

NEIGHBORS LINK, CORP.
FINANCIAL STATEMENTS
December 31, 2024

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Independent Auditor's Report

**The Board of Directors
Neighbors Link, Corp.**

Opinion

We have audited the accompanying financial statements of Neighbors Link, Corp. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 Neighbors Link, Corp. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Neighbors Link, Corp. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Neighbors Link, Corp.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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, including omissions, 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 Summarized Comparative Information

We have previously audited Neighbors Link, Corp.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mount Kisco, New York
July , 2025

NEIGHBORS LINK, CORP.

STATEMENT OF FINANCIAL POSITION

Draft

December 31, 2024 and 2023

	<u>ASSETS</u>	
	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and cash equivalents	\$ 475,623	\$ 1,690,115
Cash and cash equivalents – board designated	700,000	700,000
Cash and cash equivalents– ReSet fiscal sponsorship	268,019	160,564
Investments (Note 4)	9,005,508	8,671,635
Note receivable, current	51,532	45,863
Grants receivable	1,384,766	602,217
Pledges receivable, current	20,000	20,000
Interest receivable	-	36,271
Prepaid expenses	77,590	54,985
Other asset	<u>955</u>	<u>1,885</u>
Total Current Assets	<u>11,983,993</u>	<u>11,983,535</u>
Fixed assets, net of accumulated depreciation	687,811	272,652
Operating right-of-use assets	1,148,870	1,137,009
Note receivable, long term	458,504	558,651
Pledges receivable, long term	-	20,000
Security deposits	<u>91,476</u>	<u>52,976</u>
Total Assets	\$ <u>14,370,654</u>	\$ <u>14,024,823</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:		
Accounts payable and accrued expenses	\$ 289,254	\$ 218,681
Due to funder (Note 8c)	-	665,967
Deferred revenue	92,250	910,209
Deferred revenue – ReSet fiscal sponsorship	268,019	160,564
Operating lease liability, current portion (Note 8)	<u>181,937</u>	<u>126,020</u>
Total Current Liabilities	<u>831,460</u>	<u>2,081,441</u>
Operating lease liability, long-term portion (Note 8)	<u>1,016,984</u>	<u>1,052,569</u>
Total Liabilities	<u>1,848,444</u>	<u>3,134,010</u>
Net Assets:		
Without donor restrictions-board designated	700,000	700,000
Without donor restrictions-other	11,146,589	9,554,292
With donor restrictions (Note 10)	<u>675,621</u>	<u>636,521</u>
Total Net Assets	<u>12,522,210</u>	<u>10,890,813</u>
Total Liabilities and Net Assets	\$ <u>14,370,654</u>	\$ <u>14,024,823</u>

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

NEIGHBORS LINK, CORP.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Draft

For the Year Ended December 31, 2024

(With Summarized Comparative Information for the Year Ended December 31, 2023)

	2024			2023
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues:				
Contributions	\$ 2,935,847	\$ 20,404	\$ 2,956,251	\$ 3,100,359
Contributions – ReSet fiscal sponsorship		92,521	92,521	87,181
Foundation grants and contributions	900,230	727,270	1,627,500	1,174,638
Government grants		7,373,819	7,373,819	2,922,164
Program revenue	43,528		43,528	43,892
Fundraising events	704,504		704,504	609,573
Other income	14,100		14,100	30,743
Interest income on note receivable	33,519		33,519	36,271
Interest income - Reset		1,464	1,464	-
Investment return, net	485,879	47,628	533,507	533,082
Donated services and facilities (Note 9)	807,122		807,122	877,738
Net Assets released from restrictions:				
Satisfaction of program restrictions	<u>8,224,006</u>	<u>(8,224,006)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>14,148,735</u>	<u>39,100</u>	<u>14,187,835</u>	<u>9,415,641</u>
Expenses:				
Program expenses	10,829,129		10,829,129	6,712,548
Administrative expenses	814,627		814,627	574,277
Fundraising expenses	<u>912,682</u>		<u>912,682</u>	<u>666,894</u>
Total Expenses	<u>12,556,438</u>		<u>12,556,438</u>	<u>7,953,719</u>
Increase (decrease) in Net Assets	1,592,297	39,100	1,631,397	1,461,922
Net Assets, beginning of year	<u>10,254,292</u>	<u>636,521</u>	<u>10,890,813</u>	<u>9,428,891</u>
Net Assets, end of year	\$ <u>11,846,589</u>	\$ <u>675,621</u>	\$ <u>12,522,210</u>	\$ <u>10,890,813</u>

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

NEIGHBORS LINK, CORP.

STATEMENT OF FUNCTIONAL EXPENSES

Draft

For the Year Ended December 31, 2024
(With Summarized Comparative Information for the Year Ended December 31, 2023)

	2024				2023
	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>	<u>Total</u>
Expenses:					
Personnel expenses:					
Salaries	\$ 4,239,729	\$ 396,217	\$ 467,319	\$ 5,103,265	\$ 4,049,835
Payroll taxes	359,628	33,609	39,640	432,877	329,859
Employee benefits	256,890	24,007	28,315	309,212	395,339
Retirement plan	98,012	9,160	10,803	117,975	93,091
Donated services and facilities	706,397	100,725		807,122	877,738
Program expense:					
Direct client relief	3,728,382			3,728,382	601,012
Legal services	213,979			213,979	163,823
Workforce development	119,508			119,508	104,166
Other	160,601			160,601	147,296
ReSet fiscal sponsorship	83,993	9,992		93,985	87,181
Lease obligations	293,321	9,129	9,147	311,597	316,410
Professional fees	95,975	88,699	83,492	268,166	117,836
Event fundraising expenses			244,320	244,320	146,067
Payroll services		106,926		106,926	60,231
Insurance	82,345	8,328	3,925	94,598	89,121
Utilities	80,894	3,034	3,040	86,968	67,948
Office expenses	51,176	14,212	6,248	71,636	61,943
Equipment expense	49,775	1,867	1,871	53,513	27,780
Impact measurement	33,950	698	5,749	40,397	37,400
Travel	26,740	2,499	2,947	32,186	20,688
Repairs and maintenance	25,292	949	950	27,191	33,958
Conferences and workshops	19,901	1,860	2,194	23,955	9,788
Advertising and promotion	17,579			17,579	22,337
Volunteers	12,632			12,632	14,264
Depreciation	<u>72,430</u>	<u>2,716</u>	<u>2,722</u>	<u>77,868</u>	<u>78,608</u>
Total Expenses	\$ <u>10,829,129</u>	\$ <u>814,627</u>	\$ <u>912,682</u>	\$ <u>12,556,438</u>	\$ <u>7,953,719</u>

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

NEIGHBORS LINK, CORP.

STATEMENT OF CASH FLOWS

Draft

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase (decrease) in Net Assets	\$ 1,631,397	\$ 1,461,922
Adjustments to reconcile increase (decrease) in Net Assets to net cash provided (used) by operating activities:		
Depreciation	77,868	78,608
Amortization of operating right-of-use assets	166,068	197,511
Donated stock	(157,063)	(108,962)
Realized/unrealized (gain) loss on investments	(103,164)	(250,164)
(Increase) decrease in other assets	930	3,635
(Increase) decrease in grants receivable	(782,549)	(375,686)
(Increase) decrease in pledges receivable	20,000	20,000
(Increase) decrease in interest receivable	36,271	(36,271)
(Increase) decrease in notes receivable	94,478	(604,514)
(Increase) decrease in security deposits	(38,500)	3,216
(Increase) decrease in prepaid expenses	(22,605)	13,906
Increase (decrease) in accounts payable and accrued expenses	70,573	49,701
Increase (decrease) in operating lease liabilities	(157,597)	(186,313)
Increase (decrease) in deferred revenue	(1,376,471)	841,073
Net cash provided (used) by operating activities	<u>(540,364)</u>	<u>1,107,662</u>
Cash flows from investing activities:		
Purchase of fixed assets	(493,027)	(60,147)
Proceeds from sale of investments	1,793,402	528,576
Purchase of investments	(1,867,048)	(3,466,838)
Net cash provided (used) by investing activities	<u>(566,673)</u>	<u>(2,998,409)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(1,107,037)</u>	<u>(1,890,747)</u>
Cash, cash equivalents and restricted cash - beginning of year	<u>2,550,679</u>	<u>4,441,426</u>
Cash, cash equivalents and restricted cash - end of year	\$ <u>1,443,642</u>	\$ <u>2,550,679</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ <u> -</u>	\$ <u> -</u>
Income tax	\$ <u> -</u>	\$ <u> -</u>

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

NEIGHBORS LINK, CORP.

Draft

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 1 – The Organization:

Neighbors Link, Corp. (the “Organization”) is a not-for-profit organization incorporated in the State of New York. The mission of the Organization is to strengthen the whole community by actively enhancing the healthy integration of immigrants. The Organization’s staff, along with over 820 community volunteers, offer programs in English as a second language, parent education, workforce development and education, legal services, cultural awareness training and crisis and support services.

Note 2 – Significant Accounting Policies:

a. **Basis of Accounting**

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles on the accrual basis of accounting.

b. **Cash and Cash Equivalents**

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and restricted cash at December 31 consist of the following:

	<u>2024</u>	<u>2023</u>
Unrestricted	\$ 475,623	\$ 1,690,115
Board designated	700,000	700,000
Held for ReSet fiscal sponsorship	<u>268,019</u>	<u>160,564</u>
Total	\$ <u>1,443,642</u>	\$ <u>2,550,679</u>

c. **Investments**

Investments are classified as held for investment and are stated at fair market value. Realized gains or losses and investment income are reflected within investment return, net of investment advisory fees of \$45,660 in 2024 and \$32,141 in 2023. Securities received as donations are recorded at fair market value and are generally sold immediately by the Organization.

d. **Functional Expense Allocations**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of time and effort; office and occupancy which are allocated on a square-footage basis.

NEIGHBORS LINK, CORP.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 2 – Significant Accounting Policies (continued):

e. Net Assets

The accompanying financial statements present information regarding the financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of the Organization and may be used at the discretion of management and the board of directors. Net assets with donor restrictions are subject to stipulations imposed by donors or grantors. Some restrictions are temporary in nature; those restrictions that will be met by the passage of time or accomplishing the purpose restriction. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

f. Volunteers

Over 820 volunteers made significant contributions of their time to the Organization's programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

h. Income Tax Status

The Organization is a not-for-profit organization, that is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code.

The Organization adopted the provision pertaining to uncertain tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is generally no longer subject to income tax examination by the applicable taxing jurisdiction for periods prior to 2022.

i. Reclassification

Certain reclassifications may have been made to some prior year account balances in order to conform to current year presentation.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 2 – Significant Accounting Policies (continued):j. Revenue Recognition

Cash and non-cash unconditional contributions are recognized when received or pledged. Conditional promise to give with measurable performance or other barriers and a right of return are not recognized until the conditions have been met. Contract and grant revenue is recognized in accordance with FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition when the conditions are fulfilled and when the contract and grant expenses are incurred. Grants receivable is stated at the amount that management expects to collect, therefore no allowance for doubtful accounts has been deemed necessary.

Program revenue is recognized in accordance with Accounting Standards Update (“ASU”) 2014-09 *Revenue from Contracts with Customers* (Topic 606) when performance obligations are met. The Organization has assessed the credit risk associated with these receivables and has estimated the expected credit losses to be immaterial, therefore no allowance for doubtful accounts has been deemed necessary.

k. Leases

The Organization's lease portfolio primarily consists of operating leases for office space. The Organization determines if an arrangement is a lease at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Leases with an initial term of 12 months or less are not recorded on the *Statement of Financial Position*; the Organization recognizes expense for these leases on a straight-line basis over the lease term. For leases with an initial term in excess of 12 months, lease right-of-use assets and lease liabilities are recognized based on the present value of the future lease payments over the committed lease term at the lease commencement date.

If the Organization's leases do not provide an implicit rate, the Organization uses the risk-free rate and the information available at the lease commencement date in determining the present value of future lease payments. Most leases include one or more options to renew and the exercise of renewal options is at the Organization's sole discretion. The Organization does not include renewal options in its determination of the lease term unless the renewals are deemed to be reasonably certain at lease commencement. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has lease agreements with lease and non-lease components, which the Organization elects to combine as one lease component for all classes of underlying assets.

NEIGHBORS LINK, CORP.

Draft

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 2 – Significant Accounting Policies (continued):

k. Non-lease components include variable costs based on actual costs incurred by the lessor related to the payment of real estate taxes, common area maintenance, and insurance.

l. Subsequent Events

Subsequent events have been evaluated through July , 2025 which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability:

The Organization is substantially supported by contributions and grants and must maintain sufficient resources to meet those responsibilities to its donors. As part of the liquidity plan, the Organization has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due. The following represents the financial assets that are available to meet general expenditures within one year, reduced by amounts for donor-imposed restrictions or board designations:

	<u>2024</u>	<u>2023</u>
Financial assets, at year end:		
Cash and cash equivalents	\$ 475,623	\$ 1,690,115
Cash and cash equivalents – board designated	700,000	700,000
Cash & cash equivalents– Reset fiscal sponsorship	268,019	160,564
Investments	9,005,508	8,671,635
Pledges receivable, current	20,000	20,000
Grants receivable	1,384,766	602,217
Note receivable, current	51,532	45,863
Interest receivable	-	36,271
Total financial assets	<u>11,905,448</u>	<u>11,926,665</u>
Less amounts not available within one year:		
Restricted by donor with purpose restrictions	(190,730)	(101,885)
Endowment	(484,891)	(534,636)
Board designated	<u>(700,000)</u>	<u>(700,000)</u>
Financial assets available to meet general expenditures within one year	\$ <u>10,529,827</u>	\$ <u>10,590,144</u>

NEIGHBORS LINK, CORP.

Draft

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 4 – Fair Value Measurements:

The Organization adopted the provisions pertaining to fair value measurements and disclosures which offers a framework consisting of a three-tier hierarchy of inputs to be used in determining the fair market value of assets and liabilities.

Fair value measurements based on Level 1 inputs: Includes quoted prices in active markets for identical assets or liabilities to which the company has access at the measurement date. *Fair value measurement based on Level 2 inputs:* Includes inputs other than quoted market prices that are directly or indirectly observable for the assets or liability, including quoted prices in an active market for similar assets or liabilities; quoted prices in a market that is not active for the same or similar assets or liabilities; inputs other than quoted market prices that are observable for the asset or liability. *Fair value measurements based on Level 3 inputs:* Includes unobservable inputs reflecting the assumptions that a market participant would use to price the asset or liability. The following tables provides the fair market value hierarchy of the Organization’s financial assets as of December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>2024 Financial Assets:</u>			
Certificate of Deposit	\$	\$ 264,139	\$ 264,139
Treasury Bills	5,248,912		5,248,912
Equity funds	1,788,336		1,788,336
Equities	659,812		659,812
Exchange Traded funds	533,402		533,402
Bond funds	497,047		497,047
Real Estate Investment Trust	<u>13,860</u>	<u> </u>	<u>13,860</u>
Total	\$ <u>8,741,369</u>	\$ <u>264,139</u>	\$ <u>9,005,508</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>2023 Financial Assets:</u>			
Certificate of Deposit	\$	\$ 255,815	\$ 255,815
Treasury Bills	5,313,482		5,313,482
Exchange Traded funds	1,154,159		1,154,159
Equity funds	1,083,058		1,083,058
Equities	457,037		457,037
Bond funds	396,460		396,460
Real Estate Investment Trust	<u>11,624</u>	<u> </u>	<u>11,624</u>
Total	\$ <u>8,415,820</u>	\$ <u>255,815</u>	\$ <u>8,671,635</u>

NEIGHBORS LINK, CORP.

Draft

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 5 – Pledges Receivable:

Pledges receivables at December 31 are expected to be received as follows:

	<u>2024</u>	<u>2023</u>
Less than 1 year	\$ 20,000	\$ 20,000
One year to two years	<u>-</u>	<u>20,000</u>
Total	\$ <u>20,000</u>	\$ <u>40,000</u>

Note 6 – Note Receivable:

In December 2023, the Organization received a bequest of \$604,514 consisting of a secured promissory note receivable. As of December 31, 2024, the Note receivable was \$510,036. The Organization receives an annual fixed payment of \$82,134 over the ten-year term. The note matures in 2032 and includes interest at 6%.

<u>Year</u>	<u>Principal</u>
2025	\$ 51,532
2026	54,624
2027	57,901
2028	61,375
2029	65,058
Thereafter	<u>219,546</u>
Total	\$ <u>510,036</u>

The Organization regularly assesses credit risk associated with its financial assets. Management evaluated the need for an allowance for credit losses based on the creditworthiness of the counterparties and the existence of collateral. After careful consideration, management has determined that the risk of credit losses associated with this note to be immaterial, therefore, no allowance for credit losses has been established.

NEIGHBORS LINK, CORP.

Draft

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 7 – Fixed Assets:

The Organization has a policy to capitalize fixed assets over \$5,000 and records purchases of property and equipment at cost. Major additions and improvements are capitalized, while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets, generally 3-5 years.

Fixed assets consisted of the following for the year ended December 31:

	<u>2024</u>	<u>2023</u>
Equipment	\$ 298,094	\$ 282,337
Furniture and fixtures	112,790	112,790
Leasehold improvements	<u>869,054</u>	<u>391,784</u>
Total assets	1,279,938	786,911
Less: Accumulated depreciation	<u>(592,127)</u>	<u>(514,259)</u>
Total fixed assets, net	\$ <u>687,811</u>	\$ <u>272,652</u>

Note 8 – Commitment and Contingencies:

- a. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time may exceed the Federal depository insurance coverage limits. Cash and cash equivalents and other securities held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) up to certain limits.
- b. Pursuant to the Organization's contractual relationships with certain funding sources, outside agencies have the right to examine the books and records of the Organization involving transactions relating to these contracts.
- c. For the year ended December 31, 2023, *Due to funder on the Statement of Financial Position* represents unspent Hurricane Ida Relief grant funds in the amount of \$665,967. The Hurricane Ida Relief program is complete and remaining funds were returned to New York State on June 10, 2024.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 8 – Commitment and Contingencies (continued):

- d. The Organization is obligated under operating lease agreements for its administrative offices. The components of lease expense for the year ended December 31, 2024 were as follows:

Operating lease expense	\$ 166,068
Short-term lease expense	125,130
Variable lease expense	<u>20,399</u>
Total	\$ <u>311,597</u>

Supplemental information related to operating leases:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 153,097
Weighted-average remaining operating lease terms	6.48 years
Weighted-average discount rate for operating leases	1.86%

Future maturities of lease liabilities are as follows:

2025	\$ 202,105
2026	207,429
2027	198,143
2028	159,057
2029	163,033
Thereafter	<u>338,395</u>
Total	1,268,162
Less present value discount	<u>(69,241)</u>
Total lease liability	1,198,921
Less current portion	<u>(181,937)</u>
Long-term lease liabilities	\$ <u>1,016,984</u>

NEIGHBORS LINK, CORP.

Draft

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 9 – Donated Services:

Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met. Donated services for the year ended December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Legal services	\$ 612,369	\$ 720,044
Educational programs	128,245	131,185
Architect service	43,458	-
Skills training	-	1,250
Event planning	-	2,250
Other	<u>23,050</u>	<u>23,009</u>
Total	\$ <u>807,122</u>	\$ <u>877,738</u>

Note 10 – Net Assets:

The Organization reports gifts of cash and other assets as restricted support 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 a purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization's net assets with donor restrictions for the year ended December 31 were as follows:

	<u>2024</u>	<u>2023</u>
Subject to purpose restrictions:		
Ossining/Yonkers and Digital Inclusion programs	\$ 25,000	\$ 25,000
Education	75,000	75,000
Client Crisis Relief	955	1,885
Renovation Project	89,775	-
Subject to the endowment agreement:		
Endowment	<u>484,891</u>	<u>534,636</u>
Total net assets with restrictions	\$ <u>675,621</u>	\$ <u>636,521</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Note 10 – Net Assets (continued):

The Board of Directors has designated \$700,000 of net assets without donor restrictions to be set aside to assure the future delivery and expansion of the Organization's programs.

Note 11 – Endowment Fund:

The Organization is subject to the State Prudent Management of Institutional Funds Act ("SPMIFA") and thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditure which are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount, unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or calculate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The general purposes of the Organization and the donor-restricted endowment
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and appreciation of investments
- f. Other resources of the Organization
- g. The investment policies of the Organization

The principle of the endowment fund shall remain in perpetuity and only the income may be expended for the general purposes of the Organization. Income is defined as six percent of the market value of the fund on the day of funding and then December 1st of each year hereafter and any amounts not expended in prior years.

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NOTES TO FINANCIAL STATEMENTS

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Note 11 – Endowment Fund (continued):

The activity of the endowment for the year ended December 31, 2024 and 2023 is as follows:

	2024 With Donor <u>Restrictions</u>	2023 With Donor <u>Restrictions</u>
Balance, beginning of year	\$ 534,636	\$ 500,000
Investment return, net	47,627	34,466
Withdrawals	<u>(97,372)</u>	<u>-</u>
Balance, end of year	\$ <u>484,891</u>	\$ <u>534,636</u>

Note 12 – Retirement Plan:

The Organization adopted a 401K plan for employees. Under the terms of the plan, the Organization matches eligible employees' contributions up to a maximum of 4% of compensation. Contributions of \$117,975 and \$93,091 were made to the plan for the year ended December 31, 2024 and 2023, respectively.

Note 13 – ReSet Fiscal Sponsorship:

On February 22, 2022, the Organization became the fiscal sponsor for ReSet Westchester, Inc., an organization consisting of volunteers. Their mission is to welcome, support, integrate and advocate for refugees, and is consistent with the Organization's mission. The Organization receives donations and makes expenditures on behalf of ReSet Westchester, Inc. The Organization recognized contributions to the extent that the funds were expended. Total contributions recognized was \$93,985 and \$87,181 for the years ended December 31, 2024 and 2023, respectively. The expenses consisted of the following:

	<u>2024</u>	<u>2023</u>
Rent expense	\$ 45,682	\$ 37,417
Supplies/Other	22,519	29,880
Debit card expense	15,792	13,050
Administrative fee	<u>9,992</u>	<u>6,834</u>
Total expenses	\$ <u>93,985</u>	\$ <u>87,181</u>

The Organization received an administrative fee of \$9,992 and \$6,834 from ReSet Westchester, Inc. for the years ended December 31, 2024 and 2023, respectively.

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NOTES TO FINANCIAL STATEMENTS

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Note 14 – Summarized Comparative Totals:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Note 15 – Subsequent Event:

On May 23, 2024, the Organization signed a ten-year lease for a new office location at 350 Lexington Avenue, Mt. Kisco, NY, that commenced on September 1, 2024. The rent commencement date is April 1, 2025. The transaction will result in the recognition of a right-of-use asset and lease liability of \$1,416,793 on April 1, 2025.