Cash Equivalents

Cash and cash equivalents are primarily consisted of cash held in checking and saving accounts at major financial institutions. The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the property or equipment. The Organization capitalizes any asset it determines will be maintained for an extended time over a period of five years.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, grants and contract and program fees receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments. This measurement has remained the same as in prior years.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 2 Significant accounting policies (continued)

Subsequent Events – Management has evaluated subsequent events and transactions that occurred after the statement of financial position date through November 5, 2018 the financial statement issuance date. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America. Management has determined that there are no unrecognized subsequent events that require additional disclosure.

Note 3 Commitment

The Organization occupies office space under operating leases expiring on a year to year basis May 2019. The lease agreement calls for future minimal rental payments as follows:

<u>Fiscal year ending December 31,</u>	<u>Amount</u>
2018	\$ 33,966
2019	14,440
Total	<u>\$ 48,406</u>

Note 4 Concentration

Financial instruments that potentially subject the Organization to concentration risk consist principally of cash deposits. The Federal Deposit Insurance Corporation (“FDIC”) insures accounts at each institution. Currently, the FDIC insures accounts for up to \$250,000 per depositor. Management believes the exposure to credit risk is minimal.

Note 5 Temporarily Restricted Net Assets

Temporarily restricted net assets of \$47,950 at December 31, 2017 were designated for LWC Project.

Note 6 Pension plan

In 2017, the Organization has set up a defined contribution 401(k) plan for its full-time employees and makes a contribution which equals to 4% of annual salaries. For the year ending December 31, 2017, total pension cost was \$9,056 for all eligible employees.

Note 7 Functional Allocations of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.