

THE BROTHERHOOD/SISTER SOL, INC.

**INDEPENDENT AUDITOR'S REPORT
ON
FINANCIAL STATEMENTS**

AS OF AUGUST 31, 2019

AND

FOR THE YEAR THEN ENDED

THE BROTHERHOOD/SISTER SOL, INC.

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Brotherhood/Sister Sol, Inc.
New York, New York

We have audited the accompanying financial statements of The Brotherhood/Sister Sol, Inc., which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 The Brotherhood/Sister Sol, Inc. as of August 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information contained on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Wenjie Lam & Co., P.C.

New York, New York
February 12, 2020

**THE BROTHERHOOD/SISTER SOL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2019**

ASSETS

Current Assets

Cash	\$ 2,197,924
Accounts receivable	17,994
Pledges, grants and contributions receivable - Notes 2 and 4	1,079,500
Due from governmental agencies - Note 8	151,861
Prepaid expenses	134,194
Inventories, at lower of cost or market	<u>28,026</u>
Total Current Assets	3,609,499

Non-Current Assets

Pledges and grants receivable - Notes 2 and 4	264,741
Construction in progress - Note 12	1,887,389
Fixed assets, at cost, net of accumulated depreciation and amortization of \$122,505 - Notes 2 and 5	1,503,685
Security deposits	<u>39,350</u>
Total Assets	<u>\$ 7,304,664</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities

Loans payable - Note 7	\$ 2,254,165
Accounts and accrued expenses payable	246,299
Agency funds payable - Note 6	251
Advance from governmental agency - Note 8	3,162
Deferred event revenue	<u>3,303</u>
Total Current Liabilities	2,507,180

Non-Current Liability

Deferred rent payable - Note 10	<u>14,216</u>
Total Liabilities	<u>2,521,396</u>

NET ASSETS

Without donor restrictions	1,252,751
With donor restrictions - Note 12	<u>3,530,517</u>
Total Net Assets	<u>4,783,268</u>

Total Liabilities and Net Assets	<u>\$ 7,304,664</u>
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See accompanying notes to financial statements.

THE BROTHERHOOD/SISTER SOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Operating Activities			
Support and Revenue			
Grants, contributions and fees from:			
Foundations and trusts	\$ 324,706	\$ 1,902,604	\$ 2,227,310
Individuals	301,750	314,830	616,580
Corporations	24,682	120,000	144,682
Governmental agencies	94,361	100,000	194,361
Direct mail	89,550		89,550
Special events, net of direct event expenses of \$281,554 - Notes 2 and 9	1,201,153		1,201,153
Program fees	61,875		61,875
In-kind contribution - Notes 2 and 9	328,246		328,246
Merchandise sales	4,789		4,789
Other income	<u>6,181</u>		<u>6,181</u>
Total Operating Support and Revenue	2,437,293	2,437,434	4,874,727
Net assets released from restrictions - Note 11:			
Satisfaction of purpose restrictions	3,290,707	(3,290,707)	-
Satisfaction of time restrictions	<u>460,000</u>	<u>(460,000)</u>	<u>-</u>
Total Operating Support and Revenue	<u>6,188,000</u>	<u>(1,313,273)</u>	<u>4,874,727</u>
Expenses			
Program Services	4,564,813		4,564,813
Administrative and general	571,431		571,431
Fund raising	<u>639,155</u>		<u>639,155</u>
Total Expenses	<u>5,775,399</u>		<u>5,775,399</u>
Change in Net Assets from Operating Activities	<u>412,601</u>	<u>(1,313,273)</u>	<u>(900,672)</u>
Non-Operating Activities			
Interest income	8,827		8,827
Loan interest expenses	<u>(106,578)</u>		<u>(106,578)</u>
Change in Net Assets from Non-Operating Activities	<u>(97,751)</u>		<u>(97,751)</u>
Change in Net Assets	314,850	(1,313,273)	(998,423)
Net Assets as of August 31, 2018	<u>937,901</u>	<u>4,843,790</u>	<u>5,781,691</u>
Net Assets as of August 31, 2019	<u><u>\$ 1,252,751</u></u>	<u><u>\$ 3,530,517</u></u>	<u><u>\$ 4,783,268</u></u>

See accompanying notes to financial statements.

**THE BROTHERHOOD/SISTER SOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019**

	Program Services	Supporting Services		Total Program and Supporting Services
		Administrative and General	Fund Raising	
Salaries	\$ 2,091,359	\$ 277,681	\$ 341,538	\$ 2,710,578
Payroll taxes and employee benefits	536,071	71,177	87,545	694,793
Total Payroll and related expenses	2,627,430	348,858	429,083	3,405,371
Occupancy and space rental	216,853	27,972	1,492	246,317
Printing and publications	2,765	2,489	5,279	10,533
Equipment rental, repairs and maintenance	16,421	2,180	2,682	21,283
Telephone and communications	8,649	4,850	16,831	30,330
Meetings and conferences	11,127	1,229	1,480	13,836
Professional and consultant fees (including donated legal services of \$328,246 - Note 9)	535,593	70,937	102,363	708,893
Supplies and office expenses	55,797	28,375	577	84,749
Travel and transportation	113,493	3,053	1,549	118,095
Postage and mailing	4,640	1,782	897	7,319
Fees, dues and subscriptions	1,722	4,390	1,499	7,611
Insurance	42,385	3,408	1,127	46,920
Marketing and promotion	9,903	1,681	3,934	15,518
Other program expenses	448,018	16,073	2,375	466,466
Honorarium and youth stipends	89,574	100		89,674
Event expenses			10,423	10,423
Staff development	4,935	1,205	65	6,205
Credit card processing fees, bank fees and other charges	22,383	6,101		28,484
Miscellaneous	1,041			1,041
Total Expenses before depreciation and amortization	4,212,729	524,683	581,656	5,319,068
Depreciation and amortization	352,084	46,748	57,499	456,331
Total Expenses	\$ 4,564,813	\$ 571,431	\$ 639,155	\$ 5,775,399

See accompanying notes to financial statements.

**THE BROTHERHOOD/SISTER SOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019**

Cash Flows from Operating Activities

Change in Net Assets	(\$ 998,423)
Adjustments to reconcile change in Net Assets to net cash used in operating activities	
Depreciation and amortization	114,864
Disposal of building	341,467
Changes in assets and liabilities:	
Decrease in accounts receivable	16,630
Decrease in pledges, grants and contributions receivable	1,183,352
Increase in grants and contributions for capital campaign	(1,388,662)
Increase in due from governmental agencies	(41,861)
Increase in prepaid expenses	(50,031)
Increase in inventories	(7,995)
Increase in security deposits	(1,020)
Increase in accounts and accrued expenses payable	50,015
Increase in advance from governmental agency	3,162
Increase in deferred event revenue	3,303
Increase in deferred rent payable	<u>6,898</u>
Net Cash Used in Operating Activities	(768,301)

Cash Flows from Investing Activities

Acquisition of fixed assets	(5,000)
Increase in construction in progress	<u>(1,071,685)</u>
Net Cash Used in Investing Activities	(1,076,685)

Cash Flows from Financing Activities

Grants and contributions for capital campaign	1,388,662
Repayment of loans	<u>(37,630)</u>
Net Cash Provided by Financing Activities	<u>1,351,032</u>

Net Decrease in Cash (493,954)

Cash balance as of August 31, 2018 2,691,878

Cash balance as of August 31, 2019 \$ 2,197,924

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest \$ 80,781

See accompanying notes to financial statements.

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 1 ORGANIZATION

The Brotherhood/Sister Sol, Inc. (“Bro/Sis”) is a unique youth development organization recognized for providing an innovative and highly successful model of comprehensive, holistic and long-term support services to youth who range in age from eight to twenty-two. Bro/Sis offers wrap around evidence-based programming.

Bro/Sis focuses on issues such as leadership development and educational achievement, sexual responsibility, sexism and misogyny, political education and social justice, Pan-African and Latino history, and global awareness.

Bro/Sis is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and similar provisions of the State Code. Contributions to Bro/Sis are tax deductible to donors under Section 170 of the IRC. Bro/Sis is not classified as a private foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bro/Sis prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit entities. The significant accounting and reporting policies used by Bro/Sis are described below to enhance the usefulness and understandability of the financial statements.

- a) The accompanying financial statements have been prepared using the accrual basis of accounting.
- b) Grants and contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received.

(Continue)

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unconditional promises to give that are expected to be collected in less than one year are reflected as current promises to give and are reported at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are reflected as long-term promises to give and are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectibility of individual promises.

- c) Cash consists of cash held in checking and money market accounts and cash on hand. At year end and throughout the year, Bro/Sis' cash balances were deposited in several high quality financial institutions which, at times, may exceed the current insured amount under Federal Deposit Insurance Corporation ("FDIC") protection. Bro/Sis has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.
- d) Inventories are stated at the lower of cost, determined by the LIFO method, or market.
- e) Bro/Sis capitalized all significant expenditures for fixed assets. These assets are recorded at cost. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 39 years. Leasehold improvements are amortized over their estimated lives or the remaining term of the lease, whichever is shorter.
- f) The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

(Continue)

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

- g) Program fees are recognized as operating income in the period in which they are earned. Program fees received in advance are recorded as deferred revenue.
- h) Donated goods and services are reflected in the statement of activities at their fair values. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.
- i) The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, Bro/Sis' management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Bro/Sis' management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.
- j) Bro/Sis adopted *Financial Accounting Standards Board* ("FASB") guidance on uncertain income tax positions in its financial statements. Bro/Sis recognizes the effect of tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes.
- k) Bro/Sis implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:
 - The temporarily restricted and permanently restricted net assets classes have been combined into a single net assets class called net assets with donor restrictions.

(Continue)

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 3).

The changes have the following effect on net assets at September 1, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>Reclassifications</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 937,901	(\$ 937,901)	\$ -
Temporarily restricted net assets	4,843,790	(4,843,790)	-
Net assets without donor restrictions		937,901	937,901
Net assets with donor restrictions		<u>4,843,790</u>	<u>4,843,790</u>
 Total Net Assets	 <u>\$ 5,781,691</u>	 <u>\$ -</u>	 <u>\$ 5,781,691</u>

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2019 are:

Financial Assets:	
Cash	\$ 2,197,924
Accounts receivable	17,994
Pledges, grants and contributions receivable	1,344,241
Due from governmental agencies	<u>151,861</u>
Total Financial Assets	3,712,020
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(3,115,775)
Less financial assets not available within one year:	
Pledges and grants receivable (Note 4)	(<u>264,741</u>)
Amount available for general Expenditures within one year	<u>\$ 331,504</u>

As part of the liquidity management plan, Bro/Sis invests cash in excess of daily requirements in interest-bearing checking accounts.

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 4 PROMISES TO GIVE

Unconditional promises to give as of August 31, 2019 are as follows:

Receivable in less than one year		\$ 1,079,500
Receivable in one to five years		<u>290,000</u>
Total unconditional promises to give		1,369,500
Less: net present value discount		(<u>25,259</u>)
Net unconditional promises to give		<u>\$ 1,344,241</u>
Current		\$ 1,079,500
Non-current		<u>264,741</u>
Net unconditional promises to give		<u>\$ 1,344,241</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 5.25%.

NOTE 5 FIXED ASSETS

As of August 31, 2019, the costs of the assets and the related accumulated depreciation and amortization were as follows:

Land		\$ 1,246,883
Furniture and equipment		49,976
Leasehold improvements		<u>329,331</u>
		1,626,190
Less: accumulated depreciation and amortization		(<u>122,505</u>)
Net		<u>\$ 1,503,685</u>

Fully depreciated furniture and equipment of \$3,375 was written off during the year. The book value of the building of \$341,467 was disposed of during the fiscal year.

NOTE 6 AGENCY FUNDS PAYABLE

Bro/Sis is the fiscal sponsor of Bro/Sis Brazil. The net assets for this sponsored project as of August 31, 2019 is reflected in the accompanying financial statements as agency funds payable.

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 7 LOANS PAYABLE / RELATED PARTY TRANSACTION

On November 3, 2016, Bro/Sis obtained a \$1,350,000 term loan from the Nonprofit Finance Fund to refinance the indebtedness secured by a mortgage on the property located at 512 West 143rd Street and 514 West 143rd Street. The agreement provides for, among other matters, an annual interest rate of 6.25% payable in equal monthly payments for interest and principal over twenty (20) years with balance of principal due on December 1, 2018. The maturity date has been extended to August 31, 2020. The loan is collateralized by the fixed assets of the organization. As of August 31, 2019, the outstanding balance was \$1,254,165.

In addition, Bro/Sis received an unsecured term loan of \$1,000,000 from a company in which a Board member held ownership. The agreement provides for, among other matters, an annual interest rate of 2.60% with principal and unpaid interest due on June 30, 2020. As of August 31, 2019, the outstanding balance was \$1,000,000.

NOTE 8 ADVANCE AND DUE FROM GOVERNMENTAL AGENCIES

Under the terms of certain government contracts, any fund unexpended is reported as advance from governmental agencies and any excess of expenditures over funds received is reported as due from governmental agencies. The balances as of August 31, 2019 are as follows:

	<u>Due from Governmental Agencies</u>	<u>Advance from Governmental Agency</u>
Manhattan Borough President	\$ 100,000	
New York City Department of Youth and Community Development	48,281	
New York State Department of Health	<u>3,580</u>	\$ <u>3,162</u>
Total	<u>\$ 151,861</u>	<u>\$ 3,162</u>

NOTE 9 NON-CASH CONTRIBUTIONS

In-kind contributions received during the year consist of donated legal services of \$328,246. Bro/Sis also received donated auction items of \$67,400 for their special events. Sold items of \$59,600 were recorded in direct event expenses. The unsold items of \$7,800 were recorded in inventories.

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 10 COMMITMENT

In December 2017, Bro/Sis entered into a lease agreement for its transitional housing space under an operating lease expiring on December 31, 2021 with the rent commencement date of January 1, 2018. The future minimum lease payments, exclusive of certain escalation costs, are as follows:

<u>Year Ending August 31</u>	
2020	\$ 215,723
2021	224,352
2022	<u>75,755</u>
Total	<u>\$ 515,830</u>

For financial statement purposes, total rent expenses are accounted for on a straight-line basis. Accordingly, the accompanying statement of financial position reflects the liability for deferred rent for the excess of the rent expense charged under generally accepted accounting principles over the rent paid pursuant to the lease term. As of August 31, 2019, the amount of deferred rent payable was \$14,216.

NOTE 11 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions during the year ended August 31, 2019 were as follows:

Satisfaction of purpose restrictions:	
Capital Campaign	\$ 1,304,994
College Advisory Program	12,500
Decarceral Education Project	20,000
Environmental Education Program	30,000
Liberation Program	100,213
Programmatic Support	825,000
Public Relations	12,000
Rites of Passage	856,000
Summer Day Camp Program	80,000
Summer Leadership Program	<u>50,000</u>
	3,290,707
Satisfaction of time restrictions:	
General Support designated for 2019	<u>460,000</u>
Total	<u>\$ 3,750,707</u>

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2019, net assets with donor restrictions are available for the following:

Purpose restrictions, available for spending:	
Capital Campaign	\$ 2,452,440
Programmatic Support	478,077
Rites of Passage	<u>450,000</u>
 Total purpose-restricted net assets	 3,380,517
Time restrictions:	
Time restricted support, which are unavailable for spending until the time stipulated by donors	<u>150,000</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 3,530,517</u>

NOTE 13 CAPITAL PROJECT

In 2016, Bro/Sis started a campaign for the construction of the State-of-the-Art educational space and out-of-school-time facility (the “Capital Project”) for young people. The estimated costs for the Capital Project is \$17 million dollars.

Sine 2016, Bro/Sis has received the following conditional promises to give totaling \$10,602,000 from the City and State of New York for the Capital Project acting by and through New York City Economic Development Corporation (“EDC”) and the Dormitory Authority of the State of New York that are contingent upon the successful execution of the contracts.

EDC will oversee funding committed by the City and State of New York and will pay capital project expenses on an reimbursement basis.

New York Council Speaker Melissa Mark-Viverito	\$ 5,152,000
New York Council Member Mark Levine	1,750,000
Manhattan District Attorney Cyrus Vance	2,200,000
Manhattan Borough President Gale Brewer	350,000
New York State Assemblyman Keith Wright	500,000
New York State Assemblyman Denny Farrell	500,000
New York State Assemblyman Robert Rodriquez	<u>150,000</u>
 Total Conditional Promises to Give	 <u>\$ 10,602,000</u>

(Continue)

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 13 CAPITAL PROJECT - (Continued)

As of August 31, 2019, Bro/Sis has received \$5,222,288 in capital campaign contributions and incurred \$2,769,848 in capital project related expenses. Of which, \$1,887,389 was architecture, engineering, surveying and construction related fees. This amount is recorded as construction in progress in the statement of financial position and will be depreciated over the useful life of the building upon completion.

NOTE 14 PENSION PLAN

Effective November 1, 2018, Bro/Sis adopted a defined contribution pension plan that covers all employees who have completed six months of service. Contribution to the plan is based on three (3) percent of employees' salaries. Pension expenses for the year included contributions for the year ended August 31, 2019 of \$43,013.

NOTE 15 CONTINGENCIES

Bro/Sis receives State and City contracts and contracts with other organizations for its youth programs. These contracts may be subject to financial and compliance audit by the funding agencies. The amount of expenditures, if any, that may be disallowed by the funding agencies cannot be determined at this time. Hence, no provision for such disallowance has been reflected in the financial statements.

NOTE 16 FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing Bro/Sis' services have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied.

Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fund raising costs are expensed as incurred, even though they may result in contributions received in future years.

THE BROTHERHOOD/SISTER SOL, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019

NOTE 17 SUBSEQUENT EVENTS

Bro/Sis evaluated subsequent events through February 12, 2020, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

**THE BROTHERHOOD/SISTER SOL, INC.
STATEMENT OF ACTIVITIES OF AFFILIATE PROJECT
BRO/SIS BRAZIL
FOR THE YEAR ENDED AUGUST 31, 2019**

<u>Support and Revenue</u>	
Individual donation	\$ 3,000
<u>Expenses</u>	
Program supplies	<u>3,000</u>
Change in Net Assets	-
Net Assets as of August 31, 2018	<u>251</u>
Net Assets as of August 31, 2019	<u><u>\$ 251</u></u>

See notes in the preceding section of this schedule.