

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

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
and
SUPPLEMENTARY INFORMATION**

**with
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2022 and 2021, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP; 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and 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 consolidated financial statements.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Supplementary Information

Our audits were 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 audits of the consolidated 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 GAAS. 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

Atlanta, GA
December 6, 2023

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,663,429	\$ 2,041,200
Investments	429,587	518,643
Accounts receivable, net	-	10,723
Pledges receivable, net	214,101	320,018
Prepaid expenses	77,575	34,422
Property and equipment, net	<u>2,011,300</u>	<u>1,913,916</u>
	<u><u>\$ 5,395,992</u></u>	<u><u>\$ 4,838,922</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 57,509	\$ 40,293
Tenant security deposits	<u>22,543</u>	<u>21,692</u>
 Total Liabilities	 <u>80,052</u>	 <u>61,985</u>
 Net Assets		
Without donor restrictions	4,344,275	3,773,699
With donor restrictions	<u>971,665</u>	<u>1,003,238</u>
Total Net Assets	<u>5,315,940</u>	<u>4,776,937</u>
	<u><u>\$ 5,395,992</u></u>	<u><u>\$ 4,838,922</u></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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support:			
Contributions of nonfinancial assets and services	\$ 482,303	\$ -	\$ 482,303
Contributions, grants, and other	2,127,228	100,000	2,227,228
Governmental grant awards	341,338	-	341,338
Rental income	240,182	-	240,182
Investment loss	(58,445)	-	(58,445)
Net assets released from restriction	<u>131,573</u>	<u>(131,573)</u>	<u>-</u>
 Total Revenues and Support	 <u>3,264,179</u>	 <u>(31,573)</u>	 <u>3,232,606</u>
 Expenses:			
Program services	2,245,875	-	2,245,875
Management and general	364,895	-	364,895
Fundraising	<u>82,833</u>	<u>-</u>	<u>82,833</u>
 Total Expenses	 <u>2,693,603</u>	 <u>-</u>	 <u>2,693,603</u>
 Change in Net Assets	 570,576	 (31,573)	 539,003
 Net Assets, Beginning of Year	 <u>3,773,699</u>	 <u>1,003,238</u>	 <u>4,776,937</u>
 Net Assets, End of Year	 <u>\$ 4,344,275</u>	 <u>\$ 971,665</u>	 <u>\$ 5,315,940</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, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support:			
Contributions of nonfinancial assets and services	\$ 508,786	\$ -	\$ 508,786
Contributions, grants, and other	1,426,796	938,020	2,364,816
Governmental grant awards	393,230	-	393,230
Rental income	368,579	-	368,579
Investment income	8,675	-	8,675
Net assets released from restriction	<u>228,582</u>	<u>(228,582)</u>	<u>-</u>
 Total Revenues and Support	 <u>2,934,648</u>	 <u>709,438</u>	 <u>3,644,086</u>
 Expenses:			
Program services	1,923,187	-	1,923,187
Management and general	365,977	-	365,977
Fundraising	<u>105,535</u>	<u>-</u>	<u>105,535</u>
 Total Expenses	 <u>2,394,699</u>	 <u>-</u>	 <u>2,394,699</u>
 Change in Net Assets	 539,949	 709,438	 1,249,387
 Net Assets, Beginning of Year	 <u>3,233,750</u>	 <u>293,800</u>	 <u>3,527,550</u>
 Net Assets, End of Year	 <u>\$ 3,773,699</u>	 <u>\$ 1,003,238</u>	 <u>\$ 4,776,937</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, 2022

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		
Salaries	\$ 427,804	\$ 90,908	\$ 16,043	\$ 534,755
Payroll taxes	33,983	7,221	1,274	42,478
Christmas programs	17,814	-	-	17,814
Food and clothing	561,653	-	-	561,653
Client assistance programs	1,040,333	-	-	1,040,333
Advertising	6,013	3,608	2,405	12,026
Bank service charges	-	10,686	-	10,686
Dues and subscriptions	-	14,735	-	14,735
Insurance	11,461	4,228	2,819	18,508
Office expenses	3,763	24,500	1,505	29,768
Postage	1,253	760	501	2,514
Professional fees	1,125	84,468	450	86,043
Repairs and maintenance	25,223	32,703	-	57,926
Telephone	4,903	2,942	1,961	9,806
Utilities	14,032	38,842	2,339	55,213
Depreciation and amortization	76,576	-	-	76,576
Tax expense	-	403	-	403
Special events	16,200	-	51,423	67,623
Miscellaneous	3,739	48,891	2,113	54,743
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 2,245,875</u>	<u>\$ 364,895</u>	<u>\$ 82,833</u>	<u>\$ 2,693,603</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, 2021

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>		
Salaries	\$ 385,603	\$ 81,918	\$ 26,009	\$ 493,530
Payroll taxes	38,475	11,778	1,443	51,696
Christmas programs	9,519	-	-	9,519
Food and clothing	508,786	-	-	508,786
Client assistance programs	838,654	-	-	838,654
Advertising	12,263	-	-	12,263
Bank service charges	-	7,003	-	7,003
Dues and subscriptions	-	13,643	-	13,643
Insurance	3,018	6,225	1,207	10,450
Interest	-	2,267	-	2,267
Office expenses	3,484	21,956	2,932	28,372
Postage	477	286	191	954
Professional fees	1,286	22,227	23,627	47,140
Repairs and maintenance	24,335	81,794	-	106,129
Telephone	5,710	3,426	2,284	11,420
Utilities	14,482	36,874	2,414	53,770
Depreciation and amortization	76,254	4,867	-	81,121
Tax expense	-	57,808	-	57,808
Bad debt expense	-	13,400	-	13,400
Miscellaneous	841	505	45,428	46,774
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 1,923,187</u>	<u>\$ 365,977</u>	<u>\$ 105,535</u>	<u>\$ 2,394,699</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 539,003	\$ 1,249,387
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation and amortization	76,576	81,121
Net realized and unrealized loss (gain)	89,402	(6,687)
Changes in assets and liabilities:		
Accounts receivable	10,723	(5,345)
Pledges receivable	105,917	307,773
Prepaid expenses	(43,153)	(6,694)
Accounts payable and accrued expenses	18,067	(9,166)
Net Cash Provided by Operating Activities	<u>796,535</u>	<u>1,610,389</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(173,960)	(39,821)
Purchase of investments, net	<u>(346)</u>	<u>(511,956)</u>
Net Cash Required by Investing Activities	<u>(174,306)</u>	<u>(551,777)</u>
Cash Flows From Financing Activities:		
Payments on note payable	<u>-</u>	<u>(52,529)</u>
Net Cash Required by Financing Activities	<u>-</u>	<u>(52,529)</u>
Change in Cash and Cash Equivalents	622,229	1,006,083
Cash and Cash Equivalents at Beginning of Year	<u>2,041,200</u>	<u>1,035,117</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,663,429</u>	<u>\$ 2,041,200</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 2,267</u>

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, 2022 AND 2021

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”.

New Accounting Policy Adopted

The Organization adopted Accounting Standards Update (“ASU”) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU 2020-07 was issued to address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity’s programs and other activities. The Organization applied ASU 2020-07 on a retrospective basis.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2022, 52% of promises to give were from three donors. During 2021, 43% of promises to give were from two donors.

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.

**NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. These donated volunteer hours for services were not recorded and are not reflected in the financial statements, due to these services not meeting the criteria for recognition as contributed services.

The Organization received the following donated food, clothing, and toys and gifts as of December 31:

	<u>2022</u>	<u>2021</u>
Food	\$ 467,214	\$ 350,286
Clothing	15,089	14,000
Toys and gifts	-	144,500
	<u>\$ 482,303</u>	<u>\$ 508,786</u>

Donated food and clothing received are valued based on current market rates of local food banks and donation centers. The approximate average wholesale value of one pound of donated food and grocery product was determined to be \$1.67 based on research performed by the Organization of local food banks. The approximate average per piece of clothing is valued at \$1 per item.

The Organization also provides toys and gifts to families during the holiday season which have been donated. The Organization distributed donated toys and gifts to 1400 children and 462 families for the year ending December 31, 2021. During 2022, the Organization did not receive toys and gifts as donations during the holiday season.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measured on Recurring Basis

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Organization is invested in a pool of investments held and administered by a Foundation. Fair value of this fund is measured using the fair value of the investments as reported by the Foundation. The Organization considers this investment as a Level 3 measurement within the fair value hierarchy.

Investments

Investments are reported at fair market value. Unrealized gains and losses arising from changes in the fair market value of the investments are reported in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions.

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, pledges receivable and investments. 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. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. 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.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2019.

NOTE C – PLEDGES RECEIVABLE

Pledges receivable were as follows at December 31:

	<u>2022</u>	<u>2021</u>
Pledges receivables due within one year	\$ 233,470	\$ 344,387
Pledges receivables due in one to five years	40,000	35,000
Allowance for doubtful accounts	(55,244)	(21,100)
Less discount to net present value at rate of 4.5%	(4,125)	(38,269)
	<u>\$ 214,101</u>	<u>\$ 320,018</u>

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 1,695,952	\$ 1,558,325
Land	400,000	400,000
Furniture and equipment	206,220	206,220
Construction in progress	36,334	-
Cargo trailer	<u>1,231</u>	<u>1,231</u>
	2,339,737	2,165,776
Less accumulated depreciation	<u>(328,437)</u>	<u>(251,860)</u>
	<u><u>\$ 2,011,300</u></u>	<u><u>\$ 1,913,916</u></u>

NOTE E – 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:

2023	\$ 276,102
2024	275,907
2025	<u>64,989</u>
	<u><u>\$ 616,998</u></u>

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for time and purpose as of December 31, 2022, with \$98,591 for time and \$873,074 for a building campaign. As of December 31, 2021, the Organization's net assets with donor restrictions were restricted for time and purpose. When the time restriction has past, the Organization releases the funds to without donor restrictions.

During 2022, the Organization released \$206,783 from restriction, with \$69,156 due to time and \$62,417 for the building campaign. During 2021, the Organization released \$228,582 from restriction with \$176,053 due to time and \$52,529 for the building campaign.

NOTE G – 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.

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE H – 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,663,429	\$ 2,041,200
Investments	429,587	518,643
Accounts receivable, net	-	10,723
Pledges receivable, net	<u>214,101</u>	<u>320,018</u>
	3,307,117	2,890,584
Less those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(971,665)</u>	<u>(1,003,238)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,335,452</u></u>	<u><u>\$ 1,887,346</u></u>

SUPPLEMENTARY INFORMATION

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

	<u>NCM</u>	<u>PINNACLE</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
Cash and cash equivalents	\$ 2,549,745	\$ 113,684	\$ -	\$ 2,663,429
Investments	429,587	-	-	429,587
Pledges receivable, net	214,101	-	-	214,101
Prepaid expenses	27,998	49,577	-	77,575
Property and equipment, net	71,074	1,940,226	-	2,011,300
Due from Pinnacle	1,857,284	-	(1,857,284)	-
	<u>\$ 5,149,789</u>	<u>\$ 2,103,487</u>	<u>\$ (1,857,284)</u>	<u>\$ 5,395,992</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 57,219	\$ 290	\$ -	\$ 57,509
Tenant security deposits	-	22,543	-	22,543
Due to Neighborhood Cooperative Ministries	-	1,857,284	(1,857,284)	-
	<u>57,219</u>	<u>1,880,117</u>	<u>(1,857,284)</u>	<u>80,052</u>
Net Assets				
Without donor restrictions	4,120,905	223,370	-	4,344,275
With donor restrictions	971,665	-	-	971,665
Total Net Assets	<u>5,092,570</u>	<u>223,370</u>	<u>-</u>	<u>5,315,940</u>
	<u>\$ 5,149,789</u>	<u>\$ 2,103,487</u>	<u>\$ (1,857,284)</u>	<u>\$ 5,395,992</u>

NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>NCM</u>	<u>PINNACLE</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
Revenues and Support				
Contributions of nonfinancial assets and services	\$ 482,303	\$ -	\$ -	\$ 482,303
Contributions, grants, and other	2,227,228	-	-	2,227,228
Governmental grant awards	341,338	-	-	341,338
Rental income	-	240,182	-	240,182
Investment gain	<u>(58,779)</u>	<u>334</u>	<u>-</u>	<u>(58,445)</u>
 Total Revenues and Support	 <u>2,992,090</u>	 <u>240,516</u>	 <u>-</u>	 <u>3,232,606</u>
Expenses:				
Program services	2,245,875	-	-	2,245,875
Management and general	126,365	238,530	-	364,895
Fundraising	<u>82,833</u>	<u>-</u>	<u>-</u>	<u>82,833</u>
 Total Expenses	 <u>2,455,073</u>	 <u>238,530</u>	 <u>-</u>	 <u>2,693,603</u>
 Change in Net Assets	 537,017	 1,986	 -	 539,003
Net Assets, Beginning of Year	<u>4,555,553</u>	<u>221,384</u>	<u>-</u>	<u>4,776,937</u>
Net Assets, End of Year	<u>\$ 5,092,570</u>	<u>\$ 223,370</u>	<u>\$ -</u>	<u>\$ 5,315,940</u>

**NEIGHBORHOOD COOPERATIVE MINISTRY, INC. AND SUBSIDIARY
ITEMIZATION OF EXPENSES FOR PROGRAM SERVICES
YEAR ENDED DECEMBER 31, 2022**

Christmas Program Service Expenses

<u>Expense Category</u>	<u>Amount</u>
Christmas toys and miscellaneous	\$ <u>17,814</u>

Food and Clothing Program Service Expenses

<u>Expense Category</u>	<u>Amount</u>
Food and clothing	\$ <u>561,653</u>

Client Assistance Program Service Expenses

<u>Expense Category</u>	<u>Amount</u>
Lodging aid	\$ 349,498
Rent assistance	585,117
Utility assistance	76,731
Medical	8,810
Miscellaneous	<u>20,177</u>
 Total client assistance prior to salaries	 <u>1,040,333</u>
Salaries associated with client assistance program	<u>427,804</u>
	<u>\$ 1,468,137</u>