

Neighbor to Neighbor, Inc.

Financial Statements

June 30, 2023 and 2022



Independent Auditors' Report

**Board of Directors
Neighbor to Neighbor, Inc.**

Opinion

We have audited the accompanying financial statements of Neighbor to Neighbor, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

April 18, 2024

Neighbor to Neighbor, Inc.

Statements of Financial Position

	June 30,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 910,098	\$ 1,205,164
Restricted cash	250,000	-
Accounts receivable	1,661	11,984
Grants receivable	4,000	55,935
Inventory	121,650	131,995
Prepaid expenses and other assets	42,633	53,209
Investments	2,426,551	2,234,929
Property and equipment, net	4,439,577	137,706
Construction in progress	-	4,274,984
Pledges receivable, net	1,224,772	-
	<u>\$ 9,420,942</u>	<u>\$ 8,105,906</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 110,372	\$ 19,772
Accrued payroll	24,085	25,762
Total Liabilities	<u>134,457</u>	<u>45,534</u>
 Net Assets		
Without Donor Restrictions		
Undesignated	3,211,314	3,214,609
Board designated	208,247	104,502
Property and equipment	4,439,577	137,706
Construction in progress - new facility	-	155,570
Total Net Assets Without Donor Restrictions	<u>7,859,138</u>	<u>3,612,387</u>
 With Donor Restrictions		
Construction in progress - new facility	-	4,119,414
Time and purpose restrictions	1,427,347	328,571
Total Net Assets With Donor Restrictions	<u>1,427,347</u>	<u>4,447,985</u>
 Total Net Assets	<u>9,286,485</u>	<u>8,060,372</u>
	<u>\$ 9,420,942</u>	<u>\$ 8,105,906</u>

See notes to financial statements

Neighbor to Neighbor, Inc.

Statements of Activities

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
OPERATING SUPPORT AND REVENUE						
Contributions	\$ 1,083,218	\$ 47,495	\$ 1,130,713	\$ 1,103,458	\$ 970,960	\$ 2,074,418
Grants	390,858	-	390,858	384,719	-	384,719
In-kind donations	1,334,648	1,221,772	2,556,420	1,550,930	-	1,550,930
Special events revenue (net of costs with direct benefit to donors of \$38,249 in 2023)	133,916	-	133,916	-	-	-
Net assets released from restrictions	<u>4,289,905</u>	<u>(4,289,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Support and Revenue	<u>7,232,545</u>	<u>(3,020,638)</u>	<u>4,211,907</u>	<u>3,039,107</u>	<u>970,960</u>	<u>4,010,067</u>
OPERATING EXPENSES						
Program	2,655,339	-	2,655,339	2,462,035	-	2,462,035
Management and general	251,461	-	251,461	187,388	-	187,388
Fundraising	<u>233,305</u>	<u>-</u>	<u>233,305</u>	<u>197,674</u>	<u>-</u>	<u>197,674</u>
Total Operating Expenses	<u>3,140,105</u>	<u>-</u>	<u>3,140,105</u>	<u>2,847,097</u>	<u>-</u>	<u>2,847,097</u>
Change in Net Assets from Operating Activities	4,092,440	(3,020,638)	1,071,802	192,010	970,960	1,162,970
NON-OPERATING ACTIVITIES						
Investment return	<u>154,311</u>	<u>-</u>	<u>154,311</u>	<u>(177,156)</u>	<u>-</u>	<u>(177,156)</u>
Change in Net Assets	4,246,751	(3,020,638)	1,226,113	14,854	970,960	985,814
NET ASSETS						
Beginning of year	<u>3,612,387</u>	<u>4,447,985</u>	<u>8,060,372</u>	<u>3,597,533</u>	<u>3,477,025</u>	<u>7,074,558</u>
End of year	<u>\$ 7,859,138</u>	<u>\$ 1,427,347</u>	<u>\$ 9,286,485</u>	<u>\$ 3,612,387</u>	<u>\$ 4,447,985</u>	<u>\$ 8,060,372</u>

See notes to financial statements

Neighbor to Neighbor, Inc.

Statements of Functional Expenses

	Year Ended June 30, 2023				Year Ended June 30, 2022				
	Program	Management and General	Fundraising	Direct Costs of Special Events	Total	Program	Management and General	Fundraising	Total
Salaries and related benefits	\$ 527,669	\$ 158,220	\$ 136,842	\$ -	\$ 822,731	\$ 487,585	\$ 86,208	\$ 134,910	\$ 708,703
Clothing and Food:									
In-kind	1,262,721	-	-	-	1,262,721	1,402,797	-	-	1,402,797
Purchased	559,505	-	-	-	559,505	377,934	-	-	377,934
Occupancy	125,789	16,395	6,624	-	148,808	130,167	31,638	-	161,805
Professional services	2,220	45,743	43,118	-	91,081	3,853	46,813	32,861	83,527
Event expenses	-	-	-	38,249	38,249	-	-	-	-
Volunteer and hospitality	8,855	-	-	-	8,855	11,643	-	202	11,845
Computer expenses	2,449	1,383	4,281	-	8,113	3,428	3,601	4,846	11,875
Dues and subscriptions	-	2,974	-	-	2,974	-	2,310	-	2,310
Insurance	11,840	3,311	-	-	15,151	6,320	1,992	-	8,312
Maintenance and repairs	14,146	-	-	-	14,146	1,565	1,364	-	2,929
Miscellaneous	477	567	899	-	1,943	265	321	935	1,521
Office expenses	683	2,734	-	-	3,417	-	3,898	-	3,898
Postage	-	1,675	1,890	-	3,565	-	1,514	3,304	4,818
Printing	1,222	4,888	20,178	-	26,288	-	3,747	10,359	14,106
Promotion and marketing	-	-	2,369	-	2,369	-	-	2,434	2,434
Service charges	-	-	11,130	-	11,130	-	-	7,549	7,549
Supplies	11,243	-	4	-	11,247	16,298	-	74	16,372
Telephone and internet	-	164	-	-	164	-	3,339	-	3,339
Travel	4,655	783	-	-	5,438	6,684	93	-	6,777
Total Expenses Before Depreciation	<u>2,533,474</u>	<u>238,837</u>	<u>227,335</u>	<u>38,249</u>	<u>3,037,895</u>	<u>2,448,539</u>	<u>186,838</u>	<u>197,474</u>	<u>2,832,851</u>
Costs with direct benefits to donors	-	-	-	(38,249)	(38,249)	-	-	-	-
Total Expenses Reported by Function on the Statement of Activities	<u>2,533,474</u>	<u>238,837</u>	<u>227,335</u>	<u>-</u>	<u>2,999,646</u>	<u>2,448,539</u>	<u>186,838</u>	<u>197,474</u>	<u>2,832,851</u>
Depreciation	121,865	12,624	5,970	-	140,459	13,496	550	200	14,246
Total Expenses	<u>\$ 2,655,339</u>	<u>\$ 251,461</u>	<u>\$ 233,305</u>	<u>\$ -</u>	<u>\$ 3,140,105</u>	<u>\$ 2,462,035</u>	<u>\$ 187,388</u>	<u>\$ 197,674</u>	<u>\$ 2,847,097</u>

See notes to financial statements

Neighbor to Neighbor, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,226,113	\$ 985,814
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	140,459	14,246
Donated stock	6,104	(6,539)
Unrealized and realized (gain) loss on investments	(104,976)	215,875
Changes in operating assets and liabilities		
Accounts receivable	10,323	(11,984)
Grants receivable	51,935	16,565
Inventory	10,345	(24,402)
Prepaid expenses	10,576	(9,713)
Pledge receivable	(1,224,772)	-
Accounts payable	90,600	(224,600)
Accrued payroll	(1,677)	7,940
Net Cash from Operating Activities	215,030	963,202
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(106,539)	(117,174)
Purchases related to construction in progress	(60,807)	(1,592,583)
Proceeds from sale of investments	2,787,613	346,571
Purchase of investments	(2,880,363)	(149,960)
Net Cash from Investing Activities	(260,096)	(1,513,146)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(45,066)	(549,944)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning of year	1,205,164	1,755,108
End of year	\$ 1,160,098	\$ 1,205,164

See notes to financial statements

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

1. Nature of Organization and Tax Status

Neighbor to Neighbor, Inc. (“Neighbor to Neighbor” or the “Organization”) is a Connecticut not-for-profit, non-member corporation. The Organization was originally called the Greenwich Committee for Foreign Relief, Inc. and was formed in 1948. Through a restatement of its Articles of Association in July 1975, the Organization was renamed as Neighbor to Neighbor, Inc. Neighbor to Neighbor, Inc. improves the lives of residents in need throughout the Greenwich area and strengthens the community by creating access to food, clothing, and basic living essentials in an atmosphere of kindness and respect. Neighbor to Neighbor offers assistance through a food pantry and a clothing and essentials room. The food pantry offers free nutritious weekly food to residents of Greenwich, Connecticut, as well as emergency food to residents of neighboring communities. The clothing and essentials room offers personal hygiene and household cleaning products as well as special distributions, including new and seasonal clothing, linens, and backpacks to residents of Greenwich, Connecticut. The families served by Neighbor to Neighbor are referred by social service agencies and religious organizations. The Organization is exempt from Federal income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code.

Neighbor to Neighbor receives support from individuals, businesses, religious organizations, and other community groups in the form of cash, goods, and services.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions represent those resources that are not subject to donor restrictions and are available for current operations. The following “categories of funds” are presented as without donor restrictions by the Organization:

“Undesignated” is used to account for general activities of the Organization.

“Board designated” is used for specific purposes as determined by the Board of Directors.

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Net Assets (continued)

“Net investment in new facility” is used to separate the Organization’s leasehold improvements.

Net assets with donor restrictions represent those resources that are subject to stipulations imposed by donors. These restrictions may be temporary in nature or perpetual in nature. Restrictions that are temporary in nature represent those resources that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets are released from restriction.

Net assets with donor restrictions that are perpetual in nature represent those resources, the use of which has been permanently restricted by donors. The Organization has no perpetual donor restricted net assets as of June 30, 2023 and 2022.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash include cash balances held in bank accounts, including money market accounts. Restricted cash consists of a reserve fund as required by the land lease agreement. (See Note 11)

For financial reporting purposes, all highly liquid investments with a maturity of three months or less at the time of purchase that are available for operations are considered to be cash equivalents.

Fair Value Measurement

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of the investment's underlying assets and liabilities.

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. At June 30, 2023 and 2022, management has concluded that an allowance is not required.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. For donated inventory, the Organization uses pricing obtained from online retail resources to value clothing, food and housewares which approximates the cost that the Organization would have to incur if the Organization were to purchase the donated items. A physical inventory is taken annually at the end of each fiscal year.

Investment Income Recognition and Valuation

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Property and Equipment

The Organization's furniture and equipment and vehicles are recorded at cost. Furniture and equipment and vehicles are depreciated using the straight-line method over their useful lives which range from three to seven years. Construction in progress is recorded at cost and capitalized as incurred. The building is amortized over its useful life or the lease term whichever is shorter.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at the date the contribution is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using rates applicable to the years in which the promises are received and consider market and credit risk as applicable.

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (*continued*)

Grants

Grant revenue is generally related to funds received for government grants and contracts that are based on cost-reimbursement or have other conditions that have to be met to receive or earn the funds and are considered conditional contributions until the conditions are substantially met. Accordingly, revenue is recognized as or at the time that the conditions are substantially met. Funds received for grants and contracts that are not yet expended would be reflected as a liability until expended or returned to the funding source.

Special Event Revenue

The Organization records special events revenue equal to the fair value of direct benefit to donors, if any, and contribution income for the excess received when the event takes place.

Allocation of Expenses

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

Such allocations are determined by management and are allocated as follows:

Expense	Method of Allocation
Salaries and related benefits	Time and effort
Professional services	Usage
Occupancy	Usage

Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes investment return.

Promotional and Marketing Costs

Promotional and marketing costs are expensed in the period in which the cost is incurred.

Accounting for Uncertainty in Income Taxes

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 or disclosure. The Organization is no longer subject to examinations by applicable taxing jurisdictions for the periods prior to 2020.

Reclassification

Certain reclassifications have been made to the June 30, 2022 balances previously reported in order to conform to the June 30, 2023 presentation.

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is April 18, 2024.

3. Liquidity and Availability of Financial Resources

The Organization's intention is to have liquidity to cover at least six months of expected operating costs. The table reflects the Organization's available financial assets at June 30, 2023 and 2022, which deducts amounts not available for general use within one year. Amounts not available for use within one year include financial assets with donor restrictions as well as amounts set aside by the Board of Directors for operating and other reserves that could be drawn upon if the Board of Directors approves such action.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 910,098	\$ 1,205,164
Accounts receivable	1,661	11,984
Contributions and grants receivable	4,000	55,935
Pledges receivable	3,000	-
Investments	<u>2,426,551</u>	<u>2,234,929</u>
Total Financial Assets	3,345,310	3,508,012
Less: Board designated net assets	<u>(208,247)</u>	<u>(104,502)</u>
Financial Assets at Year End Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 3,137,063</u>	<u>\$ 3,403,510</u>

4. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments and receivables. At times, cash balances may be in excess of balances insured by the Federal Deposit Insurance Corporation. Investments were held with one financial institution as of June 30, 2023 and 2022. One donor made up 99% of receivables as of June 30, 2023.

5. Grants Receivable

Grants receivable as of June 30, 2023 and 2022, amounted to \$4,000 and \$55,935 are considered to be fully collectible within one year.

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

6. Pledges Receivable

Pledges receivable, net, consist of the following at June 30, 2023:

Due within:	
Up to one year	\$ 76,000
Two years or more	<u>1,679,000</u>
	1,755,000
Present value discount	<u>(530,228)</u>
Pledges Receivable, net	<u>\$ 1,224,772</u>

Pledges receivable consists entirely of the in-kind donation of land usage described in Notes 11 and 14.

The discount rate used for pledges outstanding at June 30, 2023 was 3.11%. There were no pledges outstanding at June 30, 2022.

7. Inventory

Inventory is comprised of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Food	\$ 57,225	\$ 105,504
Clothing and essentials	<u>64,425</u>	<u>26,491</u>
	<u>\$ 121,650</u>	<u>\$ 131,995</u>

8. Investments

Investments categorized by fair value consist of the following at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds	\$ 560,153	\$ -	\$ 560,153
US Treasury notes	-	883,160	883,160
Exchange traded funds	504,694	-	504,694
Equities	<u>222,141</u>	-	<u>222,141</u>
	<u>\$ 1,286,988</u>	<u>\$ 883,160</u>	2,170,148
Certificate of Deposit, at cost			255,416
Timing and savings deposits, at cost			<u>987</u>
Total Investments			<u>\$2,426,551</u>

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

8. Investments (continued)

Investments categorized by fair value consist of the following at June 30, 2022:

	Level 1	Level 2	Total
Mutual funds	\$ 1,589,122	\$ -	\$1,589,122
Timing and savings deposits	469	-	469
Exchange traded funds	465,079	-	465,079
Equities	<u>180,259</u>	-	<u>180,259</u>
Total Investments	<u>\$ 2,234,929</u>	<u>\$ -</u>	<u>\$2,234,929</u>

Investment return included the following for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 59,502	\$ 50,160
Realized and unrealized gain (loss)	104,976	(215,875)
Investment fees	<u>(10,167)</u>	<u>(11,441)</u>
	<u>\$ 154,311</u>	<u>\$ (177,156)</u>

9. Property and Equipment

Property and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022	Useful Lives
Building	\$ 4,335,791	\$ -	25 years
Furniture and equipment	239,738	148,985	5 to 7 years
Vehicles	50,000	50,000	5 years
Accumulated depreciation	<u>(185,952)</u>	<u>(61,279)</u>	
	<u>\$ 4,439,577</u>	<u>\$ 137,706</u>	

The Organization disposed of \$15,786 of fully depreciated furniture and equipment during the year ended June 30, 2023. The Organization did not dispose of any property and equipment during the year ended June 30, 2022.

10. Construction In Progress

Parishioners of Parish of Christ Church Greenwich, Connecticut ("Christ Church") responded overwhelmingly in June 2014 by voting to approve a resolution dedicating a plot of land on the Christ Church campus to Neighbor to Neighbor under a long-term ground lease (see Note 11). Around this time, the Organization engaged the services of consultants to advise on the legal, zoning, construction and capital requirements for a new facility project., which will greatly improve its service to the community. Neighbor to Neighbor completed the facility project and took occupancy of the new facility in August 2022, at which time the facility opened to the public.

The construction in progress balance of \$4,274,984 at June 30, 2022 was fully related to the construction of the new facility. The amount was transferred to property and equipment when the new facility was placed into service in August 2022.

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

11. Commitments and Contingencies

For the years ended June 30, 2023 and 2022, Neighbor to Neighbor rented space from Christ Church in Greenwich, Connecticut for use in its operations. The monthly rent is \$400 payable in advance of each month. Christ Church also provides Neighbor to Neighbor the use of two additional rooms at no charge. The Organization is responsible for the proper use, neatness and cleanliness of all the facilities it uses inside and outside of the buildings. The term of the lease will automatically extend for one year at the end of each fiscal year. For the years ended June 30, 2023 and 2022, the Organization recognized \$2,605 and \$11,626 of in-kind rent expense and in-kind contribution income for use of the donated space. The lease was terminated at the end of August 2022.

On April 30, 2021, Neighbor to Neighbor moved its delivery operations to North Greenwich Congregational Church and its curbside pickup back to Christ Church. Christ Church generously offered the use of its Fellowship Building until the Organization's new facility is ready to open. For the year ended June 30, 2022, the Organization recognized \$10,000 of in-kind rent expense and in-kind contribution income for use of the donated space. The Organization moved its delivery operations to the Cohen Center as of July 1, 2022.

On September 29, 2021, Neighbor to Neighbor entered into a lease agreement with the Town of Greenwich to lease space for its food pantry and delivery operations at 1 Horseneck Lane in Greenwich for \$1 per month until November 30, 2021, later extended through August 30, 2022. For the years ended June 30, 2023 and 2022, Neighbor to Neighbor recognized \$6,667 and \$30,000 of in-kind rent expense and in-kind contribution income for use of the space. The lease was terminated at the end of August 2022.

On September 28, 2015, Neighbor to Neighbor entered into a lease agreement with Christ Church to lease land on Christ Church's premises for \$1 per year for 25 years. The 25-year lease term begins on the date the building is completed, as evidenced by a temporary certificate of occupancy, which was obtained by Neighbor to Neighbor in August 2022. As described in Note 10, Neighbor to Neighbor began constructing a new facility on this land beginning in December 2020. During this time, Christ Church allowed Neighbor to Neighbor use of the land for purposes of the capital project. For the year ended 2022, Neighbor to Neighbor recognized \$73,000 of in-kind rent. During the year ended June 30, 2023, the Organization recognized \$1,294,772 for the net present value of the in-kind donation of land usage.

Beginning in August 2022, this lease also requires the establishment of a \$250,000 Board designated reserve fund. The purpose of this fund is to support the operating, maintenance and repair of the leasehold improvements that were made on Christ Church's land, and to provide a fund meant to cover costs to restore the land substantially to its original condition should it be necessary. After five years, this reserve fund will be reassessed, as, on the first day of the month preceding the fifth anniversary of the lease commencement (September 2027), this reserve fund is intended to have a value of no less than twice the cost of restoring the land substantially to its original condition, or \$250,000, whichever is more.

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

12. Board Designated Net Assets

In 2011, the Board of Directors designated \$500,000 as a "Discretionary Reserve" for the purpose of covering 1) any future costs it might incur in order to expand or move its operating space and/or 2) any financial shortfall which may arise as a result of an emergency funding requirement. These funds were fully utilized prior to fiscal year 2022.

In December 2017, the Board of Directors designated \$100,000 as a "New Building Operating Reserve" for the purpose of supporting the new facility. These funds are held in a separate account and are invested in cash equivalents and savings deposits. The balance of the account as of June 30, 2023 and 2022, was \$108,247 and \$104,502. Currently, the New Building Operating Reserve funds are not available for ongoing operations of the Organization, and no funds were used for the years ended June 30, 2023 and 2022.

In July 2022, the Board of Directors designated \$100,000 as a discretionary fund to be used for website rebranding, strategic planning, and cyber security. No funds were used during the year ended June 30, 2023.

The changes in net assets of board designated funds consisted of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 104,502	\$ 104,309
Contributions	100,000	-
Investment gains	3,745	193
Appropriations	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 208,247</u>	<u>\$ 104,502</u>

13. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Capital improvements		
Expended	\$ -	\$ 4,119,414
Not yet expended	146,953	310,571
Linens	74	6,947
Summer supplement	16,348	10,053
Food	20,000	1,000
Delivery program	3,000	-
Supplies and essentials	4,225	-
Holiday gifts	14,975	-
Time restricted - pledge for land usage	<u>1,221,772</u>	<u>-</u>
	<u>\$ 1,427,347</u>	<u>\$ 4,447,985</u>

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

13. Net Assets with Donor Restrictions *(continued)*

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor or as a result of the expiration of donor-imposed time restrictions as follows during the year ended June 30, 2023:

Capital improvements	\$ 4,283,032
Linens	<u>6,873</u>
	<u>\$ 4,289,905</u>

No net assets were released from donor restrictions during the year ended June 30, 2022.

14. In-Kind Contributions

In-kind contributions for the years ended June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Continued use of land	\$ 1,294,772	\$ -
Food	1,103,887	1,318,680
Clothing and essentials	148,489	107,624
Rent	<u>9,272</u>	<u>124,626</u>
	<u>\$ 2,556,420</u>	<u>\$ 1,550,930</u>

The Organization recognized contributed nonfinancial assets within revenue, including land, food, clothing, and rent. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restriction.

The contributed rent will be used for general and administrative activities. In valuing the contributed rent, a portion is located in the R-20 zone of Greenwich, CT, the Organization estimated the fair value on the basis of recent comparable rents in the R-20 zone real estate market. The remaining contributed rent is valued at the estimated fair value based on comparable market data and will be used for storage if not already vacated. (See Note 11.)

Contributed food and clothing were distributed to the general public. In valuing food and clothing, the Organization estimated the fair value on the basis of estimates of retail values that would be paid for buying similar products in the United States.

Neighbor to Neighbor, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

15. Cash, Cash Equivalents, And Restricted Cash

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with a maturity of three months or less when purchased. Restricted cash consists of those amounts required by a contractual agreement with a lessor to be set aside for the payment of restoration costs associated with the Cohen Center building. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sums to the total of the same amounts shown in the statements of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 910,098	\$ 1,205,164
Restricted cash	<u>250,000</u>	<u>-</u>
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 1,160,098</u>	<u>\$ 1,205,164</u>

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Supplementary Information

Neighbor to Neighbor, Inc.

Supplemental Schedule Development of New Facility Summary June 30, 2023

	Board Designated	With Donor Restrictions
REVENUES		
Funds designated by the Board for the new facility:		
Year ended May 31, 2011	\$ 500,000	\$ -
Contributions:		
Individual and corporations:		
Year ended May 31, 2014	-	37,500
Year ended May 31, 2015	-	198,099
Year ended May 31, 2016	-	399,509
Month ended June 30, 2016	-	4,500
Year ended June 30, 2017	-	122,220
Year ended June 30, 2018	-	60,000
Year ended June 30, 2019	-	500
Year ended June 30, 2020	-	113,268
Year ended June 30, 2021	-	968,180
Year ended June 30, 2022	-	88,384
Foundations and organizations:		
Year ended May 31, 2015	-	155,000
Year ended May 31, 2016	-	164,765
Year ended June 30, 2017	-	40,000
Year ended June 30, 2018	-	4,000
Year ended June 30, 2020	-	100,000
Year ended June 30, 2021	-	1,021,100
Year ended June 30, 2022	-	952,960
Total Revenues	500,000	4,429,985
CAPITALIZED ACTIVITY		
New facility - amounts expended		
Year ended May 31, 2015	(149,622)	-
Year ended May 31, 2016	(122,721)	(216,417)
Month ended June 30, 2016	-	(23,120)
Year ended June 30, 2017	-	(154,169)
Year ended June 30, 2018	-	(88,623)
Year ended June 30, 2019	-	(7,376)
Year ended June 30, 2020	-	(69,901)
Year ended June 30, 2021	-	(1,850,451)
Year ended June 30, 2022	-	(1,592,583)
Year ended June 30, 2023	-	(60,807)
Legal Fees - new facility lease		
Year ended May 31, 2015	(26,363)	-
New facility - Furniture and Equipment		
Year ended June 30, 2022	-	(116,774)
Year ended June 30, 2023	-	(102,811)
Total Capitalized Activity	(298,706)	(4,283,032)
EXPENSES - Capital Project		
Capital Project		
Years ended May 31, 2010 and 2011	(12,568)	-
Year ended May 31, 2013	(71,259)	-
Year ended May 31, 2014	(82,399)	-
Year ended May 31, 2015	(18,213)	-
Year ended May 31, 2016	(16,855)	-
Total Expenses	(201,294)	-
Balance of capital funds not yet expended	\$ -	\$ 146,953