

**SOUTH BRONX UNITED, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**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, 2020 and 2019, 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, 2020 and 2019, 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 9, 2021

**SOUTH BRONX UNITED, INC.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,012,621	\$ 764,350
Pledges receivable	239,403	296,280
Furniture and equipment, net	12,019	17,073
Security deposits	16,667	16,667
<b>Total Assets</b>	<b>\$ 1,280,710</b>	<b>\$ 1,094,370</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 15,562	\$ 45,254
Deferred income	-	21,579
Paycheck protection program loan	147,525	-
<b>Total Liabilities</b>	<b>163,087</b>	<b>66,833</b>
Net Assets:		
Without donor restrictions		
Undesignated	518,816	652,165
Board designated	300,000	-
	818,816	652,165
With donor restrictions	298,807	375,372
<b>Total Net Assets</b>	<b>1,117,623</b>	<b>1,027,537</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,280,710</b>	<b>\$ 1,094,370</b>

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

**SOUTH BRONX UNITED, INC.**  
**Statements of Activities**  
**For the years ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
<b>Support and Revenue:</b>						
Contributions	\$ 671,711	\$ 431,144	\$ 1,102,855	\$ 677,104	\$ 409,982	\$ 1,087,086
Fundraising revenue	212,352	-	212,352	169,350	-	169,350
Program service revenue including government grants	168,918	-	168,918	195,767	-	195,767
Other Income	1,792	-	1,792	1,782	-	1,782
Interest income	10,293	-	10,293	8,354	-	8,354
Support and revenue before release from restrictions	1,065,066	431,144	1,496,210	1,052,357	409,982	1,462,339
Net assets released from restrictions	507,709	(507,709)	-	278,234	(278,234)	-
<b>Total Support and Revenue</b>	<b>1,572,775</b>	<b>(76,565)</b>	<b>1,496,210</b>	<b>1,330,591</b>	<b>131,748</b>	<b>1,462,339</b>
<b>Expenses:</b>						
Program services:						
SBU academy	637,477	-	637,477	590,451	-	590,451
Recreational soccer	185,137	-	185,137	156,286	-	156,286
Immigration legal services	61,467	-	61,467	27,837	-	27,837
College success (SBU academy alumni)	60,850	-	60,850	24,906	-	24,906
SBU community schools	31,318	-	31,318	22,516	-	22,516
Global youth league	29,516	-	29,516	19,389	-	19,389
SBU pre-academy	23,648	-	23,648	-	-	-
Camps and clinics	20,355	-	20,355	168	-	168
Other	36,535	-	36,535	30,864	-	30,864
	1,086,303	-	1,086,303	872,417	-	872,417
Supporting services:						
Management and general	143,840	-	143,840	103,034	-	103,034
Fundraising	175,981	-	175,981	147,906	-	147,906
	319,821	-	319,821	250,940	-	250,940
<b>Total Expenses</b>	<b>1,406,124</b>	<b>-</b>	<b>1,406,124</b>	<b>1,123,357</b>	<b>-</b>	<b>1,123,357</b>
<b>Change in Net Assets from operating activities</b>	<b>166,651</b>	<b>(76,565)</b>	<b>90,086</b>	<b>207,234</b>	<b>131,748</b>	<b>338,982</b>
<b>Net Assets:</b>						
Beginning of year	652,165	375,372	1,027,537	444,931	243,624	688,555
<b>End of year</b>	<b>\$ 818,816</b>	<b>\$ 298,807</b>	<b>\$ 1,117,623</b>	<b>\$ 652,165</b>	<b>\$ 375,372</b>	<b>\$ 1,027,537</b>

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**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
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 rental	1,310	-	2,490	3,800
Dues and subscriptions	620	275	145	1,040
Contracted services and coaches	131,199	14,815	16,336	162,350
Transportation	17,844	1,538	1,590	20,972
Food	13,276	704	6,340	20,320
Depreciation	10,664	-	-	10,664
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
<b>Total expenses</b>	<b>\$ 1,086,303</b>	<b>\$ 143,840</b>	<b>\$ 175,981</b>	<b>\$ 1,406,124</b>

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, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
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 leases and 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>

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, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 90,086	\$ 338,982
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	10,664	11,029
Changes in operating assets and liabilities:		
Pledges receivable	56,877	(148,385)
Security deposits	-	(14,316)
Accounts payable and accrued expenses	(29,692)	24,009
Deferred income	(21,579)	7,607
Net cash provided by operating activities	106,356	218,926
<b>Cash flows from investing activities:</b>		
Purchases of furniture and equipment	(5,610)	(14,265)
Net cash used in investing activities	(5,610)	(14,265)
<b>Cash flows from financing activities:</b>		
Proceeds from paycheck protection program loan	147,525	-
Net cash provided by financing activities	147,525	-
Net increase in cash and cash equivalents	248,271	204,661
Cash and cash equivalents - Beginning of year	764,350	559,689
<b>Cash and cash equivalents - End of year</b>	<b>\$ 1,012,621</b>	<b>\$ 764,350</b>

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



# **SOUTH BRONX UNITED, INC.**

## **Notes to Financial Statements**

**June 30, 2020 and 2019**

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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.

**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.

**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, 2020 and 2019, SBU received donated goods and services in the amount of approximately \$69,002 and \$65,053, 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, 2020. SBU is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2017.

**New Accounting Pronouncement**

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), *Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The guidance under the ASU did not have a significant impact on the Organization's financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance clarifies the definition of an exchange transaction and the criteria for evaluating whether contributions are unconditional or conditional. ASU 2018-08 was applied on a modified prospective basis to agreements that were not completed at July 1, 2019, or that were entered into after that date. The guidance under the ASU did not have a significant impact on the Organization's financial statements.

**Reclassifications**

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

**SOUTH BRONX UNITED, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

**3. Availability and liquidity**

The following represents South Bronx United, Inc.'s financial assets at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,012,621	\$ 764,350
Pledges receivable	239,403	296,280
Total financial assets	<u>1,252,024</u>	<u>1,060,630</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	298,807	375,372
Board-designated funds for future use	300,000	300,000
	<u>598,807</u>	<u>675,372</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 653,217</u>	<u>\$ 385,258</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, 2020 and 2019, 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, 2020 and 2019 amounted to \$239,403 and 296,280.

**5. Furniture and equipment**

Furniture and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture	\$ 829	\$ 829
Equipment	31,910	31,670
Vehicles	11,500	11,500
	<u>44,239</u>	<u>43,999</u>
Less: accumulated depreciation	<u>(32,220)</u>	<u>(26,926)</u>
Furniture and equipment (net)	<u>\$ 12,019</u>	<u>\$ 17,073</u>

**6. Net Assets**

Net assets with donor restrictions were as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<b>Specific purpose:</b>		
Academy, after school and summer activities	\$ 182,652	\$ 240,483
Immigration	-	85,899
Scholarships and internships	32,858	19,075
Other	83,297	29,915
	<u>\$ 298,807</u>	<u>\$ 375,372</u>

**SOUTH BRONX UNITED, INC.**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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**6. Net Assets (Continued)**

Net assets without donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 518,815	\$ 652,165
Board designated	300,000	-
	<u>\$ 818,815</u>	<u>\$ 652,165</u>

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

	<u>2020</u>	<u>2019</u>
<b>Satisfaction for purpose restrictions:</b>		
Academy, after school and summer activities	\$ 257,832	\$ 134,963
Immigration	85,899	34,101
Scholarships and internships	15,362	18,300
Other	148,616	90,870
	<u>\$ 507,709</u>	<u>\$ 278,234</u>

**7. Commitment and Contingencies**

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

<u>June 30,</u>	
2021	<u>\$ 50,004</u>

Rent expense for the year ended June 30, 2020 and 2019 was \$66,288 and \$62,269.

**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 will be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020, has been 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.

## **SOUTH BRONX UNITED, INC.**

### **Notes to Financial Statements**

**June 30, 2020 and 2019**

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#### **10. Paycheck Protection Program Loan**

In May of 2020, SBU received 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.

The unforgiven portion of the PPP loan is to be paid over two years at an interest rate of 1%, with a deferral of payments for the first six months. SBU intends to use the fund proceeds consistent with the PPP. While SBU currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, in whole or in part, the final determination is granted by the Small Business Administration.

#### **11. Subsequent Events**

SBU evaluated subsequent events through April 9, 2021, the date the financial statements were available for issuance.

In February of 2021, SBU received loan proceeds in the amount of \$168,677 under the second round of Paycheck Protection Program (“PPP”).