

BRANDWORKERS INTERNATIONAL, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019 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, 2019, 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 Sashmyan, CPA, PLLC*

New York, New York  
October 26, 2020

BRANDWORKERS INTERNATIONAL, INC  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019

Assets

Cash and cash equivalent	\$ 268,292
Grants and donations receivable	64,609
Prepaid expense	2,582
Security deposit	<u>3,428</u>
Total assets	<u>\$ 338,911</u>

Liability and Net Assets

Liability

Accounts payable and accrued expenses	<u>\$ 20,361</u>
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Net Assets

Without donor restrictions	156,466
With donor restrictions	<u>162,084</u>
Total	<u>318,550</u>

Total liability and net assets	<u>\$ 338,911</u>
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See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
<u>Revenue and support</u>			
Grants and contributions	\$ 235,640	315,000	550,640
LWC grants		102,520	102,520
Fundraising event - net	125,917		125,917
Others	<u>595</u>		<u>595</u>
Sub-total	<u>362,152</u>	<u>417,520</u>	<u>779,672</u>
Released from restrictions:			
Satisfaction of program restrictions	<u>360,436</u>	<u>(360,436)</u>	<u>-</u>
Total revenue and support	<u>722,588</u>	<u>57,084</u>	<u>779,672</u>
<u>Expenses</u>			
Program services	488,243		488,243
General and administration	72,692		72,692
Fundraising	<u>157,663</u>		<u>157,663</u>
Total expenses	<u>718,598</u>		<u>718,598</u>
Change in net assets	3,990	57,084	61,074
Net assets at beginning of year	<u>152,476</u>	<u>105,000</u>	<u>257,476</u>
Net assets at end of year	<u>\$ 156,466</u>	<u>162,084</u>	<u>318,550</u>

See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Programs</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 255,307	41,336	116,714	413,357
Payroll taxes and fringes	<u>72,108</u>	<u>6,914</u>	<u>19,756</u>	<u>98,778</u>
Total personnel	327,415	48,250	136,470	512,135
Professionals and contractors	7,622	14,483	5,081	27,186
Office supplies and expenses	6,103	1,018	1,663	8,784
Events and meetings	7,352		2,333	9,685
Occupancy	29,524	6,954	6,954	43,432
Program expenses - LWC	104,655			104,655
Dues, fees and subscriptions	600		2,605	3,205
Insurance		1,799		1,799
Postage and shipping	16	128	118	262
Printing and copying	242	60	418	720
Travel	<u>4,714</u>		<u>2,021</u>	<u>6,735</u>
Total expenses	<u>\$ 488,243</u>	<u>72,692</u>	<u>157,663</u>	<u>718,598</u>

See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows From Operating Activities

Change in net assets \$ 61,074

Adjustments to reconcile change in net assets to cash flows

Decrease in contributions receivable 26,465

Increased in prepaid expense (2,582)

Increase in security deposit (380)

Decrease in accounts payable and accrued expenses (87,838)

Total adjustments (64,335)

Net cash used in operating activities  
represent net decrease in cash (3,261)

Cash and cash equivalents at beginning of year 271,553

Cash and cash equivalents at end of year \$ 268,292

See accompanying notes to financial statements.



BRANDWORKERS INTERNATIONAL, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 through private and individual sources.

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.

Note 2     Significant accounting policies  
Financial Statement Presentation

Basis of Presentation:

The financial statements of Brandworkers International have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which requires Brandworkers International to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets are to be segregated into two categories, “without donor restrictions” and “with donor restrictions” as opposed to the previous requirement of three classes of net assets
- Qualitative and quantitative information relating to the management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date
- An explanation of the methods used to allocate costs among programs and supporting functions

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.

Cash and cash equivalents

Cash is 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.

BRANDWORKERS INTERNATIONAL, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

Revenue Recognition

Revenue from unrestricted grants and contribution is recorded as without donor restrictions revenue and net assets when unconditionally pledged or received. Fundraising and special events revenue is recognized as revenue when the event occurs. Revenue from restricted grants is recorded as with donor restrictions revenue and net assets when conditionally pledged or received. Transfers are made to without donor restrictions revenue and net assets as costs are incurred or time restrictions or program restrictions have lapsed.

All other revenue is recorded when earned.

Expense Allocation

Expenses related directly to a program are allocated to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel, related costs, and expenses which are based on the basis of time and effort.

Net Assets

Net Assets Without Donor Restrictions - Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization.

The Organization's net assets without donor restrictions as of December 31, 2019 were \$156,466 which came mainly from private donations and contributions.

Net Assets With Donor Restrictions - Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose (purpose restricted) or amounts for use in future periods (time restricted), and any amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment can be spent.

The Organization's net assets with donor restrictions as of December 31, 2019 were \$162,084 were grants restricted for program purposes in the following year.

BRANDWORKERS INTERNATIONAL, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 2 Significant accounting policies (continued)

Grants and Contributions

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

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 period of time using the straight line method over 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.

Subsequent Events – Management has evaluated subsequent events and transactions that occurred after the statement of financial position date through October 26, 2020 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. Except for the below-mentioned, management has determined that there are no other unrecognized subsequent events that require additional disclosure.

The Organization is coping with the risks presented by the novel coronavirus or COVID-19, which has spread and may continue to spread, to communities in which it operates and serves. The ultimate extent of the impact of the pandemic on the Organization's business, financial condition, liquidity, results of operations and prospects will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration, the severity of, and the actions taken to control, the pandemic, and the short-term and long-term economic impact thereof.

BRANDWORKERS INTERNATIONAL, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 3 Commitment

The Organization occupies office space under operating leases expiring on a year to year basis through May 2021. The lease agreement calls for future minimal rental payments of \$14,440.

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 Retirement Plan

In 2019, 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, 2019, total pension cost was \$15,263 for all eligible employees.

Note 6 Liquidity and Availability of Financial Assets

The Organization’s financial assets available within one year from the statement of financial position date for general operating purposes are as follows as of December 31, 2019:

Cash and cash equivalents	\$	268,292
Grants and donations receivable		64,609
Total		332,901

Financial assets available to meet cash needs for general expenditures within one year	\$	332,901
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As part of the Organization’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.

Note 7 Grants and Donations Receivable

At December 31, 2019, grants and donations receivable of \$64,609 were due from private and individual sources. All receivables were due within one year.

BRANDWORKERS INTERNATIONAL, INC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 8 Leases

Leases are reviewed and classified as capital or operating at their inception in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 840, Accounting for Leases. For operating leases that contain rent escalations, the Organization records monthly rent expense equal to the total amount of the payments due in the reporting period over the lease term.

Note 9 Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Note 10 Income Taxes

Brandworkers International accounts for uncertainty in income taxes in accordance with *ASC topic, Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2019. However, the Organization’s informational returns for 2016, 2017 and 2018 are subject to examinations by Federal and State jurisdictions.