

**EISNERAMPER**

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2019 and 2018**



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

The Organization's 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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, 2019 and 2018, 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.



EISNERAMPER LLP  
New York, New York  
September 27, 2019



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

	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash	\$ 375,548	\$ 1,710,024
Government contracts receivable	213,735	366,721
Contributions receivable, net	2,592,189	791,502
Investments	7,945,491	9,209,577
Assets held for deferred compensation		198,775
Prepaid expenses and other assets	108,266	125,322
Software application, net	59,128	130,596
Property and equipment, net	<u>13,774,791</u>	<u>14,180,351</u>
	<b><u>\$ 25,069,148</u></b>	<b><u>\$ 26,712,868</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 930,728	\$ 1,017,611
Deferred revenues	271,743	170,484
Deferred compensation payable		198,775
Bonds payable, net	<u>7,683,992</u>	<u>7,941,406</u>
Total liabilities	<u>8,886,463</u>	<u>9,328,276</u>
Commitments (Note J)		
Net assets:		
Without donor restrictions	15,509,388	16,788,274
With donor restrictions	<u>673,297</u>	<u>596,318</u>
Total net assets	<u>16,182,685</u>	<u>17,384,592</u>
	<b><u>\$ 25,069,148</u></b>	<b><u>\$ 26,712,868</u></b>

See accompanying notes to financial statements.

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

**Statements of Activities**

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>						
Private grants and contributions	\$ 2,437,756	\$ 228,850	\$ 2,666,606	\$ 2,571,080	\$ 219,876	\$ 2,790,956
Special events (net of direct benefit to donors of \$982,642 and \$1,034,633 in 2019 and 2018, respectively)	4,617,039		4,617,039	4,887,626		4,887,626
Government grants and contracts	1,246,051		1,246,051	1,439,199		1,439,199
Bequests	1,051,220		1,051,220			
Interest and dividends, net	488,818		488,818	1,125,245		1,125,245
Net depreciation on investments	(328,437)		(328,437)	(429,783)		(429,783)
In-kind services	56,400		56,400			
<b>Total public support and revenue before release from restrictions</b>	<b>9,568,847</b>	<b>228,850</b>	<b>9,797,697</b>	9,593,367	219,876	9,813,243
Net assets released from restrictions	151,871	(151,871)	0	164,500	(164,500)	0
<b>Total public support and revenue</b>	<b>9,720,718</b>	<b>76,979</b>	<b>9,797,697</b>	9,757,867	55,376	9,813,243
<b>Expenses:</b>						
Program services - Youth Mentoring	8,307,727		8,307,727	7,722,667		7,722,667
Management and general	1,226,507		1,226,507	1,170,022		1,170,022
Fund-raising	1,465,370		1,465,370	1,418,715		1,418,715
<b>Total expenses</b>	<b>10,999,604</b>		<b>10,999,604</b>	10,311,404		10,311,404
<b>Change in net assets</b>	<b>(1,278,886)</b>	<b>76,979</b>	<b>(1,201,907)</b>	(553,537)	55,376	(498,161)
Net assets, beginning of year	16,788,274	596,318	17,384,592	17,341,811	540,942	17,882,753
<b>Net assets, end of year</b>	<b>\$ 15,509,388</b>	<b>\$ 673,297</b>	<b>\$ 16,182,685</b>	\$ 16,788,274	\$ 596,318	\$ 17,384,592

See accompanying notes to financial statements.

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

**Statement of Functional Expenses**

**Year Ended June 30, 2019**

(with summarized information for year ended June 30, 2018)

	Program Services	Supporting Services			Total Expenses	
	Youth Mentoring	Management and General	Fund-Raising	Total Supporting Services	2019	2018
Salaries and wages	\$ 4,411,412	\$ 462,374	\$ 619,027	\$ 1,081,401	\$ 5,492,813	\$ 5,092,909
Payroll taxes and employee benefits	1,112,383	116,814	155,873	272,687	1,385,070	1,328,900
Telephone	91,914	19,942	14,074	34,016	125,930	101,733
Venue, décor, gifts and entertainment			982,642	982,642	982,642	1,034,633
Office supplies	56,891	21,617	10,568	32,185	89,076	92,357
Advertising	7,888				7,888	150
Printing, postage and publications	42,199	3,516	24,616	28,132	70,331	61,123
Insurance	77,103	21,881	5,210	27,091	104,194	93,248
Conferences and travel	76,948	9,053	4,526	13,579	90,527	110,447
Professional fees	223,693	271,858	512,020	783,878	1,007,571	1,048,937
Temporary help	31,339	47,008		47,008	78,347	51,720
Equipment rental and maintenance	45,659	12,830	5,748	18,578	64,237	52,595
Building maintenance	52,432	16,483	5,983	22,466	74,898	62,204
Membership dues and subscriptions	67,160	12,324	3,241	15,565	82,725	67,669
Data processing	40,713	8,604	3,674	12,278	52,991	52,995
Background check	259,556				259,556	269,305
Occupancy	445,680	12,791	7,081	19,872	465,552	513,960
Depreciation and amortization	362,723	94,827	39,090	133,917	496,640	450,383
Education and development	45,342				45,342	
Meals and refreshments	55,539				55,539	46,629
Venues and admissions	33,090				33,090	28,742
Interest	264,143	42,923	23,112	66,035	330,178	315,039
Recruitment outreach	237,612				237,612	170,012
Honorariums and stipends	177,512				177,512	127,716
Bad debt expense		30,644		30,644	30,644	40,000
Scholarships	36,250				36,250	39,500
Miscellaneous	52,546	21,018	31,527	52,545	105,091	93,131
Total expenses	8,307,727	1,226,507	2,448,012	3,674,519	11,982,246	11,346,037
Less: direct benefit to donors			(982,642)	(982,642)	(982,642)	(1,034,633)
Total expenses per statements of activities	<u>\$ 8,307,727</u>	<u>\$ 1,226,507</u>	<u>\$ 1,465,370</u>	<u>\$ 2,691,877</u>	<u>\$ 10,999,604</u>	<u>\$ 10,311,404</u>

See accompanying notes to financial statements.

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

**Statement of Functional Expenses  
Year Ended June 30, 2018**

	Program Services	Supporting Services			Total
	Youth Mentoring	Management and General	Fund- Raising	Total Supporting Services	
Salaries and wages	\$ 4,090,239	\$ 428,711	\$ 573,959	\$ 1,002,670	\$ 5,092,909
Payroll taxes and employee benefits	1,067,271	112,077	149,552	261,629	1,328,900
Telephone	74,253	16,110	11,370	27,480	101,733
Venue, décor, gifts and entertainment			1,034,633	1,034,633	1,034,633
Office supplies	58,987	22,413	10,957	33,370	92,357
Advertising	150				150
Printing, postage and publications	36,674	3,056	21,393	24,449	61,123
Insurance	69,004	19,582	4,662	24,244	93,248
Conferences and travel	93,880	11,045	5,522	16,567	110,447
Professional fees	232,877	283,019	533,041	816,060	1,048,937
Temporary help	20,688	31,032		31,032	51,720
Equipment rental and maintenance	37,384	10,505	4,706	15,211	52,595
Building maintenance	43,546	13,689	4,969	18,658	62,204
Membership dues and subscriptions	54,937	10,081	2,651	12,732	67,669
Data processing	40,716	8,605	3,674	12,279	52,995
Background check	269,305				269,305
Occupancy	492,022	14,121	7,817	21,938	513,960
Depreciation and amortization	328,940	85,994	35,449	121,443	450,383
Meals and refreshments	46,629				46,629
Venues and admissions	28,742				28,742
Interest	252,032	40,955	22,052	63,007	315,039
Recruitment outreach	170,012				170,012
Honorariums and stipends	127,716				127,716
Bad debt expense		40,000		40,000	40,000
Scholarships	39,500				39,500
Miscellaneous	47,163	19,027	26,941	45,968	93,131
<b>Total expenses</b>	<b>7,722,667</b>	<b>1,170,022</b>	<b>2,453,348</b>	<b>3,623,370</b>	<b>11,346,037</b>
Less: direct benefit to donors			(1,034,633)	(1,034,633)	(1,034,633)
<b>Total expenses per statements of activities</b>	<b><u>\$ 7,722,667</u></b>	<b><u>\$ 1,170,022</u></b>	<b><u>\$ 1,418,715</u></b>	<b><u>\$ 2,588,737</u></b>	<b><u>\$10,311,404</u></b>

See accompanying notes to financial statements.

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

## Statements of Cash Flows

	<b>Year Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,201,907)	\$ (498,161)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	496,640	450,383
Amortization of bond issuance costs	27,148	11,448
Change in allowance for uncollectible accounts	30,644	40,000
Donated securities	(109,485)	(165,812)
Proceeds from sale of donated securities	109,485	165,812
Net realized and unrealized loss on investments	328,437	429,783
Changes in:		
Government contracts receivable	152,986	(3,782)
Contributions receivable	(1,831,331)	(294,677)
Assets held for deferred compensation	198,775	(29,107)
Prepaid expenses and other assets	17,056	10,006
Accounts payable and accrued expenses	(86,883)	(78,071)
Deferred revenues	101,259	(16,653)
Deferred compensation payable	(198,775)	29,107
Net cash (used in) provided by operating activities	<u>(1,965,951)</u>	<u>50,276</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(508,230)	(1,143,314)
Proceeds from sales of investments	1,443,879	2,631,673
Purchases of property and equipment	(19,612)	(39,589)
Net cash provided by investing activities	<u>916,037</u>	<u>1,448,770</u>
<b>Cash flows from financing activities:</b>		
Drawdowns on line of credit	1,400,000	900,000
Repayments of line of credit	(1,400,000)	(900,000)
Principal payments on long-term debt	(284,562)	(277,391)
Net cash used in financing activities	<u>(284,562)</u>	<u>(277,391)</u>
<b>Change in cash</b>	<b>(1,334,476)</b>	<b>1,221,655</b>
Cash - beginning of year	<u>1,710,024</u>	<u>488,369</u>
<b>Cash - end of year</b>	<b>\$ <u>375,548</u></b>	<b>\$ <u>1,710,024</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	<u>\$ 303,030</u>	<u>\$ 303,591</u>
Taxes paid	<u>\$ 8,000</u>	

See accompanying notes to financial statements.

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

## **Notes to Financial Statements June 30, 2019 and 2018**

### **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 has an investment in a mutual fund that is reported at its fair value based on quoted market prices.

The Organization has an investment in an absolute return fund for which market values are not readily obtainable. The fair value of this investment has been estimated based on the respective net asset value ("NAV") per share, as a practical expedient to fair value, as reported by the investment manager.

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.

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. Realized gains and losses on investments are determined by comparison of the cost basis to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investments costs to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned. Investment fees are embedded in various investment transactions.

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. Donated securities are recorded at their estimated fair values on the dates of donation.



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

## **Notes to Financial Statements June 30, 2019 and 2018**

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

#### **[5] 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 useful lives 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 are 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. Long-lived assets were tested for impairment as of June 30, 2019 and 2018, respectively, and, in the opinion of management, there were no impairments. 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.

#### **[6] Software application:**

During fiscal-year 2017, the Organization developed software for use by its volunteers. Software is amortized over three years. In the accompanying financial statements, the software application is presented net of amortization of \$155,277 and \$83,809 for 2019 and 2018, respectively.

#### **[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, 2019 and 2018, the accrued vacation obligation was approximately \$170,000 and \$123,000, respectively, and was included in accounts payable and accrued expenses in the accompanying statements of financial position.

#### **[8] Deferred revenue:**

Amounts received in advance of the Organization's providing a related service are deferred until the service is provided.

#### **[9] 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 effective-interest method. Amortization of bond issuance costs is reported as interest expense in the statements of activities, and amounted to \$27,148 and \$11,448 in fiscal years 2019 and 2018, respectively. (see Note E).

#### **[10] Net assets:**

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

Net assets without donor restrictions represent those resources that are not subject to donor restrictions as to their use, and are available for current operations.

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

## Notes to Financial Statements June 30, 2019 and 2018

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

#### [10] Net assets: (continued)

(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 the passage 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 reported in the statements of activities as "net assets released from restrictions."

#### [11] Revenue recognition:

(i) *Contributions:*

Contributions made to the Organization are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met, and, if received in advance, are recognized in the statements of financial position as funds received in advance. An allowance for uncollectible 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.

(ii) *Government contracts:*

Revenue from government contracts is recognized when costs are incurred or services are performed. Receivables in the financial statements related to these contracts are expected to be fully collected in the subsequent year, and accordingly, no allowance has been established.

(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.

(iv) *Special events:*

During fiscal-years 2019 and 2018, the Organization held various fund-raising events to raise money for its operating costs. A portion of the gross proceeds paid by the attendees of the event represents payment for the direct cost of the benefits received by the attendees at the event. Such special-event income is reported net of the direct costs of the event that are attributable to the benefit that the donors receive referred to as "direct benefit to donors".

#### [12] In-kind services:

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 as support 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 offsetting expenses in the statements of activities. In fiscal year 2019, the Organization received legal services valued at approximately \$56,000, as defined herein.

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

## Notes to Financial Statements June 30, 2019 and 2018

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

#### [12] In-kind services: (continued)

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 2019 and 2018 was 5,131 and 7,947, respectively.

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

The costs of providing the Organization's program and supporting services have been summarized on the nature and functional basis in the statements of functional expenses. 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.

#### [14] Income taxes:

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("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 principles:

- (i) In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expenses categorizations, and (iv) liquidity and the availability of resources. ASU 2016-14 was effective for annual reporting periods beginning after December 15, 2017. Accordingly, the Organization was required to adopt ASU 2016-14 for its fiscal-year ended June 30, 2019, which under U.S. GAAP is a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain other areas were adopted on a prospective basis. The Organization's adoption of ASU 2016-14 had no effect on the Organization's total net assets or its changes in net assets for fiscal-years 2019 and 2018. However, the Organization changed its presentation of its net asset classes and added/expanded certain footnote disclosures.
- (ii) In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modified the disclosure requirements for fair value measurements. The Organization early adopted ASU 2018-13 for its fiscal-year ended June 30, 2019, which under U.S. GAAP is a change in accounting principle requiring retroactive application in the financial statements for all periods presented. The effect of adopting this accounting guidance resulted in the removal or modification of certain fair value measurement disclosures presented in the Organization's financial statements. The adoption of this accounting guidance did not have a material effect on the Organization's financial statements.

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

## Notes to Financial Statements June 30, 2019 and 2018

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

#### [16] Reclassification:

Certain information in the prior-year's financial statement has been reclassified to conform to the current year's presentation.

#### [17] Subsequent events:

The Organization evaluated subsequent events through September 27, 2019, the date on which the financial statements were available to be issued.

### NOTE B - CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$2,592,189 and \$791,502 at June 30, 2019 and 2018, respectively, consisted of amounts due to the Organization. Approximately 8% and 11% of the Organization's contributions receivable were due from the Organization's trustees and officers for fiscal years 2019 and 2018, respectively. All amounts are due within one year and are reported net of an allowance for doubtful accounts of approximately \$35,000 and \$65,000 at June 30, 2019 and 2018, respectively.

### NOTE C - INVESTMENTS

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

	Year Ended June 30,			
	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Mutual fund - multi-asset fund	\$ 6,559,752	\$ 6,775,566	\$ 7,864,935	\$ 7,786,375
Absolute return fund	<u>1,385,739</u>	<u>1,000,000</u>	<u>1,344,642</u>	<u>1,000,000</u>
	<u>\$ 7,945,491</u>	<u>\$ 7,775,566</u>	<u>\$ 9,209,577</u>	<u>\$ 8,786,375</u>

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

	Year Ended June 30,	
	2019	2018
Interest and dividends, net	\$ 488,818	\$ 1,125,245
Net realized and unrealized losses	<u>(328,437)</u>	<u>(429,783)</u>
	<u>\$ 160,381</u>	<u>\$ 695,462</u>

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

## Notes to Financial Statements June 30, 2019 and 2018

### NOTE C - INVESTMENTS (CONTINUED)

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.

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.

The following table summarizes the fair values of the Organization's assets at each fiscal year-end, in accordance with the FASB's ASC Topic 820 valuation levels:

	<b>June 30, 2019</b>			
	<b>Amounts within the Fair- Value Hierarchy</b>		<b>Measured at NAV</b>	<b>Total Investments</b>
	<b>Level 1</b>	<b>Total</b>		
Mutual fund	<b>\$ 6,559,752</b>	<b>\$ 6,559,752</b>		<b>\$ 6,559,752</b>
Absolute return fund			<b>\$ 1,385,739</b>	<b>1,385,739</b>
Total investments	<b><u>\$ 6,559,752</u></b>	<b><u>\$ 6,559,752</u></b>	<b><u>\$ 1,385,739</u></b>	<b><u>\$ 7,945,491</u></b>
	<b>June 30, 2018</b>			
	<b>Amounts within the Fair- Value Hierarchy</b>		<b>Measured at NAV</b>	<b>Total Investments</b>
	<b>Level 1</b>	<b>Total</b>		
Mutual fund	\$7,864,935	\$7,864,935		\$ 7,864,935
Absolute return fund			\$ 1,344,642	1,344,642
Total investments	<b><u>\$7,864,935</u></b>	<b><u>\$7,864,935</u></b>	<b><u>\$ 1,344,642</u></b>	<b><u>\$ 9,209,577</u></b>

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

## Notes to Financial Statements June 30, 2019 and 2018

### NOTE C - INVESTMENTS (CONTINUED)

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

	June 30, 2019			
Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Absolute return fund	<u>\$ 1,385,739</u>	<u>\$ 0</u>	Rolling lock-up. Next window expires December 31, 2019	100 days

### NOTE D - PROPERTY AND EQUIPMENT

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

	June 30,	
	2019	2018
Condominium and improvements	<u>\$ 15,581,184</u>	\$ 15,581,184
Office equipment	<u>472,404</u>	<u>452,792</u>
	<b>16,053,588</b>	16,033,976
Less accumulated depreciation	<u>(2,278,797)</u>	<u>(1,853,625)</u>
	<u><b>\$ 13,774,791</b></u>	<u>\$ 14,180,351</u>

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

#### [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 3.17% and 2.95% at June 30, 2019 and 2018, respectively, and is payable monthly. Interest expense for 2019 and 2018 was \$271,567 and \$269,343, respectively.

Certain covenants exist under the terms of the bond borrowings. As of June 30, 2019 and 2018, the Organization was in compliance with these covenants.

At June 30, 2019 and 2018, the combined outstanding balance of the Series A and B bonds were \$7,683,992 and \$7,941,406, which is net of unamortized bond issuance costs of \$215,154 and \$242,302, respectively.

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

## Notes to Financial Statements June 30, 2019 and 2018

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

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

Principal payments due on the bonds subsequent to June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 291,412
2021	299,646
2022	307,595
2023	316,821
2024	335,852
Thereafter	<u>6,347,820</u>
	<u>\$ 7,899,146</u>

#### [2] Line of Credit:

The Organization has a commercial line of credit with JP Morgan Chase ("Chase") for \$1,500,000, expiring on January 20, 2020. There is a requirement for the Organization to maintain its primary depository accounts with the bank. The interest rate charged is at LIBOR plus 2.600% for 2019 and 2018, which was 5.00% and 4.692% at June 30, 2019 and 2018, respectively. During 2019, there were drawdowns of \$1,400,000, which were fully repaid during the year and interest expense for the year ended June 30, 2019 was \$31,463. During 2018, there were drawdowns of \$900,000, which were fully repaid during the year and interest expense for the year ended June 30, 2018 was \$34,248. As of June 30, 2019 and 2018, there were no outstanding balances.

### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>
Restricted for future periods	<u>\$ 151,000</u>	
Purpose-restricted:		
Lindsay Morehouse Scholarship	522,297	\$ 469,870
Workplace		125,000
Other Program		<u>1,448</u>
Total purpose restrictions	<u>522,297</u>	<u>596,318</u>
Total	<u>\$ 673,297</u>	<u>\$ 596,318</u>

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

## Notes to Financial Statements June 30, 2019 and 2018

### NOTE F - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	June 30,	
	2019	2018
Purpose-restrictions satisfied:		
Lindsay Morehouse Scholarship	\$ 8,000	\$ 13,500
Workplace	125,000	125,000
Other Program	<u>18,871</u>	<u>26,000</u>
	<u>\$ 151,871</u>	<u>\$ 164,500</u>

### NOTE G - EMPLOYEE-BENEFIT PLAN

- [1] 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 2019 and 2018 was \$164,153 and \$178,545, respectively.
- [2] The Organization had established a 457(b) deferred compensation plan for its senior executive. Contributions were made up to the annual limit set by the IRS. At June 30, 2018, the Organization maintained \$198,775 as an asset and a liability of the deferred compensation plan. During fiscal year 2019, the senior executive ended his employment with the Organization, and accordingly the account was closed. There was no deferred compensation expense for the year ended June 30, 2019. The deferred compensation expense for the year ended June 30, 2018 was \$18,500. In addition, during fiscal-year 2018, there were voluntary contributions made to the plan by the senior executive.

### NOTE H - CONCENTRATION OF REVENUE

Approximately 11% of the Organization's public support and revenue was provided by one donor in fiscal-year 2019.

### NOTE I - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts deposited in high-credit-quality financial institutions, the balances of which, from time-to-time, may exceed federal insurance limits. However, management believes that the Organization does not face a significant risk of loss on these accounts due to the failure of these institutions.



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

## Notes to Financial Statements June 30, 2019 and 2018

### NOTE J - COMMITMENTS

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>
2020	\$ 47,386
2021	9,436
2022	5,986
2023	5,986
2024	<u>499</u>
	<u>\$ 69,293</u>

### NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2019 because of donor-imposed restrictions.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses and program support are as follows:

Cash	<b>\$ 375,548</b>
Government contracts receivable	<b>213,735</b>
Contributions receivable, net	<b>2,592,189</b>
Investments	<b><u>7,945,491</u></b>
Total financial assets available within one year	<b><u>11,126,963</u></b>
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with:	
Restrictions by donors with purpose restrictions	<b><u>(522,297)</u></b>
Total financial assets available to meet cash needs for general expenditures within one year	<b><u>\$ 10,604,666</u></b>

#### 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 \$1,500,000 in funds, which are available for general expenditures.