

**NEIGHBOR 2 NEIGHBOR
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2021 AND 2020**

NEIGHBOR 2 NEIGHBOR
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

| | PAGE |
|-----------------------------------|--------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS: | |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 |
| Statements of Functional Expenses | 4 – 5 |
| Statements of Cash Flows | 6 |
| Notes to Financial Statements | 7 – 15 |



Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Neighbor 2 Neighbor

We have audited the accompanying financial statements of Neighbor 2 Neighbor (a Tennessee not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighbor 2 Neighbor as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Edmondson, Betzler & Dame, PLLC

October 20, 2021

**NEIGHBOR 2 NEIGHBOR
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

| ASSETS | | 2021 | 2020 |
|--------------------------------------|--|--------------------------|--------------------------|
| Current assets: | | | |
| Cash and cash equivalents | | \$ 228,586 | \$ 246,544 |
| Restricted cash - held for others | | <u>16,942</u> | <u>13,781</u> |
| Total cash and cash equivalents | | 245,528 | 260,325 |
| Account receivable | | - | 87 |
| Prepaid expenses | | 2,500 | - |
| Investments | | <u>318,607</u> | <u>438,245</u> |
| Total current assets | | 566,635 | 698,657 |
| Property and equipment, net | | 8,217 | 3,942 |
| Security deposit | | <u>3,690</u> | <u>3,690</u> |
| Total assets | | <u><u>\$ 578,542</u></u> | <u><u>\$ 706,289</u></u> |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Accounts payable | | \$ 1,300 | \$ 900 |
| Payroll liabilities | | 7,540 | 7,540 |
| Current portion of note payable | | <u>5,125</u> | <u>13,591</u> |
| Total current liabilities | | <u>13,965</u> | <u>22,031</u> |
| Note payable, net of current portion | | 30,420 | 21,799 |
| Other liabilities | | <u>16,942</u> | <u>13,781</u> |
| Total liabilities | | <u>61,327</u> | <u>57,611</u> |
| Net assets: | | | |
| Without donor restrictions | | <u>517,215</u> | <u>648,678</u> |
| Total net assets | | <u>517,215</u> | <u>648,678</u> |
| Total liabilities and net assets | | <u><u>\$ 578,542</u></u> | <u><u>\$ 706,289</u></u> |

The accompanying notes are an integral part of these financial statements.

**NEIGHBOR 2 NEIGHBOR
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|---|--------------------------|--------------------------|
| SUPPORT AND REVENUE: | | |
| Paycheck protection program loan forgiveness | \$ 35,390 | \$ - |
| Contributions | 30,629 | 21,287 |
| Grant revenue | 29,100 | 21,647 |
| Program fees | 15,340 | 32,661 |
| Interest and dividends | 13,749 | 18,277 |
| Special events | 2,342 | 6,481 |
| In-kind contributions | <u>-</u> | <u>22,500</u> |
| Total support and revenue | <u>126,550</u> | <u>122,853</u> |
| EXPENSES: | | |
| Program services | 149,378 | 191,925 |
| Management and general | 48,790 | 50,118 |
| Fundraising | <u>80,902</u> | <u>83,305</u> |
| Total expenses | <u>279,070</u> | <u>325,348</u> |
| Change in net assets from operations | <u>(152,520)</u> | <u>(202,495)</u> |
| Nonoperating activities | | |
| Realized and unrealized gain (loss) on investments, net of fees | <u>21,057</u> | <u>(3,227)</u> |
| Total nonoperating activities | <u>21,057</u> | <u>(3,227)</u> |
| Change in net assets | (131,463) | (205,722) |
| Net assets, beginning of year | <u>648,678</u> | <u>854,400</u> |
| Net assets, end of year | <u><u>\$ 517,215</u></u> | <u><u>\$ 648,678</u></u> |

The accompanying notes are an integral part of these financial statements.

NEIGHBOR 2 NEIGHBOR
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

| | Program Services | | | Support Services | | Total |
|-----------------------------------|---------------------------------|---------------------|-----------------------|------------------------|-------------|------------|
| | Training and Mentoring Services | Networking Services | Consultation Services | Management and General | Fundraising | |
| Salaries | \$ 30,711 | \$ 26,872 | \$ 19,195 | \$ 25,593 | \$ 68,247 | \$ 170,618 |
| Payroll taxes | 2,349 | 2,056 | 1,468 | 1,958 | 5,221 | 13,052 |
| Total payroll and related expense | 33,060 | 28,928 | 20,663 | 27,551 | 73,468 | 183,670 |
| Rent | 10,928 | 9,562 | 6,830 | 1,518 | 1,518 | 30,356 |
| Professional fees | - | - | - | 15,696 | 3,924 | 19,620 |
| Memberships and subscriptions | 3,876 | 3,391 | 2,422 | 538 | 538 | 10,765 |
| Equipment and technology | 2,705 | 2,367 | 1,691 | 376 | 376 | 7,515 |
| Telephone | 1,628 | 1,424 | 1,017 | 226 | 226 | 4,521 |
| Depreciation | 1,368 | 1,198 | 855 | 190 | 190 | 3,801 |
| Grants | 3,436 | - | - | - | - | 3,436 |
| Utilities | 1,215 | 1,063 | 760 | 169 | 169 | 3,376 |
| Postage | 1,038 | 908 | 649 | 144 | 144 | 2,883 |
| Miscellaneous | 931 | 814 | 582 | 130 | 129 | 2,586 |
| Events | 847 | 741 | 530 | - | 112 | 2,230 |
| Insurance | - | - | - | 1,906 | - | 1,906 |
| Supplies | 517 | 452 | 323 | 72 | 72 | 1,436 |
| Advertising | 108 | 95 | 67 | 15 | 15 | 300 |
| Taxes and licenses | - | - | - | 238 | - | 238 |
| Travel and meetings | 55 | 48 | 34 | 8 | 8 | 153 |
| Training and staff development | 54 | 47 | 34 | 7 | 7 | 149 |
| Printing | 47 | 41 | 29 | 6 | 6 | 129 |
| | \$ 61,813 | \$ 51,079 | \$ 36,486 | \$ 48,790 | \$ 80,902 | \$ 279,070 |

The accompanying notes are an integral part of these financial statements.

NEIGHBOR 2 NEIGHBOR
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

| | Program Services | | | Support Services | | |
|-----------------------------------|---------------------------------|---------------------|-----------------------|------------------------|-------------|------------|
| | Training and Mentoring Services | Networking Services | Consultation Services | Management and General | Fundraising | Total |
| | | | | | | |
| Salaries | \$ 30,696 | \$ 26,859 | \$ 19,185 | \$ 25,580 | \$ 68,213 | \$ 170,533 |
| Payroll taxes | 2,348 | 2,054 | 1,467 | 1,957 | 5,218 | 13,044 |
| Total payroll and related expense | 33,044 | 28,913 | 20,652 | 27,537 | 73,431 | 183,577 |
| Events | 10,402 | 9,102 | 6,502 | - | 1,369 | 27,375 |
| Advertising | 9,516 | 8,326 | 5,947 | 1,322 | 1,321 | 26,432 |
| Rent | 8,567 | 7,496 | 5,353 | 1,190 | 1,190 | 23,796 |
| Professional fees | - | - | - | 15,605 | 3,901 | 19,506 |
| Memberships and subscriptions | 2,875 | 2,516 | 1,796 | 399 | 400 | 7,986 |
| Equipment and technology | 2,760 | 2,415 | 1,725 | 383 | 384 | 7,667 |
| Utilities | 1,918 | 1,678 | 1,199 | 266 | 267 | 5,328 |
| Telephone | 1,513 | 1,324 | 947 | 210 | 210 | 4,204 |
| Travel and meetings | 1,265 | 1,107 | 790 | 176 | 176 | 3,514 |
| Depreciation | 1,014 | 887 | 634 | 141 | 139 | 2,815 |
| Supplies | 964 | 843 | 602 | 134 | 134 | 2,677 |
| Printing | 892 | 781 | 558 | 124 | 124 | 2,479 |
| Training and staff development | 834 | 730 | 522 | 116 | 116 | 2,318 |
| Insurance | - | - | - | 2,199 | 22 | 2,221 |
| Miscellaneous | 500 | 438 | 313 | 76 | 69 | 1,396 |
| Postage | 362 | 316 | 226 | 50 | 50 | 1,004 |
| Grants | 861 | - | - | - | - | 861 |
| Taxes and licenses | - | - | - | 190 | 2 | 192 |
| | \$ 77,287 | \$ 66,872 | \$ 47,766 | \$ 50,118 | \$ 83,305 | \$ 325,348 |

The accompanying notes are an integral part of these financial statements.

NEIGHBOR 2 NEIGHBOR
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Decrease in net assets | \$ (131,463) | \$ (205,722) |
| Adjustments to reconcile decrease in net assets to net cash used in operating activities: | | |
| Realized gain on investments | (3,958) | (12,239) |
| Unrealized (gain) loss on investments | (25,307) | 6,373 |
| Depreciation | 3,801 | 2,815 |
| (Increase) decrease in account receivable | 87 | (87) |
| Increase in prepaid expenses | (2,500) | - |
| Increase in accounts payable | 400 | - |
| Increase in other liabilities | 3,161 | 607 |
| | <u>(155,779)</u> | <u>(208,253)</u> |
| Net cash used in operating activities | | |
| Cash flows from investing activities: | | |
| Purchase of investments | (135,210) | (120,838) |
| Proceeds from sale of investments | 284,113 | 364,631 |
| Purchase of property and equipment | (8,076) | - |
| | <u>140,827</u> | <u>243,793</u> |
| Net cash provided by investing activities | | |
| Cash flows from financing activities: | | |
| Proceeds from issuance of note payable | 155 | 35,390 |
| | <u>155</u> | <u>35,390</u> |
| Net cash provided by financing activities | | |
| Net increase (decrease) in cash and cash equivalents | (14,797) | 70,930 |
| Cash and cash equivalents, beginning of year | 260,325 | 189,395 |
| Cash and cash equivalents, end of year | <u>\$ 245,528</u> | <u>\$ 260,325</u> |

The accompanying notes are an integral part of these financial statements.

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Neighbor 2 Neighbor (the "Center") is a private not-for-profit corporation chartered under the laws of the State of Tennessee to assist residents of various neighborhoods, primarily in low-income areas, in the formation and/or development of neighborhood organizations that identify and take action on issues affecting their neighborhoods. The Center assists residents by providing information, leadership training, consulting and supportive services, and by forming collaborative relationships with, and providing support to, institutions that serve neighborhoods.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Center reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Center reported no net assets with donor restrictions at June 30, 2021 and 2020.

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.

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents during the year may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

Restricted Cash

Certain cash accounts are classified as restricted assets on the statements of financial position due to certain agreements with third party organizations.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Unrealized gains and losses, as well as appreciation or depreciation in the market value, are reflected in the accompanying financial statements.

Property and Equipment

Purchased property and equipment is recorded at cost, and donated property and equipment is recorded at fair market value. Contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided over the estimated useful lives of 3 – 5 years on a straight-line basis.

Advertising Costs

The Center expenses all advertising costs as incurred. Total advertising expense amounted to \$300 and \$26,432 in 2021 and 2020, respectively.

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Neighbor 2 Neighbor is exempt from federal income tax under Internal Revenue Code section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Neighbor 2 Neighbor has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Center continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes.

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2021, the Center has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Center has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Functional Classification of Expenses

The following program services are included in the accompanying financial statements:

Training and Mentoring Services are provided to residents and neighborhood organizations at all levels of development. The annual Conference for Neighborhoods is a one-day training and networking opportunity for anyone who wants to make a difference in their neighborhood. The Neighborhood Leadership Certificate Program provides the next level of learning for individuals seeking to amplify their impact. These certificates are designed around key areas necessary for a neighborhood organization's success. The first certificate launched in 2018, is Neighborhood Strategic Planning, Governance, and Meeting Facilitation. We offer neighborhood organizations the option of Center staff coming to their neighborhoods to provide customized Neighborhood-Based Training Events. Additionally, our Leadership Development Specialist and Executive Director meet regularly with individual neighborhood leaders to advise and train for more effective service.

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Classification of Expenses (Continued)

Networking Services create interactive events for residents and neighborhood leaders to develop relationships with other neighborhood leaders, stakeholders, and potential partners. Our Quarterly Leadership Gatherings offer neighborhood leaders the opportunity to meet one another, discuss common neighborhood issues, and hear from key partners. The Business Partner Lunch and Learns provide a venue for our partner to explore what is happening in Nashville's neighborhoods and residents from across the metropolitan area to be better neighbors and become more engaged in making their neighborhoods safer and more vibrant places to live.

Consultation Services provide assistance for local neighborhood leaders for working with residents on a wide range of neighborhood issues. The Center is currently working with local residents in five neighborhoods to formally establish neighborhood associations.

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, all costs have been allocated among the programs and supporting services benefited, based on time and effort of staff as determined by management, except for professional fees, insurance, and taxes and licenses which were directly assigned.

Contributed Services

The Center receives a significant amount of donated services from unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition set forth by accounting principles generally accepted in the United States of America.

Events Occurring after Reporting Date

The Center has evaluated events and transactions that occurred after June 30, 2021 through the date of the issued financial statements. During this period, there were no material recognizable subsequent events that required recognition in our disclosures to the June 30, 2021 financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Center has \$547,193 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$228,586 and short-term investments of \$318,607. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Center has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately, \$75,000.

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Center invests cash in excess of daily requirements in various short-term investments, including certificates of deposits and short-term treasury instruments.

NOTE 3 - INVESTMENTS

Marketable securities are recorded at market value at June 30, 2021 and 2020, as follows:

| | Cost | Market |
|------------------------|-------------------|-------------------|
| June 30, 2021 | | |
| Certificate of deposit | \$ 100,000 | \$ 104,100 |
| Equities | 118,908 | 214,507 |
| | <u>\$ 218,908</u> | <u>\$ 318,607</u> |
| June 30, 2020 | | |
| Certificate of deposit | \$ 100,000 | \$ 107,074 |
| Bonds | 246,773 | 247,417 |
| Equities | 81,367 | 83,754 |
| | <u>\$ 428,140</u> | <u>\$ 438,245</u> |

Investment income from these investments for the years ended June 30, 2021 and 2020 is as follows:

| | 2021 | 2020 |
|--------------------------------|------------------|------------------|
| Unrealized loss on investments | \$ 25,307 | \$ (6,373) |
| Realized gain on investments | 3,958 | 12,239 |
| Dividends/interest | 12,894 | 18,484 |
| Investment management fees | (8,208) | (9,093) |
| | <u>\$ 33,951</u> | <u>\$ 15,257</u> |

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 4 - FAIR VALUE MEASUREMENTS

The Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurements and Disclosures topic of FASB ASC 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with this guidance, the Center groups its financial assets and liabilities generally measured at fair value in a three level valuation hierarchy for disclosure of fair value measurements defined as Level 1 – inputs for quoted market prices for identical assets or liabilities in active markets; Level 2 – inputs include quoted market prices for similar assets and liabilities in active markets and inputs that are observable either directly or indirectly and; Level 3 – inputs that are unobservable and significant to the fair value measurements.

At June 30, 2021 and 2020, the Center did not have any assets measured with Level 3 inputs.

Fair value of assets measured on a recurring basis at June 30, 2021 and 2020 are as follows:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-----------------------------|-------------------|---|---|--|
| June 30, 2021 | | | | |
| Certificate of deposit | \$ 104,100 | \$ - | \$ 104,100 | \$ - |
| Equities | 214,507 | 214,507 | - | - |
| Total assets, at fair value | <u>\$ 318,607</u> | <u>\$ 214,507</u> | <u>\$ 104,100</u> | <u>\$ -</u> |
| June 30, 2020 | | | | |
| Certificate of deposit | \$ 107,074 | \$ - | \$ 107,074 | \$ - |
| Bonds | 247,417 | - | 247,417 | - |
| Equities | 83,754 | 83,754 | - | - |
| Total assets, at fair value | <u>\$ 438,245</u> | <u>\$ 83,754</u> | <u>\$ 354,491</u> | <u>\$ -</u> |

The Center does not measure any liabilities on a recurring basis.

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | 2021 | 2020 |
|--------------------------------|-----------------|-----------------|
| Office furniture and equipment | \$ 25,247 | \$ 16,948 |
| Less accumulated depreciation | <u>(17,030)</u> | <u>(13,006)</u> |
| | <u>\$ 8,217</u> | <u>\$ 3,942</u> |

For the years ended June 30, 2021 and 2020, the Center had depreciation expense of \$3,801 and \$2,815, respectively.

NOTE 6 - NOTES PAYABLE

The Center has an unsecured note payable dated January 1, 2021 due in monthly installments of \$732, including interest at a fixed rate of 1.00%. Payments are scheduled to begin on December 30, 2021. The note is due in full on January 30, 2026. The balance of the note payable at June 30, 2021 was \$35,545.

This loan was received under the Paycheck Protection Program ("PPP") second installment. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments until December 30, 2021. The Center intends to use the proceeds for purposes consistent with the PPP. While the Center currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Center to be ineligible for forgiveness of the loan, in whole or in part.

The Center received the first installment of the PPP loan on May 5, 2020. The note payable at June 30, 2020 was \$35,390. The note payable of \$35,390 was forgiven by the United States of America Small Business Administration on December 1, 2020 and recognized in the Statement of Activities as support and revenue.

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6 - NOTES PAYABLE (CONTINUED)

A summary of future maturities of notes payable is as follows:

| | | |
|------|----|---------------|
| 2022 | \$ | 5,125 |
| 2023 | | 8,786 |
| 2024 | | 8,786 |
| 2025 | | 8,786 |
| 2026 | | 5,125 |
| | \$ | <u>36,608</u> |

NOTE 7 - OTHER LIABILITIES

The Center has entered an agreement with various small neighborhood groups to handle certain financial transactions for a fixed fee. The agreements require the Center to control a certain amount of cash that belongs to the other parties. These agreements resulted in a liability of \$16,942 and \$13,781 as of June 30, 2021 and 2020, respectively.

NOTE 8 - DONATED MATERIALS AND SERVICES

The Center receives donated materials and services ("in-kind" contributions) in the normal course of its operations, to include program materials, special events, fundraising goods or services, property and equipment and office supplies. The estimated fair values of these items are included in the statements of activities for the years ended June 30, 2021 and 2020 as follows:

| | 2021 | 2020 |
|-----------------------------|-------------|------------------|
| Advertising | \$ - | \$ 22,500 |
| Total in-kind contributions | <u>\$ -</u> | <u>\$ 22,500</u> |

**NEIGHBOR 2 NEIGHBOR
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 9 - LEASE COMMITMENTS

The Center entered into a lease for office space in June 2016. The lease expired in June 2020 and the Center signed an amendment to extend the lease for another 36 month period in July 2020, receiving two months concessions in that year. Monthly payments increase four percent each year after the first year. The Center signed a lease for a copier in March 2016. The lease expired February 2021 and in March 2021 the Center signed an amendment to extend the lease for another 36 month period. Expenses related to leases totaled \$32,709 and \$26,014 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments are as follows:

| | |
|-------|------------------|
| 2022 | \$ 31,727 |
| 2023 | 32,036 |
| 2024 | <u>1,280</u> |
| Total | <u>\$ 65,043</u> |