

NEIGHBOR TO NEIGHBOR, INC.

FINANCIAL STATEMENTS

**Years Ended
May 31, 2013 and 2012**

NEIGHBOR TO NEIGHBOR, INC.

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Years Ended
May 31, 2013 and 2012

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WALTER J. MCKEEVER & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

15 VALLEY DRIVE
GREENWICH, CONNECTICUT 06831
203 622-8625
FAX 203 622-4170

PLEASE REPLY TO:
POST OFFICE 5147
GREENWICH, CONNECTICUT 06831
www.wjmco.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Neighbor to Neighbor, Inc.

We have audited the accompanying financial statements of Neighbor to Neighbor, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2013 and 2012, and the related statements of activities, functional expenses 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 of 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 Neighbor to Neighbor, Inc. as of May 31, 2013 and 2012, 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.

A handwritten signature in black ink, appearing to read "Walter J. McKeever", is written over the printed name and company information.

Walter J. McKeever & Company, LLC
Greenwich, Connecticut
February 10, 2014

**NEIGHBOR TO NEIGHBOR
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2013 AND 2012**

	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 218,076	\$ 337,959
Investments (Note 4)	1,008,192	753,937
Grant receivable (Note 8)	1,982	13,990
Other receivable	2,001	5,000
Inventory (Note 2)	87,255	37,002
Prepaid expenses	6,324	10,842
	<u>1,323,830</u>	<u>1,158,730</u>
Fixed Assets		
Furniture and equipment	11,786	11,786
Vehicle	18,110	18,110
Leasehold improvements	43,657	43,657
	<u>73,553</u>	<u>73,553</u>
Less: Accumulated depreciation	<u>(73,553)</u>	<u>(72,958)</u>
	<u>595</u>	<u>595</u>
Total Assets	<u><u>\$ 1,323,830</u></u>	<u><u>\$ 1,159,325</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 2,172	\$ 36
Accrued payroll	10,001	7,711
Accrued expenses	2,148	
	<u>14,321</u>	<u>7,747</u>
Net Assets		
Unrestricted		
Undesignated	880,768	641,578
Board designated (Note 6)	428,741	500,000
Temporarily restricted (Note 7)		10,000
	<u>1,309,509</u>	<u>1,151,578</u>
Total Liabilities and Net Assets	<u><u>\$ 1,323,830</u></u>	<u><u>\$ 1,159,325</u></u>

See accompanying notes to the financial statements.

NEIGHBOR TO NEIGHBOR, INC.
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions			
Foundations	\$ 67,900	\$	\$ 67,900
Individuals and corporations	265,502		265,502
Religious and civic organizations	72,891		72,891
Grants	38,806		38,806
In-kind donations (Note 5)			
Clothing and housewares	948,728		948,728
Food	375,289		375,289
Rent	32,312		32,312
Special event revenue			
Canstruction	119,187		119,187
Less: cost of direct benefit to donors	(6,900)		(6,900)
Less: other expenses	(35,069)		(35,069)
Investment income (Note 4)	133,785		133,785
Net assets released from restrictions	10,000	(10,000)	
	<u>2,022,431</u>	<u>(10,000)</u>	<u>2,012,431</u>
OPERATING EXPENSES			
Program expenses	1,638,302		1,638,302
General and administrative expenses	106,755		106,755
Fundraising expenses	38,184		38,184
	<u>1,783,241</u>	<u></u>	<u>1,783,241</u>
OTHER EXPENSES			
Capital project (Note 9)	71,259		71,259
	<u>1,854,500</u>	<u></u>	<u>1,854,500</u>
Change in Net Assets	167,931	(10,000)	157,931
Net Assets - beginning of year	1,141,578	10,000	1,151,578
Net Assets - end of year	<u>\$ 1,309,509</u>	<u>\$</u>	<u>\$ 1,309,509</u>

See accompanying notes to the financial statements.

NEIGHBOR TO NEIGHBOR, INC.
STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions			
Foundations	\$ 29,930	\$	\$ 29,930
Individuals and corporations	350,970		350,970
Religious and civic organizations	48,838		48,838
Grants	59,106		59,106
Grants - CDBG (Note 8)	20,640		20,640
In-kind donations (Note 5)			
Clothing and housewares	791,825		791,825
Food	304,737		304,737
Rent	32,312		32,312
Investment income (Note 4)	(32,541)		(32,541)
Net assets released from restrictions	3,003	(3,003)	
	<u>1,608,820</u>	<u>(3,003)</u>	<u>1,605,817</u>
EXPENSES			
Program expenses	1,507,746		1,507,746
General and administrative expenses	97,335		97,335
Fundraising expenses	35,909		35,909
	<u>1,640,990</u>		<u>1,640,990</u>
Change in Net Assets	(32,170)	(3,003)	(35,173)
Net Assets - beginning of year	<u>1,173,748</u>	<u>13,003</u>	<u>1,186,751</u>
Net Assets - end of year	<u>\$ 1,141,578</u>	<u>\$ 10,000</u>	<u>\$ 1,151,578</u>

See accompanying notes to the financial statements.

NEIGHBOR TO NEIGHBOR
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2013

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Purchases - clothing and food	\$ 94,316	\$	\$	\$ 94,316
In-kind - clothing and food	1,277,040			1,277,040
Salaries, benefits and related taxes	194,617	51,134	20,957	266,708
Computer expenses		3,304	490	3,794
CDBG expenses:				
Food pantry (Note 8)	12,547			12,547
Depreciation	595			595
Dues and subscriptions		95		95
Insurance	3,952	995		4,947
Investment expense		6,763		6,763
Maintenance and repairs	11,701	2,925		14,626
Office expenses	1,930	2,763	2,454	7,147
Postage		526	2,664	3,190
Printing	451	347	4,890	5,688
Professional services		23,597	3,483	27,080
Promotional			934	934
Refuse removal	836	209		1,045
Rent	29,690	7,422		37,112
Service charges		83	1,335	1,418
Signage	136			136
Supplies	2,090	77	70	2,237
Telephone and internet		2,047		2,047
Travel	2,376			2,376
Volunteer and hospitality	6,025	1,022	907	7,954
Website		3,446		3,446
Total Expenses	<u>\$ 1,638,302</u>	<u>\$ 106,755</u>	<u>\$ 38,184</u>	<u>\$ 1,783,241</u>

See accompanying notes to the financial statements.

**NEIGHBOR TO NEIGHBOR
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended May 31, 2012**

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Purchases - clothing and food	\$ 108,945	\$ -	\$ -	\$ 108,945
In-kind - clothing and food	1,112,809			1,112,809
Salaries, benefits and related taxes	165,170	54,477	15,189	234,836
Computer expenses		213	480	693
CDBG expenses:				
Clothing room (Note 8)	20,640			20,640
Food pantry (Note 8)	26,378			26,378
Depreciation	2,573			2,573
Dues and subscriptions		265		265
Insurance	3,804	995		4,799
Investment expense		3,513		3,513
Maintenance and repairs	13,969	3,246		17,215
Office expenses	1,073	2,387	1,779	5,239
Postage		581	4,419	5,000
Printing	890	549	8,481	9,920
Professional services	9,241	18,260	3,434	30,935
Refuse removal	912	228		1,140
Rent	29,690	7,422		37,112
Service charges		110	1,549	1,659
Supplies	2,014	67	445	2,526
Telephone and internet		2,037		2,037
Travel	3,082			3,082
Volunteer and hospitality	6,556	885	133	7,574
Website		2,100		2,100
Total Expenses	<u>\$ 1,507,746</u>	<u>\$ 97,335</u>	<u>\$ 35,909</u>	<u>\$ 1,640,990</u>

See accompanying notes to the financial statements.

NEIGHBOR TO NEIGHBOR, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in Net Assets	<u>\$ 157,931</u>	<u>\$ (35,173)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	595	2,573
Unrealized loss	29,188	65,649
Realized gains	(148,113)	(18,044)
(Increase) Decrease in inventory	(50,253)	13,743
Decrease in grant receivable	12,008	24,935
Decrease (Increase) in other receivable	2,999	(911)
Decrease (Increase) in prepaid expenses	4,518	(2,192)
Increase (Decrease) in accounts payable	2,136	(2,081)
Increase in accrued payroll	2,290	2,162
Increase in accrued expenses	2,148	
Total adjustments	<u>(142,484)</u>	<u>85,834</u>
Net cash provided by operating activities	<u>15,447</u>	<u>50,661</u>
Cash flows from investing activities:		
Proceeds from the sale of securities	985,926	152,528
Purchase of securities	<u>(123,290)</u>	<u>(144,198)</u>
Net cash provided by investing activities	<u>862,636</u>	<u>8,330</u>
Net increase in cash and cash equivalents	878,083	58,991
Cash and cash equivalents - beginning of year	<u>337,959</u>	<u>278,968</u>
Cash and cash equivalents - end of year	<u>\$ 1,216,042</u>	<u>\$ 337,959</u>
<u>Summary of Cash and Cash Equivalents:</u>		
Cash - Operating	\$ 218,076	\$ 337,959
Investments	<u>997,966</u>	
	<u>\$ 1,216,042</u>	<u>\$ 337,959</u>

See accompanying notes to the financial statements.

NEIGHBOR TO NEIGHBOR, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2013 and 2012

NOTE 1. NATURE OF ORGANIZATION AND OPERATIONS

Neighbor to Neighbor, Inc. ("Neighbor to Neighbor" or the "Organization") is a Connecticut not-for-profit organization. The Organization was originally called the Greenwich Committee for Foreign Relief, Inc. and was formed in 1948. Through a restatement of its Articles of Association in July 1975, the Organization was renamed as Neighbor to Neighbor, Inc. Neighbor to Neighbor, Inc. is dedicated to serving residents in need throughout the Greenwich area. They improve lives by providing for the exchange of food, clothing and basic living essentials in an atmosphere of kindness and respect. Neighbor to Neighbor offers assistance through two programs: a food pantry and a clothing room. The food pantry offers free nutritious weekly food to residents of Greenwich, Connecticut, as well as emergency food to residents of Stamford, Connecticut and Port Chester, New York. The clothing room offers free seasonal clothing, linens, and household items to residents of Greenwich and Stamford, Connecticut and Port Chester, New York. The families served by Neighbor to Neighbor are referred by social service agencies and religious organizations.

Neighbor to Neighbor receives support almost entirely from community contributions in the form of cash, goods and services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Neighbor to Neighbor, Inc. have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Accounting standards require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

The preparation of 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all monies in the bank and highly liquid investments with maturity dates of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight line basis over the estimated useful lives of the assets which range from three to five years. The Organization uses a threshold of \$500 for capitalization.

(Continued)

NEIGHBOR TO NEIGHBOR, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2013 and 2012
(Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at fair value in accordance with accounting standards. See Note 4 for a discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Inventory

Inventories are stated at the lower of cost or market. Cost is determined on a standard cost basis that approximates the first-in, first-out (FIFO) method. The Organization uses the *Salvation Army Valuation Guide for Donated Items* to value clothing and housewares. A physical inventory is taken annually at the end of each fiscal year for valuation purposes.

Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Promises To Give

In accordance with adopted accounting standards, the Organization is required to recognize all grants and contributions (unconditional promises to give) when the pledge is made rather than when the monies are received. Pursuant with the Organization's policy and in conformity with accounting standards, Neighbor to Neighbor does not recognize conditional promises to give as revenue until the condition is met or the pledges are received.

Donated Securities

All stock donated to the Organization is valued as a contribution at fair market value at the date of receipt. A realized gain (loss) is recognized when the stock is subsequently sold.

Functional 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 among the programs and supporting services benefited.

Income Taxes

Neighbor to Neighbor, Inc. is a "not-for-profit" organization as described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization files its Form 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Connecticut. The Organization's federal Exempt Organization Business Income Tax Return (Form 990) is generally subject to examination by the IRS for three years after they were filed.

(Continued)

NEIGHBOR TO NEIGHBOR, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2013 and 2012
(Continued)

NOTE 3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at two financial institutions. Federal Deposit Insurance Corporation (FDIC) insures the cash maintained at one financial institution up to \$250,000. SIPC coverage insures cash maintained at the second financial institution up to \$250,000 as well. SIPC coverage provides coverage for cash and securities up to \$500,000 (\$250,000 maximum on cash) and the financial institution has purchased additional coverage for the balance of the Organization's account in excess of the \$500,000. The maximum loss that would result from cash and securities on deposit in excess of the insured limits at May 31, 2013 and 2012 is \$0 and \$0, respectively. At times, cash balances may exceed FDIC insurance limits, but the Organization has determined such instances to be without substantial risk.

NOTE 4. INVESTMENTS

As of May 31, 2013 the Organization was in transition of investment institutions resulting in a liquidation of all stocks and bonds. The cash was immediately reinvested in stocks and bonds at the new investment institution as of June 30, 2013.

The Organization's investments are reported at fair value in the accompanying statements of financial position. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Organization believes its valuation methods are appropriate and consistent with other market participants; the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value measurements at reporting date using:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>May 31, 2013:</u>				
Cash Equivalents	\$ 997,966	\$ 997,966	\$	\$
Mutual Fund - Bond Funds	3	3		
Equities	10,223	10,223		
	<u>\$ 1,008,192</u>	<u>\$ 1,008,192</u>	<u>\$</u>	<u>\$</u>
<u>May 31, 2012:</u>				
Mutual Funds - Stock Funds	\$ 464,333	\$ 464,333	\$	\$
Mutual Funds - Bond Funds	289,604	289,604		
	<u>\$ 753,937</u>	<u>\$ 753,937</u>	<u>\$</u>	<u>\$</u>

(Continued)

NEIGHBOR TO NEIGHBOR, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2013 and 2012
(Continued)

NOTE 4. INVESTMENTS (Continued)

The fair value measurements authoritative literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels as defined below. The Organization uses appropriate valuation techniques based on available inputs to measure fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

Level 1 Fair Value Measurements

Unadjusted quoted prices in active markets for identical assets that the Organization has the ability to access at the measurement date. This level has the highest priority. These types of investments are held by the Organization as described above.

Level 2 Fair Value Measurements

Inputs other than quoted prices within Level 1 that are observable for the identical assets, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies such as analysis of yields currently available on comparable securities of issuers with similar credit ratings.

Level 3 Fair Value Measurements

Inputs are unobservable for the identical asset and include situations where there is little, if any, market activity for the asset. The inputs for determination of fair value are based upon the best available information in the circumstances; therefore, a management judgment or estimation is necessary to estimate fair value. This level has the lowest priority.

The cost of investments at May 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Cash Equivalents	\$ 997,966	\$
Mutual Funds - Stock Funds		444,181
Mutual Funds - Bond Funds		280,363
Equities	<u>10,120</u>	<u></u>
	<u>\$ 1,008,086</u>	<u>\$ 724,644</u>

The relationship between cost and fair values of investments is as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Excess (Deficiency) of Fair Value Over Cost</u>
Balance at end of year	<u>\$ 1,008,086</u>	<u>\$ 1,008,192</u>	\$ 106
Balance at beginning of year	<u>\$ 724,644</u>	<u>\$ 753,937</u>	<u>29,293</u>
Total unrealized loss for the year			<u>\$ (29,187)</u>

(Continued)

NEIGHBOR TO NEIGHBOR, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2013 and 2012
(Continued)

NOTE 4. INVESTMENTS (Continued)

Investment return for the years ended May 31, 2013 and 2012 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 14,859	\$ 15,064
Realized gains (losses), net	148,113	18,044
Unrealized (loss) gain, net	<u>(29,187)</u>	<u>(65,649)</u>
 Total investment income	 <u>\$ 133,785</u>	 <u>\$ (32,541)</u>

NOTE 5. DONATED MATERIALS, EQUIPMENT AND SERVICES

Neighbor to Neighbor recognizes the estimated fair value of donated materials, equipment, clothing and food received from area businesses and individuals for fund-raising as "in-kind" donations.

Numerous volunteers donate significant time to the Organization. No value for these services has been reflected in the financial statements since no objective basis is available to measure their value.

NOTE 6. BOARD DESIGNATED NET ASSETS

The Board of Directors originally designated \$500,000 as a "Discretionary Reserve" for the purpose of covering 1) any future costs it might incur in order to expand or move its operating space and/or 2) any financial shortfall which may arise as a result of an emergency funding requirement. During the year ended May 31, 2013, this was reduced by \$71,259 to cover expenses specifically related to the capital project.

NOTE 7. TEMPORARILY RESTRICTED NET ASSETS

During the year ended May 31, 2011, the Organization received a \$3,640 contribution for the purchase of accounting software and applicable training and installation/set up. \$637 of this was spent in accordance with donor restrictions during the fiscal year and the balance was spent in the fiscal year ended May 31, 2012.

During the year ended May 31, 2010, Neighbor to Neighbor received a \$10,000 contribution for the purchase and installation of a new freezer. During the fiscal year ended May 31, 2013 the donor removed the restriction and redirected the contribution toward the purchase of food. The funds were spent in accordance with the donor's instructions within the fiscal year.

Temporarily restricted net assets as of May 31, 2013 and 2012 are \$0 and \$10,000, respectively.

(Continued)

NEIGHBOR TO NEIGHBOR, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2013 and 2012
(Continued)

.NOTE 8. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Neighbor To Neighbor entered into a contract with the Town of Greenwich on September 16, 2010 to receive an allocation of CDBG funds in the amount of \$38,925. These funds were used specifically for food pantry facility improvements and upgrades during the years ended May 31, 2012 and 2013. The Town of Greenwich granted Neighbor To Neighbor with three extensions for use of the funds with the final extension being through March 31, 2013. The Organization completed the project in February 2013 and has been reimbursed completely by the Town with the allocated CDBG funds subsequent to May 31, 2013.

Neighbor To Neighbor was again notified by the Town of Greenwich that they had been recommended to receive an allocation of CDBG funds during the fiscal year ended May 31, 2012. The allocation of \$20,640 was used for the clothing room renovation project. During the fiscal year, the Organization completed the project and the Town reimbursed the Organization in full for these expenses with the allocated CDBG funds as of January 1, 2012.

NOTE 9. CAPITAL PROJECT

Neighbor to Neighbor currently rents two noncontiguous basement spaces from Christ Church in Greenwich, Connecticut. The Organization and Christ Church are in preliminary negotiations to allow the Organization to construct a new building on a parcel of land owned by the Church to be leased to the Organization. The Organization has engaged the services of consultants to advise on the legal, zoning, construction and capital requirements of the project.

NOTE 10. COMMITMENTS

Neighbor to Neighbor rents space from Christ Church in Greenwich, Connecticut for use in its operations. The terms of the original lease are five years commencing February 15, 2005 with monthly rent of \$300 payable in advance of each month. Effective September 18, 2007, the original lease was amended since the Organization expanded its operations and began to rent additional space from the Church. The monthly rent increased to \$400 payable in advance of each month. The Organization is responsible for the proper use, neatness and cleanliness of all the facilities it uses inside and outside of the buildings. In the absence of other written agreements, the term of the lease will automatically extend year to year thereafter. In addition, at the time the original lease was signed, a \$10,000 payment was made to the Church. This payment was amortized over the five year term of the lease with amortization being completed during the fiscal year ended May 31, 2010.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 10, 2014 the date which the financial statements were available for issue.