



NorthEast  
Investment  
Cooperative

# 2020 Annual Report

**Prepared By**

**NEIC Board of Directors**

Tyler Candee - Treasurer

Michelle Maryns

Marc Flodquist - Vice President

Thad Hunter

Chris Moser - Secretary

Michael Darger

Sam Toberman

Pat Vasatka - Bookkeeper

Jill Wilhelmi - President

# Together We Can



## President's Note

Dear NEIC Members,

2020 was certainly a strange year. As I am composing this note in April 2021, I am looking back over my notes from the past year and reflecting on how things felt a year ago. Just think of what we didn't know yet in April 2020! A year ago, we didn't know much about this new virus that would change our lives in so many ways. We didn't know how long the pandemic would last or how it would impact us. As the pandemic worsened, we worried about our health, our neighbors, our schools, our jobs, our local businesses, and our social connections. Tragic events in our city and across the country made us reflect on our society as a whole and the role that each of us plays. What a year!

As we start to see the beginning of the end of the pandemic, I can say with confidence that NEIC is well-positioned for the future. We continue to meet all expenses and remain in good standing with our lender. Our first property at 2506 Central Avenue and our second property at 1601 37th Ave. NE are leased. We have money in the bank. Our loans are going to be paid off in just a few years. We are investigating different options for leveraging the equity in our existing properties and finances in anticipation of our next project.

We are so thankful for our tenants Aki's Bread Haus, Fair State Brewing Cooperative, and VL Builders, LLC. Each of these businesses are expanding and further investing in our community and creating jobs. They are all leaders in the local business community and give back to the neighborhood in so many ways. We really lucked out to be associated with such excellent and transformational businesses.

**You can help!** NEIC is volunteer-run and our committees need our collective energy and talents. Please consider joining us on the Board of Directors or on a committee. Bring your neighborhood, building and property management knowledge to the Property and Tenant committee! Bring your social media skills and personality to the Marketing and Membership committee! Bring your governance experience and attention to detail to the Finance and Governance committee! The more we do together, the stronger we can be in 2021 and beyond! Thank you for your continued support of NEIC, and we look forward to another year.

Jill Wilhelmi  
NEIC Board President

# Build Community



# Change You Can



## NEIC STRATEGIC PLANNING

What is next for NEIC?

Happy birthday to our 10-year-old co-op. We have accomplished a lot since our founding in 2011. As we look to the future, what will NEIC's work look like and who will lead us there? These are the key questions in front of us. This past February the Board of Directors engaged with member Leslie Watson (a founding board member of NEIC), who provided pro bono strategic planning/visioning facilitation. Over the next year, the Board of Directors will engage the co-op members and then decide which of three strategic options fits best for NEIC.

The three fundamental options are:

**Stay the course and pursue expanded community investment strategies.** This includes continued acquisition of commercial properties. Additionally, possibly making loans or mini-grants to small, independent businesses (e.g., emerging BIPOC-owned businesses or businesses meeting unfulfilled market needs).

**Work with partners to scale up.** This could mean partnering with Northeast neighborhoods and others to decide on (and jointly invest in) a key investment strategy such as mixed-use commercial/housing projects. Or partnering with a successful local business to buy a much larger property to supersize our impact. Or diversifying our portfolio to invest in real estate AND local businesses in creative ways. This is the "go big" option and partnership is required to get there.

**Downsize and/or scale back.** This could mean a few different things. For instance, sitting "pat" with our current portfolio until the time when real estate is a better investment. Or buying/holding "dogs" and transforming them many years later with cash instead of debt. Or ultimately closing down NEIC and letting our members re-invest elsewhere.

It's exciting to contemplate our future and kind of overwhelming at the same time. Please be prepared to engage with the Board of Directors in the next few months as we reach out with surveys, focus groups, listening sessions, or related outreach methods. Together we will decide the best path forward for our cutting edge cooperative.

Michael Darger, on behalf of the ad hoc committee on strategic planning



# Invest In

# Change You Can



## DIVIDENDS AND CAPITAL CREDITS

At its February 2021 meeting, the NEIC Board of Directors voted to make a Capital Credit Allocation for all NEIC members and declare dividends on C and D shares as follows:

- 100% of annual net income post taxes rounded down to nearest dollar be applied to A-share capital credit accounts.
- Full distribution to C shares (2%)
- Full distribution to D shares (4%)

**Note on Capital Credit Allocations.** In 2014, the NEIC membership approved an amendment to our bylaws that created a system for the board to allocate to each member-owner, on an annual basis, a portion of that year's gain or loss in the net equity of the co-op. The board has discretion about its approach to valuation, but must communicate its strategy to the member-owners in the annual report. The board determined valuation based on its net profits. Gains in the value of NEIC's property portfolio would be recognized if/when properties are sold.

**Note on Dividend Decisions.** Under NEIC's bylaws, the co-op can pay dividends on A, C or D shares if the board determines, in its discretion, that the co-op has sufficient net earnings and has met certain financial targets during the fiscal year. NEIC only offers C and D shares for purchase in conjunction with specific properties/projects. Per our bylaws, these shares are given priority for dividend payments because C and D shareholders have invested additional funds, and therefore incurred additional risk, beyond their initial A-share purchase.

### **Note on Share Redemption Requests.**

Occasionally, a member will, for a variety of reasons, request to redeem their NEIC shares. We always say that your investment in NEIC should be a patient investment, but we appreciate that a member's circumstances may change. Our Finance and Governance committee has developed objective financial criteria for approval of a redemption request and considers redemption requests on a quarterly basis. Any share redemption requests are approved when the stated financial criteria are met and in the order received.

### **A few things to keep in mind:**

- C and D shareholders will receive their dividend payment in the mail in the next couple weeks and will receive a 1099-DIV in early 2022.
- Our bookkeeper Pat Vasatka will contact C and D shareholders to collect SSN or TIN if we don't already have it on file.
- Capital Credit Allocations are not redeemable for cash and are not taxable to members until the total reaches \$500 and converts to a C-share.
- Contact [board@neic.coop](mailto:board@neic.coop) with any questions about dividends or capital credits.

# Invest In

# One Member



## 2020 FINANCIALS

<b>Northeast Investment Cooperative</b>	
<b>Profit and Loss - Unaudited</b>	
<b>January - December 2020</b>	
	<b>Total</b>
<b>Income</b>	
51000 Building - Rental Income	102,246
51500 Other Income	200
59000 Interest Income	16
Services	50
<b>Total Income</b>	<b>\$ 102,513</b>
<b>Expenses</b>	
62400 Depreciation Expense	18,154
62500 Amortization Expense	2,311
63300 Insurance Expense	6,998
63301 Insurance Expense at 1601	1,872
63400 Interest Expense	2,959
63402 Interest Expense on 1601 Loan	6,980
63500 Financial Processing Fees	1,469
64000 Marketing Expense	198
64100 Membership Expense	231
66500 Postage and Delivery	106
66750 Professional Fees - Accounting	1,420
66800 Property Management Fees	3,803
66900 Professional Fees - Other	2,471
67200 Repairs and Maintenance	3,814
68600 Utilities	6,909
68601 Utilities at 1601	321
68800 Real Estate Taxes	16,920
68801 Real Estate Taxes - 1601	3,747
75100 Income Taxes - State	2,139
<b>Total Expenses</b>	<b>\$ 82,821</b>
<b>Net Operating Income</b>	<b>\$ 19,692</b>
75000 Income Taxes - Federal	4,084
<b>Net Income</b>	<b>\$ 15,608</b>

Wednesday, Mar 31, 2021 - Accrual Basis

# One Vote

# Multiple



## 2020 FINANCIALS

Northeast Investment Cooperative	
Balance Sheet - Preliminary & Unaudited	
As of December 31, 2020	
	Total
<b>ASSETS</b>	
Current Assets	
Checking - Northeast Bank	60,619
12000 Accounts Receivable	467
12100 Miscellaneous Receivables	79
13100 Prepaid Expense	2,226
Total Current Assets	<b>63,392</b>
Fixed Assets	
14000 Building Costs - Capital	400,624
14001 Building Capitalized @ 1601	307,398
14500 Land Costs	44,800
14501 Land - 1601	12,600
17000 Accumulated Depreciation	(67,138)
17001 Accumulated Depreciation on 1601	(20,698)
19000 Start Up Costs	19,192
19001 Accumulated Amort. Startup	(8,424)
19101 Start Up costs - 1601	15,452
19102 Accumulated Amort. Startup at 1601	(2,750)
Total Fixed Assets	<b>701,057</b>
<b>TOTAL ASSETS</b>	<b>764,448</b>

# Bottom Lines

# Multiple



## 2020 FINANCIALS

<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities</b>	
Current Liabilities	
20000 Accounts Payable	567
21000 Accrued Expenses	7,808
25001 Current Debt Loan# 1661602	13,140
25002 Current Debt Loan# 1661601	8,839
25004 Loan Payable	14,160
Total 25000 Loan Payable - Current	<b>36,139</b>
Total Current Liabilities	<b>44,514</b>
Long-Term Liabilities	
24800 Tenant Security Deposits Held	8,954
27001 Long-Term Debt Loan# 1661602	26,487
27002 Long-Term Debt Loan# 1661601	18,939
27004 L-T Debt for 1601	117,793
Total 27000 Long Term Debt	<b>163,219</b>
Total Long-Term Liabilities	<b>172,173</b>
Total Liabilities	<b>216,687</b>
<b>Equity</b>	
31001 A Shares - Initial	279,000
31002 C Shares - Initial	15,000
31003 D Shares - Initial	60,000
31011 A Shares - Dividend Reinvest	36,294
31102 C Shares - Series 2	23,000
31103 D Share - Series 2	110,000
32000 Retained Earnings	8,859
Net Income	15,608
Total Equity	<b>547,761</b>
TOTAL LIABILITIES AND EQUITY	<b>764,448</b>

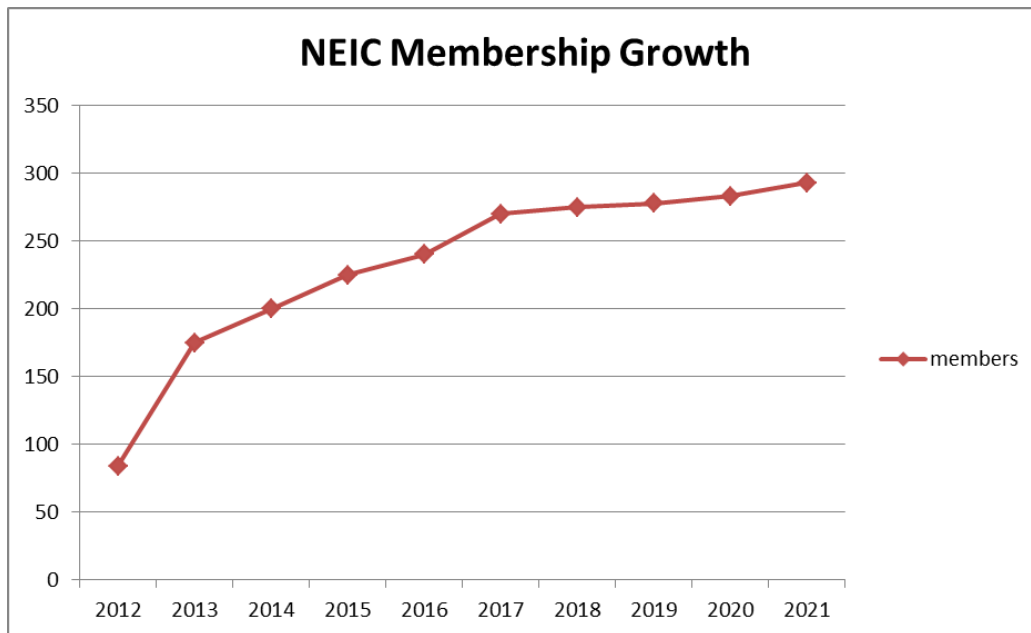
# Bottom Lines

# One Mission



## MEMBERSHIP

NEIC's success would not be possible without our dedicated member-owners. We were excited to welcome 10 new members to NEIC since our last annual meeting, bringing our total membership to 293!



## COOPERATIVE VALUES

**NEIC Values:** We rehabilitate, maintain, and lease our properties in a way that enhances their value and contributes to the overall quality of life in Northeast Minneapolis. We create multiple positive returns on investment for our members and our community. The Rochdale cooperative principles guide our work:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training, and Information
- Cooperation among Cooperatives
- Concern for Community

# Investing in Our Community



Please contact us at  
[board@neic.coop](mailto:board@neic.coop)  
with any questions



NorthEast  
Investment  
Cooperative