

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2019 AND 2018**

**TABLE OF CONTENTS**

	<b>PAGE</b>
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  
Neighborhoods Resource Center dba Neighbor2Neighbor

We have audited the accompanying financial statements of Neighborhoods Resource Center dba Neighbor2Neighbor (a Tennessee not-for-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 Neighborhoods Resource Center dba Neighbor2Neighbor as of June 30, 2019 and 2018, 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*

December 13, 2019

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

<b>ASSETS</b>			
		<b>2019</b>	<b>2018</b>
Current assets:			
Cash and cash equivalents		\$ 176,221	\$ 90,336
Restricted cash - held for others		<u>13,174</u>	<u>11,905</u>
Total cash and cash equivalents		189,395	102,241
Investments		<u>676,172</u>	<u>948,757</u>
Total current assets		865,567	1,050,998
Property and equipment, net		6,757	9,795
Security deposit		<u>3,690</u>	<u>3,690</u>
Total assets		<u><u>\$ 876,014</u></u>	<u><u>\$ 1,064,483</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable		\$ 900	\$ 798
Payroll liabilities		<u>7,540</u>	<u>7,392</u>
Total current liabilities:		<u>8,440</u>	<u>8,190</u>
Other liabilities		<u>13,174</u>	<u>11,905</u>
Total liabilities		<u>21,614</u>	<u>20,095</u>
Net assets:			
Without donor restrictions		<u>854,400</u>	<u>1,044,388</u>
Total net assets		<u>854,400</u>	<u>1,044,388</u>
Total liabilities and net assets		<u><u>\$ 876,014</u></u>	<u><u>\$ 1,064,483</u></u>

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

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>SUPPORT AND REVENUE:</b>		
Contributions	\$ 26,802	\$ 28,365
Interest and dividends	24,487	24,482
In-kind contributions	24,275	39,680
Grant revenue	10,000	4,000
Program fees	6,917	14,266
Special events	475	5,334
Miscellaneous income	12	362
	<u>92,968</u>	<u>116,489</u>
<b>EXPENSES:</b>		
Program services	188,338	204,261
Management and general	52,231	61,805
Fundraising	82,290	86,743
	<u>322,859</u>	<u>352,809</u>
<b>Total support and revenue</b>	<u>92,968</u>	<u>116,489</u>
<b>EXPENSES:</b>		
Program services	188,338	204,261
Management and general	52,231	61,805
Fundraising	82,290	86,743
	<u>322,859</u>	<u>352,809</u>
<b>Total expenses</b>	<u>322,859</u>	<u>352,809</u>
<b>Change in net assets from operations</b>	<u>(229,891)</u>	<u>(236,320)</u>
<b>Nonoperating activities</b>		
Realized and unrealized gain on investments, net of fees	39,903	43,156
	<u>39,903</u>	<u>43,156</u>
<b>Total nonoperating activities</b>	<u>39,903</u>	<u>43,156</u>
<b>Change in net assets</b>	<u>(189,988)</u>	<u>(193,164)</u>
<b>Net assets, beginning of year</b>	<u>1,044,388</u>	<u>1,237,552</u>
<b>Net assets, end of year</b>	<u><u>\$ 854,400</u></u>	<u><u>\$ 1,044,388</u></u>

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

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

	Program Services				Support Services		
	Training and Mentoring Services	Networking Services	Consultation Services	Total	Management and General	Fundraising	Total
Salaries	\$ 30,142	\$ 26,374	\$ 18,839	\$ 75,355	\$ 25,118	\$ 66,983	\$ 167,456
Payroll taxes	2,312	2,024	1,446	5,782	1,927	5,140	12,849
Total payroll and related expense	32,454	28,398	20,285	81,137	27,045	72,123	180,305
Rent	9,377	8,205	5,861	23,443	1,302	1,302	26,047
Events	9,358	8,188	5,849	23,395	-	1,229	24,624
Advertising	8,749	7,656	5,468	21,873	1,215	1,215	24,303
Professional fees	-	-	-	-	17,786	4,446	22,232
Equipment and technology	2,784	2,436	1,740	6,960	386	386	7,732
Memberships and subscriptions	2,108	1,844	1,317	5,269	293	293	5,855
Printing	1,927	1,686	1,204	4,817	268	268	5,353
Utilities	1,583	1,385	990	3,958	220	220	4,398
Telephone	1,523	1,332	951	3,806	212	212	4,230
Supplies	1,346	1,178	842	3,366	187	187	3,740
Grants	3,450	-	-	3,450	-	-	3,450
Depreciation	1,094	956	684	2,734	152	152	3,038
Insurance	-	-	-	-	2,707	27	2,734
Travel and meetings	796	697	498	1,991	110	110	2,211
Miscellaneous	527	462	330	1,319	73	73	1,465
Postage	175	153	110	438	24	24	486
Training and staff development	152	134	96	382	21	21	424
Taxes and licenses	-	-	-	-	230	2	232
	<u>\$ 77,403</u>	<u>\$ 64,710</u>	<u>\$ 46,225</u>	<u>\$ 188,338</u>	<u>\$ 52,231</u>	<u>\$ 82,290</u>	<u>\$ 322,859</u>

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

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	Program Services				Support Services		
	Training and Mentoring Services	Networking Services	Consultation Services	Total	Management and General	Fundraising	Total
Salaries	\$ 30,958	\$ 27,089	\$ 19,349	\$ 77,396	\$ 25,799	\$ 68,797	\$ 171,992
Payroll taxes	2,266	1,983	1,417	5,666	1,889	5,037	12,592
Total payroll and related expense	33,224	29,072	20,766	83,062	27,688	73,834	184,584
Events	14,721	12,881	9,201	36,803	-	1,937	38,740
Professional fees	-	-	-	-	25,693	6,423	32,116
Advertising	10,495	9,183	6,560	26,238	1,458	1,458	29,154
Rent	8,096	7,084	5,060	20,240	1,125	1,125	22,490
Supplies	2,203	1,927	1,377	5,507	306	306	6,119
Equipment and technology	1,856	1,624	1,160	4,640	258	258	5,156
Training and staff development	1,478	1,293	924	3,695	205	205	4,105
Travel and meetings	1,445	1,264	902	3,611	201	201	4,013
Utilities	1,361	1,191	850	3,402	189	189	3,780
Depreciation	1,189	1,040	743	2,972	165	165	3,302
Grants	3,250	-	-	3,250	-	-	3,250
Telephone	1,160	1,015	725	2,900	161	161	3,222
Insurance	-	-	-	-	2,767	28	2,795
Printing	974	852	608	2,434	135	135	2,704
Miscellaneous	904	790	565	2,259	126	126	2,511
Memberships and subscriptions	902	789	564	2,255	125	125	2,505
Postage	397	348	248	993	55	55	1,103
Taxes and licenses	-	-	-	-	879	9	888
Bank and credit card fees	-	-	-	-	269	3	272
	<u>\$ 83,655</u>	<u>\$ 70,353</u>	<u>\$ 50,253</u>	<u>\$ 204,261</u>	<u>\$ 61,805</u>	<u>\$ 86,743</u>	<u>\$ 352,809</u>

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

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Decrease in net assets	\$ (189,988)	\$ (193,164)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Realized gain on investments	(135,257)	(19,078)
Unrealized (gain) loss on investments	83,663	(38,370)
Depreciation	3,038	3,302
Increase (decrease) in accounts payable	102	(1,115)
Increase in payroll liabilities	148	215
Increase in other liabilities	1,269	11,905
	<u>(237,025)</u>	<u>(236,305)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Purchase of investments	(797,115)	(89,587)
Proceeds from sale of investments	1,121,294	189,160
	<u>324,179</u>	<u>99,573</u>
Net cash provided by provided by investing activities		
Net increase (decrease) in cash and cash equivalents	87,154	(136,732)
Cash and cash equivalents, beginning of year	102,241	238,973
Cash and cash equivalents, end of year	<u>\$ 189,395</u>	<u>\$ 102,241</u>

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



**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Neighborhoods Resource Center dba Neighbor2Neighbor (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, 2019 and 2018.

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.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no effect on the results of operations as previously reported.

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018**

**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. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. 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 \$24,303 and \$29,154 in 2019 and 2018, respectively.

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Tax Status

Neighborhoods Resource Center 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.

Neighborhoods Resource Center 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, 2019, 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.

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018**

**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.

Change in Accounting Principle

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Association has adopted the guidance and has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the Association's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources in Note 2.

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Change in Accounting Principle (Continued)

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

<u>Net Asset Classifications</u>	<u>ASU 2016-14 Classifications</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
As previously presented:			
Unrestricted	\$ 1,044,388	\$ -	\$ 1,044,388
Temporarily restricted	-	-	-
Permanently restricted	-	-	-
Net assets as reported	<u>\$ 1,044,388</u>	<u>\$ -</u>	<u>\$ 1,044,388</u>

Events Occurring After Reporting Date

The Center has evaluated events and transactions that occurred after June 30, 2019, through the date of the issued financial statements. During the period there were no material recognizable subsequent events that required recognition in the disclosures to the June 30, 2019 financial statements.

**NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Center has \$852,393 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 \$176,221 and short-term investments of \$676,172. 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.

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 invest cash in excess of daily requirements in various short-term investments, including certificates of deposits and short-term treasury instruments.

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 3 - INVESTMENTS**

Marketable securities are recorded at market value at June 30, 2019 and 2018, as follows:

	<b>Cost</b>	<b>Market</b>
<b>June 30, 2019</b>		
Certificate of deposit	\$ 100,000	\$ 103,005
Bonds	334,517	336,240
Equities	79,455	236,927
	<u>\$ 513,972</u>	<u>\$ 676,172</u>
<b>June 30, 2018</b>		
Bonds	\$ 256,479	\$ 246,050
Equities	593,838	702,707
	<u>\$ 850,317</u>	<u>\$ 948,757</u>

Investment income from these investments for the years ended June 30, 2019 and 2018 is as follows:

	<b>2019</b>	<b>2018</b>
Unrealized gain (loss) on investments	\$ (83,663)	\$ 38,370
Realized gain on investments	135,257	19,078
Dividends/interest	24,487	24,482
Investment management fees	<u>(11,691)</u>	<u>(14,292)</u>
	<u>\$ 64,390</u>	<u>\$ 67,638</u>

**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018**

**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, 2019 and 2018, the Center did not have any assets measured with Level 3 inputs.

Fair value of assets measured on a recurring basis at June 30, 2019 and 2018 are as follows:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
<b>June 30, 2019</b>				
Certificate of deposit	\$ 103,005	\$ -	\$ 103,005	\$ -
Bonds	336,240	-	336,240	-
Equities	236,927	236,927	-	-
Total assets, at fair value	<u>\$ 676,172</u>	<u>\$ 236,927</u>	<u>\$ 439,245</u>	<u>\$ -</u>
<b>June 30, 2018</b>				
Bonds	\$ 246,050	\$ -	\$ 246,050	\$ -
Equities	702,707	702,707	-	-
Total assets, at fair value	<u>\$ 948,757</u>	<u>\$ 702,707</u>	<u>\$ 246,050</u>	<u>\$ -</u>

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

**NEIGHBORHOODS RESOURCE CENTER  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<b>2019</b>	<b>2018</b>
Office furniture and equipment	\$ 16,948	\$ 16,948
Less accumulated depreciation	<u>(10,191)</u>	<u>(7,153)</u>
	<u><u>\$ 6,757</u></u>	<u><u>\$ 9,795</u></u>

For the years ended June 30, 2019 and 2018, the Center had depreciation expense of \$3,038 and \$3,302, respectively.

**NOTE 6 - 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 party. These agreements resulted in a liability of \$13,174 and \$11,905 as of June 30, 2019 and 2018, respectively.

**NOTE 7 - DONATED MATERIALS AND SERVICES**

The Organization 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, 2019 and 2018 as follows:

	<b>2019</b>	<b>2018</b>
Advertising	\$ 24,000	\$ 25,000
Professional services	-	14,567
Supplies	250	113
Events	<u>25</u>	<u>-</u>
Total in-kind contributions	<u><u>\$ 24,275</u></u>	<u><u>\$ 39,680</u></u>



**NEIGHBORHOODS RESOURCE CENTER  
DBA NEIGHBOR2NEIGHBOR  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2019 AND 2018**

**NOTE 8 - LEASE COMMITMENTS**

The Center initially entered into a lease for office space in June 2016. Subsequent to year end, the Center signed an amendment to extend the lease for another 36 month period. Monthly payments increase four percent each year after the first year. The Center also signed a lease for a copier in March 2016. Terms of the lease are monthly payments of \$165 for 60 months beginning April 2016. Expenses related to leases totaled \$28,265 and \$24,556 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments are as follows:

2020	\$ 29,322
2021	29,903
2022	29,807
2023	<u>7,529</u>
Total	<u>\$ 96,561</u>