



**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS  
FOR DECEMBER 31, 2014)**

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**UMBREIT  
KORENGEL**  
& ASSOCIATES, P.C.  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

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

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, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## **Opinion**

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, 2015, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Good Neighbors, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Umbreit, Korengel & Associates, P.C.*

Kennett Square, PA  
August 9, 2016

**GOOD NEIGHBORS, INC.**

**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)**

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 253,790	\$ 194,569
Grants and pledges receivable	78,780	44,455
<b>TOTAL CURRENT ASSETS</b>	<u>332,570</u>	<u>239,024</u>
Property and equipment, net	<u>17,538</u>	<u>21,630</u>
<b>TOTAL ASSETS</b>	<u>\$ 350,108</u>	<u>\$ 260,654</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and credit card liabilities	\$ 6,252	\$ 5,063
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,252</u>	<u>5,063</u>
<b>NET ASSETS</b>		
Unrestricted	254,692	211,136
Temporarily restricted	89,164	44,455
<b>TOTAL NET ASSETS</b>	<u>343,856</u>	<u>255,591</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 350,108</u>	<u>\$ 260,654</u>

See Accountants' Report and Notes to Financial Statements

**GOOD NEIGHBORS, INC.**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014</u>
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>				
Contributions	\$ 106,590	\$ 77,000	\$ 183,590	\$ 87,837
Grants	182,350	-	182,350	145,250
Government support	-	15,000	15,000	30,000
United Way	-	65,311	65,311	72,227
In-kind contributions	29,785	-	29,785	40,708
Youth program	11,525	-	11,525	9,653
Special events	-	-	-	41,818
Less direct costs	-	-	-	(8,279)
Net special event revenue	-	-	-	33,539
Interest income	468	-	468	406
Net assets released from restrictions	112,602	(112,602)	-	-
<b>TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS</b>	<u>443,320</u>	<u>44,709</u>	<u>488,029</u>	<u>419,620</u>
<b>OPERATING EXPENSES</b>				
Program	341,923	-	341,923	352,817
Administration	36,266	-	36,266	28,593
Fundraising	21,575	-	21,575	19,479
<b>TOTAL OPERATING EXPENSES</b>	<u>399,764</u>	<u>-</u>	<u>399,764</u>	<u>400,889</u>
<b>CHANGE IN NET ASSETS</b>	43,556	44,709	88,265	18,731
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>211,136</u>	<u>44,455</u>	<u>255,591</u>	<u>236,860</u>
<b>NET ASSETS -END OF YEAR</b>	<u>\$ 254,692</u>	<u>\$ 89,164</u>	<u>\$ 343,856</u>	<u>\$ 255,591</u>

See Accountants' Report and Notes to Financial Statements

**GOOD NEIGHBORS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)**

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>2015</u>	<u>2014</u>
Accounting	\$ -	\$ 4,280	\$ 1,069	\$ 5,349	\$ 4,075
Aid to homeowner	375	-	-	375	2,718
Application and miscellaneous fees	4,353	-	-	4,353	4,270
Building materials and supplies	94,349	-	-	94,349	106,888
Contract services	185,951	-	-	185,951	188,458
Depreciation	6,539	53	-	6,592	6,330
Disposal	3,549	-	-	3,549	2,457
Insurance	3,684	1,579	-	5,263	5,187
Miscellaneous	42	210	168	420	860
Occupancy	952	2,475	381	3,808	3,056
Office expense	990	3,599	1,284	5,873	3,578
Payroll taxes and expenses	2,847	1,708	1,138	5,693	4,727
Promotion	4,510	4,510	6,013	15,033	14,274
Repairs and maintenance	243	-	-	243	471
Salaries	22,037	16,774	10,337	49,148	42,031
Special events	-	-	1,185	1,185	815
Telephone	360	1,078	-	1,438	1,447
Vehicle expense	2,660	-	-	2,660	2,009
Youth camp	8,482	-	-	8,482	7,238
<b>TOTAL EXPENSES</b>	<u>\$ 341,923</u>	<u>\$ 36,266</u>	<u>\$ 21,575</u>	<u>\$ 399,764</u>	<u>\$ 400,889</u>

See Accountants' Report and Notes to Financial Statements

**GOOD NEIGHBORS, INC.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 88,265	\$ 18,731
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,592	6,330
Donated utility truck in vehicles	-	(4,000)
(Increase)decrease in grants and pledges receivable	(34,325)	12,845
Increase(decrease) in accounts payable and credit card liabilities	1,189	(291)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>61,721</b>	<b>33,615</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of vehicles and equipment	(2,500)	(2,000)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(2,500)</b>	<b>(2,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	59,221	31,615
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>194,569</b>	<b>162,954</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 253,790</b>	<b>\$ 194,569</b>

See Accountants' Report and Notes to Financial Statements



**GOOD NEIGHBORS, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)****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**

As required by the Financial Statements of Not-for-Profit Entities Topic of the FASB ASC, the Organization is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2015 and 2014, there were no permanently restricted net assets and therefore, this classification of net assets has been omitted from the financial statements.

**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, 2014, 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.

**GOOD NEIGHBORS, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)****NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING  
POLICIES (Cont'd)****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.

**Contributions**

As required by the Financial Statements of Not-for-Profit Entities Revenue Recognition Topic of the FASB ASC, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Contributions restricted by donor are reported as an increase in unrestricted net assets if the restrictions are met in the reporting period in which the contribution is recognized. The Organization received no permanently restricted contributions for the years ended December 31, 2015 and 2014.

**Revenue Recognition**

Contributions, bequests, and gifts are recognized on receipt and formal acceptance by the Organization. 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.

**GOOD NEIGHBORS, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)****NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING  
POLICIES (Cont'd)**Allocation of Functional Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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).

The Organization's Forms 990 Return of Organization Exempt from Income Tax for the years ending 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition.

**NOTE 2 – DONATED ASSETS AND SERVICES**

In-kind contributions of materials were received for the years ended December 31, 2015 and 2014 valued at \$29,785 and \$40,708, 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 2015 and 2014. About 250 volunteers donated over 6,000 hours during 2015 valued at over \$155,000. 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, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)

**NOTE 3 – GRANTS AND PLEDGES RECEIVABLE**

Unconditional promises to give for the years ended December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 78,780	\$ 44,445
Receivable in one to ten years	<u>-</u>	<u>-</u>
	<u>\$ 78,780</u>	<u>\$ 44,445</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, 2015 and 2014, the Organization has deemed all monies collectible.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Vehicles	\$ 36,880	\$ 34,380
Equipment	<u>3,536</u>	<u>3,536</u>
	40,416	37,916
Less: accumulated depreciation	<u>(22,878)</u>	<u>(16,286)</u>
Net property and equipment	<u>\$ 17,538</u>	<u>\$ 21,630</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$6,592 and \$6,330, respectively.

**NOTE 5 – RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2015 and 2014 consist of:

	<u>2015</u>	<u>2014</u>
United Way supported programs	\$ 19,280	\$ 17,530
Time restrictions	69,500	26,925
Office equipment	<u>384</u>	<u>-</u>
	<u>\$ 89,164</u>	<u>\$ 44,455</u>

**GOOD NEIGHBORS, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)

**NOTE 6 – 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, 2015.

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

	2015	2014
BALANCE AT BEGINNING OF YEAR	\$ 44,455	\$ 57,300
New unconditional promises to give	74,280	39,955
Unconditional promises to give collected	(39,955)	(52,800)
BALANCE AT END OF YEAR	\$ 78,780	\$ 44,455

**NOTE 7 – CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK**

The Organization maintains cash balances in one local bank at December 31, 2015 and 2014, 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, 2015 and 2014 were \$12,779 and \$0, respectively.

**GOOD NEIGHBORS, INC.****NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014)****NOTE 8 – MAJOR CONTRIBUTORS**

The Organization received funding representing more than 10% of its total revenue for the years ended December 31, 2015 and 2014 from United Way (13.38% and 16.87%, respectively).

**NOTE 9 – SUBSEQUENT EVENTS**

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, 2015 through August 9, 2016, the date the financial statements were available to be issued.

In January 2016, the Organization was notified that United Way of Southern Chester County will not grandfather them in under an exemption to the nondiscrimination policy newly implemented by the United Way. This will impact future year revenues as United Way of Southern Chester County's grants were approximately \$38,000 and \$35,000, respectively, for years ended December 31, 2015 and 2014.