

Neighborhood Allies

Financial Statements and Supplementary Information

Years Ended December 31, 2016 and 2015 with
Independent Auditor's Report

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NEIGHBORHOOD ALLIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

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Independent Auditor's Report

Board of Directors
Neighborhood Allies

We have audited the accompanying financial statements of Neighborhood Allies (Organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 18 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 audit 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.

Mahe Duessel

Pittsburgh, Pennsylvania
May 11, 2017

NEIGHBORHOOD ALLIES
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalent investments	\$ 3,557,740	\$ 3,044,695
Program-related notes receivable - net of allowances of \$0 and \$3,488 in 2016 and 2015, respectively	183,831	245,290
Accounts receivable	450	26,549
Prepaid expenses	9,873	30,062
Grants receivable - current portion	477,772	641,531
Total current assets	4,229,666	3,988,127
Grants receivable - long-term portion	100,000	100,000
Fixed assets, net of accumulated depreciation of \$124,925 and \$122,131 in 2016 and 2015, respectively	5,500	8,294
Total Assets	\$ 4,335,166	\$ 4,096,421
Liabilities and Net Assets		
Current Liabilities:		
Grants payable	\$ 514,317	\$ 540,396
Accounts payable and accrued expenses	123,251	120,757
Total Liabilities	637,568	661,153
Net Assets:		
Unrestricted	1,279,393	1,730,450
Temporarily restricted	2,418,205	1,704,818
Total Net Assets	3,697,598	3,435,268
Total Liabilities and Net Assets	\$ 4,335,166	\$ 4,096,421

See accompanying notes to financial statements.

NEIGHBORHOOD ALLIES

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

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

	2016				Total	2015 Total
	Unrestricted	Unrestricted- Designated	Total Unrestricted	Temporarily Restricted		
Revenues and Other Support:						
Gifts and grants	\$ 727,823	\$ -	\$ 727,823	\$ 2,172,253	\$ 2,900,076	\$ 1,800,900
Fee revenue	183,700	-	183,700	-	183,700	65,836
Interest, net of investment fees of \$935	12,284	-	12,284	-	12,284	11,913
Other income	1,168	-	1,168	-	1,168	8,222
Net assets released from restrictions	1,458,866	-	1,458,866	(1,458,866)	-	-
Total revenues and other support	<u>2,383,841</u>	<u>-</u>	<u>2,383,841</u>	<u>713,387</u>	<u>3,097,228</u>	<u>1,886,871</u>
Expenses:						
Community development activities:						
Grants approved, net of cancellations of \$5,000 and refunds of paid grants of \$0	1,463,690	-	1,463,690	-	1,463,690	760,832
Program development and other program costs	1,040,799	-	1,040,799	-	1,040,799	604,019
Administrative expenses:						
Finance, governance, and administration	255,809	-	255,809	-	255,809	284,765
Fundraising	74,600	-	74,600	-	74,600	14,955
Total expenses	<u>2,834,898</u>	<u>-</u>	<u>2,834,898</u>	<u>-</u>	<u>2,834,898</u>	<u>1,664,571</u>
Change in Net Assets	(451,057)	-	(451,057)	713,387	262,330	222,300
Net Assets:						
Beginning of year	1,730,450	-	1,730,450	1,704,818	3,435,268	3,212,968
End of year	<u>\$ 1,279,393</u>	<u>\$ -</u>	<u>\$ 1,279,393</u>	<u>\$ 2,418,205</u>	<u>\$ 3,697,598</u>	<u>\$ 3,435,268</u>

See accompanying notes to financial statements.

NEIGHBORHOOD ALLIES

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Unrestricted- Designated	Total Unrestricted	Temporarily Restricted	Totals
Revenues and Other Support:					
Gifts and grants	\$ 121,082	\$ -	\$ 121,082	\$ 1,679,818	\$ 1,800,900
Fee revenue	65,836	-	65,836	-	65,836
Interest, net of investment fees of \$1,031	11,913	-	11,913	-	11,913
Other income	8,222	-	8,222	-	8,222
Net assets released from restrictions	1,179,999	-	1,179,999	(1,179,999)	-
Total revenues and other support	<u>1,387,052</u>	<u>-</u>	<u>1,387,052</u>	<u>499,819</u>	<u>1,886,871</u>
Expenses:					
Community development activities:					
Grants approved, net of cancellations of \$26,000 and refunds of paid grants of \$10,089	760,832	-	760,832	-	760,832
Program development and other program costs	604,019	-	604,019	-	604,019
Administrative expenses:					
Finance, governance, and administration	284,765	-	284,765	-	284,765
Fundraising	14,955	-	14,955	-	14,955
Total expenses	<u>1,664,571</u>	<u>-</u>	<u>1,664,571</u>	<u>-</u>	<u>1,664,571</u>
Change in Net Assets	(277,519)	-	(277,519)	499,819	222,300
Net Assets:					
Beginning of year	2,007,969	-	2,007,969	1,204,999	3,212,968
End of year	<u>\$ 1,730,450</u>	<u>\$ -</u>	<u>\$ 1,730,450</u>	<u>\$ 1,704,818</u>	<u>\$ 3,435,268</u>

See accompanying notes to financial statements.

NEIGHBORHOOD ALLIES

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 262,330	\$ 222,300
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,794	2,794
Loan recovery	(3,488)	(35,467)
Change in:		
Accounts receivable	26,099	(4,949)
Grants receivable	163,759	(66,531)
Prepaid expenses	20,189	(23,681)
Grants payable	(26,079)	(243,504)
Accounts payable and accrued expenses	2,494	72,642
Total adjustments	<u>185,768</u>	<u>(298,696)</u>
Net cash provided by (used in) operating activities	<u>448,098</u>	<u>(76,396)</u>
<u>Cash Flows From Investing Activities:</u>		
Principal repaid on program-related notes receivable	<u>64,947</u>	<u>19,784</u>
Net cash provided by (used in) investing activities	<u>64,947</u>	<u>19,784</u>
Net Increase (Decrease) in Cash and Cash Equivalents	513,045	(56,612)
<u>Cash and Cash Equivalents:</u>		
Beginning of year	<u>3,044,695</u>	<u>3,101,307</u>
End of year	<u>\$ 3,557,740</u>	<u>\$ 3,044,695</u>

See accompanying notes to financial statements.

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

1. ORGANIZATION AND PURPOSE

Neighborhood Allies (Organization), a supporting organization of The Pittsburgh Foundation, was established as the Pittsburgh Partnership for Neighborhood Development, Inc. in April 1988 to foster the economic development of households in distressed communities; to further the renovation, development, and revitalization of local neighborhoods within the City of Pittsburgh; and to promote and further the interest and purposes of The Pittsburgh Foundation.

In January 2014, the Organization signed a Memorandum of Agreement with the Local Initiative Support Corporation (LISC), a New York based national community development intermediary, whereby the Organization will have access to LISC's financial and programmatic resources for use in its community development revitalization efforts. These resources may be provided at a rate that is mutually determined by LISC and the Organization. The Organization will continue to maintain its autonomy as a separate legal entity while working in concert with LISC to provide community development resources to Southwestern Pennsylvania. In 2015, in accordance with the agreement, LISC hired a program person to identify, underwrite, and manage relationships with borrowers, equity partners, and to carry out duties associated with loans and equity investments. The Organization's agreement with LISC requires that the Organization fund the LISC staff position. The LISC program person is housed at the Organization offices, provided with office space and equipment, and will be funded by the Organization. The agreement is automatically renewed each January, unless one or both parties provides written notice to the other of its intention not to extend within 90 days prior to the end of the termination period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The records of the Organization are maintained on the accrual basis of accounting. Expenses are recorded when a liability is incurred and revenues are recognized as they are earned.

Basis of Presentation

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

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Cash and Cash Equivalent Investments

Cash and cash equivalent investments include highly liquid investments with original maturities of three months or less.

The Organization maintains cash accounts, which at times, may exceed federally insured limits. At December 31, 2016, book balance and bank balance of all deposits totaled \$3,557,740 and \$3,610,314, respectively. At December 31, 2015, book balance and bank balance of all deposits totaled \$3,044,695 and \$3,059,440, respectively. Of the bank balance at December 31, 2016 and 2015, \$2,806,617 and \$2,309,440, respectively, was not federally insured. The solvency of the financial institutions involved is not a concern to management at this time.

Program-Related Notes Receivable

Program-related notes receivable at December 31, 2016 and 2015 consist of unsecured and secured project loans to local civic and community organizations in the Pittsburgh area that were approved by the Real Estate Committee, a committee of the Board. Interest rates on these loans range from 0% to 4.00% at December 31, 2016 and 2015.

Notes receivable are considered to be on accrual status through the maturity date established by the terms of the agreement and interest is accrued accordingly. Notes receivable are placed on non-accrual status once there are clear indications collectability is in doubt. Interest income is recognized during this period only as deemed collectible by management.

Notes receivable are evaluated annually by management to determine whether they are performing or not performing, that is, whether payments are being received or are expected

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

to be received in accordance with the terms of the agreement. If it is determined that a note is not performing, management will estimate the allowance for uncollectible notes receivable based upon past history with the borrowing organizations and the Organization's expectations of future payments. The allowance estimates are reviewed and approved by the Real Estate Committee. Uncollectible notes are charged off against the established allowance when approved by the Real Estate Committee.

Recoveries of uncollectible notes are recorded against program development and other program costs in the year of collection.

Gifts/Grants

Gifts and grants are received from various local foundations and corporations to support the purposes of the Organization. Unconditional gifts are reported at fair value at the date notified. Conditional promises to give are reported at fair value at the date the conditions are met.

At December 31, 2016, \$577,772 of unconditional grants was due from various local foundations and organizations. A total of \$477,772 is expected to be paid to the Organization during 2017 and \$100,000 is to be paid during 2018. At December 31, 2015, \$741,531 of unconditional grants was due from various local foundations. Uncollectible grants receivable are expected to be insignificant and, therefore, no allowance for uncollectible grants receivable is recorded as of December 31, 2016 and 2015.

At December 31, 2016, the Organization had \$1,050,000 of conditional promises to give, which represents the third installment on a multi-year grant from a single donor and the second installment on a multi-year grant from another single donor. The conditional promises to give are not recorded in the financial statements until the conditions are met. Conditions to the gifts include the meeting of certain program and operational milestones. At December 31, 2015, there was \$925,000 of conditional promises to give. This represented two remaining installments of a multi-year grant from a single donor with similar conditions.

Grants Approved

The Organization does approve grants with conditions; however, the probability is deemed remote that the grantees will not meet these conditions. Accordingly, grants are recorded when they are approved by the Board of Directors (Board). Grant cancellations and refunds of paid grants are recorded as they occur.

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Fee Revenue

Fee revenues are recognized when earned. The Organization performs a variety of services to other organizations ranging from administrative support to project management and coordination. Revenues are recorded and recognized in the period for which it is earned.

Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements are capitalized if the cost exceeds \$1,500 and depreciated or amortized over a three- to ten-year period using the straight-line method.

Income Taxes

The Organization was determined to be exempt from federal income tax under the provision of Section 501(c)(3) of the Internal Revenue Code of 1986 (Code) and has been classified as an organization which is not a private foundation as defined in section 509(a)(3) of the Code. The Organization meets the definition under the Code as a Type I supporting organization. The Organization annually files a Form 990.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

Pending Accounting Standards Update

The Financial Accounting Standards Board (FASB) has issued amendments to the FASB Accounting Standards Codification that will become effective in future years including ASU Nos. 2014-09 (*Revenue from Contracts with Customers [Topic 606]*), 2016-02 (*Leases [Topic 842]*), and 2016-14 (*Not-for-Profit Entities [Topic 958]: Presentation of Financial Statements of Not-for-Profit Entities*). Management has not yet determined the impact of these amendments on the Organization's financial statements.

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

3. PROGRAM-RELATED NOTES RECEIVABLE

The Organization's program-related notes receivable consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Performing	\$ 183,831	\$ 248,778
Not performing (non-accrual status)	<u>-</u>	<u>-</u>
	183,831	248,778
Less: allowance for uncollectible notes	<u>-</u>	<u>(3,488)</u>
Total program-related notes receivable	<u><u>\$ 183,831</u></u>	<u><u>\$ 245,290</u></u>

The loans identified as performing are as follows:

- Loan totaling \$50,000 was paid in full in March 2016.
- Original loan totaling \$250,000 due December 2016. Interest is accrued in accordance with the agreement at 4.00%. The outstanding balance of this loan at December 31, 2016 and 2015 was \$183,831 and \$195,290, respectively. On January 27, 2017, the Organization received the balloon payment on the outstanding loan. The total payment was for the full amount outstanding at December 31, 2016 plus accrued interest.
- In 2011, the Organization settled \$600,000 of outstanding loans with an organization by signing an agreement whereby the Organization will receive a total of \$93,560, with 0% interest. The outstanding balance of this loan at December 31, 2016 and 2015 was \$0 and \$3,488, respectively. The loan was paid in full during 2016.

The activity in the Organization's allowance for uncollectible notes consists of the following for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Allowance, beginning of year	\$ 3,488	\$ 38,955
Recoveries	<u>(3,488)</u>	<u>(35,467)</u>
Allowance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 3,488</u></u>

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Hilltop Partners Planning grant	\$ -	\$ 25,000
Temporary Public Art program	255,952	459,900
Community Development Fellowship program	-	54,918
PolicyLink	-	50,000
Homewood Transformation project	-	15,000
Homewood Cluster Partnership	-	25,000
Real Estate Development Capacity support	617,350	-
P4 / Equitable Development	345,651	-
Financial Opportunity Centers	100,824	-
Community Trauma Fellow	100,000	-
FISCL Initiative	14,300	-
Citywide Mobile Research Trailer	17,500	-
UrbanKind project	15,000	-
Restricted for subsequent years' operations	951,628	1,075,000
	<u>\$ 2,418,205</u>	<u>\$ 1,704,818</u>

Temporarily restricted net assets were released for the satisfaction of purpose restrictions in the amount of \$383,866 and \$39,500 during 2016 and 2015, respectively. Temporarily restricted net assets were released due to the lapsing of time in the amount of \$1,075,000 and \$1,140,499 during 2016 and 2015, respectively.

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

5. GIFTS AND GRANTS RECEIVED

As a supporting organization, the Organization receives grants from The Pittsburgh Foundation. The Organization also receives significant gifts and grants from other foundations and corporations. Gifts and grants for the years ended December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
<u>Unrestricted:</u>		
Other foundations	\$ 630,668	\$ 83,582
Corporations	87,548	27,500
Governments	6,320	1,000
Miscellaneous contributions	3,287	-
Total unrestricted	<u>\$ 727,823</u>	<u>\$ 112,082</u>
<u>Temporarily Restricted:</u>		
The Pittsburgh Foundation	\$ 175,000	\$ 175,000
Other foundations	1,894,801	1,464,818
Corporations	102,452	40,000
Total temporarily restricted	<u>\$ 2,172,253</u>	<u>\$ 1,679,818</u>

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

6. GRANTS APPROVED, PAID AND PAYABLE

Grants approved, paid and payable for the year ended December 31, 2016 are as follows:

	Payable at 12/31/2015	Approved (net of cancellations)	Paid	Payable at 12/31/2016
Action Housing	\$ -	\$ 8,000	\$ (7,200)	\$ 800
Allegheny Land Trust	4,000	-	-	4,000
Bike Pittsburgh (Positive Spin)	5,000	-	(5,000)	-
Bloomfield Development Corp	-	15,000	(13,500)	1,500
Bloomfield Garfield Corp.	-	10,000	(9,000)	1,000
Brashear Association	-	2,500	(2,500)	-
Brashear Association - FOC	-	19,000	(19,000)	-
CARE Ownership	6,000	-	-	6,000
Center that CARES	30,000	-	(24,000)	6,000
Chuck Cooper Foundation	-	50,000	(45,000)	5,000
Community Empowerment Assoc.	37,500	-	(37,500)	-
Community WorkZ	6,500	-	(6,500)	-
Economic Development South	-	365,313	(190,636)	174,677
EDS - Brownsville Rd Study	3,500	-	(3,500)	-
EECM S&S	1,000	-	(1,000)	-
Farm Truck Foods	3,750	-	(3,750)	-
FOCUS Pittsburgh	25,000	25,000	(41,250)	8,750
Goodwill of SW PA - FOC	28,000	-	(28,000)	-
GTECH (Neighborhood Resiliency)	5,000	90,000	(95,000)	-
Hill CDC	15,000	75,000	(82,500)	7,500
Hill House Association	-	7,000	(2,000)	5,000

(continued)

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	Payable at 12/31/2015	Approved (net of cancellations)	Paid	Payable at 12/31/2016
Hilltop Alliance	-	86,500	(70,400)	16,100
Hilltop Alliance - EA Community Garden Site Eval	1,925	-	(1,925)	-
Hilltop Alliance (Mt. Oliver/St. Clair)	2,000	-	-	2,000
Homewood Children's Village	-	15,000	(13,500)	1,500
Homewood Community Sports	-	12,500	(10,500)	2,000
Hosanna House Inc.	37,500	-	(37,500)	-
Housing Alliance of PA	-	15,000	(13,500)	1,500
Just Harvest Industries	3,000	-	(3,000)	-
Landslide Community Farm	-	15,000	(10,000)	5,000
Larimer Consensus Group	6,800	7,000	(8,800)	5,000
Lawrenceville Corp	-	9,500	(8,500)	1,000
Lawrenceville United	-	7,000	(5,000)	2,000
Legacy Arts Project	-	7,000	(2,000)	5,000
LISC - Loan Officer	75,000	110,000	(75,000)	110,000
Made Right Here (Catalyst Connection)	37,500	-	(37,500)	-
McKees Rocks CDC	8,595	-	(8,595)	-
Meta Mesh Wireless Communities	-	15,000	(13,500)	1,500
Millvale Borough DC	-	7,000	(2,000)	5,000
Millvale CDC	-	75,000	(67,500)	7,500
Millvale Community Library	7,500	-	(7,500)	-
Millvale Library	-	10,000	(9,750)	250
Mon Valley Initiative - FOC	29,000	-	(29,000)	-
Moving Lives of Kids Mural Project	-	15,000	(15,000)	-
Mt. Washington CDC	2,500	-	(2,500)	-
Neighborworks Western PA	-	75,000	(63,750)	11,250
New Century Careers	-	15,000	(13,500)	1,500
New Hope for Renewal	-	15,000	(15,000)	-
New Sun Rising	5,000	22,000	(17,000)	10,000
New Sun Rising - PCOC	15,000	75,000	(32,500)	57,500
Oakland Planning & Development Corp.	15,000	-	(15,000)	-
Oakland Planning & Development Corp. - FOC	29,826	-	(29,826)	-
Operation Better Block	37,500	12,000	(49,500)	-
PCRG	5,000	(5,000)	-	-
Pittsburgh Green Innovators	-	4,500	(4,000)	500
Pittsburgh Struggling Students	-	12,500	(11,500)	1,000
Poise Foundation	-	15,000	(10,000)	5,000
Rebuilding Together - Pittsburgh	-	15,000	(10,000)	5,000
Riverside Center for Innovation	-	69,900	(62,910)	6,990
The Mission Continues	25,000	25,000	(25,000)	25,000
The Union Project	5,000	-	(5,000)	-
Trade Institute of Pittsburgh	7,500	-	(7,500)	-
Vibrant Pittsburgh	7,500	-	(7,500)	-
Wilksburg CDC	6,500	7,000	(8,500)	5,000
Small and Simple Grants	-	32,477	(32,477)	-
	<u>\$ 540,396</u>	<u>\$ 1,463,690</u>	<u>\$ (1,489,769)</u>	<u>\$ 514,317</u>

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

7. ADMINISTRATIVE EXPENSES

Administrative expenses, as reported in the statements of activities, consist of the following:

	<u>2016</u>	<u>2015</u>
Staff expenses	\$ 170,816	\$ 152,658
Facility and equipment expense	41,267	41,268
Operating expenses	46,760	34,422
Travel and meeting expenses	16,606	20,295
Professional fees	54,710	50,827
Other	250	250
	<u>\$ 330,409</u>	<u>\$ 299,720</u>

8. LEASES AND EXPENSE SHARING AGREEMENT

The Organization's lease agreement for office space became effective October 1, 2013 with monthly rental expense of \$1,185 for the first three months, monthly rental expense of \$2,370 for months four through twenty-seven, monthly rental expense of \$2,440 for months twenty-eight through fifty-one, and monthly rental expense of \$2,509 for months fifty-two through sixty-three.

Annual rental expense over the next two years is as follows: \$29,280 payable in 2017; \$30,108 payable in 2018.

Rental expense for the years ended December 31, 2016 and 2015 were \$29,782 and \$28,440, respectively.

9. RELATED PARTY

As discussed in Note 1, the Organization is a supporting organization to The Pittsburgh Foundation. In addition to the grants given to the Organization as noted in Note 5, The Pittsburgh Foundation provides other administrative support to the Organization, including the processing of all payroll and benefits payments, at no cost to the Organization. These services are valued at approximately \$10,000.

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

10. RETIREMENT PLAN

Effective January 1, 2009, the Organization began a 401(k) contribution program (401(k)) for its employees. Under the terms of the 401(k), the Organization will make contributions equal to 5% of each employee's compensation, regardless of whether they participate in the plan. In addition, the Organization will provide matching funds up to 3% of each employee's compensation. During 2016 and 2015, the Organization contributed \$27,749 and \$22,774, respectively, to the plan on behalf of its employees.

Supplementary Information

NEIGHBORHOOD ALLIES

SCHEDULES OF PROGRAM-RELATED NOTES RECEIVABLE

DECEMBER 31, 2016 AND 2015

	Interest Rate	Date of Note	Due Date	Principal Balance Outstanding	
				2016	2015
Development Fund:					
Bloomfield-Garfield Corporation	0.00%	06/20/94	06/20/24	\$ -	\$ 50,000
North Side Civic Development Council, Inc.	0.00%	02/16/10	02/16/15	-	3,488
North Side Community Development Fund	4.00%	01/07/10	12/01/16	183,831	195,290
				183,831	248,778
Less allowance for doubtful accounts				-	3,488
				<u>\$ 183,831</u>	<u>\$ 245,290</u>