

**BUFFALO RENAISSANCE
FOUNDATION, INC.**

Financial Statements

December 31, 2019 and 2018

BUFFALO RENAISSANCE FOUNDATION, INC.

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
Buffalo Renaissance Foundation, Inc.
Buffalo, New York

We have reviewed the accompanying financial statements of Buffalo Renaissance Foundation, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Foundation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Feeley, Bonaventura & Hyzy CPAs, P.C.
February 3, 2020

Williamsville, New York

BUFFALO RENAISSANCE FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash	\$ 268,768	\$ 195,277
Investments	1,473,448	1,226,023
Unconditional promises to give	-	300
Accounts receivable:		
Member dues	3,916	2,200
Fundraising events	8,640	6,850
Prepaid insurance	1,762	1,752
	<u>\$ 1,756,534</u>	<u>\$ 1,432,402</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Grants payable	\$ 20,000	\$ 25,000
Deferred revenue	1,300	3,700
	<u>21,300</u>	<u>28,700</u>
NET ASSETS:		
Without donor restrictions:		
Unrestricted	1,318,695	1,093,984
Board Designated	87,534	48,382
	<u>1,406,229</u>	<u>1,142,366</u>
With donor restrictions	329,005	261,336
	<u>1,735,234</u>	<u>1,403,702</u>
	<u>\$ 1,756,534</u>	<u>\$ 1,432,402</u>

See independent accountants' review report and notes to financial statements.

BUFFALO RENAISSANCE FOUNDATION, INC.**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUE AND GAINS		
Dues and initiation fees	\$ 80,250	\$ 76,800
Spring luncheon, net of expenses of \$26,602 and \$26,871 in 2019 and 2018, respectively	56,498	61,079
Golf tournament, net of expenses of \$33,443 and \$29,838 in 2019 and 2018, respectively	27,047	23,852
Veterans luncheon, net of expenses of \$7,073 and \$4,626 in 2019 and 2018, respectively	1,052	3,167
Donations	100	9,453
Interest and dividends	26,757	17,495
Outreach	5,150	4,750
Investment return, net	152,322	(97,440)
Net assets released from restrictions	33,229	94,823
	<u>382,405</u>	<u>193,979</u>
EXPENSES		
Program services	57,702	314,131
Management and general	45,259	48,876
Fundraising	15,581	15,280
	<u>118,542</u>	<u>378,287</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	263,863	(184,308)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
REVENUE AND GAINS		
Donations	62,479	68,043
Interest and dividends	5,618	2,665
Investment return, net	33,362	(19,133)
Net assets released from restrictions	(33,229)	(94,823)
	<u>68,230</u>	<u>(43,248)</u>
EXPENSES		
Management and general	561	268
	<u>561</u>	<u>268</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	67,669	(43,516)
CHANGES IN NET ASSETS	331,532	(227,824)
NET ASSETS, BEGINNING OF YEAR	<u>1,403,702</u>	<u>1,631,526</u>
NET ASSETS, END OF YEAR	<u>\$ 1,735,234</u>	<u>\$ 1,403,702</u>

See independent accountants' review report and notes to financial statements.

BUFFALO RENAISSANCE FOUNDATION, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

	2019				2018			
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Director Events	\$ 3,523	\$ 30,121	\$ -	\$ 33,644	\$ 4,257	\$ 33,899	\$ -	\$ 38,156
Executive Director	14,850	3,300	14,850	33,000	14,850	3,300	14,850	33,000
Bank charges and investment fees	-	5,303	-	5,303	-	5,327	-	5,327
Professional fees	-	3,100	-	3,100	-	3,050	-	3,050
Insurance	-	1,752	-	1,752	-	1,737	-	1,737
Meeting expenses	732	732	731	2,195	431	430	430	1,291
Newsletter	-	175	-	175	-	175	-	175
Dues and memberships	-	-	-	-	-	100	-	100
Office supplies	655	-	-	655	-	59	-	59
Postage and delivery	-	252	-	252	-	108	-	108
Printing and reproduction	-	-	-	-	-	35	-	35
Taxes	-	275	-	275	-	275	-	275
Web services	-	249	-	249	-	381	-	381
Donations	22,945	-	-	22,945	93,182	-	-	93,182
Grants	-	-	-	-	158,700	-	-	158,700
USS Little Rock Commissioning Committee	10,284	-	-	10,284	16,566	-	-	16,566
Downtown Sculptural Art Initiative	-	-	-	-	18,325	-	-	18,325
Veterans Scholarship Fund	1,000	-	-	1,000	3,000	-	-	3,000
Outreach Projects	3,713	-	-	3,713	4,820	-	-	4,820
	<u>\$ 57,702</u>	<u>\$ 45,259</u>	<u>\$ 15,581</u>	<u>\$ 118,542</u>	<u>\$ 314,131</u>	<u>\$ 48,876</u>	<u>\$ 15,280</u>	<u>\$ 378,287</u>

See independent accountants' review report and notes to financial statements.

BUFFALO RENAISSANCE FOUNDATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 331,532	\$ (227,824)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Net unrealized and realized (gains) losses on investments	(185,684)	116,573
Unconditional promises to give	300	8,300
Changes in assets and liabilities affecting operating cash flows:		
Accounts receivable:		
Member dues	(1,716)	(1,650)
Fundraising events	(1,790)	3,098
Prepaid insurance and other current assets	(10)	(15)
Grants payable	(5,000)	15,000
Accrued expenses	-	(15,148)
Deferred revenue	(2,400)	3,700
Net cash provided by (used in) operating activities	<u>135,232</u>	<u>(97,966)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments made	(113,009)	(283,723)
Proceeds from sale of investments	77,208	29,815
Reinvested investment income, net	<u>(25,940)</u>	<u>(13,729)</u>
Net cash used in investing activities	<u>(61,741)</u>	<u>(267,637)</u>
NET CHANGE IN CASH	73,491	(365,603)
CASH, BEGINNING OF YEAR	<u>195,277</u>	<u>560,880</u>
CASH, END OF YEAR	<u><u>\$ 268,768</u></u>	<u><u>\$ 195,277</u></u>

See independent accountants' review report and notes to financial statements.

BUFFALO RENAISSANCE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(See Independent Accountants' Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Buffalo Renaissance Foundation, Inc. (the “Foundation”) is a nonprofit corporation dedicated to “Building a Better Buffalo” through active support of public, educational, scientific, charitable and benevolent organizations and activities in the Western New York area. The Foundation fulfills its activities with support and contributions from its members and the general public through donations and fundraising activities. Our mission is to help the community move forward for generations to come by fostering change through our charitable giving and speaker forums.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be equivalents

Method of Accounting – The Foundation’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred, rather than when cash is disbursed.

Basis of Accounting – The financial statements of the Foundation have been prepared on the accrual basis of accounting and according to current accounting standards, which require that all nonprofit organizations provide a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. Classification of net assets and revenues, expenses, gains, and losses are based on the existence or absence of donor-imposed restrictions.

Generally accepted accounting principles require that resources be classified for reporting purposes into two categories based upon the presence or absence of donor restrictions – with donor restrictions or without donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Foundation’s activities and may be designated by the Foundation’s Board of Directors for specific purposes. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Foundation. As restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions

Revenue and Support Recognition – Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional.

Functional Expenses – The Foundation allocates Executive Director’s expense, Director Events and meeting expenses based on a reasonable estimate of time spent in each area. Most other costs are based on direct costs associated with program or management and general expenses.

Investments – Investments in marketable securities with readily determinable fair values, and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities and changes in net assets.

Income Taxes – The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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

Subsequent Events – The Foundation has evaluated the effects of all subsequent events through February 3, 2020 to determine if events or transactions occurring through February 3, 2020, require potential adjustment or disclosure in the financial statements.

Liquidity - The Foundation has approximately \$1,740,000 of financial assets available within one year of the balance sheet date consisting of approximately \$270,000 of cash and \$1,470,000 of investments. Approximately \$329,000 of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The Foundation has a board-designated endowment of approximately \$1,200,000. Although the Foundation does not intend to spend from its endowment other than the amounts appropriated as part of its annual spending and appropriation process, allocations from the endowment could be made available if necessary.

2. INVESTMENTS

Investments are reported at fair value, and consisted of a diverse portfolio of mutual funds and equities at December 31, as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 104,553	\$ 104,553	\$ 101,589	\$ 101,589
Equities	610,971	776,194	581,421	612,616
Fixed Income	71,068	72,376	70,000	60,286
Mutual funds	502,625	520,325	474,891	451,532
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments	<u>\$1,289,217</u>	<u>\$1,473,448</u>	<u>\$1,227,901</u>	<u>\$1,226,023</u>

Mutual fund investments are allocated 64% to equities, 20% to alternative investments and 16% to cash and bonds as of December 31, 2019. Mutual fund investments are allocated 60% to equities, 26% to alternative investments and 14% to cash and bonds as of December 31, 2018.

3. NET ASSETS WITH DONOR RESTRICTIONS

During the years ended December 31, 2019 and 2018, two directors made donor restricted contributions to the Foundation, respectively. These donations contained specific restrictions as to the nature of charitable donations to be made. The donors both requested that any interest earned on the restricted funds shall be used for the benefit of the Foundation. The Foundation had support from such directors that accounted for \$39,250 and \$28,100 for the years ended December 31, 2019 and 2018, respectively.

During 2016, the Foundation transferred \$46,000 to a restricted fund, set up to finance the operations of the USS Little Rock Commissioning Committee. This Committee was charged with running the operations of the commissioning of the USS Little Rock vessel in December 2017. The net proceeds of the fund raising for the USS Little Rock are expected to fund scholarships. These funds are restricted to be spent on Military and Veteran initiatives and are managed by the Foundation’s Military and Veterans Committee. In October 2019, the Board of Directors authorized that the funds held in the board designated Veterans Scholarship program would be transferred into the USS Little Rock funds in early 2020.

The funds held by the Foundation with donor restrictions at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Donor-advised restrictions	\$ 36,223	\$ 19,918
USS Little Rock Commissioning Committee	267,644	236,280
Downtown Buffalo Sculptural Art Initiative	<u>25,138</u>	<u>5,138</u>
Total net assets with donor restrictions	<u>\$ 329,005</u>	<u>\$ 261,336</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2019 and 2018, \$33,229 and \$94,823 was released from restrictions and represented donations to charitable institutions.

During the year ended December 31, 2019, \$22,945 represented donor-advised donations and \$10,284 was released for the USS Little Rock Commissioning Committee.

During the year ended December 31, 2018, \$59,932 represented donor-advised donations and \$16,566 was released for the USS Little Rock Commissioning Committee. Additionally \$18,325 was released from restrictions from the Downtown Buffalo Sculptural Art Initiative.

5. BOARD DESIGNATED FUNDS

The Board of Directors from time to time designates monies to be used for scholarship programs and cultural initiatives. Proceeds from its Veterans Day luncheons are designated for future periods to be spent on the Veterans Scholarship Program and will be transferred to the USS Little Rock funds in early 2020.

In 2014, the Foundation established a board designated fund for Signature Projects. The Board designated \$40,000 and \$10,000 from operations during the years ended December 31, 2019 and 2018, respectively. Board designated funds amounted to the following at December 31:

	<u>2019</u>	<u>2018</u>
Signature Projects Fund	\$ 80,000	\$ 40,000
Children’s Hospital	-	1,000
Veterans Scholarship Program	<u>7,534</u>	<u>7,382</u>
Total Board designated	<u>\$ 87,534</u>	<u>\$ 48,382</u>

6. GRANTS PAYABLE

In October 2018, in connection with utilizing the Signature Project monies described in Note 5, the Foundation entered into a grant agreement with the Resource Council of WNY, Inc. (“RCWNY”) The Foundation provided a grant of \$125,000, with \$100,000 payable immediately and \$25,000 committed to be paid out of appropriations through December 31, 2023. As part of the agreement, the Foundation received the naming rights for a community center located at 347 East Ferry Street in Buffalo. To maintain the naming rights in the future, the Foundation can make a \$5,000 payment every five years commencing on December 31, 2028.

A grant payable of \$25,000 was recorded as of December 31, 2018 to reflect the grant commitment through 2023. The payable amounted to \$20,000 as of December 31, 2019 after the Foundation made a payment of \$5,000 during the year ended December 31, 2019.

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