

BIG INITIATIVES INCORPORATED
aka BIG REUSE

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020

BIG INITIATIVES INCORPORATED
aka BIG REUSE

CONTENTS

| | Page |
|----------------------------------|-------------|
| Independent Auditors' Report | 1 |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 |
| Statements of Cash Flows | 4 |
| Statement of Functional Expenses | 5 |
| Notes to Financial Statements | 6 - 13 |

THOMAS A. LUISI
CERTIFIED PUBLIC ACCOUNTANT
5 KERRI LANE
LINCOLN PARK, NJ 07035
845 642 6602

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Big Initiatives Incorporated
aka Big Reuse

Report on the Financial Statements

I have audited the accompanying statement of financial position of Big Initiatives Incorporated (a nonprofit organization) as of December 31, 2020 and 2019 and the related statements of activities, cash flows, and functional expenses for the years 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 audits. I conducted my audits 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 from 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, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Thomas Luisi CPA
November 1, 2021

BIG INITIATIVES INCORPORATED
aka BIG REUSE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 169,137 | \$ 106,409 |
| Accounts receivable | 380,640 | 4,882 |
| Prepaid expenses and other assets | 7,786 | - |
| Property and equipment, net | 94,107 | 112,217 |
| Security deposits | <u>79,842</u> | <u>3,175</u> |
| Total Assets | <u>\$ 731,512</u> | <u>\$ 226,683</u> |
| Liabilities | | |
| Accounts payable and other liabilities | \$ 34,604 | \$ 76,691 |
| Loans payable | 150,000 | 104,666 |
| Grants payable | 4,521 | 80,932 |
| SBA PPP Loan | 305,900 | - |
| SBA EIDL Loan | 150,000 | - |
| Security deposit | <u>4,800</u> | <u>4,800</u> |
| Total Liabilities | 649,825 | 267,089 |
| Net Assets | | |
| Without donor restrictions | 81,687 | (73,406) |
| With donor restrictions | <u>-</u> | <u>33,000</u> |
| Total Net Assets | <u>81,687</u> | <u>(40,406)</u> |
| Total Liabilities and Net Assets | <u>\$ 731,512</u> | <u>\$ 226,683</u> |

The accompanying notes are an integral part of these financial statements

BIG INITIATIVES INCORPORATED
aka BIG REUSE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2020 Total</u> | <u>2019 Total</u> |
|--|---------------------------------------|------------------------------------|-------------------|--------------------|
| Revenues and Support | | | | |
| Reuse sales revenue | \$ 973,334 | \$ - | \$ 973,334 | \$ 1,090,174 |
| Less cost of goods sold | (53,096) | | (53,096) | (58,992) |
| Net reuse sales revenue | <u>920,238</u> | <u>-</u> | <u>920,238</u> | <u>1,031,182</u> |
| Government contracts | 810,335 | | 810,335 | 1,842,818 |
| Foundation grants | 22,500 | | 22,500 | 56,500 |
| Individual donations and other support | 26,147 | | 26,147 | 25,817 |
| Rental income | 34,128 | | 34,128 | 59,701 |
| Net assets released from restrictions | <u>33,000</u> | <u>(33,000)</u> | <u>-</u> | <u>-</u> |
| Total Revenues and Support | <u>1,846,348</u> | <u>(33,000)</u> | <u>1,813,348</u> | <u>3,016,018</u> |
| Expenses | | | | |
| Reuse Center program | 833,825 | | 833,825 | 1,217,858 |
| Compost program | 396,126 | | 396,126 | 547,186 |
| Organics Outreach program | <u>269,416</u> | | <u>269,416</u> | <u>979,957</u> |
| Total program services | 1,499,367 | - | 1,499,367 | 2,745,001 |
| Management and general | <u>191,888</u> | | <u>191,888</u> | <u>242,536</u> |
| Total Expenses | <u>1,691,255</u> | <u>-</u> | <u>1,691,255</u> | <u>2,987,537</u> |
| Change in net assets | 155,093 | (33,000) | 122,093 | 28,481 |
| Net Assets - Beginning of Year | <u>(73,406)</u> | <u>33,000</u> | <u>(40,406)</u> | <u>(68,887)</u> |
| Net Assets - End of Year | <u>\$ 81,687</u> | <u>\$ -</u> | <u>\$ 81,687</u> | <u>\$ (40,406)</u> |

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

BIG INITIATIVES INCORPORATED
aka BIG REUSE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash Flows From Operating Activities | | |
| Changes in net assets | \$ 122,093 | \$ 28,481 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities- | | |
| Depreciation | 18,110 | 24,296 |
| Change in operating assets and liabilities- | | |
| Accounts receivable | (375,758) | (4,013) |
| Prepaid expenses | (7,786) | 21,246 |
| Security deposits | (76,667) | 15,818 |
| Accounts payable and other liabilities | (42,087) | (2,895) |
| Grants payable | <u>(76,411)</u> | <u>(721,014)</u> |
| Net Cash Provided By Operating Activities | <u>(438,506)</u> | <u>(638,081)</u> |
| Cash Flows From Investing Activities | | |
| Increase in leasehold improvements | - | (37,959) |
| Net Cash Used By Investing Activities | <u>-</u> | <u>(37,959)</u> |
| Cash Flows From Financing Activities | | |
| Increase in loans payable | 45,334 | 74,933 |
| Increase in SBA PPP Loan | 305,900 | - |
| Increase in SBA EIDL Loan | 150,000 | - |
| Net Cash From Financing Activities | <u>501,234</u> | <u>74,933</u> |
| Increase (Decrease) in Cash and Cash Equivalents | 62,728 | (601,107) |
| Cash and Cash Equivalents - Beginning of Year | <u>106,409</u> | <u>707,516</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 169,137</u> | <u>\$ 106,409</u> |
| Supplemental Information | | |
| Interest paid | <u>\$ 23,800</u> | <u>\$ 20,862</u> |

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

**BIG INITIATIVES INCORPORATED
aka BIG REUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019**

| | REUSE CENTER PROGRAM | COMPOST PROGRAM | ORGANICS OUTREACH PROGRAM | MANAGEMENT AND GENERAL | TOTAL EXPENSES | 2019 TOTAL |
|--------------------------------|----------------------------|--------------------|---------------------------------|------------------------------|---------------------|---------------------|
| Salaries | \$ 376,324 | \$ 233,613 | \$ 205,437 | \$ 134,891 | \$ 950,265 | \$ 1,609,600 |
| Payroll taxes | 29,132 | 23,283 | 26,534 | 11,707 | 90,656 | 153,618 |
| Health insurance | 40,116 | 18,867 | 7,686 | 22,092 | 88,761 | 146,776 |
| Professional fees | 3,838 | 2,631 | 1,586 | 6,564 | 14,619 | 28,661 |
| Office expenses | 3,049 | 3,949 | 1,924 | 902 | 9,824 | 20,944 |
| Insurance | 15,628 | 9,839 | 3,465 | 7,209 | 36,141 | 98,296 |
| Rent expense | 271,417 | 22,322 | 4,058 | 6,279 | 304,076 | 446,885 |
| Utilities | 10,104 | 2,777 | 2,276 | - | 15,157 | 19,337 |
| Repairs and maintenance | 41,683 | 41,254 | 120 | - | 83,057 | 216,886 |
| Auto and truck expenses | 15,999 | 21,293 | 7,142 | - | 44,434 | 138,219 |
| Travel and related costs | 1,662 | 2,540 | 416 | 189 | 4,807 | 14,284 |
| Event and promotional expenses | 1,451 | 1,852 | 1,401 | - | 4,704 | 46,604 |
| Other expenses | 979 | 1,054 | - | 811 | 2,844 | 2,269 |
| Interest expense | 4,333 | 10,852 | 7,371 | 1,244 | 23,800 | 20,862 |
| Depreciation | 18,110 | - | - | - | 18,110 | 24,296 |
| Total expenses | \$ 833,825 | \$ 396,126 | \$ 269,416 | \$ 191,888 | \$ 1,691,255 | \$ 2,987,537 |

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

BIG INITIATIVES INCORPORATED
aka BIG REUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

Organization

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, appliances, furniture plus home goods, and provide the following services; running a community composting site, providing environmental outreach for the NYC Department of Sanitation, providing work force training programs, and developing zero waste environmental policy furtherance of its mission.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Asset Classification

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 from 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.

BIG INITIATIVES INCORPORATED
aka BIG REUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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; they stipulate the resources be maintained permanently, but permit the Organization to use all or part of the income earned on these assets for either specified or unspecified purposes.

When a donor's restriction is satisfied, either by using the resources in a 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. Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Tax-exempt Status

The Organization is a non-profit organization that is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, although it is taxed on any business income that is not substantially related to the Organization's exempt purpose. The Organization did not have any unrelated business income for the year ended December 31, 2020.

Federal tax law requires that the Organization be operated in a manner consistent with its initial exemption application in order to maintain exempt status. Management has analyzed its operations and concluded that they remain in compliance with the requirements for exemption.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for any uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service

BIG INITIATIVES INCORPORATED
aka BIG REUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

The Organization's management has analyzed its tax positions, and has concluded that as of December 31, 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however the actual results could differ from those estimates.

Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash balances with a major financial institution. These deposits at times may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit, however, no losses have ever been experienced by the Organization on its cash and cash equivalents.

Accounting for Pledges and Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

BIG INITIATIVES INCORPORATED
aka BIG REUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Premises and equipment

Property and equipment are recorded at their original costs or, if contributed, at their appraised values at the dates of contribution. The Organization's policy is to expense equipment purchases if they are purchased with grant funds. Depreciation of property and equipment is provided using the straight-line method over their estimated useful lives.

Subsequent Events

For the year ended December 31, 2020, the Organization has evaluated subsequent events for potential recognition or disclosure through November 1, 2021, the date the financial statements were available for issuance. In March 2020, the World Health Organization declared an outbreak of a novel coronavirus disease (COVID-19) as a pandemic which disrupted businesses across the country, including the operations of the Organization. However, the duration of the disruption will likely depend on the effectiveness of the vaccines provided to the public by health authorities, restrictions and advisories promulgated by Federal, State and Local governments, and the perception of the general public as to any continuing risks.

Expense Allocation

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and in the schedule 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 benefited using a reasonable allocation method that is consistently applied.

General and administrative 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.

BIG INITIATIVES INCORPORATED
aka BIG REUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. Premises and Equipment

An analysis of premises and equipment at December 31 is as follows:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|------------------|-------------------|
| Furniture and equipment | \$ 76,952 | \$ 76,952 |
| Leasehold improvements | <u>113,444</u> | <u>113,444</u> |
| Total | 190,396 | 190,396 |
| Less-accumulated depreciation | <u>(96,289)</u> | <u>(78,179)</u> |
| Net | <u>\$ 94,107</u> | <u>\$ 112,217</u> |

3. Lease Commitments

The Organization leases facility and office space for its operations. The current rental agreement expires September 30, 2028 with annual lease payments for the next five years and thereafter as follows:

| Year ending December 31 | |
|-------------------------|---------------------|
| 2021 | 486,829 |
| 2022 | 501,434 |
| 2023 | 516,477 |
| 2024 | 531,972 |
| 2025 | 547,931 |
| Thereafter | <u>1,862,858</u> |
| Total | <u>\$ 4,447,501</u> |

BIG INITIATIVES INCORPORATED
aka BIG REUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Loans Payable

At December 31 loans payable consist of the following:

| | <u>2020</u> | <u>2019</u> |
|-------------------------|-------------------|-------------------|
| Executive Director loan | \$ - | \$ 4,666 |
| FJC Loan Advance | <u>150,000</u> | <u>100,000</u> |
| Total | <u>\$ 150,000</u> | <u>\$ 104,666</u> |

5. Grants Payable

At December 31 grants payable consist of the following:

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-----------------|------------------|
| NYC Department of Sanitation | \$ - | \$ 17,567 |
| Queens Botanical Garden Society | - | 31,652 |
| NYS Office of the Attorney General | <u>4,521</u> | <u>31,713</u> |
| Total | <u>\$ 4,521</u> | <u>\$ 80,932</u> |

BIG INITIATIVES INCORPORATED
aka BIG REUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are:

| | |
|---|-------------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 169,137 |
| Accounts receivable | 380,640 |
| | <hr/> |
| Total financial assets | 549,777 |
| Less financial assets held to meet donor-imposed restrictions | <hr/> - |
| Amount available for general expenditures within one year | <hr/> <u>\$ 549,777</u> |

As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

7. Net Assets With Donor Restrictions

At December 31 net assets with time passage donor restrictions consist of the following:

| | <u>2020</u> | <u>2019</u> |
|--|-------------|------------------|
| REDF | \$ - | \$ 5,000 |
| FJC: A Foundation of Philanthropic Funds | - | 28,000 |
| | <hr/> | <hr/> |
| Total | <u>\$ -</u> | <u>\$ 33,000</u> |

BIG INITIATIVES INCORPORATED
aka BIG REUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. PPP Loan

In April 2020 the Organization received a \$305,900 unsecured loan due to the Small Business Administration (SBA) and administered by TD Bank, as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) Paycheck Protection Program (PPP).

In September 2021 the Organization applied for forgiveness of the full amount of the loan and fully expects it to be forgiven by the SBA. Once forgiven the \$305,900 will be included on the 2021 statement of activities as other income, extinguishment of debt.