

BUFFALO RENAISSANCE FOUNDATION, INC.

Financial Statements
December 31, 2021 and 2020
With
Independent Accountants' Review Report

BUFFALO RENAISSANCE FOUNDATION, INC.

TABLE OF CONTENTS

	Page (s)
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 10



SBFR PARTNERS LLP

Certified Public Accountants & Consultants

INDEPENDENT ACCOUNTANTS' REVIEW 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 nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 entity 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 review engagement 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.

We are required to be independent of Buffalo Renaissance Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

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

Report on 2020 Financial Statements

The financial statements of Buffalo Renaissance Foundation, Inc. as of December 31, 2020, were reviewed by other accountants whose report dated January 25, 2021, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

SBFR Partners LLP

Amherst, New York
January 20, 2022

BUFFALO RENAISSANCE FOUNDATION, INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 293,937	\$ 310,844
Investments	1,948,003	1,689,496
Accounts receivable:		
Member dues	1,650	4,900
Fundraising events	5,384	1,500
Prepaid insurance	<u>1,906</u>	<u>1,765</u>
	<u>\$ 2,250,880</u>	<u>\$ 2,008,505</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Grants payable	\$ 10,000	\$ 15,000
Deferred revenue	<u>4,000</u>	<u>4,600</u>
	14,000	19,600
NET ASSETS:		
Without donor restrictions:		
Unrestricted	144,650	104,761
Board designated	<u>1,727,217</u>	<u>1,515,984</u>
	1,871,867	1,620,745
With donor restrictions	<u>365,013</u>	<u>368,160</u>
	<u>2,236,880</u>	<u>1,988,905</u>
	<u>\$ 2,250,880</u>	<u>\$ 2,008,505</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 YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
REVENUE AND GAINS		
Dues and initiation fees	\$ 86,650	\$ 84,400
Annual luncheon, net of expenses of \$27,750 in 2021	73,750	-
Golf tournament, net of expenses of \$41,749 and \$42,623 in 2021 and 2020, respectively	64,401	64,747
Veterans luncheon, net of expenses of \$5,300 in 2021	3,400	-
Donations	15,718	-
Interest and dividends	17,296	18,747
Outreach	4,550	2,550
Investment return, net	214,472	133,814
Net assets released from restrictions	58,166	320,656
	<u>538,403</u>	<u>624,914</u>
EXPENSES		
Program services	205,486	359,204
Management and general	64,858	34,247
Fundraising	16,937	16,948
	<u>287,281</u>	<u>410,399</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	251,122	214,515
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
REVENUE AND GAINS		
Donations	24,240	336,365
Interest and dividends, net	4,230	3,413
Investment return, net	26,549	20,034
Net assets released from restrictions	(58,166)	(320,656)
	<u>(3,147)</u>	<u>39,156</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	(3,147)	39,156
CHANGES IN NET ASSETS	247,975	253,671
NET ASSETS, BEGINNING OF YEAR	<u>1,988,905</u>	<u>1,735,234</u>
NET ASSETS, END OF YEAR	<u>\$ 2,236,880</u>	<u>\$ 1,988,905</u>

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

BUFFALO RENAISSANCE FOUNDATION, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021				2020			
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Donations	\$ 141,430	\$ -	\$ -	\$ 141,430	\$ 320,331	\$ -	\$ -	\$ 320,331
Director Events	-	48,571	-	48,571	-	13,520	-	13,520
Executive Director	16,200	3,600	16,200	36,000	16,200	3,600	16,200	36,000
BRF Video - 40th Anniversary	17,000	-	-	17,000	-	-	-	-
Downtown Sculptural Art Initiative	15,000	-	-	15,000	15,889	-	-	15,889
Military and Veterans Committee	9,121	-	-	9,121	2,055	-	-	2,055
Bank charges and investment fees	88	7,310	-	7,398	-	10,273	-	10,273
Outreach projects	4,301	-	-	4,301	3,763	-	-	3,763
Meeting expenses	737	738	737	2,212	748	748	748	2,244
Insurance	-	1,765	-	1,765	-	1,762	-	1,762
Professional fees	-	1,500	-	1,500	-	3,500	-	3,500
Gary M. Stott Veterans Scholarship	1,500	-	-	1,500	-	-	-	-
Bad debts	-	550	-	550	-	-	-	-
Taxes	-	275	-	275	-	275	-	275
Postage and delivery	-	243	-	243	-	282	-	282
Newsletter	-	175	-	175	-	175	-	175
Web services	-	131	-	131	-	112	-	112
Office supplies	109	-	-	109	218	-	-	218
	<u>\$ 205,486</u>	<u>\$ 64,858</u>	<u>\$ 16,937</u>	<u>\$ 287,281</u>	<u>\$ 359,204</u>	<u>\$ 34,247</u>	<u>\$ 16,948</u>	<u>\$ 410,399</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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 247,975	\$ 253,671
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net unrealized and realized gains on investments	(241,021)	(153,848)
Changes in assets and liabilities affecting operating cash flows:		
Accounts receivable:		
Member dues	3,250	(984)
Fundraising events	(3,884)	7,140
Prepaid insurance	(141)	(3)
Grants payable	(5,000)	(5,000)
Deferred revenue	(600)	3,300
Net cash provided by operating activities	<u>579</u>	<u>104,276</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(167,439)	(124,357)
Proceeds from sale of investments	164,439	78,857
Reinvested investment income, net	(14,486)	(16,700)
Net cash used in investing activities	<u>(17,486)</u>	<u>(62,200)</u>
NET CHANGE IN CASH	(16,907)	42,076
CASH, BEGINNING OF YEAR	<u>310,844</u>	<u>268,768</u>
CASH, END OF YEAR	<u>\$ 293,937</u>	<u>\$ 310,844</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, 2021 AND 2020

(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.

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 pursuant 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.

Accounting principles generally accepted in the United States of America require that resources be classified for reporting purposes into two categories based upon the presence or absence of donor restrictions – with or without donor restrictions. Net assets without donor restrictions represent 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.

Reclassifications – Certain 2020 balances have been reclassified to conform with the 2021 financial statement presentation.

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. The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Revenue Recognition – The Foundation recognizes revenue from contributions and grants in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Foundation evaluates whether a transfer of assets is (i) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (ii) a contribution. If the transfer of assets is determined to be a contribution, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (i) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised and (ii) a right of return of assets is transferred or a right of release of a promisor’s obligation to transfer assets. The adoption of this ASU did not have a material impact on the Foundation’s financial statements.

Contributions – Contributions received are measured at their fair values and are reported as an increase in net assets in the period received. The Foundation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the contributed assets. 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 statement of activities and changes in net assets as net assets released from restrictions.

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 consist of 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. Securities transactions are recorded on a trade-date basis. Dividend income is recorded as of the ex-dividend date and interest income is recorded as earned. Realized gains and losses are determined on the basis of the specific investment sold.

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. At December 31, 2021 and 2020, management determined the Foundation had no uncertain tax positions which would require adjustment to or disclosure in the financial statements.

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 January 20, 2022, the date that these financial statements were available to be issued, to determine if events or transactions require potential adjustment or disclosure in the financial statements.

Liquidity – Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, approximately comprise the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 294,000	\$ 311,000
Investments	1,948,000	1,689,000
Accounts receivable	<u>7,000</u>	<u>6,000</u>
	<u>\$ 2,249,000</u>	<u>\$ 2,006,000</u>

Approximately \$365,000 and \$368,000 of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date, respectively. The Foundation has a board designated investment account of approximately \$1,647,000 and \$1,419,000 at December 31, 2021 and 2020, respectively. Although the Foundation does not intend to spend from this investment account other than the amounts appropriated as part of its annual spending and appropriation process, allocations from the account could be made available if necessary.

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

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>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 141,835	\$ 141,835	\$ 132,199	\$ 132,199
Equities	644,582	1,118,612	644,733	928,876
Fixed income	72,990	94,329	72,016	78,517
Mutual funds	<u>524,436</u>	<u>593,227</u>	<u>500,946</u>	<u>549,904</u>
Total investments	<u>\$ 1,383,843</u>	<u>\$ 1,948,003</u>	<u>\$ 1,349,894</u>	<u>\$ 1,689,496</u>

Mutual fund investments are allocated 68% to equities, 20% to alternative investments and 12% to cash and bonds as of December 31, 2021. Mutual fund investments are allocated 65% to equities, 21% to alternative investments and 14% to cash and bonds as of December 31, 2020.

Fair Value Measurements – Accounting principles generally accepted in the United States of America establish the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described below:

- *Level 1* – Inputs to the valuation methodology that consist of unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- *Level 2* – Inputs to the valuation methodology which include: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are corroborated by observable market data by correlation or other means.
- *Level 3* – Inputs to the valuation methodology that are unobservable and are significant to the overall fair value measurement.

The Foundation’s investments are all valued at the daily closing prices as reported on active national exchanges. There have been no changes in the methodologies used at December 31, 2021 and 2020.

The following tables set forth by level, within the fair value hierarchy, the Foundation’s investments at fair value as of December 31:

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 1,948,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,948,003</u>
	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 1,689,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,689,496</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Historically, two directors have made donor restricted contributions to the Foundation. 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 be used for the benefit of the Foundation. The Foundation had support from such directors that accounted for \$4,500 and \$5,000 for the years ended December 31, 2021 and 2020, 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 fundraising for the USS Little Rock are restricted to be spent on Military and Veteran initiatives and is managed by the Foundation's Military and Veterans Committee.

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

	<u>2021</u>	<u>2020</u>
Donor-advised restrictions	\$ 3,573	\$ 27,223
Military and Veterans Committee	335,345	294,414
Western New York Feeds the Front Lines	6,845	22,273
Downtown Buffalo Sculptural Art Initiative	<u>19,250</u>	<u>24,250</u>
	<u>\$ 365,013</u>	<u>\$ 368,160</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2021 and 2020, \$58,166 and \$320,656 was released from restrictions and represented donations to charitable institutions.

During the year ended December 31, 2021, \$28,150 represented donor-advised donations, \$23,369 were donated meals under the Western New York Feeds the Front Lines program, \$15,000 was released under the Downtown Buffalo Sculptural Art Initiative and \$10,621 was released for the Military and Veterans Committee.

During the year ended December 31, 2021, the Board restricted \$3,400 of the Veterans Luncheon proceeds to the Military and Veterans Committee and \$15,574 were restricted for the Gary M. Stott Memorial Veterans Scholarship from memorial proceeds received during the current year.

During the year ended December 31, 2020, \$14,000 represented donor-advised donations, \$304,246 were donated meals under the Western New York Feeds the Front Lines program, \$15,889 was released under the Downtown Buffalo Sculptural Art Initiative and \$9,055 was released for the Military and Veterans Committee.

During the year ended December 31, 2020, the Board restricted \$7,534 of Veteran's Scholarship Funds to the Military and Veterans Committee and \$15,000 were restricted for 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 was restricted to the Military and Veterans Committee commencing in 2020.

At December 31, 2021 and 2020, the Foundation had a board designated investment account with a balance of \$1,647,217 and \$1,419,484, respectively, which is designated to be spent in connection with the Foundation’s annual spending and appropriation process.

In 2014, the Foundation established a board designated fund for Signature Projects. The Board designated \$3,500 and \$16,500 from operations during the years ended December 31, 2021 and 2020, respectively.

In November 2021, the Foundation entered into a conditional grant agreement with the Westminster Economic Development Initiative, Inc. (“WEDI”) to provide a \$100,000 grant to WEDI who performs programming on the East Side of Buffalo in the Bailey Green neighborhood. An initial grant payment of \$20,000 was made in November 2021, with additional payments totaling \$80,000 to be made by December 31, 2023, contingent upon WEDI receiving additional grants of \$125,000 from two other entities.

Board designated funds amounted to the following at December 31:

	<u>2021</u>	<u>2020</u>
Board designated investment account	\$ 1,647,217	\$ 1,419,484
Signature Projects Fund	<u>80,000</u>	<u>96,500</u>
	<u>\$ 1,727,217</u>	<u>\$ 1,515,984</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 committed to a \$5,000 grant 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 \$10,000 as of December 31, 2021 after the Foundation made its third committed payment of \$5,000 during the year ended December 31, 2021.

* * * * *