THE BROTHERHOOD SISTER SOL, INC.

INDEPENDENT AUDITOR'S REPORT
ON
FINANCIAL STATEMENTS

AS OF AUGUST 31, 2023

AND

FOR THE YEAR THEN ENDED

(WITH COMPARATIVE TOTALS FOR 2022)

Winnie Tam & Co., P.C.

THE BROTHERHOOD SISTER SOL, INC.

-CONTENTS-

Winnie Tam & Co., P.C.

Certified Public Accountants

50 Broad Street, Suite 1002
New York, New York 10004
Tel: (212) 785-4600
Fax: (212) 785-4601

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The Brotherhood Sister Sol, Inc., which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Brotherhood Sister Sol, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Brotherhood Sister Sol, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform auditing procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Brotherhood Sister Sol, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Brotherhood Sister Sol, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited The Brotherhood Sister Sol, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Winice Lane & Co., P.C.

New York, New York
January 23, 2024

THE BROTHERHOOD SISTER SOL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
ASSETS		
Current Assets		
Cash - Note 2	$ 890,762	$ 1,300,247
Accounts receivable	23,338	11,405
Grants and contributions receivable - Notes 2 and 4	942,500	646,250
Due from governmental agencies - Note 2	895,648	800,638
Prepaid expenses	180,800	157,009
Inventories, at lower of cost or market	11,072	20,372
Total Current Assets	2,944,120	2,935,921
Non-Current Assets		
Grants and contributions receivable - Notes 2 and 4	272,888	202,360
Property and equipment, at cost, net of accumulated depreciation and amortization of $1,849,325 and $650,290 in 2023 and 2022, respectively - Notes 2 and 5	22,747,996	23,282,839
Collections of art work - Note 2	338,400	331,400
Right-of-use lease assets - Operating lease, net of accumulated amortization of $1,149,116 - Note 8	477,926	-
Security deposits	42,630	42,630
Total Assets	$ 26,823,960	$ 26,795,150
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Loans payable - Notes 2 and 6	$ 1,719,432	$ 1,311,612
Accounts and accrued expenses payable	301,328	384,326
Construction costs payable	-	658,851
Current portion of lease obligations - Operating lease - Note 8	201,207	-
Total Current Liabilities	2,221,967	2,354,789
Non-Current Liabilities		
Deferred rent payable	-	4,159
Long-term lease obligations - Operating lease - Note 8	280,254	-
Loans payable - Notes 2 and 6	1,913,166	2,632,582
Total Liabilities	4,415,387	4,991,530
NET ASSETS		
Net Assets		
Without donor restrictions:		
Undesignated	(1,500,311)	(2,159,079)
Fixed assets, net	22,747,996	23,282,839
Total without donor restrictions	21,247,685	21,123,760
With donor restrictions - Note 10	1,160,888	679,860
Total Net Assets	22,408,573	21,803,620
Total Liabilities and Net Assets	$ 26,823,960	$ 26,795,150

See accompanying notes to financial statements.

THE BROTHERHOOD SISTER SOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Operating Activities				**
Support and Revenue				
Grants, contributions and fees from:				
Governmental agencies	$ 100	$ 2,873,983	$ 2,874,083	$ 3,440,138
Foundations and trusts	1,555,954	2,310,140	3,866,094	7,800,257
Individuals	1,221,425	210,963	1,432,388	893,864
Corporations	199,444	95,100	294,544	21,929
Church	200,000	381,925	581,925	150,000
Non-cash contributions	7,000		7,000	331,400
Special events, net of direct event expenses of $289,252 in 2023 and $286,490 in 2022	1,155,035		1,155,035	1,473,492
In-kind contributions - Notes 2 and 7	94,500		94,500	1,010,485
Fees for service	65,779		65,779	77,460
Program fees	11,760		11,760	5,700
Merchandise sales	5,864		5,864	5,937
Other income	6,019		6,019	11,422
Total Support and Revenue	4,522,880	5,872,111	10,394,991	15,222,084
Net assets released from restrictions - Note 9	5,391,083	(5,391,083)	-	-
Total Support and Revenue	9,913,963	481,028	10,394,991	15,222,084
Expenses				
Program Services	7,604,306		7,604,306	6,681,073
Supporting Services				
Administrative and general	1,049,263		1,049,263	882,332
Fund raising	877,637		877,637	639,509
Total Supporting Services	1,926,900		1,926,900	1,521,841
Total Expenses	9,531,206		9,531,206	8,202,914
Change in Net Assets from Operating Activities	382,757	481,028	863,785	7,019,170
Non-Operating Activities				
Interest income	4,520		4,520	486
Gain on extinguishment of debt	-		-	609,652
Loan fees and interest expense	(263,352)		(263,352)	(149,455)
Change in Net Assets	123,925	481,028	604,953	7,479,853
Net Assets at beginning of year	21,123,760	679,860	21,803,620	14,323,767
Net Assets at end of year	$ 21,247,685	$ 1,160,888	$ 22,408,573	$ 21,803,620

** Reclassified for comparative purposes.

See accompanying notes to financial statements.

THE BROTHERHOOD SISTER SOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

		Supporting Services		Total Program and Supporting Services	
	Program Services	Administrative and General	Fundraising	2023	2022
Salaries	$ 3,487,291	$ 451,832	$ 394,693	$ 4,333,816	$ 3,682,709
Payroll taxes and employee benefits	1,067,127	138,263	120,778	1,326,168	1,046,487
Total Payroll and related expenses	4,554,418	590,095	515,471	5,659,984	4,729,196
Occupancy and space rental (including lease cost in 2023 - Note 8)	260,059	28,465		288,524	371,908
Printing and publications	1,932	12,693	825	15,450	30,982
Equipment rental, repairs and maintenance	121,241	14,780	12,911	148,932	25,934
Telephone and communications	62,641	8,116	7,090	77,847	77,084
Meetings and conferences	24,402	2,646	17,605	44,653	16,060
Professional fees (including donated services of $84,000 in 2023 and $171,876 in 2022 - Notes 2 and 7)	249,003	199,877	121,045	569,925	567,561
Supplies and office expenses	290,809	24,151	6,649	321,609	264,369
Travel and transportation	183,256	5,762	2,535	191,553	114,190
Postage and mailing	4,930	673	315	5,918	19,702
Fees, dues and subscriptions	18,396	18,526	5,685	42,607	21,032
Marketing and promotion (including in-kind contributions of $470,800 in 2022)	87	945	29	1,061	490,070
Food distribution (including donated food pantry of $36,409 in 2022)				-	555,478
Other program expenses (including in-kind contributions of $9,000 in 2023 - Notes 2 and 7)	389,241	8,268	15,481	412,990	185,470
Program consultants	178,040	137	1,935	180,112	151,183
Honorarium and youth stipends	163,478		1,000	164,478	127,929
Insurance	65,592	8,498	7,424	81,514	83,409
Staff development (including in-kind contributions of $1,500 in 2023 - Notes 2 and 7)	37,045		649	37,694	2,337
Credit card processing fees, bank fees and other charges	34,774	623	6	35,403	49,805
Miscellaneous expense	135		51,782	51,917	15,298
Total Expenses before depreciation and amortization	6,639,479	924,255	768,437	8,332,171	7,898,997
Depreciation and amortization	964,827	125,008	109,200	1,199,035	303,917
Total Expenses 2023	$ 7,604,306	$ 1,049,263	$ 877,637	$ 9,531,206	
Total Expenses 2022	$ 6,681,073	$ 882,332	$ 639,509		$ 8,202,914

See accompanying notes to financial statements.

THE BROTHERHOOD SISTER SOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	$ 604,953	$ 7,479,853
Adjustments to reconcile changes in Net Assets to net cash used in operating activities:		
Gain on extinguishment of debt	-	(609,652)
Amortization of deferred loan costs	15,440	15,440
Interest expense - debt issuance costs	-	5,552
Depreciation and amortization	1,199,035	303,917
Grants and contributions for capital campaign	(1,766,244)	(6,540,491)
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable	(11,933)	4,851
Increase in grants and contributions receivable	(366,778)	(545,610)
Increase in due from governmental agencies	(95,010)	(780,638)
(Increase)/decrease in prepaid expenses	(23,791)	217,324
Decrease/(increase) in inventories and security deposits	9,300	(7,030)
Amortization expense portion of lease expense for operating lease	211,473	-
(Decrease)/increase in accounts and accrued expenses payable	(82,998)	129,764
(Decrease)/increase in deferred rent payable	(4,159)	63
Repayments of right-of-use lease obligations - operating lease	(207,938)	-
Net Cash Used in Operating Activities	(518,650)	(326,657)
Cash Flows from Investing Activities		
Donated art work	(7,000)	(331,400)
Acquisition of fixed assets	(664,192)	(22,306,939)
Decrease in construction in progress, net of payables	(658,851)	14,450,607
Net Cash Used in Investing Activities	(1,330,043)	(8,187,732)
Cash Flows from Financing Activities		
Grants and contributions for capital campaign	1,766,244	6,540,491
Refund/(payment) of deferred loan costs	-	1,326
Proceeds from loans	800,000	2,055,000
Repayment of loans	(1,127,036)	(218,167)
Net Cash Provided by Financing Activities	1,439,208	8,378,650
Net Decrease in Cash	(409,485)	(135,739)
Cash balance at beginning of year	1,300,247	1,435,986
Cash balance at end of year	$ 890,762	$ 1,300,247
Supplemental Disclosures of Cash Flow Information:		
Donated art work	$ 7,000	$ 331,400
Cash paid during the year for interest	$ 222,557	$ 107,018

See accompanying notes to financial statements.

NOTE 1 ORGANIZATION

The Brotherhood Sister Sol, Inc. ("BroSis") 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. BroSis offers wrap around evidence-based programming: offering four-to-six year rites of passage programming, after school care, counseling, summer camp, job training, college preparation, employment opportunities, activist training, community gardening, mental health support, intensive arts programming, and international study programs to Africa, South America and the Carribean. For the recent alumni members, BroSis provides support to ensure they remain in college or employed and they continue to make healthy and productive choices in their lives.

For more than 25 years, BroSis has been at the forefront of social justice, educating, organizing and training to challenge inequity and champion opportunity for all. BroSis educates: through its comprehensive educational programs, they are helping young people develop a critical understanding of their history, identity and role in society. BroSis organizes: together with its members, alumni, and partners, they are building on a legacy of youth-led activism to realize a more just and equitable future. BroSis trains: through its innovative training models, they are empowering educators and organizers to spark young agents of change across the nation.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting
The accompanying financial statements have been prepared using the accrual basis of accounting.

Support and Revenue
BroSis recognizes government and private grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or not.

(Continue)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For those recognized as contributions, revenue is recognized when a contract or grant becomes unconditional, that is, when the conditions on which they depend are substantially met. Contracts and grants that are treated as exchange transactions are reported as revenue without donor restrictions when expenses are incurred in accordance with the terms of the agreement. The excess of amounts received in exchange transactions over the amount of expenditures incurred is classified as deferred revenue in the statement of financial position. If a contract or grant agreement contains a right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to overcome, BroSis recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

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

Cash

Cash consists of cash held in checking accounts and cash on hand. At year end and throughout the year, BroSis' cash balances were deposited in a high quality financial institution which, at times, may exceed the current insured amount under Federal Deposit Insurance Corporation ("FDIC") protection. Management believes that BroSis is not exposed to any significant credit risk on cash.

Inventories

Inventories are stated at the lower of cost, determined by the LIFO method, or market.

Property and Equipment

Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of $5,000 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. Leasehold improvements are amortized over their estimated lives or the remaining term of the lease, whichever is shorter.

(Continue)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Property and equipment are depreciated and amortized over their estimated useful lives using the straight-line method as follows:

Building	39 Years
Building improvements	7 to 39 Years
Computers and software	3 Years
Furniture and equipment	3 to 5 Years

Collections of Artwork

Collections of art work were acquired through contributions for the new building. It is held for exhibition to the public and for educational purposes in furtherance of public service and not for financial gain. Collections are protected, kept unencumbered, cared for, and preserved. Proceeds from deaccessions or insurance recoveries will be reflected as increases in the appropriate class of net assets.

Net Assets

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.

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.

(Continue)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Forgivable Loans
BroSis' policy is to account for the forgivable loans received through the Small Business Administration ("SBA") under the *Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")* Payment Protection Plan, as amended by the *Consolidated Appropriations Act 2023*, as debt in accordance with Accounting Standards Codification (ASC) 470, *Debt*, and other related accounting pronouncements.

The forgiveness of debt, in whole or in part, is recognized once the debt is extinguished, which occurs when BroSis is legally released from the liability by the SBA. Any portion of debt forgiven, adjusted for accrued interest forgiven and unamortized debt issuance costs, is recorded as a gain on extinguishment of debt, and presented in the non-operating activities section on the statement of activities.

Debt Issuance Costs
Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the term of the debt using a straight-line method, which approximates the effective interest method. The unamortized amount is presented as reduction of loans payable on the balance sheet.

Revenue Recognition
BroSis recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. ASC Topic 606 requires that an organization recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled to in exchange for those goods or services. The guidance requires an organization to follow a five-step model to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the organization satisfies a performance obligation.

Program Revenue
Revenue from program fees and fees for service are recognized over the terms of the program and the period of services provided. Amounts collected in advance but unearned are reflected in the statement of financial position as deferred revenue.

Special Events Revenue
The portion of sponsorship revenue and attendee fees that relates to the commensurate value the sponsor and attendee received in return is recognized when the related events are held and performance obligations are met.

(Continue)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Non-Cash Contributions

Donated materials and other non-cash donations are recorded as contributions at their fair values at the time of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. BroSis reports expirations of donor restrictions when the donated assets are placed in service, if applicable, as instructed by the donor. BroSis reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased by BroSis. BroSis also received donated services from other contributors and volunteers that do not meet the criteria for recognition, and therefore, are excluded from the financial statements.

Use of Estimates

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, BroSis' management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. BroSis' management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Statement of Activities

BroSis divides its Statement of Activities into operating and non-operating activities. The operating activities of BroSis include all support, revenue and expenses related to carrying out its mission. Non-operating activities include interest income, loan fees and interest expense from loans.

Accounting for Uncertainty in Income Taxes

BroSis adopted *Financial Accounting Standards Board* ("FASB") guidance on uncertain income tax positions in its financial statements. BroSis 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.

(Continue)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with BroSis' financial statements for the year ended August 31, 2022, from which the summarized information was derived.

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, 2023 are:

Financial Assets:	
Cash	$ 890,762
Accounts receivable	23,338
Grants and contributions receivable	1,215,388
Due from governmental agencies	895,648
Total Financial Assets	3,025,136
Less financial assets not available within one year:	
Grants and contributions receivable	(181,925)
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 10)	(698,963)
Amount available for general Expenditures within one year	$ 2,144,248

As part of the liquidity management plan, BroSis invests cash in excess of daily requirements in interest-bearing checking accounts. In addition, to manage liquidity, BroSis has trade credit with a major credit card company with no preset spending limit but the Pay Over Time limit is up to $105,000. As of August 31, 2023, there was a balance of $76,757. This amount is reported as accounts and accrued expenses payable in the statement of position.

NOTE 4 PROMISES TO GIVE

Unconditional promises to give as of August 31, 2023 are as follows:

Receivable in less than one year	$ 942,500
Receivable in one to five years	300,000
Total unconditional promises to give	1,242,500
Less: net present value discount	(27,112)
Net unconditional promises to give	$ 1,215,388
Current	$ 942,500
Non-current	272,888
Net unconditional promises to give	$ 1,215,388

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 4.85%.

NOTE 5 FIXED ASSETS

As of August 31, 2023, the costs of the assets and the related accumulated depreciation and amortization were as follows:

Land	$ 1,246,883
Building and improvements	22,104,153
Furniture and equipment	373,692
Computer and software	514,412
Leasehold improvements	358,181
	24,597,321
Less: accumulated depreciation and amortization	(1,849,325)
Net	$ 22,747,996

Depreciation and amortization expense for the year ended August 31, 2023 was $1,199,035.

NOTE 6 LOANS PAYABLE

On August 30, 2021, BroSis entered into a loan agreement with a financial institution for available funds of up to $3,400,000. BroSis has received the initial advance of $2,200,000 to refinance outstanding loans from previous years. The loan agreement provides for, among other matters, an annual interest rate of 3.82% payable in equal monthly payments for interest and principal over seven (7) years with balance of the principal due on September 10, 2028. The amortization of principal is calculated over twenty (20) years. The loan is collateralized by the property located at 512 West 143rd Street and 514 West 143rd Street.

In September 2021, BroSis has made a down payment on property located at 510 West 143rd Street. BroSis may use the remaining proceeds of the loan of $1,200,000 to purchase this property once the sale has been finalized. As of August 31, 2023, the outstanding balance of the loan was $2,054,798.

On February 14, 2022, BroSis obtained a line of credit with the same financial institution for $1 million dollars. The line of credit bears an annual interest rate equal to 6.50% and is collateralized by the assets of BroSis held by the financial institution. The primary purpose of this line of credit is to provide BroSis with working capital for its programs. As of August 31, 2023, there was a balance due on the line of credit of $1,000,000.

On April 18, 2022, BroSis also received a bridge loan of $655,000 with the same financial institution. The loan agreement provides for, among other matters, a fluctuating interest rate per annum equal to the greater of (i) the sum of the prime rate, as published in *The Wall Street Journal*, plus 1% and (ii) 4.25%. The loan is collateralized by the New York City Department of Design and Construction ("DDC") contract. It is due on the earliest to occur of (i) October 18, 2023 and (ii) five (5) business days following the date on which BroSis receives the reimbursement funds from DDC. As of August 31, 2023, the outstanding balance was $655,000. This loan was paid off subsequently on October 12, 2023.

In addition, BroSis had incurred $109,405 in refinancing costs. As of August 31, 2023, net outstanding loans was $3,632,598, payable as follows:

Year ending August 31	
2024	$ 1,719,432
2025	67,782
2026	71,063
2027	74,473
2028	1,699,848
Total	$ 3,632,598

(Continue)

NOTE 6 LOANS PAYABLE - (Continued)

Current portion	$ 1,719,432
Non-current portion	1,913,166
Total	$ 3,632,598

NOTE 7 NON-CASH CONTRIBUTIONS

In-kind contributions received during the year consist of the following:

Donated services	$ 84,000
Donated program expenses	9,000
Donated staff development	1,500
Total	$ 94,500

BroSis also received donated art work of $7,000 to be displayed in the newly constructed building.

NOTE 8 LEASE INFORMATION

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842*, and ASU 2018-11, *Targeted Improvements*. In December 2018, the FASB issued ASU 2018-20, *Narrow-Scope Improvements for Lessors*, and in March 2019 issued ASU 2019-01, *Codification Improvements*. BroSis has adopted these guidance on September 1, 2022 using the modified retrospective approach, which allows BroSis to apply the guidance for the current year presentation and not adjust the prior year numbers.

BrosSis elected the package of practical expedients that allows an organization to not reassess (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases, and (3) initial direct costs for any expired or existing leases.

The new guidance applies to the operating lease under which BroSis is a leasee. BroSis has recognized a new asset and liability - “Right of use asset - operating leases” and “Lease obligations - operating leases” - for those leases classified as operating leases under the previous standard. BroSis continues to recognize expense on a straight-line basis for these operating leases. The expense recognition of the lease has not changed.

(Continue)

NOTE 8 LEASE INFORMATION - (Continued)

BroSis has elected to use the risk-free rate to discount the lease payments to their present values. BroSis adopted the practical expedient offered in ASU 2018-11 that allows lessors to not separate non-lease components from the related lease components under certain conditions.

A summary of total lease cost, by components, and other lease information for the fiscal year ended August 31, 2023 is as follows:

Commitment:
In December 2017, BroSis 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. In December 2021, the operating lease was renewed and extended for four (4) years, which will expire on December 31, 2025. The future minimum lease payments, exclusive of certain escalation costs, are as follows:

Year ending August 31	
2024	$ 212,097
2025	216,339
2026	72,587
Total	$ 501,023

Total lease cost:	
Operating lease cost:	
Amortization of right-of-use assets	$ 211,473
Other lease information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating lease	(207,938)
Right-of-use assets obtained in exchange for new operating lease liabilities	477,926
Lease obligations - Operating leases	$ 481,461
Current portion of long-term operating lease liabilities	$ 201,207
Long-term operating lease liabilities	280,254
Total operating lease liabilities	$ 481,461

(Continue)

NOTE 8 LEASE INFORMATION - (Continued)

Weighted-average remaining lease term:	
Operating lease	2.33 years
Weighted-average discount rate:	
Operating lease	4.61%

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions during the year ended August 31, 2023 were as follows:

Satisfaction of purpose restrictions:	
Programmatic Support	$ 2,349,829
Capital Campaign	1,766,244
Capacity Building	325,000
COVID-19 Relief Efforts	39,850
Environmental Education	133,160
Liberation Program	100,000
Member Meals	227,000
Rites of Passage	375,000
	5,316,083
Satisfaction of time restrictions:	
General Support designated for 2023	75,000
Total	$ 5,391,083

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2023, net assets with donor restrictions are available for the following:

Purpose restrictions, available for spending:	
Programmatic Support	$ 350,963
Capacity Building	325,000
Member Meals	23,000
Total purpose-restricted net assets	698,963

(Continue)

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS - (Continued)

Time restrictions:	
Time restricted support, which are unavailable for spending until the time stipulated by donors	$ 461,925
Total Net Assets with Donor Restrictions	$ 1,160,888

NOTE 11 PENSION PLAN

Effective November 1, 2018, BroSis 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. Effective December 1, 2019, BroSis also adopted a deferred compensation plan that covers employer designated eligible employees. Amounts deferred each year are at the discretion of the employer. Total pension expense for the fiscal year ended August 31, 2023 was $94,509.

NOTE 12 FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing BroSis' 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. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

NOTE 13 SUBSEQUENT EVENTS

BroSis has evaluated subsequent events through January 23, 2024, 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.