Metro Community Development, Inc. and Subsidiaries

Consolidated Financial Statements

June 30, 2020
(With Summarized Comparative
Information for 2019)

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Independent Auditors' Report

Management and the Board of Directors
Metro Community Development, Inc.
Flint, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Metro Community Development, Inc. and subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Metro Community Development, Inc. and subsidiaries as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Metro Community Development, Inc. and subsidiaries' 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 21, 2019. In our opinion, the summarized comparative information presented herein, with the exception of the matter discussed in Note 1, as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived. As part of our audit of the June 30, 2020 financial statements, we also audited adjustments described in Note 1 that were applied to restate the June 30, 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Adoption of New Accounting Standards

As described in Note 1 to the consolidated financial statements, Metro Community Development, Inc. and subsidiaries changed its method of accounting for contributions in 2020 as required by the provisions of FASB Accounting Standards Update 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, and changed its method of accounting for restricted cash in 2020 as required by the provisions of FASB Accounting Standards Update 2016-18 *Statement of Cash Flows – Restricted Cash*. Our opinion is not modified with respect to these matters.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020 on our consideration of Metro Community Development, Inc. and subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro Community Development, Inc. and subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro Community Development, Inc. and subsidiaries' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Lansing, Michigan
September 29, 2020

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2020
(With Summarized Comparative Information as of June 30, 2019)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	**$ 3,950,921**	$ 3,937,540
Investments	**1,767,416**	1,986,046
Prepaid expense and other assets	**1,012**	751
Accounts receivable	**394,900**	467,995
Property held for sale	**117,042**	-
Collateral holdings	**83,816**	-
Loans receivable, current portion	**551,762**	496,854
Total current assets	**6,866,869**	6,889,186
Noncurrent assets		
Deposit - Federal Home Loan Bank	**500,000**	500,000
Funded reserves	**641,831**	553,157
Loans receivable, net of current portion and allowance	**3,898,388**	4,107,880
Development costs	**-**	45,850
Property and equipment, net of accumulated depreciation	**1,103,825**	887,181
Land development sites	**23,276**	18,327
Total noncurrent assets	**6,167,320**	6,112,395
Total assets	**$ 13,034,189**	$ 13,001,581

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2020
(With Summarized Comparative Information as of June 30, 2019)

	2020	2019
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 308,002**	$ 282,375
Accrued liabilities	**78,562**	42,308
Advance on grants	**7,429**	-
Refundable advance - PPP proceeds	**242,300**	-
Notes payable, current portion	**127,111**	126,272
Total current liabilities	**763,404**	450,955
Noncurrent liabilities		
Security deposits	**-**	1,875
Revolving loans	**1,141,500**	1,209,720
Notes payable, net of current portion	**2,643,355**	2,744,921
Total noncurrent liabilities	**3,784,855**	3,956,516
Total liabilities	**4,548,259**	4,407,471
Net assets		
Without donor restrictions		
Undesignated	**5,731,257**	4,915,525
Designated for loan programs	**1,789,704**	2,017,124
Non-controlling interest in consolidated subsidiary		
Limited partners' equity in limited partnership	**510,985**	519,938
Total without donor restrictions	**8,031,946**	7,452,587
With donor restrictions		
Perpetual in nature	**35,000**	35,000
Purpose restrictions	**418,984**	853,141
Time and purpose restrictions	**-**	253,382
Total with donor restrictions	**453,984**	1,141,523
Total net assets	**8,485,930**	8,594,110
Total liabilities and net assets	**$ 13,034,189**	$ 13,001,581

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2020
(With Summarized Comparative Information for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals 2020	Totals 2019
Support and revenues				
Local support	$ 386,685	$ -	**$ 386,685**	$ 423,516
Other grants	243,086	204,036	**447,122**	373,764
Federal grants	2,303,227	-	**2,303,227**	2,786,650
NeighborWorks America	307,750	-	**307,750**	277,691
Fees for services	342,472	-	**342,472**	182,766
Interest income - loans receivable	203,507	-	**203,507**	188,304
Investment income	2,938	-	**2,938**	102,415
In-kind contributions	37,838	-	**37,838**	138,995
Rental income	215,185	-	**215,185**	153,567
Other income	39,350	-	**39,350**	72,466
Net assets released from restrictions	891,575	(891,575)	**-**	-
Total support and revenues	4,973,613	(687,539)	**4,286,074**	4,700,134
Expenses				
Program services	4,062,240	-	**4,062,240**	4,183,380
Supporting services				
Management and general	293,625	-	**293,625**	292,132
Fundraising	38,389	-	**38,389**	43,740
Total expenses	4,394,254	-	**4,394,254**	4,519,252
Change in net assets	$ 579,359	$ (687,539)	**$ (108,180)**	$ 180,882

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020
(With Summarized Comparative Information for the year ended June 30, 2019)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Totals: **2020**	Totals: 2019
Expenses					
Salaries and wages	$ 958,214	$ 51,966	$ 28,849	**$ 1,039,029**	$ 1,138,020
Payroll taxes and fringe benefits	193,057	26,424	9,540	**229,021**	199,309
Professional fees	37,552	28,413	-	**65,965**	172,126
Provision for loan losses	181,637	-	-	**181,637**	80,969
Communications and marketing	28,651	45,134	-	**73,785**	28,876
Grant reimbursements - community projects	102,899	-	-	**102,899**	190,555
Consultants and contracting	124,923	4,000	-	**128,923**	193,443
Insurance	54,413	1,150	-	**55,563**	76,141
Memberships and subscriptions	3,229	13,924	-	**17,153**	15,201
Rent	73,542	3,814	-	**77,356**	44,415
Equipment purchase and maintenance	43,399	4,266	-	**47,665**	73,314
Supplies and materials	38,104	10,784	-	**48,888**	64,801
Travel	34,128	2,050	-	**36,178**	59,130
Telephone and utilities	83,965	794	-	**84,759**	90,304
Depreciation	-	28,056	-	**28,056**	21,777
Homeowner grant expenses	204,084	-	-	**204,084**	325,519
Stipends and site costs - YouthBuild	2,360	-	-	**2,360**	86,383
Subrecipient expenses - Continuum of Care Program	1,672,755	-	-	**1,672,755**	1,452,772
Other expenses	225,328	72,850	-	**298,178**	206,197
Total expenses	$ 4,062,240	$ 293,625	$ 38,389	$ **4,394,254**	$ 4,519,252

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Changes in Net Assets
For the Year Ended June 30, 2020
(With Summarized Comparative Information for the year ended June 30, 2019)

	Without Donor Restrictions			
	Undesignated and designated for loan programs	Non-controlling interests	With Donor Restrictions	Total
Balance - July 1, 2018	$ 7,303,368	$ 564,987	$ 544,873	$ 8,413,228
Change in net assets	(415,768)	-	596,650	180,882
Attributable to non-controlling interest in limited partnership	45,049	(45,049)	-	-
Balance - June 30, 2019	6,932,649	519,938	1,141,523	8,594,110
Change in net assets	579,359	-	(687,539)	(108,180)
Attributable to non-controlling interest in limited partnership	8,953	(8,953)	-	-
Balance - June 30, 2020	$ 7,520,961	$ 510,985	$ 453,984	$ 8,485,930

See Accompanying Notes to the Consolidated Financial Statements

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2020
(With Summarized Comparative Information for the year ended June 30, 2019)

	2020	2019 (As restated)
Cash flows from operating activities		
Change in net assets	**$ (108,180)**	$ 180,882
Items not requiring cash		
Depreciation	**28,056**	21,777
Provision for loan losses	**181,637**	80,969
Realized and unrealized loss on investments	**92,790**	38,985
Net in-kind - YouthBuild	**37,838**	146,851
Change in operating assets and liabilities		
Prepaid expenses	**(261)**	35,578
Accounts receivable	**73,095**	291,221
Property for sale	**(117,042)**	-
Collateral holdings	**(83,816)**	-
In-kind receivable	**-**	7,332
Loans receivable	**(27,053)**	(1,320,649)
Accounts payable	**25,627**	4,022
Accrued expenses	**36,254**	10,063
Advance on grants	**7,429**	-
Refundable advance - PPP proceeds	**242,300**	-
Revolving loans	**(68,220)**	96,450
Security deposits	**(1,875)**	1,875
Net cash provided (used) by operating activities	**318,579**	(404,644)
Cash flows from investing activities		
Maturity (purchase) of certificates of deposit	**-**	504,399
Fixed asset purchases	**-**	(322,450)
Leasehold improvements in progress	**(244,700)**	(77,865)
Purchase of investments	**(656,217)**	(368,001)
Proceeds from sale of investments	**801,371**	300,402
Net cash provided (used) by investing activities	**(99,546)**	36,485
Cash flows from financing activities		
Proceeds from notes payable	**40,431**	1,895,701
Principal payments on notes payable	**(157,409)**	(475,197)
Net cash provided (used) by financing activities	**(116,978)**	1,420,504
Change in cash and cash equivalents	**102,055**	1,052,345
Cash and cash equivalents - beginning of year	**4,490,697**	3,438,352
Cash and cash equivalents - end of year	**$ 4,592,752**	$ 4,490,697
Supplementary Cash Flow Information		
Cash paid for interest	**$ 27,742**	$ 13,053
Supplemental noncash disclosures:		
Transfer from portfolio loans to assets owned	**$ 139,448**	$ -

See Accompanying Notes to the Consolidated Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Metro Community Development, Inc. (MCD), a nonprofit organization, was established August 21, 1992, by public, private and neighborhood organizations for the purpose of enhancing and expanding housing and community development initiatives for underserved people and communities. The following outlines the major service programs:

- **Asset Development:** Empowers families and local businesses to acquire assets and to achieve long term financial success. Includes foreclosure prevention and home purchase counseling as well as lending activities.

- **Community Development:** Establishes community partnerships for the creation of stable and vibrant neighborhoods and communities. Includes the Building Neighborhood Capacity Program and, recently ended, Flint Metro YouthBuild Program.

- **Housing Development:** Determine the potential for MCD to develop new housing stock in the service area. Continue to support housing alternatives with comprehensive options ranging from homelessness, prevention, stabilization, low income, and aging populations.

MCD established Metro Housing Partnership (MHP), a wholly owned subsidiary of the Organization whose purpose is to create quality affordable housing opportunities for low and moderate income families through single-family or multi-family developments and to strengthen and enhance communities. MHP was established in July 2014. MHP has a .01% general partnership interest in Metawaneenee Hills Limited Partnership (MHLP).

MHLP is organized as a limited partnership to develop, own and operate a 24-unit affordable housing property in Flint, Michigan that has qualified for and was allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42. MHP as the general partner has complete administrative control of MHLP and is the guarantor of the project obligations. Profit and loss is allocated between the general partner, MHP and the limited partner, National Equity Fund Assignment Corporation, by .01% and 99.99%, respectively.

Collectively, MCD, MHP and MHLP shall be referred to as the “Organization”.

Basis of Presentation

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:

<u>Net assets without donor restrictions</u> – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for loan programs.

<u>Net assets with donor restrictions</u> – Net assets subject to donor (or certain 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Principles of Consolidation
The consolidated financial statements include the financial statements of MCD, MHP and MHLP. MHLP is included in the consolidation in accordance with United States generally accepted accounting principles (US GAAP) which requires consolidation of all such entities which MCD has both control and economic interest. All significant intercompany accounts and transactions have been eliminated in these consolidated financial statements.

Basis of Accounting
The Organization prepares financial statements on the accrual basis of accounting.

Comparative Financial Information
The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the fiscal year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents
The Organization considers cash on hand and demand deposits in banks as cash and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents for the purpose of the statement of cash flows.

The following table provides a reconciliation of cash and restricted cash reported that sum to the total in the statement of cash flows as of June 30:

	2020	2019
Cash and cash equivalents	$ 3,950,921	$ 3,937,540
Funded reserves	641,831	553,157
Total cash and restricted cash	$ 4,592,752	$ 4,490,697

Investments
Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Investment securities are all valued using level one or two inputs which are based on unadjusted quoted market prices within the markets. Changes in unrealized gains and losses are included in the statement of activities as investment income. The Organization primarily uses quoted market prices to establish fair value and transactions are recorded on the trade date.

Accounts Receivable
Accounts receivable consists primarily of amounts due from granting sources for the various programs operated by the Organization. Also included in receivables are tenant accounts receivable that are stated at net rent amounts. The Organization has not recorded a provision for doubtful accounts since it is the opinion of management that those receivables are collectible in full.

Loans Receivable and Allowance for Loan Losses
Loans receivable are stated at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses represents management's estimate of probable losses inherent in the loan portfolios as of the balance sheet date. The estimate of the allowance is based on a variety of factors, including past loan loss experience, adverse situations that have occurred but are not yet known that may affect the borrower's ability to repay, the estimated value of the underlying collateral, lender requirements, and general economic condition. The ultimate recovery of all loans is susceptible to future market factors beyond the Organization's control.

The Organization considers a loan impaired when based on current information or factors, it is probable that the Organization will not collect all principal and interest due according to the loan agreement. Management considered many factors in determining whether a loan is impaired, such as payment history, borrower financial condition, and value of collateral. The Organization reviews impairment on a loan-by-loan basis by either using the fair value of collateral or the present value of expected cash flows discounted at the loans effective interest rate or, as practical expedient, at the loan's observable market price or the fair value of collateral if the loan is dependent.

Interest income on loans receivable is accrued based on the loan balance and interest rate stated in the loan agreement, ranging from 0.0% to 9.0%. Once a loan receivable is determined to be uncollectable and written off, the Organization no longer recognizes interest income on the loan balance. Any payment received on loans previously written off are recorded as loan loss recoveries.

The Organization periodically, sells loans through either securitizations or individual loan sales. When this occurs, the sold loans are removed from the consolidated statement of operations and a net gain or loss is recognized at the time of sale.

Property and Equipment
Property and equipment is recorded at cost and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation on the building, furniture and fixtures is computed using the straight-line method over the useful lives of the assets ranging from 7 - 40 years. Improvements over $ 5,000 are capitalized while expenditures for maintenance and repairs are charged to expenses when incurred.

Property Held for Sale
Property held for sale is recorded at market value for real estate foreclosed upon, and cost for improvements made for sale.

Collateral Holdings
Collateral holdings are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of real estate property collateralizing a loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement.

Land Development Sites
The Organization maintains land to be used for future development which is stated at the lower of cost or market. Carrying costs related to the land are expensed as incurred.

Paycheck Protection Program (PPP) Loan
The Organization accounts for the PPP loan as a conditional contribution under FASB ASC 958-605 Not-for-Profit Entities: Revenue Recognition by analogizing FASB 958-605 Not-for-Profit Entities: Revenue Recognition as a conditional contribution. The loan is recorded as a refundable advance until the conditions are met for revenue recognition.

Net Asset Classification

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) to report information regarding the Organization's financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net assets designated for loan programs represent amounts set aside by the Board to make loans to eligible businesses and individuals. The amount is based on the estimated collectable value of loans made with funds from the Community Development Financial Institutions CDFI program. The expected collections from those loans will be used to make new loans.

Grant Revenue Recognition

The Organization enters into contracts with certain governmental and private agencies. Revenue under these contracts is recognized when earned. The activities of the Organization relating to certain contracts are subject to review or audit by the responsible governmental agency to determine compliance with award documents and may be subject to possible adjustment based on negotiations with the funding agencies. The Organization has not provided allowances in the financial statements for potential adjustments since such amounts, if any, are not expected to be significant.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose of 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.

In-Kind Donations

Contributions of services are recognized if the services received create or enhance a non-financial asset or the services require specialized skills that are provided by individuals possessing those skills. In-kind expenses recognized during the years ended June 30, 2020 and 2019 amounted to $ 37,838 and $ 138,995 for donated services and $ 0 and $ 7,332 for donated facilities, respectively. The Organization also receives various support throughout the year from volunteers that are not recognized in the financial statements since the recognition criteria were not met.

Rental Income

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the MHLP and the tenants of the property are operating leases.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and benefits, depreciation and amortization, occupancy and information technology. Salaries, and benefits, are allocated based on time entry of employees, occupancy, depreciation, and information technology are allocated based on a direct cost basis.

Income Tax Status

Metro Community Development, Inc., and Metro Housing Partnership, nonprofit exempt organizations have both been granted tax-exempt status by the Internal revenue Service under Section 501(c)(3) of the Internal Revenue Code, and both file a Federal informational return. The income and losses of Metawaneenee Hills Limited Partnership are allocated to the partners and reported on their respective tax returns. The activities of Metawaneenee Hills Limited Partnership are within the tax exempt purpose of Metro Housing Partnership.

Concentration of Credit Risk

The Organization is required to disclose concentration of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash, cash equivalents and certificates of deposits. The Organization places its cash and cash equivalents with high quality financial institutions. At June 30, 2020, deposits with financial institutions amounted to $ 4,845,802, of this amount, $ 3,649,216 was uncollateralized and uninsured by FDIC depository insurance. The Organization’s loan receivable portfolio is concentrated primarily within Genesee County.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the statement of financial position in the 2019 financial statements have been reclassified to conform to the 2020 presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management has evaluated subsequent events through September 29, 2020 and concluded that no subsequent events have occurred that would require disclosure in the noted to the financial statements.

Change in Accounting Principle

The Organization adopted ASU 2018-08 Not-for-Profit Entities (Topic 958) *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* as of the beginning of the year ended June 30, 2020. Accordingly, the Organization has elected to implement this standard using a full retrospective adjustment of the prior year financial statements. Net assets did not change as a result of adoption of the new standard.

The Organization adopted ASU 2016-18 Not-for-Profit Entities (Topic 230) Statement of Cash Flows – Restricted Cash as of the beginning of the year ended June 30, 2020. This has been adopted retrospectively. Restricted cash was included in total cash and cash equivalents on the cash flow statement as a result of this change:

Cash Flow Activities	Before Adoption	Reclassification	After Adoption
Operating	$ (404,644)	$ -	$ (404,644)
Investing	(84,386)	120,871	36,485
Financing	1,420,504	-	1,420,504
	$ 931,474	$ 120,871	$ 1,052,345
Cash and cash equivalents, June 30, 2019			$ 3,937,540
Reclassification			553,157
Cash and cash equivalents, June 30, 2019 - restated			$ 4,490,697

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. 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 updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Implementation of this standard has been delayed by ASU 2020-05, and will be adopted by the Organization for the year ended June 30, 2021. Management is evaluating the impact of the revenue recognition guidance on the Organization's financial statements.

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The update provides financial statement users with more decision-useful information about expected credit losses on financial instruments and other commitments to extend credit held by the Organization. Implementation of this standard has been delayed, and will be adopted by the Organization for the year ended June 30, 2024. Management is evaluating the impact of the guidance on the Organization's financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The update increases the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing essential information about leasing transactions. Implementation of this standard has been delayed, and will be adopted by the Organization for the year ended June 30, 2022. Management is evaluating the impact of the guidance on the Organization's financial statements.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	$ 3,950,921	$ 3,937,540
Accounts receivable	394,900	467,995
Loans receivable, short term	551,762	496,854
Financial assets at year end	4,897,583	4,902,389
Less those unavailabe for general expenditure within one year:		
Restricted by donor with time or purpose restrictions	(453,984)	(1,141,523)
Board designated without donor restricted net assets	(1,789,704)	(2,017,124)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,653,895	$ 1,743,742

The Organization has cash and cash equivalents classified used to cover expense payments as they become due. In addition, the Organization focuses on fundraising and grant development efforts to ensure adequate contributions are being received to cover the programs operated. Lastly, the Organization has investment funds to provide secure long-term funding for the mission. These funds are not expected to be used for current expenses and would only be used at the Organization’s discretion.

Note 3 - Funded Reserves

Funded reserves primarily consist of cash required by lenders and regulators to be set aside as a loan loss reserve to cover future loan losses related to the loan portfolio. Additionally, MHLP is required to set aside amounts in a replacement reserve account to be available for the replacement of property and project expenditures. Funded reserves are as follows at June 30:

Purpose	Source	2020	2019
Loan Loss Reserve	Small Business Administration	$ 287,214	$ 185,765
Loan Loss Reserve	Department of Treasury - CDFI	220,510	226,472
Loan Loss Reserve	Huntington Bank	66,499	86,458
Loan Loss Reserve	Genesee County	19,898	22,417
Loan Loss Reserve	Community Advantage	15,953	15,929
Loan Loss Reserve	City of Flint	8,441	-
Replacement Reserve	Metawaneenee Hills	23,316	16,116
Total funded reserves		$ 641,831	$ 553,157

SBA Community Advantage Loan Loss Reserve

As of June 30, 2020, the Organization was in compliance with Small Business Administration Community Advantage loan loss reserve requirements for the Community Advantage Pilot Program.

Note 4 - Deposit

The Organization has $ 500,000 on deposit with the Federal Home Loan Bank of Indianapolis. These funds are used as collateral for the Homeownership Initiative Program. At June 30, 2020 , the collateral has yet to be drawn upon.

Note 5 - Conditional Promises to Give

During the fiscal year, the Organization received conditional promises to give related to local, state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose and various compliance requirements in accordance with 2 CFR 200. The conditional contributions consisted of the following as of December 31, 2019:

Condition / Grant Purpose	Total Contract / Grant Amount	Spent to Date	Conditional Contribution
MSHDA Neighborhood Enhancement Program	$ 50,000	$ -	$ 50,000
SBA Technical Assistance	118,524	85,823	32,701
HUD Continuum of Care	1,885,560	1,414,787	470,773
	$ 2,054,084	$ 1,500,610	$ 553,474

Note 6 - Investments

Investments are recorded at fair value. A summary of cost, fair value, and unrealized gain or loss on investment at June 30, 2020 is as follows:

June 30, 2020	Cost	Fair Value	Unrealized Gain (Loss)
Debt securities			
US government obligations	$ 186,534	$ 197,549	$ 11,015
Inflation index bonds	11,176	12,806	1,630
Mortgage back securities	154,754	160,571	5,817
Corporate bonds	146,796	153,892	7,096
Foreign bonds and notes	4,982	5,109	127
Equity securities			
International securities	214,264	179,490	(34,774)
Small and mid cap equity securities	323,801	242,395	(81,406)
Large cap equity securities	727,799	613,782	(114,017)
Money market and other	201,822	201,822	-
	$ 1,971,928	$ 1,767,416	$ (204,512)

A summary of cost, fair value, and unrealized gain or loss on investment at June 30, 2019 is as follows:

June 30, 2019	Cost	Fair Value	Unrealized Gain (Loss)
Debt securities			
US government obligations	$ 188,033	$ 192,666	$ 4,633
Inflation index bonds	11,176	11,941	765
Mortgage back securities	147,268	147,690	422
Corporate bonds	150,482	152,496	2,014
Foreign bonds and notes	4,982	5,077	95
Equity securities			
International securities	389,134	383,737	(5,397)
Small and mid cap equity securities	389,453	368,183	(21,270)
Large cap equity securities	706,687	703,030	(3,657)
Money market and other	21,226	21,226	-
	$ 2,008,441	$ 1,986,046	$ (22,395)

The following schedule reconciles investment income as reported in the statement of activities with investment earnings:

	2020	2019
Interest and dividend income	$ 110,057	$ 155,009
Realized gain (loss) on investments	88,582	(2,863)
Unrealized loss on investments	(181,372)	(36,122)
Total investment income	17,267	116,024
Investment fees and expenses	(14,399)	(13,609)
Net investment income	$ 2,868	$ 102,415

The scheduled maturities of debt security investments at June 30, 2020 are as follows:

	Cost	Fair value
Due in one year of less	$ 56,573	$ 56,482
Due after one year through five years	206,876	218,294
Due after five years or more	240,793	255,149
Total	$ 504,242	$ 529,925

Note 7 - Fair Value Measurements

US GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

In general, fair value determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of June 30, 2020:

	Balance at June 30, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Debt securities				
US government obligations	$ 197,549	$ -	$ 197,549	$ -
Inflation index bonds	12,806	-	12,806	-
Mortgage back securities	160,571	-	160,571	-
Corporate bonds	153,892	-	153,892	-
Foreign bonds and notes	5,109	-	5,109	-
Equity securities				
International securities	179,490	179,490	-	-
Small and mid cap equity securities	242,395	242,395	-	-
Large cap equity securities	613,782	613,782	-	-
Money market and other	201,822	191,348	-	10,474
	$ 1,767,416	$ 1,227,015	$ 529,927	$ 10,474

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of June 30, 2019:

	Balance at June 30, 2019	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Debt securities				
US government obligations	$ 192,666	$ -	$ 192,666	$ -
Inflation index bonds	11,941	-	11,941	
Mortgage back securities	147,690	-	147,690	-
Corporate bonds	152,496	-	152,496	-
Foreign bonds and notes	5,077	-	5,077	-
Equity securities				
International securities	383,737	383,737	-	-
Small and mid cap equity securities	368,183	368,183	-	-
Large cap equity securities	703,030	703,030	-	-
Money market and other	21,226	10,752	-	10,474
	$ 1,986,046	$ 1,465,702	$ 509,870	$ 10,474

Note 8 - Loans Receivable

The Organization has developed a loan program to support the growth of businesses in the Organization's operating area as a means to assist in sustaining and creating new jobs in the community. Customers are most often local businesses who want to expand their markets and increase their profitability. The Organization's loan portfolio is comprised of loans that are secured by real estate, commercial property and equipment. The collateral is concentrated primarily within Genesee County. Loans receivable at June 30, 2020 and 2019 consist of the following:

	2020	2019
Micro Loans and Enterprise Loans - Community Development Financial Institution	$ 1,069,194	$ 1,287,112
Micro Loans - Small Business Administration	850,192	604,719
Micro Loans - Community Advantage	57,771	88,245
Affordable Mortgage Loans	1,078,301	1,115,536
Small Business Loans	1,674,284	1,831,186
Fresh Start Loans	18,292	1,635
Senior Tax and Home Retention Loans	4,253	5,787
Less: allowance for loan losses	(302,137)	(329,486)
Total loans receivable, net	$ 4,450,150	$ 4,604,734

Details of the various loan programs are as follows:

- **Micro loan fund:** to provide loans in the range of $ 5,000 - $ 50,000 towards purchase or improvement of property, leasehold improvements, equipment, vehicles, hardware and software and other effective financial needs that contribute to the sustainability and growth of an existing business. Interest rates range between 4% - 7% based on type of funds available. Loan terms are for five years. The micro loan fund has been established with the assistance of C.S. Mott Foundation, the U.S. Department of Treasury's Community Development Financial Institutions (CDFI) Program and the U.S. Small Business Administration.

- **Enterprise loan fund:** to provides loan in the range of $ 50,001 to $ 200,000 towards business growth that can be used as leverage for financing with lenders. The loan fund can be secondary loan. Interest rates range between 5% - 7% based on type of funds available. Loan terms vary from 5 to 10 years depending on the type of loan funds. Enterprise loans are funded through the CDFI program.

- **Affordable mortgage loans:** the Organization participates in an affordable mortgage program to maintain community stability and stimulate neighborhood revitalization. The Affordable Mortgage Program is established to provide mortgages to residents in City of Flint and Genesee County that cannot obtain financing through conventional sources or other financing from financial institutions. The program creates opportunity for first time homebuyers and former homeowners. Loan amounts generally range from $ 15,000 to $ 75,000 and loan terms vary from 5 to 30 years. Interest rates range between 0.4% - 4%. Funding for the affordable mortgage loan fund is established in partnership with Genesee County Metropolitan Planning Commission and the City of Flint. As a corresponding liability for these loans has been established as a revolving loan payable, an allowance for loan losses is not calculated on the affordable mortgage loans as the Organization does not absorb the risk of loss.

- **Small Business loan fund:** to provide loans to micro and small business in the range of $ 5,000 to $ 250,000 towards business growth in the Flint and Saginaw areas. Interest rates range from 5% - 7.75% based on type of funds available. Loan terms vary from 5 to 15 years depending on the type of loan funds. Small business loan fund loans are made with proceeds drawn from the Huntington Bank note.

- **Fresh Start loans:** to provide loans geared toward improving credit, to purchase a vehicle used to get to and from work, or to consolidate credit card debt. Loans vary between $ 2,000 and $ 5,000 and credit scores will not be used in determining loan approval. Borrowers may have no more than two outstanding loans at one time. Loans to be paid off within three years.

- **Senior tax loan and home retention loans:** the Organization established senior tax loan and home retention loan programs. The senior tax loan program provides loans to seniors to assist in paying delinquent property taxes to prevent foreclosure. The senior home retention program is available to seniors who have been approved for a Home Equity Conversion Mortgage (commonly known as a Reverse Mortgage). The benefits of these loans include reduced mortgage payments because of lower interest rates and allowing the seniors to live in their homes for an extended period of time. Loan amounts range from $ 1,000 to $ 7,500 and are generally for a period of 5 years. Interest rates are 4%. Funding for the senior tax loans and home retention loans has been established with assistance from the C.S. Mott Foundation.

The following presents the aging of loan balances by portfolio segment at June 30, 2020:

Loan Program	91+ Days Past Due	31 - 90 Days Past Due	Current	Total
Community Development Financial Institution	$ -	$ 94,500	$ 974,694	$ 1,069,194
Micro Loans - Small Business Administration	23,704	-	826,488	850,192
Micro Loans - Community Advantage	14,587	-	43,184	57,771
Affordable Mortgage Loans	102,829	219,762	755,710	1,078,301
Small Business Loans	-	269,902	1,404,382	1,674,284
Fresh Start Loans	4,830	5,815	7,647	18,292
Senior Tax and Home Retention Loans	-	-	4,253	4,253
	$ 145,950	$ 589,979	$ 4,016,358	4,752,287
Allowance for Loan Loss				(302,137)
Totals				$ 4,450,150

The Organization accepts credit risks beyond the tolerance of regulated lenders and identifies the risk of each loan and mitigation of those risks on a case-by-case basis. Loans are evaluated by the Organization using a risk rating scale of low (highest credit quality, borrower is stable and reliable) to doubtful (weak borrower, facing significant challenges).

The following presents the credit quality of the loans receivable as of June 30, 2020:

Loan Program	Risk Rating Low	Risk Rating Medium	Risk Rating None	Risk Rating Satisfactory	Risk Rating Doubtful	Total
Community Development Financial Institution	$ 1,066,144	$ 3,050	$ -	$ -	$ -	$ 1,069,194
Micro Loans - Small Business Administration	829,886	-	-	-	20,306	850,192
Micro Loans - Community Advantage	57,771	-	-	-	-	57,771
Affordable Mortgage Loans	-	-	1,078,301	-	-	1,078,301
Small Business Loans	1,405,489	-	-	268,795	-	1,674,284
Fresh Start Loans	-	-	18,292	-	-	18,292
Senior Tax and Home Retention Loans	-	-	4,253	-	-	4,253
	$ 3,359,290	$ 3,050	$ 1,100,846	$ 268,795	$ 20,306	4,752,287
Allowance for Loan Loss						(302,137)
Totals						$ 4,450,150

For the year ended June 30, 2020, there were three loans charged off totaling $ 208,986. There were no loans that were classified as non-performing, although one loan was considered doubtful based on payment history.

For the year ended June 20, 2019, one loan was impaired and classified as non-performing due to missed and/or low payments. The Organization obtained collateral for this loan and has established a loan loss reserve with a doubtful risk rating. As of June 30, 2019, the investment in this loan, before consideration of an allowance amounted to $ 83,825 and the related allowance for the impaired loan was $ 62,869.

Original maturities of loans receivable over the next five years are expected to be as follows:

June 30,	
2021	$ 551,762
2022	489,579
2023	310,776
2024	224,065
2025	97,616
Thereafter	3,078,489
	$ 4,752,287

Note 9 - Allowance for Loan Losses

The Organization's allowance for loan losses for loans receivable and deferred loans receivable are as follows at June 30:

	2020	2019
Balance, beginning	$ 329,486	$ 248,517
Change in provision for loan losses	97,821	80,969
Recoveries of losses charged-off	83,816	-
Charge-offs	(208,986)	-
Balance, ending	$ 302,137	$ 329,486

An allowance for loan losses has not been established for the affordable mortgage loans since the Organization does not absorb the risk of loss on the loans and a corresponding liability for these loans has been established as a revolving loan payable.

Note 10 - Property and Equipment

The cost of property and equipment is summarized as follows at June 30:

	Metro Community Development, Inc.	Metro Housing Partnership	Metawaneenee Hills Limited Partnership	2020	2019
Land	$ 27,720	$ -	$ 11,089	$ 38,809	$ 38,809
Land improvements	16,380	-	28,327	44,707	44,707
Buildings and improvements	270,900	-	451,601	722,501	722,501
Furniture and fixtures	7,299	-	8,983	16,282	16,282
Computer equipment	45,450	-	-	45,450	45,450
Total property and equipment	367,749	-	500,000	867,749	867,749
Less accumulated depreciation	(37,525)	-	(48,964)	(86,489)	(58,433)
Leashold improvements in progress	322,565	-	-	322,565	77,865
Net property and equipment	$ 652,789	$ -	$ 451,036	$ 1,103,825	$ 887,181

Note 11 - Revolving Loans

Revolving loans represent amounts to be repaid to grantors for the outstanding balance on loans made with funds for the affordable mortgage loan program. In accordance with an agreement entered into between the Organization and Genesee County in May, 2016, the principal and interest collected on the affordable mortgage loans will be held onto by Metro Community Development, Inc., and once the amount collected exceeds $ 200,000, the Organization will withdraw $ 100,000 and establish a loan-loss reserve account. At the time the loan-loss reserve account is established, the County and Organization will meet to determine the use of the funds. If either party terminates the agreement, the funds will be returned to the County.

The Organization entered into a revolving loan agreement with the City of Flint. The principal and interest collected on the affordable mortgage loans will be held onto by Metro Community Development, Inc., and used to establish a Housing Loan Fund program whereby the funds collected will be reinvested and used for new homebuyer initiatives managed by the Organization.

The balance of the revolving loans amounted to $ 1,141,500 and $ 1,209,720 at June 30, 2020 and 2019, respectively. The entire balance has been reported as noncurrent as it is not the intention of either Organization to terminate the agreements in the near term. The Organization does not pay interest on the outstanding revolving loan balances.

Note 12 - Refundable Advance – PPP proceeds

During the fiscal year, the Organization received a conditional contribution in the form of a Paycheck Protection Program (PPP) Loan of $ 242,300 funded by the Federal government through the Small Business Administration. The PPP loan and any accrued interest are forgivable after twenty-four weeks as long as the borrower meets certain criteria. The loan proceeds must be used for eligible purposes, including payroll, health insurance, retirement plans, state and local taxes assessed on employee compensation, mortgage interest, rent, and utilities. The criteria also reduces loan forgiveness for certain reductions in salaries or reductions in FTEs. The conditions also reduce loan forgiveness for certain reductions in salaries or reductions in FTEs. As such, the Organization expects to qualify for complete forgiveness of the amount received.

Note 13 - Notes Payable

The Organization has various notes payable where the proceeds have been used to make loans under the Organization's various lending programs as follows for the years ended June 30:

	2020	2019
SBA loan (loan no. 6130755010), dated July 12, 2013 in the amount of $ 250,000 is payable over ten years at a stated interest rate of .875%. Interest for the first twelve months accrued at 0% and can remain at that amount based on annual portfolio reviews performed by the SBA. No payments of principal or interest are required for the first twelve months from the date of the note. After that period, amounts borrowed under the SBA note are to be amortized over a ten year period. Current monthly payments on the note, including interest at 0% amount to $ 2,441 per month.	$ 96,447	$ 118,419
SBA loan (loan no. 7397295007), dated July 18, 2015 in the amount of $ 200,000 is payable over ten years at a stated interest rate of 1.50%. However, interest for the first twelve months accrued at 0% and can remain at that amount based on annual portfolio reviews performed by the SBA. No payments of principal or interest are required for the first twelve months from the date of the note. After that period, amounts borrowed under the SBA note are to be amortized over a ten year period. Current monthly payments on the note, including interest at .25% amount to $ 2,029 per month.	119,056	136,951

SBA loan (loan no. 8723675004), dated November 28, 2016 in the amount of $ 300,000 is payable over ten years at a stated interest rate of 1.125%. However, interest for the first twelve months accrued at 0% and can remain at that amount based on annual portfolio reviews performed by the SBA. No payments of principal or interest are required for the first twelve months from the date of the note. After that period, amounts borrowed under the SBA note are to be amortized over a ten year period. Current monthly payments on the note, including interest at 0%, amount to $ 2,861 per month.	228,846	254,591
SBA loan (loan no. 2857517003), dated October 28, 2018 in the amount of $ 400,000 is payable over ten years at a stated interest rate of 2%. However, interest for the first twelve months accrued at 0.75% and can remain at that amount based on annual portfolio reviews performed by the SBA. No payments of principal or interest are required for the first twelve months from the date of the note. After that period, amounts borrowed under the SBA note are to be amortized over a ten year period. Monthly payments on the note, including interest, will amount to $ 3,856 per month.	388,742	423,857
Note payable to Huntington Bank, dated November 4, 2016 in an amount not to exceed $ 2,000,000. Interest accrues on the unpaid balance of the principal at 2% and is payable quarterly. Commencing November 1, 2021 and on the first day of each calendar month thereafter, through the maturity date on November 4, 2026, equal payments of principal and interest will be made on the outstanding balance of the note. As of June 30, 2020 and 2019, $1,917,375 had been drawn on the note.	1,917,375	1,917,375
Metawaneennee Hills Limited Partnership has an unsecured note payable to its limited partner, National Equity Fund, in the amount of $ 20,000, bearing interest of 1.62% per annum. Payments of interest and principal are to be made from surplus cash of the partnership.	20,000	20,000
Total	2,770,466	2,871,193
Less current portion	(127,111)	(126,272)
Long-term portion	$ 2,643,355	$ 2,744,921

With the exception of the MHLP note which is unsecured, the notes are secured by a security interest in all loans made with funding from the respective notes as well as an interest in the loan loss reserve account maintained by the Organization.

The Organization has a covenant to maintain a funded loan loss reserve of at least 15% for SBA loans.

Principal repayments of the notes payable over the next five years are expected as follows:

June 30,		
2021	$	127,111
2022		127,967
2023		128,839
2024		108,985
2025		99,227
Thereafter		2,178,337
	$	2,770,466

In addition to the above notes, the Organization entered into a promissory note agreement with Bank of America in an amount not to exceed $ 500,000. The proceeds of the line will be used to fund loans the Organization makes to microenterprise and small business borrowers. The note bears interest at 3.00% per annum and is payable at the end of each calendar quarter. The note has an original 8 year term, maturing in 2025, with a 24 month draw period, and principal payments beginning in year 5. As of June 30, 2020, the Organization had not initiated any draws on the note and the balance was $ 0.

Note 14 - Non-Controlling Interest in Limited Partnership

This amount represents the aggregate balance of Limited Partner equity interest in Metawaneenee Hills Limited Partnership that are included in the consolidated financial statements.

The following table presents changes in ownership interest in the subsidiary including changes in the non-controlling interest:

	Total	Controlling interest	Non-controlling interest
Balance, July 1, 2018	$ 579,608	$ 14,621	$ 564,987
Excess of revenues over expenses (from continuing operations)	(45,052)	(3)	(45,049)
Balance, June 30, 2019	534,556	14,618	519,938
Excess of revenues over expenses (from continuing operations)	(8,954)	(1)	(8,953)
Balane, June 30, 2020	$ 525,602	$ 14,617	$ 510,985

Note 15 - Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following at June 30:

	2020	2019
Perpetual in nature		
NeighborWorks America	$ 35,000	$ 35,000
Purpose		
Ruth Mott - Mothers of Joy	-	2,800
Community Foundation - AmeriCorps	-	10,810
NeighborWorks America	-	139,531
Consumers Energy Foundation	204,036	-
Community Development Financial Institution	214,948	700,000
Time and Purpose		
Ruth Mott Foundation - North Flint Sustainable Housing and Economic Program	-	253,382
	$ 453,984	$ 1,141,523

Note 16 - Net Assets Released from Restrictions

During the year, net assets were released from restrictions as either the purpose or timing restriction was met as follows:

	2020	2019
Satisfaction of purpose restrictions		
NeighborWorks America	$ 139,531	$ 60,469
Ruth Mott - Mothers of Joy	2,800	-
Community Foundation - AmeriCorps	10,810	-
Community Development Financial Institution	485,052	-
Satisfaction of time and purpose restrictions		
Ruth Mott Foundation - North Flint Sustainable Housing and Economic Program	253,382	124,159
YouthBuild in-kind contributions	-	7,332
	$ 891,575	$ 191,960

NeighborWorks America provided a $ 35,000 capital grant for making affordable loans and capital projects. This amount is restricted although proceeds on capital projects, or interest earned, over and above the corpus may be transferred to unrestricted net assets for furthering the Organization's mission. However, should the Organization become defunct, all remaining grant funds, interest earnings, capital project proceeds, and the loan and capital projects portfolios representing the use of these funds will revert to NeighborWorks America.

Note 17 - Grant Revenue

Grant revenue recognized consist of the following for the year ended June 30, 2020 and 2019:

	2020	2019
Other grants:		
Neighborhood Impact Program	$ 447,122	$ 373,764
Federal grants:		
Department of Housing and Urban Development (HUD) - Continuum of Care (CoC) grant	$ 1,855,143	$ 1,628,980
MSHDA - FSS Counseling	54,221	-
HUD - Housing counseling	24,907	19,593
HUD - Section 4 Grant	25,000	-
Department of Labor - Youth Build	221,236	346,995
Department of Treasury - Community Development Financial Institution	-	700,000
Genesee County - Tenant Based Rental Assistance	36,897	22,851
US Small Business Administration - Technical Assistance	85,823	68,231
	$ 2,303,227	$ 2,786,650

Note 18 - Local Support

Local support revenue consist of the following for the year ended June 30, 2020 and 2019:

	2020	2019
Charles Stewart Mott Foundation	$ 185,000	$ 185,000
Michigan Economic Development Council	-	25,000
Ruth Mott Foundation	-	64,753
United Way of Genesee	-	20,000
Community Foundation	43,178	32,681
Chemical Bank	50,000	-
Huntington National Bank	25,000	-
TCF Bank	10,000	-
Other local contributions	73,507	96,082
	$ 386,685	$ 423,516

Note 19 - Retirement Plan

The Organization offers a retirement plan to its salaried employees in the form of a tax deferred annuity under Code Section 403(b). Employees elect annually to deposit a portion of their salaries into the plan, and the Organization matches up to 3% of the base salary. Retirement plan expense was $ 13,237 and $ 12,750 for the fiscal years ended June 30, 2020 and 2019.

Note 20 - Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in the governing instrument. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Board deems the contingency to be remote, since by accepting the grants and their terms; it has accommodated the objectives of the Organization to the provisions of the grant.

MHP as the general partner of MHLP has guaranteed the obligations of the partnership and may be required to repay creditors of MHLP under normal partnership requirements. The general partner is also required to loan the partnership the funds to pay any operating deficits beginning with the period of achieving break-even operations and ending on December 31, 2022.

For the year ended June 30, 2019, the Organization was party to a lawsuit related to contract language and potential breach of contract. The issues were settled during the year ended June 30, 2020 and the case was dismissed with no expected future potential risk.

Note 21 - Current Vulnerability Due to Funding Source Concentrations

The Organization received 45% and 35% of its support from the U.S. Department of Housing and Urban Development (HUD) for the years ended June 30, 2020 and 2019 , respectively. It is reasonably possible that in the near term the HUD grant programs could cease, which would cause a severe impact on the Organization's ability to continue its operations. The Organization does not expect that support from HUD will be lost in the near term.

The Organization operates in the real estate rental market a heavily regulated environment. The operations in this market are subject to the administrative directives, rules and regulations of federal regulatory agencies, including, but not limited to, the Internal Revenue Code. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the Internal Revenue Service. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Note 22 - Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, to World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The Organization may have additional expenses due to changes in operations. The market dropped due to restrictions put in place, but are not expected to be permanent. The Organization has obtained a SBA Payroll Protection Program Loan to aid in the cash flow impact of the pandemic.

Supplementary Information

Metro Community Development, Inc. and Subsidiaries
Consolidating Statement of Financial Position
June 30, 2020

	Metro Community Development	Metro Housing Partnership	Metawaneenee Hills Limited Partnership	Eliminating Entries	Total
Assets					
Current assets					
Cash and cash equivalents	$ 3,758,785	$ 107,722	$ 84,414	$ -	$ 3,950,921
Investments	1,592,416	175,000	-	-	1,767,416
Prepaid expense and other assets	1,012	-	-	-	1,012
Accounts receivable	391,202	-	3,698	-	394,900
Intercompany receivables	99,314	-	-	(99,314)	-
Property held for sale	71,078	45,964			117,042
Collateral holdings	83,816				83,816
Loans receivable, current portion	551,762	-	-	-	551,762
Total current assets	6,549,385	328,686	88,112	(99,314)	6,866,869
Noncurrent assets					
Deposit - Federal Home Loan Bank	500,000	-	-	-	500,000
Funded reserves	618,515	-	23,316	-	641,831
Loans receivable, net of current portion and allowance	3,898,388	-	-	-	3,898,388
Property and equipment, net of accumulated depreciation	652,789	-	451,036	-	1,103,825
Land development sites	23,276	-	-	-	23,276
Investment in limited partnership	-	14,619	-	(14,619)	-
Total noncurrent assets	5,692,968	14,619	474,352	(14,619)	6,167,320
Total assets	$ 12,242,353	$ 343,305	$ 562,464	$ (113,933)	$ 13,034,189

Metro Community Development, Inc. and Subsidiaries
Consolidating Statement of Financial Position
June 30, 2020

	Metro Community Development	Metro Housing Partnership	Metawaneenee Hills Limited Partnership	Eliminating Entries	Total
Liabilities and net assets					
Current liabilities					
Accounts payable	$ 291,136	$ -	$ 16,866	$ -	$ 308,002
Intercompany payables	-	99,314	-	(99,314)	-
Accrued liabilities	78,562	-	-	-	78,562
Advance on grants	7,429	-	-	-	7,429
Refundable advance - PPP proceeds	242,300	-	-	-	242,300
Notes payable, current portion	127,111	-	-	-	127,111
Total current liabilities	746,538	99,314	16,866	(99,314)	763,404
Noncurrent liabilities					
Revolving loans	1,141,500	-	-	-	1,141,500
Notes payable, net of current portion	2,623,355	-	20,000	-	2,643,355
Total noncurrent liabilities	3,764,855	-	20,000	-	3,784,855
Total liabilities	4,511,393	99,314	36,866	(99,314)	4,548,259
Net assets					
Without donor restrictions					
Undesignated	5,691,308	39,955	-	-	5,731,263
Designated for loan programs	1,789,704	-	-	-	1,789,704
Non-controlling interest in consolidated subsidiary					
Limited partners' equity in limited partnership	-	-	525,598	(14,619)	510,979
Total without donor restrictions	7,481,012	39,955	525,598	(14,619)	8,031,946
With donor restrictions					
Perpetual in nature	35,000	-	-	-	35,000
Purpose restrictions	214,948	204,036	-	-	418,984
Time and purpose restrictions	-	-	-	-	-
Total with donor restrictions	249,948	204,036	-	-	453,984
Total net assets	7,730,960	243,991	525,598	(14,619)	8,485,930
Total liabilities and net assets	$ 12,242,353	$ 343,305	$ 562,464	$ (113,933)	$ 13,034,189

Metro Community Development, Inc. and Subsidiaries
Consolidating Statement of Activities
For the Year Ended June 30, 2020

	Metro Community Development	Metro Housing Partnership	Metawaneenee Hills Limited Partnership	Eliminating Entries	Total
Support and revenues					
Local support	$ 386,685	$ -	$ -	$ -	$ 386,685
Other grants	447,122	250,000	-	(250,000)	447,122
Federal grants	2,303,227	-	-	-	2,303,227
NeighborWorks America grant	307,750	-	-	-	307,750
Fees for services	340,997	1,475	-	-	342,472
Interest income - loans receivable	203,507	-	-	-	203,507
Investment income	2,868	70	-	-	2,938
In-kind contributions	37,838	-	-	-	37,838
Rental income	68,518	-	146,667	-	215,185
Other income	30,636.00	-	8,714	-	39,350
Total support and revenues	4,129,148	251,545	155,381	(250,000)	4,286,074
Expenses					
Program Services	4,153,822	8,073	150,345	(250,000)	4,062,240
Supporting services				-	
Management and general	279,635	-	13,990	-	293,625
Fundraising	38,389	-	-	-	38,389
Total expenses	$ 4,471,846	$ 8,073	$ 164,335	$ (250,000)	$ 4,394,254