BUILDING BEATS

FINANCIAL STATEMENTS
WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT

YEAR ENDED MARCH 31, 2017

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Dorfman Abrams Music LLC
Accountants & Advisors

Park 80 West, Plaza Two
250 Pehle Ave., Suite 702
Saddle Brook, NJ 07663-5837
Tel: (201) 403-9750
Fax: (201) 403-9755
www.dorfman.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To The Board of Directors
Building Beats Incorporated
New York, New York

We have reviewed the accompanying financial statements of Building Beats Incorporated, which comprise the statement of financial position as of March 31, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Dorfman Abrams Music, LLC

Saddle Brook, New Jersey

September 30, 2017

BUILDING BEATS INCORPORATED

STATEMENT OF FINANCIAL POSITION

March 31, 2017

ASSETS

Assets:	
Cash	$ 42,641
Accounts receivable	26,714
Total assets	$ 69,355

LIABILITIES AND NET ASSETS

Liabilities:	
Accrued expenses	$ 5,500
Deferred revenue	7,000
Total liabilities	12,500
Net assets:	
Unrestricted	56,855
Total net assets	56,855
Total liabilities and net assets	$ 69,355

The accompanying notes and independent accountants' review report should be read with these financial statements.

BUILDING BEATS INCORPORATED

STATEMENT OF ACTIVITIES

Year Ended March 31, 2017

	Unrestricted
Support and revenues:	
Contributions	$ 38,066
Program revenue	227,391
Total support and revenues	265,457
Expenses:	
Program services	174,071
Supporting services:	
Management and general	64,404
Fundraising	9,662
Total supporting services	74,066
Total expenses	248,137
Change in net assets	17,320
Net assets, beginning of year	39,535
Net assets, end of year	$ 56,855

The accompanying notes and independent accountants' review report should be read with these financial statements.

BUILDING BEATS INCORPORATED

STATEMENT OF CASH FLOWS

Year Ended March 31, 2017

Cash flows from operating activities:		
Change in net assets	$	17,320
Adjustments to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Decrease in:		
Accounts receivable		716
Increase in:		
Accrued expenses		5,500
Deferred revenue		7,000
Net cash provided by operating activities		30,536
Net increase in cash		30,536
Cash, beginning of year		12,105
Cash, end of year	$	42,641

The accompanying notes and independent accountants' review report should be read with these financial statements.

BUILDING BEATS INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended March 31, 2017

		Supporting service expenses			
	Program service expenses	Management and general	Fundraising	Total supporting services expenses	Total program and supporting services expenses
Salaries	$ 91,730	$ 11,323	$ 6,839	$ 18,162	$ 109,892
Payroll taxes and employee benefits	11,779	1,454	878	2,332	14,111
Total personnel costs	103,509	12,777	7,717	20,494	124,003
Professional fees	68,578	36,465	400	36,865	105,443
Occupancy	132	3,600		3,600	3,732
Advertising and promotion			1,545	1,545	1,545
Office expenses	1,852	7,264		7,264	9,116
Insurance		2,911		2,911	2,911
Travel and meetings		1,387		1,387	1,387
	$ 174,071	$ 64,404	$ 9,662	$ 74,066	$ 248,137

The accompanying notes and independent accountants' review report should be read with these financial statements.

1. Summary of significant accounting policies

This summary of significant accounting policies of Building Beats Incorporated (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as promulgated in *FASB Accounting Standards Codification* (the Codification), and have been consistently applied in the preparation of the financial statements.

History and objectives of the Organization

The Organization is a New York not-for-profit corporation founded in 2013. The Organization's purpose is to provide DJ and Music Programs that teach entrepreneurial, leadership, and life skills to underserved youth.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets at March 31, 2017.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of any income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets at March 31, 2017.

Cash

Cash consists of demand deposit accounts.

Allowance for doubtful accounts

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses using the allowance method. The allowance is based on management's knowledge of which individual receivables are likely to not be collected. Management has determined that an allowance was not necessary for the fiscal year ended March 31, 2017.

1. Summary of significant accounting policies (continued)

Contributions

Contributions, including unconditional pledges, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Pledges are recognized when the conditions on which they depend are substantially met. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Conditional pledges are recognized as income when the conditions of the pledge are met.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional expenses allocation

The cost of providing for the Organization's various programs and supporting services has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain tax positions

As of March 31, 2017, management believes that based on evaluation of the Organization's tax positions that any liability as a result of uncertain tax positions would not be material. Management continually evaluates expiring statutes of limitations, changes in tax law, and new authoritative rulings to assist in evaluating the Organization's tax positions. Accrued interest and penalties associated with uncertain tax positions, if any, would be recognized as part of the income tax provision. Income tax returns are filed in the U.S federal jurisdiction and state jurisdictions. U.S. federal and state income tax returns prior to fiscal year 2013 are closed.

2. Risks and uncertainties

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and accounts receivable. The Organization maintains its cash in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high quality institutions. Concentrations of credit risk with respect to accounts receivable is reduced due to the fact the receivables are from prominent individuals and/or foundations.

3. Commitments and contingencies

The Organization entered into a lease agreement for its administrative office in New York commencing on June 15, 2017. Under this lease agreement, the Organization will pay $1,900 per month through June 30, 2018.

Future minimum lease payments for the remaining term of the lease are as follows:

Year ending March 31:	
2018	$ 18,050
2019	5,700
	$ 23,750

During the fiscal year ended March 31, 2017, the Organization occupied its administrative office under a month-to-month lease agreement.

4. Subsequent events

Subsequent events have been evaluated through September 30, 2017, which is the date the financial statements were available to be issued.