

Neighborhood Allies

Financial Statements and Supplementary Information

Years Ended December 31, 2015 and 2014 with
Independent Auditor's Report

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Pittsburgh | Harrisburg | Butler

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NEIGHBORHOOD ALLIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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 17 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, 2016

NEIGHBORHOOD ALLIES
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalent investments | \$ 3,044,695 | \$ 3,101,307 |
| Program-related notes receivable - current portion, net of allowances of \$3,488 and \$10,467 in 2015 and 2014, respectively | 245,290 | 10,147 |
| Accounts receivable | 26,549 | 21,600 |
| Prepaid assets | 30,062 | 6,381 |
| Grants receivable - current portion | 641,531 | 675,000 |
| Total current assets | 3,988,127 | 3,814,435 |
| Grants receivable - long-term portion | 100,000 | - |
| Program-related notes receivable, net of allowances of \$0 and \$28,488 in 2015 and 2014, respectively | - | 219,460 |
| Fixed assets, net of accumulated depreciation of \$122,131 and \$119,337 in 2015 and 2014, respectively | 8,294 | 11,088 |
| Total Assets | \$ 4,096,421 | \$ 4,044,983 |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Grants payable | \$ 540,396 | \$ 783,900 |
| Accounts payable and accrued expenses | 120,757 | 48,115 |
| Total Liabilities | 661,153 | 832,015 |
| Net Assets: | | |
| Unrestricted | 1,730,450 | 2,007,969 |
| Temporarily restricted | 1,704,818 | 1,204,999 |
| Total Net Assets | 3,435,268 | 3,212,968 |
| Total Liabilities and Net Assets | \$ 4,096,421 | \$ 4,044,983 |

See accompanying notes to financial statements.

NEIGHBORHOOD ALLIES

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

(With Comparative Totals for Year Ended December 31, 2014)

| | 2015 | | | | 2014 | |
|---|---------------------|-----------------------------|-----------------------|---------------------------|---------------------|---------------------|
| | Unrestricted | Unrestricted- Designated | Total Unrestricted | Temporarily Restricted | Total | Total |
| Revenues and Other Support: | | | | | | |
| Gifts and grants | \$ 121,082 | \$ - | \$ 121,082 | \$ 1,679,818 | \$ 1,800,900 | \$ 1,329,879 |
| Fee revenue | 65,836 | - | 65,836 | - | 65,836 | - |
| Interest, net of investment fees of \$1,031 | 11,913 | - | 11,913 | - | 11,913 | 9,952 |
| Other income | 8,222 | - | 8,222 | - | 8,222 | 2,440 |
| 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> | <u>1,342,271</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 | 827,850 |
| Program development and other program costs | 604,019 | - | 604,019 | - | 604,019 | 398,026 |
| Administrative expenses: | | | | | | |
| Finance, governance, and administration | 284,765 | - | 284,765 | - | 284,765 | 133,283 |
| Fundraising | 14,955 | - | 14,955 | - | 14,955 | 9,610 |
| Total expenses | <u>1,664,571</u> | <u>-</u> | <u>1,664,571</u> | <u>-</u> | <u>1,664,571</u> | <u>1,368,769</u> |
| Change in Net Assets | (277,519) | - | (277,519) | 499,819 | 222,300 | (26,498) |
| Net Assets: | | | | | | |
| Beginning of year | 2,007,969 | - | 2,007,969 | 1,204,999 | 3,212,968 | 3,239,466 |
| 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> | <u>\$ 3,212,968</u> |

See accompanying notes to financial statements.

NEIGHBORHOOD ALLIES

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

| | Unrestricted | Unrestricted- Designated | Total Unrestricted | Temporarily Restricted | Totals |
|---|---------------------|-----------------------------|-----------------------|---------------------------|---------------------|
| Revenues and Other Support: | | | | | |
| Gifts and grants | \$ 124,880 | \$ - | \$ 124,880 | \$ 1,204,999 | \$ 1,329,879 |
| Fee revenue | - | - | - | - | - |
| Interest, net of investment fees of \$848 | 9,952 | - | 9,952 | - | 9,952 |
| Other income | 2,440 | - | 2,440 | - | 2,440 |
| Net assets released from restrictions | 1,437,091 | - | 1,437,091 | (1,437,091) | - |
| Total revenues and other support | <u>1,574,363</u> | <u>-</u> | <u>1,574,363</u> | <u>(232,092)</u> | <u>1,342,271</u> |
| Expenses: | | | | | |
| Community development activities: | | | | | |
| Grants approved, net of cancellations of \$10,000 | 827,850 | - | 827,850 | - | 827,850 |
| Program development and other program costs | 398,026 | - | 398,026 | - | 398,026 |
| Administrative expenses: | | | | | |
| Finance, governance, and administration | 133,283 | - | 133,283 | - | 133,283 |
| Fundraising | 9,610 | - | 9,610 | - | 9,610 |
| Total expenses | <u>1,368,769</u> | <u>-</u> | <u>1,368,769</u> | <u>-</u> | <u>1,368,769</u> |
| Change in Net Assets | 205,594 | - | 205,594 | (232,092) | (26,498) |
| Net Assets: | | | | | |
| Beginning of year | 1,802,375 | - | 1,802,375 | 1,437,091 | 3,239,466 |
| End of year | <u>\$ 2,007,969</u> | <u>\$ -</u> | <u>\$ 2,007,969</u> | <u>\$ 1,204,999</u> | <u>\$ 3,212,968</u> |

See accompanying notes to financial statements.

NEIGHBORHOOD ALLIES

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Cash Flows From Operating Activities: | | |
| Change in net assets | \$ 222,300 | \$ (26,498) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 2,794 | 2,607 |
| Loan recovery | (35,467) | (10,467) |
| Change in: | | |
| Accounts receivable | (4,949) | (17,846) |
| Grants receivable | (66,531) | (249,725) |
| Prepaid assets | (23,681) | 2,364 |
| Grants payable | (243,504) | 344,667 |
| Accounts payable and accrued expenses | 72,642 | 26,266 |
| Total adjustments | <u>(298,696)</u> | <u>97,866</u> |
| Net cash provided by (used in) operating activities | <u>(76,396)</u> | <u>71,368</u> |
| Cash Flows From Investing Activities: | | |
| Principal repaid on program-related notes receivable | 19,784 | 21,841 |
| Purchases of fixed assets | <u>-</u> | <u>(2,244)</u> |
| Net cash provided by (used in) investing activities | <u>19,784</u> | <u>19,597</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (56,612) | 90,965 |
| Cash and Cash Equivalents: | | |
| Beginning of year | <u>3,101,307</u> | <u>3,010,342</u> |
| End of year | <u>\$ 3,044,695</u> | <u>\$ 3,101,307</u> |

See accompanying notes to financial statements.

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014

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, 2015, book balance and bank balance of all deposits totaled \$3,044,695 and \$3,059,440, respectively. At December 31, 2014, book balance and bank balance of all deposits totaled \$3,101,307 and \$3,154,846, respectively. Of the bank balance at December 31, 2015 and 2014, \$2,309,440 and \$2,404,846, 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, 2015 and 2014 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, 2015 and 2014.

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, 2015 AND 2014

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, 2015, \$741,531 of unconditional grants was due from various local foundations and organizations. A total of \$641,531 is expected to be paid to the Organization during 2016 and \$100,000 is to be paid during 2017. At December 31, 2014, \$675,000 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, 2015 and 2014.

At December 31, 2015, the Organization had \$925,000 of conditional promises to give, which represent the second and third installment on a multi-year grant from a single donor. The conditional promise to give is not recorded in the financial statements until the conditions are met. Conditions to the gift include the meeting of certain program and operational milestones. At December 31, 2014, there were no unconditional promises to give.

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, 2015 AND 2014

Fee Revenue

Fee revenues are recognized when earned. Neighborhood Allies 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.

3. PROGRAM-RELATED NOTES RECEIVABLE

The Organization's program-related notes receivable consist of the following at December 31, 2015 and 2014:

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|---|--------------------------|--------------------------|
| Performing | \$ 248,778 | \$ 268,562 |
| Not performing (non-accrual status) | <u>-</u> | <u>-</u> |
| | 248,778 | 268,562 |
| Less: allowance for uncollectible notes | <u>(3,488)</u> | <u>(38,955)</u> |
| Total program-related notes receivable | <u><u>\$ 245,290</u></u> | <u><u>\$ 229,607</u></u> |

The loans identified as performing are as follows:

- Loan totaling \$50,000 due June 2024. The Organization had recorded a \$25,000 allowance for this loan for the year ended December 31, 2014; however, for the year ended December 31, 2015, the allowance was removed, as the loan 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, 2015 and 2014 was \$195,290 and \$204,607, respectively. The balance of the loan is considered to be fully collectible; accordingly, no allowance has been recorded.
- 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 previously outstanding loans had been recorded with a 100% allowance. The outstanding balance of this loan at December 31, 2015 and 2014 was \$3,488 and \$13,955, respectively. The remaining amount outstanding continues to be recorded with a 100% allowance.

The activity in the Organization's allowance for uncollectible notes consists of the following for the years ended December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|------------------------------|------------------------|-------------------------|
| Allowance, beginning of year | \$ 38,955 | \$ 49,422 |
| Recoveries | <u>(35,467)</u> | <u>(10,467)</u> |
| Allowance, end of year | <u><u>\$ 3,488</u></u> | <u><u>\$ 38,955</u></u> |

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014 are available for the following purposes:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Hilltop Partners Planning grant | \$ 25,000 | \$ 25,000 |
| Temporary Public Art program | 459,900 | - |
| Community Development Fellowship program | 54,918 | - |
| Policy Link | 50,000 | - |
| Homewood Transformation project | 15,000 | - |
| Homewood Cluster Partnership | 25,000 | - |
| Capacity building services for Northside | - | 25,000 |
| Implement LISC/OPDC | - | 14,500 |
| Restricted for subsequent years' operations | 1,075,000 | 1,140,499 |
| | <u>\$ 1,704,818</u> | <u>\$ 1,204,999</u> |

Temporarily restricted net assets were released for the satisfaction of purpose restrictions in the amount of \$39,500 and \$12,091 during 2015 and 2014, respectively. Temporarily restricted net assets were released due to the lapsing of time in the amount of \$1,140,499 and \$1,425,000 during 2015 and 2014, respectively.

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, 2015 and 2014 are as follows:

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|--------------------------------|---------------------|---------------------|
| <u>Unrestricted:</u> | | |
| Other foundations | \$ 83,582 | \$ 124,601 |
| Corporations | 27,500 | - |
| Governments | 10,000 | - |
| Miscellaneous contributions | - | 279 |
| Total unrestricted | <u>\$ 121,082</u> | <u>\$ 124,880</u> |
| <u>Temporarily Restricted:</u> | | |
| The Pittsburgh Foundation | \$ 175,000 | \$ 175,000 |
| Other foundations | 1,464,818 | 1,024,999 |
| Corporations | 40,000 | 5,000 |
| Total temporarily restricted | <u>\$ 1,679,818</u> | <u>\$ 1,204,999</u> |

6. GRANTS APPROVED, PAID AND PAYABLE

Grants approved, paid and payable for the year ended December 31, 2015 are as follows:

| | Payable at 12/31/2014 | Approved (net of cancellations) | Paid | Payable at 12/31/2015 |
|---|--------------------------|------------------------------------|------------|--------------------------|
| Allegheny Land Trust | \$ - | \$ 8,000 | \$ (4,000) | \$ 4,000 |
| ARTEZ | 7,500 | - | (7,500) | - |
| Bike Pittsburgh (Positive Spin) | - | 15,000 | (10,000) | 5,000 |
| Bloomfield Garfield Corp. | 4,350 | - | (4,350) | - |
| CARE Ownership | 60,000 | - | (54,000) | 6,000 |
| Center that CARES | 60,000 | - | (30,000) | 30,000 |
| Christian Evangelist Economic Development | 5,000 | - | (5,000) | - |
| City Lab | 2,375 | - | (2,375) | - |
| CNNC - 2013 CA Great House Sale | 1,250 | - | (1,250) | - |
| COL - Hazelwood | 1,500 | (1,500) | - | - |
| Community Empowerment Assoc. | - | 75,000 | (37,500) | 37,500 |
| Community In Schools | 10,000 | - | (10,000) | - |
| Community WorkZ | 65,000 | - | (58,500) | 6,500 |
| CTAC | 2,500 | - | (2,500) | - |
| Eastside Neighborhood Employment Center | - | 6,000 | (6,000) | - |
| Economic Development South | 2,500 | - | (2,500) | - |
| Economic Development South | 2,500 | - | (2,500) | - |
| EDS - Brownsville Rd Study | 3,500 | - | - | 3,500 |

(continued)

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

| | Payable at 12/31/2014 | Approved (net of cancellations) | Paid | Payable at 12/31/2015 |
|--|--------------------------|------------------------------------|-----------------------|--------------------------|
| EECM S&S | 1,000 | - | - | 1,000 |
| ELDI - Conservatorship Pilot | 2,000 | (2,000) | - | - |
| Farm Truck Foods | 75,000 | - | (71,250) | 3,750 |
| FOCUS Pittsburgh | - | 50,000 | (25,000) | 25,000 |
| Goodwill of SW PA - FOC | - | 28,000 | - | 28,000 |
| Goodwill of SWPA | 28,000 | - | (28,000) | - |
| GTECH (Neighborhood Resiliency) | - | 15,000 | (10,000) | 5,000 |
| HHA - 2012 Champ Neighborhood | 14,000 | - | (14,000) | - |
| Hill CDC | - | 15,000 | - | 15,000 |
| Hill House Economic Development Corp. | - | 15,000 | (15,000) | - |
| Hilltop Alliance | 9,000 | - | (9,000) | - |
| Hilltop Alliance - EA Community Garden Site Eval | 1,925 | - | - | 1,925 |
| Hilltop Alliance (Mt. Oliver/St. Clair) | - | 10,000 | (8,000) | 2,000 |
| Hosanna House Inc. | - | 75,000 | (37,500) | 37,500 |
| Hosanna Industries | 22,500 | (22,500) | - | - |
| Just Harvest Industries | 3,000 | - | - | 3,000 |
| Larimer Consensus Group | 68,000 | - | (61,200) | 6,800 |
| LISC - Loan Officer | 100,000 | - | (25,000) | 75,000 |
| Made Right Here (Catalyst Connection) | - | 75,000 | (37,500) | 37,500 |
| McKees Rocks CDC | - | 8,595 | - | 8,595 |
| Millvale Community Library | 75,000 | - | (67,500) | 7,500 |
| Millvale Library | 3,000 | - | (3,000) | - |
| Mon Valley Initiative | 29,000 | - | (29,000) | - |
| Mon Valley Initiative - FOC | - | 29,000 | - | 29,000 |
| Mt. Washington CDC | - | 7,500 | (5,000) | 2,500 |
| New Sun Rising | - | 15,000 | (10,000) | 5,000 |
| New Sun Rising - PCOC | - | 15,000 | - | 15,000 |
| Oakland Planning & Development Corp. | - | 15,000 | - | 15,000 |
| Oakland Planning & Development Corp. - FOC | - | 29,826 | - | 29,826 |
| OPDC | 28,500 | - | (28,500) | - |
| Operation Better Block | - | 75,000 | (37,500) | 37,500 |
| PCRG | 15,000 | - | (10,000) | 5,000 |
| Rebuilding Together - Sheraden | 4,500 | - | (4,500) | - |
| The Mission Continues | - | 50,000 | (25,000) | 25,000 |
| The Union Project | - | 15,000 | (10,000) | 5,000 |
| Trade Institute of Pittsburgh | 75,000 | - | (67,500) | 7,500 |
| Urban Red. Authority of Pgh | 1,500 | - | (1,500) | - |
| Vibrant Pittsburgh | - | 75,000 | (67,500) | 7,500 |
| Wilksburg CDC | - | 10,000 | (10,000) | - |
| Wilksburg CDC | - | 65,000 | (58,500) | 6,500 |
| | <u>\$ 783,900</u> | <u>\$ 770,921</u> | <u>\$ (1,014,425)</u> | <u>\$ 540,396</u> |

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

7. ADMINISTRATIVE EXPENSES

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

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|-------------------|-------------------|
| Staff expenses | \$ 152,658 | \$ 54,430 |
| Facility and equipment expense | 41,268 | 13,672 |
| Operating expenses | 34,422 | 15,963 |
| Travel and meeting expenses | 20,295 | 7,807 |
| Professional fees | 50,827 | 51,021 |
| Other | <u>250</u> | <u>-</u> |
| | <u>\$ 299,720</u> | <u>\$ 142,893</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 three years is as follows: \$29,280 payable in 2016; \$29,280 payable in 2017; \$30,108 payable in 2018.

Rental expense for the years ended December 31, 2015 and 2014 were \$28,440 and \$26,663, 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 \$2,000.

NEIGHBORHOOD ALLIES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

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 2015 and 2014, the Organization contributed \$22,774 and \$5,306, respectively, to the plan on behalf of its employees.

Supplementary Information

NEIGHBORHOOD ALLIES

SCHEDULES OF PROGRAM-RELATED NOTES RECEIVABLE

DECEMBER 31, 2015 AND 2014

| | Interest Rate | Date of Note | Due Date | Principal Balance Outstanding | |
|--|------------------|-----------------|-------------|----------------------------------|------------|
| | | | | 2015 | 2014 |
| Development Fund: | | | | | |
| Bloomfield-Garfield Corporation | 0.00% | 06/20/94 | 06/20/24 | \$ 50,000 | \$ 50,000 |
| North Side Civic Development Council, Inc. | 0.00% | 02/16/10 | 02/16/15 | 3,488 | 13,954 |
| North Side Community Development Fund | 4.00% | 01/07/10 | 12/01/16 | 195,290 | 204,608 |
| | | | | 248,778 | 268,562 |
| Less allowance for doubtful accounts | | | | 3,488 | 38,955 |
| | | | | \$ 245,290 | \$ 229,607 |