

BIG INITIATIVES INCORPORATED  
(aka "BIG REUSE")

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017

**TYRONE ANTHONY SELLERS**  
*Certified Public Accountant*

BIG INITIATIVES INCORPORATED  
(aka "BIG REUSE")

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**TYRONE ANTHONY SELLERS**  
*Certified Public Accountant*

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, 2017 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, 2017, 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 2016 financial statements, and expressed an unmodified opinion on those financial statements in my report dated July 20, 2017. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Saint Albans, NY  
September 19, 2018



BIG INITIATIVES INCORPORATED  
 aka "BIG REUSE"  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	\$ 1,476,484	\$ 48,127
Accounts receivable	4,712	6,822
Prepaid expenses	23,020	40,293
Total Current Assets	1,504,216	95,242
<u>Fixed Assets</u>		
Equipment, furniture and tools	76,952	76,952
Less accumulated depreciation	(38,232)	(22,581)
Net Fixed Assets	38,720	54,371
<u>Other Assets</u>		
Deposits	49,068	5,005
Total Assets	\$ 1,592,004	\$ 154,618
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 69,228	\$ 111,259
Loans payable - current portions	55,510	38,120
Loans interest payable	913	7,571
Grant advances payable	1,668,652	212,627
Total Current Liabilities	1,794,303	369,577
<u>Long-term Liabilities</u>		
Security deposit payable	4,800	-
Loans payable - long-term portion	13,922	41,880
Total Long-term Liabilities	18,722	41,880
Total Liabilities	1,813,025	411,457
<u>Net Assets</u>		
Unrestricted Net Assets	(221,021)	(256,839)
Total Net Assets	(221,021)	(256,839)
Total Liabilities and Net Assets	\$ 1,592,004	\$ 154,618

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, 2017

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

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2017 <u>Total</u>	2016 <u>Total</u>
<u>Support and Revenue</u>				
Reuse sales revenue - gross	\$ 1,766,328		\$ 1,766,328	\$ 1,754,493
less: sales tax	<u>(124,021)</u>		<u>(124,021)</u>	<u>(127,099)</u>
Reuse sales revenue	1,642,307	-	1,642,307	1,627,394
Less cost of goods sold:				
Products & materials	(52,579)		(52,579)	(65,009)
Credit card fees	(31,626)		(31,626)	(31,941)
Other costs	<u>(1,183)</u>		<u>(1,183)</u>	<u>-</u>
Net reuse sales revenue	1,556,919	-	1,556,919	1,530,444
Government grants	1,862,023		1,862,023	580,996
Contributions	6,898		6,898	9,273
Rental income	48,025		48,025	6,875
Other income	48,390		48,390	1,260
Interest income	<u>—</u>		<u>—</u>	<u>31</u>
Total Support and Revenue	<u>3,522,255</u>	<u>—</u>	<u>3,522,255</u>	<u>2,128,879</u>
<u>Expenses</u>				
<u>Program Services</u>				
Reuse Center program	1,616,656	—	1,616,656	1,613,095
Compost program	876,326	—	876,326	391,635
Organics Outreach program	<u>664,807</u>	<u>—</u>	<u>664,807</u>	<u>87,668</u>
Total Program Services	<u>3,157,789</u>	<u>—</u>	<u>3,157,789</u>	<u>2,092,398</u>
<u>Supporting Services</u>				
Management and General	<u>328,648</u>	<u>—</u>	<u>328,648</u>	<u>329,355</u>
Total Supporting Services	<u>328,648</u>	<u>—</u>	<u>328,648</u>	<u>329,355</u>
Total Expenses	<u>3,486,437</u>	<u>—</u>	<u>3,486,437</u>	<u>2,421,753</u>
Change in Net Assets	35,818	—	35,818	(292,874)
Net Assets at beginning of year	<u>(256,839)</u>	<u>—</u>	<u>(256,839)</u>	<u>36,035</u>
Net Assets at end of year	<u>\$ (221,021)</u>	<u>\$ -</u>	<u>\$ (221,021)</u>	<u>\$ (256,839)</u>

The accompanying notes are an integral part of this statement.

BIG INITIATIVES INCORPORATED  
aka "BIG REUSE"

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

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

	Reuse Center <u>Program</u>	Compost <u>Program</u>	Organics Outreach <u>Program</u>	Management and <u>General</u>	2017 Total <u>Expenses</u>	2016 Total <u>Expenses</u>
Salaries and wages	\$ 783,076	\$ 290,052	\$ 451,053	\$ 164,331	\$ 1,688,512	\$ 1,196,587
Payroll taxes	25,794	25,723	40,345	51,555	143,417	109,479
Health insurance	104,631	44,967	23,207	31,756	204,561	127,360
Professional fees	5,058	84,367	7,508	16,329	113,262	65,736
Office expenses	13,968	5,845	2,069	1,916	23,798	15,397
Insurance	26,486	23,208	25,368	43,052	118,114	134,850
Dues & subscriptions	616	-	22	690	1,328	1,190
Rent expense	465,469	-	-	-	465,469	512,163
Utilities	38,535	1,658	-	-	40,193	35,518
Repairs & maintenance	90,265	365,283	4,375	3,836	463,759	98,271
Auto/truck expenses	41,876	28,310	108,562	934	179,682	77,747
Travel & related costs	4,245	5,152	1,704	2,190	13,291	16,284
Event expenses	-	160	-	336	496	2,228
Miscellaneous	1,556	1,601	594	3,726	7,477	9,102
Interest expense	-	-	-	7,427	7,427	4,760
Depreciation	15,081	-	-	570	15,651	15,081
Total	<u>\$ 1,616,656</u>	<u>\$ 876,326</u>	<u>\$ 664,807</u>	<u>\$ 328,648</u>	<u>\$ 3,486,437</u>	<u>\$ 2,421,753</u>

The accompanying notes are an integral part of this statement.

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BIG INITIATIVES INCORPORATED  
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STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 35,818	\$ (292,874)
<u>Adjustments to reconcile change in net assets to net cash provided by/(used in) in operating activities</u>		
Depreciation	15,651	15,081
Decrease (increase) in operating assets		
Accounts receivable	2,110	(6,662)
Prepaid expenses	17,273	(40,293)
Deposits	(44,063)	(1,945)
Increase (decrease) in operating liabilities		
Accounts payable	(42,031)	57,981
Security deposit payable	4,800	-
Grant advances payable	1,456,025	(211,542)
Net cash provided by/(used in) operating activities	<u>1,445,583</u>	<u>(480,254)</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of equipment, furniture & tools	<u>-</u>	<u>(1,952)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,952)</u>
<u>Cash Flows From Financing Activities</u>		
Payment of loans	(10,568)	-
(Decrease)/increase in loan interest payable	<u>(6,658)</u>	<u>4,760</u>
Net cash (used in)/provided by financing activities	<u>(17,226)</u>	<u>4,760</u>
Net increase/(decrease) in cash	1,428,357	(477,446)
Cash balances at beginning of year	<u>48,127</u>	<u>525,573</u>
Cash balances at end of year	<u>\$ 1,476,484</u>	<u>\$ 48,127</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid for interest	<u>\$ 14,085</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

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BIG INITIATIVES INCORPORATED  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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.

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, running two community composting sites, providing environmental outreach for the NYC Department of Sanitation, providing work force training programs, and developing zero waste environmental policy 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, 2014 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, 2016, 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.

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BIG INITIATIVES INCORPORATED  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

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

Subsequent Events – Management has evaluated subsequent events through September 19, 2018, 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.

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 its operations. The rental agreement for each location is as follows:

- 1) The Gowanus location rental lease expired July 31, 2018. Big Reuse is currently on a month to month lease. Annual lease payments for the remaining term of the lease is as follows:

<u>Year Ending July 31,</u>	
2018	<u>336,083</u>
Total	<u>\$ 336,083</u>

- 2) The Astoria location rental lease expired July 31, 2017. The lease was not renewed, and operations discontinued at the location.

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.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 3 – LOANS PAYABLE (continued)

The following is a summary of the loans as of December 31, 2017.

	Outstanding <u>Principal</u>	Interest <u>Payable</u>
a) Executive Director Loan	\$ 27,555	\$ 913
b) The Working World, Inc. Loan	<u>41,880</u>	<u>-0-</u>
Totals	<u>\$ 69,350</u>	<u>\$ 913</u>

Note 4 – GOVERNMENT GRANTS

Government grant income for 2017 was as follows:

New York City Department of Sanitation (compost program)	\$ 1,000,155
Queens Botanical Garden Society, Inc. (organics outreach program)	761,868
New York City Economic Development Corporation	<u>100,000</u>
	<u>\$ 1,862,023</u>

Advances payable as of December 31, 2017 was as follows:

New York City Department of Sanitation (compost program)	\$ 492,736
Queens Botanical Garden Society, Inc. (organics outreach program)	<u>1,175,916</u>
	<u>\$ 1,668,652</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 69<sup>th</sup> Street (Brooklyn, NY), and 3-17 26<sup>th</sup> 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.

Subsequently in 2017, it was discovered that the rent security deposit for the Gowanus location was honored by the landlord and has been applied to the rental agreement for the location. The amount of the rent security deposit is \$44,000.

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