



FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS  
FOR DECEMBER 31, 2018)

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Good Neighbors, Inc. (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.

### **Report on Summarized Comparative Information**

We have previously reviewed the Good Neighbors, Inc. 2018 financial statements, and we concluded there were no material modifications that should be made on those reviewed financial

statements in our report dated June 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, 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, 2020

**GOOD NEIGHBORS, INC.**

STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 189,724	\$ 229,414
Grants receivable	27,279	-
Unconditional promises to give	4,250	18,500
<b>TOTAL CURRENT ASSETS</b>	221,253	247,914
Unconditional promises to give, net	-	-
Property and equipment, net	45,759	67,758
<b>TOTAL ASSETS</b>	\$ 267,012	\$ 315,672

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and credit card liabilities	\$ 4,900	\$ 4,277
<b>TOTAL CURRENT LIABILITIES</b>	4,900	4,277
<b>NET ASSETS</b>		
Without donor restrictions	168,056	255,379
With donor restrictions	94,056	56,016
<b>TOTAL NET ASSETS</b>	262,112	311,395
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 267,012	\$ 315,672

**GOOD NEIGHBORS, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>				
Contributions	\$ 218,974	\$ -	\$ 218,974	\$ 194,807
Grants	138,600	128,450	267,050	206,247
Government support	-	86,256	86,256	30,000
United Way	15,907	-	15,907	13,801
In-kind contributions	28,294	-	28,294	41,563
Youth program	12,137	-	12,137	13,240
Special events (net of direct costs \$59,093)	18,359	-	18,359	29,946
Gain (loss) on disposal of asset	(4,000)	-	(4,000)	-
Interest income	758	-	758	415
Net assets released from restrictions	176,666	(176,666)	-	-
<b>TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS</b>	605,695	38,040	643,735	530,019
<b>OPERATING EXPENSES</b>				
Program	559,049	-	559,049	552,765
Administration	64,398	-	64,398	58,614
Fundraising	69,571	-	69,571	54,620
<b>TOTAL OPERATING EXPENSES</b>	693,018	-	693,018	665,999
<b>CHANGE IN NET ASSETS</b>	(87,323)	38,040	(49,283)	(135,980)
<b>NET ASSETS - BEGINNING OF YEAR</b>	255,379	56,016	311,395	447,375
<b>NET ASSETS -END OF YEAR</b>	\$ 168,056	\$ 94,056	\$ 262,112	\$ 311,395

**GOOD NEIGHBORS, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>2019</u>	<u>2018</u>
Accounting	\$ -	\$ 4,340	\$ -	\$ 4,340	\$ 4,585
Aid to homeowner	-	-	-	-	300
Application and miscellaneous fees	16,332	-	-	16,332	12,733
Building materials and supplies	122,045	-	-	122,045	122,072
Contract services	211,594	-	-	211,594	254,889
Depreciation	17,999	-	-	17,999	14,904
Insurance	6,252	2,679	-	8,931	8,454
Miscellaneous	380	1,898	1,518	3,796	1,804
Occupancy	950	2,470	380	3,800	3,600
Office expense	1,466	2,988	2,355	6,809	8,700
Payroll taxes and expenses	13,766	2,579	4,451	20,796	14,780
Promotion	1,744	2,035	2,035	5,814	6,954
Repairs and maintenance	3,955	-	-	3,955	4,043
Salaries	141,530	44,050	53,107	238,687	178,212
Special events	-	-	5,725	5,725	6,493
Telephone	452	1,359	-	1,811	1,850
Vehicle expense	12,158	-	-	12,158	10,955
Youth camp	8,426	-	-	8,426	10,671
<b>TOTAL EXPENSES</b>	<u>\$ 559,049</u>	<u>\$ 64,398</u>	<u>\$ 69,571</u>	<u>\$ 693,018</u>	<u>\$ 665,999</u>

**GOOD NEIGHBORS, INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (49,283)	\$ (135,980)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,999	14,904
Loss on disposal of asset	4,000	-
(Increase)decrease in grants receivable	(27,279)	36,500
Decrease in promises to give	14,250	
Increase in accounts payable and credit card liabilities	623	4,278
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b>(39,690)</b>	<b>(80,298)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of vehicles and equipment	-	(35,750)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>(35,750)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(39,690)	(116,048)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>229,414</b>	<b>345,462</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 189,724</b>	<b>\$ 229,414</b>



**GOOD NEIGHBORS, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)****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 County 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. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period the contribution is recognized.

**GOOD NEIGHBORS, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)****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, 2018, 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 cost reimbursement grant from Federal Home Loan Bank for \$100,000 awarded in 2018. The Organization expended \$56,256 of the grant funding in year ended December 31, 2019 with \$27,279 of those expenditures remaining to be reimbursed at year ended December 31, 2019.

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.

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.

**GOOD NEIGHBORS, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)****NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING  
POLICIES (Cont'd)**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.

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.

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).

**GOOD NEIGHBORS, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Date of Management Approval

As required by the Subsequent Events Topic of the FASB ASC, the Organization has evaluated those events and transactions that occurred after the statement of financial position date of December 31, 2019 through June 17, 2020, the date the financial statements were available to be issued.

**NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of December 31, 2019, financial assets and liquidity resources available within one year for general expenditures such as operating expenses were as follows:

Financial assets:

Cash	\$ 189,724
Grants receivable	27,279
Promise to give payments available for operations	4,250
Donor restricted financial assets	<u>(94,056)</u>
Total financial assets available within one year	<u>\$ 127,197</u>

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, 2019 and 2018 valued at \$28,294 and \$41,563, 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 2019 and 2018. Over 535 volunteers donated over 8,300 hours during 2019 valued at over \$213,000. 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.

**GOOD NEIGHBORS, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

**NOTE 4 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 4,250	\$ 18,500
Receivable in one to ten years	-	-
	<u>\$ 4,250</u>	<u>\$ 18,500</u>

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, 2019 and 2018, the Organization has deemed all monies collectible.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Vehicles	\$ 81,516	\$ 81,516
Equipment	41,394	45,394
	<u>122,910</u>	<u>126,910</u>
Less: accumulated depreciation	(77,151)	(59,152)
Net property and equipment	<u>\$ 45,759</u>	<u>\$ 67,758</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$17,999 and \$14,904, respectively.

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2019 and 2018 consist of:

	<u>2019</u>	<u>2018</u>
United Way supported programs	\$ -	\$ -
Time restrictions	4,250	18,500
Home repair – state specific	20,000	33,000
Capital expenditures	60,200	410
Other	9,606	4,106
	<u>\$ 94,056</u>	<u>\$ 56,016</u>

**GOOD NEIGHBORS, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)

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

Net assets with donor restrictions released during December 31, 2019 and 2018 are as follows:

	2019	2018
United Way supported programs	\$ -	\$ 5,000
Time restrictions	48,500	77,301
Home repair – state specific	126,756	118,000
Capital expenditures	410	35,867
Other	1,000	1,500
	\$ 176,666	\$ 237,668

**NOTE 7 – FAIR VALUE MEASUREMENTS**

Accounting standards establish a valuation hierarchy for disclosure of the inputs to the valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Promises to give fall under Level 3 in the fair value hierarchy. Although no discount was made to present value, the recorded amounts approximate fair value and are based on unobservable inputs, including estimated future payment dates and management's past experience collecting similar pledges. There were no changes to valuation techniques used during the year ended December 31, 2019.

Changes in fair value of the Organization's unconditional promises to give, net present value (Level 3 assets) are summarized as follows:

	2019	2018
BALANCE AT BEGINNING OF YEAR	\$ 18,500	\$ 55,000
New unconditional promises to give	4,250	2,000
Unconditional promises to give collected	(18,500)	(38,500)
BALANCE AT END OF YEAR	\$ 4,250	\$ 18,500

**GOOD NEIGHBORS, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2018)****NOTE 8 – CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK**

The Organization maintains cash balances in one local bank at December 31, 2019 and 2018, 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, 2019 and 2018 were \$0.

**NOTE 9 – MAJOR CONTRIBUTORS**

The Organization sometimes receives funding representing more than 10% of its total revenue for the year ended December 31. For the years ended December 31, 2019 and 2018, there were no major contributors.

**NOTE 10 – 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. This line of credit will be utilized to fund various projects through their new partnership with Federal Home Loan Bank and WSFS. The Organization will act as a sponsor in this agreement, performing the needed home repairs for very low-income homeowners in New Castle, DE. No amounts were drawn on the line of credit during 2019 and 2018.

**NOTE 11 – SUBSEQUENT EVENTS**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020 the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 21, 2020, Governor Tom Wolf of PA ordered the closure of the physical location of every “non-life sustaining” (“non-essential”) business for what may be an extended period of time. While the Organization has received a waiver to operate, the use of volunteers has been impacted and the focus has been on emergency repairs and repairs on home exteriors where potential for spread of the virus is reduced. Future potential impacts may include continued disruptions or restrictions on our employees’ ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

Subsequent to year end, the Organization applied for and was approved a \$50,288 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and fully guaranteed by the Federal government.