

**NEIGHBORHOOD COOPERATIVE MINISTRY, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
and
SUPPLEMENTARY INFORMATION**

**with
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

Board of Directors of Neighborhood Cooperative Ministry, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Neighborhood Cooperative Ministry, Inc. and Subsidiary (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Cooperative Ministry, Inc. and Subsidiary as of December 31, 2020 and 2019, and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated 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 consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Smith and Howard

November 16, 2021

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,035,117	\$ 564,539
Accounts receivable, net	5,378	30,598
Pledges receivable, net	627,791	539,344
Prepaid expenses	27,728	5,271
Property and equipment, net	<u>1,940,677</u>	<u>2,744,582</u>
	<u>\$ 3,636,691</u>	<u>\$ 3,884,334</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 35,626	\$ 7,958
Payroll taxes payable	-	6,231
Tenant security deposits	35,525	6,550
Note payable	<u>37,990</u>	<u>1,736,326</u>
 Total Liabilities	 <u>109,141</u>	 <u>1,757,065</u>
 Net Assets		
Without donor restrictions	3,233,750	1,573,426
With donor restrictions	<u>293,800</u>	<u>553,843</u>
Total Net Assets	<u>3,527,550</u>	<u>2,127,269</u>
	<u>\$ 3,636,691</u>	<u>\$ 3,884,334</u>

The accompanying notes are an integral part of these consolidated financial statements.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support:			
In-kind donations	\$ 499,537	\$ -	\$ 499,537
Contributions, grants, and other	1,761,492	825,880	2,587,372
Governmental grant awards	472,381	-	472,381
Rental income	343,512	-	343,512
Net assets released from restriction	<u>1,085,923</u>	<u>(1,085,923)</u>	<u>-</u>
Total Revenues and Support	<u>4,162,845</u>	<u>(260,043)</u>	<u>3,902,802</u>
Expenses:			
Program services	2,035,859	-	2,035,859
Management and general	365,299	-	365,299
Fundraising	<u>101,363</u>	<u>-</u>	<u>101,363</u>
Total Expenses	<u>2,502,521</u>	<u>-</u>	<u>2,502,521</u>
Change in Net Assets	1,660,324	(260,043)	1,400,281
Net Assets, Beginning of Year	<u>1,573,426</u>	<u>553,843</u>	<u>2,127,269</u>
Net Assets, End of Year	<u>\$ 3,233,750</u>	<u>\$ 293,800</u>	<u>\$ 3,527,550</u>

The accompanying notes are an integral part of these consolidated financial statements.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support:			
In-kind donations	\$ 566,595	\$ -	\$ 566,595
Contributions, grants, and other	753,123	175,000	928,123
Governmental grant awards	262,156	-	262,156
Rental income	102,409	-	102,409
Net assets released from restriction	<u>191,333</u>	<u>(191,333)</u>	<u>-</u>
Total Revenues and Support	<u>1,875,616</u>	<u>(16,333)</u>	<u>1,859,283</u>
Expenses:			
Program services	1,666,904	-	1,666,904
Management and general	182,755	-	182,755
Fundraising	<u>69,577</u>	<u>-</u>	<u>69,577</u>
Total Expenses	<u>1,919,236</u>	<u>-</u>	<u>1,919,236</u>
Change in Net Assets	(43,620)	(16,333)	(59,953)
Net Assets, Beginning of Year	<u>1,617,046</u>	<u>570,176</u>	<u>2,187,222</u>
Net Assets, End of Year	<u>\$ 1,573,426</u>	<u>\$ 553,843</u>	<u>\$ 2,127,269</u>

The accompanying notes are an integral part of these consolidated financial statements.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 356,977	\$ 48,469	\$ 21,851	\$ 427,297
Payroll taxes	25,559	5,431	958	31,948
Christmas programs	12,400	-	-	12,400
Food and clothing	499,537	-	-	499,537
Client assistance programs	1,006,349	-	-	1,006,349
Advertising	11,968	165	110	12,243
Bank service charges	-	8,582	-	8,582
Dues and subscriptions	-	51,838	-	51,838
Insurance	3,641	9,026	1,456	14,123
Interest	-	43,424	-	43,424
Office expenses	8,194	25,083	3,309	36,586
Postage	1,281	768	512	2,561
Professional fees	4,002	35,052	67,901	106,955
Repairs and maintenance	27,323	47,133	-	74,456
Telephone	4,532	2,719	1,813	9,064
Utilities	14,657	37,329	2,443	54,429
Depreciation and amortization	57,472	18,207	-	75,679
Miscellaneous	1,967	32,073	1,010	35,050
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 2,035,859</u>	<u>\$ 365,299</u>	<u>\$ 101,363</u>	<u>\$ 2,502,521</u>

The accompanying notes are an integral part of these consolidated financial statements.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 364,196	\$ 49,944	\$ 31,154	\$ 445,294
Payroll taxes	27,222	5,810	1,021	34,053
Christmas programs	8,496	-	-	8,496
Food and clothing	566,595	-	-	566,595
Client assistance programs	596,251	-	-	596,251
Advertising	7,206	-	-	7,206
Bank service charges	-	2,615	-	2,615
Dues and subscriptions	-	3,218	-	3,218
Insurance	3,773	6,370	1,509	11,652
Interest	-	15,931	-	15,931
Office expenses	4,048	5,472	2,025	11,545
Postage	536	322	302	1,160
Professional fees	9,060	24,966	20,199	54,225
Repairs and maintenance	18,614	31,550	-	50,164
Telephone	2,956	1,773	1,182	5,911
Utilities	15,137	14,833	2,523	32,493
Depreciation	42,814	7,537	-	50,351
Miscellaneous	-	12,414	9,662	22,076
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 1,666,904</u>	<u>\$ 182,755</u>	<u>\$ 69,577</u>	<u>\$ 1,919,236</u>

The accompanying notes are an integral part of these consolidated financial statements.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,400,281	\$ (59,953)
Adjustments to Reconcile Change in Net Assets to Cash Provided (Required) by Operating Activities:		
Depreciation and amortization	75,679	50,351
Changes in assets and liabilities:		
Accounts receivable	25,220	(30,598)
Pledges receivable	(88,447)	39,537
Prepaid expenses	(22,457)	(5,271)
Accounts payable and accrued expenses	50,412	5,345
Net Cash Provided (Required) by Operating Activities	<u>1,440,688</u>	<u>(589)</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(46,377)	(548,505)
Proceeds from sale of property	<u>789,142</u>	<u>-</u>
Net Cash Provided (Required) by Investing Activities	<u>742,765</u>	<u>(548,505)</u>
Cash Flows From Financing Activities:		
Debt issuance costs	-	(29,078)
Proceeds (payments) on note payable	<u>(1,712,875)</u>	<u>365,404</u>
Net Cash Provided (Required) by Financing Activities	<u>(1,712,875)</u>	<u>336,326</u>
Change in Cash and Cash Equivalents	470,578	(212,768)
Cash and Cash Equivalents at Beginning of Year	<u>564,539</u>	<u>777,307</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,035,117</u>	<u>\$ 564,539</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for interest	<u>\$ 43,424</u>	<u>\$ 15,931</u>

Non-cash Investing and Financing Activities:

During 2019, the Organization purchased property through issuance of a note payable of \$1,400,000.

The accompanying notes are an integral part of these consolidated financial statements.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE A – DESCRIPTION OF ORGANIZATION

Neighborhood Cooperative Ministry, Inc. was organized in 1988 as a nonprofit corporation in Georgia. NCM is comprised of Christian churches of various denominations in the Norcross, Georgia area. NCM is governed by a Board of Directors composed of at least one voting member and one alternate from each member church. NCM receives funds and in-kind contributions from these churches as well as the general public, including businesses, civic groups, foundations and individuals. In addition, NCM also works with local governments to administer certain emergency housing funds. The daily administration is performed by management and by over two hundred volunteers. The primary service area for NCM encompasses the following Norcross zip codes: 30071, 30073, 30091, 30092, 30093, and the Gwinnett County portions of 30084, 30340, and 30360, and Greater Gwinnett County as funds allow. Qualified clients within the service area are eligible for assistance with basic needs such as food, clothing, financial assistance to prevent eviction and utility disconnection, temporary lodging for homelessness and medical services. In addition, NCM provides services to assist clients moving toward self-sufficiency, such as job search assistance, financial management classes, and referral services to clients within the community.

500 Pinnacle Court, LLC, a Georgia limited liability company (“Pinnacle”), was formed in 2019. Pinnacle holds and administers property that was purchased in 2019. NCM holds 100% of the member interest in Pinnacle.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principal guidance in the United States of America (“GAAP”).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of NCM and Pinnacle. All significant inter-organization accounts and transactions have been eliminated in consolidation. NCM and Pinnacle are together referred to herein as the “Organization”.

Financial Statement Presentation

Net assets, along with revenues, expenses, gains and losses, 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:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those 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 such resources be maintained in perpetuity. The Organization does not have any net assets that are perpetual in nature.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized as revenue in the year when received or pledged, with allowances provided for pledges estimated to be uncollectible, if necessary. An allowance for doubtful contributions receivable is provided for known and anticipated credit losses, as determined by management in the course of regularly evaluating individual contributions receivable. This evaluation takes into consideration a donor's financial condition and payment history as well as current economic conditions. Contributions receivable are written off when deemed uncollectible.

Contributions that are restricted by the donor are reported as increases in donor restricted net assets, depending on the nature of the restriction. When a restriction expires or is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Promises to Give

Promises to give that are unconditional are recognized as contributions support (revenue) and contributions receivable in the period in which the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows and are discounted at the rate applicable to the year in which the pledge was made. During 2021, 17% of promises to give were from one donor.

Conditional promises to give, when there is both a barrier that must be overcome and a right of return of the resource provider's assets, are recognized as revenue when the conditions on which they depend are substantially met, that is, when a conditional promise becomes unconditional. During 2020, the Organization received one conditional promises to give totaling \$350,000. There were no conditional promises to give as of December 31, 2019.

Non-Cash Contributions

Contributions of donated assets are recorded at their fair market value in the year received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the year received. The Organization records donated services if the fair market value of the donated services is readily available.

A substantial number of volunteers have donated significant amounts of their time to the Organization and its assistance programs. The Organization received over 9,000 volunteer hours as of December 31, 2020 and estimate the value provided was approximately \$98,000. As of December 31, 2019, the Organization received over 17,000 volunteer hours with an estimate value of approximately \$175,000. These donated services, however, are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Cash Contributions (Continued)

The Organization reports the fair value of gifts of donated food and grocery products that it provides to customers. During the years ended December 31, 2020 and 2019, the Organization distributed approximately 299,000 and 313,000 pounds, respectively, of donated product. The approximate average wholesale value of one pound of donated product was determined to be \$1.62 based on research performed by the Organization. The Organization also provides donated clothing to individuals. The approximate average per piece of clothing is valued at \$1 per item. The Organization distributed approximately 14,000 and 60,000 pieces of clothing for the years ending December 31, 2020 and 2019, respectively. The Organization recorded in-kind donations for donated food and clothing in the amount of \$499,537 and \$566,595 for the years ending December 31, 2020 and 2019, respectively.

Risks and Uncertainties

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and pledges receivable. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors receivable balances and believes that its exposure to credit is limited. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.

The Organization has experienced a disruption of normal business operations caused from COVID-19. The overall financial impact cannot be determined through the date of this report; however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the consolidated financial statements.

Property and Equipment

Property and equipment are recorded at cost if purchased. Major renewals and betterments are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Estimated useful lives of the assets range from 3 to 30 years.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocated salaries costs based on estimates of time and effort.

Income Taxes

The Organization is recognized as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3).

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Organization is subject to examination by federal and state taxing authorities. The Organization believes it is no longer subject to tax examinations for tax years ending before December 31, 2017.

NOTE C – PLEDGES RECEIVABLE

Pledges receivable were as follows at December 31:

	<u>2020</u>	<u>2019</u>
Pledges receivables due within one year	\$ 460,985	\$ 404,355
Pledges receivables due in one to five years	213,075	181,258
Allowance for doubtful accounts	(8,000)	(8,000)
Less discount to net present value at rate of 4.5%	<u>(38,269)</u>	<u>(38,269)</u>
	<u>\$ 627,791</u>	<u>\$ 539,344</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 1,514,820	\$ 2,482,355
Land	400,000	752,090
Furniture and equipment	180,826	158,663
Cargo trailer	<u>1,231</u>	<u>1,231</u>
	2,096,877	3,394,339
Less accumulated depreciation	<u>(156,200)</u>	<u>(649,757)</u>
	<u>\$ 1,940,677</u>	<u>\$ 2,744,582</u>

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE E – NOTE PAYABLE

During 2019, the Organization entered into a loan agreement for the purchase of a building in the amount of \$2,100,000, with \$1,400,000 funded at closing and \$700,000 available for the construction period. The note bears interest at a fixed rate of 4.25% and matures on September 2024. This note is secured by the building. Outstanding borrowings at December 31, 2020 and 2019 were \$52,529 and \$1,765,404, respectively.

Future maturities on note payable are as follows for years ending December 31:

2021	\$	52,529
Less debt issuance cost		<u>(14,539)</u>
	\$	<u>37,990</u>

NOTE F – RENTAL INCOME

The Organization has three agreements to lease commercial space. The lease agreements terms range from 1 to 5 years with various monthly rental rates which escalate annually. Future minimum rental income under the operating leases for years ending December 31 is as follows:

2021	\$	351,012
2022		20,922
2023		21,340
2024		<u>14,452</u>
	\$	<u>407,726</u>

NOTE G – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization obtained the Small Business Administration loan under the Paycheck Protection Program (“PPP”) in the amount of \$92,600. The PPP loan bore interest at 1.00% and may have required repayment under certain circumstances. Under the terms of Coronavirus Aid, Relief, and Economic Securities Act (the “CARES Act”) and the Paycheck Protection Program Flexibility Act (“PPPFA”), the Organization applied with the lending institution for PPP loan proceeds used within a specified time period to be forgiven, since the proceeds were used to cover certain payroll and other expenses as defined by the CARES Act and the PPPFA. Accordingly, the Organization has recognized all PPP proceeds within revenue on the accompanying consolidated statement of activities during 2020. Subsequent to year end, the loan was fully forgiven.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for time as of December 31, 2020. As of December 31, 2019, the Organization’s net assets with donor restrictions were restricted for time and purpose with \$483,843 for time and \$70,000 for a building campaign. When the time restriction has past, the Organization releases the funds to without donor restrictions.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

As of December 31, 2020, the Organization released \$1,085,923 from restriction with \$190,043 due to time and \$895,880 for the building campaign. As of December 31, 2019, the Organization released \$191,333 due to time.

NOTE I – CONTINGENCIES

Certain federally funded programs are routinely subject to special audit. The audit reports, which are prepared by the auditors for the Organization pursuant to specific regulatory requirements, are required to be submitted to both the Organization and various federal agencies. Such agencies have the authority to determine liabilities as well as to limit, suspend, or terminate the federal programs. Since the Organization does not expect claims to arise as a result of such audits, no provision for liabilities, if any, has been provided in the accompanying consolidated financial statements.

NOTE J – LIQUIDITY

For purposes of analyzing resources available to meet general expenditures for the following year, the Organization considers cash and receivables that will be collected and available for activities that are ongoing and major to the Organization. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets available for general expenditures, within one year are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,035,117	\$ 564,539
Accounts receivable, net	5,378	30,598
Pledges receivable, net	627,791	539,344
Less: pledges receivable due greater than one year	<u>(213,075)</u>	<u>(404,355)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,455,211</u></u>	<u><u>\$ 730,126</u></u>

SUPPLEMENTARY INFORMATION

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

	<u>NCM</u>	<u>PINNACLE</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
Cash and cash equivalents	\$ 961,864	\$ 73,253	\$ -	\$ 1,035,117
Accounts receivable, net	5,378	-	-	5,378
Pledges receivable, net	627,791	-	-	627,791
Prepaid expenses	27,728	-	-	27,728
Property and equipment, net	24,472	1,916,205	-	1,940,677
Due from Pinnacle	<u>1,800,726</u>	<u>-</u>	<u>(1,800,726)</u>	<u>-</u>
	<u>\$ 3,447,959</u>	<u>\$ 1,989,458</u>	<u>\$ (1,800,726)</u>	<u>\$ 3,636,691</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 35,626	\$ -	\$ -	\$ 35,626
Tenant security deposits	-	35,525	-	35,525
Note payable	-	37,990	-	37,990
Due to Neighborhood Cooperative Ministries	<u>-</u>	<u>1,800,726</u>	<u>(1,800,726)</u>	<u>-</u>
 Total Liabilities	 <u>35,626</u>	 <u>1,874,241</u>	 <u>(1,800,726)</u>	 <u>109,141</u>
 Net Assets				
Without donor restrictions	3,118,533	115,217	-	3,233,750
With donor restrictions	<u>293,800</u>	<u>-</u>	<u>-</u>	<u>293,800</u>
Total Net Assets	<u>3,412,333</u>	<u>115,217</u>	<u>-</u>	<u>3,527,550</u>
	<u>\$ 3,447,959</u>	<u>\$ 1,989,458</u>	<u>\$ (1,800,726)</u>	<u>\$ 3,636,691</u>

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>NCM</u>	<u>PINNACLE</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
Revenues and Support				
In-kind donations	\$ 499,537	\$ -	\$ -	\$ 499,537
Contributions, grants, and other	2,587,372	-	-	2,587,372
Governmental grant awards	472,381	-	-	472,381
Rental income	-	343,512	-	343,512
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Support	3,559,290	343,512	-	3,902,802
Expenses:				
Program services	2,035,859	-	-	2,035,859
Management and general	101,651	263,648	-	365,299
Fundraising	101,363	-	-	101,363
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	2,238,873	263,648	-	2,502,521
Change in Net Assets	1,320,417	79,864	-	1,400,281
Net Assets, Beginning of Year	<hr/> 2,091,916	<hr/> 35,353	<hr/> -	<hr/> 2,127,269
Net Assets, End of Year	<hr/> \$ 3,412,333	<hr/> \$ 115,217	<hr/> \$ -	<hr/> \$ 3,527,550

**NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
ITEMIZATION OF EXPENSES FOR PROGRAM SERVICES
YEAR ENDED DECEMBER 31, 2020**

Christmas Program Service Expenses

<u>Expense Category</u>	<u>Amount</u>
Christmas toys	\$ 4,480
Warm Hands, Warm Hearts	880
Miscellaneous	<u>7,040</u>
 Total Expenses	 <u><u>\$ 12,400</u></u>

Client Assistance Program Service Expenses

<u>Expense Category</u>	<u>Amount</u>
Food and non-food assistance	\$ 112,988
Lodging aid	252,077
Rent assistance	534,740
Utility assistance	96,439
Medical	8,139
Transportation	600
Children's services	348
Job ministry	-
Miscellaneous	<u>1,018</u>
 Total client assistance prior to salaries	 <u>1,006,349</u>
Salaries associated with client assistance program	<u>203,398</u>
	<u><u>\$ 1,209,747</u></u>