

SOUTH BRONX UNITED, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

SOUTH BRONX UNITED, INC.

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Independent Auditors' Report

To: The Board of Directors of
South Bronx United, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of South Bronx United, Inc. ("SBU"), which comprise of the statements of financial position as of June 30, 2021 and 2020, 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

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.

Auditors' 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 audit 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 auditors' 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 South Bronx United, Inc. as of June 30, 2021 and 2020, 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.



April 25, 2022

SOUTH BRONX UNITED, INC.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 1,180,462	\$ 1,012,621
Pledges receivable	213,127	239,403
Furniture and equipment, net	7,001	12,019
Security deposits	81,083	16,667
Total Assets	\$ 1,481,673	\$ 1,280,710
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 32,062	\$ 15,562
Deferred income	15,645	-
Paycheck protection program loan	168,677	147,525
Total Liabilities	216,384	163,087
Net Assets:		
Without donor restrictions		
Undesignated	708,218	518,816
Board designated	300,000	300,000
	1,008,218	818,816
With donor restrictions	257,071	298,807
Total Net Assets	1,265,289	1,117,623
Total Liabilities and Net Assets	\$ 1,481,673	\$ 1,280,710

The accompanying notes are an integral part of these financial statements.

SOUTH BRONX UNITED, INC.
Statements of Activities
For the years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Support and Revenue:						
Contributions	\$ 925,141	\$ 294,814	\$ 1,219,955	\$ 671,711	\$ 431,144	\$ 1,102,855
Fundraising revenue	167,998	-	167,998	212,352	-	212,352
Program service revenue including government grants	99,028	-	99,028	168,918	-	168,918
Other Income	1,363	-	1,363	1,792	-	1,792
Interest income	4,088	-	4,088	10,293	-	10,293
Support and revenue before release from restrictions	1,197,618	294,814	1,492,432	1,065,066	431,144	1,496,210
Net assets released from restrictions	336,550	(336,550)	-	507,709	(507,709)	-
Total Support and Revenue	1,534,168	(41,736)	1,492,432	1,572,775	(76,565)	1,496,210
Expenses:						
Program services:						
SBU academy	716,512	-	716,512	637,477	-	637,477
Recreational soccer	245,798	-	245,798	185,137	-	185,137
Immigration legal services	72,993	-	72,993	61,467	-	61,467
College success (SBU academy alumni)	77,053	-	77,053	60,850	-	60,850
SBU community schools	8,965	-	8,965	31,318	-	31,318
Global youth league	35,444	-	35,444	29,516	-	29,516
SBU pre-academy	22,944	-	22,944	23,648	-	23,648
Camps and clinics	22,845	-	22,845	20,355	-	20,355
Other	3,890	-	3,890	36,535	-	36,535
	1,206,444	-	1,206,444	1,086,303	-	1,086,303
Supporting services:						
Management and general	132,873	-	132,873	143,840	-	143,840
Fundraising	152,974	-	152,974	175,981	-	175,981
	285,847	-	285,847	319,821	-	319,821
Total Expenses	1,492,291	-	1,492,291	1,406,124	-	1,406,124
Change in Net Assets from operating activities	41,877	(41,736)	141	166,651	(76,565)	90,086
Paycheck Protection Program loan forgiveness	147,525	-	147,525	-	-	-
Change in Net Assets	189,402	(41,736)	147,666			
Net Assets:						
Beginning of year	818,816	298,807	1,117,623	652,165	375,372	1,027,537
End of year	\$ 1,008,218	\$ 257,071	\$ 1,265,289	\$ 818,816	\$ 298,807	\$ 1,117,623

The accompanying notes are an integral part of these financial statements.

SOUTH BRONX UNITED, INC.
Statement of Functional Expenses
For the year ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 710,139	\$ 81,937	\$ 74,032	\$ 866,108
Payroll taxes and related benefits	108,691	10,797	14,244	133,732
Rent or facility expense	42,816	4,414	5,150	52,380
Repairs and maintenance	2,411	-	-	2,411
Utilities	4,150	429	501	5,080
Professional fees	48,069	10,180	6,499	64,748
Insurance	11,628	631	737	12,996
Staff training and development	4,226	37	402	4,665
Supplies and equipment	19,831	640	1,028	21,499
Dues and subscriptions	1,640	-	-	1,640
Contracted services and coaches	115,712	10,950	13,229	139,891
Transportation	8,416	1,304	1,245	10,965
Food	12,373	54	3,010	15,437
Depreciation	10,968	-	-	10,968
Uniforms	36,849	224	4,248	41,321
Athletic participation costs	31,197	-	-	31,197
Youth activities	10,181	-	26	10,207
Website	266	28	593	887
Printing and postage	1,008	1,718	789	3,515
Processing fees	1,868	-	15,028	16,896
Miscellaneous	24,005	9,530	12,213	45,748
Total expenses	\$ 1,206,444	\$ 132,873	\$ 152,974	\$ 1,492,291

The accompanying notes are an integral part of these financial statements.

SOUTH BRONX UNITED, INC.
Statement of Functional Expenses
For the year ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 558,765	\$ 86,873	\$ 68,715	\$ 714,353
Payroll taxes and related benefits	76,126	11,371	12,944	100,441
Rent or facility expense	53,534	4,208	8,546	66,288
Repairs and maintenance	2,981	-	-	2,981
Utilities	7,429	486	678	8,593
Professional fees	47,268	11,956	17,550	76,774
Insurance	10,213	347	484	11,044
Staff training and development	11,019	587	159	11,765
Supplies and equipment	23,144	1,389	2,822	27,355
Equipment leases and rental	1,310	-	2,490	3,800
Dues and subscriptions	620	275	145	1,040
Contracted services	45,945	14,815	16,336	77,096
Transportation	17,844	1,538	1,590	20,972
Food	13,276	704	6,340	20,320
Depreciation	10,664	-	-	10,664
Coaches	85,254	-	-	85,254
Uniforms	53,271	-	13,573	66,844
Athletic participation costs	25,044	-	-	25,044
Youth activities	15,447	-	-	15,447
Website	585	82	112	779
Printing and postage	4,186	767	1,951	6,904
Service contracts	13,329	-	-	13,329
Processing fees	2,226	-	16,427	18,653
Miscellaneous	6,823	8,442	5,119	20,384
Total expenses	\$ 1,086,303	\$ 143,840	\$ 175,981	\$ 1,406,124

The accompanying notes are an integral part of these financial statements.

SOUTH BRONX UNITED, INC.
Statements of Cash Flows
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 147,666	\$ 90,086
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	10,968	10,664
Paycheck Protection Program loan forgiveness	(147,525)	-
Changes in operating assets and liabilities:		
Pledges receivable	26,276	56,877
Security deposits	(64,416)	-
Accounts payable and accrued expenses	16,500	(29,692)
Deferred income	15,645	(21,579)
Net cash provided by operating activities	<u>5,114</u>	<u>106,356</u>
Cash flows from investing activities:		
Purchases of furniture and equipment	(5,950)	(5,610)
Net cash used in investing activities	<u>(5,950)</u>	<u>(5,610)</u>
Cash flows from financing activities:		
Proceeds from paycheck protection program loan	168,677	147,525
Net cash provided by financing activities	<u>168,677</u>	<u>147,525</u>
Net increase in cash and cash equivalents	167,841	248,271
Cash and cash equivalents - Beginning of year	1,012,621	764,350
Cash and cash equivalents - End of year	<u>\$ 1,180,462</u>	<u>\$ 1,012,621</u>

The accompanying notes are an integral part of these financial statements.

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2021 and 2020

1. Organization and Nature of Activities

South Bronx United, Inc. ("SBU") is a not-for-profit corporation formed in January 2009 under the New York State Not-for-Profit Corporation Act. SBU is a Section 501(c) (3) organization exempt from federal income taxes under Section 501 (a) as described in the Internal Revenue Code of 1986.

The mission of SBU is to use soccer as a vehicle for social change. SBU aims to help youth build character, teamwork, and leadership so that they can succeed in high school, college, careers, in their community and beyond. SBU strives to promote educational achievement, health and wellness, and character development through activities on and off the soccer field and to unite a diverse group of individuals and an incredibly diverse community toward common positive goals.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of SBU have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of South Bronx United, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require South Bronx United, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of South Bronx United, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of South Bronx United, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to South Bronx United, Inc.'s ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Cash and cash equivalents include all highly-liquid investments available for use with initial maturity of three months or less.

Furniture and equipment

Furniture and equipment are reported at their costs at the date of acquisition or at their fair values at the date of donation. Depreciation of furniture and equipment is provided using the straight-line method over estimated useful lives from three to seven years.

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Deferred income

Income from the registration fees received in advance is deferred and recognized in the next fiscal year.

Revenue Recognition

SBU recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

SBU recognizes registration fees from various programs when related services are provided. The government grants and contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when SBU has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Donated Property and Equipment

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other expenses have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related fringe benefits	Time and effort
Rent and utilities	Actual or square footage
Coaches	Time and effort
Uniforms	Actual
Athletic participation costs	Actual
Other	Actual, square footage, time and effort or units of service

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses. Actual results may differ from those estimates.

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are expensed as incurred.

Donated Goods and Services:

Donated goods and services are recorded as both revenue and expenses in the accompanying statements of activities at an amount determined by management to be reasonable for acquiring such goods and services. For the year ended June 30, 2021 and 2020, SBU received donated goods and services in the amount of approximately \$55,464 and \$69,002, respectively.

Income Taxes

The Internal Revenue Service has determined that SBU is exempt from federal income tax under Section 501(c)(3) of the Code and is treated as a private operating foundation as described in section 4942(j)(3) of the Code.

Management adopted the applicable provisions of FASB ASC 740 which were included in pre-codification FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." Such provision clarifies the accounting for uncertainty in tax positions and requires SBU to recognize in its financial statements only tax positions determined to be more likely than not of being sustained. In management's opinion, SBU has no uncertain tax positions as of June 30, 2021. SBU is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2018.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

3. Availability and liquidity

The following represents South Bronx United, Inc.'s financial assets at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,180,462	\$ 1,012,621
Pledges receivable	213,127	239,403
Total financial assets	<u>1,393,589</u>	<u>1,252,024</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	257,071	298,807
Board-designated funds for future use	<u>300,000</u>	<u>300,000</u>
	557,071	598,807
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 836,518</u>	<u>\$ 653,217</u>

SBU's goal is generally to maintain financial assets to meet the general operating expenses.

4. Pledges Receivable

Contributions and other gifts promised to SBU as of June 30, 2021 and 2020, but not yet collected as of that date, have been recorded as pledges receivable. The outstanding balances will be collected in the next fiscal year. The amount outstanding at June 30, 2021 and 2020 amounted to \$213,127 and 239,403.

SOUTH BRONX UNITED, INC.
Notes to Financial Statements
June 30, 2021 and 2020

5. Furniture and equipment

Furniture and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture	\$ 829	\$ 829
Equipment	44,406	31,910
Vehicles	11,500	11,500
	<u>56,735</u>	<u>44,239</u>
Less: accumulated depreciation	<u>(49,734)</u>	<u>(32,220)</u>
Furniture and equipment (net)	<u>\$ 7,001</u>	<u>\$ 12,019</u>

6. Net Assets

Net assets with donor restrictions were as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Specific purpose:		
Academy, after school and summer activities	\$ 182,652	\$ 182,652
Scholarships and internships	51,086	32,858
Other	23,333	83,297
	<u>\$ 257,071</u>	<u>\$ 298,807</u>

Net assets without donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 708,218	\$ 518,816
Board designated	300,000	300,000
	<u>\$ 1,008,218</u>	<u>\$ 818,816</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction for purpose restrictions:		
Academy, after school and summer activities	\$ 225,000	\$ 257,832
Immigration	-	85,899
Scholarships and internships	14,086	15,362
Other	97,464	148,616
	<u>\$ 336,550</u>	<u>\$ 507,709</u>

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2021 and 2020

7. Commitment and Contingencies

SBU was obligated under a non-cancelable operating lease for office space expiring in July 2021. Rent expense for the year ended June 30, 2021 and 2020 was \$52,380 and \$66,288. The lease is continuing on a month-to-month basis.

SBU entered into a non-cancelable operating lease for office space expiring in January 2029. SBU will take possession of the space in November 2021 with rent commencing February 2022 with three months of free rent. As of June 30, 2021, minimum future lease payments under the lease agreement are:

<u>June 30,</u>	
2022	\$ -
2023	178,754
2024	198,756
2025	202,731
2026	206,785
thereafter	553,010
	<u>\$ 1,340,036</u>

8. Concentration of Credit Risk

SBU deposits its cash with a major bank in amounts which may occasionally be in marginal excess of federal insurance limits. Management believes that there is no significant risk of loss on these accounts relating to the failure of the banking institution.

9. COVID-19 Pandemic

SBU's operations have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020, was declared a pandemic by the World Health Organization. The ultimate disruption which will be caused by the outbreak is uncertain; and management, at this time, cannot reasonably estimate the amount of impact it will have on SBU's financial position, operations and cash flows. Possible areas that may be affected include, but are not limited to, disruption to SBU's programs.

10. Paycheck Protection Program Loan

In May of 2020, SBU received a first round of loan proceeds in the amount of \$147,525 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (Cares "Act"), provides for loans to qualifying businesses. The loans and accrued interest are forgivable after eight to twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight to twenty-four week period.

In March of 2021 SBU was informed by letter from the Small Business Administration that the entire amount of the first PPP loan was forgiven. In accordance with Subtopic 958-605, SBU has recognized the PPP forgiveness amount as income, which is included in nonoperating activities on the statement of activities.

In February of 2021, SBU received a second round of loan proceeds in the amount of \$168,677 under the PPP. SBU used all of the funds from the second PPP loan for eligible expenses and subsequent to year-end was granted forgiveness by the SBA. See Note 11.

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2021 and 2020

11. Subsequent Events

SBU evaluated subsequent events through April 25, 2022, the date the financial statements were available for issuance.

In December of 2021, SBU was informed by letter from the Small Business Administration that the entire amount of the second PPP loan had been forgiven.