

BRANDWORKERS INTERNATIONAL, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020 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, 2020, 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 Sashogan, CPA, PLLC

New York, New York
October 11, 2021

BRANDWORKERS INTERNATIONAL, INC
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

Assets

Cash and cash equivalents	\$ 605,632
Investments	24,304
Grants and donations receivable	13,235
Prepaid expenses	4,246
Security deposit	<u>3,428</u>
Total assets	<u><u>\$ 650,845</u></u>

Liability and Net Assets

Liability

Accounts payable and accrued expenses	\$ 74,247
SBA PPP refundable loan advance	<u>83,200</u>
	<u>157,447</u>

Net Assets

Without donor restrictions	279,471
With donor restrictions	<u>213,927</u>
Total	<u>493,398</u>

Total liability and net assets	<u><u>\$ 650,845</u></u>
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See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
<u>Revenue and support</u>			
Grants and contributions	\$ 414,841	372,500	787,341
Amazonians/LWC grants	296,377		296,377
Fundraising event - net	91,992		91,992
Others	<u>808</u>		<u>808</u>
Sub-total	<u>804,018</u>	<u>372,500</u>	<u>1,176,518</u>
Released from restrictions:			
Satisfaction of program restrictions	<u>320,657</u>	<u>(320,657)</u>	<u>-</u>
Total revenue and support	<u>1,124,675</u>	<u>51,843</u>	<u>1,176,518</u>
<u>Expenses</u>			
Program services	752,356		752,356
Management and general	88,685		88,685
Fundraising	<u>163,741</u>		<u>163,741</u>
Total expenses	<u>1,004,782</u>		<u>1,004,782</u>
Change in net assets before change in			
Unrealized gain on investment	<u>119,893</u>	<u>51,843</u>	<u>171,736</u>
Change in unrealized gain in investments	<u>3,112</u>		<u>3,112</u>
Change in Net Assets	123,005	51,843	174,848
Net assets at beginning of year	<u>156,466</u>	<u>162,084</u>	<u>318,550</u>
Net assets at end of year	<u>\$ 279,471</u>	<u>213,927</u>	<u>493,398</u>

See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 300,221	46,370	117,107	463,698
Payroll taxes and fringes	<u>74,613</u>	<u>7,155</u>	<u>20,442</u>	<u>102,210</u>
Total personnel	374,834	53,525	137,549	565,908
Professionals and contractors	1,665	22,965	9,200	33,830
Office supplies and expenses	6,826	1,144	1,790	9,760
Events and meetings	2,431		851	3,282
Occupancy	29,428	6,921	6,921	43,270
Program expenses - Amazonians/LWU	296,377			296,377
Workers relief payout	27,009			27,009
Dues, fees and subscriptions	7,050		4,435	11,485
Insurance		4,016		4,016
Postage and shipping	14	112	102	228
Printing and copying	11	2	17	30
Travel	<u>6,711</u>		<u>2,876</u>	<u>9,587</u>
Total expenses	<u>\$ 752,356</u>	<u>88,685</u>	<u>163,741</u>	<u>1,004,782</u>

See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows From Operating Activities

Change in net assets	\$ <u>171,736</u>
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Adjustments to reconcile change in net assets to cash flows

Decrease in contributions receivable	51,374
Increased in prepaid expense	(1,664)
Increase in unrealized gain	3,112
Decrease in accounts payable and accrued expenses	<u>53,886</u>

Net cash provided in operating activities	<u>106,708</u>
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Cash Flows From Financing Activities

Proceeds from SBA PPP refundable loan advance	<u>83,200</u>
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Net cash provided by financing activities	<u>83,200</u>
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Cash Flows From Investing Activities

Short-term investments	<u>(24,304)</u>
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Net cash used in investing activities	<u>(24,304)</u>
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Net increase in cash	337,340
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Cash and cash equivalents at beginning of year	<u>268,292</u>
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Cash and cash equivalents at end of year	<u>\$ <u>605,632</u></u>
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See accompanying notes to financial statements.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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"
- 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, 2020

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. Other costs that are directly related to specific functions are allocated in their full amounts.

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, 2020 were \$279,471 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, 2020 were \$213,927 were grants restricted for program purposes in the following year.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

FASB ASC 820, Fair Value Measurements, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. It also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 – Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. Assets reported at fair value using the net asset value (NAV) practical expedient provisions have been excluded from categorization under FASB ASU 2015-007, Fair Value Measurement.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 2 Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

Level 3 – Unobservable inputs for the asset or liability. Assets reported at fair value using NAV practical expedient provisions are considered Level 3 when the investments will never have the ability to be redeemed at the net asset value or the redemption period is long-term in nature.

The Organization’s investment valuations at December 31, 2020 were considered Level 1.

Subsequent Events

Management has evaluated subsequent events and transactions that occurred after the statement of financial position date through October 11, 2021 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.

Note 3 Commitment

The Organization occupies office space under an operating lease expiring on a year-to-year basis through May 2022. The lease agreement calls for future minimal rental payments of \$34,656.

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.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 5 Retirement Plan

In 2020, 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, 2020, total pension cost was \$16,980 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, 2020:

Cash and cash equivalents	\$ 605,632
Investments	24,304
Grants and donations receivable	13,235
Total	<u>\$ 643,171</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 643,171</u>
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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, 2020, grants and donations receivable of \$13,235 were due from private and individual sources. All receivables were due within one year.

Note 8 SBA PPP Refundable Loan Advance

Due to the COVID-19 pandemic, the organization obtained a loan in the amount of \$83,200 from the U.S. Small Business Administration (SBA) under the Paycheck Protection Program (PPP) to cover personnel cost. The organization received forgiveness of this loan on June 28, 2021. A second PPP loan for \$91,000 was applied for and received on 2/16/2021.

Note 9 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.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 10 Investments

As required by the Investment Topic of FASB ASC, the Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income restricted by a donor is reported as an increase in net assets without donor restrictions if the restrictions are met in the reporting period in which the investment income is recognized. The Organization's investments are recorded at fair value and re-measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Investments in cash and marketable securities stated at fair value consist of the following at December 31, 2020

Vanguard Long-Term BD ETF	\$ 10,854
Vanguard S&P500 ETF	12,717
Money Market	<u>733</u>
Total	<u>\$ 24,304</u>

The following summarizes investment income for the year ended December 31, 2020:

Unrealized gain	<u>\$ 3,112</u>
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Note 11 Fiscal Sponsor

The Organization acts as a fiscal sponsor of Amazonians United of New York City, a non-profit organization.

Note 12 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.

BRANDWORKERS INTERNATIONAL, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 13 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, 2020. However, the Organization's informational returns for 2017, 2018 and 2019 are subject to examinations by Federal and State jurisdictions.