

**NEIGHBORS' LINK, CORPORATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENT OF CASH FLOWS	5
STATEMENT OF FUNCTIONAL EXPENSES	6
NOTES TO FINANCIAL STATEMENTS	7-10

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Neighbors' Link Corporation

### **Report on the Financial Statements**

I have audited the accompanying statements of financial position of Neighbors' Link Corporation (a non-profit organization incorporated under the laws of the State of New York) as of December 31, 2012 and 2011, and the related statements of activities, changes in net assets and cash flows for the years then ended and statement of functional expenses for the year ended December 31, 2012.

### **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 controls 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**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards general accepted in the United States of America. Those standards require that I 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighbors' Link Corporation as of December 31, 2012 and 2011 and the activities, changes in net assets and cash flows for the years then ended and functional expenses for the year ended December 31, 2012 in conformity with United States generally accepted accounting principles.



May 14, 2013  
White Plains, New York

NEIGHBORS' LINK, CORPORATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 and 2011

**ASSETS**

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents - Undesignated	\$530,069	\$583,126
- Family Center (Note 5)	264,949	-
- Board designated (Note 4)	600,000	500,000
Prepaid expenses	2,227	2,217
Rent security deposit	9,804	9,565
Other	-	1,522
Property, plant and equipment, net (Note 1)	<u>63,540</u>	<u>27,047</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,470,589</u></b>	<b><u>\$1,123,477</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable ( Note 1)	\$10,152	\$23,178
Deferred revenue	<u>68,000</u>	<u>83,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>78,152</u></b>	<b><u>106,178</u></b>

**NET ASSETS**

Temporarily restricted (Note 5)	264,949	-
Unrestricted (Note 4):		
Board designated	600,000	500,000
Undesignated	<u>527,488</u>	<u>517,299</u>
Total unrestricted net assets	<u>1,127,488</u>	<u>1,017,299</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,392,437</u></b>	<b><u>1,017,299</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$1,470,589</u></b>	<b><u>\$1,123,477</u></b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NEIGHBORS' LINK, CORPORATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	<u>Unrestricted</u>	<u>2012 Temporarily Restricted</u>	<u>Total</u>	<u>2011 Total</u>
<b>REVENUE AND SUPPORT:</b>				
Event income	\$393,723		\$393,723	\$348,638
Family Center Individuals (Note 5)	-	\$465,750	465,750	-
foundations	-	113,500	113,500	-
Program income	167,890		167,890	165,071
Foundation and other grants	100,000	51,500	151,500	239,000
Use of space	12,900		12,900	17,966
Contributions community organizations	21,483		21,483	19,598
individuals	162,588		162,588	194,189
Interest	<u>2,116</u>		<u>2,116</u>	<u>3,213</u>
	860,700	630,750	1,491,450	987,675
Donated services	<u>379,875</u>		<u>379,875</u>	<u>283,425</u>
	1,240,575	630,750	1,871,325	1,271,100
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>365,801</u>	<u>(365,801)</u>		
<b>TOTAL REVENUE AND SUPPORT</b>	<u>1,606,376</u>	<u>264,949</u>	<u>1,871,325</u>	<u>1,271,100</u>
<b>EXPENSES:</b>				
Program expenses	1,221,920		1,221,920	1,016,675
General and supporting expenses	62,646		62,646	72,573
Fundraising expenses	<u>211,621</u>		211,621	187,492
<b>TOTAL EXPENSES</b>	<u>1,496,187</u>		<u>1,496,187</u>	<u>1,276,740</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>110,189</b>	<b>264,949</b>	<b>375,138</b>	<b>(5,640)</b>
<b>Net Assets, Beginning of year</b>	<u>1,017,299</u>	<u>0</u>	<u>1,017,299</u>	<u>1,022,939</u>
<b>Net Assets, End of year</b>	<u>\$1,127,488</u>	<u>\$264,949</u>	<u>\$1,392,437</u>	<u>\$1,017,299</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NEIGHBORS' LINK, CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$375,138	(\$5,640)
Adjustments to reconcile increase in net income to cash provided by operating activities:		
Depreciation	19,336	8,471
(Increase) decrease in prepaid assets	(10)	112
Decrease (increase) in other assets	1,283	5,102
(Decrease) in deferred revenue	(15,000)	(20,000)
Increase (decrease) in accounts payable	<u>(13,026)</u>	<u>21,685</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>367,721</u>	<u>9,730</u>
<b>CASH (USED) FOR INVESTING ACTIVITIES</b>		
Investment in equipment	<u>(55,829)</u>	<u>(22,015)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>311,892</b>	<b>(12,285)</b>
Balance at January 1,	<u>1,083,126</u>	<u>1,095,411</u>
Balance at December 31,	<u>\$1,395,018</u>	<u>\$1,083,126</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NEIGHBORS' LINK, CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	Program Services	Supporting Services	Fundraising	2012 Total	2011 Total
Salaries	\$418,557	\$29,006	\$71,627	\$519,190	\$435,426
Payroll taxes	34,907	2,182	6,546	43,635	37,716
Payroll service	3,825		610	4,435	3,919
Employee health benefits	13,298	910	2,730	16,938	13,675
Professional development	1,269			1,269	842
Program - cafe	52,156			52,156	48,390
community	64,742			64,742	76,017
Lease obligation	131,293	2,729	2,729	136,751	129,628
Custodial and maintenance	19,805			19,805	3,403
Utilities	23,162	490	490	24,142	18,002
Insurance	7,053	1,400		8,453	10,713
Office expenses	17,519	750	750	19,019	16,537
Professional fees	21,753	5,881	4,700	32,334	35,560
Advertising and promotion	8,849	1,298	3,324	13,471	21,953
Volunteers	6,631			6,631	10,376
Fundraising: events			51,502	51,502	66,519
other			30,486	30,486	8,001
Affiliation fee	29,698			29,698	19,654
Depreciation	<u>16,259</u>		<u>3,077</u>	<u>19,336</u>	<u>8,471</u>
	870,776	44,646	178,571	1,093,993	964,802
Non-recurring expenses -					
Strategic review and database development	<u>22,319</u>			<u>22,319</u>	<u>28,513</u>
	893,095	44,646	178,571	1,116,312	993,315
Donated services	<u>328,825</u>	<u>18,000</u>	<u>33,050</u>	<u>379,875</u>	<u>283,425</u>
<b>Total</b>	<b><u>\$1,221,920</u></b>	<b><u>\$62,646</u></b>	<b><u>\$211,621</u></b>	<b><u>\$1,496,187</u></b>	<b><u>\$1,276,740</u></b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NEIGHBORS LINK CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**Note 1- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Neighbors Link's mission is to strengthen the whole community by actively enhancing the healthy integration of immigrants. Neighbors Link staff, along with over 300 community volunteers, offers programs in adult education, employment and economic development, computer skills, leadership training and recreation and community building.

Neighbors Link offers its programs in collaboration with the following partners: WestCop Head Start, Casa de Lengua (Greeley High School Tutors) Lexington Center for Recovery, Inc., Northern Westchester Hospital, Open Door Family Medical Clinic, Westchester Community College, Mount Kisco Elementary Schools, Bedford Central School District and the Mount Kisco Police Department.

In 2010 Neighbors Link Corporation entered into an affiliation agreement with Neighbors Link National Corporation (d/b/a Neighbors Link Network). A number of individuals serve as members of the Board of Directors of both Neighbors Link Corporation and Neighbors Link Network. An affiliation fee of two percent of cash revenue is due on December 31 of each year to Neighbors Link Network. This fee was \$29,698 and \$19,654 for 2012 and 2011, respectively.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Use of Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NEIGHBORS LINK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

**Note 1- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

**Property and Equipment**

Neighbors Link 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.

At December 31, 2012 and 2011 property, plant and equipment consisted of the following:

	<u>2012</u>	<u>2011</u>
Equipment	\$69,305	\$45,284
Leasehold improvements	<u>38,036</u>	<u>6,228</u>
Total assets	107,341	51,512
Less: accumulated depreciation	<u>(43,801)</u>	<u>(24,465)</u>
Net assets	\$63,540	\$27,047

**Amortization of Leasehold Improvements**

Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

**NEIGHBORS LINK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**(continued)**

**Income Taxes**

Neighbors Link is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Neighbors Link considers all highly liquid investments, such as bank certificates of deposit, available for current use with an initial maturity of one year or less to be cash equivalents.

**Note 2-**

**LEASE COMMITMENTS**

Neighbors Link leases the premises at 27 Columbus Avenue, Mount Kisco, New York . The current lease, which expires in May, 2013 has been renegotiated with the landlord for a five year period from June 2013 through June, 2018. Under the terms of the lease Neighbors Link is obligated to continue paying all real estate taxes and fire insurance premiums. Rental payments over the next five years are as follows:

2013	94,190	2016	76,953
2014	75,441	2017	77,723
2015	76,197		

**Note 3 -**

**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 provided 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.

**Note 4 -**

**RESTRICTIONS ON ASSETS**

The financial statements of Neighbors' Link Corporation follow the recommendations of the Financial Accounting Standards Board Statement Of Financial Accounting Standards (SFAS) No. 117, "Financial Statements Of Not-For-Profit Organizations". Under SFAS No. 117, Neighbors' Link is required to report information regarding its financial position and

## NEIGHBORS LINK CORPORATION

### NOTES TO FINANCIAL STATEMENTS (continued)

activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, based on the existence or absence of donor imposed restrictions. In 2012 and 2011 the Board of Directors designated \$600,000 and \$500,000, respectively, of unrestricted assets to be set aside for future expansion of Neighbor's Link programs.

**Note 5 - FAMILY CENTER**

In 2012 Neighbors Link solicited funds to cover the operating expenses for the Family Center located at 27 Columbus Avenue, Mount Kisco, New York for 2012 and the next three years. A total of \$579,250 was raised. Expenses totaling \$314,301 were incurred, including \$55,000 for refurbishing space and purchasing equipment. The balance of \$264,949 remains available for future expenses of the Family Center. In addition, \$410,000 was received in pledges for the Family Center to be paid over the next three years.

**Note 6 - CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject Neighbors Link Corporation to concentrations of credit risk consist of cash in financial institutions that from time to time exceed the Federal depository insurance coverage.

**Note 7 - COMPARATIVE TOTALS**

The amounts shown for the year ended December 31, 2011 in the accompanying financial statements are included to provide a basis for comparison with 2012 and present summarized totals only. Accordingly, the 2011 amounts are not intended to present all information necessary for a fair presentation in conformity with generally accepted accounting principles. Certain reclassifications have been made to some prior year account balances in order to conform to current year presentation.