

NEW ECONOMY PROJECT, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

Table of Contents

Independent Auditor's Report

Financial Statements

Consolidated Statements of Financial Position – at June 30, 2023 and 2022.....	1
Consolidated Statements of Activities – years ended June 30, 2023 and 2022.....	2
Consolidated Statements of Functional Expenses – year ended June 30, 2023.....	3
Consolidated Statements of Functional Expenses – year ended June 30, 2022.....	4
Consolidated Statements of Cash Flows – years ended June 30, 2023 and 2022.....	5
Notes to Consolidated Financial Statements	6-17

Supplementary Information

Consolidated Schedule of Financial Position - at June 30, 2023.....	18
Consolidated Schedule of Activities - year ended June 30, 2023.....	19
Consolidated Schedule of Functional Expenses - year ended June 30, 2023.....	20

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Economy Project, Inc.
121 West 27th Street, #804
New York, NY 10001

Opinion

We have audited the accompanying financial statements of New Economy Project, Inc. and New Economy Loan Fund, LLC (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Economy Project, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Economy Project, Inc. and affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Economy Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

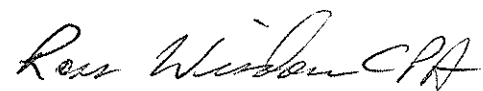
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Economy Project Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Economy Project Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information as listed in the table of contents is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual entities and is 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.



Ross Wisdom CPA, PLLC

New York, NY
January 26, 2024

NEW ECONOMY PROJECT, INC. AND AFFILIATE
Consolidated Statements of Financial Position
At June 30, 2023 and 2022

	2023	2022
		COMPARATIVE
Assets		
Current assets		
Cash and cash equivalents (note 2f)	\$ 386,903	\$ 1,215,790
Cash - board reserve	75,278	187,219
Cash - New Economy Loan Fund, LLC	43,850	
Money Market Fund - New Economy Loan Fund, LLC	72,000	
Marketable securities (note 4)	47,965	42,841
Grants receivable (note 2e)	845,612	665,314
Program fee receivable	159,000	200
Prepaid expenses	23,700	
Total current assets	1,654,308	2,111,364
 Property and equipment - net (note 6)	 10,048	 1,577
 Noncurrent assets		
Loans receivable and loan collateral (note 7)	1,121,284	1,175,090
Grants receivable (note 2e)	632,510	505,948
Certificates of deposit	952,572	751,313
Certificates of deposit - board reserve	1,300,584	1,269,653
Restricted cash	856,919	846,462
Restricted money market funds	632,193	664,735
Interest receivable on loans	139,485	130,039
Security deposit	28,039	27,407
Total noncurrent assets	5,663,586	5,370,647
Total assets	\$ 7,327,942	\$ 7,483,588
 Liabilities and net assets		
Current liabilities		
Accrued expenses	\$ 21,539	\$ 23,089
Subgrants payable	5,500	12,000
Total current liabilities	27,039	35,089
 Noncurrent liabilities		
Notes payable	47,965	42,841
Total noncurrent liabilities	47,965	42,841
Total liabilities	75,004	77,930
 Net assets		
Net assets without donor restrictions		
Board-designated	1,375,862	1,456,872
Undesignated	2,066,088	2,192,147
Total net assets without donor restrictions (note 3)	3,441,950	3,649,019
 Net assets with donor restrictions (note 3)	 3,810,988	 3,756,639
Total net assets	7,252,938	7,405,658
Total liabilities and net assets	\$ 7,327,942	\$ 7,483,588

The accompanying notes are an integral part of these consolidated financial statements

NEW ECONOMY PROJECT, INC. AND AFFILIATE
Consolidated Statements of Activities
For the years ended June 30, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total - 2023	Total - 2022
Support & revenue				
Government grants (note 9)	\$ 368,250	\$ 487,500	\$ 855,750	\$ 871,512
Foundation grants (note 9)	319,083	460,417	779,500	1,218,000
Individuals & corporate contributions	49,121		49,121	41,147
In-kind legal services	30,051		30,051	86,036
Program fee revenue	198,300		198,300	66,450
Interest and investment income	81,929	9,446	91,375	24,015
Loan loss recovery			0	2,348
PPP loan forgiveness			0	230,049
Misc. income			0	286
Net assets released from restrictions	903,014	(903,014)	0	0
Total support & revenue	\$ 1,949,748	\$ 54,349	\$ 2,004,097	\$ 2,539,843
Functional expenses				
Program services	\$ 1,680,159		\$ 1,680,159	\$ 1,486,435
Management & general	263,365		263,365	161,684
Fundraising	213,293		213,293	143,812
Total functional expenses	\$ 2,156,817	\$ -	\$ 2,156,817	\$ 1,791,931
Increase (decrease) in net assets	\$ (207,069)	\$ 54,349	\$ (152,720)	\$ 747,912
Net assets, beginning of year	3,649,019	3,756,639	7,405,658	6,657,746
Net assets, end of year	\$ 3,441,950	\$ 3,810,988	\$ 7,252,938	\$ 7,405,658

The accompanying notes are an integral part of these consolidated financial statements

NEW ECONOMY PROJECT, INC. AND AFFILIATE
Consolidated Statements of Functional Expenses
For the year ended June 30, 2023

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total - 2023</u>
Salaries and wages	\$ 1,081,617	\$ 138,669	\$ 166,403	\$ 1,386,689
Payroll taxes and fringe benefits	240,265	31,585	31,298	303,148
Accounting fees		21,100		21,100
Consultant	84,942	15,927	5,308	106,177
Depreciation		992		992
Dues and subscriptions	925			925
Subgrants/Subcontractors	67,250			67,250
In-kind legal services	30,051			30,051
Insurance	5,903	2,530		8,433
Interest expense		1,064		1,064
Licenses and fees	5,557	2,381		7,938
Loan loss reserves		22,728		22,728
Meetings, special events & travel	6,170	335	201	6,706
Occupancy expenses	129,004	24,188	8,063	161,255
Office-related expenses	4,882	574	288	5,744
Payroll service fees	1,248	160	192	1,600
Postage and shipping	172	16	123	311
Printing and copying	2,672	167	500	3,339
Research and materials	3,027			3,027
Staff training and development	3,405		179	3,584
Technology	9,471	526	526	10,523
Telephone	3,598	423	212	4,233
Total expenses	\$ 1,680,159	\$ 263,365	\$ 213,293	\$ 2,156,817

The accompanying notes are an integral part of these consolidated financial statements

NEW ECONOMY PROJECT, INC. AND AFFILIATE
Consolidated Statements of Functional Expenses
For the year ended June 30, 2022

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total - 2022</u>
Salaries and wages	\$ 943,390	\$ 87,992	\$ 113,609	\$ 1,144,991
Payroll taxes and fringe benefits	202,801	17,399	20,064	240,264
Accounting fees		17,500		17,500
Consultant	51,697	9,123		60,820
Depreciation	515	97	32	644
Dues and subscriptions	526			526
Subgrants	33,567			33,567
In-kind legal services	77,432	8,604		86,036
Insurance	5,944	3,200		9,144
Interest expense	1,000			1,000
Licenses and fees	2,238			2,238
Meetings, special events & travel	4,707	554	277	5,538
Occupancy expenses	132,969	15,643	7,822	156,434
Office-related expenses	2,418	284	143	2,845
Payroll service fees	1,725	169	210	2,104
Postage and shipping	759	45	89	893
Printing and copying	2,727	160	320	3,207
Research and materials	2,232			2,232
Staff training and development	7,548			7,548
Technology	8,951	527	1,053	10,531
Telephone	3,289	387	193	3,869
Total expenses	\$ 1,486,435	\$ 161,684	\$ 143,812	\$ 1,791,931

The accompanying notes are an integral part of these consolidated financial statements

NEW ECONOMY PROJECT, INC. AND AFFILIATE
Consolidated Statements of Cash Flows
For the years ended June 30, 2023 and 2022

	2023	2022	
			COMPARATIVE
Operating activities			
Increase (decrease) in net assets	\$ (152,720)	\$ 747,912	
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities			
Depreciation	992	644	
Loan loss reserves	22,728	(2,348)	
Loan forgiveness - PPP		(230,049)	
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Marketable securities	(5,124)	14,277	
Grants receivable	(306,860)	(492,832)	
Program fee receivable	(158,800)	9,800	
Prepaid expenses	(23,700)		
Loans receivable and loan collateral	31,078	45,395	
Interest receivable on loans	(9,446)	(7,318)	
Security deposit	(633)		
(Decrease) increase in:			
Accrued expenses	(1,550)	11,818	
Subgrants payable	(6,500)	12,000	
Notes payable	5,124	(14,277)	
Total adjustments	(452,691)	(652,890)	
Net cash provided (used) by operating activities	(605,411)	95,022	
Investing activities			
Certificate of deposit	(201,259)	(21,660)	
Certificate of deposit - board reserve	(30,931)	(1,388)	
Restricted money market funds	32,542	(29,966)	
Money Market Fund - New Economy Loan Fund, LLC	(72,000)		
Purchase of property and equipment	(9,462)		
Net cash (provided) used by investing activities	(281,110)	(53,014)	
Financing activities			
Net cash provided (used) by financing activities	0	0	
Increase (decrease) in cash	(886,521)	42,008	
Cash, beginning of year	2,249,471	2,207,463	
Cash, end of year	\$ 1,362,950	\$ 2,249,471	
Cash and cash equivalents	\$ 386,903	\$ 1,215,790	
Cash - board reserve	75,278	187,219	
Restricted cash	856,919	846,462	
Cash - New Economy Loan Fund, LLC	43,850		
Cash, end of year	\$ 1,362,950	\$ 2,249,471	

The accompanying notes are an integral part of these consolidated financial statements

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

Note 1 – ORGANIZATION

New Economy Project, Inc. was organized in 1995 to promote community economic justice in New York City neighborhoods. The Organization's mission is to build an economy that works for all, rooted in racial and social justice, cooperation, neighborhood equity and ecological sustainability.

New Economy Loan Fund LLC, a wholly-owned subsidiary of New Economy Project, Inc., was organized in November 2014 to further advance New Economy Project, Inc.'s objectives.

New Economy Project, Inc. and New Economy Loan Fund LLC (collectively, the "Organization") work closely with a wide array of community groups to press for equitable and sustainable community development. The Organization employs multiple strategies, including community outreach and education, advocacy, coalition organizing, policy research and analysis, media outreach, direct legal services, impact litigation, and technical support to community groups, to address inequities in the financial services system that impede community development and perpetuate poverty, inequality, and segregation. The Organization coordinates several broad-based, city- and state-wide coalitions that advance new economy and economic justice organizing. In addition, the Organization supports groups in the creation of community-based economic development vehicles, such as worker and financial cooperatives, community land trusts, and mutual housing.

In 2013, the Organization changed its name from Neighborhood Economic Development Advocacy Project, Inc. to New Economy Project, Inc.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and other disclosures in the consolidated financial statements. Accordingly, actual results could differ from those estimates.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of New Economy Project, Inc. and its wholly-owned subsidiary. All material intercompany accounts and transactions have been eliminated in consolidation.

(c) Presentation of Net Assets

The net assets of the Organization and changes therein are classified as net assets without donor restrictions and net assets with donor restrictions based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Net assets with donor restrictions represent contributions with donor-imposed restrictions that have not yet been satisfied or are time restricted. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue Recognition – Public Donations, In-Kind Services and Program Fees

Public donations, in-kind services and program fees are reported at estimated net realizable amounts from public and corporate donors and program services. In-kind pro bono legal services amounted to \$30,051 and \$86,036 respectively for the years ended June 30, 2023 and 2022.

The Organization follows U.S. GAAP guidance on accounting for contributions received and made. Accordingly, contributed assets are recorded at fair value at date of donation. Services are recognized as revenue and assets or expenses at fair value, if those services: (i) create or enhance nonfinancial assets; (ii) would typically need to be purchased by the Organization if they had not been provided by contribution; or (iii) require specialized skills and are provided by individuals with those skills.

(e) Contributions and Grants Receivable

Contributions and grants receivable that represent unconditional promises to give are recognized as revenues when the promise is received. Contributions and grants receivable that are expected to be collected in less than one year are reported at the net realizable value of \$845,612.

All of the Organization’s current and noncurrent contributions and grants receivable that are expected to be collected are as follows:

Grants receivable - current	<u>\$ 845,612</u>
Grant Receivable - noncurrent	
NYS UCS	
June 30, 2025	144,648
June 30, 2026	149,780
July 1, 2026 to December 31, 2026	<u>77,664</u>
	<u>\$ 372,092</u>
NYS IOLA FUND	
July 1, 2024 to March 31, 2025	168,750
Ford Foundation	
July 1, 2024 to May 30, 2025	91,668
Grants Receivable - noncurrent	<u>\$ 632,510</u>
Total grants receivable	<u><u>\$ 1,478,122</u></u>

Management does not believe an allowance for uncollectible amounts is necessary, based on historical experience with the donors and grantors.

(f) Cash and Cash Equivalents

For Purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less included as cash equivalents.

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property and Equipment

Property and equipment are stated at cost. Expenditures that substantially increase estimated useful lives are capitalized and depreciated using the straight-line method over their estimated useful lives. Maintenance, repairs and minor renewals are expensed as incurred. The cost of leasehold improvements is depreciated over an estimated useful life of five to seven years. The cost of furniture and equipment is depreciated over an estimated useful life of five to seven years.

(h) Marketable Securities

Investments are recorded at fair market value, as determined by quoted market prices. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses on investments in securities are calculated based on average cost and are reflected in the statements of activities. Interest income is recorded on an accrual basis.

(i) Fair Value Measurements

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. All of the Organization's financial instruments measured at fair value are Level 1 inputs.

(j) Risks and Uncertainties

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Organization.

(k) Income Tax Status

New Economy Project, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

Accounting principles generally accepted in the United States of America require evaluation of the tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are more likely than not sustainable upon examination by the applicable taxing authorities, based on the technical merits of the tax positions, and then recognizing the tax benefit that is more likely than not to be realizable. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management believes the effects of such positions would be immaterial to the overall consolidated financial statements.

The Organization is no longer subject to income tax examination by federal, state, or local tax authorities in the United States for years before June 30, 2020.

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income Tax Status (continued)

New Economy Loan Fund LLC is a single-member limited liability company owned by New Economy Project, Inc. Therefore, all the activities of the company are reported in New Economy Project, Inc.'s information returns.

(l) Functional Allocation of Expenses

Expenses have been charged to program and supporting services, either directly when identifiable to specific program, or indirectly based on management's estimate of the functional area benefited.

NOTE 3 – RESTRICTED ASSETS AND NET ASSETS WITH RESTRICTIONS

The Organization has presented net assets in the consolidated financial statements according to the type of donor restriction or absence thereof.

(a) At June 30, 2023 and 2022, restricted assets include loan fund capital and collateral and other funds restricted for specific programs, as follows:

	<u>2023</u>	<u>2022</u>
New Economy Loan Fund LLC:		
- Loans receivable	\$ 550,000	\$ 550,000
- Money Market Funds	72,000	71,984
- Interest on loans receivable	9,014	6,514
New Economy Project (loan fund capital)	1,487,783	1,438,913
NYC Foreclosure Prevention Gap Loan Fund:		
- Security on loans made	81,307	90,699
- Interest receivable	130,471	123,525
NYS Community Equity Agenda Access Fund	1,330	300
	<u>\$ 2,331,905</u>	<u>\$ 2,281,935</u>

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – RESTRICTED ASSETS AND NET ASSETS WITH RESTRICTIONS (continued)

(b) At June 30, 2023 and 2022, certain governments grants and foundation contributions were restricted for the passage of time as follows:

	2023	As Restated *
		2022
Barbara McDowell & Gerald S. Hartman Fdn.		\$ 12,500
Bernard F. and Alva B. Gimbel Foundation		50,000
Ford Foundation	191,667	212,500
Jessie Smith Noyes Foundation	11,250	56,250
Mertz Gilmore Foundation	13,333	53,333
New York Community Trust	31,250	25,000
New York Foundation	62,500	60,000
NYS IOLA Fund	393,750	103,125
NYS Unified Court System	506,583	635,329
Robin Hood Foundation	112,500	150,000
Scherman Foundation	62,500	16,667
SC Group		100,000
U. S. CDFI Fund	93,750	
	\$ 1,479,083	\$ 1,474,704

At June 30, 2023 and 2022, net assets with restrictions total \$3,810,988 and \$3,756,639 respectively.

* Please note that Net Assets With Donor Restrictions has been restated to include a \$100,000 restricted grant received from SC Group in 2022 and designated for use in fiscal year ended 2023. Accordingly Net Assets With Restrictions for June 30, 2022 has been restated to \$3,756,639 (from \$3,656,639) and Net Assets Without Donor Restrictions has been restated to \$3,649,019 (from \$3,749,019). (See pages 1 and 2).

NOTE 4 – INVESTMENTS

Investments at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Marketable securities	\$ 47,965	\$ 42,841

The Organization has received two loans to invest in publicly-traded companies as part of its shareholder advocacy (Note 8). Under the terms of its consolidated promissory note, the Organization must repay the lender the full value of the stock, as well as any and all investment earnings, when the loan becomes due.

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Based on the observability inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to the unobservable inputs (Level 3). Financial assets carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Observable inputs other than Level 1 including quoted process for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- Common stock, mutual and exchange-trade funds, and preferred stock are valued at the closing price reported on the active market in which the individual security is traded.
- Investment in CD funds is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no transfers between levels during the years ended June 30, 2023 and 2022.

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets as fair value as of June 30, 2023 and 2022. There have been no changes in the methodologies used at June 30, 2023 and 2022.

	Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investment in money market fund	\$ 632,193	\$ -	\$ -	\$ 632,193
Money Market Fund - N. E. L. F., LLC	\$ 72,000			72,000
Marketable securities	47,965	-	-	47,965
Total investments at fair value	\$ 752,158	\$ -	\$ -	\$ 752,158

	Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investment in money market fund	\$ 664,735	\$ -	\$ -	\$ 664,735
Marketable securities	42,841	-	-	42,841
Total investments at fair value	\$ 707,576	\$ -	\$ -	\$ 707,576

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consists of the following:

	2023	2022
Leasehold improvement	\$ 107,323	\$ 107,323
Furniture and equipment	13,578	4,115
	120,901	111,438
Less, accumulated depreciation	(110,853)	(109,861)
Property and equipment - net	\$ 10,048	\$ 1,577

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – LOAN PROGRAMS

(a) New Economy Loan Fund

In 2014, the Organization established the New Economy Loan Fund to advance racial and economic justice by supporting community-led economic development initiatives in New York City, including projects that expand access to living wage jobs, affordable housing, and other social and economic opportunities, in low-income neighborhoods and communities of color. The program is designed to (i) fill gaps in financing currently available to social justice enterprises and initiatives; (ii) leverage financing, through participation loans and other risk- and revenue-sharing strategies; and (iii) develop an effective, sustainable, and replicable financing model that advances social justice.

Initial lending capital, in the amount of \$500,000, for the loan program was provided by an anonymous donor. The loan program also received lending capital reallocated from the FP Gap Loan Fund, as described in (a) above.

In May 2020, the New Economy Loan Fund LLC made a five-year \$150,000 loan to The Working World, Inc. (TWW), adding to the \$350,000 loan the New Economy Loan Fund LLC made to TWW in February 2017. TWW's Senior Fellow, co-founder, and previous executive director is also a board member of the Organization. The maturity date of this loan is May 7, 2025. Interest has been accrued per the terms of the loan in the current year of \$2,250.

In November 2019, the Organization also made a two-year \$50,000 loan to People's Solar Energy Fund, Inc. The original maturity date of this loan was November 22, 2021. The Organization has since extended the maturity date to January 31, 2024. Interest is accrued on this loan at a rate of 5% per annum, total interest accrued for the year ended June 30, 2023 is \$2,500.

The New Economy Loan Fund LLC has assets of \$724,864 and New Economy Project has assets of \$1,487,783 restricted for loan fund capital, at June 30, 2023.

(b) Foreclosure Prevention Gap Loan Program

From 2008 through 2013, the Organization operated the NYC Foreclosure Prevention Gap Loan Program ("FP Gap Loan Fund"), a model foreclosure prevention program that New York City and New York State both replicated. The Organization received lending capital totaling \$2,500,000 for the loan fund, from an anonymous donor. As the program wound down, with the donor's approval, the Organization reallocated \$1,278,450 to the New Economy Loan Fund and set aside the remaining \$60,000 for potential refinancing of foreclosure prevention loans.

The Organization continues to administer all outstanding loans, in partnership with Lower East Side People's Federal Credit Union (LESPFCU), which originated loans secured by the Organization's loan fund, and with FJC, a not-for-profit organization through which the Organization made non-amortizing mortgages directly to low-income New Yorkers. The program benefited more than 400 lower-income New York City residents.

The management of the Organization has set up reserves of \$54,442 and \$31,714 for the years ended June 30, 2023 and 2022, respectively, for potential future loan losses on the Foreclosure Prevention Gap Loan Program. For the year ending on June 30, 2022, the Organization maintained reserves of 10% of outstanding loans made through direct lending and 0% for the loans made through the credit union. For the year ending on June 30, 2023, the Organization reset the reserves to 10% of outstanding loans made through direct lending.

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – LOAN PROGRAMS (continued)

The following table summarizes the outstanding loans at June 30, 2023 and 2022

	FP Gap Loan Fund Direct Lending	FP Gap Loan Fund - Security Collateral	New Economy Loan Fund	Total
Balance - July 1, 2021	\$ 578,528	\$ 89,609	\$ 550,000	\$ 1,218,137
Repayments/adjustments	(36,528)	(8,867)		(45,395)
Change in loan loss reserves	1,461	887		2,348
Balance - June 30, 2022	543,461	81,629	550,000	1,175,090
Repayments/adjustments	(21,686)	(9,392)		(31,078)
Change in loan loss reserves	(31,798)	9,070		(22,728)
Balance - June 30, 2023	<u>\$ 489,977</u>	<u>\$ 81,307</u>	<u>\$ 550,000</u>	<u>\$ 1,121,284</u>

NOTE 8 – NOTES PAYABLE

The Organization entered into two unsecured promissory notes (the "Notes") in the principal amounts of \$7,500, on July 25, 2007, and \$15,000, on July 29, 2011. Per the Notes, the Organization used the principal to purchase securities of certain publicly-traded financial companies, in furtherance of the Organization's shareholder advocacy initiative. The Notes require annual interest payments to the lender every July 25th equal to the dividends and other earnings on the securities purchased. Additionally, under the terms of the Notes, the Organization must repay the lender the full value of the stock, as well as any and all investment earnings, when the loans are due. On December 19, 2019, the lender extended the maturity date for both loans to July 25, 2024, effectively consolidating the two Notes into one. At June 30, 2023 and 2022, \$47,965 and \$42,841 respectively, were payable to lender.

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – GRANTS AND CONTRIBUTIONS

Grants and contribution revenue for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Government Grants:		
NYC Council Support Our Seniors Initiative (via DFTA)	\$ 75,000	\$ 38,000
NYC Dept. of Youth & Community Development	107,500	18,500
NYC Dept. of Housing Preservation & Development	98,250	119,361
NYS IOLA Fund	450,000	
NYS Unified Court System		695,651
U. S. CDFI Fund	125,000	
	\$ 855,750	\$ 871,512
	2023	2022
Foundation Grants:		
Barbara McDowell & Gerald S. Hartman Fdn.		\$ 50,000
Equal Justice America	2,000	
Fan Fox and Leslie R. Samuels Foundation	10,000	
Ford Foundation	200,000	425,000
FurtherJustice Foundation	5,000	
Heron Foundation		500
Hyde and Watson Foundation	10,000	
Jessie Smith Noyes Foundation		90,000
Johnson Family Foundation	15,000	
Mertz Gilmore Foundation	10,000	80,000
New York Community Trust	125,000	100,000
New York Foundation	102,500	97,500
Robin Hood Foundation	150,000	200,000
SC Group		100,000
Scherman Foundation	75,000	
Stolper Fertik Family Foundation	75,000	75,000
	\$ 779,500	\$ 1,218,000

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – RETIREMENT PLAN

The Organization maintains a 403(b) plan, which is available to all eligible employees. Participants may contribute a certain percentage of their compensation, not to exceed the limitations established by the IRC. The Organization matches employee contributions to the plan after one year of continuous full-time employment. The Organization matches up to 4%. For the years ended June 30, 2023 and 2022, contributions to the plan were \$31,768 and \$27,290, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

(a) Operating Lease

The Organization entered into a lease agreement for its office space that expires on November 30, 2024. The lease requires minimum monthly payments of \$13,229 with an annual increase of 2.5%. Future minimum lease payments are as follows:

Year Ending	Amount
June 30, 2024	157,683
7/01/24 to 11/30/24	66,376
	<u>\$ 224,059</u>

NOTE 12 – AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS.

The following represents the Organization's financial assets at June 31, 2023 & 2022:

Financial assets at year end:	2023	2022
Cash and cash equivalents	\$ 386,903	\$ 1,215,790
Cash - board reserve	75,278	187,219
Cash - New Economy Loan Fund, LLC	43,850	
Certificates of deposit	952,572	751,313
Certificates of deposit - board reserve	1,300,584	1,269,653
Grants receivable - current	845,612	665,314
Interest receivable on loans	139,485	130,039
Loans and loan security collateral receivable	1,121,284	1,175,090
Marketable securities	47,965	42,841
Money Market Fund - New Economy Loan Fund, LLC	72,000	
Prepaid expenses	23,700	
Program fee receivable	159,000	200
Restricted cash	856,919	846,462
Restricted money market funds	632,193	664,735
Total financial assets	6,657,345	6,948,656
Less amounts not available to be used within one year:		
Net assets with donor restrictions	3,810,988	3,656,639
Less net assets with purpose restrictions to be met in less than a year	-	-
Board-designated funds for future use	1,375,862	1,456,872
	5,186,850	5,113,511
Financial assets available to meet general expenditures over the next twelve months.	\$ 1,470,495	\$ 1,835,145

**NEW ECONOMY PROJECT, INC. AND AFFILIATE
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 – AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS (continued)

The Organization's goal is generally to maintain financial assets to meet 180 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificate of deposits.

NOTE 13 – CONCENTRATIONS OF RISK

The Organization maintains some of its cash in credit union and bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash and cash equivalents

NOTE 14 – RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2023, the Organization received fees for services revenue from a legal services organization whose project director serves on the Organization's board.

Throughout FY23, a co-director of the Organization served on the board of Lower East Side People's Federal Credit Union (LESPFCU), where the Organization holds several accounts, including an account holding security funds for the foreclosure prevention loans outstanding that the credit union made in conjunction with the Organization's NYS Foreclosure Prevention Gap Loan Fund. In addition, a member of New Economy Project's board of directors is the former CEO of, and continues to serve as a consultant to, LESPFCU.

The Organization received a small grant from FurtherJustice, a foundation that supports civil legal services. A member of the Organization's board is a co-founder of FurtherJustice.

NOTE 15 - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through the date of this report and determined there are no material recognized or unrecognized subsequent events warranting adjustment or disclosure.

NEW ECONOMY PROJECT, INC. AND AFFILIATE
Consolidated Schedule of Financial Position
At June 30, 2023

	New Economy Project, Inc.	New Economy Loan Fund, LLC	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents (note 2f)	\$ 386,903		\$ -	\$ 386,903
Cash - board reserve	75,278			75,278
Cash - New Economy Loan Fund, LLC		43,850		43,850
Money Market Fund - New Economy Loan Fund, LLC		72,000		72,000
Marketable securities (note 4)	47,965			47,965
Grants receivable (note 2e)	795,612	50,000		845,612
Program fee receivable	159,000			159,000
Prepaid expenses	23,700			23,700
Total current assets	1,488,458	165,850		1,654,308
Property and equipment - net (note 6)	10,048			10,048
Noncurrent assets				
Loans receivable and loan collateral (note 7)	571,284	550,000		1,121,284
Grants receivable (note 2e)	632,510			632,510
Certificates of deposit	952,572			952,572
Certificates of deposit - board reserve	1,300,584			1,300,584
Restricted cash	856,919			856,919
Restricted money market funds	632,193			632,193
Interest receivable on loans	130,471	9,014		139,485
Security deposit	28,039			28,039
Total noncurrent assets	5,104,572	559,014	0	5,663,586
Total assets	\$ 6,603,078	\$ 724,864	\$ -	\$ 7,327,942
Liabilities and net assets				
Current liabilities				
Accrued expenses	\$ 21,539	\$ -	\$ -	\$ 21,539
Subgrants payable	5,500			5,500
Total current liabilities	27,039	0	0	27,039
Noncurrent liabilities				
Notes payable	47,965			47,965
Total noncurrent liabilities	47,965			47,965
Total liabilities	75,004	0	0	75,004
Net assets				
Net assets without donor restrictions				
Board-designated	1,375,862			1,375,862
Undesignated	2,066,088			2,066,088
Total net assets without donor restrictions	3,441,950	0	0	3,441,950
Net assets with donor restrictions (note 3)	3,086,124	724,864		3,810,988
Total net assets	6,528,074	724,864	0	7,252,938
Total liabilities and net assets	\$ 6,603,078	\$ 724,864	\$ -	7,327,942

See Independent Auditor's Report on Supplementary Information

NEW ECONOMY PROJECT, INC. AND AFFILIATE
Consolidated Schedule of Activities
For the year ended June 30, 2023

	New Economy Project, Inc.	New Economy Loan Fund, LLC	Eliminations	Consolidated
Support & revenue				
Government grants (note 9)	\$ 730,750	\$ 125,000	\$ -	\$ 855,750
Foundation grants (note 9)	779,500			779,500
Individuals & corporate contributions	49,121			49,121
In-kind legal services	30,051			30,051
Program fee revenue	198,300			198,300
Interest and investment income	88,859	2,516		91,375
Net assets released from restrictions	0	0	0	
Total support & revenue	\$ 1,876,581	\$ 127,516	\$ -	\$ 2,004,097
Functional expenses				
Program services	\$ 1,648,909	\$ 31,250	\$ -	\$ 1,680,159
Management & general	263,365			263,365
Fundraising	213,293			213,293
Total functional expenses	\$ 2,125,567	\$ 31,250		\$ 2,156,817
Increase (decrease) in net assets	\$ (248,986)	\$ 96,266	\$ -	\$ (152,720)
Net assets, beginning of year	6,777,060	628,598		7,405,658
Net assets, end of year	\$ 6,528,074	\$ 724,864	\$ -	\$ 7,252,938

See Independent Auditor's Report on Supplementary Information

NEW ECONOMY PROJECT, INC. AND AFFILIATE
Consolidated Schedule of Functional Expenses
For the year ended June 30, 2023

	New Economy Project, Inc.	New Economy Loan Fund, LLC	Eliminations	Consolidated
Salaries and wages	\$ 1,386,689	\$ -	\$ -	1,386,689
Payroll taxes and fringe benefits	303,148			303,148
Accounting fees	21,100			21,100
Consultant	106,177			106,177
Depreciation	992			992
Dues and subscriptions	925			925
Subgrants/Subcontractors	36,000	31,250		67,250
In-kind legal services	30,051			30,051
Insurance	8,433			8,433
Interest expense	1,064			1,064
Licenses and fees	7,938			7,938
Loan loss reserves	22,728			22,728
Meetings, special events & travel	6,706			6,706
Occupancy expenses	161,255			161,255
Office-related expenses	5,744			5,744
Payroll service fees	1,600			1,600
Postage and shipping	311			311
Printing and copying	3,339			3,339
Research and materials	3,027			3,027
Staff training and development	3,584			3,584
Technology	10,523			10,523
Telephone	4,233			4,233
Total expenses	2,125,567	\$ 31,250	\$ -	\$ 2,156,817

See Independent Auditor's Report on Supplementary Information