Metro Community Development, Inc. and Subsidiaries

Consolidated Financial Statements

June 30, 2021
(With Summarized Comparative Information for 2020)

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Table of Contents

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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, 2021, 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, 2021, 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' 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 revenue recognition in 2021 as required by the provisions of FASB Accounting Standards Update 2014-09 *Revenue from Contracts with Customers* Our opinion is not modified with respect to this matter.

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 28, 2021 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 28, 2021

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2021
(With Summarized Comparative Information as of June 30, 2020)

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	**$ 4,708,905**	$ 3,950,921
Investments	**2,127,508**	1,767,416
Prepaid expense and other assets	**4,439**	1,012
Accounts receivable	**769,522**	394,900
Property held for sale	**11,701**	117,042
Collateral holdings	**-**	83,816
Loans receivable, current portion	**465,206**	551,762
Total current assets	**8,087,281**	6,866,869
Noncurrent assets		
Deposit - Federal Home Loan Bank	**500,000**	500,000
Funded reserves	**739,317**	641,831
Loans receivable, net of current portion and allowance	**4,330,015**	3,898,388
Property and equipment, net of accumulated depreciation	**2,102,967**	1,103,825
Land development sites	**25,383**	23,276
Total noncurrent assets	**7,697,682**	6,167,320
Total assets	**$ 15,784,963**	$ 13,034,189

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2021
(With Summarized Comparative Information as of June 30, 2020)

	2021	2020
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 289,292**	$ 308,002
Accrued liabilities	**60,855**	78,562
Advance on grants	**-**	7,429
Refundable advance - PPP proceeds	**-**	242,300
Notes payable, current portion	**174,602**	127,111
Total current liabilities	**524,749**	763,404
Noncurrent liabilities		
Security deposits	**1,155**	-
Revolving loans	**1,102,196**	1,141,500
Notes payable, net of current portion	**4,167,595**	2,643,355
Total noncurrent liabilities	**5,270,946**	3,784,855
Total liabilities	**5,795,695**	4,548,259
Net assets		
Without donor restrictions		
Undesignated	**6,964,074**	5,464,769
Designated for loan programs	**1,887,250**	1,789,704
Non-controlling interest in consolidated subsidiary		
Limited partners' equity in limited partnership	**497,600**	510,985
Total without donor restrictions	**9,348,924**	7,765,458
With donor restrictions		
Perpetual in nature	**-**	35,000
Purpose restrictions	**640,344**	685,472
Total with donor restrictions	**640,344**	720,472
Total net assets	**9,989,268**	8,485,930
Total liabilities and net assets	**$ 15,784,963**	$ 13,034,189

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2021
(With Summarized Comparative Information for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals 2021	Totals 2020
Support and revenues				
Local support	$ 492,444	$ 390,344	**$ 882,788**	$ 386,685
Other grants	384,078	-	**384,078**	447,122
Federal grants	2,353,602	-	**2,353,602**	2,303,227
NeighborWorks America	303,650	75,000	**378,650**	307,750
Fees for services	84,557	-	**84,557**	38,978
Interest and other loan fees	374,006	-	**374,006**	507,001
Investment income	351,790	-	**351,790**	2,938
In-kind contributions	-	-	**-**	37,838
Rental income	246,253	-	**246,253**	215,185
COVID funding	512,487	-	**512,487**	-
Other income	43,253	-	**43,253**	39,350
Net assets released from restrictions	545,472	(545,472)	**-**	-
Total support and revenues	5,691,592	(80,128)	**5,611,464**	4,286,074
Expenses				
Program services	3,862,130	-	**3,862,130**	4,062,240
Supporting services				
Management and general	228,370	-	**228,370**	293,625
Fundraising	17,626	-	**17,626**	38,389
Total expenses	4,108,126	-	**4,108,126**	4,394,254
Change in net assets	$ 1,583,466	$ (80,128)	**$ 1,503,338**	$ (108,180)

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Summarized Comparative Information for the year ended June 30, 2020)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Totals: 2021	Totals: 2020
Expenses					
Salaries and wages	$ 763,368	$ 25,463	$ 14,056	**$ 802,887**	$ 1,039,029
Payroll taxes and fringe benefits	186,751	15,799	3,570	**206,120**	229,021
Professional fees	16,898	36,547	-	**53,445**	65,965
Provision for loan losses	(98,399)	-	-	**(98,399)**	181,637
Communications and marketing	35,864	35,051	-	**70,915**	73,785
Grant reimbursements - community projects	171,978	-	-	**171,978**	102,899
Consultants and contractual	521,965	-	-	**521,965**	347,057
Insurance	68,174	18,984	-	**87,158**	55,563
Memberships and subscriptions	9,227	3,478	-	**12,705**	17,153
Rent and leasing	158,726	2,225	-	**160,951**	77,356
Equipment purchase and maintenance	49,056	15,328	-	**64,384**	47,665
Supplies and materials	11,725	5,084	-	**16,809**	48,888
Travel	3,665	1,527	-	**5,192**	36,178
Telephone and utilities	94,463	1,530	-	**95,993**	84,759
Depreciation	-	42,795	-	**42,795**	28,056
Homeowner grant expenses	171,470	-	-	**171,470**	204,084
Stipends and site costs - YouthBuild	-	-	-	**-**	2,360
Subrecipient expenses - Continuum of Care Program	1,517,177	-	-	**1,517,177**	1,454,621
Other expenses	180,022	24,559	-	**204,581**	298,178
Total expenses	$ 3,862,130	$ 228,370	$ 17,626	**$ 4,108,126**	$ 4,394,254

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Changes in Net Assets
For the Year Ended June 30, 2021
(With Summarized Comparative Information for the year ended June 30, 2020)

	Without Donor Restrictions			
	Undesignated and designated for loan programs	Non-controlling interests	With Donor Restrictions	Total
Balance - July 1, 2019	$ 6,932,649	$ 519,938	$ 1,141,523	$ 8,594,110
Change in net assets	312,871	-	(421,051)	(108,180)
Attributable to non-controlling interest in limited partnership	8,953	(8,953)	-	-
Balance - June 30, 2020	7,254,473	510,985	720,472	8,485,930
Change in net assets	1,583,466	-	(80,128)	1,503,338
Attributable to non-controlling interest in limited partnership	13,385	(13,385)	-	-
Balance - June 30, 2021	$ 8,851,324	$ 497,600	$ 640,344	$ 9,989,268

Metro Community Development, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021
(With Summarized Comparative Information for the year ended June 30, 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	**$ 1,503,338**	$ (108,180)
Items not requiring cash		
Depreciation	**42,795**	28,056
Provision for loan losses	**(98,399)**	181,637
Realized and unrealized (gains) losses on investments	**(345,855)**	92,790
Net in-kind - YouthBuild	**-**	37,838
Change in operating assets and liabilities		
Prepaid expenses	**(3,427)**	(261)
Accounts receivable	**(374,622)**	73,095
Property for sale	**105,341**	(117,042)
Collateral holdings	**83,816**	(83,816)
Loans receivable	**(246,672)**	(27,053)
Accounts payable	**(18,710)**	25,627
Accrued expenses	**(17,707)**	36,254
Advance on grants	**(7,429)**	7,429
Refundable advance - PPP proceeds	**(242,300)**	242,300
Revolving loans	**(39,304)**	(68,220)
Security deposits	**1,155**	(1,875)
Net cash provided by operating activities	**342,020**	318,579
Cash flows from investing activities		
Fixed asset purchases	**(1,041,938)**	-
Leasehold improvements in progress	**-**	(244,700)
Purchase of investments	**(4,941,990)**	(656,217)
Proceeds from sale of investments	**4,926,155**	801,371
Net cash used by investing activities	**(1,057,773)**	(99,546)
Cash flows from financing activities		
Proceeds from State Bank note payable	**1,056,000**	-
Proceeds from notes payable	**675,000**	40,431
Principal payments on notes payable	**(159,777)**	(157,409)
Net cash provided (used) by financing activities	**1,571,223**	(116,978)
Change in cash and cash equivalents	**855,470**	102,055
Cash, cash equivalents, and restricted cash - beginning of year	**4,592,752**	4,490,697
Cash, cash equivalents, and restricted cash - end of year	**$ 5,448,222**	$ 4,592,752
Supplementary Cash Flow Information		
Cash paid for interest	**$ 46,787**	$ 27,742
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.

- **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, 2020, 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:

	2021	2020
Cash and cash equivalents	$ 4,708,905	$ 3,950,921
Funded reserves	739,317	641,831
Total cash and restricted cash	$ 5,448,222	$ 4,592,752

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 conditions have been 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.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met related services are performed or expenditures are incurred, respectively. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Loan origination and commitment fees, as well as certain direct origination costs, are recognized at the inception of the loan receivable. Any loan servicing fees are determined at the reporting date to be adequate compensation, and therefore are recognized when received and no servicing asset or liability is recorded. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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, 2021 and 2020 amounted to $ 0 and $ 37,838 for donated services and $ 0 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 size and make up of programs.

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, 2021, deposits with financial institutions amounted to $ 5,586,967, of this amount, $ 4,356,291 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.

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 28, 2021 and concluded that no subsequent events have occurred that would require disclosure in the noted to the financial statements.

Reclassifications
Certain amounts on the statement of activities (fees for services and interest and other loan fees) and statement of functional expenses (subrecipient expenses and consultants and contracting) have been reclassified to conform to the current year presentation. Previously reported net assets and change in net assets have not been impacted as a result of these reclassifications.

Change in Accounting Principle
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to clarify the principles of recognizing revenue, create common revenue recognition guidance, and improve disclosures. Accordingly, the Organization has elected to implement this standard using a modified retrospective adjustment of the prior year financial statements. The initial application was applied to only contracts that were not completed at July 1, 2020, the date of initial application. Net assets did not change as a result of this.

Upcoming Accounting Pronouncements

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, 2023. 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:

	2021	2020
Cash and cash equivalents	$ 4,708,905	$ 3,950,921
Accounts receivable	769,522	394,900
Loans receivable, short term	465,206	551,762
Financial assets at year end	5,943,633	4,897,583
Less those unavailable for general expenditure within one year:		
Restricted by donor with time or purpose restrictions	(640,344)	(720,472)
Board designated without donor restricted net assets	(1,887,250)	(1,789,704)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,416,039	$ 2,387,407

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 funding for the mission and certain funded reserves available to fund loan losses. 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	2021	2020
Loan Loss Reserve	Small Business Administration	$ 241,541	$ 287,214
Loan Loss Reserve	Department of Treasury - CDFI	220,554	220,510
Loan Loss Reserve	Huntington Bank	194,551	66,499
Loan Loss Reserve	Genesee County	32,904	19,898
Loan Loss Reserve	Community Advantage	15,970	15,953
Loan Loss Reserve	City of Flint	16,367	8,441
Replacement Reserve	Metawaneenee Hills	17,430	23,316
Total funded reserves		$ 739,317	$ 641,831

SBA Community Advantage Loan Loss Reserve
As of June 30, 2021 and 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, 2021 , 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, 2021:

Condition / Grant Purpose	Total Contract / Grant Amount	Spent to Date	Conditional Contribution
FSS Counseling	$ 55,000	$ 51,086	$ 3,914
Rental Assistance and Utility Assistance	116,554	80,378	36,176
SBA Technical Assistance	181,278	164,561	16,717
HUD Continuum of Care	2,301,451	1,534,588	766,863
	$ 2,654,283	$ 1,830,613	$ 823,670

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, 2021 is as follows:

June 30, 2021	Cost	Fair Value	Unrealized Gain (Loss)
Equity securities			
Stocks, and ETFs	$ 1,950,764	$ 2,066,024	$ 115,260
Money market	44,610	44,610	-
Other	16,874	16,874	-
	$ 2,012,248	$ 2,127,508	$ 115,260

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)

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

	2021	2020
Interest and dividend income	$ 19,401	$ 110,127
Realized gains on investments	26,083	88,582
Unrealized gains (losses) on investments	319,772	(181,372)
Total investment income	365,256	17,337
Investment fees and expenses	(13,466)	(14,399)
Net investment income	$ 351,790	$ 2,938

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, 2021:

	Balance at June 30, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Equity securities				
Stocks, and ETFs	$ 2,066,024	$ 2,066,024	$ -	$ -
Money market	44,610	44,610	-	-
Other	16,874		-	16,874
	$ 2,127,508	$ 2,110,634	$ -	$ 16,874

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

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, 2021 and 2020 consist of the following:

	2021	2020
Micro Loans and Enterprise Loans - Community Development Financial Institution	$ 1,166,696	$ 1,069,194
Micro Loans - Small Business Administration	715,443	850,192
Micro Loans - Community Advantage	68,017	57,771
Affordable Mortgage Loans	1,061,015	1,078,301
Small Business Loans	1,916,454	1,674,284
Land contract	31,798	-
Fresh Start Loans	24,346	18,292
Senior Tax and Home Retention Loans	2,375	4,253
Less: allowance for loan losses	(190,923)	(302,137)
Total loans receivable, net	$ 4,795,221	$ 4,450,150

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.

- **Land contract:** the Organization established a land contract when closing on held collateral holdings. This is a 4.0% loan made on the balance of $ 40,000.

The following presents the aging of loan balances by portfolio segment at June 30, 2021:

Loan Program	91+ Days Past Due	31 - 90 Days Past Due	Current	Total
Community Development Financial Institution	$ 96,000	$ -	$ 1,070,696	$ 1,166,696
Micro Loans - Small Business Administration	9,323	-	706,120	715,443
Micro Loans - Community Advantage	54,016	14,001	-	68,017
Affordable Mortgage Loans	125,791	29,935	905,289	1,061,015
Small Business Loans	-	-	1,916,454	1,916,454
Land contract	-	-	31,798	31,798
Fresh Start Loans	3,609	-	20,737	24,346
Senior Tax and Home Retention Loans	-	-	2,375	2,375
	$ 288,739	$ 43,936	$ 4,653,469	4,986,144
Allowance for Loan Loss				(190,923)
Totals				$ 4,795,221

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, 2021:

Loan Program	Risk Rating Low	Risk Rating Medium	Risk Rating None	Risk Rating Satisfactory	Risk Rating Doubtful	Total
Community Development Financial Institution	$ 1,118,059	$ 34,311	$ -	$ -	$ 14,326	$ 1,166,696
Micro Loans - Small Business Administration	688,984	-	-	9,341	17,118	715,443
Micro Loans - Community Advantage	68,017	-	-	-	-	68,017
Affordable Mortgage Loans	-	-	1,061,015	-	-	1,061,015
Small Business Loans	1,620,316	42,344	-	253,794	-	1,916,454
Land contract	-	-	31,798	-	-	31,798
Fresh Start Loans	-	-	24,346	-	-	24,346
Senior Tax and Home Retention Loans	-	-	2,375	-	-	2,375
	$ 3,495,376	$ 76,655	$ 1,119,534	$ 263,135	$ 31,444	4,986,144
Allowance for Loan Loss						(190,923)
Totals						$ 4,795,221

For the year ended June 30, 2021, there were two loans charged off totaling $ 3,999. There were no loans that were classified as non-performing, although four loans were considered doubtful based on payment history.

For the year ended June 20, 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.

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

June 30,	
2022	$ 465,206
2023	405,071
2024	324,525
2025	288,183
2026	97,312
Thereafter	3,405,847
	$ 4,986,144

Interest earned on loans receivable for the years ended June 30, 2021 and 2020 amounted to $ 225,732 and $ 203,507, respectively.

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:

	2021	2020
Balance, beginning	$ 302,137	$ 329,486
Change in provision for loan losses	(111,214)	97,821
Recoveries of losses charged-off	-	83,816
Charge-offs	(3,999)	(208,986)
Balance, ending	$ 190,923	$ 302,137

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	2021	2020
Land	$ 27,720	$ -	$ 11,089	$ 38,809	$ 38,809
Land improvements	16,380	-	28,327	44,707	44,707
Buildings and improvements	1,409,771	-	451,601	1,861,372	722,501
Furniture and fixtures	225,632	-	8,983	234,615	16,282
Computer equipment	25,450	-	-	25,450	45,450
Total property and equipment	1,704,953	-	500,000	2,204,953	867,749
Less accumulated depreciation	(39,032)	-	(62,954)	(101,986)	(86,489)
Leashold improvements in progress	-	-	-	-	322,565
Net property and equipment	$ 1,665,921	$ -	$ 437,046	$ 2,102,967	$ 1,103,825

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, 2021, 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 $ 1,102,196 and $ 1,141,500 at June 30, 2021 and 2020, 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 - PPP proceeds

During the prior 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.

The entire amount of the loan was forgiven by the SBA in November 2020. Based on the timing of when the conditions were met to record the loan as contribution revenue, $242,300 was recognized as revenue during this year and recorded as COVID funding.

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:

	2021	2020
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 $ 2,837 per month.	$ 70,917	$ 96,447
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 $ 2,218 per month.	93,647	119,056

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 $ 3,093 per month.	201,013	228,846
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 $ 4,261 per month.	351,363	388,742
SBA loan (loan no. 4287757001), dated April 14, 2020 in the amount of $ 800,000 is payable over ten years at a stated interest rate of 1.375%. 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.	269,958	-
Note payable to Michigan Economic Development Corporation, dated July 14, 2020 in an amount not to exceed $ 2,000,000. Interest accrues on the unpaid balance of the principal at 1% and is payable monthly. Commencing August 1, 2025 and on the first day of each calendar month thereafter, through the maturity date on August 1, 2030, equal payments of principal and interest will be made on the outstanding balance of the note. As of June 30, 2021, $400,000 had been drawn on the note.	400,000	-
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, 2021 and 2020, $1,917,375 had been drawn on the note.	1,917,375	1,917,375

Note payable to The State Bank, dated July 29, 2020 in an amount not to exceed $ 1,056,000. Interest accrues on the unpaid balance of the principal at 4.85% and is payable monthly. Commencing February 28, 2021 and on the last day of each calendar month thereafter, through the maturity date on January 31, 2031, equal payments of principal and interest will be made on the outstanding balance of the note. As of June 30, 2021, no more draws are outstanding.	1,017,924	-
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	4,342,197	2,770,466
Less current portion	(174,602)	(127,111)
Long-term portion	$ 4,167,595	$ 2,643,355

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 which was met as of June 30, 2021.

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

June 30,	
2022	$ 174,602
2023	177,018
2024	148,194
2025	135,693
2026	124,109
Thereafter	3,582,581
	$ 4,342,197

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, 2021, 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, 2019	$ 534,556	$ 14,618	$ 519,938
Excess of revenues over expenses (from continuing operations)	(8,954)	(1)	(8,953)
Balance, June 30, 2020	525,602	14,617	510,985
Excess of revenues over expenses (from continuing operations)	(13,386)	(1)	(13,385)
Balance, June 30, 2021	$ 512,216	$ 14,616	$ 497,600

Note 15 - Net Assets With Donor Restrictions

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

	2021	2020
Perpetual in nature		
NeighborWorks America	$ -	$ 35,000
Purpose		
NeighborWorks America	75,000	-
Consumers Energy Foundation	175,000	204,036
Community Development Financial Institution	-	481,436
Wells Fargo	390,344	-
	$ 640,344	$ 720,472

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:

	2021	2020
Satisfaction of purpose restrictions		
NeighborWorks America	$ -	$ 139,531
Ruth Mott - Mothers of Joy	-	2,800
Community Foundation - AmeriCorps	-	10,810
Community Development Financial Institution	481,436	218,564
Consumers Energy Foundation	29,036	-
Satisfaction of time and purpose restrictions		
NeighborWorks America	35,000	-
Ruth Mott Foundation - North Flint Sustainable Housing and Economic Program	-	253,382
	$ 545,472	$ 625,087

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, during the year ended June 30, 2021, the funds were unrestricted by NeighborWorks America.

Note 17 - Revenue from Contracts with Customers

The following summarizes revenue by type for the year ended June 30, 2021 and 2020:

	2021	2020
Contract revenue recognized at a point in time		
Fees for services	$ 84,557	$ 38,978
Contributions and other revenue		
Local Support	882,788	386,685
Other Grants	384,078	447,122
Federal Grants	2,353,602	2,303,227
NeighborWorks America	378,650	307,750
Interest and other loan fees	374,006	507,001
Investment Income	351,790	2,938
In-kind contributions	-	37,838
Rental income	246,253	215,185
Other income	43,253	39,350
COVID funding	512,487	-
Total revenue	$ 5,611,464	$ 4,286,074

Revenue earned at a point in time consists of various loan counseling and client fees. Generally, these fees are paid when incurred. The fees are incurred as counseling services are performed and therefore the performance obligation is typically satisfied immediately. There is no variable consideration for the fees paid. The transaction price is calculated using established rates.

At June 30, 2021 and 2020, there were no contract assets or liabilities.

There were no changes in judgments related to revenue recognition for the years ended June 30, 2021 and 2020.

Note 18 - Grant Revenue

Grant revenue recognized consist of the following for the year ended June 30, 2021 and 2020:

	2021	2020
Other grants:		
Neighborhood Impact Program	$ 384,078	$ 447,122
Federal grants:		
Department of Housing and Urban Development (HUD) - Continuum of Care (CoC) grant	$ 1,919,316	$ 1,855,143
MSHDA - FSS Counseling	51,086	54,221
HUD - Housing counseling	34,267	24,907
HUD - Section 4 Grant	-	25,000
Department of Labor - Youth Build	-	221,236
Genesee County - Tenant Based Rental Assistance	151,671	36,897
US Small Business Administration - Technical Assistance	197,262	85,823
	$ 2,353,602	$ 2,303,227

Note 19 - Local Support

Local support revenue consist of the following for the year ended June 30, 2021 and 2020:

	2021	2020
Charles Stewart Mott Foundation	$ 192,500	$ 185,000
Wells Fargo	500,000	-
United Way of Genesee County	65,000	-
Community Foundation	72,617	43,178
Genesee County	7,736	50,000
Huntington National Bank	25,000	25,000
TCF Bank	10,000	10,000
Other local contributions	9,935	73,507
	$ 882,788	$ 386,685

Note 20 - 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, 2021 and 2020.

Note 21 - 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.

Note 22 - Current Vulnerability Due to Funding Source Concentrations

The Organization received 36% and 45% of its support from the U.S. Department of Housing and Urban Development (HUD) for the years ended June 30, 2021 and 2020 , respectively. It is possible that HUD grant programs could cease. 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 23 - Operating Leases

The Organization leases a portion of the building it owns and occupies to various tenants under various lease agreements through 2034.

The following is a summary of the future annual rental revenue for the tenants which currently have non-cancellable lease agreements for the fiscal years ended June 30:

2022	$	70,009
2023		36,984
2024		36,984
2025		23,699
2026		5,100
Thereafter		44,850
	$	217,626

Note 24 - Coronavirus Pandemic

The Organization’s operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. 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 had an SBA Payroll Protection Program Loan to aid in the cash flow impact of the pandemic along with Employee Retention Credit funds approved.

Supplementary Information

Metro Community Development, Inc. and Subsidiaries
Consolidating Statement of Financial Position
June 30, 2021

	Metro Community Development	Metro Housing Partnership	Metawaneenee Hills Limited Partnership	Eliminating Entries	Total
Assets					
Current assets					
Cash and cash equivalents	$ 4,496,873	$ 125,161	$ 86,871	$ -	$ 4,708,905
Investments	1,952,508	175,000	-	-	2,127,508
Prepaid expense and other assets	812	-	3,627	-	4,439
Accounts receivable	764,070	-	5,452	-	769,522
Intercompany receivables	106,330	-	-	(106,330)	-
Property held for sale	-	11,701			11,701
Loans receivable, current portion	465,206	-	-	-	465,206
Total current assets	7,785,799	311,862	95,950	(106,330)	8,087,281
Noncurrent assets					
Deposit - Federal Home Loan Bank	500,000	-	-	-	500,000
Funded reserves	721,887	-	17,430	-	739,317
Loans receivable, net of current portion and allowance	4,330,015	-	-	-	4,330,015
Property and equipment, net of accumulated depreciation	1,665,921	-	437,046	-	2,102,967
Land development sites	25,383	-	-	-	25,383
Investment in limited partnership	-	14,619	-	(14,619)	-
Total noncurrent assets	7,243,206	14,619	454,476	(14,619)	7,697,682
Total assets	$ 15,029,005	$ 326,481	$ 550,426	$ (120,949)	$ 15,784,963

Metro Community Development, Inc. and Subsidiaries
Consolidating Statement of Financial Position
June 30, 2021

	Metro Community Development	Metro Housing Partnership	Metawaneenee Hills Limited Partnership	Eliminating Entries	Total
Liabilities and net assets					
Current liabilities					
Accounts payable	$ 271,078	$ -	$ 18,214	$ -	$ 289,292
Intercompany payables	-	106,330	-	(106,330)	-
Accrued liabilities	60,855	-	-	-	60,855
Notes payable, current portion	174,602	-	-	-	174,602
Total current liabilities	506,535	106,330	18,214	(106,330)	524,749
Noncurrent liabilities					
Security deposits	1,155	-	-	-	1,155
Revolving loans	1,102,196	-	-	-	1,102,196
Notes payable, net of current portion	4,147,595	-	20,000	-	4,167,595
Total noncurrent liabilities	5,250,946	-	20,000	-	5,270,946
Total liabilities	5,757,481	106,330	38,214	(106,330)	5,795,695
Net assets					
Without donor restrictions					
Undesignated	6,918,930	45,151	-	-	6,964,081
Designated for loan programs	1,887,250	-	-	-	1,887,250
Non-controlling interest in consolidated subsidiary					
Limited partners' equity in limited partnership	-	-	512,212	(14,619)	497,593
Total without donor restrictions	8,806,180	45,151	512,212	(14,619)	9,348,924
With donor restrictions					
Purpose restrictions	465,344	175,000	-	-	640,344
Total with donor restrictions	465,344	175,000	-	-	640,344
Total net assets	9,271,524	220,151	512,212	(14,619)	9,989,268
Total liabilities and net assets	$ 15,029,005	$ 326,481	$ 550,426	$ (120,949)	$ 15,784,963

Metro Community Development, Inc. and Subsidiaries
Consolidating Statement of Activities
For the Year Ended June 30, 2021

	Metro Community Development	Metro Housing Partnership	Metawaneenee Hills Limited Partnership	Eliminating Entries	Total
Support and revenues					
Local support	$ 882,788	$ -	$ -	$ -	$ 882,788
Other grants	384,078	-	-	-	384,078
Federal grants	2,353,602	-	-	-	2,353,602
NeighborWorks America grant	378,650	-	-	-	378,650
Fees for services	84,557	-	-	-	84,557
Interest and other loan fees	374,006	-	-	-	374,006
Investment income	351,775	15	-	-	351,790
Rental income	97,214	-	149,039	-	246,253
COVID funding	512,487	-	-	-	512,487
Other income	35,363	-	7,890	-	43,253
Total support and revenues	5,454,520	15	156,929	-	5,611,464
Expenses					
Program Services	3,682,005	23,800	156,325	-	3,862,130
Supporting services					
Management and general	214,380	-	13,990	-	228,370
Fundraising	17,626	-	-	-	17,626
Total expenses	$ 3,914,011	$ 23,800	$ 170,315	$ -	$ 4,108,126