

**NEW CITY NEIGHBORS
(A NONPROFIT CORPORATION)**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019



DOLINKA, VANNOORD & COMPANY

A PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

C e r t i f i e d P u b l i c A c c o u n t a n t s

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
New City Neighbors
Grand Rapids, Michigan

We have reviewed the accompanying financial statements of New City Neighbors, which are comprised of the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

DOLINKA, VANNOORD & COMPANY, P.L.L.P.

A handwritten signature in cursive script that reads "Dolinka, VanNoord & Co., PLLP".

Certified Public Accountants

October 13, 2021

**NEW CITY NEIGHBORS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

ASSETS

	2020	2019
CURRENT ASSETS		
Cash:		
Checking Accounts	\$ 171,496	\$ 45,353
Savings Accounts	3,833	15,691
Grants Receivable - Current Portion	97,325	1,328
Prepaid Expense	9,480	5,977
TOTAL CURRENT ASSETS	\$ 282,134	\$ 68,349
OTHER ASSETS		
Grants Receivable - Net of Current Portion Above	\$ 37,500	\$ -
PROPERTY AND EQUIPMENT - at Cost		
Land	\$ 100,000	\$ -
Buildings	161,253	-
Leasehold Improvements	-	38,273
Furniture and Equipment	26,556	13,163
Vehicles	26,054	26,054
Totals	\$ 313,863	\$ 77,490
Less: Accumulated Depreciation	(8,703)	(14,976)
NET PROPERTY AND EQUIPMENT	\$ 305,160	\$ 62,514
TOTAL ASSETS	\$ 624,794	\$ 130,863

The accompanying notes are an integral part of these financial statements.
See independent accountants' review report.

**NEW CITY NEIGHBORS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts Payable	\$ 4,328	\$ 8,666
Accrued Wages	5,051	2,235
Current Portion of Long-Term Debt	5,055	-
TOTAL CURRENT LIABILITIES	\$ 14,434	\$ 10,901
 NON-CURRENT LIABILITIES		
Long-Term Debt - Net of Current Portion	\$ 154,945	\$ -
TOTAL LIABILITIES	\$ 169,379	\$ 10,901
 NET ASSETS		
Net Assets Without Donor Restrictions	\$ 283,969	\$ 66,967
Net Assets With Donor Restrictions	171,446	52,995
TOTAL NET ASSETS	\$ 455,415	\$ 119,962
TOTAL LIABILITIES AND NET ASSETS	\$ 624,794	\$ 130,863

The accompanying notes are an integral part of these financial statements.
See independent accountants' review report.

**NEW CITY NEIGHBORS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions:						
Individuals and Organizations	\$ 244,689	\$ 198,103	\$ 442,792	\$ 89,193	\$ 79,282	\$ 168,475
Government Grants	111,297	-	111,297	5,764	-	5,764
Program Revenue	108,219	-	108,219	106,318	-	106,318
Fundraising Events (Net of \$367 and \$17,530 direct expenses for the years ended December 31, 2020 and 2019, respectively)	1,633	-	1,633	54,708	-	54,708
Interest Income	55	-	55	42	-	42
Loss on Disposal on Asset	(16,059)	-	(16,059)	-	-	-
Net Assets Released From Restriction	79,652	(79,652)	-	67,640	(67,640)	-
TOTAL REVENUE AND SUPPORT	\$ 529,486	\$ 118,451	\$ 647,937	\$ 323,665	\$ 11,642	\$ 335,307
EXPENSES						
Program Services:						
Youth Education	\$ 53,104	\$ -	\$ 53,104	\$ 144,588	\$ -	\$ 144,588
Café	10,894	-	10,894	32,557	-	32,557
Farm	142,830	-	142,830	126,252	-	126,252
Supporting Services:						
General and Administrative	63,251	-	63,251	50,265	-	50,265
Fundraising	42,405	-	42,405	33,663	-	33,663
TOTAL EXPENSES	\$ 312,484	\$ -	\$ 312,484	\$ 387,325	\$ -	\$ 387,325
CHANGES IN NET ASSETS	\$ 217,002	\$ 118,451	\$ 335,453	\$ (63,660)	\$ 11,642	\$ (52,018)
NET ASSETS AT BEGINNING OF YEAR	66,967	52,995	119,962	130,627	41,353	171,980
NET ASSETS AT END OF YEAR	\$ 283,969	\$ 171,446	\$ 455,415	\$ 66,967	\$ 52,995	\$ 119,962

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See independent accountants' review report.

**NEW CITY NEIGHBORS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019**

	Program Services				Supporting Services		2020 Total	2019 Total
	New City Youth Education	New City Café	New City Farm	Total Programs	General and Administrative	Fundraising		
Depreciation	\$ 1,801	\$ 1,801	\$ 1,801	\$ 5,403	\$ -	\$ -	\$ 5,403	\$ 7,037
Advertising	-	-	50	50	-	728	778	3,779
Auto Expenses	97	-	580	677	281	-	958	3,343
Interest Expense	-	-	1,392	1,392	-	-	1,392	-
Activity Fees and Supplies	63	1,839	31,352	33,254	4,106	721	38,081	30,328
Insurance	12,795	4,755	5,444	22,994	3,566	-	26,560	17,634
Miscellaneous	-	-	2,991	2,991	7	751	3,749	4,199
Office Expenses	-	-	369	369	2,695	1,048	4,112	2,447
Salaries and Wages	24,628	1,443	86,549	112,620	34,856	33,743	181,219	264,201
Payroll Taxes	1,839	108	6,464	8,411	2,603	2,520	13,534	18,260
Board and Staff Development	5,019	-	750	5,769	217	183	6,169	18,715
Professional Fees	700	-	4,000	4,700	12,980	2,000	19,680	6,100
Rent	6,162	948	948	8,058	711	711	9,480	9,500
Auction Expenses	-	-	-	-	-	367	367	17,530
Telephone	-	-	140	140	1,229	-	1,369	1,757
Bad Debt Expense	-	-	-	-	-	-	-	25
TOTAL EXPENSES	\$ 53,104	\$ 10,894	\$ 142,830	\$ 206,828	\$ 63,251	\$ 42,772	\$ 312,851	\$ 404,855
Less: Special Event Expenses Netted with Revenue	-	-	-	-	-	(367)	(367)	(17,530)
TOTAL EXPENSES ON STATEMENT OF ACTIVITIES	\$ 53,104	\$ 10,894	\$ 142,830	\$ 206,828	\$ 63,251	\$ 42,405	\$ 312,484	\$ 387,325

The accompanying notes are an integral part of these financial statements.
See independent accountants' review report.

**NEW CITY NEIGHBORS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services				Supporting Services		Total
	New City Youth Education	New City Café	New City Farm	Total Programs	General and Administrative	Fundraising	
Depreciation	\$ 3,518	\$ 1,759	\$ 1,760	\$ 7,037	\$ -	\$ -	\$ 7,037
Advertising	-	-	1,260	1,260	1,260	1,259	3,779
Auto Expenses	2,340	335	335	3,010	333	-	3,343
				-			
Activity Fees and Supplies	2,434	5,292	21,618	29,344	984	-	30,328
Insurance	8,188	1,348	3,814	13,350	2,810	1,474	17,634
Miscellaneous	-	877	1,852	2,729	845	625	4,199
Office Expenses	300	100	100	500	960	987	2,447
				-			
Salaries and Wages	103,771	17,504	84,772	206,047	31,798	26,356	264,201
Payroll Taxes	7,132	1,306	5,826	14,264	2,185	1,811	18,260
Board and Staff Development	10,729	3,086	3,086	16,901	1,814	-	18,715
Professional Fees	-	-	-	-	6,100	-	6,100
				-			
Rent	6,176	950	950	8,076	712	712	9,500
Auction Expense	-	-	-	-	-	17,530	17,530
Telephone	-	-	879	879	439	439	1,757
Bad Debt Expense	-	-	-	-	25	-	25
TOTAL EXPENSES	\$ 144,588	\$ 32,557	\$ 126,252	\$ 303,397	\$ 50,265	\$ 51,193	\$ 404,855
Less: Special Event Expenses Netted with Revenues	-	-	-	-	-	(17,530)	(17,530)
TOTAL EXPENSES ON STATEMENT OF ACTIVITIES	\$ 144,588	\$ 32,557	\$ 126,252	\$ 303,397	\$ 50,265	\$ 33,663	\$ 387,325

The accompanying notes are an integral part of these financial statements.
See independent accountants' review report.

**NEW CITY NEIGHBORS
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions and Program Revenue	\$ 530,811	\$ 357,992
Cash Received from Interest	55	42
Cash Paid to Suppliers and Employees	<u>(288,773)</u>	<u>(390,979)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 242,093</u>	<u>\$ (32,945)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Purchases of Property and Equipment	<u>\$ (287,808)</u>	<u>\$ -</u>
NET CASH FROM INVESTING ACTIVITIES	<u>\$ (287,808)</u>	<u>\$ -</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received on Long-Term Debt	<u>\$ 160,000</u>	<u>\$ -</u>
NET CASH FROM FINANCING ACTIVITIES	<u>\$ 160,000</u>	<u>\$ -</u>
 NET INCREASE (DECREASE) IN CASH	 \$ 114,285	 \$ (32,945)
 CASH - BEGINNING OF THE YEAR	 <u>61,044</u>	 <u>93,989</u>
 CASH - END OF THE YEAR	 <u><u>\$ 175,329</u></u>	 <u><u>\$ 61,044</u></u>

During 2020, the Organization exchanged property and equipment for 30 months of rent valued at \$23,700.

The accompanying notes are an integral part of these financial statements.
See independent accountants' review report.

NEW CITY NEIGHBORS
STATEMENT OF CASH FLOWS – Continued
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CHANGE IN NET ASSETS	\$ 335,453	\$ (52,018)
ADJUSTMENTS		
Depreciation Expense	5,403	7,037
Loss on Disposal of Assets	16,059	-
Non-Cash Exchange of Rent for Fixed Assets	23,700	-
CHANGES IN ASSETS AND LIABILITIES		
(Increase) Decrease in:		
Pledges Receivable	(133,497)	5,197
Prepaid Expense	(3,503)	(916)
Increase (Decrease) in:		
Accounts Payable	(4,338)	7,752
Accrued Wages	2,816	3
NET CASH FROM OPERATING ACTIVITIES	\$ 242,093	\$ (32,945)

The accompanying notes are an integral part of these financial statements.
See independent accountants' review report.

**NEW CITY NEIGHBORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The New City Neighbors is a not-for-profit organization incorporated in Grand Rapids, Michigan. Its stated purpose is to develop a faith based community in the Creston neighborhood of Grand Rapids that empowers 1st-12th grade youth to reach their full potential through holistic programs and long-term opportunities. Programs offered include the following:

New City Farm - New City Farm is a three-acre vegetable farm that creates jobs for students throughout the year, and feeds approximately 200 families by selling produce at the Organization's farm stand, in the Organization's community sustained agriculture farm, and through local food pantries.

New City Cafe – New City Cafe is a unique entrepreneurship program that trains middle school students to run all aspects of a bakery: ranging from baking, to customer service, to marketing and more. Two high school staff members oversee this program.

New City Youth Education – New City Youth Education is youth in grades 1st to 12th participate in a variety of educational activities. Elementary students are introduced to gardening and cooking by running their own “pizza garden” where they grow pizza ingredients that are then prepared and cooked in our outdoor wood-fired pizza oven. Middle school and high school youth participate in weekly sessions focused on community development, personal finance, gardening, cooking, and job skills.

Basis of Accounting

The Organization has adopted the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash

The Organization places its temporary cash investments with a financial institution. Although such cash balances may exceed the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk.

Pledges Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through the provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through the valuation allowance and a credit to the applicable receivable. The Organization wrote off \$0 and \$25 for the years ended December 31, 2020 and 2019, respectively. The allowance was \$0 at both December 31, 2020 and 2019, since management believes all remaining account balances are collectible.

Property, Equipment and Depreciation

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Expenditures for repairs and maintenance that do not extend past the useful lives of capital assets are expensed.

See independent accountants' review report.

**NEW CITY NEIGHBORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Depreciation expense amounted to \$5,403 and \$7,037 for the years ended December 31, 2020 and 2019, respectively.

Net Assets

The financial statements of New City Neighbors have been prepared in accordance with U.S. generally accepted accounting principles, which require New City Neighbors to report information regarding its financial position and activities according to the following net asset classifications:

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. These net assets may be used at the discretion of New City Neighbors’ management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of New City Neighbors or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions and Other Support

Contributions are recorded as income when an unconditional promise to give has been received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional. Contributions are available for unrestricted use unless specifically restricted by the donor. Contributions of assets other than cash are recorded at their estimated fair value.

Program revenue is billed to or collected from individuals and organizations. Revenues are generally recognized as earned or as the services are provided.

Revenue Recognition

The following represents the Organization’s major revenue streams, which represent the disaggregation of the Organization’s revenues to transactions that are similar in nature, amount, timing, uncertainties, and economic factors.

Farm CSA Sales – Revenue from farm CSA sales is recognize over the course of the season. Shares are purchased for the entire year or for an individual season (spring, summer and fall). Payments are collected at the beginning of the season that is purchased. No funds are collected in the previous reporting period for the current year and there are no seasons that extend past the calendar year end.

Farm Market and Wholesale – Revenue from the farm market and wholesale is recognized at a point in time. Goods are purchased for a set price and there are no ongoing contracts for these sales.

Café Sales – Revenue from Café sales is recognized at a point in time when the goods are purchased.

See independent accountants’ review report.

**NEW CITY NEIGHBORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Grants – Revenue from grants is recognized as exchange transactions or conditional contributions based on an evaluation of whether the grantor is receiving commensurate value in return for the grants provided to the Organization. Grant revenue is recognized over the period of performance as related expenses are incurred. Grant payments received in advance of incurring related expenses are recorded as deferred revenue and included in current liabilities.

All revenue obtained from any of the Organization’s revenue sources listed above would be recognized in less than a year. Therefore, the Organization has also elected a practical expedient outlined in FASB Subtopic 340-40 allowing for all incremental contract costs to be expensed as incurred.

Donated Services

Donated services are recognized as contributions at fair value in accordance with accounting principles generally accepted in the United States of America, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses were \$778 and \$3,779 for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of 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. The expenses that are allocated include rent and insurance which are allocated on a square footage basis, as well as salaries and wages, payroll taxes, professional fees, auto expenses, telephone, office expense, advertising, board and staff development & credit card fees which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is classified as a Section 501(c)(3) Organization under the Federal Internal Revenue Code. As a result, it has been determined to be exempt from federal income and similar state and local taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

With few exceptions, periods ending December 31, 2017 and thereafter, are subject to U.S. income tax examinations by tax authorities.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

See independent accountants’ review report.

**NEW CITY NEIGHBORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, the Organization refers to the new Topic 606 and Subtopic 340-40 as the “new guidance”.

The Organization adopted the requirements of the new guidance as of January 1, 2020, utilizing the modified retrospective method of transition. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2020. Adoption of the new guidance resulted in changes to the Organization’s accounting policies for revenue and cost recognition, previously described.

The Organization’s identified revenue streams are farm CSA sales, farm market and wholesale, café sales, and grants. Differences to revenue and cost recognition related accounts balance at December 31, 2019, under the new guidance as opposed to the prior revenue recognition guidance was determined to be immaterial. Accordingly, no adjustments to beginning retained earnings was necessary.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. The Organization has a goal to maintain financial assets on hand to meet three months of normal operating expenses which are, on average, approximately \$90,000. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization’s financial assets available within one year of the statement of financial position date are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash: Checking and Savings Accounts	\$ 175,329	\$ 61,044
Pledges Receivable - Current Portion	<u>97,325</u>	<u>1,328</u>
Total Financial Assets	\$ 272,654	\$ 62,372
Less: Net Assets with Donor Restrictions, Not Available for General Expenditures	<u>171,446</u>	<u>52,995</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u><u>\$ 101,208</u></u>	<u><u>\$ 9,377</u></u>

See independent accountants’ review report.

**NEW CITY NEIGHBORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 – GRANTS RECEIVABLE

Unconditional promises to give at December 31, 2020 and 2019 are \$97,325 and \$1,328, respectively.

	2020	2019
Amounts are due in:		
Less Than One Year	\$ 97,325	\$ 1,328
One to Five Years	37,500	-
Total Grants Receivable	\$ 134,825	\$ 1,328

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization has received contributions which have been restricted for a specific purpose or a specified time period by the donor. Net assets with donor restrictions at December 31, 2020 and 2019 consist of the following:

	2020	2019
Specific Purpose:		
Amway Grant - Nutrition Education and Youth Employment	\$ 35,000	\$ 37,290
CDV5 Foundation Grant - Youth Employment	-	15,000
Strategic Planning - Technical Upgrade	1,212	705
USDA SARE Farmer Rancher	2,734	-
Total Restricted by Specific Purpose	\$ 38,946	\$ 52,995
Time:		
Harper Collins	62,500	-
Access MTHEF	70,000	-
Total Restricted by Time	\$ 132,500	\$ -
Total Net Assets with Restrictions	\$ 171,446	\$ 52,995

NOTE 6 – LEASES

The Organization operates under a lease for its facility through December 31, 2021. The lease terms are an annual fee of \$1 in exchange for the leasehold improvements completed by the Organization. The Organization was also responsible for some maintenance costs. Rent expense recognized was \$9,480 and \$9,500 for the years ended December 31, 2020 and 2019.

The Organization entered into a lease for one acre of land with the purpose of erecting an agriculture structure. The lease began November 1, 2020 and runs through October 31, 2025. Since this is for a joint project with the lessor, there is no rental cost associated with this lease, however, there are termination fees if the lease is terminated prior to the end of the initial term.

See independent accountants' review report.

NEW CITY NEIGHBORS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7 – LONG-TERM DEBT

New City Neighbors has a long-term loan with Mercantile Bank of Michigan, with monthly payments of \$1,023 including interest at 4.55%, due in full on December 5, 2025. The Loan is secured by the Organization's building. The outstanding balance on the loan was \$160,000 as of December 31, 2020.

The current maturities of long-term debt are as follows:

<u>Year Ended</u>	
December 31, 2021	\$ 5,055
December 31, 2022	5,332
December 31, 2023	5,580
December 31, 2024	5,839
December 31, 2025	<u>138,194</u>
Total	<u>\$ 160,000</u>

NOTE 8 – RECLASSIFICATIONS

Certain reclassifications have been made to the December 31, 2019 financial statements to conform with the December 31, 2020 financial statement presentation. Such reclassifications have no effect on the change in net assets previously reported.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent transactions and events occurring after the year end date and through October 13, 2021, the date these financial statements were available to be issued, and has determined that no items require additional disclosure.

See independent accountants' review report.