

**NEIGHBORS LINK CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NEIGHBORS LINK CORPORATION
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2016

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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, 2016 and 2015, 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, 2016.

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, 2016 and 2015 and the activities, changes in net assets and cash flows for the years then ended and functional expenses for the year ended December 31, 2016 in conformity with United States generally accepted accounting principles.



June 5, 2017
White Plains, New York

**NEIGHBORS LINK CORPORATION
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015**

		<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Cash and cash equivalents	Undesignated (Note 4)	\$1,162,260	\$1,124,090
	Board designated (Note 4)	700,000	600,000
Prepaid expenses		14,945	13,544
Grants receivable		74,770	-
Rent security deposit		6,374	6,374
Property, plant and equipment, net (Note 1)		<u>40,642</u>	<u>48,170</u>
TOTAL ASSETS		<u>\$1,998,991</u>	<u>\$1,792,178</u>
 <u>LIABILITIES AND NET ASSETS</u>			
LIABILITY - Accounts payable	(Note 1)	<u>\$12,543</u>	<u>\$1,735</u>
 <u>NET ASSETS</u>			
Temporarily restricted	(Note 5)	235,000	234,520
Unrestricted (Note 4)			
Board designated		700,000	600,000
Undesignated		<u>1,051,448</u>	<u>955,923</u>
Total unrestricted net assets		1,751,448	1,555,923
TOTAL NET ASSETS		<u>1,986,448</u>	<u>1,790,443</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$1,998,991</u>	<u>\$1,792,178</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NEIGHBORS LINK CORPORATION
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$196,005	\$151,805
Adjustments to reconcile increase in net income to cash provided by operating activities:		
Depreciation	23,935	33,733
(Increase) in prepaid expenses	(1,401)	(5,003)
(Increase) in grants receivable	(74,770)	-
(Increase) in other asset	-	(62)
Increase (decrease) in accounts payable	<u>10,808</u>	<u>(4,615)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	154,577	175,858
CASH (USED) FOR INVESTING ACTIVITIES		
Investment in equipment	<u>(16,407)</u>	<u>(24,266)</u>
NET INCREASE IN CASH	138,170	151,592
BALANCE, JANUARY 1,	1,724,090	1,572,498
BALANCE DECEMBER 31,	<u>\$1,862,260</u>	<u>\$1,724,090</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NEIGHBORS LINK CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

(With Comparative Totals for the Year Ended December 31, 2015)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>2016 Total</u>	<u>2015 Total</u>
Salaries	\$760,819	\$50,947	\$117,003	\$928,769	\$833,885
Payroll taxes	64,088	3,861	9,266	77,215	71,730
Payroll service/recruitment	10,500	633	1,518	12,651	6,049
Employee health benefits	27,914	1,682	4,036	33,632	33,079
Retirement plan (Note 8)	4,810	290	695	5,795	-
Program: café	48,466			48,466	51,466
all programs	158,556			158,556	93,183
Lease obligation	90,191	1,879	1,879	93,949	92,829
Custodial and maintenance	21,047			21,047	17,362
Utilities	24,744	600	500	25,844	29,189
Insurance	24,854	700	700	26,254	34,772
Office expenses	23,697	1,896		25,593	25,454
Professional fees	8,577	22,200		30,777	29,420
Advertising and promotion	17,361		3,000	20,361	17,509
Volunteers	7,704			7,704	7,853
Fundraising: events			114,355	114,355	75,076
other			21,123	21,123	22,821
Affiliation fee	37,381			37,381	33,873
Depreciation	22,934	1,001		23,935	33,733
Impact measurement and database development	<u>36,113</u>			<u>36,113</u>	<u>38,555</u>
	1,389,756	85,689	274,075	1,749,520	1,547,838
Donated services	<u>237,195</u>	<u>94,000</u>	<u>27,000</u>	<u>358,195</u>	<u>348,995</u>
Total	<u>\$1,626,951</u>	<u>\$179,689</u>	<u>\$301,075</u>	<u>\$2,107,715</u>	<u>\$1,896,833</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NEIGHBORS LINK CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

Nature of Activities

The mission of Neighbors Link Corporation is to strengthen the whole community by actively enhancing the healthy integration of immigrants. Neighbors Link staff, along with over 400 community volunteers, offers programs in adult education, employment and economic development, workforce education, leadership training and recreation and community building.

Neighbors Link offers its programs in partnership with many organizations, including: Lexington Center for Recovery, Inc., Northern Westchester Hospital, Open Door Family Medical Clinic, Westchester Community College, Pace Community Law Practice, Bedford Central School District, Ossining School District, Westchester County Police Department, WestHab, Westcop, National Council for Workforce Education and Non Profit Westchester.

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 \$37,381 and \$33,873 for 2016 and 2015, respectively (see Note 9).

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, 2016 and 2015 property, plant and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 65,617	136,888
Leasehold improvements	<u>55,705</u>	<u>52,615</u>
Total assets	121,322	189,503
Less: accumulated depreciation	<u>(80,680)</u>	<u>(141,333)</u>
Net assets	\$40,642	\$48,170

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 lease is for a five year period, terminating in May, 2018 with an option to extend the lease for an additional five year period. 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 two years are as follows:

2017	77,723	2018	32,520
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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 2016 and 2015 the Board of Directors designated \$700,000 and \$600,000, respectively, of unrestricted assets to be set aside to assure the future delivery and expansion of Neighbor's Link programs.

Note 5 - FAMILY CENTER CAMPAIGN

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. The Family Center Campaign ended in May 2014 and raised \$1,536,670 including pledges paid in 2016 of \$75,000. All campaign funds raised were expended only on Family Center expenses. Once the campaign funds were expended, the organization's annual fundraising efforts continue to fund the work of the Family Center.

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, 2015 in the accompanying financial statements are included to provide a basis for comparison with 2016 and present summarized totals only. Accordingly, the 2015 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.

NEIGHBORS LINK CORPORATION

NOTES TO FINANCIAL STATEMENTS
(continued)

Note 8 - RETIREMENT PLAN

In 2016 the organization adopted a 401K plan for employees. Under the terms of the plan, Neighbors Link matches employee contributions up to a maximum of 4% of compensation. Contributions of \$5,795 were made to the plan.

Note 9 - SUBSEQUENT EVENTS

Effective January 1, 2017 the organization entered into an agreement with the Elizabeth Haub School of Law at Pace University in which Neighbors Link will take over the Pace Community Law Practice which specializes in providing legal services to immigrants. Under the terms of a Facilities Use Agreement, the program will be operated at the Pace facilities in White Plains. The staff attorneys will be employed by Neighbors Link.

In 2016 Neighbors Link Corporation and Neighbors Link National Corporation submitted a petition to the New York State Office of the Attorney General for approval of a plan of merger. Under the plan, Neighbors Link Corporation will assume the mission of Neighbors Link National. The approval is expected in 2017.