

**EISNER&AMPER**

**BIG BROTHERS BIG SISTERS  
OF NEW YORK CITY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 and 2021**



# **BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**

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**INDEPENDENT AUDITORS' REPORT**

The Board of Trustees  
Big Brothers Big Sisters of New York City, Inc.

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the accompanying financial statements of Big Brothers Big Sisters of New York City, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for each of 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 Big Brothers Big Sisters of New York City, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for each of 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 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.

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 for one year after the date that the financial statements are available to be issued.



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## ***Auditors' Responsibility 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 auditors' 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 GAAS 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 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 GAAS, 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.

A stylized, handwritten-style signature of EisnerAmper LLP in black ink.

EISNERAMPER LLP  
New York, New York  
November 10, 2022



**BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.****Statements of Financial Position**

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash	\$ 121,606	\$ 908,847
Government grant receivables	2,814,201	1,001,264
Contributions receivable, net	773,187	900,591
Investments	5,924,385	8,452,915
Prepaid expenses and other assets	120,433	140,181
Property and equipment, net	<u>12,563,298</u>	<u>12,969,759</u>
	<u><b>\$ 22,317,110</b></u>	<u><b>\$ 24,373,557</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,604,963	\$ 1,137,602
Line-of-credit payable	1,365,000	600,000
Loan payable	-	150,000
Bonds payable, net	<u>6,819,681</u>	<u>7,115,829</u>
Total liabilities	<u><b>9,789,644</b></u>	<u><b>9,003,431</b></u>
Commitments, contingencies, and other uncertainty (Note J)		
Net assets:		
Without donor restrictions	11,752,440	14,485,425
With donor restrictions	<u>775,026</u>	<u>884,701</u>
Total net assets	<u><b>12,527,466</b></u>	<u><b>15,370,126</b></u>
	<u><b>\$ 22,317,110</b></u>	<u><b>\$ 24,373,557</b></u>

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Statements of Activities

	Year Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>						
Contributions	\$ 3,568,543	\$ 234,325	\$ 3,802,868	\$ 3,436,655	\$ 339,804	\$ 3,776,459
Special events (net of direct benefits to donors of \$652,510 and \$212,795 in 2022 and 2021, respectively)	3,657,789	-	3,657,789	3,091,698	-	3,091,698
Government contracts	2,943,023	-	2,943,023	1,994,349	-	1,994,349
Bequests	164,782	-	164,782	52,372	-	52,372
Investment (losses) income, net	(1,200,380)	-	(1,200,380)	2,053,856	-	2,053,856
In-kind services	169,879	-	169,879	132,228	-	132,228
Other revenue	-	-	-	38,755	-	38,755
Total public support and revenue before release from restrictions	9,303,636	234,325	9,537,961	10,799,913	339,804	11,139,717
Net assets released from restrictions	344,000	(344,000)	-	222,975	(222,975)	-
Total public support and revenue	9,647,636	(109,675)	9,537,961	11,022,888	116,829	11,139,717
<b>Expenses:</b>						
Program services - youth mentoring	8,874,102	-	8,874,102	7,625,863	-	7,625,863
Supporting services:						
Management and general	2,259,767	-	2,259,767	1,364,386	-	1,364,386
Fund-raising	1,246,752	-	1,246,752	1,355,634	-	1,355,634
Total expenses	12,380,621	-	12,380,621	10,345,883	-	10,345,883
<b>Change in net assets</b>	(2,732,985)	(109,675)	(2,842,660)	677,005	116,829	793,834
Net assets, beginning of year	14,485,425	884,701	15,370,126	13,808,420	767,872	14,576,292
<b>Net assets, end of year</b>	\$ 11,752,440	\$ 775,026	\$ 12,527,466	\$ 14,485,425	\$ 884,701	\$ 15,370,126

See notes to financial statements.

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Statement of Functional Expenses

Year Ended June 30, 2022

(with summarized financial information for 2021)

	Program Services	Supporting Services			Total Expenses	
	Youth Mentoring	Management and General	Fund- Raising	Total Supporting Services	2022	2021
Salaries and wages	\$ 5,012,938	\$ 525,422	\$ 703,436	\$ 1,228,858	\$ 6,241,796	\$ 5,426,960
Payroll taxes and employee benefits	1,296,192	136,117	181,630	317,747	1,613,939	1,360,592
Telephone	88,537	19,209	13,557	32,766	121,303	116,570
Venue, décor, gifts and entertainment	-	-	652,510	652,510	652,510	217,642
Office supplies	55,573	21,116	10,323	31,439	87,012	45,732
Advertising	14,498	-	-	-	14,498	12,708
Printing, postage and publications	8,914	743	5,200	5,943	14,857	15,927
Insurance	90,567	25,701	6,119	31,820	122,387	90,704
Conferences and travel	65,732	7,733	3,866	11,599	77,331	31,773
Professional fees	362,255	1,218,515	220,798	1,439,313	1,801,568	1,178,250
Temporary help	31,638	47,457	-	47,457	79,095	34,552
Equipment rental and maintenance	42,596	11,970	5,362	17,332	59,928	67,558
Building maintenance	19,937	6,267	2,275	8,542	28,479	46,197
Membership dues and subscriptions	162,278	29,778	7,831	37,609	199,887	201,128
Data processing	31,698	6,699	2,860	9,559	41,257	67,598
Background check	135,424	-	-	-	135,424	275,746
Occupancy	422,443	12,124	6,712	18,836	441,279	331,356
Depreciation and amortization	296,861	77,608	31,992	109,600	406,461	415,004
Education and development	4,430	-	-	-	4,430	37,826
Meals and refreshments	34,343	-	-	-	34,343	647
Venues and admissions	8,728	-	-	-	8,728	8,068
Interest	236,111	38,368	20,659	59,027	295,138	254,323
Recruitment outreach	261,749	-	-	-	261,749	87,816
Honorariums and stipends	103,940	-	-	-	103,940	69,830
Bad debt expense	-	58,851	-	58,851	58,851	75,634
Scholarships	46,500	-	-	-	46,500	49,946
Miscellaneous	40,220	16,089	24,132	40,221	80,441	38,591
Total expenses	8,874,102	2,259,767	1,899,262	4,159,029	13,033,131	10,558,678
Less: direct benefits to donors	-	-	(652,510)	(652,510)	(652,510)	(212,795)
Total expenses per statements of activities	<u>\$ 8,874,102</u>	<u>\$ 2,259,767</u>	<u>\$ 1,246,752</u>	<u>\$ 3,506,519</u>	<u>\$ 12,380,621</u>	<u>\$ 10,345,883</u>

See notes to financial statements.

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Statement of Functional Expenses Year Ended June 30, 2021

	Program Services	Supporting Services			
	Youth Mentoring	Management and General	Fund- Raising	Total Supporting Services	Total Expenses
Salaries and wages	\$ 4,358,523	\$ 456,831	\$ 611,606	\$ 1,068,437	\$ 5,426,960
Payroll taxes and employee benefits	1,092,723	114,750	153,119	267,869	1,360,592
Telephone	85,082	18,460	13,028	31,488	116,570
Venue, décor, gifts and entertainment	-	-	217,642	217,642	217,642
Office supplies	29,208	11,098	5,426	16,524	45,732
Advertising	12,708	-	-	-	12,708
Printing, postage and publications	9,557	796	5,574	6,370	15,927
Insurance	67,121	19,048	4,535	23,583	90,704
Conferences and travel	27,007	3,177	1,589	4,766	31,773
Professional fees	261,586	450,138	466,526	916,664	1,178,250
Temporary help	13,821	20,731	-	20,731	34,552
Equipment rental and maintenance	48,019	13,494	6,045	19,539	67,558
Building maintenance	32,341	10,166	3,690	13,856	46,197
Membership dues and subscriptions	163,286	29,963	7,879	37,842	201,128
Data processing	51,936	10,976	4,686	15,662	67,598
Background check	275,746	-	-	-	275,746
Occupancy	317,212	9,104	5,040	14,144	331,356
Depreciation and amortization	303,101	79,239	32,664	111,903	415,004
Education and development	37,826	-	-	-	37,826
Meals and refreshments	647	-	-	-	647
Venues and admissions	8,068	-	-	-	8,068
Interest	203,459	33,062	17,802	50,864	254,323
Recruitment outreach	87,816	-	-	-	87,816
Honorariums and stipends	69,830	-	-	-	69,830
Bad debt expense	-	75,634	-	75,634	75,634
Scholarships	49,946	-	-	-	49,946
Miscellaneous	19,294	7,719	11,578	19,297	38,591
Total expenses	7,625,863	1,364,386	1,568,429	2,932,815	10,558,678
Less: direct benefits to donors	-	-	(212,795)	(212,795)	(212,795)
Total expenses per statements of activities	<u>\$ 7,625,863</u>	<u>\$ 1,364,386</u>	<u>\$ 1,355,634</u>	<u>\$ 2,720,020</u>	<u>\$ 10,345,883</u>

See notes to financial statements.



# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (2,842,660)	\$ 793,834
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	406,461	415,004
EIDL loan forgiveness	-	(10,000)
Amortization of bond issuance costs	11,447	11,447
Bad debt expense	58,851	75,634
Donated securities	(55,010)	(201,170)
Proceeds from sale of donated securities	55,010	201,170
Net realized and unrealized losses (gains) on investments	1,657,180	(2,021,291)
Changes in:		
Due from investment manager	-	1,247,961
Government contracts receivable	(1,812,937)	(764,082)
Contributions receivable	68,553	(182,858)
Prepaid expenses and other assets	19,748	100,856
Accounts payable and accrued expenses	467,361	297,820
Net cash used in operating activities	<u>(1,965,996)</u>	<u>(35,675)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(456,763)	(32,485)
Proceeds from sales of investments	1,328,113	428,649
Purchases of property and equipment	-	(5,660)
Net cash provided by investing activities	<u>871,350</u>	<u>390,504</u>
<b>Cash flows from financing activities:</b>		
Proceeds from loan payable	-	150,000
Repayment of loan payable	(150,000)	-
Drawdowns on line of credit	1,975,000	1,100,000
Repayments of line of credit	(1,210,000)	(1,000,000)
Principal payments on bonds	(307,595)	(299,645)
Net cash provided by (used in) financing activities	<u>307,405</u>	<u>(49,645)</u>
<b>Change in cash</b>	<b>(787,241)</b>	<b>305,184</b>
Cash - beginning of year	<u>908,847</u>	<u>603,663</u>
<b>Cash - end of year</b>	<b>\$ 121,606</b>	<b>\$ 908,847</b>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	<u>\$ 283,691</u>	<u>\$ 242,876</u>
In-kind services	<u>\$ 169,879</u>	<u>\$ 132,228</u>

See notes to financial statements.

# **BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**

## **Notes to Financial Statements June 30, 2022 and 2021**

### **NOTE A - ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES**

#### **[1] Organization:**

Big Brothers Big Sisters of New York City, Inc. (the "Organization"), was founded in 1904 in the State of New York. The Organization is a not-for-profit community-based organization, which provides a trained adult volunteer to a needy youngster in a one-to-one mentoring program. In addition, the Organization also provides programs through local school districts and police departments. Program services are in the form of support groups, referral, advocacy, recreation and counseling.

The Organization is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws.

#### **[2] Basis of accounting:**

The financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

#### **[3] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### **[4] Investments:**

The Organization's investments in a domestic limited partnership and a multi-asset fund, for which a readily determinable fair value does not exist, are recorded at their estimated fair values based on the respective net asset value ("NAV") per share (or its equivalent unit), as reported by the particular investment manager. Because of the complex management structures and nature of the underlying investments and the inherent uncertainty of the valuation, the Organization's management monitors its position to reduce the risk of potential losses due to changes in fair value or the failure of counterparties to perform on a routine basis. Management believes the carrying amount of the domestic limited partnership and the multi-asset fund are a reasonable estimate of fair value. However, such estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

The domestic limited partnership in which the Organization has a position, enters into various financial instruments for trading purposes in the normal course of operations, including derivatives held or issued. These investments are subject to various market risks, which arise from changes in securities values and other market conditions. As part of its overall trading strategy, the investment fund may engage in the purchase and sale of index and equity options, for the purpose of generating profit and/or reducing market risk.

The Organization's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

# **BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**

## **Notes to Financial Statements June 30, 2022 and 2021**

### **NOTE A - ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **[4] Investments: (continued)**

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Distributions from the domestic limited partnership that represent return of contributed capital reduce the cumulative cost basis of the respective investment. Distributions received from the domestic limited partnership in excess of the Organization's cumulative cost basis are recognized as realized gains. Unrealized gains and losses on investments are determined by comparing the investments' cost bases to the fair value at the end of each fiscal year. The earnings from dividends and interest are recognized when earned. Investment fees are embedded in various investment transactions.

Donated securities are recorded at their estimated fair values on the dates of donation. The Organization's policy is to sell donated securities as soon as practicable, and, accordingly, for purposes of the statements of cash flows, donated securities received and the proceeds generated from their sale are included within operating activities.

#### **[5] Due from investment manager:**

From time-to-time, investment transactions may be initiated prior to fiscal year-end, but may not be settled until the following fiscal year. Accordingly, amounts to be received by the Organization are reported as "due from investment manager" in the accompanying statements of financial position. There were no unsettled transactions as of June 30, 2022 and 2021.

#### **[6] Property and equipment:**

Property and equipment are stated at their original costs at the date of acquisition, or, if contributed, at their fair values at the dates of donation, net of accumulated depreciation. The Organization capitalizes items of property and equipment that have a cost of \$1,000 or more and a useful life greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Office equipment is depreciated over three to five years and condominium improvements are depreciated over fifteen to forty years.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. There were no triggering events during fiscal-year 2022 or 2021 requiring management to test for impairment that would require any adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

# **BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**

## **Notes to Financial Statements June 30, 2022 and 2021**

### **NOTE A - ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **[7] Accrued vacation:**

Accrued vacation is included as a liability in the financial statements and represents the Organization's obligation for the cost of unused employee vacation time payable in the event of employee terminations; the obligation is recalculated every year. At June 30, 2022 and 2021, the accrued vacation obligation was approximately \$334,000 and \$317,000, respectively, and was included in accounts payable and accrued expenses in the accompanying statements of financial position.

#### **[8] Bond issuance costs:**

Bond issuance costs in connection with bond financing are presented in the statements of financial position as a direct reduction of the related debt. Bond issuance costs are being amortized over the term of the debt, using the straight-line method, which approximates the effective-interest method. Amortization of bond issuance costs is reported as interest expense in the statements of functional expenses, and amounted to \$11,447 in both fiscal years 2022 and 2021 (see Note E).

#### **[9] Net assets:**

##### *(i) Net assets without donor restrictions:*

Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are therefore available for current operations.

##### *(ii) Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/or a specific period of time.

When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." Contributions with donor restrictions, the requirements of which are met in the year of donation, are reported as without donor restrictions.

#### **[10] Paycheck Protection Program:**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP"), established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

There are two acceptable methods for accounting for PPP proceeds received under the CARES Act. Entities can elect to treat the PPP proceeds received as a loan or as a conditional contribution.

During fiscal-year 2021, the Organization applied for and received a Second Draw PPP loan. The Organization elected to account for the PPP proceeds as a conditional contribution under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 958-605. The agreement includes provisions for forgiveness based on satisfying measurable performance barriers related to staffing, salary levels and qualifying expenditures during the covered period. Any amounts not forgiven would be required to be repaid. PPP funds are recognized as government funding as the conditions on which they depend are substantially met.

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE A - ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [11] Revenue recognition:

##### (i) *Contributions and government contracts:*

Contributions made to the Organization are recognized as revenue upon the receipt of cash, other assets, or of unconditional pledges/contracts. Contributions are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use that have not been satisfied within the year of receipt. Conditional contributions or government contracts are recorded when the conditions have been met by requisite actions of the Organization's management or necessary events have taken place.

An allowance for doubtful collections on contributions receivable has been provided using management's judgement of potential defaults, which takes into consideration factors such as prior collection history, the type of contributions received, and the nature of the Organization's fund-raising activity.

The Organization received \$970,942 in funds through the Second Draw of the PPP on March 23, 2021. The funding was conditional on the Organization using the funds to cover qualified expenditures while maintaining certain employment levels. Contributions from this agreement were therefore recognized as revenue when qualifying costs were incurred and conditions were substantially met, as required by the agreement. For the period from March 31, 2021 to June 30, 2021 (which fell within the covered period of the agreement), \$970,942 of the Second Draw grant was used for qualified expenditures, including payroll-related expenditures, and thus was recognized as grant contract revenues in the statement of activities for the year ended June 30, 2021. During fiscal-year June 30, 2022, in December 2021, the Organization received notification that the SBA had fully forgiven the Second Draw PPP loan of \$970,942.

During fiscal-year 2022, the Organization applied for the Employee Retention Credit ("ERC") for pay periods that occurred in 2020 and 2021, and accordingly recorded a receivable of approximately \$1,666,000 which is included in government grant receivables in the accompanying statements of financial position.

##### (ii) *Special events:*

The Organization holds various fund-raising events to raise money for its operations. Gross proceeds paid by attendees at special events represents contribution revenue as well as the payment of the direct costs of the benefits received by the attendee at the event, considered exchange revenue. Special-event revenue is reported net of the direct benefits to donors. The exchange portion of the cash received is recognized as revenue when the special event takes place. The exchange portion of special event proceeds for a future year's event is deferred and recognized when the event takes place. The contribution portion is considered restricted by donors for time until the event takes place.

##### (iii) *Bequests:*

The Organization receives occasional bequests from decedents' estates. Because of the uncertainties associated with bequests pending the finalization of various legal and estate matters, the Organization does not recognize bequests in its financial statements until the amounts to be received can be determined with reasonable certainty or are actually received in cash.

# **BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.**

## **Notes to Financial Statements June 30, 2022 and 2021**

### **NOTE A - ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **[12] In-kind services and volunteers:**

In-kind services are recognized in the financial statements if the services: (i) create or enhance non-financial assets or require specialized skills; (ii) are provided by individuals possessing these skills; and (iii) would typically need to be acquired if not provided by donation. Accordingly, donated services are recorded at their estimated fair value at the dates of donation and are reported as support without donor restrictions. Donated services are reported as both contributions and expenses in the statements of activities. In fiscal years 2022 and 2021, the Organization received legal services valued at approximately \$170,000 and \$132,000, respectively.

In addition, the Organization receives a significant amount of donated services from numerous trained individuals who volunteer as big brothers and big sisters. Although the Organization could not conduct its programs without these volunteers, who are an integral part of the scope of the Organization's activities, the value of this contributed time does not meet the above criteria for recognition of contributed services required under U.S. GAAP and, accordingly, is not included in the financial statements. The number of trained volunteers that provided services to the Organization in fiscal years 2022 and 2021 was 1,810 and 3,767, respectively.

#### **[13] Functional allocation of expenses:**

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by natural classification and function. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expense. Indirect costs have been functionalized on the basis of time and effort by the employees. Costs that have been allocated include salaries and related expenses, occupancy expenses, interest expense, insurance expense, and depreciation and amortization expenses.

#### **[14] Income taxes:**

The Organization is subject to the provisions of the FASB's ASC Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements.

#### **[15] Adoption of accounting principle:**

In September 2020, the FASB issued Accounting Standard Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; and (iv) the valuation and techniques and inputs used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU have been applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributed nonfinancial assets and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE A - ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [16] Upcoming accounting principle:

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard is effective for the Organization for the annual period beginning after December 15, 2021. The statements of financial position amount recorded for existing leases at the date of adoption of ASU 2016-02 will be calculated using the applicable incremental borrowing rate at the date of adoption. Management is currently evaluating the effect that this guidance will have on the financial statements and related disclosures. Information about the Organization's undiscounted future lease payments and the timing of those payments is provided in Note J.

#### [17] Subsequent events:

The Organization evaluated subsequent events through November 10, 2022, the date on which the financial statements were available to be issued.

### NOTE B - CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$773,187 and \$900,591 as of June 30, 2022 and 2021, respectively, consisted of amounts due to the Organization within one year. Contributions receivables are reported net of an allowance for doubtful collections of approximately \$59,000 and \$90,000 at June 30, 2022 and 2021, respectively. During fiscal-year 2022, the Organization wrote off \$90,000 of contributions receivable deemed uncollectible against the allowance.

### NOTE C - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Multi-asset fund	\$ 2,205,247	\$ 2,336,595	\$ 3,797,842	\$ 2,866,269
Domestic limited partnership (a)	<u>3,719,138</u>	<u>3,742,498</u>	4,655,073	3,742,498
	<u>\$ 5,924,385</u>	<u>\$ 6,079,093</u>	<u>\$ 8,452,915</u>	<u>\$ 6,608,767</u>

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE C - INVESTMENTS (CONTINUED)

- (a) The domestic limited partnership is a pooled investment fund that utilizes a multi-manager portfolio. The fund is constructed of the following investments: i) equity-oriented assets including global equity, high-yield bonds, resource-related equity, and REITs; ii) diversifying strategies including hedge funds, asset-backed securities, commodity futures, and opportunistic credit; and iii) fixed income including conventional bonds, treasury inflation-protected securities, and cash.

During each fiscal year, investment returns consisted of the following:

	June 30,	
	2022	2021
Interest and dividends, net	\$ 456,800	\$ 32,565
Realized gains	341,676	245,696
Unrealized (losses) gains	<u>(1,998,856)</u>	<u>1,775,595</u>
	<u>\$ (1,200,380)</u>	<u>\$ 2,053,856</u>

The FASB's ASC Topic 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

Certain of the Organization's investments are valued using NAV per share (or its equivalent unit) as a practical expedient of fair value. This applies to investments: (i) which do not have a readily determinable fair value; and (ii) whose financial statements were prepared by the respective investment managers consistent with the measurement principles of an investment company or have the attributes of an investment company. Investments that are valued using NAV per share (or its equivalent unit) are not required to be categorized within the fair value hierarchy and accordingly, have been excluded from the fair value hierarchy.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization's investments were valued entirely at NAV for both fiscal years 2022 and 2021.

At June 30, 2022, concentrations of the Organization's investments in excess of 10% of the fair values of its portfolio included approximately 37% in a multi-asset fund and approximately 63% in a domestic limited partnership. At June 30, 2021, such concentrations were approximately 45% in a multi-asset fund and approximately 55% in a domestic limited partnership.



# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE C - INVESTMENTS (CONTINUED)

The following table describes the funding commitment and redemption information for the Organization's investment measured at NAV:

	June 30, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multi-asset fund	\$ 2,205,247	\$ -	Daily	2 Days
Domestic limited partnership	<u>3,719,138</u>	<u>-</u>	Quarterly	75 Days
	<u>\$ 5,924,385</u>	<u>\$ -</u>		

### NOTE D - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	June 30,	
	2022	2021
Condominium and improvements	\$ 15,594,740	\$ 15,594,740
Office equipment	<u>492,437</u>	<u>492,437</u>
	16,087,177	16,087,177
Less: accumulated depreciation	<u>(3,523,879)</u>	<u>(3,117,418)</u>
	<u>\$ 12,563,298</u>	<u>\$ 12,969,759</u>

### NOTE E - BONDS PAYABLE, LINE OF CREDIT, AND LOAN PAYABLE

#### [1] New York City Industrial Development Agency Bonds:

In order to finance the acquisition and renovation of the Organization's facility at 40 Rector Street, the Organization entered into an agreement with the Build NYC Resource Corporation ("BNRC") whereby BNRC issued \$7,000,000 of Series A and \$2,000,000 of Series B Civic Facility Revenue Bonds on May 1, 2014, which are secured by the facility.

Payments on the bonds were interest-only for the first year which began June 1, 2014, principal payments are due monthly and began June 1, 2015, and continue through May 1, 2039. Interest is being charged at a fixed rate of 3.39% on the Series A and a floating rate of 72% of the 30-day LIBOR plus 1.44% for Series B, which was 4.38% and 1.60% at June 30, 2022 and 2021, respectively, and is payable monthly. Interest expense for 2022 and 2021 was \$217,958 and \$226,541, respectively.

Certain covenants exist under the terms of the bond borrowings. During fiscal-year 2022, the Organization applied for and received an extension of time with respect to the submission of financial statements and accordingly was in compliance with all covenants for fiscal year 2022 as well as for 2021.

At June 30, 2022 and 2021, the combined outstanding balance of the Series A and B bonds were \$6,819,681 and \$7,115,829, respectively, which is net of unamortized bond issuance costs of \$180,813 and \$192,260, respectively.

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE E - BONDS PAYABLE, LINE OF CREDIT, AND LOAN PAYABLE (CONTINUED)

#### [1] New York City Industrial Development Agency Bonds: (continued)

Principal payments due on the bonds subsequent to June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 316,821
2024	335,852
2025	345,129
2026	354,247
2027	363,683
Thereafter	<u>5,284,762</u>
	<u>\$ 7,000,494</u>

#### [2] Line of credit:

The Organization has a commercial line of credit with JP Morgan Chase ("Chase") for \$2,000,000, expiring on March 24, 2023. There is a requirement for the Organization to maintain its primary depository accounts with the bank. The interest rate charged is at SOFR plus 2.600%, which was 6.63% and 3.32% at June 30, 2022 and 2021, respectively. Interest expense for the years ended June 30, 2022 and 2021 was \$65,733 and \$16,335, respectively. As of June 30, 2022 and 2021, there was an outstanding balance of \$1,365,000 and \$600,000, respectively.

#### [3] Loan payable:

The Organization applied for and received \$150,000 from the SBA for an Economic Injury Disaster Loan on August 5, 2020. The loan bore interest at a rate of 2.75% per annum, and was secured by the assets of the Organization. The proceeds of the loan were to be used as working capital to alleviate economic injury caused by the pandemic. Installment payments, including principal and interest, of \$641 were due monthly beginning one year from the date of the promissory note and are payable over 30 years from the date of the promissory note. Additionally, on May 4, 2020, the SBA advanced the Organization \$10,000 of emergency economic relief that did not need to be repaid and has been reported as government contracts revenue in the accompanying statements of activities for the year ended June 30, 2021. On July 30, 2021, the loan was repaid by the Organization in full.

## BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

### Notes to Financial Statements June 30, 2022 and 2021

#### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions were categorized as follows:

	June 30,	
	2022	2021
Restricted for future periods	<u>\$ 157,605</u>	<u>\$ 324,500</u>
Purpose-restricted:		
Lindsay Morehouse Scholarship	581,547	560,201
Other program	<u>35,874</u>	<u>-</u>
Total purpose restrictions	<u>617,421</u>	<u>560,201</u>
Total	<u>\$ 775,026</u>	<u>\$ 884,701</u>

During each fiscal year, net assets released from restrictions were for the following:

	June 30,	
	2022	2021
Time-restrictions satisfied	<u>\$ 324,500</u>	<u>\$ 215,550</u>
Purpose-restrictions satisfied:		
Lindsay Morehouse Scholarship	19,500	-
Other program	<u>-</u>	<u>7,425</u>
Total purpose-restrictions satisfied	<u>19,500</u>	<u>7,425</u>
	<u>\$ 344,000</u>	<u>\$ 222,975</u>

#### NOTE G - EMPLOYEE-BENEFIT PLAN

The Organization sponsors a contributory tax-deferred 403(b) annuity plan for all full-time employees who have completed two years of service. The Organization contributes an amount equal to 5% of eligible employees' earnings whether or not the employees contribute to the plan. The pension expense for the fiscal-years 2022 and 2021 was \$93,512 and \$103,303, respectively.

#### NOTE H - CONCENTRATION OF REVENUE

Approximately 16% of the Organization's public support was provided by two grantors during fiscal-year 2022. There was no concentration of revenue in fiscal-year 2021.

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE I - CONCENTRATIONS OF CREDIT RISK

The Organization deposits cash in financial institutions in amounts which, at times, may exceed federal insurance limits. The Organization's cash is held at major financial institutions, and management believes that there is no significant risk of loss by reason of the institutions' failures.

### NOTE J - COMMITMENTS, CONTINGENCIES, AND OTHER UNCERTAINTY

#### [1] Leases:

The Organization leases office equipment under various non-cancelable operating leases expiring through 2024. Total future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 52,726
2024	<u>16,079</u>
	<u>\$ 68,805</u>

#### [2] Litigation:

From time to time, the Organization may be subject to either asserted or unasserted claims arising during the course of its business activities. Although the final outcome cannot be determined as of the date of these financial statements, management believes that to the extent it does not have insurance coverage, any losses that might be sustained as a result, could have a material effect on the Organization's financial position.

#### [3] Other uncertainty:

The extent of the impact of the worldwide pandemic and other global events on the operational and financial performance, including the impact to the Organization's investment portfolio, is uncertain and will depend on the continued future developments and external restrictions imposed. The potential economic impact brought by, and the duration of, these conditions is difficult to assess or predict, and may have an adverse impact on the Organization's operations.

# BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.

## Notes to Financial Statements June 30, 2022 and 2021

### NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of each year-end available for general expenditures within one year of the statements of financial position dates:

	June 30,	
	2022	2021
Cash	\$ 121,606	\$ 908,847
Government contracts receivable	2,814,201	1,001,264
Contributions receivable, net	773,187	900,591
Investments	<u>5,924,385</u>	<u>8,452,915</u>
Total financial assets available within one year	<u>9,633,379</u>	<u>11,263,617</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors for:		
Purpose restrictions	<u>(617,421)</u>	<u>(560,201)</u>
Contractual restrictions:		
EIDL loan collateral	<u>-</u>	<u>(150,000)</u>
Total amounts unavailable for general expenditure within one year	<u>(617,421)</u>	<u>(710,201)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,015,958</u>	<u>\$ 10,553,416</u>

#### Liquidity policy:

As part of the Organization's liquidity management, it maintains a sufficient level of operating cash and investments to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has a line of credit, with up to \$2,000,000 in funds, which were available for general expenditures.

### NOTE L - IN-KIND DONATIONS

The tables below disclose the in-kind donations received in fiscal years 2022 and 2021, as well as the valuation techniques and inputs, the existence of donor restrictions and the utilization in accordance with ASU 2020-07.

#### Year Ended June 30, 2022

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Donated legal services	\$169,879	Utilized in operations for various administrative matters	N/A	Contributed services are considered to reflect fair market rates for services performed in the New York marketplace

**BIG BROTHERS BIG SISTERS OF NEW YORK CITY, INC.****Notes to Financial Statements  
June 30, 2022 and 2021****NOTE L - IN-KIND DONATIONS (CONTINUED)****Year Ended June 30, 2021**

	<b>Revenue Recognized</b>	<b>Utilization in Programs/Activities</b>	<b>Donor Restrictions</b>	<b>Valuation Techniques and inputs</b>
Donated legal services	\$132,228	Utilized in operations for various administrative matters	N/A	Contributed services are considered to reflect fair market rates for services performed in the New York marketplace