

FINANCIAL REPORT

HELLO NEIGHBOR

YEARS ENDED JUNE 30, 2025 AND 2024

**HELLO NEIGHBOR
YEARS ENDED JUNE 30, 2025 AND 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers
Hello Neighbor
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Hello Neighbor (a non-profit organization), which comprise the statements of financial position as of June 30, 2025, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hello Neighbor as of June 30, 2025, 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,

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hello Neighbor and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hello Neighbor's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hello Neighbor's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hello Neighbor's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



H2R CPA
Pittsburgh, Pennsylvania
March 31 2026

**HELLO NEIGHBOR
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,335,437	\$ 1,343,644
Grants receivable	565,895	1,312,154
Donated goods	20,915	21,455
Prepaid expenses	<u>27,022</u>	<u>47,613</u>
TOTAL CURRENT ASSETS	<u>3,949,269</u>	<u>2,724,866</u>
PREMISES AND EQUIPMENT, NET		
Property & equipment	245,377	156,951
Accumulated depreciation	<u>(30,210)</u>	<u>(18,147)</u>
TOTAL PREMISES AND EQUIPMENT, NET	<u>215,167</u>	<u>138,804</u>
OTHER ASSETS		
Operating lease - right of use assets, net of amortization	56,851	116,131
Security deposits	<u>7,500</u>	<u>7,500</u>
TOTAL OTHER ASSETS	<u>64,351</u>	<u>123,631</u>
TOTAL ASSETS	<u>\$ 4,228,787</u>	<u>\$ 2,987,301</u>

**HELLO NEIGHBOR
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Current portion of operating lease liabilities	\$ 58,271	\$ 87,823
Accounts payable	221,425	64,261
Accrued expenses	59,494	261,093
Unearned revenue	86,031	1,350
Credit cards payable	<u>68,041</u>	<u>50,589</u>
TOTAL CURRENT LIABILITIES	<u>493,262</u>	<u>465,116</u>
LONG-TERM LIABILITIES		
Operating lease liabilities	<u>-</u>	<u>30,419</u>
TOTAL LIABILITIES	<u>493,262</u>	<u>495,535</u>
NET ASSETS		
Without donor restrictions		
Undesignated	2,534,087	1,642,002
Board designated	<u>300,000</u>	<u>-</u>
Total without donor restrictions	2,834,087	1,642,002
With donor restrictions	<u>901,438</u>	<u>849,764</u>
TOTAL NET ASSETS	<u>3,735,525</u>	<u>2,491,766</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,228,787</u>	<u>\$ 2,987,301</u>

The accompanying notes are an integral
part of the financial statements

HELLO NEIGHBOR
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 411,771	\$ -	\$ 411,771
Grants	4,531,918	1,466,207	5,998,125
Program service revenue	13,905	-	13,905
Special event revenue	18,926	-	18,926
Sponsorship revenue	41,500	-	41,500
Interest income	50,901	-	50,901
Other income	20,939	-	20,939
Net assets released from restrictions	<u>1,414,533</u>	<u>(1,414,533)</u>	<u>-</u>
TOTAL REVENUE	<u>6,504,393</u>	<u>51,674</u>	<u>6,556,067</u>
EXPENSES			
Program services	3,994,915	-	3,994,915
Management and general	899,633	-	899,633
Fundraising	<u>357,464</u>	<u>-</u>	<u>357,464</u>
TOTAL EXPENSES	<u>5,252,012</u>	<u>-</u>	<u>5,252,012</u>
CHANGE IN NET ASSETS FROM OPERATIONS	1,252,381	51,674	1,304,055
CHANGES IN NET ASSETS FROM NONOPERATING ITEM			
Legal and professional	(5,104)	-	(5,104)
Lobbying expenses	(55,192)	-	(55,192)
Labor relations settlement	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	1,192,085	51,674	1,243,759
NET ASSETS - BEGINNING OF YEAR	<u>1,642,002</u>	<u>849,764</u>	<u>2,491,766</u>
NET ASSETS - END OF YEAR	<u>\$ 2,834,087</u>	<u>\$ 901,438</u>	<u>\$ 3,735,525</u>

HELLO NEIGHBOR
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 429,863	\$ -	\$ 429,863
Grants	3,319,194	589,764	3,908,958
Program service revenue	24,440	-	24,440
Special event revenue	14,425	-	14,425
Sponsorship revenue	25,400	-	25,400
Interest income	26,454	-	26,454
Net assets released from restrictions	<u>585,000</u>	<u>(585,000)</u>	<u>-</u>
TOTAL REVENUE	<u>4,424,776</u>	<u>4,764</u>	<u>4,429,540</u>
EXPENSES			
Program services	3,282,434	-	3,282,434
Management and general	506,336	-	506,336
Fundraising	<u>163,955</u>	<u>-</u>	<u>163,955</u>
TOTAL EXPENSES	<u>3,952,725</u>	<u>-</u>	<u>3,952,725</u>
CHANGE IN NET ASSETS FROM OPERATIONS	472,051	4,764	476,815
CHANGES IN NET ASSETS FROM NONOPERATING ITEM			
Legal and professional	(16,295)	-	(16,295)
Lobbying expenses	(40,510)	-	(40,510)
Labor relations settlement	<u>(104,622)</u>	<u>-</u>	<u>(104,622)</u>
CHANGE IN NET ASSETS	310,624	4,764	315,388
NET ASSETS - BEGINNING OF YEAR	<u>1,331,378</u>	<u>845,000</u>	<u>2,176,378</u>
NET ASSETS - END OF YEAR	<u>\$ 1,642,002</u>	<u>\$ 849,764</u>	<u>\$ 2,491,766</u>

The accompanying notes are an integral
part of the financial statements

**HELLO NEIGHBOR
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2025 Total</u>
FROM OPERATIONS				
PERSONNEL				
Salaries and benefits	\$ 1,528,718	\$ 482,466	\$ 238,702	\$ 2,249,886
Payroll taxes	148,078	40,472	20,583	209,133
Payroll expense	<u>617</u>	<u>-</u>	<u>-</u>	<u>617</u>
TOTAL PERSONNEL	<u>1,677,413</u>	<u>522,938</u>	<u>259,285</u>	<u>2,459,636</u>
OPERATING				
Advertising and marketing	1,465	-	11,022	12,487
Awards and grants	2,142,792	6,195	1,301	2,150,288
Bank charges and fees	-	6,679	11,358	18,037
Conference, conventions, and meeting	1,509	-	697	2,206
Contractors	64,427	27,863	22,761	115,050
Convening	29,255	2,066	40,956	72,278
Depreciation	-	12,064	-	12,064
Dues & subscriptions	434	17,717	3,866	22,017
Human resources	7,909	2,504	-	10,415
Insurance	-	18,666	-	18,666
Interpretation	22,163	4	-	22,166
Lease expense	611	113,742	-	114,353
Legal and professional	-	48,277	-	48,277
Meals and entertainment	4,060	1,866	366	6,292
Office supplies & software	5,091	36,558	3,125	44,773
Payroll processing fee	-	4,164	-	4,164
Postage	380	3,232	1,229	4,840
Printing	124	6,889	667	7,679
Repairs and maintenance	800	16,606	-	17,406
Travel	33,214	15,707	830	49,752
Utilities	523	34,634	-	35,156
Vehicle maintenance	<u>2,747</u>	<u>1,263</u>	<u>-</u>	<u>4,010</u>
TOTAL OPERATING	<u>2,317,502</u>	<u>376,695</u>	<u>98,179</u>	<u>2,792,376</u>
TOTAL FUNCTIONAL EXPENSES FROM OPERATIONS	<u>3,994,915</u>	<u>899,633</u>	<u>357,464</u>	<u>5,252,012</u>
FROM NONOPERATING ITEM				
PERSONNEL				
Salaries and costs	-	-	-	-
Lobbying expenses	55,192	-	-	55,192
Legal and professional	5,104	-	-	5,104
Payroll taxes	-	-	-	-
Non-operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUNCTIONAL EXPENSES FROM NONOPERATION ITEMS	<u>60,296</u>	<u>-</u>	<u>-</u>	<u>60,296</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 4,055,211</u>	<u>\$ 899,633</u>	<u>\$ 357,464</u>	<u>\$ 5,312,308</u>

The accompanying notes are an integral
part of the financial statements

**HELLO NEIGHBOR
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2024 Total</u>
FROM OPERATIONS				
PERSONNEL				
Salaries and benefits	\$ 1,791,099	\$ 127,492	\$ 62,898	\$ 1,981,489
Payroll taxes	146,795	14,386	5,624	166,805
Payroll expense	<u>5,552</u>	<u>-</u>	<u>-</u>	<u>5,552</u>
 TOTAL PERSONNEL	 <u>1,943,446</u>	 <u>141,878</u>	 <u>68,522</u>	 <u>2,153,846</u>
 OPERATING				
Advertising and marketing	4,126	3,910	3,662	11,698
Awards and grants	987,723	4,627	284	992,634
Bank charges and fees	5	4,582	2,664	7,251
Conference, conventions, and meetings	363	329	78	770
Contractors	100,542	27,778	58,544	186,864
Convening	28,302	53,025	22,734	104,061
Depreciation	5,995	3,778	2,291	12,064
Dues & subscriptions	4,462	8,937	795	14,193
Human resources	12,961	24,168	1,478	38,607
Insurance	6,072	12,375	-	18,447
Lease expense	37,868	80,153	-	118,021
Legal and professional	60,049	59,332	-	119,381
Meals and entertainment	1,945	3,278	138	5,361
Office supplies & software	19,128	32,712	1,353	53,193
Payroll processing fee	-	8,513	-	8,513
Postage	985	1,876	228	3,089
Printing	6,971	9,064	-	16,035
Repairs and maintenance	13,771	1,358	105	15,234
Travel	14,816	22,893	120	37,830
Utilities	25,522	1,770	959	28,251
Vehicle maintenance	<u>7,382</u>	<u>-</u>	<u>-</u>	<u>7,382</u>
 TOTAL OPERATING	 <u>1,338,988</u>	 <u>364,458</u>	 <u>95,433</u>	 <u>1,798,879</u>
 TOTAL FUNCTIONAL EXPENSES FROM OPERATIONS	 <u>3,282,434</u>	 <u>506,336</u>	 <u>163,955</u>	 <u>3,952,725</u>
 FROM NONOPERATING ITEM				
PERSONNEL				
Salaries and costs	86,081	-	-	86,081
Lobbying expenses	40,510	-	-	40,510
Legal and professional	16,295	-	-	16,295
Payroll taxes	16,161	-	-	16,161
Non-operating expenses	<u>2,380</u>	<u>-</u>	<u>-</u>	<u>2,380</u>
 TOTAL FUNCTIONAL EXPENSES FROM NONOPERATION ITEMS	 <u>161,427</u>	 <u>-</u>	 <u>-</u>	 <u>161,427</u>
 TOTAL FUNCTIONAL EXPENSES	 <u><u>\$ 3,443,861</u></u>	 <u><u>\$ 506,336</u></u>	 <u><u>\$ 163,955</u></u>	 <u><u>\$ 4,114,152</u></u>

The accompanying notes are an integral
part of the financial statements

**HELLO NEIGHBOR
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 1,243,759	\$ 315,388
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES		
Donated goods	540	18,545
Depreciation	12,064	12,064
Amortization of operating lease right-of-use- asset	114,353	118,021
Amortization of operating lease right-of-use- asset		
(Increase) decrease in assets		
Grants receivable	746,259	(499,797)
Prepaid expenses	20,591	(21,730)
Increase (decrease) in liabilities		
Accounts payable and credit cards payable	174,616	53,436
Accrued expenses	(201,599)	103,446
Payments of operating leases	(115,045)	(117,385)
Unearned revenue	<u>84,681</u>	<u>-</u>
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	<u>2,080,219</u>	<u>(18,012)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(88,426)</u>	<u>(45,964)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(88,426)</u>	<u>(45,964)</u>
INCREASE/DECREASE IN CASH	1,991,793	(63,976)
CASH - BEGINNING OF YEAR	<u>1,343,644</u>	<u>1,407,620</u>
CASH - ENDING OF YEAR	<u>\$ 3,335,437</u>	<u>\$ 1,343,644</u>
NONCASH ACTIVITIES		
Leased assets acquired through remeasurement of lease assets and liabilities	<u>\$ -</u>	<u>\$ 38,499</u>

HELLO NEIGHBOR NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General and Summary of Significant Accounting Policies

Nature of Organization: The founders formed the Hello Neighbor (the Organization) in 2017 under the Corporation Not-for-Profit Code of the Commonwealth of Pennsylvania. The Organization is a qualified corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC).

The Organization works to improve the lives of recently resettled refugee and immigrant families by matching them with dedicated neighbors to guide and support them in their new lives through mentorship. The Organization provides financial support to refugees in need, advocates for new refugee mothers and their children through the smart start program and study buddy program, helps refugee women gain financial freedom through food-based programs. The Organization also administers a national network that brings together a coalition of grassroots organizations working in post-refugee resettlement.

Basis of Accounting: The Organization prepared the accompanying financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Organization recognizes revenues when earned and expenses when incurred.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation: The financial statements report information regarding the Organization's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Without donor restrictions are net assets that are not subject to donor-imposed stipulations. With donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that will be met by the passage of time or other events specified by the donor.

Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. The Organization has no net assets with donor restrictions that are to be maintained in perpetuity as of June 30, 2025 and 2024.

Property and equipment: The Organization records property and equipment at cost if purchased or fair market value if donated. It computes depreciation using the straight-line method over the useful life of the property. The Organization charges the cost of additions and improvements exceeding \$2,500 to the property accounts, and it expenses maintenance and repairs as incurred. The Organization eliminates the cost of property sold or retired and the related accumulated depreciation from the accounts and reflects the resulting gain or loss in the statement of activities.

Revenue Recognition: The Organization recognizes contribution and grant revenue when grantors and donors make promises to give and records them as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization recognizes program service revenue when attendees register for the program. The Organization recognizes special events revenue when tickets to the events are sold.

The Organization considers donor-restricted contributions or grants whose restrictions are satisfied in the same reporting period to be without donor restrictions.

The Organization recognizes conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, as revenue when it has substantially met the conditions or barriers. The Organization records conditional gifts received prior to the satisfaction of conditions as refundable advances. As of June 30, 2025 and 2024 the Organization had no refundable advances.

HELLO NEIGHBOR
NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General and Summary of Significant Accounting Policies (continued)

Lease: The Organization calculates its operating lease right of use assets and operating lease liabilities using its incremental borrowing rate and the terms under the lease agreements. The Organization amortizes the operating lease right of use assets over the lease terms.

Donated Goods and Services: The Organization receives personal care items, household goods, and clothing as contributions. The Organization uses such items for its resettlement and family services. The Organization recognizes such items as contributions at the estimated fair value of the goods at the date of donation based on the estimated sales prices for items of similar condition.

The Organization receives donated services from its volunteers; however, it does not recognize any revenue from the donated services since the services do not meet the revenue recognition criteria for donated services.

Functional Expenses: The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that the Organization allocates include salaries, payroll taxes, and overhead costs on the basis of estimates of time and effort. Expenses directly related to a specific program are charged to that program.

Advertising: The Organization expenses advertising costs when incurred.

Compensated Absences: The Organization does not accrue for compensated absences since management believes any such amount would be immaterial to its results of operations.

Reclassifications: The Organization has reclassified certain prior year amounts on its financial statements to conform to the current year presentations.

Subsequent Events: Management has considered subsequent events through March 31, 2026, the date the financial statements became available for release.

Note 2 – Cash and Cash Equivalents

The Organization maintains cash at various financial institutions. At times, the balances in these accounts may exceed the amount insured by the Federal Deposit Insurance Corporation (\$250,000).

The Organization considers money market demand accounts and certificates of deposit with maturity periods of one year or less to be cash equivalents for statement of cash flow purposes.

Note 3 – Grants Receivable

The Organization records receivables for program service fees and grants receivable in the normal course of business. The Organization provides for a valuation allowance for accounts receivable whose collection is doubtful. Outstanding receivables were \$565,895 and \$1,312,154 as of June 30, 2025 and 2024, respectively. Since the Organization expects to collect them in full, it has not provided an allowance for these receivables.

**HELLO NEIGHBOR
NOTES TO THE FINANCIAL STATEMENTS**

Note 4 – Income Taxes

Under IRC Section 501(c)(3), the Organization is exempt from income tax liability; therefore, these financial statements do not include a provision or liability for federal income taxes. The Internal Revenue Service (IRS) may examine the Organization's annual informational returns for the six month period ended June 30, 2022, and the fiscal years ended June 30, 2025 and 2024. As of the date these financial statements became available for release, there are no pending or actual examinations by the IRS.

Note 5 – Net Assets with Donor Restrictions

The Organization classifies net assets according to the level of restriction placed upon the assets by the donors. Net assets with donor restrictions as of June 30, 2025 and 2024, amounted to \$901,438 and \$589,764, respectively. Restrictions are both related to time and programmatic use.

Note 6 – Concentration of Risk

The Organization conducts its activities principally in the Greater Pittsburgh area; therefore, economic and demographic influences in this region could impact its operations.

The Organization receives a substantial amount of its funding from federal grant programs, 58% and 67% of total revenues for the years ended June 30, 2025 and June 30, 2024, respectively. Political and budgetary changes could impact the operations significantly.

Note 7 – Leases

The Organization leases office space. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Operating leases are included in operating lease right-of-use (“ROU”) assets, other current liabilities, and operating lease liabilities in our balance sheets.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term. The exercise of lease renewal options is at the Organization’s sole discretion. The lease types were determined based on the probability of exercising the renewal options as well as the useful lives of the underlying assets. The building lease was reviewed on a case-by-case basis. The discount rate for leases were found by the risk-free rate of return based on the date of the lease. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

On August 20, 2025, the Organization exercised the option to renew their lease through December 31, 2028.

The following summarizes the line items in the income statement which include the components of lease expense for the year ended June 30, 2025.

	<u>2025</u>	<u>2024</u>
Operating lease expense, included in operating expenses	\$ <u>114,353</u>	\$ <u>118,021</u>

**HELLO NEIGHBOR
NOTES TO THE FINANCIAL STATEMENTS**

Note 7 – Leases (continued)

The maturities of lease liabilities as of June 30, 2025 and 2024 were as follows:

	<u>Operating</u>
2026	\$ 58,596
Total undiscounted cash flows	58,596
Less: present value discount	(325)
Total lease liabilities	58,271
Current portion – lease liabilities	(58,271)
Long-term of lease liabilities	\$ -

The following summarizes the weighted average remaining lease term, in years, and discount rate as of June 30, 2025 and 2024:

	<u>2025</u>
Weighted Average Remaining Lease Term	
Operating leases	0.50
Weighted Average Discount Rate	
Operating leases	2.68%

Note 8 – Retirement Plan

The Organization established a SIMPLE IRA plan on January 1, 2021. Employees who earn at least \$5,000 per year are eligible to participate in the plan. The Organization makes annual employer contributions for eligible participating employees with a dollar-for-dollar match contribution up to 3% of compensation. The Organization contributed \$13,854 and \$18,534 to the plan for the years ended June 30, 2025 and 2024, respectively. \$5,783 and \$3,171 of these balances were payable as of June 30, 2025 and 2024, respectively.

Note 9 – Availability of Financial Assets

Financial assets available within one year from the statement of financial position date for general expenditure are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents:	\$ 3,335,437	\$ 1,343,644
Grants receivable	565,895	1,312,154
Net assets with restrictions	(1,201,454)	(849,764)
Board restricted funds	(300,000)	-
	\$ 2,399,878	\$ 1,806,034

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Funds are set aside in a money market account to assist in meeting any short-term cash needs. The Organization also has access to a \$100,000 line of credit (Note 10).

**HELLO NEIGHBOR
NOTES TO THE FINANCIAL STATEMENTS**

Note 10 – Line of Credit

Hello Neighbor has an available secured line of credit in the amount of \$100,000 with PNC Bank for its working capital requirements. The interest rate on the line of credit is the bank’s prime commercial rate 11% at June 30, 2025. As of June 30, 2025 and 2024, there were no borrowings outstanding under the line of credit.

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may or will be met by action of the Organization and/or passage of time. Net assets with donor restrictions are available for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose		
Study buddy	\$ 118,750	\$ -
Language interpretation	43,926	-
Smart Start	17,097	-
Network expansion	<u>25,000</u>	<u>-</u>
Subtotal purpose restriction	<u>204,773</u>	<u>-</u>
Subject to time restrictions	<u>696,667</u>	<u>849,764</u>
Total net assets with donor restrictions	<u>\$ 901,440</u>	<u>\$ 849,764</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by donors during 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Purpose restrictions accomplished		
Study buddy	\$ 18,750	\$ -
Language interpretation	31,074	-
Smart Start	32,903	-
Network expansion	75,000	-
Release due to time	<u>1,256,806</u>	<u>585,000</u>
Total release of restrictions	<u>\$ 1,414,533</u>	<u>\$ 585,000</u>

Note 12 – Labor Dispute Settlement

On July 16, 2024, Hello Neighbor’s Board of Directors announced the resolution of a labor matter through a finalized settlement with employees and the National Labor Relations Board. This agreement affirms Hello Neighbor’s commitment to supporting its workforce while continuing to grow as a values-driven organization. The total settlement of \$214,946—covering back pay, wage adjustments, payroll taxes, interest, and compensation—reflects Hello Neighbor’s efforts to resolve the issue responsibly and in good faith.

While charges were initially filed by the United Steel Workers union in February 2023, Hello Neighbor maintained open dialogue throughout the process and proactively recorded \$110,324 in accrued nonoperating expenses related to the settlement as of June 30, 2023. An additional \$104,622 was recognized and accrued in the fiscal year ending June 30, 2024. All associated costs were paid in full by July 2024.