

**SOUTH BRONX UNITED, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**SOUTH BRONX UNITED, INC.**

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**June 30, 2019 and 2018**

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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, 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

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, 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.

### Change in Accounting Principle

As discussed in Note 2 to the financial statements, South Bronx United, Inc. has adopted FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.



March 12, 2020

**SOUTH BRONX UNITED, INC.**  
**Statements of Financial Position**  
**June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 764,350	\$ 559,689
Pledges receivable	296,280	147,895
Furniture and equipment, net	17,073	13,837
Security deposits	16,667	2,351
<b>Total Assets</b>	<b>\$ 1,094,370</b>	<b>\$ 723,772</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 45,254	\$ 21,245
Deferred income	21,579	13,972
<b>Total Liabilities</b>	<b>66,833</b>	<b>35,217</b>
Net Assets:		
Without donor restrictions	652,165	444,931
With donor restrictions	375,372	243,624
<b>Total Net Assets</b>	<b>1,027,537</b>	<b>688,555</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,094,370</b>	<b>\$ 723,772</b>

See independent auditors' report and notes to financial statements.

**SOUTH BRONX UNITED, INC.**  
**Statements of Activities**  
**For the years ended June 30, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
<b>Support and Revenue:</b>						
Contributions	\$ 677,104	\$ 409,982	\$ 1,087,086	\$ 565,250	\$ 245,000	\$ 810,250
Fundraising revenue	169,350	-	169,350	147,481	-	147,481
Program service revenue including government grants	195,767	-	195,767	163,968	-	163,968
Other Income	1,782	-	1,782	1,636	-	1,636
Interest income	8,354	-	8,354	2,790	-	2,790
Support and revenue before release from restrictions	1,052,357	409,982	1,462,339	881,125	245,000	1,126,125
Net assets released from restrictions	278,234	(278,234)	-	213,272	(213,272)	-
<b>Total Support and Revenue</b>	<b>1,330,591</b>	<b>131,748</b>	<b>1,462,339</b>	<b>1,094,397</b>	<b>31,728</b>	<b>1,126,125</b>
<b>Expenses:</b>						
Program services:						
SBU academy	590,451	-	590,451	523,296	-	523,296
Recreational soccer	156,286	-	156,286	106,654	-	106,654
College success (SBU academy alumni)	24,906	-	24,906	19,277	-	19,277
Immigration legal services	27,837	-	27,837	52,423	-	52,423
Select soccer	18,009	-	18,009	23,103	-	23,103
SBU Community Schools	22,516	-	22,516	22,986	-	22,986
Other	32,412	-	32,412	6,486	-	6,486
	872,417	-	872,417	754,225	-	754,225
Supporting services:						
Management and general	103,034	-	103,034	66,042	-	66,042
Fundraising	147,906	-	147,906	88,822	-	88,822
	250,940	-	250,940	154,864	-	154,864
<b>Total Expenses</b>	<b>1,123,357</b>	<b>-</b>	<b>1,123,357</b>	<b>909,089</b>	<b>-</b>	<b>909,089</b>
<b>Change in Net Assets from operating activities</b>	<b>207,234</b>	<b>131,748</b>	<b>338,982</b>	<b>185,308</b>	<b>31,728</b>	<b>217,036</b>
<b>Net Assets:</b>						
Beginning of year	444,931	243,624	688,555	259,623	211,896	471,519
<b>End of year</b>	<b>\$ 652,165</b>	<b>\$ 375,372</b>	<b>\$ 1,027,537</b>	<b>\$ 444,931</b>	<b>\$ 243,624</b>	<b>\$ 688,555</b>

See independent auditors' report and notes to financial statements.

**SOUTH BRONX UNITED, INC.**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2019**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 432,537	\$ 52,963	\$ 67,419	\$ 552,919
Payroll taxes and related benefits	55,875	8,821	8,767	73,463
Rent or facility expense	43,977	2,362	15,930	62,269
Repairs and maintenance	2,203	-	-	2,203
Utilities	5,568	573	652	6,793
Professional fees	10,852	14,400	3,250	28,502
Insurance	9,321	319	393	10,033
Staff training and development	4,065	55	128	4,248
Supplies and equipment	23,150	3,151	1,941	28,242
Equipment rental	1,457	-	6,548	8,005
Dues and subscriptions	815	425	-	1,240
Contracted services	22,100	9,069	8,958	40,127
Transportation	14,985	1,002	1,091	17,078
Food	13,458	1,908	976	16,342
Depreciation	9,913	496	620	11,029
Coaches	75,932	3,188	-	79,120
Uniforms	46,089	859	3,542	50,490
Athletic participation costs	58,750	-	-	58,750
Youth activities	22,646	-	460	23,106
Website	353	1,254	41	1,648
Printing and postage	1,564	1,825	814	4,203
Service contracts	9,000	-	-	9,000
Processing fees	2,984	96	10,896	13,976
Miscellaneous	4,823	268	15,480	20,571
<b>Total expenses</b>	<b>\$ 872,417</b>	<b>\$ 103,034</b>	<b>\$ 147,906</b>	<b>\$ 1,123,357</b>

See independent auditors' report and notes to financial statements.

**SOUTH BRONX UNITED, INC.**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2018**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 377,765	\$ 35,263	\$ 11,262	\$ 424,290
Payroll taxes and related benefits	57,035	4,357	1,619	63,011
Rent or facility expense	40,209	1,574	6,423	48,206
Repairs and maintenance	4,484	244	356	5,084
Utilities	3,742	233	543	4,518
Professional fees	13,289	12,359	790	26,438
Insurance	9,376	454	1,013	10,843
Staff training and development	1,207	73	-	1,280
Supplies and equipment	23,852	136	923	24,911
Equipment leases and rental	4,812	275	1,788	6,875
Dues and subscriptions	4,470	-	-	4,470
Contracted services	13,814	2,743	18,080	34,637
Transportation	12,740	694	1,010	14,444
Food	11,629	1,557	11,198	24,384
Depreciation	4,410	266	637	5,313
Coaches	63,183	2,880	-	66,063
Uniforms	31,693	-	3,139	34,832
Athletic participation costs	44,718	-	-	44,718
Youth activities	16,258	-	-	16,258
Website	2,233	139	324	2,696
Printing and postage	1,114	1,920	1,830	4,864
Service contracts	6,955	715	-	7,670
Processing fees	1,811	140	9,286	11,237
Miscellaneous	3,426	20	18,601	22,047
<b>Total expenses</b>	<b>\$ 754,225</b>	<b>\$ 66,042</b>	<b>\$ 88,822</b>	<b>\$ 909,089</b>

See independent auditors' report and notes to financial statements.

**SOUTH BRONX UNITED, INC.**  
**Statements of Cash Flows**  
**For the years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 338,982	\$ 217,036
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	11,029	5,313
Changes in operating assets and liabilities:		
Pledges receivable	(148,385)	62,814
Security deposits	(14,316)	305
Accounts payable and accrued expenses	24,009	(2,761)
Deferred income	7,607	(11,681)
Net cash provided by operating activities	<u>218,926</u>	<u>271,026</u>
<b>Cash flows from investing activities:</b>		
Purchases of furniture and equipment	<u>(14,265)</u>	<u>(6,063)</u>
Net cash used in investing activities	<u>(14,265)</u>	<u>(6,063)</u>
Net increase in cash and cash equivalents	204,661	264,963
Cash and cash equivalents - Beginning of year	<u>559,689</u>	<u>294,726</u>
<b>Cash and cash equivalents - End of year</b>	<u><u>\$ 764,350</u></u>	<u><u>\$ 559,689</u></u>

See independent auditors' report and notes to financial statements.



# **SOUTH BRONX UNITED, INC.**

## **Notes to Financial Statements**

**June 30, 2019 and 2018**

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### **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.

See independent auditors' report.

**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**

Contributions, including unconditional promises to give to SBU, are recognized as the performance conditions of such grants are fulfilled. Pledges and other receivables not expected to be collected within a year are reported at their discounted present values.

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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:

Expense	Method of Allocation
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.

**Advertising Costs**

Advertising costs are expensed as incurred.

## SOUTH BRONX UNITED, INC.

### Notes to Financial Statements

June 30, 2019 and 2018

## 2. Summary of Significant Accounting Policies (Continued)

### 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, 2019 and 2018, SBU received donated goods and services in the amount of approximately \$65,053 and \$63,113, 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, 2019. SBU is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2016.

### New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. South Bronx United, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

### 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 764,350	\$ 559,689
Pledges receivable	296,280	147,895
Total financial assets	<u>1,060,630</u>	<u>707,584</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	375,372	243,624
Board-designated funds for future use (Note 9)	300,000	-
	<u>675,372</u>	<u>243,624</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 385,258</u>	<u>\$ 463,960</u>

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

See independent auditors' report.

**SOUTH BRONX UNITED, INC.****Notes to Financial Statements****June 30, 2019 and 2018****4. Pledges Receivable**

Contributions and other gifts promised to SBU as of June 30, 2019 and 2018, 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, 2019 and 2018 amounted to \$296,280 and 147,895.

**5. Furniture and equipment**

Furniture and equipment at June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Furniture	\$ 829	\$ 829
Equipment	31,670	18,370
Vehicles	11,500	11,500
	<u>43,999</u>	<u>30,699</u>
Less: accumulated depreciation	<u>(26,926)</u>	<u>(16,862)</u>
Furniture and equipment (net)	<u>\$ 17,073</u>	<u>\$ 13,837</u>

**6. Net Assets**

Net assets with donor restrictions were as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
<b>Specific purpose:</b>		
Academy, after school and summer activities	\$ 240,483	\$ 187,764
Immigration	85,899	-
Scholarships and internships	19,075	9,610
Other	29,915	46,250
	<u>\$ 375,372</u>	<u>\$ 243,624</u>

Net assets without donor restrictions for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Undesignated	<u>\$ 652,165</u>	<u>\$ 444,931</u>

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

	<u>2019</u>	<u>2018</u>
<b>Satisfaction for purpose restrictions:</b>		
Academy, after school and summer activities	\$ 134,963	\$ 133,464
Immigration	34,101	-
Scholarships and internships	18,300	5,797
Other	90,870	74,011
	<u>\$ 278,234</u>	<u>\$ 213,272</u>

See independent auditors' report.

**SOUTH BRONX UNITED, INC.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

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**7. Commitment and Contingencies**

SBU is obligated under a non-cancelable operating lease for office space expiring in July 2020. As of June 30, 2019, minimum future lease payments under the lease agreement are:

<u>June 30,</u>	
2020	<u>\$ 50,004</u>

Rent expense for the year ended June 30, 2019 and 2018 was \$62,269 and \$48,206.

**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. Subsequent Events**

SBU evaluated subsequent events through March 12, 2020, the date the financial statements were available for issuance.

On January 15, 2020, the Board designated \$300,000 of net assets without donor restrictions to be held for future capital projects and operating reserves. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through a board resolution.