

**NORTH AMERICAN STUDENTS  
OF COOPERATION  
AND AFFILIATES**

**Consolidated Financial Statements  
and Supplementary Information  
April 30, 2022  
and  
For the Year then Ended**

**NORTH AMERICAN STUDENTS  
OF COOPERATION  
AND AFFILIATES**

**Annual Financial Report  
April 30, 2022**

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

Board of Directors  
North American Students of Cooperation and affiliates  
Chicago, IL

### ***Opinion***

We have audited the accompanying consolidated financial statements of North American Students of Cooperation and affiliates (NASCO), which comprise the consolidated statement of financial position as of April 30, 2022 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of North American Students of Cooperation and affiliates as of April 30, 2022, 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.

### ***Basis for Opinion***

We conducted our audit 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 North American Students of Cooperation and affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 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 North American Students of Cooperation and affiliate'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 Responsibility 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 North American Students of Cooperation and affiliate'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 North American Students of Cooperation and affiliate'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.

#### *Other Matters*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis 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.

*Desmond & Ahern, Ltd*

March 14, 2023  
Chicago, IL

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of April 30, 2022**

**Assets**

Current Assets

Cash and equivalents	\$ 364,975
Investments	368,576
Accounts receivable, net of allowance	717,392
Prepaid insurance	6,745
Security and other deposits	213
Current portion of loans receivable	79,653
Total current assets	1,537,554

Property and equipment, net of depreciation	6,822,912
Loans fees, net of amortization	112,855
Loans receivable	16,111
<b>Total Assets</b>	<b>\$ 8,489,432</b>

**Liabilities and Net Assets**

Current Liabilities

Accounts payable and accrued expenses	124,980
Interest payable	2,165
Property taxes payable	88,577
Deferred membership revenue	31,705
Member deposits	2,300
Vacancy reserve	34,811
SBA EIDL loan	6,506
Current portion of notes payable	935,285
Total current liabilities	1,226,329

Long-Term Debt

Notes payable, net of current portion	3,450,206
SBA EIDL loan, net of current portion	393,494
Total liabilities	5,070,029

Net Assets

Unrestricted	3,276,911
Lots in Common	142,492
Total net assets	3,419,403

<b>Total Liabilities and Net Assets</b>	<b>\$ 8,489,432</b>
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See independent auditor's report and notes to consolidated financial statements.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended April 30, 2022**

**Revenues and Support**

Rental income	\$ 1,220,488
Program service fees	17,734
Management fees	92,477
Membership dues	148,522
Contributed revenue	35,364
SBA PPP loan forgiveness	106,326
Interest income	18,147
Other income	59,406
	<hr/>
Total Revenues and Support	1,698,464

**Expenses**

Program Services	1,310,263
Management and General	229,612
Fundraising	15,596
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Total Expenses	1,555,471

**Change in Net Assets from operations** 

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142,993

**Change in Net Assets without Donor Restrictions** 142,993

**Net Assets without donor restrictions, Beginning of Year** 

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3,276,410

**Net Assets without donor restrictions, End of Year** 

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\$ 3,419,403

See independent auditor's report and notes to consolidated financial statements.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended April 30, 2022**

	Program Services	Management and General	Fundraising	Total
<b><u>Functional Expenses</u></b>				
Salaries and wages	\$ 160,696	\$ 61,983	\$ 6,887	\$ 229,566
Employee benefits and related taxes	28,373	10,944	1,216	40,533
	<u>189,069</u>	<u>72,927</u>	<u>8,103</u>	<u>270,099</u>
Program events and meetings	5,317	-	-	5,317
Coop property and liability insurance	100,701	38,842	4,316	143,859
Interest expense	267,541	-	-	267,541
Coop property taxes	253,796	-	-	253,796
Coop maintenance and repairs	94,909	-	-	94,909
Coop utilities	18,859	7,274	808	26,941
Professional fees	12,418	28,975	-	41,393
Dues	4,487	-	-	4,487
Management fee	25,839	60,292	-	86,131
Scholarships	9,550	-	-	9,550
Depreciation and amortization	272,550	-	-	272,550
Office expenses	12,982	5,007	557	18,546
Staff travel	310	120	13	443
Miscellaneous	41,935	16,175	1,799	59,909
<b>Total Expenses</b>	<u><u>\$ 1,310,263</u></u>	<u><u>\$ 229,612</u></u>	<u><u>\$ 15,596</u></u>	<u><u>\$ 1,555,471</u></u>

See independent auditor's report and notes to consolidated financial statements.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended April 30, 2022**

**Cash Flows from Operating Activities**

Change in net assets	\$ 142,993
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	272,550
PPP loan forgiveness	(106,326)
Decrease (increase) in assets	
Accounts receivable	(332,857)
Prepaid insurance	24,237
Loan receivable	(565)
Increase (decrease) in liabilities	
Accounts payable	53,317
Accrued expenses	(10,266)
SBA EIDL loan	100,000
Net cash provided by operating activities	<u>143,083</u>

**Cash Flows from Investing Activities**

Additions to property and equipment	<u>20,823</u>
Net cash provided by investing activities	<u>20,823</u>

**Cash Flows from Financing Activities**

Payments on debt	<u>(127,663)</u>
Net cash used by financing activities	<u>(127,663)</u>

<b>Net (decrease) in cash and cash equivalents</b>	<b>36,243</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>328,732</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u><u>\$ 364,975</u></u></b>

See independent auditor's report and notes to consolidated financial statements.



**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 1 – Nature of Organization and Summary of Significant Accounting Policies**

Nature of Organization

North American Students of Cooperation ("NASCO") is a non-profit organization, incorporated to initiate, coordinate, promote and otherwise participate in educational efforts and programs related to consumer and housing cooperation. In addition, the Organization provides management services for a variety of housing cooperatives across North America, located mainly in university communities.

The affiliated organizations of NASCO are:

- NASCO Properties (NP)
- Lots in Common, Inc. (LINC)

NASCO Properties, Inc. (NP) is a non-profit organization exempt from Federal income tax under Section 501(c)(2) of the Internal Revenue Code. The primary purpose of NP is to hold title to cooperative properties located throughout the United States, collect rental income and support the activities of NASCO.

Lots in Common Inc. (LINC) is a non-profit organization exempt from Federal income tax under Section 501(c)(25) of the Internal Revenue Code. LINC operates exclusively for acquiring real property, collecting income from such property, and remitting the amount of income collected from such property, less reasonable expenses, to NASCO

NASCO has the authority to appoint board members to the board of NP and therefore are commonly controlled entities. NASCO owns 56% of LINC.

Consolidated Financial Statements

The accompanying financial statements reflect the consolidation of NASCO, NP, and LINC. All significant inter-organization transactions and accounts have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant accounts receivable, payables, and other assets and liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as required by Generally Accepted Accounting Principles. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Items that affect this net asset category principally consist of gifts without restrictions, including those designated by the Board, fees for service and related expenses associated with the core activities of the Organization.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met, endowment gifts, pledges, and investment returns on endowment funds. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations. As of April 30, 2022, there were no net assets with donor restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to the specific program or supporting services. Expenses related to more than one function are allocated to program expenses and supporting services on the basis of time incurred and reported by staff.

Income Tax Status

NASCO is exempt from Federal tax pursuant to Section 501(c)(3) of the Internal Revenue Code. LINC is exempt from income tax pursuant to 501(c)(25) of the Internal Revenue Code. Accordingly, no provision has been made in the accompanying financial statements for income taxes. NP is exempt from income taxes pursuant to Section 501(c)(2) of the Internal Revenue Code.

The tax-exempt status of NASCO, NP and LINC and the nature in which these organizations operate adheres to the tax-exempt purposes of each organization. There are no uncertain tax positions with these organizations.

Thus, no provision for income tax has been provided for in the financial statements. The Foundation's Form 990, *Return of Foundation Exempt from Income Tax*, is subject to examination by the IRS, generally for three years after it has been filed.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

Cash and Equivalents and Concentration of Risk

Cash and equivalents consist of bank deposits in federally insured accounts. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. All highly liquid debt instruments, if any, purchased with an original maturity of three months or less, and all certificates of deposit are considered cash equivalents.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the Statement of Activities.

Deferred Revenue

Membership registrations and dues collected in advance have been included in deferred revenue in the accompanying consolidated statement of financial position. Such deferred revenue is substantially recognizable within one year.

Cash Flow Information

As previously noted, all highly liquid investments with an initial maturity of three months or less to be cash equivalents. There was no cash paid for income taxes during the year ended April 30, 2022. Cash paid for interest totaled \$267,541 for the year ended April 30, 2022.

Accounts Receivable

Accounts receivable are reported at net realizable value. An allowance for uncollectible accounts is determined based on historical experience and current economic conditions. Management has determined an allowance for uncollectible receivables as of April 30, 2022 at \$5,000.

Donated Services

No amounts have been reflected in the financial statements for donated services. It is the policy of the Organization to pay for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. As of April 30, 2022, the Organization received \$35,364 derived from contributions.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)**

The Organization reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending April 30, 2022 no such gifts of land, buildings, or equipment were received.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return- are not recognized until the conditions on which they depend have been met. At April 30, 2022 the Organization has no agreements with measurable barriers and right of returns.

**Property and Equipment**

Property and equipment are recorded at cost. Donated property and equipment are recorded as increases in unrestricted net assets at their estimated fair market value as of the date received. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets, are expensed as incurred.

Furniture and equipment purchased for use in the housing facilities are capitalized when the cost exceeds \$1,000. Furniture and equipment not meeting these criteria are expensed as maintenance costs in the period of acquisition.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Building and building improvements	20 - 40 years
Equipment	3 - 10 years
Furniture and fixtures	7 years
Leasehold improvements	Life of lease

Depreciation and amortization amounted to \$272,550 for the year ended April 30, 2022.

**Subsequent Events**

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through March 14, 2023, which is the date the statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 2 – Financial Assets and Liquidity Resources**

As of April 30, 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets, at year-end:	
Cash and cash equivalents	\$ 364,975
Accounts receivable	722,392
Investments	368,576
Total financial assets, at year-end	<u>1,455,943</u>
Less:	
Allowance for doubtful accounts	<u>(5,000)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 1,450,943</u>

The Organization manages its liquidity and reserves following three guiding principles: 1) operating within a prudent range of financial soundness and stability; 2) maintaining adequate liquid assets to fund near-term operating needs; and 3) maintaining sufficient reserves to provide reasonable

**Note 3 – Loan Receivable**

An unsecured promissory note dated May 1, 2012 was entered into between NP and University of Kansas Student Housing Association in the amount of \$59,875. This is a thirty year note with stated interest of 5%. The monthly payment is \$321. The note matures August 30, 2022. The balance at April 30, 2022 is \$53,702.

An unsecured promissory note dated September 1, 2012 was entered into between NP and Nickel City Housing Cooperation in the amount of \$29,070. This is a thirty year note with stated interest of 4%. Total monthly payment is \$129. The note matures August 31, 2022. The balance at April 30, 2022 is \$21,615.

An unsecured promissory note dated March 1, 2019 was entered into between NP and Kalamazoo Collective Housing in the amount of \$29,539. This is a ten year note with stated interest of 0%. Total monthly payment is \$229. The note matures June 30, 2029. The balance at April 30, 2022 is \$20,447.

Scheduled maturities for the years subsequent to April 30, 2022 are as follows:

<u>Years Ending April 30,</u>	
2023	79,653
2024	2,754
2025	2,754
2026	2,754
2027	2,754
Thereafter	<u>6,677</u>
Total	<u>\$ 97,346</u>

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 4 – Vacancy Reserve**

Each month tenants contribute an amount equal to 5% of lease charges to a dedicated vacancy reserve held by NP. These reserves are considered full and when the amount reaches 10% of a year's gross lease charges. Funds beyond the 10% are refunded directly to the tenant. Reserves can be applied to the tenant's balance owed to NP at their request or when there is an unpaid balance. As of April 30, 2022, the vacancy reserve held by NP was \$34,811.

**Note 5 – Accrued Real Estate Taxes**

Real estate taxes have been accrued based on prior year expense. As of April 30, 2022, \$88,577 has been accrued. The properties are in several states and real estate taxes are due at different times throughout the year.

**Note 6 – Notes Payable**

At April 30, 2022 long-term debt consists of the following:

<u>Lender/Security</u>	<u>Interest Rate</u>	<u>Total Monthly Payment</u>	
<u>Capital Impact Partners</u>			
Term loans secured by 2604 Paramount Avenue and 7910 Gault St, Austin, Texas	6.00%	Monthly payments totaling \$14,055 including interest, with final payment on April 2044	\$ 2,053,803
<u>Shared Capital Cooperative</u>			
Term loans secured by 23 Elliott Street, Athens, OH	6.75%	Monthly payments totaling \$1,437 including interest, with a balloon payment due May, 2022	182,843
<u>Shared Capital Cooperative</u>			
Term loans secured by 173 North Lancaster Street, Athens, OH	6.50%	Monthly payments totaling \$1,120 including interest, with a balloon payment due May, 2022	147,588
<u>Central National Bank</u>			
Term loans secured by 1406 Tennessee St, 1614 Kentucky Street and 1033 Kentucky Street, Lawrence, Kansas	5.80%	Monthly payments totaling \$3,348 including interest, with final payment on November, 2030	\$ 277,588

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 6 – Notes Payable (cont.)**

Lender/Security	Interest Rate	Total Monthly Payment	
<u>Shared Capital Cooperative</u>			
Term loans secured by 1406 Tennessee Street, 1614 Kentucky Street and 1033 Kentucky Street, Lawrence, Kansas	6.50%	Monthly payments totaling \$1,427 including interest, with a balloon payment due September, 2023	209,834
<u>Shared Capital Cooperative</u>			
Term loans secured by 505 West Green Street, Urbana, IL	6.00%	Monthly payments totaling \$1,257 including interest, with a balloon payment due September 2023	195,157
<u>Shared Capital Cooperative</u>			
Term loans secured by 208 North Street and 126 Fargo Avenue, Buffalo, New York	6.50%	Monthly payments totaling \$1,358 including interest, with a balloon payment due September 2023	151,849
<u>Cooperative Fund of New England</u>			
Term loans secured by 169 Waterman Street and 166 Waterman Street, Providence, Rhode Island	6.50%	Monthly payments totaling \$2,377 including interest, with a balloon payment due November 2026	311,186
<u>Chicago Community Loan Fund</u>			
Term loans secured by 5405 S. Ridgewood Ct., Chicago, Illinois	6.25%	Monthly payments totaling \$2,458 including interest, with a balloon payment due July, 2023	354,599
<u>Shared Capital Cooperative</u>			
Term loans secured by 4017 South Michigan Avenue, Chicago, Illinois	6.75%	Monthly payments totaling \$2,454 including interest, with a balloon payment due September 2023	\$ 364,382

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 6 – Notes Payable (cont.)**

Lender/Security	Interest Rate	Total Monthly Payment	
<u>Shared Capital Cooperative</u>			
Term loans secured by 4017 South Michigan Avenue, Chicago, Illinois	6.75%	Monthly payments totaling \$423 including interest, with a balloon payment due September 2023	62,037
<u>Byline Bank</u>			
Term loans secured by 5405 S. Ridgewood Ct., Chicago, Illinois	6.00%	Monthly payments totaling \$1,259 including interest, due December 2023	23,826
<u>Shared Capital Cooperative</u>			
Term loans secured by 208 North St. Buffalo, New York	7.50%	Monthly payments totaling \$280, including interest due September 2023	30,700
Other notes	6%	Various	20,099
Total			4,385,491

Scheduled maturities for the years subsequent to April 30, 2022 are as follows:

<u>Years Ending April 30,</u>	
2023	935,285
2024	150,840
2025	125,848
2026	395,543
2027	126,945
Thereafter	2,651,030
Total	\$ 4,385,491



**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 7 – Property and Equipment**

The composition of property and equipment at April 30, 2022 is as follows:

Land	\$ 1,601,323
Building and improvements	7,604,657
Furniture and fixtures	143,239
	<hr/>
	9,349,219
Less accumulated depreciation and amortization	(2,526,307)
	<hr/>
Net property and equipment	<u>\$ 6,822,912</u>

**Note 8 – Fair Value Measurements**

Generally accepted accounting principles (GAAP) define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

GAAP also establishes a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy consists of three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets, or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing. This is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities' relationship to other benchmark quoted securities (Level 2 inputs).

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 8 – Fair Value Measurements (cont.)**

Following is a description of the valuation methodologies used for assets measured at fair value.

*Shared Capital investment/ stock:* Valued using market observable data, however if not available then using market prices for similar securities.

The following summarizes that classification of investments at April 30, 2022, by classification and method of valuation in accordance with the above definitions:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Shared capital investments	\$ -	\$ 318,117	\$ -	\$ 318,117
Shared capital common stock	-	6,220	-	6,220
Shared capital preferred stock	-	44,239	-	44,239
	<u>\$ -</u>	<u>\$ 368,576</u>	<u>\$ -</u>	<u>\$ 368,576</u>

**Note 9 – Affiliated Entities Transactions**

As of April 30, 2022 there were small intercompany payables and receivables for various transactions.

**Note 10 – Non-Controlling Interest in Lots in Common**

Qumbya Housing Cooperative owns 44% of Lots in Common.

	<u>Total</u>	<u>Controlling Interest</u>	<u>Non-Controlling Interest</u>
Balance May 1, 2021	\$ 371,248	\$ 207,899	\$ 163,349
Excess of expenses over revenues from continuing operations	<u>(47,402)</u>	<u>(26,545)</u>	<u>(20,857)</u>
Balance April 30, 2022	<u>\$ 323,846</u>	<u>\$ 181,354</u>	<u>\$ 142,492</u>

**Note 11 – Paycheck Protection Program and EIDL Loans**

In May 2020 and 2021, the Organization received loan proceeds in the amount of \$57,245 and \$49,081 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2022**

**Note 11 – Paycheck Protection Program and EIDL Loans (cont.)**

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has used the proceeds for purposes consistent with the PPP and elected to follow ASC 958-605 and recorded the loan as a refundable advance where when forgiveness conditions are substantially met or explicitly waived, the entity would reduce the refundable advance and record a contribution for the amount forgiven. The Organization has received full forgiveness and has recognized the full amounts, \$57,245 and \$49,081, as revenue on the statement of activities for the year ended December 31, 2022.

In June 2020 and July 2020, the Organization also received two EIDL loans through the Small Business Administration (SBA) for \$150,000 and \$250,000, respectively; management plans to use the loan funds to support general operation. The Organization expects the \$10,000 to be completely forgiven from each loan and is unable to estimate if the remaining \$380,000 loan will be forgiven. If not forgiven, monthly payments of \$641 of principal and interest are due beginning June 15, 2021. All remaining principal and accrued interest at an annual rate of 2.75% is due and payable thirty years from the date of the note. As of April 30, 2022, the total amount of \$400,000 remains as a payable on the statement of financial position until the bank explicitly forgives.

The minimum future payments subsequent to April 30, 2022 are as follows:

<u>Years Ending April 30,</u>	
2023	6,506
2024	8,886
2025	9,133
2026	9,388
2027	9,649
Thereafter	356,438
Total	<u><u>\$ 400,000</u></u>

## **Supplementary Information**

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**As of April 30, 2022**

	NASCO Properties	NASCO Consolidated			Consolidated
		NASCO	Lots In Common	Total	
<b><u>Assets</u></b>					
Current Assets					
Cash and cash equivalents	\$ 59,297	\$ 255,431	\$ 50,247	\$ 305,678	\$ 364,975
Investments	368,576	-	-	-	368,576
Accounts receivable, net of allowance	551,921	109,865	55,606	165,471	717,392
Prepaid insurance	-	-	6,745	6,745	6,745
Other assets	213	-	-	-	213
Current portion of loans receivable	79,653	-	-	-	79,653
Total current assets	1,059,660	365,296	112,598	477,894	1,537,554
Property and equipment, net of depreciation	5,789,144	3,744	1,030,024	1,033,768	6,822,912
Loans fees, net of amortization	112,855	-	-	-	112,855
Loans receivable	16,111	-	-	-	16,111
<b>Total Assets</b>	<b>\$ 6,977,770</b>	<b>\$ 369,040</b>	<b>\$ 1,142,622</b>	<b>\$ 1,511,662</b>	<b>\$ 8,489,432</b>
<b><u>Liabilities and Net Assets</u></b>					
Current Liabilities					
Accounts payable and accrued expenses	\$ 19,058	\$ 105,922	\$ -	\$ 105,922	\$ 124,980
Interest payable	2,165	-	-	-	2,165
Property taxes payable	74,645	-	13,932	13,932	88,577
Deferred membership revenue	-	31,705	-	31,705	31,705
Member deposits	2,300	-	-	-	2,300
Vacancy Reserve	34,811	-	-	-	34,811
SBA EIDL loan	2,169	4,337	-	4,337	6,506
Current portion of notes payable	142,544	-	792,741	792,741	935,285
Total current liabilities	277,692	141,964	806,673	948,637	1,226,329
Long-Term Debt					
Notes payable, net of current portion	3,438,103	-	12,103	12,103	3,450,206
SBA EIDL loan, net of current portion	147,831	245,663	-	245,663	393,494
Total liabilities	3,863,626	387,627	818,776	1,206,403	5,070,029
Net Assets					
Unrestricted	3,114,144	(18,587)	181,354	162,767	3,276,911
Non-controlling interest in Lots in Common	-	-	142,492	142,492	142,492
Total net assets	3,114,144	(18,587)	323,846	305,259	3,419,403
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,977,770</b>	<b>\$ 369,040</b>	<b>\$ 1,142,622</b>	<b>\$ 1,511,662</b>	<b>\$ 8,489,432</b>

See independent auditor's report.

**NORTH AMERICAN STUDENTS OF COOPERATION AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended April 30, 2022**

	NASCO Properties	NASCO Consolidated			Total
		NASCO	Lots In Common	Total	
<b><u>Revenues and Support</u></b>					
Rental income	\$ 1,108,663	\$ -	\$ 111,825	\$ 111,825	\$ 1,220,488
Program services fees	-	17,734	-	17,734	17,734
Management fees	-	92,477	-	92,477	92,477
Membership dues	-	148,522	-	148,522	148,522
Contributed revenue	-	35,364	-	35,364	35,364
SBA PPP loan forgiveness	-	106,326	-	106,326	106,326
Interest income	18,147	-	-	-	18,147
Other income	25,047	34,359	-	34,359	59,406
<b>Total Revenues and Support</b>	<b>1,151,857</b>	<b>434,782</b>	<b>111,825</b>	<b>546,607</b>	<b>1,698,464</b>
<b><u>Expenses</u></b>					
Salary and employee benefits	-	270,099	-	270,099	270,099
Program events and meetings	-	5,317	-	5,317	5,317
Coop property and liability insurance	126,291	3,443	14,125	17,568	143,859
Interest expense	213,802	-	53,739	53,739	267,541
Coop property taxes	224,806	-	28,990	28,990	253,796
Coop maintenance and repairs	92,491	-	2,418	2,418	94,909
Coop utilities	22,953	-	3,988	3,988	26,941
Professional fees	18,878	22,048	467	22,515	41,393
Dues	718	3,769	-	3,769	4,487
Management fee	86,131	-	-	-	86,131
Scholarships	1,400	8,150	-	8,150	9,550
Depreciation and amortization	234,974	467	37,109	37,576	272,550
Office expenses	-	18,546	-	18,546	18,546
Staff travel	-	443	-	443	443
Miscellaneous	38,581	2,937	18,391	21,328	59,909
<b>Total Expenses</b>	<b>1,061,025</b>	<b>335,219</b>	<b>159,227</b>	<b>494,446</b>	<b>1,555,471</b>
<b>Change in net assets</b>	<b>90,832</b>	<b>99,563</b>	<b>(47,402)</b>	<b>52,161</b>	<b>142,993</b>
<b>Net assets, beginning of year</b>	<b>3,023,312</b>	<b>(118,150)</b>	<b>371,248</b>	<b>253,098</b>	<b>3,276,410</b>
<b>Net assets, end of year</b>	<b>\$ 3,114,144</b>	<b>\$ (18,587)</b>	<b>\$ 323,846</b>	<b>\$ 305,259</b>	<b>\$ 3,419,403</b>

See independent auditor's report.