

Hello Neighbor
Financial Statements
For the Year Ended December 31, 2020 and 2019



Hello Neighbor
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For the Year Ended December 31, 2020 and 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, 2020 and 2019, and the related statements of activities, 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 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
July 9, 2021

Hello Neighbor
Statement of Financial Position
As of December 31,

| | 2020 | 2019 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 837,026 | 185,535 |
| Loan to Officer | - | 52 |
| Accounts Receivable | 19,050 | - |
| Grants Receivable | 4,000 | 50,000 |
| Prepaid Expenses | 1,030 | 1,030 |
| Security Deposit | 2,500 | 2,500 |
| Total Current Assets | 863,606 | 239,117 |
| TOTAL ASSETS | | |
| | \$ 863,606 | \$ 239,117 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | 628 | - |
| Credit Card Payable | 4,652 | 2,430 |
| Payroll taxes payable | 9,156 | - |
| Refundable Advances | 279,106 | - |
| Unearned Revenue | 151,045 | - |
| Total Current Liabilities | 444,587 | 2,430 |
| NET ASSETS | | |
| Without Donor Restrictions | 373,519 | 167,937 |
| With Donor Restrictions | 45,500 | 68,750 |
| TOTAL NET ASSETS | 419,019 | 236,687 |
| TOTAL LIABILITIES AND NET ASSETS | | |
| | \$ 863,606 | \$ 239,117 |

Hello Neighbor
Statement of Cash Flows
As of December 31,

| | 2020 | 2019 |
|--|-------------------|-------------------|
| CASH FLOWS | | |
| From Operating Activities | | |
| Change in Net Assets | \$ 182,332 | \$ 60,844 |
| Adjustments to reconcile change in Net Assets to net cash provided by operating activities: | | |
| [Increase] Decrease in Assets: | | |
| Loan to Officer | 52 | 2,763 |
| Accounts Receivable | [19,050] | |
| Grants Receivable | 46,000 | [35,000] |
| Prepaid Expenses | - | [1,030] |
| Security Deposit | - | [2,500] |
| Increase [Decrease] in Liabilities: | | |
| Accounts Payable | 628 | - |
| Credit Card Payable | 2,222 | [1,392] |
| Payroll taxes Payable | 9,156 | - |
| Refundable Advances | 279,106 | - |
| Unearned Revenue | 151,045 | - |
| Net Cash provided/[used] by operating activities | 651,491 | 23,685 |
| Net increase/[decrease] in cash | | |
| Beginning Cash | 185,535 | 161,850 |
| ENDING CASH | \$ 837,026 | \$ 185,535 |

Operating activities reflect interest paid of \$0 and \$163 as of December 31, 2020 and 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 | 2020 | | |
|--|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues | | | |
| Contributions | \$ 210,682 | - | \$ 210,682 |
| Grants | 332,850 | 45,500 | 378,350 |
| Program Services Revenue | 29,987 | - | 29,987 |
| Special Event Revenue | 6,894 | - | 6,894 |
| Sponsorship Revenue | 26,380 | - | 26,380 |
| Interest Income | 781 | - | 781 |
| Net Assets released from restriction | 68,750 | [68,750] | - |
| Total Revenues | 676,324 | [23,250] | 653,074 |
| Expenses: | | | |
| Program Services | 361,089 | - | 361,089 |
| Management and General | 67,394 | - | 67,394 |
| Fundraising | 42,259 | - | 42,259 |
| Total Expenses | 470,742 | - | 470,742 |
| Increase [Decrease] in Net Assets | 205,582 | [23,250] | 182,332 |
| Net Assets - Beginning of year | 167,937 | 68,750 | 236,687 |
| NET ASSETS - END OF YEAR | \$ 373,519 | \$ 45,500 | \$ 419,019 |

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

Hello Neighbor

Statements 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 |
| Change 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, 2020

| | Programs | | | | | | TOTAL |
|-------------------------------------|------------------|----------------------|------------------|------------------|-------------------|-------------------|-------------------|
| | Fundraising | Management & General | Mentorship | National Network | Other Programs | Total Programs | |
| PERSONNEL | | | | | | | |
| Salaries & Benefits | \$ 13,809 | \$ 26,102 | \$ 41,639 | \$ 46,845 | \$ 99,422 | \$ 187,906 | \$ 227,817 |
| Payroll Taxes | 888 | 1,649 | 3,043 | 3,578 | 7,269 | 13,890 | 16,427 |
| Total Personnel Expenses | 14,697 | 27,751 | 44,682 | 50,423 | 106,691 | 201,796 | 244,244 |
| OPERATING | | | | | | | |
| Advertising & Marketing | 15,596 | 2,378 | 820 | - | 64 | 884 | 18,858 |
| Awards & Grants | - | - | - | 400 | 88,312 | 88,712 | 88,712 |
| Bank Charges & Fees | 758 | 192 | 31 | - | - | 31 | 981 |
| Conferences, Conventions & Meetings | - | 30 | 47 | - | - | 47 | 77 |
| Contractors | 1,671 | 1,532 | 8,832 | 4,350 | 17,553 | 30,735 | 33,938 |
| Dues and Subscriptions | 358 | 2,803 | 5 | - | - | 5 | 3,166 |
| Events | 3,824 | - | 3,185 | - | - | 3,185 | 7,009 |
| Insurance | - | 4,331 | - | - | - | - | 4,331 |
| Legal & Professional Services | 540 | 14,017 | 1,093 | - | - | 1,093 | 15,650 |
| Meals & Entertainment | - | 1,699 | 19 | 200 | 2,048 | 2,267 | 3,966 |
| Miscellaneous | - | 265 | - | - | - | - | 265 |
| Office Supplies & Software | 1,951 | 1,950 | 5,149 | 5,149 | 5,306 | 15,604 | 19,505 |
| Payroll Processing Fees | - | 1,012 | - | - | - | - | 1,012 |
| Postage | 55 | 1,983 | 14 | - | - | 14 | 2,052 |
| Printing | 868 | 968 | 225 | - | - | 225 | 2,061 |
| Rent & Lease | 1,844 | 1,844 | 4,868 | 4,868 | 5,015 | 14,751 | 18,439 |
| Repairs & Maintenance | - | - | 97 | - | - | 97 | 97 |
| Taxes & Licenses | - | 150 | - | - | - | - | 150 |
| Travel | - | 2,469 | 529 | 91 | 242 | 862 | 3,331 |
| Utilities | 97 | 2,020 | - | - | 781 | 781 | 2,898 |
| Total Operating Expenses | 27,562 | 39,643 | 24,914 | 15,058 | 119,321 | 159,293 | 226,498 |
| TOTAL FUNCTIONAL EXPENSES | \$ 42,259 | \$ 67,394 | \$ 69,596 | \$ 65,481 | \$ 226,012 | \$ 361,089 | \$ 470,742 |

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

| | Programs | | | | | | TOTAL |
|-------------------------------------|------------------|----------------------|------------------|------------------|------------------|------------------|-------------------|
| | Fundraising | Management & General | Mentorship | National Network | Other Programs | Total Programs | |
| PERSONNEL | | | | | | | |
| Salaries | \$ 11,045 | \$ 11,061 | \$ 42,504 | \$ 8,061 | \$ 23,880 | \$ 74,444 | \$ 96,550 |
| Payroll Taxes | 1,383 | 1,384 | 5,553 | 1,009 | 2,756 | 9,318 | 12,085 |
| Total Personnel Expenses | 12,428 | 12,445 | 48,057 | 9,070 | 26,636 | 83,762 | 108,635 |
| OPERATING | | | | | | | |
| Advertising & Marketing | 1,201 | 4,498 | 9,142 | 359 | 900 | 10,401 | 16,100 |
| Awards | - | - | - | - | 1,004 | 1,004 | 1,004 |
| Bank Charges & Fees | - | 765 | - | - | - | - | 765 |
| Conferences, Conventions & Meetings | 1,335 | 1,606 | 3,572 | 2,272 | 503 | 6,347 | 9,288 |
| Contractors | 15,066 | 2,495 | 11,083 | 30,598 | 23,607 | 65,288 | 82,849 |
| Dues and Subscriptions | - | 1,395 | 464 | - | - | 464 | 1,859 |
| Events | - | 169 | 50 | - | - | 50 | 219 |
| Insurance | - | 4,578 | - | - | - | - | 4,578 |
| Interest | - | 163 | - | - | - | - | 163 |
| Job Supplies | 787 | 452 | 1,235 | 147 | 853 | 2,235 | 3,474 |
| Legal & Professional Services | - | 7,743 | - | - | - | - | 7,743 |
| Meals & Entertainment | 24 | 295 | 249 | 314 | - | 563 | 882 |
| Office Supplies & Software | - | 1,867 | 19 | 66 | - | 85 | 1,952 |
| Payroll Processing Fees | - | 923 | - | - | - | - | 923 |
| Postage | 181 | 1,361 | 9 | - | 11 | 20 | 1,562 |
| Printing | 822 | 1,315 | 2,242 | - | 463 | 2,705 | 4,842 |
| Reimbursable Expenses | - | - | 359 | - | - | 359 | 359 |
| Rent & Lease | - | 4,865 | - | 9,878 | - | 9,878 | 14,743 |
| Repairs & Maintenance | - | 5 | - | - | - | - | 5 |
| Taxes & Licenses | - | 290 | - | - | - | - | 290 |
| Travel | 2,220 | 4,926 | 3,822 | 3,770 | 140 | 7,732 | 14,878 |
| Utilities | - | 562 | - | 1,142 | - | 1,142 | 1,704 |
| Total Operating Expenses | 21,636 | 40,273 | 32,246 | 48,546 | 27,481 | 108,273 | 170,182 |
| TOTAL FUNCTIONAL EXPENSES | \$ 34,064 | \$ 52,718 | \$ 80,303 | \$57,616 | \$ 54,117 | \$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, 2020 and 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 through mentorship. The Organization provides financial support to refugees in need, advocates for new refugee mothers and their children through the smart start program and study buddy programs, 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.

Note 2 – Significant Accounting Policies [continued]:

Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. The Organization currently has no net assets with donor restrictions that are to be maintained in perpetuity as of December 31, 2020.

Property and Equipment

Property and equipment are recorded at cost if purchased or fair market value if donated. Depreciation is computed using straight line over the useful life of the property. The cost of additions and improvements exceeding \$2,500 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 are 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.

Donor-restricted contributions or grants whose restrictions are satisfied in the same reporting period are considered without donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions in which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances. As of December 31, 2020 and 2019 refundable advances were \$279,106 and \$0 respectively.

Advertising

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

Hello Neighbor

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

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.

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 receivables were \$23,050 and \$50,000 as of December 31, 2020 and 2019. No allowances have been provided for these receivables, as the Organization expects to collect them in full.

Note 5 - Paycheck Protection Program Loan:

The Organization received a loan in the amount of \$21,900 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security [CARES] Act. The Organization applied for and received forgiveness of the loan. The revenue from the loan has been recognized as Grants revenue for the year ended December 31, 2020.

Note 6 - 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.

Examination by Taxing Authorities

The federal income tax return of the Organization for 2018, 2019, or 2020 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 7 - 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, 2020 and 2019 consisted of the following:

Note 7 - Net Assets with Donor Restrictions [Cont.]:

| | <u>2020</u> | <u>2019</u> |
|--|-----------------|------------------|
| Restricted: programmatic use | \$ 45,500 | \$ 48,750 |
| Restricted: time | - | 20,000 |
| Total Net Assets with Donor Restrictions | <u>\$45,500</u> | <u>\$ 68,750</u> |

Note 8 - 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 9 - Commitments & Contingencies:

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

Note 10 - 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, 2020 and \$2,060 per month January 1, 2021 through December 31, 2021.

Total rent expense was \$18,439 and \$14,743 for the years ending December 31, 2020 and 2019.

Following is a schedule of future minimum lease payments required under the above operating leases as of December 31, 2020:

| <u>Year Ending</u> | <u>Amount</u> |
|--------------------|-----------------|
| 2021 | \$24,720 |
| 2022 | <u>0</u> |
| Total | <u>\$24,720</u> |

Hello Neighbor

Notes to the Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 11 - 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 12 - Availability of Financial Assets:

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

| | <u>2020</u> | <u>2019</u> |
|---------------------------|-------------------|-------------------|
| Cash and Cash Equivalents | \$ 837,026 | \$ 185,535 |
| Accounts Receivable | <u>23,050</u> | <u>50,000</u> |
| | <u>\$ 860,076</u> | <u>\$ 235,535</u> |

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 13 - Subsequent Events:

The COVID-19 pandemic which began in March of 2020, still continues as of the date of this report. Management is carefully monitoring the situation during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Management has elected to retain a fiscal year with a June 30th year end date. This means there will be a short period filing to make the transition. The short period will be January 1 through June 30, 2021.

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

Note 14 - 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 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.