



BRONXWORKS, INC. AND SUBSIDIARY

**Consolidated Financial Statements
and Supplementary Information
(Together with Independent Auditors' Report)**

Years Ended June 30, 2020 and 2019

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

BRONXWORKS, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)
YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
BronxWorks, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of BronxWorks, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BronxWorks, Inc. and Subsidiary as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information shown on pages 15-16 is presented for the purposes of additional analysis of the basic consolidated financial statements, rather than to present the financial position, change in net assets and cash flows of the individual companies, and is not a required part of the basic consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
February 9, 2021

BRONXWORKS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents (Notes 2D, 3 and 12A)	\$ 438,177	\$ 254,822
Investments (Notes 2E, 3, 4 and 7)	3,347,382	3,228,935
Accounts receivable, net (Notes 2H, 2I, 3 and 12B)	35,457,212	23,483,025
Prepaid expenses and other assets	615,786	556,669
Property, equipment and leasehold improvements, net (Notes 2F and 5)	4,794,766	5,187,009
TOTAL ASSETS	\$ 44,653,323	\$ 32,710,460
LIABILITIES		
Accounts and accrued expenses payable	\$ 9,645,108	\$ 7,105,243
Accrued salaries and related liabilities (Note 9)	4,575,047	2,016,925
Deferred rent (Note 2J)	822,681	696,067
Deferred revenue/Due to funding source (Notes 2G and 10A)	10,733,858	6,825,457
Line of credit (Note 7)	3,000,000	1,700,000
Loan and mortgages payable (Note 6)	764,854	948,882
TOTAL LIABILITIES	29,541,548	19,292,574
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Notes 2C and 8)		
Without donor restrictions:		
Net invested in property and equipment	4,029,912	4,238,127
Operations	9,711,105	8,095,563
Total without donor restrictions	13,741,017	12,333,690
With donor restrictions (Note 3)	1,370,758	1,084,196
TOTAL NET ASSETS	15,111,775	13,417,886
TOTAL LIABILITIES AND NET ASSETS	\$ 44,653,323	\$ 32,710,460

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

BRONXWORKS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS		
OPERATING SUPPORT AND REVENUE:		
Earned Revenue:		
Government grants (Notes 2G and 12B)	\$ 78,674,041	\$ 68,816,691
Program service fees	1,989,528	1,233,585
Medicaid (Notes 2G and 11)	1,271,031	1,072,667
Investment income (Note 4)	118,667	254,292
Other revenues	188,645	267,471
Total Earned Revenue	82,241,912	71,644,706
Public Support:		
Foundation grants and other contributions (Note 2H)	701,076	801,958
Contributed services (Note 2L)	268,608	118,473
Net assets released from restrictions (Notes 2C and 8)	1,836,372	1,701,353
Total Public Support	2,806,056	2,621,784
TOTAL OPERATING SUPPORT AND REVENUE	85,047,968	74,266,490
OPERATING EXPENSES (Note 2K):		
Program Services:		
BronxWorks programs	7,035,799	3,897,539
Services for the elderly	3,066,058	2,927,439
Homeless/prevention/relocation	25,405,311	23,892,234
Family shelter for the homeless	24,555,506	21,674,745
Health programs	2,406,288	2,004,147
Children and youth	10,900,507	10,871,414
Workforce development	2,140,200	1,763,581
Total program services	75,509,669	67,031,099
Supporting services:		
Management and general	7,378,722	6,319,755
Fundraising	844,355	712,606
Total supporting services	8,223,077	7,032,361
TOTAL OPERATING EXPENSES	83,732,746	74,063,460
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS FROM OPERATIONS	1,315,222	203,030
NONOPERATING SUPPORT AND REVENUE:		
Other income	552,789	219,728
TOTAL NONOPERATING SUPPORT AND REVENUE	552,789	219,728
NONOPERATING EXPENSES:		
Depreciation and amortization expense (Note 5)	392,243	397,088
Interest expense (Notes 6 and 7)	68,441	71,424
TOTAL NONOPERATING EXPENSES	460,684	468,512
CHANGE IN NONOPERATING ACTIVITY	92,105	(248,784)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,407,327	(45,754)
Net Assets Without Donor Restrictions - Beginning of Year	12,333,690	12,379,444
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	13,741,017	12,333,690
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Foundation grants and other contributions (Note 2H)	2,122,934	2,127,940
Net assets released from restrictions (Notes 2C and 8)	(1,836,372)	(1,701,353)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	286,562	426,587
Net Assets With Donor Restrictions - Beginning of Year	1,084,196	657,609
NET ASSETS WITH DONOR RESTRICTIONS - END OF YEAR	1,370,758	1,084,196
CHANGE IN TOTAL NET ASSETS	1,693,889	380,833
TOTAL NET ASSETS - END OF YEAR	\$ 15,111,775	\$ 13,417,886

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

BRONXWORKS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	Program Services							Supporting Services				Total 2020	Total 2019
	BronxWorks Programs	Services for the Elderly	Homeless/ Prevention/ Relocation	Family Shelter for the Homeless	Health Programs	Children and Youth	Workforce Development	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 3,815,009	\$ 1,831,987	\$ 12,278,305	\$ 10,428,394	\$ 1,581,757	\$ 7,464,595	\$ 1,445,157	\$ 38,845,204	\$ 3,981,803	\$ 503,509	\$ 4,485,312	\$ 43,330,516	\$ 37,357,264
Payroll taxes and benefits (Note 9)	982,812	476,301	3,100,372	2,590,171	418,774	1,776,030	375,873	9,720,333	964,407	130,217	1,094,624	10,814,957	8,276,773
Total salaries and related costs	4,797,821	2,308,288	15,378,677	13,018,565	2,000,531	9,240,625	1,821,030	48,565,537	4,946,210	633,726	5,579,936	54,145,473	45,634,037
Professional fees (Note 2L)	247,853	36,290	1,046,770	880,560	535	194,690	35,200	2,441,898	588,002	170,423	758,425	3,200,323	1,942,427
Office supplies	34,018	41,161	148,307	134,027	10,211	84,693	19,482	471,899	35,214	153	35,367	507,266	899,834
Occupancy (Note 10C)	131,740	23,062	795,066	4,137,724	136,143	162,797	94,464	5,480,996	238,207	242	238,449	5,719,445	5,005,738
Telephone	101,401	41,241	199,484	86,852	63,159	85,310	19,670	597,117	92,766	3,309	96,075	693,192	589,007
Repairs and maintenance	101,410	58,195	731,538	1,615,445	5,413	58,670	4,097	2,574,768	154,515	35	154,550	2,729,318	3,052,107
Printing and publications	22,126	18,872	54,441	37,146	9,641	51,028	8,396	201,650	18,077	10,766	28,843	230,493	225,833
Travel and meetings	36,659	3,609	52,195	21,919	10,456	40,571	3,631	169,040	169,184	18,973	188,157	357,197	301,480
Insurance	50,043	52,569	331,994	261,234	31,371	149,577	25,761	902,549	114,777	-	114,777	1,017,326	916,693
Postage	596	63	4,612	1,219	918	217	1,070	8,695	13,914	44	13,958	22,653	22,488
Program supplies	63,864	27,539	35,205	65,969	15,052	146,040	1,412	355,081	22,993	1,177	24,170	379,251	407,481
Food and entertainment	73,835	365,249	451,319	894,227	39,102	168,274	13,450	2,005,456	41,047	-	41,047	2,046,503	1,689,031
Equipment/rental/furniture	138,590	31,903	287,365	163,783	28,096	108,889	24,726	783,352	75,092	4,265	79,357	862,709	1,336,947
Direct assistance to individuals	1,145,797	49,542	1,305,700	293,719	51,230	371,305	66,135	3,283,428	17,635	-	17,635	3,301,063	4,305,900
Subcontracted services and stipends	69,032	-	-	239,025	330	4,985	-	313,372	500	-	500	313,872	312,955
Payroll service and bank charges	-	-	-	-	-	-	-	-	329,676	-	329,676	329,676	312,453
Bad debt expense	-	-	-	-	-	-	-	-	428,236	-	428,236	428,236	201,470
Interest (Notes 6 and 7)	-	-	-	-	-	-	-	-	68,441	-	68,441	68,441	71,424
Depreciation and amortization (Note 5)	-	-	-	-	-	-	-	-	392,243	-	392,243	392,243	397,088
Miscellaneous	21,014	8,475	22,110	40,364	4,100	32,836	1,676	130,575	92,677	1,242	93,919	224,494	222,315
Subtotal	7,035,799	3,066,058	20,844,783	21,891,778	2,406,288	10,900,507	2,140,200	68,285,413	7,839,406	844,355	8,683,761	76,969,174	67,846,708
Pass-through expenses (Note 2M):													
Occupancy (Note 10C)	-	-	3,181,188	2,663,728	-	-	-	5,844,916	-	-	-	5,844,916	5,271,465
Direct assistance to individuals	-	-	1,379,340	-	-	-	-	1,379,340	-	-	-	1,379,340	1,413,799
Subtotal pass-through expenses	-	-	4,560,528	2,663,728	-	-	-	7,224,256	-	-	-	7,224,256	6,685,264
TOTAL EXPENSES	\$ 7,035,799	\$ 3,066,058	\$ 25,405,311	\$ 24,555,506	\$ 2,406,288	\$ 10,900,507	\$ 2,140,200	\$ 75,509,669	\$ 7,839,406	\$ 844,355	\$ 8,683,761	\$ 84,193,430	\$ 74,531,972

BRONXWORKS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services							Supporting Services				Total 2019
	BronxWorks Programs	Services for the Elderly	Homeless/ Prevention/ Relocation	Family Shelter for the Homeless	Health Programs	Children and Youth	Workforce Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,322,636	\$ 1,546,564	\$ 11,776,510	\$ 8,151,586	\$ 1,393,384	\$ 7,316,107	\$ 1,240,943	\$ 33,747,730	\$ 3,098,091	\$ 511,443	\$ 3,609,534	\$ 37,357,264
Payroll taxes and benefits (Note 9)	507,393	342,564	2,614,775	1,820,064	307,812	1,575,713	271,504	7,439,825	725,657	111,291	836,948	8,276,773
Total salaries and related costs	2,830,029	1,889,128	14,391,285	9,971,650	1,701,196	8,891,820	1,512,447	41,187,555	3,823,748	622,734	4,446,482	45,634,037
Professional fees (Note 2L)	104,920	86,612	341,655	575,042	2,401	269,842	10,121	1,390,593	511,467	40,367	551,834	1,942,427
Office supplies	154,839	31,517	201,779	195,946	24,110	89,688	25,945	723,824	170,269	5,741	176,010	899,834
Occupancy (Note 10C)	35,123	6,806	513,435	3,727,370	40,570	154,799	94,464	4,572,567	432,878	293	433,171	5,005,738
Telephone	41,805	27,742	204,290	81,796	53,038	69,734	4,174	482,579	103,666	2,762	106,428	589,007
Repairs and maintenance	38,904	95,894	565,816	2,073,264	18,857	38,633	4,505	2,835,873	214,276	1,958	216,234	3,052,107
Printing and publications	16,133	19,033	43,682	35,898	9,334	51,857	13,092	189,029	28,283	8,521	36,804	225,833
Travel and meetings	9,398	3,543	74,370	24,056	13,198	51,840	16,124	192,529	83,507	25,444	108,951	301,480
Insurance	32,609	46,131	409,783	236,365	9,379	118,994	20,537	873,798	42,895	-	42,895	916,693
Postage	263	542	4,082	1,322	2,174	144	1,215	9,742	12,589	157	12,746	22,488
Program supplies	40,455	82,070	52,577	28,988	19,390	167,483	1,593	392,556	14,731	194	14,925	407,481
Food and entertainment	33,571	477,664	299,903	386,981	45,591	286,379	14,077	1,544,166	144,684	181	144,865	1,689,031
Equipment/rental/furniture	93,908	51,366	150,254	836,369	18,333	84,502	7,816	1,242,548	91,120	3,279	94,399	1,336,947
Direct assistance to individuals	384,672	101,257	2,584,613	626,524	40,763	521,203	33,735	4,292,767	13,133	-	13,133	4,305,900
Subcontracted services and stipends	67,660	-	-	214,217	3,064	28,014	-	312,955	-	-	-	312,955
Payroll service and bank charges	1,132	-	3,916	2,209	-	-	-	7,257	305,196	-	305,196	312,453
Bad debt expense	-	-	-	-	-	-	-	-	201,470	-	201,470	201,470
Interest (Notes 6 and 7)	-	-	-	-	-	-	-	-	71,424	-	71,424	71,424
Depreciation and amortization (Note 5)	-	-	-	-	-	-	-	-	397,088	-	397,088	397,088
Miscellaneous	12,118	8,134	7,773	14,505	2,749	46,482	3,736	95,497	125,843	975	126,818	222,315
Subtotal	3,897,539	2,927,439	19,849,213	19,032,502	2,004,147	10,871,414	1,763,581	60,345,835	6,788,267	712,606	7,500,873	67,846,708
Pass-through expenses (Note 2M):												
Occupancy (Note 10C)	-	-	2,629,222	2,642,243	-	-	-	5,271,465	-	-	-	5,271,465
Direct assistance to individuals	-	-	1,413,799	-	-	-	-	1,413,799	-	-	-	1,413,799
Subtotal pass-through expenses	-	-	4,043,021	2,642,243	-	-	-	6,685,264	-	-	-	6,685,264
TOTAL EXPENSES	\$ 3,897,539	\$ 2,927,439	\$ 23,892,234	\$ 21,674,745	\$ 2,004,147	\$ 10,871,414	\$ 1,763,581	\$ 67,031,099	\$ 6,788,267	\$ 712,606	\$ 7,500,873	\$ 74,531,972

BRONXWORKS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in total net assets	\$ 1,693,889	\$ 380,833
Adjustments to reconcile change in total net assets to net cash (used in) provided by operating activities:		
Bad debt	428,236	201,470
Depreciation and amortization	392,243	397,088
Net realized/unrealized gain on investments	(83,023)	(198,573)
	2,431,345	780,818
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(12,402,423)	(4,089,536)
Prepaid expenses and other assets	(59,117)	(2,141)
Increase (decrease) in liabilities:		
Accounts and accrued expenses payable	2,539,865	3,608,558
Accrued salaries and related liabilities	2,558,122	237,860
Deferred revenue / due to funding source	3,908,401	(357,740)
Deferred rent	126,614	330,232
Net Cash (Used in) Provided by Operating Activities	(897,193)	508,051
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(35,424)	(220,733)
Net Cash Used in Investing Activities	(35,424)	(220,733)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgages payable	(184,028)	(174,596)
Repayment of loan	-	(1,090,000)
Repayment of line of credit	(1,700,000)	(2,250,000)
Proceeds from line of credit	3,000,000	2,450,000
Net Cash Provided by (Used in) Financing Activities	1,115,972	(1,064,596)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	183,355	(777,278)
Cash and cash equivalents - beginning of year	254,822	1,032,100
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 438,177	\$ 254,822
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 68,441	\$ 71,424

BRONXWORKS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 — ORGANIZATION AND NATURE OF ACTIVITIES

The consolidated financial statements of BronxWorks, Inc. and Subsidiary (collectively referred to as the “Organization”) have been prepared by consolidating: BronxWorks, Inc. and Citizens’ Advice Bureau Property Holding Company, Inc. (the “Subsidiary”). BronxWorks, Inc. has effective control over and has an economic interest in the Subsidiary.

BronxWorks, Inc. (the “Agency” or “BronxWorks”) is a Bronx-based nonprofit organization which helps individuals and families improve their economic and social well-being. From toddlers to seniors, BronxWorks feeds, shelters, teaches and supports its neighbors to build a stronger community. BronxWorks is supported primarily by grants from governmental agencies, foundation grants and other contributions.

BronxWorks is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is a publicly supported organization as described in Section 509(a).

The Subsidiary owns the property located at 60 East Tremont Avenue, Bronx, New York (the “Headquarters Property”), which is used by the Organization as its headquarters office.

The Subsidiary is exempt from federal income tax under Section 501(c)(2) of the Internal Revenue Code.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Principles of Consolidation*** – The Organization’s consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All significant intercompany transactions have been eliminated during consolidation.

B. ***Use of Estimates*** – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

C. ***Net Assets*** – The Organization maintains its net assets in accordance with the following:

Without donor restrictions – represents net assets not subject to any donor-imposed stipulations or other restrictions over which the Board of Directors have discretionary control.

With donor restrictions – represents assets that are subject to donor-imposed stipulations. When a donor 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 consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions are released from donor restrictions by incurring expenses, thereby satisfying the restricted purposes of providing services as specified by the donors. Unconditional promises to give that are due in future periods to support the current-period activities are reported as net assets without donor restrictions.

D. ***Cash and Cash Equivalents*** – Cash and cash equivalents consist of all highly liquid instruments with maturities of three months or less when acquired, except for amounts held at an investment institution.

E. ***Investments and Fair Value Measurements*** – Investments are reported at fair value. Investment income consisting of interest, dividends, realized and unrealized gains or losses is classified as operating revenue and is available to support operations. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

BRONXWORKS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. ***Property, Equipment and Leasehold Improvements*** – Property, equipment and leasehold improvements are stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. The Organization capitalizes all owned property and equipment having a useful life of greater than one year and a cost of \$5,000 or more. There may be instances where certain expenditures for property and equipment are included in the consolidated financial statements as expenses because the cost of these items was reimbursed by certain governmental funding sources and/or the contractual agreement specifies that title to these assets rests with the funding sources rather than the Organization.
- G. ***Revenue Recognition*** – Principal support for the programs operated by the Organization is derived directly from various federal, state and local governmental agencies. Laws and regulations governing Medicaid funded programs are subject to interpretation. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from Medicaid programs. There are occasions when funding source reimbursements for prior years are adjusted in the current period. The Organization records receivables and revenue when earned based on established rates or contracts for services provided. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the contracted services. Generally, the Organization bills the government entities, third-party payors and individuals after the services are performed or when the Organization has completed its portion of the contract.

Government grants and contracts are nonexchange transactions and accounted for under Accounting Standards Update (“ASU”) 2018-08. Government grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return / release from obligations. Government grants amounted to \$78,674,041 and \$68,816,691 for the years ended June 30, 2020 and 2019, respectively, and are included in the consolidated statements of activities. There are instances when the Organization receives advances from the governmental funding sources. Such advances are recorded as deferred revenue / due to funding source in the accompanying consolidated statements of financial position.

As of each June 30, 2020 and 2019, the Organization received conditional grants and contracts from government agencies in the aggregate amount of approximately \$135 million, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Organization may be required to return the funds already remitted.

- H. ***Contributions*** – Contributions are accounted for under ASU 2018-08. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
- I. ***Allowance for Uncollectable Receivables*** – The Organization determined as of June 30, 2020 and 2019 an allowance for accounts receivable of \$500,000 and \$300,000, respectively, was necessary. Such estimate is based on management’s assessments of the creditworthiness of its donors and other funders, the aged basis of its receivables, as well as current economic conditions and historical information.
- J. ***Operating Leases*** – U.S. GAAP requires that the Organization account for free rent and landlord credits. This accounting treatment is commonly referred to as “straight-lining of rent.” The difference between rent expense, under this method, and the lower rental amounts actually paid to the landlord are reported as a “deferred rent” obligation in the accompanying consolidated statements of financial position. The change in the deferred rent liability is reflected in the accompanying consolidated statements of activities.

BRONXWORKS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K. **Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, wages, benefits, and payroll taxes are allocated on the basis of time and effort. Insurance and telephone expenses are allocated based on the number of full-time equivalents charged to the respective program and supporting function. The remainder of the functional expenses are charged directly to the program and supporting function.
- L. **Contributed Property, Services, Rent and Other In-Kind** – Donated services are recognized in the consolidated financial statements at fair value, if the services enhance or create non-financial assets or require specialized skills, provided the individuals possess those skills and would typically need to be purchased, if not provided by donation. For the years ended June 30, 2020 and 2019, donated goods and services amounted to \$268,608 and \$118,473, respectively, and are included as revenue and expenses in the accompanying consolidated statements of activities.
- M. **Pass-Through Expenses** – There are certain expenses related to rents, real estate taxes, and stabilization of beds for the Department of Homeless Services (“DHS”) contracts. The role of the Organization is to be a conduit to pay such expenses. DHS reimburses the Organization for these expenses without any administrative costs being added. Accordingly, such expenses are referred to as passed through and included in program service expenses in the consolidated statements of activities.
- N. **Reclassification** – Certain line items in the June 30, 2019 consolidated financial statements have been reclassified to conform to the June 30, 2020 presentation. These changes had no impact on the change in total net assets for the year ended June 30, 2019.
- O. **Recent Accounting Pronouncements** – Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, “*Revenue from Contracts with Customers*” (Topic 606) was adopted for the year ended June 30, 2020. ASU 2014-09 and subsequently issued ASUs provide guidance on costs to obtain or fulfill a contract with a customer; specifically related to incremental costs of obtaining a contract and costs to fulfill a contract. It also requires disclosures to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has analyzed the provisions of ASC Topic 606 and has concluded that no changes to the revenue recognition policies are necessary.

FASB ASU 2018-08, “*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*” (Topic 958) was also adopted by the Organization for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as described in Notes 2G and 2H.

BRONXWORKS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 – LIQUIDITY AND AVAILABILITY

As part of liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has two lines of credit in the aggregate amount of \$6,500,000, which it could draw upon if necessary. Additionally, the Organization has an investment portfolio of \$3,347,382. Although BronxWorks does not intend to spend from its investment portfolio, amounts from the portfolio could be made available, if necessary.

BronxWorks financial assets available within one year of the statements of consolidated financial position date for general expenditure are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 438,177	\$ 254,822
Investments	3,347,382	3,228,935
Accounts receivable, net	<u>35,457,212</u>	<u>23,483,025</u>
	39,242,771	26,966,782
Less: assets with donor restrictions	<u>(1,370,758)</u>	<u>(1,084,196)</u>
	<u>\$ 37,872,013</u>	<u>\$ 25,882,586</u>

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk (or other parties such as counterparty in a swap) in its assessment of fair value.

Investments in mutual funds and money markets are measured on a recurring basis and are classified as Level 1 as of June 30, 2020 and 2019. Such investments are subject to market volatility that could substantially change their value in the near term.

Investment activity consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest income	\$ 53,195	\$ 64,519
Realized/unrealized gain on investment	83,023	198,573
Investment fees	<u>(17,551)</u>	<u>(8,800)</u>
	<u>\$ 118,667</u>	<u>\$ 254,292</u>

BRONXWORKS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 — PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET

Property, equipment and leasehold improvements consisted of the following as of June 30:

	2020	2019	<u>Estimated Useful Lives</u>
Land	\$ 190,000	\$ 190,000	
Building and improvements	8,984,995	8,984,995	10-40 Years
Equipment and vehicles	40,022	40,022	3-5 Years
Total cost	9,215,017	9,215,017	
Less: accumulated depreciation and amortization	(4,420,251)	(4,028,008)	
Net book value	\$ 4,794,766	\$ 5,187,009	

For the years ended June 30, 2020 and 2019, depreciation and amortization expense amounted to \$392,243 and \$397,088, respectively.

NOTE 6 — LOAN AND MORTGAGES PAYABLE

- A. In 2006, the Subsidiary borrowed \$680,000 to fund a portion of the purchase price of the Headquarters Property, (the "First Mortgage"). The First Mortgage, secured by the Headquarters Property, has a term of 15 years with a principal and interest payment of \$5,970 due monthly and matures in December 2021. The interest rate on the First Mortgage is 5.24%. The outstanding balance of the First Mortgage as of June 30, 2020 and 2019 amounted to \$99,566 and \$161,451, respectively. The Subsidiary's obligations under the First Mortgage are guaranteed by BronxWorks.
- B. The Subsidiary obtained a 15-year fixed-rate loan in the amount of \$1,680,000, secured by a second mortgage on the Headquarters Property (the "Second Mortgage"). The Second Mortgage was taken out to finance the necessary renovations and repairs of the Headquarters Property. The Second Mortgage bears interest at 5.28% with a monthly principal and interest payment of \$13,531 and matures in December 2024. The outstanding balance of the Second Mortgage as of June 30, 2020 and 2019 was \$665,288 and \$787,431, respectively. The Subsidiary's obligations under the Second Mortgage are guaranteed by BronxWorks.

Future annual principal payments are as follows for the years ending after June 30, 2020:

2021	\$ 193,173
2022	171,368
2023	143,488
2024	151,337
2025	105,488
	\$ 764,854

The interest expense for the years ended June 30, 2020 and 2019 amounted to \$68,441 and \$71,424, respectively. Unless material, below market interest loans are not discounted to fair value.

NOTE 7 — BANK LINE OF CREDIT

- A. The Organization has a revolving line of credit with Chase Bank with a maximum borrowing limit of \$4,000,000, interest rate of adjusted LIBOR plus applicable margin of 5% per annum. The interest rate was 5.17% at June 30, 2020. The line expires on June 4, 2021. The outstanding balance on the line of credit amounted to \$3,000,000 and \$1,700,000 as of June 30, 2020 and 2019, respectively. Based on provisions of the agreement, there should be no debt outstanding on the line for thirty consecutive days during each fiscal year. There were no outstanding borrowings as of February 9, 2021.
- B. The Organization has a second line of credit with Bank of America which is payable on demand. The line of credit is collateralized by investments with Merrill Lynch with a maximum borrowing of \$2,500,000 as of June 30, 2020. The line has a variable interest rate based on one-month LIBOR rate plus the Spread determined at the time of borrowing. There were no outstanding borrowings as of June 30, 2020 and 2019, nor as of February 9, 2021.

BRONXWORKS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020 and 2019, net assets with donor restrictions were available for the programmatic purposes and amounted to \$1,370,758 and \$1,084,196 respectively.

Net assets amounting to \$1,836,372 and \$1,701,353 were released from restrictions during the years ended June 30, 2020 and 2019, respectively, by incurring expenses or the passage of time, thus satisfying the restricted purpose.

NOTE 9 — ACCRUED SALARIES AND RELATED LIABILITIES

- A. The Organization sponsors a defined contribution pension plan covering all employees except for those who are non-resident aliens with no U.S. source of income, those who are classified and treated as independent contractors and leased employees. Employees become participants of the Plan after attaining age 21 and completing one year of service. Pension expense was \$3,027,184 and \$1,414,090 for the years ended June 30, 2020 and 2019, respectively.
- B. On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act ("CARES Act"). Under one of the provisions of the CARES Act, the Organization has elected to defer the remittance of certain employer payroll taxes as permitted by the CARES Act. The CARES Act postpones the due date for depositing employer payroll taxes and 50% of self-employment taxes related to Social Security and Railroad Retirement and attributable to wages paid during 2020. The 1.45% employer portion of Medicare tax is not eligible for deferral. The deferred amounts would be payable over the next two years – 50% due December 31, 2021, and the remaining 50% due December 31, 2022. As of June 30, 2020, \$611,786 has been deferred with half of the balance to be repaid in 2021 and the remaining balance in 2022.

NOTE 10 — COMMITMENTS AND CONTINGENCIES

- A. The Organization is responsible to report to and is regulated by various governmental third parties. These agencies have the right to audit the Organization's fiscal and programmatic compliance. Laws and regulations governing the Organization's programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates might change in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusions from these programs.
- B. The Organization is a party to various lawsuits or complaints generally arising in the ordinary course of business. The Organization believes it has adequate insurance to cover any material damages and, accordingly, such litigation will not have a material adverse effect on its financial condition.
- C. The Organization is obligated under lease commitments for facilities and equipment. Certain facilities leases have a termination clause and can be terminated upon the suspension of the program and/or discontinuance of the governmental funding.

Future minimum lease payments are as follows for each of the years ending after June 30, 2020 and thereafter:

2021	\$	10,736,000
2022		6,571,000
2023		6,590,000
2024		4,016,000
2025		4,119,000
Thereafter		<u>10,134,000</u>
	<u>\$</u>	<u>42,166,000</u>

Rent expense amounted to \$9,072,478 and \$8,375,314 for the years ended June 30, 2020 and 2019, respectively, and is included in occupancy expense in the accompanying consolidated financial statements.

- D. The Organization believes it has no uncertain tax positions as of June 30, 2020 and 2019 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

BRONXWORKS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 — COMMITMENTS AND CONTINGENCIES (Continued)

- E. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Organization is currently unable to fully determine the extent of COVID-19's impact on the Organization's business in future periods. The performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Organization will continue to monitor evolving economic and general business conditions and the actual and potential impacts on the Organization's financial position and results of operations.

NOTE 11 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Service Contracts – The Organization receives revenue from contracts with various government agencies, including the New York State Department of Health (“DOH”) to provide support and services to individuals and family members of individuals with behavioral health, home health and family support. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the contracted services.

Performance Obligation - Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agency's stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2020 and 2019. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Organization determines the transaction price based on established rates and contracts for services provided.

Revenue from contracts with customers consist of revenues for the Home Health program and amounted to \$1,271,031 and \$1,072,667, for the years ended June 30, 2020 and 2019, respectively.

NOTE 12 — CONCENTRATIONS

- A. Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits of \$250,000 by approximately \$723,000 and \$672,000 at one bank and one investment institution as of June 30, 2020 and 2019, respectively. This excess includes outstanding checks.
- B. For the years ended June 30, 2020 and 2019, approximately 52% and 60% of government revenue was from a single governmental funder. In addition, approximately 47% and 25% of accounts receivable was due from a single governmental entity.

NOTE 13 — SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events subsequent to the date of the consolidated statement of financial position through February 9, 2021, the date the consolidated financial statements were available to be issued.

BRONXWORKS, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
AS OF JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	<u>BronxWorks, Inc.</u>	<u>Citizens Advice Bureau Property Holding Company, Inc.</u>	<u>Intercompany Eliminations</u>	<u>Total 2020</u>	<u>Total 2019</u>
ASSETS					
Cash and cash equivalents	\$ 366,129	\$ 72,048	\$ -	\$ 438,177	\$ 254,822
Investments	3,347,382	-	-	3,347,382	3,228,935
Accounts receivable, net	35,437,510	19,702	-	35,457,212	23,483,025
Prepaid expenses and other assets	620,946	-	(5,160)	615,786	556,669
Property, equipment and leasehold improvements, net	<u>2,620,980</u>	<u>2,173,786</u>	<u>-</u>	<u>4,794,766</u>	<u>5,187,009</u>
TOTAL ASSETS	<u>\$ 42,392,947</u>	<u>\$ 2,265,536</u>	<u>\$ (5,160)</u>	<u>\$ 44,653,323</u>	<u>\$ 32,710,460</u>
LIABILITIES					
Accounts and accrued expenses payable	\$ 9,645,108	\$ 5,160	\$ (5,160)	\$ 9,645,108	\$ 7,105,243
Accrued salaries and related liabilities	4,575,047	-	-	4,575,047	2,016,925
Deferred rent	822,681	-	-	822,681	696,067
Deferred revenue / Due to funding source	10,733,858	-	-	10,733,858	6,825,457
Line of credit	3,000,000	-	-	3,000,000	1,700,000
Loan and mortgages payable	<u>-</u>	<u>764,854</u>	<u>-</u>	<u>764,854</u>	<u>948,882</u>
TOTAL LIABILITIES	<u>28,776,694</u>	<u>770,014</u>	<u>(5,160)</u>	<u>29,541,548</u>	<u>19,292,574</u>
NET ASSETS					
Without donor restrictions	12,245,495	1,495,522	-	13,741,017	12,333,690
With donor restrictions	<u>1,370,758</u>	<u>-</u>	<u>-</u>	<u>1,370,758</u>	<u>1,084,196</u>
TOTAL NET ASSETS	<u>13,616,253</u>	<u>1,495,522</u>	<u>-</u>	<u>15,111,775</u>	<u>13,417,886</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 42,392,947</u>	<u>\$ 2,265,536</u>	<u>\$ (5,160)</u>	<u>\$ 44,653,323</u>	<u>\$ 32,710,460</u>

See independent auditors' report.

BRONXWORKS, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	BronxWorks, Inc.	Citizens Advice Bureau Property Holding Company, Inc.	Sub-total	Consolidating Eliminations	Consolidated Total 2020	Consolidated Total 2019
OPERATING SUPPORT AND REVENUE:						
Earned Revenue:						
Government grants	\$ 78,674,041	\$ -	\$ 78,674,041	\$ -	\$ 78,674,041	\$ 68,816,691
Program service fees	1,989,528	-	1,989,528	-	1,989,528	1,233,585
Medicaid	1,271,031	-	1,271,031	-	1,271,031	1,072,667
Investment income	118,667	-	118,667	-	118,667	254,292
Other revenues	188,645	236,428	425,073	(236,428)	188,645	267,471
Total Earned Revenue	<u>82,241,912</u>	<u>236,428</u>	<u>82,478,340</u>	<u>(236,428)</u>	<u>82,241,912</u>	<u>71,644,706</u>
Public Support:						
Foundation grants and other contributions	2,824,010	-	2,824,010	-	2,824,010	2,929,898
Contributed services	268,608	-	268,608	-	268,608	118,473
Total Public Support	<u>3,092,618</u>	<u>-</u>	<u>3,092,618</u>	<u>-</u>	<u>3,092,618</u>	<u>3,048,371</u>
TOTAL OPERATING SUPPORT AND REVENUE	<u>85,334,530</u>	<u>236,428</u>	<u>85,570,958</u>	<u>(236,428)</u>	<u>85,334,530</u>	<u>74,693,077</u>
OPERATING EXPENSES:						
Program Services:						
BronxWorks programs	7,059,313	-	7,059,313	(23,514)	7,035,799	3,897,539
Services for the elderly	3,066,058	-	3,066,058	-	3,066,058	2,927,439
Homeless/prevention/relocation	25,421,411	-	25,421,411	(16,100)	25,405,311	23,892,234
Family shelter for the homeless	24,555,506	-	24,555,506	-	24,555,506	21,674,745
Health programs	2,406,288	-	2,406,288	-	2,406,288	2,004,147
Children and youth	10,900,507	-	10,900,507	-	10,900,507	10,871,414
Workforce development	2,140,200	-	2,140,200	-	2,140,200	1,763,581
Total program services	<u>75,549,283</u>	<u>-</u>	<u>75,549,283</u>	<u>(39,614)</u>	<u>75,509,669</u>	<u>67,031,099</u>
Supporting Services:						
Management and general	7,573,876	1,660	7,575,536	(196,814)	7,378,722	6,319,755
Fundraising	844,355	-	844,355	-	844,355	712,606
Total supporting services	<u>8,418,231</u>	<u>1,660</u>	<u>8,419,891</u>	<u>(196,814)</u>	<u>8,223,077</u>	<u>7,032,361</u>
TOTAL OPERATING EXPENSES	<u>83,967,514</u>	<u>1,660</u>	<u>83,969,174</u>	<u>(236,428)</u>	<u>83,732,746</u>	<u>74,063,460</u>
CHANGE IN OPERATING NET ASSETS	<u>1,367,016</u>	<u>234,768</u>	<u>1,601,784</u>	<u>-</u>	<u>1,601,784</u>	<u>629,617</u>
NONOPERATING SUPPORT AND REVENUE:						
Other income	552,789	-	552,789	-	552,789	219,728
TOTAL NONOPERATING SUPPORT AND REVENUE	<u>552,789</u>	<u>-</u>	<u>552,789</u>	<u>-</u>	<u>552,789</u>	<u>219,728</u>
NONOPERATING EXPENSES:						
Depreciation and amortization expense	277,833	114,410	392,243	-	392,243	397,088
Interest expense	22,041	46,400	68,441	-	68,441	71,424
TOTAL NONOPERATING EXPENSES	<u>299,874</u>	<u>160,810</u>	<u>460,684</u>	<u>-</u>	<u>460,684</u>	<u>468,512</u>
CHANGE IN NONOPERATING NET ASSETS	<u>252,915</u>	<u>(160,810)</u>	<u>92,105</u>	<u>-</u>	<u>92,105</u>	<u>(248,784)</u>
CHANGE IN TOTAL NET ASSETS	<u>1,619,931</u>	<u>73,958</u>	<u>1,693,889</u>	<u>-</u>	<u>1,693,889</u>	<u>380,833</u>
Total net assets - beginning of year	<u>11,996,322</u>	<u>1,421,564</u>	<u>13,417,886</u>	<u>-</u>	<u>13,417,886</u>	<u>13,037,053</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 13,616,253</u>	<u>\$ 1,495,522</u>	<u>\$ 15,111,775</u>	<u>\$ -</u>	<u>\$ 15,111,775</u>	<u>\$ 13,417,886</u>