



FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS
FOR DECEMBER 31, 2020)

CONTENTS

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
GOOD NEIGHBORS, INC.
KENNETT SQUARE, PA

Opinion

We have audited the accompanying financial statements of Good Neighbors, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Neighbors, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Good Neighbors, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Good Neighbors, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Good Neighbors, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Good Neighbors, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously reviewed Good Neighbors, Inc.'s 2020 financial statements, and we concluded there were no material modifications that should be made on those reviewed financial statements in our report dated June 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Umbreit, Wilczek & Associates, P.C.

Kennett Square, PA
June 17, 2022

GOOD NEIGHBORS, INC.

STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 513,974	\$ 299,842
Grants receivable	-	9,976
Unconditional promises to give	4,500	5,563
TOTAL CURRENT ASSETS	<u>518,474</u>	<u>315,381</u>
Property and equipment, net	<u>51,966</u>	<u>81,366</u>
TOTAL ASSETS	<u><u>\$ 570,440</u></u>	<u><u>\$ 396,747</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and credit card liabilities	\$ 1,738	\$ 1,303
Accrued expenses	6,889	-
TOTAL CURRENT LIABILITIES	<u>8,627</u>	<u>1,303</u>
NET ASSETS		
Without donor restrictions	332,628	250,503
With donor restrictions	229,185	144,941
TOTAL NET ASSETS	<u>561,813</u>	<u>395,444</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 570,440</u></u>	<u><u>\$ 396,747</u></u>

GOOD NEIGHBORS, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Contributions	\$ 251,746	\$ -	\$ 251,746	\$ 244,627
Grants	170,250	256,000	426,250	252,900
Government support	52,500	-	52,500	121,144
Paycheck Protection Program grant	48,365	-	48,365	50,288
United Way	3,273	5,000	8,273	35,277
In-kind contributions	40,376	-	40,376	22,380
Youth program	9,703	-	9,703	-
Special events (net of direct costs \$26,257)	111,511	-	111,511	28,351
Interest income	417	-	417	540
Net assets released from restrictions	176,756	(176,756)	-	-
TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS	864,897	84,244	949,141	755,507
OPERATING EXPENSES				
Program	617,530	-	617,530	476,918
Administration	86,056	-	86,056	73,303
Fundraising	79,186	-	79,186	71,954
TOTAL OPERATING EXPENSES	782,772	-	782,772	622,175
CHANGE IN NET ASSETS	82,125	84,244	166,369	133,332
NET ASSETS - BEGINNING OF YEAR	250,503	144,941	395,444	262,112
NET ASSETS -END OF YEAR	\$ 332,628	\$ 229,185	\$ 561,813	\$ 395,444

GOOD NEIGHBORS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>2021</u>	<u>2020</u>
Accounting	\$ -	\$ 7,270	\$ -	\$ 7,270	\$ 4,615
Application and miscellaneous fees	18,783	-	-	18,783	17,525
Building materials and supplies	129,279	-	-	129,279	97,552
Contract services	212,317	-	-	212,317	136,794
Depreciation	29,400	-	-	29,400	24,905
Insurance	6,488	2,780	-	9,268	10,391
Miscellaneous	152	758	606	1,516	524
Occupancy	1,500	3,900	600	6,000	6,000
Office expense	1,638	3,130	2,213	6,981	9,094
Payroll taxes and expenses	15,459	3,168	3,522	22,149	20,962
Promotion	3,983	4,642	4,642	13,267	6,822
Repairs and maintenance	2,480	-	-	2,480	3,121
Salaries	174,455	58,911	62,133	295,499	273,180
Special events	-	-	5,470	5,470	1,026
Telephone	499	1,497	-	1,996	1,943
Vehicle expense	11,268	-	-	11,268	7,721
Youth camp	9,829	-	-	9,829	-
TOTAL EXPENSES	<u>\$ 617,530</u>	<u>\$ 86,056</u>	<u>\$ 79,186</u>	<u>\$ 782,772</u>	<u>\$ 622,175</u>

GOOD NEIGHBORS, INC.

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 166,369	\$ 133,332
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,400	24,905
Donations of marketable securities	(10,863)	(5,124)
(Gain) loss on sale of securities	(2)	64
(Increase) decrease in grants receivable	9,976	17,303
(Increase)decrease in promises to give	1,063	(1,313)
(Decrease) increase in accounts payable and credit card liabilities	435	(3,597)
(Decrease) increase in accrued expenses	6,889	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	203,267	165,570
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of vehicles and equipment	-	(60,512)
Proceeds from sale of investments	10,865	5,060
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	10,865	(55,452)
NET INCREASE IN CASH AND CASH EQUIVALENTS	214,132	110,118
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	299,842	189,724
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 513,974	\$ 299,842

See Independent Auditor's Report and Notes to Financial Statements

GOOD NEIGHBORS, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)****NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES****Nature of Organization:**

Good Neighbors, Inc. is a not-for-profit organization that works with qualified low-income homeowners in Southern Chester and Lancaster Counties, PA and Northern New Castle County, DE to make their homes warmer, safer, drier, and healthier.

The significant accounting policies are as follows:Basis of Accounting

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

Financial Statement Presentation

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-10-65-1, the Organization is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions is the part of net assets of the Organization that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

GOOD NEIGHBORS, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)****NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Net Assets without Donor Restrictions

Net assets without donor restrictions is the part of net assets of the Organization that is not subject to donor-imposed restrictions.

Summarized Comparative Information

The financial statements include certain summarized comparative information from the prior year in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable consist of amounts due from a cost reimbursement grants awarded from Chester County DCD. Receivables and related revenues are recognized when the expenses are incurred and reimbursable. Provision for losses on receivables is made when considered necessary to maintain an adequate allowance to cover bad debts. Receivables are charged against the allowance when the Organization determines that payments will not be received. Any subsequent receipts are credited to the allowance. As of December 31, 2021 and 2020, the Organization estimates that no reserve for losses on receivables is required.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period in which notification of such promise is received. Unconditional promises to give due in one year or less are recorded at their net realizable value. Unconditional promises to give due in more than one year are recorded at fair value in the year promised using present value techniques. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

GOOD NEIGHBORS, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)****NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Property and Equipment

Property and equipment are carried at cost. Acquisitions in excess of \$2,000 are capitalized. Depreciation on assets purchased is computed using the straight-line and accelerated methods over the useful lives of the assets ranging from 5-7 years.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grant revenues are recognized when received or when spent, whichever occurs first. Contributions are recorded at fair value, which is net of estimated uncollectible amounts. Program fees and benefits are recognized in the period received. Revenue from special events and other functions is recognized as earned having applicable costs concurrently recognized. Interest and investment income is recognized as earned.

The Organization's policy is to report contributions with donor-imposed restrictions as unrestricted support when these restrictions are met in the same year that the contribution was received.

The Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service to the customer. The Organization's principal activity resulting in contracts with customers is revenue from fundraising events.

Because the benefit received from fundraising events has an original expected duration of one year or less, the Organization has elected the practical expedient and not disclosed the value of unsatisfied performance obligations and expected timing for completion related to the revenue.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GOOD NEIGHBORS, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)****NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES (Cont'd)**Allocation of Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services. Program costs include those related to home repairs. Fundraising expenses are costs related to campaigns, grant writing, and other fundraising efforts. Administrative expenses are costs directly related to the overall operation of the Organization, which are not associated with program or fundraising services. Certain administrative expenses, such as salaries and employee benefits, are allocated to program and fundraising based on the usage of employees' time.

Donated Assets

Donated equipment and other goods are recorded at their estimated fair value as of the date of the donation.

Income Taxes

Good Neighbors, Inc. is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c)(3).

Date of Management Approval

The Organization has evaluated those events and transactions that occurred after the statement of financial position date of December 31, 2021 through June 17, 2022, the date the financial statements were available to be issued and determined there were no other items to be disclosed.

GOOD NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditures such as operating expenses were as follows:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 513,974	\$ 299,842
Grants and accounts receivable	-	9,976
Promises to give	4,500	5,563
Less: donor restricted financial assets	(224,685)	(139,378)
Total financial assets available within one year	\$ 293,789	\$ 176,003

The Organization's cash flows have seasonal variations during the year attributable to the timing of contributions received. To manage liquidity, the Organization maintains credit cards, as well as a \$10,000 line of credit that may be used as needed during the year to manage cash flows.

NOTE 3 – DONATED ASSETS AND SERVICES

In-kind contributions of materials were received for the years ended December 31, 2021 and 2020 valued at \$40,376 and \$22,380, respectively.

The Organization received a significant amount of donated services from unpaid volunteers and from various contractors/businesses who assisted in the various projects undertaken during 2021 and 2020. Over 300 volunteers donated over 3,800 hours during 2021 valued at over \$106,300. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC No. 958-605-25-16 have not been satisfied.

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Receivable in less than one year	\$ 4,500	\$ 5,563
Receivable in one to ten years	-	-
Total promises to give	\$ 4,500	\$ 5,563

GOOD NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE (Cont'd)

The Organization estimates that all of its accounts receivable are collectible; accordingly, there is no provision for an allowance for doubtful accounts. If amounts become uncollectible, they will be charged to operations when that determination is made. As of December 31, 2021 and 2020 the Organization has deemed all monies collectible.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	2021	2020
Vehicles	\$ 126,488	\$ 126,488
Equipment	56,934	56,934
	183,422	183,422
Less: accumulated depreciation	(131,456)	(102,056)
Net property and equipment	\$ 51,966	\$ 81,366

Depreciation expense for the years ended December 31, 2021 and 2020 was \$29,400 and \$24,905, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020 consist of:

	2021	2020
United Way supported programs	\$ -	\$ 15,000
Time restrictions	4,500	5,562
Home repair - state specific	97,863	93,953
Capital expenditures	125,000	320
Other	1,822	30,106
	\$ 229,185	\$ 144,941

GOOD NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS (Cont'd)

Net assets with donor restrictions released during December 31, 2021 and 2020 are as follows:

	2021	2020
United Way supported programs	\$ 15,000	\$ 10,000
Time restrictions	5,562	48,188
Home repair - state specific	125,590	98,291
Capital expenditures	320	59,880
Other	30,284	47,200
	\$ 176,756	\$ 263,559

NOTE 7 – REVENUE RECOGNITION

Performance Obligations

Revenue and support received for the Organization's fundraisers are comprised of an exchange element based upon the benefits provided to the participants and a contribution element for the portion of the payment received in excess of the participant benefits. The Organization recognizes exchange revenue from its fundraisers at the point in time to which the fundraiser relates. The performance obligation consists of providing participants with access to the special event.

Disaggregation of Revenue

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended December 31, 2021, is as follows:

	Point in Time	Over Time	Total
Fundraising events	\$ 137,768	\$ -	\$ 137,768
	\$ 137,768	\$ -	\$ 137,768

GOOD NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

NOTE 7 – REVENUE RECOGNITION (Cont'd)

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended December 31, 2020, is as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Fundraising events	\$ 50,844	\$ -	\$ 50,844
	<u>\$ 50,844</u>	<u>\$ -</u>	<u>\$ 50,844</u>

NOTE 8 – CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The Organization maintains cash balances in one local bank at December 31, 2021 and 2020, which is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times the balance can be in excess of the insured limit. Total uninsured cash balances at December 31, 2021 and 2020 were \$249,138 and \$22,042, respectively.

NOTE 9 – LINE OF CREDIT

The Organization obtained a line of credit with WSFS Bank in August 2018 for \$10,000. The balance of the line of credit plus interest (currently 5.0%) is due on demand from lender, secured by all inventory, chattel paper, accounts and equipment. The term for the line of credit expires August 2024. This line of credit was originally obtained to fund various projects through their partnership with Federal Home Loan Bank (FHLB) and WSFS. The Organization's role was sponsor in this agreement, performing the needed home repairs for very low-income homeowners in New Castle, DE. The partnership with FHLB expired in 2020 with access to the line remaining. No amounts were drawn on the line of credit during 2021 and 2020.

NOTE 10 – LEASE COMMITMENTS

Operating Leases

The Organization leases office space under an operating lease agreement. The lease requires monthly payments of \$500 and expired in December 2021. The lease was renewed for a three year term, expiring in December 2024. Monthly payments adjust based on an agreed upon schedule included in the lease agreement. Rent expense for years ended December 31, 2021 and 2020 was \$6,000.

GOOD NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

NOTE 10 – LEASE COMMITMENTS (Cont'd)

Future minimum rental payments under operating leases are as follows:

<u>For the year ended December 31,</u>	
2022	\$ 6,900
2023	10,032
2024	10,800
2025	-
2026	-
	\$ 27,732
	\$ 27,732

NOTE 11 – COVID-19 IMPACT

On March 11, 2020 the World Health Organization characterized the COVID-19 outbreak as a pandemic. On March 21, 2020, Pennsylvania Governor Tom Wolf ordered the closure of the physical location of every “non-life sustaining” (“non-essential”) business through June 26, 2020. Governor John Carney of Delaware issued a similar order on March 23, 2020. While the Organization received a waiver to operate in PA, and was in an exempt category (“repair of residential structures”) in DE, the use of volunteers was impacted and the focus was on emergency repairs and repairs on home exteriors where potential for spread of the virus was reduced. During 2021 the Organization was able to move back towards indoor repairs and utilize more of their volunteers as well as hosting in-person fundraising events. The Organization continues to assess operations and fundraising procedures for the COVID environment.