



FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS
FOR DECEMBER 31, 2016)

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

Timothy D. Umbreit, CPA, CGMA
Kathleen A. Wileczek, CPA
Bonnie W. Korengel, CPA, of Council

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, 2017, 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 audited the Good Neighbors, Inc. 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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
June 20, 2018

GOOD NEIGHBORS, INC.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 345,462	\$ 277,980
Grants receivable and unconditional promises to give	45,000	36,250
TOTAL CURRENT ASSETS	390,462	314,230
Unconditional promises to give, net	10,000	-
Property and equipment, net	46,913	15,535
TOTAL ASSETS	\$ 447,375	\$ 329,765

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and credit card liabilities	\$ -	\$ 200
TOTAL CURRENT LIABILITIES	-	200
NET ASSETS		
Unrestricted	271,189	227,170
Temporarily restricted	176,186	102,395
TOTAL NET ASSETS	447,375	329,565
TOTAL LIABILITIES AND NET ASSETS	\$ 447,375	\$ 329,765

GOOD NEIGHBORS, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	Unrestricted	Temporarily Restricted	2017	2016
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Contributions	\$ 225,717	\$ 6,000	\$ 231,717	\$ 154,703
Grants	63,500	188,900	252,400	212,803
Government support	-	50,000	50,000	15,000
United Way	-	20,756	20,756	31,397
In-kind contributions	30,301	-	30,301	41,751
Youth program	12,225	-	12,225	8,522
Special events (net of direct costs \$18,074)	3,419	-	3,419	-
Interest income	657	-	657	498
Net assets released from restrictions	191,865	(191,865)	-	-
TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS	527,684	73,791	601,475	464,674
OPERATING EXPENSES				
Program	389,378	-	389,378	395,392
Administration	54,899	-	54,899	44,294
Fundraising	39,388	-	39,388	39,279
TOTAL OPERATING EXPENSES	483,665	-	483,665	478,965
CHANGE IN NET ASSETS	44,019	73,791	117,810	(14,291)
NET ASSETS - BEGINNING OF YEAR	227,170	102,395	329,565	343,856
NET ASSETS -END OF YEAR	\$ 271,189	\$ 176,186	\$ 447,375	\$ 329,565

GOOD NEIGHBORS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>2017</u>	<u>2016</u>
Accounting	\$ -	\$ 5,080	\$ 2,444	\$ 7,524	\$ 5,144
Aid to homeowner	168	-	-	168	430
Application and miscellaneous fees	7,594	-	-	7,594	5,449
Building materials and supplies	95,427	-	-	95,427	120,716
Contract services	149,826	-	-	149,826	162,180
Depreciation	14,366	-	-	14,366	7,003
Insurance	5,371	2,302	-	7,673	6,186
Miscellaneous	213	1,067	853	2,133	2,272
Occupancy	900	2,340	360	3,600	4,156
Office expense	1,143	2,430	1,821	5,394	4,917
Payroll taxes and expenses	8,420	1,885	2,262	12,567	11,639
Promotion	3,090	3,607	3,607	10,304	16,127
Repairs and maintenance	3,716	-	-	3,716	3,487
Salaries	84,740	34,707	27,107	146,554	113,705
Special events	-	-	934	934	1,328
Telephone	493	1,481	-	1,974	1,258
Vehicle expense	4,561	-	-	4,561	4,084
Youth camp	9,350	-	-	9,350	8,884
TOTAL EXPENSES	<u>\$ 389,378</u>	<u>\$ 54,899</u>	<u>\$ 39,388</u>	<u>\$ 483,665</u>	<u>\$ 478,965</u>

GOOD NEIGHBORS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 117,810	\$ (14,291)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,366	7,003
(Increase)decrease in grants and pledges receivable	(18,750)	42,530
Increase(decrease) in accounts payable and credit card liabilities	(200)	(6,052)
NET CASH PROVIDED BY OPERATING ACTIVITIES	113,226	29,190
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of vehicles and equipment	(45,744)	(5,000)
NET CASH USED BY INVESTING ACTIVITIES	(45,744)	(5,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	67,482	24,190
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	277,980	253,790
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 345,462	\$ 277,980

See Independent Accountant's Review Report and Notes to Financial Statements

GOOD NEIGHBORS, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)****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, 2017 and 2016, 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, 2016, 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, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)****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, 2017 and 2016.

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, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)****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 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.

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, 2017 through June 20, 2018, the date the financial statements were available to be issued.

NOTE 2 – DONATED ASSETS AND SERVICES

In-kind contributions of materials were received for the years ended December 31, 2017 and 2016 valued at \$30,301 and \$41,751, 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 2017 and 2016. Over 435 volunteers donated over 6,800 hours during 2017 valued at over \$154,000. 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, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

NOTE 3 – GRANTS RECEIVABLE AND UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 45,000	\$ 36,250
Receivable in one to ten years	10,000	-
	<u>\$ 55,000</u>	<u>\$ 36,250</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, 2017 and 2016, the Organization has deemed all monies collectible.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Vehicles	\$ 81,516	\$ 41,880
Equipment	9,644	3,536
	91,160	45,416
Less: accumulated depreciation	(44,247)	(29,881)
Net property and equipment	<u>\$ 46,913</u>	<u>\$ 15,535</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$14,366 and \$7,003, respectively.

NOTE 5 – RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
United Way supported programs	\$ 5,000	\$ 2,250
Time restrictions	150,000	36,250
Home repair – state specific	18,000	743
Capital expenditures	-	59,492
Other	3,186	3,660
	<u>\$ 176,186</u>	<u>\$ 102,395</u>

GOOD NEIGHBORS, INC.

NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

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, 2017.

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

	<u>2017</u>	<u>2016</u>
BALANCE AT BEGINNING OF YEAR	\$ 36,250	\$ 78,780
New unconditional promises to give	55,000	5,000
Unconditional promises to give collected	<u>(36,250)</u>	<u>(47,530)</u>
BALANCE AT END OF YEAR	<u>\$ 55,000</u>	<u>\$ 36,250</u>

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

The Organization maintains cash balances in one local bank at December 31, 2017 and 2016, 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, 2017 and 2016 were \$90,958 and \$9,582, respectively.

GOOD NEIGHBORS, INC.**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)****NOTE 8 – MAJOR CONTRIBUTORS**

The Organization received funding representing more than 10% of its total revenue for the year ended December 31, 2017 from Longwood Foundation, approximately 13.30% of total revenue. For the year ended December 31, 2016 Crystal Trust Foundation funding represented approximately 11.62% of total revenue.