

# **Northside Economic Opportunity Network**

Minneapolis, Minnesota

---

Combined Financial Statements

Auditor's Report

For the Years Ended

December 31, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1-2
EXHIBIT A: Combined Statements of Activities and Changes in Net Assets – For the Years Ended December 31, 2021 and 2020 .....	3
EXHIBIT B: Combined Statement of Functional Expense – For the Year Ended December 31, 2021 with Comparative Totals for 2020.....	4
EXHIBIT C: Combined Statement of Functional Expense – For the Year Ended December 31, 2020 .....	5
EXHIBIT D: Combined Statements of Financial Position – December 31, 2021 and 2020.....	6
EXHIBIT E: Combined Statements of Cash Flows – For the Years Ended December 31, 2021 and 2020 .....	7
NOTES TO FINANCIAL STATEMENTS .....	8-15



Carpenter, Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 [carpenterevert.com](http://carpenterevert.com)

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northside Economic Opportunity Network  
Minneapolis, Minnesota

### **Opinion**

We have audited the accompanying financial statements of Northside Economic Opportunity Network (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northside Economic Opportunity Network as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northside Economic Opportunity Network 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 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 Northside Economic Opportunity Network's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Northside Economic Opportunity Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northside Economic Opportunity Network'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.

*Capite Ernst and Audit. Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
May 16, 2022

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
COMBINED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Grants and Contributions	\$ 2,644,704	\$ 2,515,750	\$ 5,160,454	\$ 1,295,641	\$ 2,207,500	\$ 3,503,141
Program Fees	236,582	-	236,582	227,383	-	227,383
Sales	10,093	-	10,093	124,417	-	124,417
Interest and Other Income	1,167	-	1,167	5,009	-	5,009
Net Special Event	(39,818)	-	(39,818)	-	-	-
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	777,734	(777,734)	-	653,619	(653,619)	-
Satisfaction of Time Restrictions	91,730	(91,730)	-	275,000	(275,000)	-
Total Support and Revenue	3,722,192	1,646,286	5,368,478	2,581,069	1,278,881	3,859,950
Expense:						
Program Services	1,281,883	-	1,281,883	1,175,814	-	1,175,814
Support Services:						
Management and General	237,470	-	237,470	268,656	-	268,656
Fundraising	433,016	-	433,016	203,335	-	203,335
Total Support Services	670,486	-	670,486	471,991	-	471,991
Total Expense	1,952,369	-	1,952,369	1,647,805	-	1,647,805
Change in Net Assets	1,769,823	1,646,286	3,416,109	933,264	1,278,881	2,212,145
Net Assets - Beginning of Year	1,011,205	1,588,630	2,599,835	77,941	309,749	387,690
Net Assets - End of Year	<u>\$ 2,781,028</u>	<u>\$ 3,234,916</u>	<u>\$ 6,015,944</u>	<u>\$ 1,011,205</u>	<u>\$ 1,588,630</u>	<u>\$ 2,599,835</u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
COMBINED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Support Services					
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salary and Wages	\$ 548,004	\$ 88,529	\$ 73,455	\$ 161,984	\$ 709,988	\$ 546,303
Benefits	69,932	11,495	9,151	20,646	90,578	53,556
Payroll Taxes	45,476	7,776	6,228	14,004	59,480	45,315
Total Personnel Costs	663,412	107,800	88,834	196,634	860,046	645,174
Professional Fees	87,462	98,923	327,210	426,133	513,595	309,256
Grants to Businesses	240,380	-	-	-	240,380	341,046
Occupancy	157,940	6,943	5,043	11,986	169,926	161,951
Office Expense	54,865	11,945	11,110	23,055	77,920	103,554
Other Expense	46,220	9,706	750	10,456	56,676	34,470
Staff and Volunteer	6,456	1,479	69	1,548	8,004	2,660
Transportation	20	674	-	674	694	52
Telecommunication	247	-	-	-	247	3,938
Depreciation	24,881	-	-	-	24,881	45,704
Total Expense	<u>\$ 1,281,883</u>	<u>\$ 237,470</u>	<u>\$ 433,016</u>	<u>\$ 670,486</u>	<u>\$ 1,952,369</u>	<u>\$ 1,647,805</u>

The accompanying Notes to Financial Statements  
 are an integral part of this statement.

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
COMBINED STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salaries	\$ 416,277	\$ 83,143	\$ 46,883	\$ 130,026	\$ 546,303
Employee Benefits	40,542	8,327	4,687	13,014	53,556
Payroll Taxes	34,307	7,046	3,962	11,008	45,315
Total Personnel Costs	491,126	98,516	55,532	154,048	645,174
Professional Fees	61,551	106,363	141,342	247,705	309,256
Grants to Businesses	341,046	-	-	-	341,046
Occupancy	146,744	10,271	4,936	15,207	161,951
Office Expense	63,875	38,302	1,377	39,679	103,554
Other Expense	19,847	14,623	-	14,623	34,470
Staff and Volunteer	2,318	342	-	342	2,660
Transportation	-	52	-	52	52
Telecommunication	3,603	187	148	335	3,938
Depreciation	45,704	-	-	-	45,704
Total Expense	<u>\$ 1,175,814</u>	<u>\$ 268,656</u>	<u>\$ 203,335</u>	<u>\$ 471,991</u>	<u>\$ 1,647,805</u>

The accompanying Notes to Financial Statements  
are an integral part of this statement.

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 4,231,038	\$ 1,346,995
Restricted Cash	1,818,156	1,467,947
Grants Receivable	1,095,100	371,582
Accounts Receivable - Net	3,156	41,512
Loans Receivable	227,159	72,497
Prepaid Expense	10,499	7,874
Total Current Assets	<u>7,385,108</u>	<u>3,308,407</u>
 Grants Receivable	 532,750	 61,000
Loans Receivable	553,240	572,864
Property and Equipment - Net	<u>63,107</u>	<u>42,161</u>
 TOTAL ASSETS	 <u><u>\$ 8,534,205</u></u>	 <u><u>\$ 3,984,432</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 439,362	\$ 571,084
Notes Payable	-	26,372
Accrued Salaries and Vacation	35,290	13,723
Total Current Liabilities	<u>474,652</u>	<u>611,179</u>
 Long-term Liabilities:		
Notes Payable	<u>2,043,609</u>	<u>773,418</u>
Total Liabilities	<u>2,518,261</u>	<u>1,384,597</u>
 Net Assets:		
Without Donor Restrictions:		
Designated	60,000	60,000
Undesignated	2,721,028	951,205
Total Without Donor Restrictions	<u>2,781,028</u>	<u>1,011,205</u>
With Donor Restrictions	<u>3,234,916</u>	<u>1,588,630</u>
Total Net Assets	<u>6,015,944</u>	<u>2,599,835</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 8,534,205</u></u>	 <u><u>\$ 3,984,432</u></u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.



NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 3,416,109	\$ 2,212,145
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	24,881	45,704
PPP Loan Forgiveness	(131,528)	-
(Gain) Loss on Disposal of Property and Equipment	-	(3,288)
Grants Receivable	(471,750)	(61,000)
Loans Receivable	19,624	(567,864)
Decreases (Increases) in Current Assets:		
Grants Receivable	(723,518)	(3,408)
Accounts Receivable	38,356	(26,476)
Loans Receivable	(154,662)	(72,497)
Prepaid Expense	(2,625)	(2,459)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(131,722)	528,864
Accrued Salaries and Vacation	21,567	(17,290)
Deferred Revenue	-	(500)
Net Cash Provided by Operating Activities	<u>1,904,732</u>	<u>2,031,931</u>
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(45,827)	(3,929)
Proceeds from Sale of Property and Equipment	-	8,750
Net Cash Provided (Used) by Investing Activities	<u>(45,827)</u>	<u>4,821</u>
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Payable	1,450,000	814,187
Principal Payments on Notes Payable	(74,653)	(119,433)
Net Cash Provided by Financing Activities	<u>1,375,347</u>	<u>694,754</u>
Net Increase in Cash and Restricted Cash	3,234,252	2,731,506
Cash and Restricted Cash - Beginning of Year	<u>2,814,942</u>	<u>83,436</u>
Cash and Restricted Cash - End of Year	<u>\$ 6,049,194</u>	<u>\$ 2,814,942</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid For:		
Interest	<u>\$ 648</u>	<u>\$ 6,396</u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies

Basis of Combination

The combined financial statements of Northside Economic Opportunity Network (NEON) include the accounts of NEON Property Maintenance LLC. NEON is the sole member of NEON Property Maintenance LLC which was founded May 18, 2016. All material inter-organizational transactions have been eliminated.

Organizational Purpose

NEON is a North Minneapolis community-based organization whose mission is to expand economic opportunities and build wealth for North Minneapolis residents through creation, growth, and development of small businesses in the North Minneapolis area. NEON works collaboratively with partner organizations to pursue these primary strategies: entrepreneur training, credit building, small business financing, microlending, business siting, technical assistance and support, and youth training. NEON's staff pursues these strategies directly through supporting activities which include community outreach, program administration, fundraising, collaborative efforts and support for commercial real estate development in the region. NEON's vision is to help create a prosperous sustainable North Minneapolis in collaboration with others, provide a wide array of services that raise the quality of life for North Minneapolis residents by creating and expanding economic opportunities for residents who start, own and operate those businesses.

Net Assets

Net Assets, revenues, gains, and losses are classified based on the existence or absence of donor-or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-or grantor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- or grantor-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. NEON reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, 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.

Property and Equipment

All major expenditures over \$2,500 for property and equipment are capitalized at cost. Contributed furniture and equipment is recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method.

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

NEON recognizes revenue from program fees and sales when the performance obligations of services provided are met. Amounts received in advance of a service being performed are recorded as deferred revenue.

Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the condition they depend have been substantially met.

A portion of the revenue is derived from cost-reimbursement federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NEON has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statement of financial position.

NEON received cost-reimbursable grants of \$-0- and \$39,966 that have not be recognized at December 31, 2021 and 2020 because qualifying expenditures have not yet been incurred. No amounts have been received in advance under the contracts and grants.

Accounts Receivable and Doubtful Accounts

Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and NEON does not charge interest on accounts receivable balances. NEON reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. The allowance for doubtful accounts is \$0 and \$43,729 as of December 31, 2021 and 2020, respectively.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. No allowance for doubtful accounts has been provided as grants receivable are considered collectable.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Loans Receivable

Loans receivable are carried at unpaid principal balances, less an allowance for loan losses and net deferred loan fees and unearned discounts. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on NEON's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. NEON's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

Income Tax

NEON has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. NEON's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. NEON continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, NEON annually files a Return of Organization Exempt From Income Tax (Form 990).

Use of Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

NEON has evaluated the effect that subsequent events would have on the financial statements through May 16, 2022, which is the date financial statements were available to be issued.

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

2. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. There are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, NEON expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

3. Financial Instruments

Significant Concentrations of Credit Risk

NEON provides services within the Twin Cities area. The amounts due for services provided are from individuals, or their third-party payors, substantially all of whom are local residents. In addition, grants and contributions receivable are from local residents, governments or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2021 and 2020, NEON held funds at a financial institution in excess of federally insured limits.

4. Cash and Restricted Cash

The following provides a reconciliation of cash and restricted cash reported within the statement of financial position that total the sum reported on the statement of cash flows as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 4,231,038	\$ 1,346,995
Cash – Restricted for Donor Restrictions	1,801,595	1,464,425
Cash – Restricted for SBEL Note Payable	<u>16,561</u>	<u>3,522</u>
Total Cash and Restricted Cash	<u>\$ 6,049,194</u>	<u>\$ 2,814,942</u>

5. Grants Receivable

The balances of grants receivable are due as follows:

	<u>December 31,</u>	
<u>Due in the Year Ending December 31,</u>	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 371,582
2022	1,095,100	61,000
2023	<u>532,750</u>	<u>-</u>
Total Grants Receivable	1,627,850	432,582
Less Short Term Portion	<u>1,095,100</u>	<u>371,582</u>
Long Term Portion	<u>\$ 532,750</u>	<u>\$ 61,000</u>

All grants receivable are considered collectable.

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

6. Property and Equipment

NEON owned the following as of:

	<u>December 31,</u>		<u>Estimated</u>
	<u>2021</u>	<u>2020</u>	<u>Useful Lives</u>
Leasehold Improvements	\$ 205,401	\$ 205,401	5 years
Building Design	34,377	-	
Furniture and Equipment	<u>36,013</u>	<u>24,563</u>	3-5 years
	275,791	229,964	
Less Accumulated Depreciation	<u>212,684</u>	<u>187,803</u>	
	<u>\$ 63,107</u>	<u>\$ 42,161</u>	

Depreciation expense of \$24,881 and \$45,704 was recorded for the year ended December 31, 2021 and 2020, respectively.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Grow and Thrive Food Incubator Program	\$ 1,344,045	\$ 291,367
Capacity Development/Staffing Needs	384,917	450,000
Small Business Loans	118,000	300,000
Technical Assistance	60,000	156,379
Building Acquisition	20,000	-
Grants to Businesses	6,454	218,884
Subject to passage of time:		
Future Years General Operations	<u>1,301,500</u>	<u>172,000</u>
	<u>\$ 3,234,916</u>	<u>\$ 1,588,630</u>

8. Designated Net Assets

The Board of Directors made the following net asset designations as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating Reserve	<u>\$ 60,000</u>	<u>\$ 60,000</u>

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

9. Leased Facilities

As of December 31, 2021 NEON's lease for office space was month to month. Rental expense was \$157,973 and \$150,153 for the years ending December 31, 2021 and 2020, respectively.

10. Notes Payable

The breakdown of notes payable is as follows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest free note payable to State of Minnesota related to the Small Business Emergency Loan Program. Payments are made based on receipt of payment on loans receivable. The note is due on August 31, 2026 and secured by loans receivable.	\$ 593,609	\$ 641,890
PPP Loan – see note 13.	-	131,528
1.0% note payable to Mortenson Family Foundation for a NEON's revolving loan fund. Principal and unpaid interest is due May 27, 2031. The note is unsecured.	150,000	-
1.5% note payable to Otto Bremer Trust for a NEON's revolving loan fund. Principal and unpaid interest are due July 15 2025. The note is unsecured.	300,000	-
Interest free note payable to The Jay and Rose Phillips Family Foundation of Minnesota for a NEON's revolving loan fund for BIPOC led commercial real estate development in Northside of Minneapolis. Unpaid principal due March 9, 2031. The note is unsecured.	1,000,000	-
6.5% note payable to Propel Nonprofits. Payments of \$10,000 are that includes principal and interest are due monthly until March 2, 2022 when any remaining principal and accrued interest is due. The note is secured by NEON's assets.	-	21,372
Interest free note payable to the Local Initiatives Support Corporation. The note is due on demand and secured by NEON's assets.	-	5,000
	<u>2,043,609</u>	<u>799,790</u>
Less Portion Due Within One (1) Year	<u>593,609</u>	<u>26,372</u>
Long-term Portion	<u>\$ 1,450,000</u>	<u>\$ 773,418</u>

NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

10. Notes Payable (continued)

Principal payments required are as follows:

<u>Due in the Year Ending December 31,</u>	
2022	\$ 72,497
2023	72,497
2024	72,497
2025	372,497
2026	303,621
2027 and Beyond	<u>1,150,000</u>
Total	<u>\$ 2,043,609</u>

11. Liquidity and Availability

The following represents NEON's financial assets as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current Financial Assets:		
Cash	\$ 6,049,194	\$ 2,814,942
Grants Receivable	1,627,850	432,582
Accounts Receivable	<u>3,156</u>	<u>41,512</u>
Total Current Financial Assets	7,680,200	3,289,036
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	3,234,916	1,588,630
Board Designated Reserve	60,000	60,000
Net Assets With Restrictions to be met within a year	<u>(2,702,166)</u>	<u>(1,527,630)</u>
Total Assets not available to be used within one year	<u>592,750</u>	<u>121,000</u>
Financial Assets Available for General Expenditures		
Within One Year	<u>\$ 7,087,450</u>	<u>\$ 3,168,036</u>

NEON has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

The board-designated reserve is not considered available for use within one year, but these amounts could be made available if necessary by board action.

As part of the NEON's liquidity plan, there is a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.



NORTHSIDE ECONOMIC OPPORTUNITY NETWORK  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

12. Loan Receivable

Loans receivable are as follows as of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Various loans to businesses with original loan amounts ranging from \$5,000 to \$72,685. Payments are due monthly.	\$ 780,399	\$ 645,361
Loans Receivable within One Year - Current	<u>227,159</u>	<u>72,497</u>
Loans Receivable – Non-current	<u>\$ 553,240</u>	<u>\$ 572,864</u>

For the loan receivable, the allowance for loan losses is established through a provision for loan losses charged to expense. Accrued interest is charged against the allowance for loan losses on an annual basis.

13. PPP Loan

On April 14, 2020, the NEON entered into a promissory note agreement with Bremer Bank, NA in the amount of \$130,600 pursuant the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is schedule to mature April 14, 2022. Up to 100 percent of the loan is forgivable when used to pay specific payroll and other costs within a qualified period (generally 24 weeks after receiving the funds).

NEON has elected to carry the Loan as debt on its statement of financial position as of December 31, 2020 per FASB ASC 470. The balance as of December 31, 2020 also includes accrued interest. NEON received notification that the full amount of the note and accrued interest was forgiven by the SBA in the year ended December 31, 2021 and is included with grants and contributions on the statement of activities.

14. Prior Period Adjustment

As a result of internal review there was \$352,962 identified and reclassified as net assets with donor restrictions that were previously reported as net assets without donor restrictions. This correction had no effect on the total support and revenue or net assets at December 31, 2020. The effect of the restatement is as follows:

	<u>December 31, 2020</u>	
	<u>As Previously Reported</u>	<u>Restated</u>
Grants and Contributions – With Donor Restrictions	\$ 1,807,500	\$ 2,207,500
Grants and Contributions – Without Donor Restrictions	1,695,641	1,295,641
Net Assets Released from Purpose Restrictions	606,581	653,619
Net Assets With Donor Restrictions	1,235,688	1,588,630
Net Assets Without Donor Restrictions	1,364,167	1,011,205