

Hello Neighbor
Financial Statements
For the Year Ended December 31, 2019



Hello Neighbor
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For the Year Ended December 31, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**To the Board of Directors
Hello Neighbor
Pittsburgh, PA**

We have reviewed the accompanying financial statements of Hello Neighbor (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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.

Accountant's 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.

Accountant's 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.

Pittsburgh, PA
October 12, 2020

Hello Neighbor
Statement of Financial Position

As of December 31,

	2019
ASSETS	
Current Assets:	
Cash	\$ 185,535
Loan to Officer	52
Grant Receivable	50,000
Prepaid Expenses	1,030
Security Deposit	2,500
Total Current Assets	239,117
TOTAL ASSETS	
	\$ 239,117
LIABILITIES	
Current Liabilities:	
Credit Card Payable	2,430
Total Current Liabilities	2,430
NET ASSETS	
Without Donor Restrictions	167,937
With Donor Restrictions	68,750
TOTAL NET ASSETS	236,687
TOTAL LIABILITIES AND NET ASSETS	
	\$ 239,117

Hello Neighbor
Statement of Cash Flows

As of December 31,

	2019
CASH FLOWS	
From Operating Activities	
Change in Net Assets	\$ 60,844
Adjustments to reconcile change in Net Assets to net cash provided by operating activities:	
[Increase] Decrease in Assets:	
Loan to Officer	2,763
Grant Receivable	[35,000]
Prepaid Expenses	[1,030]
Security Deposit	[2,500]
Increase [Decrease] in Liabilities:	
Credit Card Payable	[1,392]
Net Cash provided/[used] by operating activities	23,685
Net increase/[decrease] in cash	23,685
Beginning Cash	161,850
ENDING CASH	\$ 185,535

Operating activities reflect interest paid of \$163 as of December 31, 2019.

See Independent Accountant's Review Report
The Accompanying Notes are an Integral Part of these Financial Statements

Hello Neighbor
Statement of Activities

As of December 31,

Change in Net Assets	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 70,865	-	70,865
Grants	74,500	142,500	217,000
Program Services Revenue	32,824	-	32,824
Special Event Revenue	7,025	-	7,025
Sponsorship Revenue	9,500	-	9,500
Interest Income	2,447	-	2,447
Net Assets released from restriction	187,750	[187,750]	-
Total Revenues	384,911	[45,250]	339,661
Expenses:			
Program Services	192,035	-	192,035
Management and General	52,718	-	52,718
Fundraising	34,064	-	34,064
Total Expenses	278,817	-	278,817
Increase [Decrease] in Net Assets	106,094	[45,250]	60,844
Net Assets - Beginning of year	61,843	114,000	175,843
NET ASSETS - END OF YEAR	\$ 167,937	\$ 68,750	\$ 236,687

See Independent Accountant's Review Report

The Accompanying Notes are an Integral Part of these Financial Statements

Hello Neighbor

Statement of Functional Expenses

As of December 31, 2019

	Fundraising	Management & General	Program Services	TOTAL
PERSONNEL				
Salaries	\$ 11,045	\$ 11,061	\$ 74,444	\$ 96,550
Payroll Taxes	1,383	1,384	9,318	12,085
Total Personnel Expenses	12,428	12,445	83,762	108,635
OPERATING				
Advertising & Marketing	1,201	4,498	10,401	16,100
Awards	-	-	1,004	1,004
Bank Charges & Fees	-	765	-	765
Conferences, Conventions & Meetings	1,335	1,606	6,347	9,288
Contractors	15,066	2,495	65,288	82,849
Dues and Subscriptions	-	1,395	464	1,859
Events	-	169	50	219
Insurance	-	4,578	-	4,578
Interest	-	163	-	163
Job Supplies	787	452	2,235	3,474
Legal & Professional Services	-	7,743	-	7,743
Meals & Entertainment	24	295	563	882
Office Supplies & Software	-	1,867	85	1,952
Payroll Processing Fees	-	923	-	923
Postage	181	1,361	20	1,562
Printing	822	1,315	2,705	4,842
Reimbursable Expenses	-	-	359	359
Rent & Lease	-	4,865	9,878	14,743
Repairs & Maintenance	-	5	-	5
Taxes & Licenses	-	290	-	290
Travel	2,220	4,926	7,732	14,878
Utilities	-	562	1,142	1,704
Total Operating Expenses	21,636	40,273	108,273	170,182
TOTAL FUNCTIONAL EXPENSE:	\$ 34,064	\$ 52,718	\$ 192,035	\$ 278,817

See Independent Accountant's Review Report

The Accompanying Notes are an Integral Part of these Financial Statements

Hello Neighbor
Notes to the Financial Statements
For the Years Ended December 31, 2019

The following notes and accompanying financial statements are the responsibility of the Management of Hello Neighbor.

Note 1 – Organization and Nature of Activities:

Organization

The Organization was formed in 2017 under the Corporation Not-for-Profit code of the Commonwealth of Pennsylvania. Hello Neighbor is a qualified corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Nature of Activities and Programs

Hello Neighbor works to improve the lives of recently resettled refugee and immigrant families by matching them with dedicated neighbors to guide and support them in their new lives. The Organization also provides financial support to refugees in need, advocates for new refugee mothers and their children through the smart start program, helps refugee woman gain financial freedom through food-based programs. Hello Neighbor also organizes a national network that brings together a coalition of grassroots organizations working in post-refugee resettlement.

Note 2 - Significant Accounting Policies:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned and expenses when incurred.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The financial statements report information regarding the Organization's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Without donor restrictions are net assets that are not subject to donor-imposed stipulations. With donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be

Note 2 – Significant Accounting Policies [continued]:

maintained in perpetuity. The Organization currently has no net assets with donor restrictions that are to be maintained in perpetuity as of December 31, 2019.

Property and Equipment

Property and equipment are recorded at cost if purchased or fair market value if donated. The cost of additions and improvements is charged to the property accounts, while maintenance and repairs are expensed as incurred. The cost of property sold or retired and the related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in the statement of activities.

Revenue Recognition

Contribution and grant revenue is recognized when grantors and donors make promises to give and are recorded as without donor restrictions or with donor restrictions depending on the existence/and or nature of any donor restrictions. Special events revenue is recognized when tickets to the events are sold. Program revenue is recognized when attendees register for the program.

Advertising

Hello Neighbor expenses advertising costs when incurred. Advertising costs were primarily related to Hello Neighbor's programs.

Examination by Taxing Authorities

The federal income tax return of the Organization for 2017, 2018, or 2019 could be subject to examination by the IRS, generally for up to three years from the date the return was filed or the date the return was due, if later. As of the date of this report, there are no pending or actual examinations by the IRS.

Note 3 - Cash & Cash Equivalents:

Hello Neighbor maintains cash at financial institutions. At times, the balances in these accounts may exceed the amount insured by the Federal Deposit Insurance Corporation [\$250,000].

Hello Neighbor considers cash in demand deposit accounts to be cash equivalents for statement of cash flow purposes.

Hello Neighbor
Notes to the Financial Statements
For the Years Ended December 31, 2019

Note 4 - Accounts Receivable:

Hello Neighbor records receivables for program service fees and grants receivable in the normal course of business. A valuation allowance is provided for accounts receivable whose collection is doubtful. Outstanding grants receivables were \$50,000 as of December 31, 2019. No allowances have been provided for these receivables, as the Organization expects to collect them in full.

Note 5 – Income Taxes:

Under the Internal Revenue Code Section 501(c)(3), Hello Neighbor is exempt from income tax liability. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

Note 6 - Net Assets with Donor Restrictions:

Net assets are classified according to the level of restriction placed upon the assets by the donors.

Net assets with donor restrictions as of December 31, 2019 consisted of the following:

Restricted for programmatic use	\$48,750
Restricted for time	<u>20,000</u>
Total Net Assets with Donor restrictions	\$68,750

Note 7 - Concentration of Risk:

Hello Neighbor's activities are concentrated in the Greater Pittsburgh Area; therefore, economic and demographic influences in this region could impact Hello Neighbor's revenue.

Note 8 - Commitments & Contingencies:

The Organization has no commitments or contingencies as of the date of the financial statements.

Note 9 - Leases:

Rent

Hello Neighbor rented its coworking office space at 6425 Living Place Suite 200, Pittsburgh, PA from the Regus Management Group, LLC. The annual lease payment was \$1,019 per month from February 1, 2019 to December 31, 2019. This lease was not renewed.

On December 18, 2019, The Organization subleased its new office space on Hamilton Avenue in Pittsburgh from Ethos Collaborative, LLC. The lease is a 2-year lease with monthly lease payments of \$2,000 per month starting January 1, 2020 through December 31, 2021.

Note 9 - Leases [continued]:

Total rent expense for the year ending December 31, 2019 was \$14,743.

Following is a schedule of future minimum lease payments required under the above operating leases as of December 31, 2019:

<u>Year Ending</u>	<u>Amount</u>
2020	\$ 24,000
2021	24,720
2022	<u>0</u>
Total	\$ 48,720

Note 10 - Functional Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, payroll taxes, and overhead costs on the basis of estimates of time and effort. Expenses directly related to a specific program are charged to that program.

Note 11 - Availability of Financial Assets:

Financial assets available within one year from the statement of financial position date for general expenditure are as follows:

	2019
Cash and Cash Equivalents	\$ 185,535
Grants & Loan Receivable	<u>50,052</u>
	\$ 235,587

As part of liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Funds are set aside in a money market account to assist in meeting any short-term cash needs.

Note 12 - Subsequent Events:

In March of 2020, the World Health Organization characterize COVID-19 as a Pandemic and the Governor of Pennsylvania ordered closure of the physical location of every non-life sustaining business for an extended period of time. The Organization had to cancel all food services and could not hire staff. Management is carefully monitoring the situation during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Hello Neighbor

Notes to the Financial Statements

For the Years Ended December 31, 2019

Note 12 - Subsequent Events [continued]:

Subsequent to year-end, the Organization applied for and was approved for a \$21,900 loan under the Paycheck Protection Program [PPP funds] created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues at 1% interest, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization also applied for and received a \$5,000 advance from the Economic Injury Disaster Loan [EIDL] which is also administered by the Small Business Administration. This advance is a grant determined by the number of employees and does not have to be repaid. Organization who received an EIDL Advance in addition to the PPP loan will have the amount of the EIDL Advance subtracted from the forgiveness amount of their PPP loan.

Management has considered subsequent events through the date of this report.

Note 13 - Recent Accounting Pronouncements:

The Financial Accounting Standards Board has issued statements that will become effective in future years as outlined below. Management has not yet determined the impact of these statements on the financial statements.

ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)," is effective for the financial statements for the year ending December 31, 2020 (as amended by ASU 2015-14). This amendment provides guidance for revenue recognition related to contracts with the transfer of promised goods or services to customers and related disclosures.

ASU 2016-02, "Leases (Topic 842)," is effective for the financial statements for the year ending December 31, 2022. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.