

BIG INITIATIVES INCORPORATED
(aka "BIG REUSE")

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2016

TYRONE ANTHONY SELLERS
Certified Public Accountant

BIG INITIATIVES INCORPORATED
(aka "BIG REUSE")

- CONTENTS -

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities and Change in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flow	5
Notes to Financial Statements	6-8

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Big Initiatives Incorporated
aka "Big Reuse"
Brooklyn, New York

Report on the Financial Statements

I have audited the accompanying financial statements of Big Initiatives Incorporated ("the Organization"), which comprise of the statement of financial position as of December 31, 2016 and the related statements of activities and change in net assets, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Initiatives Incorporated as of December 31, 2016, and the changes in its net assets and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Big Initiatives Incorporated's 2015 financial statements, and expressed an unmodified opinion on those financial statements in my report dated October 20, 2016. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Saint Albans, NY
July 20, 2017



BIG INITIATIVES INCORPORATED
aka "BIG REUSE"

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$ 48,127	\$ 525,573
Accounts receivable	6,822	160
Prepaid expenses	40,293	-
Total Current Assets	95,242	525,733
<u>Fixed Assets</u>		
Equipment, furniture and tools	76,952	75,000
Less accumulated depreciation	(22,581)	(7,500)
Net Fixed Assets	54,371	67,500
<u>Other Assets</u>		
Utility deposits	5,005	3,060
Total Assets	\$ 154,618	\$ 596,293
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 111,259	\$ 53,278
Loans payable	80,000	80,000
Loans interest payable	7,571	2,811
Grant advances payable	212,627	424,169
Total Liabilities	411,457	560,258
<u>Net Assets</u>		
Unrestricted Net Assets	(256,839)	36,035
Total Net Assets	(256,839)	36,035
Total Liabilities and Net Assets	\$ 154,618	\$ 596,293

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

BIG INITIATIVES INCORPORATED
aka "BIG REUSE"

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2016 <u>Total</u>	2015 <u>Total</u>
<u>Support and Revenue</u>				
Reuse sales revenue - gross	\$ 1,754,493		\$ 1,754,493	\$ 737,668
less: sales tax	<u>(127,099)</u>		<u>(127,099)</u>	<u>(53,640)</u>
Reuse sales revenue	1,627,394	-	1,627,394	684,028
Less cost of goods sold:				
Products & materials	(65,009)		(65,009)	(9,153)
Credit card fees	<u>(31,941)</u>		<u>(31,941)</u>	<u>(12,073)</u>
Net reuse sales revenue	1,530,444	-	1,530,444	662,802
Government grant	580,996		580,996	169,394
Contributions	9,273		9,273	8,150
Rental income	6,875		6,875	10,610
Other income	1,260		1,260	608
Interest income	<u>31</u>		<u>31</u>	<u>11</u>
Total Support and Revenue	<u>2,128,879</u>	<u>—</u>	<u>2,128,879</u>	<u>851,575</u>
<u>Expenses</u>				
<u>Program Services</u>				
Reuse Center program	1,613,095	—	1,613,095	622,776
Compost program	<u>479,303</u>	—	<u>479,303</u>	<u>125,599</u>
Total Program Services	<u>2,092,398</u>	<u>—</u>	<u>2,092,398</u>	<u>748,375</u>
<u>Supporting Services</u>				
Management and General	<u>329,355</u>	—	<u>329,355</u>	<u>102,648</u>
Total Supporting Services	<u>329,355</u>	<u>—</u>	<u>329,355</u>	<u>102,648</u>
Total Expenses	<u>2,421,753</u>	<u>—</u>	<u>2,421,753</u>	<u>851,023</u>
Change in Net Assets	(292,874)	—	(292,874)	552
Net Assets at beginning of year	<u>36,035</u>	—	<u>36,035</u>	<u>35,483</u>
Net Assets at end of year	<u>\$ (256,839)</u>	<u>\$ -</u>	<u>\$ (256,839)</u>	<u>\$ 36,035</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

BIG INITIATIVES INCORPORATED
aka "BIG REUSE"

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

	Reuse Center <u>Program</u>	Compost <u>Program</u>	Management and <u>General</u>	2016 Total <u>Expenses</u>	2015 Total <u>Expenses</u>
Salaries and wages	\$ 701,086	\$ 291,888	\$ 203,613	\$ 1,196,587	\$ 415,242
Payroll taxes	64,144	26,706	18,629	109,479	43,247
Health insurance	63,275	30,772	33,313	127,360	41,271
Professional fees	26,065	9,969	29,702	65,736	9,949
Office expenses	8,521	3,387	3,489	15,397	7,908
Insurance	79,009	32,894	22,946	134,850	60,127
Dues & subscriptions	265	120	805	1,190	1,195
Rent expense	512,163	-	-	512,163	207,082
Utilities	34,525	993	-	35,518	10,460
Repairs & maintenance	68,739	28,041	1,491	98,271	21,896
Auto/truck expenses	33,366	43,580	801	77,747	16,898
Travel & related costs	3,033	9,800	3,451	16,284	4,625
Event expenses	1,508	178	542	2,228	-
Miscellaneous	2,314	975	5,813	9,102	812
Interest expense	-	-	4,760	4,760	2,811
Depreciation	15,081	-	-	15,081	7,500
Total	<u>\$ 1,613,095</u>	<u>\$ 479,303</u>	<u>\$ 329,355</u>	<u>\$ 2,421,753</u>	<u>\$ 851,023</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

BIG INITIATIVES INCORPORATED
aka "BIG REUSE"

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	<u>\$ (292,874)</u>	<u>\$ 552</u>
<u>Adjustments to reconcile change in net assets to net cash (used in)/provided by in operating activities</u>		
Depreciation	15,081	7,500
Increase in accounts receivable	(6,662)	(160)
Increase in prepaid expenses	(40,293)	-
Increase in utility deposits	(1,945)	(3,060)
Increase in accounts payable	57,981	53,278
(Decrease)/increase in grant advances payable	<u>(211,542)</u>	<u>424,169</u>
Total adjustments	<u>(187,380)</u>	<u>481,727</u>
Net cash (used in)/provided by operating activities	<u>(480,254)</u>	<u>482,279</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of equipment, furniture & tools	<u>(1,952)</u>	<u>(75,000)</u>
Net cash used in investing activities	<u>(1,952)</u>	<u>(75,000)</u>
<u>Cash Flows From Financing Activities</u>		
Proceeds from loans	-	80,000
Increase in loan interest payable	<u>4,760</u>	<u>2,811</u>
Net cash provided by financing activities	<u>4,760</u>	<u>82,811</u>
Net (decrease)/increase in cash	(477,446)	490,090
Cash balances at beginning of year	<u>525,573</u>	<u>35,483</u>
Cash balances at end of year	<u><u>\$ 48,127</u></u>	<u><u>\$ 525,573</u></u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

BIG INITIATIVES INCORPORATED
(aka "BIG REUSE")

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Note 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Big Initiatives Incorporated, also known as Big Reuse ("Big Reuse"), was incorporated under Section 402 of the Not-for-Profit Corporation Law of the State of New York on March 12, 2014, and commenced operations of all aspects of its programs on August 1, 2015. The organization was formed to protect the environment, reduce the impact of climate change and conserve natural resources and energy. The organization achieves its charitable purpose by diverting materials from landfill, conserving energy and promoting and installing renewable energy. The organization provides services, operates and participates in programs to deconstruct reusable building materials and provide services for the reuse of building materials by reselling salvaged building materials, composting services, maintain and operate a mill for salvaged lumber, as well as provide training programs and seminars in the furtherance of its mission.

The following is a summary of the significant accounting policies of Big Reuse.

Basis of Accounting – The accompanying financial statements were prepared on the accrual basis of accounting.

Capitalization and depreciation – Fixed Assets are recorded at cost, and are capitalized and depreciated over their estimated service lives using the straight-line method of depreciation. The estimated service life of the assets for depreciation purposes may be different from their actual economic useful lives. Fixed Assets purchased with government contracts are expensed in the year purchased.

Income Tax – Big Reuse is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Big Reuse has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2013 and subsequent remain subject to examination by applicable taxing authorities.

Contributions – Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets and then reclassified to unrestricted net assets when the restriction expires. Restricted contributions received and expensed in the same fiscal year are reflected as unrestricted revenues.

Financial Statement Presentation – Big Reuse's financial statements adhere to the established standards for external financial statements provided by not-for-profit organizations which require that resources be classified for accounting and reporting purposes into three classes of net assets – permanently restricted, temporarily restricted and unrestricted. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class.

The financial statements include certain prior-year summarized comparative financial information in total but not by 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 the organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Functional Expense – Big Reuse allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are charged directly to the particular program according to their natural expense classification.

Subsequent events – Management has evaluated subsequent events through July 20, 2017, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment or disclosure in the financial statements.

TYRONE ANTHONY SELLERS
Certified Public Accountant

BIG INITIATIVES INCORPORATED
(aka "BIG REUSE")

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Note 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Big Reuse maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Big Reuse has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. For financial statement purposes, Big Reuse considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Note 2 – FACILITY RENTAL LEASES

Big Reuse leases facility and office space for operates at two locations. The rental agreement for each location is as follows:

Gowanus location rental lease agreement expires July 31, 2018. Annual lease payments for the remaining years are as follows:

<u>Year Ending July 31,</u>	
2017	\$ 323,157
2018	<u>336,083</u>
Total	<u>\$ 659,240</u>

Astoria location rental lease agreement expires July 31, 2017. Annual lease payments for the remaining years are as follows:

<u>Year Ending July 30,</u>	
2017	<u>\$ 216,098</u>
	<u>\$ 216,098</u>

Note 3 – LOANS PAYABLE

- a) On August 1, 2015 to assist in the startup of operations, the executive director extended a personal loan in the amount of \$30,000 to Big Reuse. The loan bears an interest rate of .48% per month. Monthly interest only payments are due until maturity. Upon maturity all unpaid interest and principal shall become due. The maturity date is the earlier of January 1, 2016 or ten days from when specific funding is received by Big Reuse. Subsequently, the loan has been extended until January 1, 2018.
- b) On July 7, 2015 to assist in the asset purchase agreement, Big Reuse entered in a loan agreement with The Working World, Inc. in the amount of \$50,000. The loan bears an interest rate of 7% per annum. Monthly payments of principal and interest are due when a surplus, as defined, is determined. The loan will mature when all unpaid interest and principal is repaid.

TYRONE ANTHONY SELLERS
Certified Public Accountant

BIG INITIATIVES INCORPORATED
(aka "BIG REUSE")

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Note 3 – LOANS PAYABLE (continued)

The following is a summary of the loans as of December 31, 2016.

	Outstanding <u>Principal</u>	Interest <u>Payable</u>
a) Executive Director Loan	\$ 30,000	\$ 2,448
b) The Working World, Inc. Loan	<u>50,000</u>	<u>5,123</u>
Totals	<u>\$ 80,000</u>	<u>\$ 7,571</u>

Note 4 – GOVERNMENT GRANTS

Government grant income for 2016 was as follows:

New York City Department of Sanitation (compost program)	\$ 480,219
Queens Botanical Garden Society, Inc. (organics outreach program)	<u>100,777</u>
	<u>\$ 580,996</u>

Advances payable as of December 31, 2015 was as follows:

New York City Department of Sanitation (compost program)	\$ 90,246
Queens Botanical Garden Society, Inc. (organics outreach program)	<u>122,381</u>
	<u>\$ 212,627</u>

Note 5 – ASSET PURCHASE AGREEMENT

On July 14, 2015, Big Reuse entered into an asset purchase agreement with Community Environment Center, Inc. ("CEC"). The asset purchase agreement provides for, amongst other matters, in consideration of \$75,000 Big Reuse shall receive the following:

- 1) Acquired Assets – donated materials, operational equipment (restricted and unrestricted) & tools, office equipment & furniture, brand name "Build It Green! NYC", customer and client lists, domain names and social media accounts.
- 2) Assumed Contracts and Leases – facility rental leases for 69th Street (Brooklyn, NY), and 3-17 26th Avenue (Astoria, NY).

The acquired assets are being depreciated over a five (5) year period using the straight-line method of depreciation starting July 2015.