



NEW GROUND INC. AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

NEW GROUND INC. AND SUBSIDIARY
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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
New Ground Inc. and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of New Ground Inc. and Subsidiary (collectively, the "Organization", both nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Ground Inc. and Subsidiary as of December 31, 2023 and 2022, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of New Ground Inc. and Subsidiary 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

NawrockiSmith

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

NawrockiSmith

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating schedules of financial position on pages 16 and 17 and the supplementary consolidating schedules of activities and changes in net assets on pages 18 and 19 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.

Hauppauge, New York
November 1, 2024

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.

NEW GROUND INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	\$ 807,544	\$ 788,495
Accounts receivable	39,639	38,932
Contributions receivable, current portion	22,500	15,849
Loans receivable	2,906	2,257
Prepaid expenses	-	2,222
Right-of-use assets - operating, current portion	2,076	2,019
Total current assets	874,665	849,774
NONCURRENT ASSETS:		
Fixed assets, net	1,076,419	1,087,919
Right-of-use assets net of current portion - operating	5,265	7,341
Contributions receivable, net of current portion	30,497	12,470
Total assets	\$ 1,986,846	\$ 1,957,504
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Mortgage payable, current portion	\$ 16,794	\$ 16,132
Lease liabilities - operating, current portion	2,076	2,019
Accounts payable	18,152	11,920
Total current liabilities	37,022	30,071
LONG-TERM LIABILITIES:		
Mortgage payable, net of current portion	473,825	486,371
Lease liabilities, net of current portion - operating	5,265	7,341
Security deposits held	5,520	4,257
Total long-term liabilities	484,610	497,969
Total liabilities	521,632	528,040
NET ASSETS:		
Net assets without donor restrictions:		
Undesignated	679,414	644,048
Board designated for fixed assets	585,800	585,416
Board designated for program expansion	200,000	200,000
Total net assets	1,465,214	1,429,464
Total liabilities and net assets	\$ 1,986,846	\$ 1,957,504

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

**NEW GROUND INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
REVENUES:		
Special events	\$ 505,185	\$ 495,603
Grants and contributions	418,598	367,847
Program revenue	104,813	88,384
Miscellaneous	3,267	2,928
Interest	6,822	2,185
Total revenues	1,038,685	956,947
EXPENSES:		
Program services	820,689	741,503
Administration	48,736	46,738
Fundraising	133,510	125,058
Total expenses	1,002,935	913,299
Change in net assets	35,750	43,648
NET ASSETS, BEGINNING OF YEAR	1,429,464	1,385,816
NET ASSETS, END OF YEAR	\$ 1,465,214	\$ 1,429,464

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

NEW GROUND INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Services	Administration	Fundraising	Total	Program Services	Administration	Fundraising	Total
Salaries, benefits, and payroll taxes	\$ 515,764	\$ 28,132	\$ 20,307	\$ 564,203	\$ 473,049	\$ 26,661	\$ 21,450	\$ 521,160
Direct client services	84,273	-	-	84,273	65,210	-	-	65,210
Professional fees	27,808	12,148	-	39,956	32,288	11,621	-	43,909
Interest	30,967	2,380	-	33,347	21,018	2,247	-	23,265
Office	31,172	649	649	32,470	36,367	758	758	37,883
Repairs and maintenance	29,141	853	-	29,994	30,807	977	-	31,784
Depreciation	22,322	2,163	-	24,485	23,288	2,303	-	25,591
Insurance	22,276	455	-	22,731	19,673	402	-	20,075
IT and computer	20,685	211	211	21,107	6,900	70	70	7,040
Employee retirement benefits	13,010	715	572	14,297	10,361	569	456	11,386
Utilities	12,627	881	-	13,508	12,114	884	-	12,998
Conferences and seminars	3,175	-	-	3,175	2,988	-	-	2,988
Travel	2,572	-	-	2,572	2,043	-	-	2,043
Clinical supervision	2,550	-	-	2,550	3,075	-	-	3,075
Telephone	2,347	24	24	2,395	1,882	19	19	1,920
Miscellaneous	-	125	-	125	95	135	-	230
Website and fees	-	-	-	-	120	-	120	240
Recruitment	-	-	-	-	225	-	-	225
Bad debt	-	-	-	-	-	92	-	92
	<u>820,689</u>	<u>48,736</u>	<u>21,763</u>	<u>891,188</u>	<u>741,503</u>	<u>46,738</u>	<u>22,873</u>	<u>811,114</u>
Cost of special events	<u>-</u>	<u>-</u>	<u>111,747</u>	<u>111,747</u>	<u>-</u>	<u>-</u>	<u>102,185</u>	<u>102,185</u>
	<u>\$ 820,689</u>	<u>\$ 48,736</u>	<u>\$ 133,510</u>	<u>\$ 1,002,935</u>	<u>\$ 741,503</u>	<u>\$ 46,738</u>	<u>\$ 125,058</u>	<u>\$ 913,299</u>

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

NEW GROUND INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (INDIRECT METHOD)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 35,750	\$ 43,648
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,485	25,591
Amortization of right-of-use assets	2,019	1,177
Net change in operating lease liabilities	(2,019)	(1,177)
(Increase) decrease in accounts receivable	(707)	2,228
(Increase) decrease in contributions receivable	(24,678)	25,515
Increase in loans receivable	(649)	-
Decrease in prepaid expenses	2,222	3,333
Increase in accounts payable	6,232	4,491
Increase in security deposits held	1,263	1,500
Decrease in deferred revenue - Paycheck Protection Program	-	(85,910)
Net cash provided by operating activities	<u>43,918</u>	<u>20,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>(12,985)</u>	<u>-</u>
Net cash used by investing activities	<u>(12,985)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgage payable	<u>(11,884)</u>	<u>(15,372)</u>
Net cash used by financing activities	<u>(11,884)</u>	<u>(15,372)</u>
NET INCREASE IN CASH	19,049	5,024
CASH, BEGINNING OF YEAR	<u>788,495</u>	<u>783,471</u>
CASH, END OF YEAR	<u><u>\$ 807,544</u></u>	<u><u>\$ 788,495</u></u>
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 33,347</u>	<u>\$ 23,265</u>
Acquisition of right-of-use assets	<u>\$ -</u>	<u>\$ 10,537</u>

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

NEW GROUND INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Background and organization

The accompanying consolidated financial statements reflect the financial position and activities of New Ground Inc. and its subsidiary, NGIP Inc. (hereinafter, collectively “the Organization”).

Founded in 1991, New Ground Inc. is a not-for-profit organization formed under the laws of New York State, providing intensive social work services and education programs to families and veterans caught in the cycle of homelessness and poverty. Social work services include but are not limited to: career development, employment assistance, budgeting, repairing credit, parenting skills, household management skills, conflict resolution, problem solving, crisis management skills, and future permanent housing planning. Education programs include the Reading All-Stars Program, Education Assistance Program, Education Advocacy Program, Tutoring Program, Academic Scholarship Program, and Parent Workshop Program. Through these, New Ground assists children to succeed in school with a track to graduate high school and pursue higher education, as well as assisting adults to return to school and complete a higher degree or certification thereby increasing their household income. All of the programs and services offered are targeted toward developing self-sufficiency and assisting the families and veterans with securing an independent future.

NGIP Inc. is a wholly-owned subsidiary of New Ground Inc., formed as a not-for-profit organization in 2015 for purposes of providing housing for homeless and low income families and individuals in the Long Island and Metropolitan New York areas. Families and individuals residing in the housing owned and operated by NGIP Inc. will receive the social work services and education programs offered by New Ground Inc. to assist them in breaking the cycle of homelessness and poverty, eventually securing permanent housing and self-sufficiency.

New Ground Inc. and NGIP Inc. are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

(2) Summary of significant accounting policies:

Basis of accounting and financial statement presentation -

The accompanying consolidated financial statements include the assets, liabilities, revenues and expenses of the Organization which are presented under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All transactions between the entities comprising the Organization have been eliminated in consolidation. The following is a summary of significant accounting policies followed by the Organization:

Financial statement presentation -

The accompanying consolidated financial statements include the accounts of the Organization’s programs, administration and fundraising. U.S. generally accepted accounting principles require that the Organization’s consolidated financial statements distinguish net assets and changes in net assets between those with and without donor restrictions. The Organization’s net assets consist of the following:

Without donor restrictions - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

NEW GROUND INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

With donor restrictions - net assets subject to donor-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.

As of December 31, 2023 and 2022, the Organization did not possess any net assets with donor restrictions.

As required by U.S generally accepted accounting principles, the Organization has also presented Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022.

Principles of consolidation -

New Ground Inc. has voting control and an economic interest in NGIP Inc. (“NGIP”), which results in the accounts of NGIP being consolidated with those of New Ground Inc. in the accompanying financial statements. All intercompany balances and transactions have been eliminated in the consolidation.

Revenue recognition -

The following are the significant revenue recognition accounting policies of the Organization:

Contributions - Contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions. Contributions restricted by donors are reported 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. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Fundraising revenue - The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Cash and cash equivalents -

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable -

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual accounts.

NEW GROUND INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Loans receivable -

Loans receivable represent funds advanced to families was \$2,906 and \$2,257 for the years ended December 31, 2023 and 2022, respectively. Through the Revolving Loan Program, New Ground Inc. provides zero interest loans for current program participants in need of specific financial assistance in order to continue to make progress on their program goals. Each client creates a specific monthly repayment plan for their loan based on their individual budget, often utilizing an annual tax refund upon receipt to pay off any remaining balance.

Contributions receivable -

Contributions receivable are recognized as support in the period pledged and are recorded at the present value of estimated cash flow. The discount on these amounts is computed using a risk-adjusted rate applicable to the years in which the promises are to be received. Amortization of the discount is recorded as an addition to contribution revenue in accordance with donor-imposed restrictions. The Organization expects contributions receivable to be collected in full, therefore an allowance for doubtful accounts has not been recorded as of December 31, 2023 and 2022.

Fixed assets -

Fixed assets consist of land, buildings and office equipment which are recorded at cost. Fixed assets acquired by gift are capitalized at the approximate market value at the date of gift. Such gifts are reported as unrestricted support unless the donor has restricted the donated assets for a specific purpose.

The Organization follows the practice of capitalizing all items over \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally periods of five to forty years).

Right-of-use assets and lease liabilities -

The Organization complies with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases* ("Topic 842"). All leases entered into by the Organization are required to be recognized and measured. In applying Topic 842, the Organization made an accounting policy election not to recognize the right-of-use assets and lease liabilities relating to short-term leases.

The Organization determines if an arrangement is or contains a lease at inception. The Organizations' operating lease arrangements are comprised of office equipment. Right-of-use assets represent the Organizations' right to use the underlying assets for the lease term and lease liabilities represent the Organizations' obligation to make lease payments arising from the leases. Right of-use assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease terms. As the Organization leases do not provide an implicit rate and the implicit rate is not readily determinable, the Organization estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments. Right-of-use assets also exclude lease incentives.

NEW GROUND INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Liquidity considerations -

Quantitative

As of December 31, 2023, the Organization has \$867,066 of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Consolidated Statement of Financial Position date, which consists of the current assets per the Consolidated Statement of Financial Position.

Qualitative

As of December 31, 2023 the Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 120 days of normal operating expenses, which are, on average, approximately \$311,000.

Donated services -

A number of volunteers have donated significant amounts of their time in the Organization's program services, administration and fundraising campaigns. However, since these services do not meet the criteria for recognition under U.S. generally accepted accounting principles, they are not reflected in the accompanying consolidated financial statements.

Functional expenses -

Expenses are recognized when incurred. The Consolidated Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The significant expenses that are allocated include: salaries, benefits and payroll taxes which are allocated on the basis of estimates of time and effort.

Fair value of financial instruments -

U.S. generally accepted accounting principles define the fair value of a financial instrument as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where applicable, fair values are determined by reference to quoted market prices and other relevant information generated by market transactions.

U.S. generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Reclassifications -

Certain reclassifications of prior year balances on the Statements of Financial Positions have been made to conform to the current year presentation. These reclassifications had no effect on the increase in net assets for the year ended December 31, 2022.

NEW GROUND INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

(3) Contributions receivable

Contributions receivable as of December 31, 2023 are due as follows:

<u>Year ending December 31,</u>			
2024	\$	22,500	
2025		13,000	
2026		10,000	
2027		<u>10,000</u>	
		Total contributions receivable	55,500
		Less: discount at 4.25% present value	<u>(2,503)</u>
		Total contributions receivable, net	<u><u>\$ 52,997</u></u>

(4) Fixed assets

Fixed assets as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 317,481	\$ 317,481
Buildings and building improvements	899,126	899,126
Office equipment	<u>18,530</u>	<u>5,545</u>
	1,235,137	1,222,152
Less: accumulated depreciation	<u>(158,718)</u>	<u>(134,233)</u>
	<u><u>\$ 1,076,419</u></u>	<u><u>\$ 1,087,919</u></u>

(5) Mortgage payable

In connection with the purchase of a building in September 2017, the Organization obtained a mortgage from a bank, which is secured by the property, in the amount of \$338,000 with a fixed interest rate of 4.25% for a period of 120 months. A final balloon payment of approximately \$256,307 consisting of remaining principal, plus accrued and unpaid interest outstanding under the term loan, will be due and payable on the loan maturity date of October 1, 2027.

NEW GROUND INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Organization purchased an additional building in December 2017 and obtained a second mortgage from a bank, which is secured by the property, in the amount of \$236,000 with a fixed interest rate of 4.25% for a period of 120 months. A final balloon payment of approximately \$181,515 consisting of remaining principal, plus accrued and unpaid interest outstanding under the term loan, will be due and payable on the loan maturity date of December 1, 2027.

Interest expense was \$33,347 and \$23,265 for the years ended December 31, 2023 and 2022, respectively. Accrued interest has not been imputed as it has been deemed to be immaterial. Future principal maturities of these loans are as follows:

<u>Year ending December 31,</u>	
2024	\$ 16,794
2025	17,607
2026	18,396
2027	<u>437,822</u>
	<u>\$ 490,619</u>

(6) Leases

The Organization leases office equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2027. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Rental expense recognized under these operating leases was \$2,829 and \$1,554 for the years ended December 31, 2023 and 2022, respectively.

The following table provides quantitative information concerning the Organizations' leases accounted for under FASC ASC 842:

Lease costs:	
Operating lease cost	<u>\$ 2,829</u>
Operating cash flows from leases	<u>\$ 2,829</u>
Right-of-use assets obtained in exchange for new lease liabilities	<u>\$ 7,708</u>
Weighted-average remaining lease term	5 years
Weighted-average discount rate	3.37%

NEW GROUND INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

During 2022, the Organization entered into an agreement on May 27, 2022, to lease copier machine and requires 60 monthly payments of \$188. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.37%, which was the Organization's borrowing rate at the inception of the lease agreement. As a result of the lease, the Organization has recorded a right-to-use asset with a net book value of \$7,341 and \$9,360 as of December 31, 2023 and December 31, 2022 respectively.

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

<u>Year Ending December 31:</u>	
2024	\$ 2,256
2025	2,256
2026	2,256
2027	<u>940</u>
Total lease payments	7,708
Less: present value discount	<u>(367)</u>
Present value of lease liabilities	<u><u>\$ 7,341</u></u>

(7) Paycheck Protection Program

On February 1, 2021, the Organization received a second draw loan in the amount of \$85,910. In accordance with generally accepted accounting principles, the Organization has also opted to account for its Paycheck Protection Program (the "PPP") loan as an in-substance conditional government grant, which should be recognized in income when all conditions or measurable barriers have been substantially met. The Organization intends to use the proceeds for purposes consistent with the PPP, and believes its use of the funds will meet the conditions for forgiveness of the loan and that final approval of the forgiveness application will not be a barrier but a substantive administrative process. The Organization believes all conditions and barriers were met during the fiscal year ending December 31, 2022, as full forgiveness of the funds was received on May 23, 2022. Accordingly, the PPP funds have been reflected within grants and contributions revenue in the Consolidated Statements of Activities and Changes in Net Assets for the year ended December 31, 2022.

(8) Board designated net assets

In January 2015, the Board of Directors approved a designation specifically for the expansion of program services, which is reflected on the Consolidated Statements of Financial Position. These funds have been set aside by the Board to procure housing, in conjunction with the submission of grant applications, for homeless families receiving services from the Organization, as well as to cover the increased program costs of serving a growing number of homeless veterans, parents and children. The amount associated with this designation was \$200,000 for each of the years ended December 31, 2023 and 2022, respectively.

NEW GROUND INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(9) Employee benefit plan

The Organization has a 401(k) Plan (the "Plan") for all eligible employees. The Plan states that the employer will match participant contributions up to 4%. The expense associated with this Plan was \$14,297 and \$11,386 for the years ended December 31, 2023 and 2022, respectively.

(10) Concentrations

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

(11) Subsequent events

The Organization has evaluated subsequent events through November 1, 2024, which is the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization has determined there are no matters which require disclosure in the financial statements.

NEW GROUND INC. AND SUBSIDIARY
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS	New Ground Inc.	NGIP Inc.	Eliminations	Consolidated
CURRENT ASSETS:				
Cash	\$ 800,307	\$ 7,237	\$ -	\$ 807,544
Accounts receivable	39,639	-	-	39,639
Contributions receivable, current portion	22,500	-	-	22,500
Loans receivable	2,906	-	-	2,906
Right-of-use assets - operating, current portion	2,076	-	-	2,076
Total current assets	867,428	7,237	-	874,665
NONCURRENT ASSETS:				
Fixed assets, net	432,192	644,227	-	1,076,419
Right-of-use assets net of current portion - operating	5,265	-	-	5,265
Contributions receivable, net of current portion	30,497	-	-	30,497
Total assets	<u>\$ 1,335,382</u>	<u>\$ 651,464</u>	<u>\$ -</u>	<u>\$ 1,986,846</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Mortgage payable, current portion	\$ 10,002	\$ 6,792	\$ -	\$ 16,794
Lease liabilities - operating, current portion	2,076	-	-	2,076
Accounts payable	18,132	20	-	18,152
Total current liabilities	30,210	6,812	-	37,022
LONG-TERM LIABILITIES:				
Mortgage payable, net of current portion	277,721	196,104	-	473,825
Lease liabilities, net of current portion - operating	5,265	-	-	5,265
Security deposits held	-	5,520	-	5,520
Total long-term liabilities	282,986	201,624	-	484,610
Total liabilities	313,196	208,436	-	521,632
NET ASSETS:				
Net assets without donor restrictions:				
Undesignated	677,717	1,697	-	679,414
Board designated for fixed assets	144,469	441,331	-	585,800
Board designated for program expansion	200,000	-	-	200,000
Total net assets	1,022,186	443,028	-	1,465,214
Total liabilities and net assets	<u>\$ 1,335,382</u>	<u>\$ 651,464</u>	<u>\$ -</u>	<u>\$ 1,986,846</u>

See auditor's report on supplementary information.

NEW GROUND INC. AND SUBSIDIARY
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS	New Ground Inc.	NGIP Inc.	Eliminations	Consolidated
CURRENT ASSETS:				
Cash	\$ 779,022	\$ 9,473	\$ -	\$ 788,495
Accounts receivable	38,932	10,310	(10,310)	38,932
Contributions receivable, current portion	15,849	-	-	15,849
Loans receivable	2,257	-	-	2,257
Prepaid expenses	2,222	-	-	2,222
Right-of-use assets - operating, current portion	2,019	-	-	2,019
Total current assets	840,301	19,783	(10,310)	849,774
NONCURRENT ASSETS:				
Fixed assets, net	427,720	660,199	-	1,087,919
Right-of-use assets net of current portion - operating	7,341	-	-	7,341
Contributions receivable, net of current portion	12,470	-	-	12,470
Total assets	<u>\$ 1,287,832</u>	<u>\$ 679,982</u>	<u>\$ (10,310)</u>	<u>\$ 1,957,504</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Mortgage payable, current portion	\$ 9,615	\$ 6,517	\$ -	\$ 16,132
Lease liabilities - operating, current portion	2,019	-	-	2,019
Accounts payable	10,281	11,949	(10,310)	11,920
Total current liabilities	21,915	18,466	(10,310)	30,071
LONG-TERM LIABILITIES:				
Mortgage payable, net of current portion	285,080	201,291	-	486,371
Lease liabilities, net of current portion - operating	7,341	-	-	7,341
Security deposits held	-	4,257	-	4,257
Total long-term liabilities	292,421	205,548	-	497,969
Total liabilities	314,336	224,014	(10,310)	528,040
NET ASSETS:				
Net assets without donor restrictions:				
Undesignated	640,471	3,577	-	644,048
Board designated for fixed assets	133,025	452,391	-	585,416
Board designated for program expansion	200,000	-	-	200,000
Total net assets	973,496	455,968	-	1,429,464
Total liabilities and net assets	<u>\$ 1,287,832</u>	<u>\$ 679,982</u>	<u>\$ (10,310)</u>	<u>\$ 1,957,504</u>

See auditor's report on supplementary information.

NEW GROUND INC. AND SUBSIDIARY
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	New Ground Inc. Net Assets Without Donor Restrictions	NGIP Inc. Net Assets Without Donor Restrictions	Eliminations	Consolidated
REVENUES:				
Special events	\$ 505,185	\$ -	\$ -	\$ 505,185
Grants and contributions	420,394	11,300	(13,096)	418,598
Program revenue	60,922	43,891	-	104,813
Miscellaneous	3,267	-	-	3,267
Interest	6,821	1	-	6,822
	<u>996,589</u>	<u>55,192</u>	<u>(13,096)</u>	<u>1,038,685</u>
EXPENSES:				
Program services	770,216	63,569	(13,096)	820,689
Administration	44,173	4,563	-	48,736
Fundraising	133,510	-	-	133,510
	<u>947,899</u>	<u>68,132</u>	<u>(13,096)</u>	<u>1,002,935</u>
Change in net assets	48,690	(12,940)	-	35,750
NET ASSETS, BEGINNING OF YEAR	<u>973,496</u>	<u>455,968</u>	<u>-</u>	<u>1,429,464</u>
NET ASSETS, END OF YEAR	<u>\$ 1,022,186</u>	<u>\$ 443,028</u>	<u>\$ -</u>	<u>\$ 1,465,214</u>

See auditor's report on supplementary information.

NEW GROUND INC. AND SUBSIDIARY
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	New Ground Inc. Net Assets Without Donor Restrictions	NGIP Inc. Net Assets Without Donor Restrictions	Eliminations	Consolidated
REVENUES:				
Special events	\$ 495,603	\$ -	\$ -	\$ 495,603
Grants and contributions	367,847	10,310	(10,310)	367,847
Program revenue	54,395	33,989	-	88,384
Miscellaneous	-	2,928	-	2,928
Interest	1,533	652	-	2,185
	<u>919,378</u>	<u>47,879</u>	<u>(10,310)</u>	<u>956,947</u>
EXPENSES:				
Program services	687,187	64,626	(10,310)	741,503
Administration	41,769	4,969	-	46,738
Fundraising	125,058	-	-	125,058
	<u>854,014</u>	<u>69,595</u>	<u>(10,310)</u>	<u>913,299</u>
Change in net assets	65,364	(21,716)	-	43,648
NET ASSETS, BEGINNING OF YEAR	<u>908,132</u>	<u>477,684</u>	<u>-</u>	<u>1,385,816</u>
NET ASSETS, END OF YEAR	<u>\$ 973,496</u>	<u>\$ 455,968</u>	<u>\$ -</u>	<u>\$ 1,429,464</u>

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