

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**



# 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 AUDITORS' REPORT

Board of Directors  
New City Neighbors  
Grand Rapids, Michigan

### Opinion

We have audited the accompanying financial statements of New City Neighbors (a nonprofit organization), which are comprised of the statement of financial position as of December 31, 2023, the related statements of activities, functional expenses, and cash flows for the year 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 New City Neighbors as of December 31, 2023, and the changes in its net assets and its cash flows for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New City Neighbors 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 New City Neighbors' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' 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 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 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 for 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 statements.

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 New City Neighbors' 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 New City Neighbors' 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.

#### **Prior Period Financial Statements**

The 2022 financial statements were reviewed by us, and our report thereon, dated November 14, 2023, stated that we were not aware of any material modification that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Respectfully submitted,

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



Certified Public Accountants

November 13, 2024

**NEW CITY NEIGHBORS  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>Unaudited 2022</u>
<b>CURRENT ASSETS</b>		
Cash:		
Checking Accounts	\$ 125,360	\$ 86,897
Savings Accounts	15,582	8,494
Grants Receivable	120,390	88,750
Security Deposit	-	2,000
	<u>                    </u>	<u>                    </u>
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 261,332</u>	<u>\$ 186,141</u>
 <b>PROPERTY AND EQUIPMENT - at Cost</b>		
Land	\$ 100,000	\$ 100,000
Buildings	449,494	433,243
Furniture and Equipment	54,648	54,648
Vehicles	26,054	26,054
	<u>                    </u>	<u>                    </u>
<b>Totals</b>	<u>\$ 630,196</u>	<u>\$ 613,945</u>
Less: Accumulated Depreciation	<u>(58,723)</u>	<u>(37,210)</u>
	<u>                    </u>	<u>                    </u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>\$ 571,473</u>	<u>\$ 576,735</u>
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 832,805</u></u>	<u><u>\$ 762,876</u></u>

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

**NEW CITY NEIGHBORS  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022**

**LIABILITIES AND NET ASSETS**

	<u>2023</u>	<u>Unaudited 2022</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,342	\$ 8,472
Accrued Wages	11,119	9,096
Current Portion of Long-Term Debt	<u>5,826</u>	<u>5,871</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 20,287</u>	<u>\$ 23,439</u>
 <b>NON-CURRENT LIABILITIES</b>		
Long-Term Debt - Net of Current Portion	<u>\$ 138,494</u>	<u>\$ 143,925</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 158,781</u>	<u>\$ 167,364</u>
 <b>NET ASSETS</b>		
Without Donor Restrictions	\$ 548,696	\$ 457,762
With Donor Restrictions	<u>125,328</u>	<u>137,750</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 674,024</u>	<u>\$ 595,512</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 832,805</u></u>	<u><u>\$ 762,876</u></u>

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**NEW CITY NEIGHBORS  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			Unaudited 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Contributions:						
Individuals and Organizations	\$ 287,434	\$ 125,141	\$ 412,575	\$ 103,033	\$ 119,510	\$ 222,543
In-Kind Donations	6,050		6,050	-		-
Government Grants	80,872	-	80,872	25,000	-	25,000
Program Revenue:						
Farm CSA Sales	136,176	-	136,176	134,548	-	134,548
Farm Market and Wholesale	2,255	-	2,255	2,285	-	2,285
Café Sales	55,141	-	55,141	23,942	-	23,942
Fundraising Events (Net of \$2,441 and \$4,490 direct expenses for the years ended December 31, 2023 and 2022, respectively)	9,207	-	9,207	(2,759)	-	(2,759)
Interest Income	10	-	10	26	-	26
Net Assets Released from Restriction	137,563	(137,563)	-	224,260	(224,260)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>\$ 714,708</u>	<u>\$ (12,422)</u>	<u>\$ 702,286</u>	<u>\$ 510,335</u>	<u>\$ (104,750)</u>	<u>\$ 405,585</u>
<b>EXPENSES</b>						
Program Services:						
Community Development	\$ 57,394	\$ -	\$ 57,394	\$ 61,826	\$ -	\$ 61,826
New City Café	141,961	-	141,961	79,580	-	79,580
New City Farm	278,988	-	278,988	218,422	-	218,422
Supporting Services:						
General and Administrative	79,307	-	79,307	84,786	-	84,786
Fundraising	66,124	-	66,124	72,140	-	72,140
<b>TOTAL EXPENSES</b>	<u>\$ 623,774</u>	<u>\$ -</u>	<u>\$ 623,774</u>	<u>\$ 516,754</u>	<u>\$ -</u>	<u>\$ 516,754</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 90,934</u>	<u>\$ (12,422)</u>	<u>\$ 78,512</u>	<u>\$ (6,419)</u>	<u>\$ (104,750)</u>	<u>\$ (111,169)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>457,762</u>	<u>137,750</u>	<u>595,512</u>	<u>464,181</u>	<u>242,500</u>	<u>706,681</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 548,696</u></u>	<u><u>\$ 125,328</u></u>	<u><u>\$ 674,024</u></u>	<u><u>\$ 457,762</u></u>	<u><u>\$ 137,750</u></u>	<u><u>\$ 595,512</u></u>

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

**NEW CITY NEIGHBORS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(WITH COMPARATIVE TOTALS FOR 2022)**

	Program Services			Total Programs	Supporting Services		2023 Total	Unaudited 2022 Total
	Community Development	New City Café	New City Farm		General and Administrative	Fundraising		
Depreciation	\$ 10,756	\$ -	\$ 10,757	\$ 21,513	\$ -	\$ -	\$ 21,513	\$ 17,330
Advertising	-	-	-	-	-	1,044	1,044	590
Auto Expenses	-	680	6,114	6,794	33	-	6,827	4,925
Interest Expense	2,039	2,039	2,039	6,117	679	-	6,796	7,181
Activity Fees and Supplies	1,406	26,167	38,419	65,992	1,187	43	67,222	57,693
Insurance	3,262	9,484	18,808	31,554	1,797	1,619	34,970	22,054
Miscellaneous	-	1,778	3,046	4,824	810	1,247	6,881	5,086
Office Expenses	1,224	3,671	3,671	8,566	2,029	2,255	12,850	8,544
Salaries and Wages	31,827	86,859	169,143	287,829	51,306	46,234	385,369	326,730
Payroll Taxes	2,566	7,003	13,638	23,207	4,137	3,728	31,072	24,993
Board and Staff Development	1,870	1,960	1,870	5,700	1,526	-	7,226	5,931
Professional Fees	1,500	-	4,600	6,100	14,150	5,500	25,750	22,826
Fundraising Fees	-	-	-	-	-	1,055	1,055	225
Rent	-	-	2,756	2,756	-	-	2,756	2,250
Auction Expenses	-	-	-	-	-	2,441	2,441	4,490
Telephone	256	256	-	512	1,233	-	1,745	2,589
Utilities	688	2,064	4,127	6,879	-	-	6,879	3,781
Printing Fees	-	-	-	-	420	3,399	3,819	4,026
<b>TOTAL EXPENSES</b>	<b>\$ 57,394</b>	<b>\$ 141,961</b>	<b>\$ 278,988</b>	<b>\$ 478,343</b>	<b>\$ 79,307</b>	<b>\$ 68,565</b>	<b>\$ 626,215</b>	<b>\$ 521,244</b>
Less: Special Event Expenses Netted with Revenue	-	-	-	-	-	(2,441)	(2,441)	(4,490)
<b>TOTAL EXPENSES ON STATEMENT OF ACTIVITIES</b>	<b>\$ 57,394</b>	<b>\$ 141,961</b>	<b>\$ 278,988</b>	<b>\$ 478,343</b>	<b>\$ 79,307</b>	<b>\$ 66,124</b>	<b>\$ 623,774</b>	<b>\$ 516,754</b>
<b>PERCENTAGE OF TOTAL EXPENSES</b>	<b>9.20%</b>	<b>22.76%</b>	<b>44.73%</b>	<b>76.69%</b>	<b>12.71%</b>	<b>10.60%</b>	<b>100.00%</b>	<b>100.00%</b>

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See independent auditors' report.

**NEW CITY NEIGHBORS**  
**STATEMENT OF FUNCTIONAL EXPENSES - UNAUDITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services				Supporting Services		Total
	Community Development	New City Café	New City Farm	Total Programs	General and Administrative	Fundraising	
Depreciation	\$ 8,665	\$ -	\$ 8,665	\$ 17,330	\$ -	\$ -	\$ 17,330
Advertising	-	-	-	-	-	590	590
Auto Expenses	-	485	4,440	4,925	-	-	4,925
Interest Expense	2,154	2,154	2,154	6,462	719	-	7,181
Activity Fees and Supplies	419	12,517	38,300	51,236	5,539	918	57,693
Insurance	1,469	5,882	12,498	19,849	2,205	-	22,054
Miscellaneous	8	1,093	8	1,109	3,977	-	5,086
Office Expenses	808	2,425	2,425	5,658	1,674	1,212	8,544
Salaries and Wages	41,668	49,668	130,734	222,070	48,291	56,369	326,730
Payroll Taxes	3,183	3,794	9,986	16,963	3,724	4,306	24,993
Board and Staff Development	1,950	554	-	2,504	3,427	-	5,931
Professional Fees	1,250	-	4,820	6,070	12,262	4,494	22,826
Fundraising Fees	-	-	-	-	-	225	225
Rent	-	-	2,250	2,250	-	-	2,250
Auction Expenses	-	-	-	-	-	4,490	4,490
Telephone	-	-	-	-	2,589	-	2,589
Utilities	252	1,008	2,142	3,402	379	-	3,781
Printing Fees	-	-	-	-	-	4,026	4,026
<b>TOTAL EXPENSES</b>	<b>\$ 61,826</b>	<b>\$ 79,580</b>	<b>\$ 218,422</b>	<b>\$ 359,828</b>	<b>\$ 84,786</b>	<b>\$ 76,630</b>	<b>\$ 521,244</b>
Less: Special Event Expenses Netted with Revenues	-	-	-	-	-	(4,490)	(4,490)
<b>TOTAL EXPENSES ON STATEMENT OF ACTIVITIES</b>	<b>\$ 61,826</b>	<b>\$ 79,580</b>	<b>\$ 218,422</b>	<b>\$ 359,828</b>	<b>\$ 84,786</b>	<b>\$ 72,140</b>	<b>\$ 516,754</b>
<b>PERCENTAGE OF TOTAL EXPENSES</b>	<b>11.96%</b>	<b>15.40%</b>	<b>42.27%</b>	<b>69.63%</b>	<b>16.41%</b>	<b>13.96%</b>	<b>100.00%</b>

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



**NEW CITY NEIGHBORS  
STATEMENT OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>Unaudited 2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributions and Program Revenue	\$ 666,586	\$ 541,799
Cash Received from Interest	10	26
Cash Paid to Suppliers and Employees	<u>(599,318)</u>	<u>(490,857)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 67,278</u>	<u>\$ 50,968</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Purchases of Property and Equipment	<u>\$ (16,251)</u>	<u>\$ (84,693)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Paid for Long-Term Debt	<u>\$ (5,476)</u>	<u>\$ (5,251)</u>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 \$ 45,551	 \$ (38,976)
 <b>CASH - BEGINNING OF THE YEAR</b>	 <u>95,391</u>	 <u>134,367</u>
 <b>CASH - END OF THE YEAR</b>	 <u><u>\$ 140,942</u></u>	 <u><u>\$ 95,391</u></u>

**NON-CASH TRANSACTIONS**

The Organization received donated property and equipment with a fair market value of \$6,050 for the year ended December 31, 2023.

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

**NEW CITY NEIGHBORS  
STATEMENT OF CASH FLOWS – CONTINUED  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>Unaudited 2022</u>
<b>CHANGE IN NET ASSETS</b>	\$ 78,512	\$ (111,169)
<b>ADJUSTMENTS</b>		
Depreciation Expense	21,513	17,330
<b>CHANGES IN ASSETS AND LIABILITIES</b>		
<b>(Increase) Decrease in:</b>		
Grants Receivable	(31,640)	133,750
Security Deposit	2,000	(2,000)
<b>Increase (Decrease) in:</b>		
Accounts Payable	(5,130)	8,036
Accrued Wages	<u>2,023</u>	<u>5,021</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 67,278</u>	<u>\$ 50,968</u>

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

**NEW CITY NEIGHBORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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 1<sup>st</sup>-12<sup>th</sup> 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 provides youth employment while increasing access to healthy produce. High school youth employees plant, weed, harvest, market and sell the vegetables and fruit that they grow. These youth employees also participate in weekly field trips and curriculum sessions that cover topics like community development, personal finances and job skills.

**New City Café** – New City Café hires youth employees to run a weekly farm-to-table pop-up restaurant. The Café sells youth-made soups, salads, wood-fired pizzas and baked goods using produce grown on our farm in order to teach job readiness skills and healthy eating skills.

**New City Community Development** – New City Community Development is a variety of education and community building events that are offered to the surrounding neighborhood. These events include gardening and cooking classes for K-12 youth, panel discussions and block parties. These events are led by the Neighborhood Engagement Coordinator in conjunction with a team of our high school youth employees.

**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. At times, cash may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

**Grants Receivable**

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable. The Organization did not have any credit losses for both years ended December 31, 2023 and 2022. No allowance was recorded at either December 31, 2023 or 2022, 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 auditors' report.

**NEW CITY NEIGHBORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Property, Equipment and Depreciation - Continued**

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Depreciation expense amounted to \$21,513 and \$17,330 for the years ended December 31, 2023 and 2022, 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.

**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 recognized 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 auditors’ report.

**NEW CITY NEIGHBORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Conditional 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. Some grants are conditional upon the incurrence of allowable qualifying expenses. The Organization was approved for conditional grants of \$433,819 that have not been recognized at December 31, 2023, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under these grants.

Revenue recognized from contracts where revenue is recognized over time totaled \$136,176 and \$134,548 for the years ended December 31, 2023 and 2022, respectively. Revenue recognized from contracts where revenue is recognized at a point in time totaled \$57,396 and \$26,227 for the years ended December 31, 2023 and 2022, respectively.

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 Goods and Services**

Many individuals selflessly volunteer their time and perform a variety of tasks which assure the ongoing success of the Organization, however, the financial statements do not reflect the value of these donated services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Donated services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Donated goods are recorded on the basis of estimates of wholesale values that would be received for selling similar products at the date of donation.

During the year ended December 31, 2023, the Organization received a donation of well improvements with a fair market value of \$6,050. The improvements were capitalized as property and equipment and is being utilized in the Organizations farm programing. There were no donor restrictions placed on this contribution.

**Leases**

Contracts with a term greater than one year that convey the right to direct the use of and obtain substantially all of the economic benefit of an asset are accounted for as right-of-use assets and a corresponding lease liability. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease right-of-use asset or liability recognized.

The Organization has elected to use the written terms and conditions of certain common control arrangements to determine whether leases exist and, if so, the classification of and accounting for those leases.

Right-of-use asset and lease liability balances are recorded at the commencement date at present value of the lease payments using the incremental borrowing rate based on the information available at the lease commencement date because the Organization’s leases do not provide implicit rates. See Note 6 for additional disclosures about the Organization’s lease contracts.

See independent auditors’ report.

**NEW CITY NEIGHBORS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Advertising**

The Organization expenses advertising costs as they are incurred. Advertising expenses were \$1,044 and \$590 for the years ended December 31, 2023 and 2022, 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 and credit card fees, all of 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 taxes 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, 2020 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.

**NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES**

As of January 1, 2023, the Organization adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

**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.

See independent auditors' report.

**NEW CITY NEIGHBORS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 3 – AVAILABILITY AND LIQUIDITY - Continued**

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

	2023	Unaudited 2022
Financial assets at year end:		
Cash: Checking and Savings Accounts	\$ 140,942	\$ 95,391
Grants Receivable	120,390	88,750
Security Deposit	-	2,000
 Total Financial Assets	 \$ 261,332	 \$ 186,141
 Less: Net Assets with Donor Restrictions, Not Available for General Expenditures	 \$ 125,328	 \$ 137,750
Less: Net Assets with Time and Purpose Restrictions to be Met in Less than One Year	(125,328)	(137,750)
 Total Amounts Not Available within One Year	 \$ -	 \$ -
 Financial Assets Available to Meet General Expenditures Within One Year	 \$ 261,332	 \$ 186,141

**NOTE 4 – GRANTS RECEIVABLE**

Unconditional promises to give at December 31, 2023 and 2022 are \$120,390 and \$88,750, respectively, and are due in less than one year.

**NOTE 5 – 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 \$144,320 and \$149,796 as of December 31, 2023 and 2022, respectively.

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

Year Ended	
December 31, 2024	\$ 5,826
December 31, 2025	138,494
Total	\$ 144,320

Interest expense incurred on the loan amounted to \$6,796 and \$7,181 for the years ended December 31, 2023 and 2022, respectively.

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**NEW CITY NEIGHBORS  
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**NOTE 6 – LEASES**

The Organization entered into a lease for one acre of land with the purpose of erecting an agricultural 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.

On March 1, 2023, the Organization entered in to a lease for farmland. The lease expires February 28, 2028. The lease terms are \$200 per month.

The recording of a right-of-use asset and lease liability for these agreements were deemed to be unnecessary due to the insignificant nature of the agreements and payments were treated consistent with the short-term lease exception.

**NOTE 7 – 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, 2023 and 2022 consist of the following:

	2023	Unaudited 2022
Specific Purpose:		
Nutrition Education and Youth Employment	\$ 1,496	\$ 25,000
Financial Statement Audit Funding	22,010	30,000
LGBTQ Programing	-	10,000
Total Restricted by Specific Purpose	\$ 23,506	\$ 65,000
Time:		
Less than One Year	\$ 61,822	\$ 72,750
Two Years	40,000	-
Total Restricted by Time	\$ 101,822	\$ 72,750
<b>Total Net Assets with Restrictions</b>	<b>\$ 125,328</b>	<b>\$ 137,750</b>

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent transactions and events occurring after the year end date and through November 13, 2024, the date these financial statements were available to be issued and has determined that the following item requires additional disclosure.

On October 9, 2024, the Organization entered in to an agreement to purchase land at a total cost of \$396,000. The Organization opened escrow and made a deposit of \$4,000. The purchase price is expected to be financed by the Organization’s primary bank over 20 years.

See independent auditors’ report.