

# **BUILD CHANGE**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(WITH COMPERATIVE FIGURES FOR THE YEAR 2006)  
A N D  
INDEPENDENT AUDITOR'S REPORT**

**BUILD CHANGE  
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## INDEPENDENT AUDITOR'S REPORT

Report No. 8331-A3/JMA1.JY1

The Board of Directors  
**BUILD CHANGE**

We have audited the accompanying Statement of Financial Position of **BUILD CHANGE** for the year ended December 31, 2007, and the related Statement of Activities and Fund Balances and Statement of Cash Flows for the year then ended. These Financial Statements are the responsibility of **BUILD CHANGE's** management. Our responsibility is to express an opinion on these Financial Statements based on our audit. **BUILD CHANGE's** Financial Statements for the year ended December 31, 2006 were not audited by any Independent Auditors.

We conducted our audit in accordance with the auditing standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the Financial Position of **BUILD CHANGE** as of December 31, 2007, and the Changes in its Fund Balances and its Cash Flows for the year then ended, in accordance with generally accepted accounting principles described in Note 3a.

Our audit was made for the purpose of forming an opinion on the basic Financial Statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic Financial Statements. Such information has been subjected to the procedures applied in the audit of the basic Financial Statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic Financial Statements taken as a whole.

**JOHAN MALONDA ASTIKA & REKAN**  
Licence No. KEP-426/KM.6/2004

Drs Johan Yoranouw  
Public Accountant Licence No. 98.1.0026

May 9, 2008

**BUILD CHANGE**  
**STATEMENT OF FINANCIAL POSITIONS**  
**DECEMBER 31, 2007**  
**(With Comparative Figures for the year 2006)**  
**(Expressed in United States Dollar)**

**A S S E T S**

	<b>Notes</b>	<b>2 0 0 7</b>	<b>2 0 0 6 (Unaudited)</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3b & 4	65,003	92,090
Accounts Receivable	5	22,078	-
Prepaid Expense		1,249	-
Total Current Assets		88,330	92,090
 <b>TOTAL ASSETS</b>		 88,330	 92,090
 <b>NET ASSETS</b>			
<b>NET ASSETS</b>			
Fund Balances :			
Restricted Funds	3d	10,001	7,698
Unrestricted Funds	3e	78,329	84,392
Total Net Assets		88,330	92,090
 <b>TOTAL NET ASSETS</b>		 88,330	 92,090

See accompanying Notes to Financial Statements  
which are an integral part of these Statements

**BUILD CHANGE**  
**STATEMENT OF ACTIVITIES AND FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**(With Comparative Figures for the year 2006)**  
**(Expressed in United States Dollar)**

	Notes	2007			2006
		Unrestricted	Restricted	Total	(Unaudited)
<b>REVENUES</b>					
Grant from NGOs	3d & 6	-	70,202	70,202	43,702
Service Contract	3e & 7	184,515	-	184,515	64,246
Contribution from Individuals	3e & 8	12,731	-	12,731	14,231
Contribution from Companies	3e & 9	697	-	697	150
Foundation and Trusts	3d,3e&10	101,500	-	101,500	116,000
R e b a t e		3	-	3	-
I n t e r e s t		761	-	761	596
Total Revenues		<u>300,207</u>	<u>70,202</u>	<u>370,409</u>	<u>238,925</u>
<b>EXPENDITURES</b>					
	11				
Expatriate Salaries & Benefits		102,715	25,523	128,238	74,762
National Staff Salaries & Benefits		56,879	27,563	84,442	46,585
Taxes and Fees		9,801	-	9,801	5,711
Operational Running Costs		37,775	1,458	39,233	23,188
Construction Project		62,544	804	63,348	4,948
T r a i n i n g		126	870	996	75
Transport/Freight		8,073	10,256	18,329	5,186
B a n k i n g		843	46	889	1,431
T r a v e l		26,014	1,379	27,393	9,306
Unspent Cash		-	-	-	23
Foreign Exchange Difference		1,500	-	1,500	-
Total Expenditures		<u>306,270</u>	<u>67,899</u>	<u>374,169</u>	<u>171,215</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b> <b>(EXPENDITURES OVER REVENUES)</b>		(6,063)	2,303	(3,760)	67,710
<b>FUND BALANCE, BEGINNING</b>		<u>84,392</u>	<u>7,698</u>	<u>92,090</u>	<u>24,380</u>
<b>FUND BALANCE, ENDING</b>		<u><u>78,329</u></u>	<u><u>10,001</u></u>	<u><u>88,330</u></u>	<u><u>92,090</u></u>

See accompanying Notes to Financial Statements  
which are an integral part of these Statements

**BUILD CHANGE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**(With Comparative Figures for the year 2006)**  
**(Expressed in United States Dollar)**

	<b>2007</b>	<b>2006</b> <b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of Revenues over Expenditures (Expenditures over Revenues)	(3,760)	67,710
Adjustments to Reconcile Excess of Revenues over Expenditures (Expenditures over Revenues) to Net Cash Provided by (Used in) Operating Activities :		
Increase in :		
Accounts Receivable	(22,078)	-
Prepaid Expenses	(1,249)	-
Net Cash Provided by (Used in) Operating Activities	(27,087)	67,710
<b>NET INCREASE (DECREASE) IN CASH</b>	(27,087)	67,710
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	92,090	24,380
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	65,003	92,090

See accompanying Notes to Financial Statements  
which are an integral part of these Statements

**BUILD CHANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**(Expressed in United States Dollar)**

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**1. GENERAL**

BUILD CHANGE is an International non-governmental, non-profit, non-political, non-sectarian organization based in San Francisco, California, USA. BUILD CHANGE is a US-registered 501(c)(3) public charity that promotes and implements earthquake-resistant housing construction in developing countries. Since April 2005, BUILD CHANGE has been working with earthquake and tsunami survivors in Indonesia to rebuild houses that are:

- Safe : which do not cause deaths and injuries during earthquakes.
- Satisfactory : which are comfortable and culturally appropriate;
- Sustainable : which are built with local materials and earthquake-resistant technology that will continue to be used after the program ceases.

The BUILD CHANGE mission is to greatly reduce the number of deaths, injuries and economic losses caused by housing collapses due to earthquakes in developing countries.

The Board of BUILD CHANGE consists of the following :

Board Chairperson : Dr. Martin J.Fisher  
Board Secretary and Treasurer : M.Timothy Louis  
Board Members : Anne Marie Burgoyne  
Dr. Elizabeth A. Hausler

The Foundation had 16 national staff and 2 expatriates in 2007.

BUILD CHANGE Indonesia was previously located at Jl. Tandi I/23 Ateuk Munjeng village, Banda Aceh, Indonesia. However, since February 2008, BUILD CHANGE Indonesia's office has moved to Jl. Beringin IVB No. 4, Lolong Belanti, Padang, Indonesia.

**2. SOURCE OF REVENUES**

The principal sources of revenues are grants from international funding agencies, such as MercyCorps, HK Logistic, OXFAM, CARE, Catholic Relief Service (CRS), Draper Richards Foundation and contributions from US Companies and individuals.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Preparation of the Financial Statements**

BUILD CHANGE's Financial Statements are prepared based on the accrual basis and using the historical cost basis.

The Statement of cash flows is prepared using the direct method presenting receipts and payments of cash and cash equivalents for operating and financing activities.

The reporting currency is US Dollars.

**BUILD CHANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in United States Dollar)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Foreign Currency Transactions and Balances**

Transactions in current year which are in currencies other than US Dollar are translated at the prevailing rates of exchange in effect on the date of the transactions.

As of the Balance Sheet date, all monetary assets and liabilities in Rupiah currency were translated into US Dollar at the prevailing rates of exchange in effect on the date of Balance Sheet. The resulting net foreign exchange difference is recorded in the current year Statement of Activities.

As of December 31, 2007, the middle rate of Bank Indonesia used is Rp 9,419.

**c. Equipment**

Based on BUILD CHANGE's financial policy, purchases of equipment under US\$ 3,000 are not considered as fixed assets and are, therefore, not depreciated.

**d. Restricted Fund**

Fund receipts for limited usage as required by the contributors are presented as "Restricted Fund" in the Net Assets.

**e. Unrestricted Funds**

Funds receipts that may be utilized at the discretion of the Board of Directors are presented as unrestricted funds.

**f. Revenue and Expense Recognition**

Revenue from Grant is recorded when the Grant agreement is signed. Revenue from service contract is recorded when the billing invoice is prepared. Revenues from individuals, companies and Foundation are recorded when the confirmation of payments is received.

Expenses are recorded as incurred (accrual basis).

**4. CASH AND CASH EQUIVALENTS**

The details of this account as of December 31, are as follows :

	2 0 0 7	2 0 0 6 (Unaudited)
Cash in Banks		
US Dollar		
Bank of America - Account No.00338-01285	37,606	27,580
Bank of America - Payroll	-	17,766



**BUILD CHANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in United States Dollar)

**4. CASH AND CASH EQUIVALENTS (Continued)**

	2 0 0 7	2 0 0 6 (Unaudited)
R u p i a h		
PT Bank International Indonesia - Account No. 016-207-00001207227722 (Rp 219,086,879 in 2007 and Rp 388,518,292 in 2006)	23,260	42,671
Total Cash in Banks	60,866	88,016
Time Deposit		
US Dollar		
Bank of America - Account No.00338-01285	4,137	4,074
Total Time Deposit	4,137	4,074
Total Cash and Cash Equivalents	65,003	92,090

The US Dollar Time Deposit has a period of 15 days and earned interest at 0.95 % in 2007 and 2006 (unaudited).

**5. ACCOUNTS RECEIVABLE**

The details of this account as of December 31, are as follows :

Receivables from NGOs	
- MercyCorps	10,028
- I O M	2,241
- Australian Red Cross	6,919
Total Receivables from NGOs	19,188
Receivables from Payroll Company	2,890
Total Accounts Receivable	22,078

**6. GRANTS - RESTRICTED**

Restricted grant represents the grant revenue received from MercyCorps amounting to 70,202 and 30,087 in 2007 and 2006 (unaudited), respectively.

**7. SERVICE CONTRACT – UNRESTRICTED**

The details of this account are as follows :

	2 0 0 7	2 0 0 6 (Unaudited)
Catholic Relief Service	96,046	58,004
OXFAM	42,096	6,242
HK Logistic	20,523	-

**BUILD CHANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in United States Dollar)

**7. SERVICE CONTRACT – UNRESTRICTED (Continued)**

	<u>2007</u>	<u>2006</u> (Unaudited)
Australian Red Cross	10,836	-
IOM	10,137	-
CARE	4,877	-
T o t a l	<u>184,515</u>	<u>64,246</u>

**8. CONTRIBUTION FROM INDIVIDUALS**

The details of this account are as follows :

	<u>2007</u>	<u>2006</u> (Unaudited)
<b>Restricted</b>		
Luff Family	-	10,000
<b>Unrestricted</b>		
Individuals	12,731	4,231
T o t a l	<u>12,731</u>	<u>14,231</u>

**9. CONTRIBUTION FROM COMPANIES - UNRESTRICTED**

The details of this account are as follows :

	<u>2007</u>	<u>2006</u> (Unaudited)
Carrington Risk	500	-
Symantec	197	50
Global	-	100
T o t a l	<u>697</u>	<u>150</u>

**10. FOUNDATION TRUST - UNRESTRICTED**

The details of this account are as follows :

	<u>2007</u>	<u>2006</u> (Unaudited)
Draper Richards Foundation	101,000	101,000
Echoing Green	-	15,000
AON Foundation	500	-
Total Foundation Trust	<u>101,500</u>	<u>116,000</u>

**BUILD CHANGE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Expressed in United States Dollar)

**11. COSTS INCURRED**

The details of this account are as follows :

Description	Unrestricted							Restricted		Total 2007	Total 2006 (Unaudited)
	Build Change	HK Logistic	IOM	Australian Red Cross	Care	Catholic Relief Service	OXFAM	MercyCorps			
<b>Expatriate Salaries and Benefits</b>											
Expat Salaries	54,808	5,370	3,660	1,985	2,100	12,716	13,066	25,523	119,228	73,279	
Expat Benefits	6,010	-	-	-	-	-	-	-	6,010	1,483	
Consultancy Fees	3,000	-	-	-	-	-	-	-	3,000	-	
Total Expatriate Salaries and Benefits	63,818	5,370	3,660	1,985	2,100	12,716	13,066	25,523	128,238	74,762	
<b>National Staff Salaries and Benefits</b>											
Nat Staff Salaries	20,902	4,748	1,225	2,301	-	14,811	5,625	26,412	76,024	41,677	
Nat Staff Benefits	7,267	-	-	-	-	-	-	1,151	8,418	4,908	
Total National Staff Salaries and Benefits	28,169	4,748	1,225	2,301	-	14,811	5,625	27,563	84,442	46,585	
<b>Taxes and Fees</b>											
BC employer Tax Expats	9,801	-	-	-	-	-	-	-	9,801	5,711	
<b>Operational Running Costs</b>											
Office Furniture	340	-	-	-	-	-	-	-	340	1,939	
Office Supplies	4,358	4	17	112	9	56	57	415	5,028	2,622	
Office Equipment & Hardware	5,765	-	-	-	-	-	-	79	5,844	10,476	
Office Rent and Utilities *)	2,816	-	-	-	-	209	-	-	3,025	326	
Warehousing	34	-	-	-	-	274	-	-	308	-	
Non Staff	1,350	-	-	17	-	714	66	-	2,147	271	
Other Nat Staff Related Cost	5,869	-	-	22	-	51	-	962	6,904	-	
Communication Equipment	228	-	-	-	-	-	-	-	228	57	
Communication Cost	6,614	-	28	7	-	-	-	2	6,651	1,875	
Books & Publications	45	-	-	-	-	-	-	-	45	95	
Expat Housing	6,736	-	-	-	-	-	-	-	6,736	-	
Office Software	90	-	-	-	-	-	-	-	90	69	
Recruitment	429	-	-	-	-	-	-	-	429	342	
Renovation Material + Tools	169	-	-	-	-	-	-	-	169	4,040	
Services Fees	689	-	-	-	-	-	-	-	689	660	
Membership Fees	231	-	-	-	-	-	-	-	231	341	
Fees	369	-	-	-	-	-	-	-	369	75	
Total Operational Running Costs	36,132	4	45	158	9	1,304	123	1,458	39,233	23,188	
<b>Construction Project</b>											
House Construction Materials	16	7	-	144	-	39,738	-	624	40,529	-	
Equipment	1,055	-	-	-	-	61	69	162	1,347	72	
Transport and Storage	-	-	-	9	-	62	11	-	82	-	
Labor Contracts	-	-	-	-	-	14,364	6,396	-	20,760	2,616	
General Construction Materials	172	-	-	3	-	91	346	18	630	2,260	
Total Construction Project	1,243	7	-	156	-	54,316	6,822	804	63,348	4,948	
<b>Training</b>											
Training Materials	-	-	-	97	-	-	-	91	188	-	
Training Miscellaneous	-	11	-	18	-	-	-	779	808	75	
Total Training	-	11	-	115	-	-	-	870	996	75	
<b>Transport and Freight</b>											
Vehicle Rental	1,439	-	-	840	-	2,455	2,613	10,036	17,383	5,134	
Other Transport Rental	-	-	-	318	-	-	-	-	318	-	
Fuel & Lubricant	82	-	-	5	-	34	55	220	396	-	
International Shipping & Freight	219	-	-	-	-	-	-	-	219	52	
Local Freight and Mailing	10	-	-	-	-	3	-	-	13	-	
Total Transport and Freight	1,750	-	-	1,163	-	2,492	2,668	10,256	18,329	5,186	
<b>Banking</b>											
Bank Fees	827	-	16	-	-	-	-	46	889	1,431	
<b>Travel</b>											
Travel Cost	24,253	-	869	545	-	-	-	1,379	27,046	8,572	
Conferences	347	-	-	-	-	-	-	-	347	54	
Identification Material	-	-	-	-	-	-	-	-	-	245	
Indonesian Pilot 1	-	-	-	-	-	-	-	-	-	435	
Total Travel	24,600	-	869	545	-	-	-	1,379	27,393	9,306	
<b>Unspent Cash</b>	-	-	-	-	-	-	-	-	-	23	
<b>Foreign Exchange Difference</b>	1,500	-	-	-	-	-	-	-	1,500	-	
<b>GRAND TOTAL</b>	<b>167,840</b>	<b>10,140</b>	<b>5,815</b>	<b>6,423</b>	<b>2,109</b>	<b>85,639</b>	<b>28,304</b>	<b>67,899</b>	<b>374,169</b>	<b>171,215</b>	

\* The office rental expense for July 1, 2007 to December 31, 2007 amounted to USD 1,249, whereas the office rental expenses for January 1, 2007 to June 30, 2007 paid in year 2006 were included in the renovation material and tools account. According to the Rental Agreement, Build Change pays the first year rent to the lessor in form of renovation materials and tools for the house.

**A PROJECT ADMINSTRATED BY  
BUILD CHANGE  
SUBGRANT AGREEMENT NO. B/N/4/545**

**FOR MERCYCORPS**

**FUND ACCOUNTABILITY STATEMENT  
For the Period from January 1, 2007 to December 31, 2007**

	Budget USD	Total Prior Year December 31, 2 0 0 6 (Unaudited) USD	Total December 31, 2 0 0 7 USD	Total Actual USD	Under (Over) Budget USD
<b>REVENUE</b>					
Grant	100,289	30,087	70,202 *)	100,289	-
<b>COSTS INCURRED</b>					
Salaries and Benefits	82,445	29,442	54,048	83,490	(1,045)
Travel and Transportation	13,464	2,828	11,635	14,463	(999)
Equipment	1,986	-	-	-	1,986
Operations	255	50	46	96	159
Program	2,139	69	2,170	2,239	(100)
Total Cost Incurred	100,289	32,389	67,899	100,288	1
<b>EXCESS OF REVENUES OVER COSTS INCURRED (COSTS INCURRED OVER REVENUES)</b>	<u>-</u>	(2,302)	2,303	1	
<b>FUND BALANCE, BEGINNING</b>		-	(2,302)	-	
<b>FUND BALANCE, ENDING</b>		<u>(2,302)</u>	<u>1</u>	<u>1</u>	

Note :

\*) Including the revenue received in March 2008 amounting to USD 10,028