

**FINANCIAL STATEMENTS**



**BUILDING MARKETS LTD.**

**FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021**

# BUILDING MARKETS LTD.

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Building Markets Ltd.  
New York, New York

### **Opinion**

We have audited the accompanying financial statements of Building Markets Ltd. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, 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 June 30, 2022 and 2021, and the changes in its net assets 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## **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 and *Government 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, including omissions, 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



October 27, 2022

**BUILDING MARKETS LTD.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022 AND 2021**

**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 725,711	\$ 544,041
Grants and contributions receivable	2,000	213,562
Other receivables	1,787	539
Prepaid expenses	7,351	6,591
Total current assets	736,849	764,733
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and fixtures	4,829	5,033
Computers and related equipment	18,434	14,688
	23,263	19,721
Less: Accumulated depreciation and amortization	(17,790)	(11,696)
Net property and equipment	5,473	8,025
<b>NONCURRENT ASSETS</b>		
Security deposit	35,383	37,235
Right of use asset	450,475	-
Total noncurrent assets	485,858	37,235
<b>TOTAL ASSETS</b>	<b>\$ 1,228,180</b>	<b>\$ 809,993</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 130,831	\$ 123,372
Refundable advances	348,594	478,546
Due to subgrantees	-	44,945
Loan payable	-	66,400
Total current liabilities	479,425	713,263
<b>NONCURRENT LIABILITIES</b>		
Lease liability	453,032	-
Total liabilities	932,457	713,263
<b>NET ASSETS</b>		
Without donor restrictions	295,723	96,730
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,228,180</b>	<b>\$ 809,993</b>

See accompanying notes to financial statements.

## BUILDING MARKETS LTD.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>Without Donor Restrictions</u>	
	<u>2022</u>	<u>2021</u>
<b>SUPPORT AND REVENUE</b>		
U.S. Government grants	\$ 2,869,236	\$ 2,813,768
Foundation grants	381,332	333,307
Contributions	368,023	38,985
In-kind contributions	10,713	21,981
Interest and other income (loss)	<u>2,599</u>	<u>(2,348)</u>
Total support and revenue	<u>3,631,903</u>	<u>3,205,693</u>
<b>EXPENSES</b>		
Program Services	<u>2,548,619</u>	<u>2,521,535</u>
Supporting Services:		
Management and General	861,311	599,944
Fundraising	<u>22,980</u>	<u>17,893</u>
Total supporting services	<u>884,291</u>	<u>617,837</u>
Total expenses	<u>3,432,910</u>	<u>3,139,372</u>
Changes in net assets	198,993	66,321
Net assets at beginning of year	<u>96,730</u>	<u>30,409</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 295,723</u></b>	<b><u>\$ 96,730</u></b>

## BUILDING MARKETS LTD.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising		
Compensation and related expenses:					
Salaries and related expenses	\$ 1,392,511	\$ 475,793	\$ 18,872	\$ 494,665	\$ 1,887,176
Payroll taxes and employee benefits	340,155	66,490	4,108	70,598	410,753
Subtotal	1,732,666	542,283	22,980	565,263	2,297,929
Outside contractors and consultants	262,887	36,137	-	36,137	299,024
Subgrants	77,658	-	-	-	77,658
Professional fees	129,983	110,407	-	110,407	240,390
Rent and utilities	91,132	80,895	-	80,895	172,027
Program supplies and other expenses	115,977	36,965	-	36,965	152,942
Travel, hotels and related expenses	70,088	24,737	-	24,737	94,825
Bank charges and processing fees	2,620	5,212	-	5,212	7,832
Office meetings and related expenses	6,420	5,162	-	5,162	11,582
Insurance	-	6,895	-	6,895	6,895
Office supplies and expenses	2,844	2,144	-	2,144	4,988
Telephone	4,757	2,042	-	2,042	6,799
Advertising and promotion	47,594	2,096	-	2,096	49,690
Printing, postage and delivery	3,993	243	-	243	4,236
Depreciation and amortization	-	6,093	-	6,093	6,093
<b>TOTAL</b>	<b>\$ 2,548,619</b>	<b>\$ 861,311</b>	<b>\$ 22,980</b>	<b>\$ 884,291</b>	<b>\$ 3,432,910</b>

See accompanying notes to financial statements.

## BUILDING MARKETS LTD.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	Management and General	Fundraising		
Compensation and related expenses:					
Salaries and related expenses	\$ 1,199,194	\$ 323,678	\$ 15,383	\$ 339,061	\$ 1,538,255
Payroll taxes and employee benefits	196,507	51,970	2,510	54,480	250,987
Subtotal	1,395,701	375,648	17,893	393,541	1,789,242
Outside contractors and consultants	387,988	41,318	-	41,318	429,306
Subgrants	341,428	-	-	-	341,428
Professional fees	191,234	77,564	-	77,564	268,798
Rent and utilities	121,302	82,594	-	82,594	203,896
Program supplies and other expenses	54,003	1,324	-	1,324	55,327
Travel, hotels and related expenses	2,898	6,053	-	6,053	8,951
Bank charges and processing fees	9,236	3,279	-	3,279	12,515
Office meetings and related expenses	376	763	-	763	1,139
Insurance	-	5,423	-	5,423	5,423
Office supplies and expenses	3,785	1,503	-	1,503	5,288
Telephone	3,819	1,403	-	1,403	5,222
Advertising and promotion	5,387	859	-	859	6,246
Printing, postage and delivery	4,378	225	-	225	4,603
Depreciation and amortization	-	1,988	-	1,988	1,988
<b>TOTAL</b>	<b>\$ 2,521,535</b>	<b>\$ 599,944</b>	<b>\$ 17,893</b>	<b>\$ 617,837</b>	<b>\$ 3,139,372</b>

See accompanying notes to financial statements.



## BUILDING MARKETS LTD.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 198,993	\$ 66,321
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	6,093	1,988
Contribution of PPP funds	(66,400)	-
Change in measurement of operating lease	2,557	-
Decrease (increase) in:		
Grants and contributions receivable	211,562	(213,562)
Subgrantee advances	-	8,407
Other receivables	(1,248)	5,161
Prepaid expenses	(760)	(6,591)
Security deposit	1,852	(1,852)
Increase (decrease) in:		
Accounts payable and accrued liabilities	7,460	(164,084)
Refundable advances	(129,952)	89,263
Due to subgrantees	(44,945)	44,945
Net cash provided (used) by operating activities	<u>185,212</u>	<u>(170,004)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of capital assets	<u>(3,542)</u>	<u>(4,806)</u>
Net cash used by investing activities	<u>(3,542)</u>	<u>(4,806)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan proceeds received	<u>-</u>	<u>66,400</u>
Net cash provided by financing activities	<u>-</u>	<u>66,400</u>
Net increase (decrease) in cash and cash equivalents	181,670	(108,410)
Cash and cash equivalents at beginning of year	<u>544,041</u>	<u>652,451</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 725,711</u></b>	<b><u>\$ 544,041</u></b>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS</b>		
Right-of-Use Asset	<b><u>\$ 498,118</u></b>	<b><u>\$ -</u></b>
Operating Lease Liability for Right-of-Use Asset	<b><u>\$ 498,118</u></b>	<b><u>\$ -</u></b>

See accompanying notes to financial statements.

## BUILDING MARKETS LTD.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Building Markets Ltd. (the Organization) is a non-profit organization, incorporated in the State of New York in September 2008. The primary purpose of the Organization is to build markets, create jobs, and sustain peace in developing countries by championing local entrepreneurs and connecting them to new business opportunities. In addition to its main office in New York City, The Organization has staff located in Canada, as well as Turkey and Myanmar. All global activity and operations are included in the accompanying financial statements.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

##### New accounting pronouncements adopted -

During the year ended June 30, 2022, the Organization early adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. The **Organization** applied the new standard at the inception of a new lease that began in January 2022. See Note 4 for further details.

During the year ended June 30, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

**BUILDING MARKETS LTD.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Organization had \$84,511 and \$121,252 of cash and cash equivalents on hand and in local financial institutions as of June 30, 2022 and 2021, respectively; funds held in local financial institutions are uninsured.

Grants and contributions receivable (and other receivables) -

Grants and contributions receivable (and other receivables) are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be current and fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment acquisitions in excess of \$500 are capitalized and stated at cost. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, generally subgrantee advances to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. The Organization is not a private foundation.

Uncertain tax positions -

For the years ended June 30, 2022 and 2021, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue recognition -

The majority of the Organization's revenue is received through awards from the U.S. Government, foundations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual award to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

**BUILDING MARKETS LTD.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Revenue recognition (continued) -

Unconditional contributions with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Awards qualifying as conditional contributions contain a right of return or right of release from obligation provision and a defined barrier (or barriers), and the entity has limited discretion over how funds transferred should be spent. Accordingly, revenue is recognized when the condition or conditions are satisfied (when the related barrier has been overcome; generally, when qualifying expenditures are incurred); these transactions are nonreciprocal and classified as conditional, and are recognized as contributions when the revenue becomes unconditional.

The Organization considers all awards from governments to be conditional assistance, and accordingly have been recognized in the accompanying financial statements as revenue (without donor restrictions) at such time when the conditions have been met.

Funds received (under conditional assistance awards) in advance of the incurrence of qualifying expenditures are recorded as refundable advances; total refundable advances recognized in the accompanying financial statements under conditional awards as of June 30, 2022 and 2021 aggregated \$348,594 and \$478,546, respectively. Additionally, during the years ended June 30, 2022 and 2021, the Organization received approximately \$0 and \$568,221, respectively, in conditional awards that have not been recognized in the accompanying financial statements.

In-kind contributions -

In-kind contributions consist of donated legal services. Donated services are recognized as in-kind revenues at their fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. All donated services were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the contributed services.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

**BUILDING MARKETS LTD.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**2. PAYCHECK PROTECTION PROGRAM (PPP) LOAN PAYABLE**

On March 25, 2021, the Organization received loan proceeds in the amount of \$66,400 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.

The Organization used the proceeds for purposes consistent with the PPP and applied for forgiveness. On October 18, 2021, the SBA forgave the full amount of the loan, and accordingly, the total loan has been recorded as a contribution (under "U.S. Government") in the accompanying Statements of Activities and Changes in Net Assets.

**3. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 725,711	\$ 544,041
Grants and contributions receivable	2,000	213,562
Other receivables	<u>1,787</u>	<u>539</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 729,498</u></b>	<b><u>\$ 758,142</u></b>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due.

**4. LEASE COMMITMENTS**

The Organization leased office space under a six-year agreement that originated in February 2016. This lease expired during the year ended June 30, 2022.

In January 2022, the Organization entered into a new five year agreement for office space. Base rent is \$99,759 per year, plus a proportionate share of expenses, increasing by a factor of 2.50% per year.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of key information about leasing arrangements. During 2021, the Organization elected to early implement the ASU and elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. As a result, the Organization recorded a right-of-use asset in the amount of \$498,119. The Organization recorded an operating lease liability in the amount of \$498,119 by calculating the present value using a discount rate of 2.00%.

**BUILDING MARKETS LTD.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**4. LEASE COMMITMENTS (Continued)**

The following is a schedule of the future minimum lease payments:

**Year Ending June 30,**

2023	\$	101,007
2024		103,532
2025		106,121
2026		108,773
2027		<u>55,058</u>
	<b>\$</b>	<b><u>474,491</u></b>

Rent expense under the aforementioned lease during the years ended June 30, 2022 and 2021 totaled \$74,322 and \$82,594, respectively. Additionally, the Organization leases facilities under short term agreements. The total rent expense under such leases during the years ended June 30, 2022 and 2021 aggregated \$97,705 and \$121,302. During the years ended June 30, 2022 and 2021, "Rent and utilities" expense (as reported in the accompanying Statements of Functional Expenses) totaled \$172,027 and \$203,896, respectively.

**5. RETIREMENT PLAN**

The Organization provides retirement benefits to its U.S. based American employees through a defined contribution plan covering all full-time employees with 1,000 hours of eligible experience. Contributions to the Plan during the year ended June 30, 2022 totaled \$4,150. There were no contributions during the year ended June 30, 2021, as the Plan was established during the year ended June 30, 2022.

**6. CONCENTRATION OF REVENUE**

Approximately 77% and 87%, respectively of the Organization's revenue for the years ended June 30, 2022 and 2021 was derived from grants awarded by agencies of the United States Government. The Organization has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

**7. CONTINGENCY**

The Organization receives grants from the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

**BUILDING MARKETS LTD.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 27, 2022, the date the financial statements were issued.