



NorthEast
Investment
Cooperative

2021 Annual Report

NEIC Board of Directors

Chris Moser - President

Michael Darger - Vice President

Malcom Potek - Treasurer

Joe Bove

Thad Hunter

Melissa Mound

Pat Vasatka

Jill Wilhelmi

Together We Can



PRESIDENT'S NOTE

The COVID-19 pandemic has proven to be a challenging time for many businesses. With the unknowns of a continuing pandemic, coupled with a rapidly changing commercial real estate market, the NEIC board participated in a two day planning retreat in early 2021. We had the pleasure of working with a former NEIC board member who works as a cooperative consultant. We discussed many options on how we could progress the cooperative responsibly. We ended the retreat with three possible pathways and presented them at last years annual meeting. "Stay the course" and "partner with another organization to go big" resonated with most members.

In hindsight, our strategies proved to be too vague. The cooperative is well capitalized but no suitable deals presented themselves via traditional real estate listings.

The latter half of 2021 the board spend ideating on how we could execute on the strategies that we had laid out in our retreat. We went back to our membership in the form of four member engagement sessions to refine our strategies. We are excited to share the results of those discussions.

NEIC has a number of disadvantages and advantages compared to traditional real estate developers. We currently don't have any paid staff and operate by committee so we are slower to make bids or offers. But we have a lot of local knowledge and a huge network of Northeasters and their contacts to source property and tenants from. I believe that NEIC's next project will begin with a member starting a conversation with a local property owner or small business entrepreneur.

While it would be great to share news of a new project in the works, I am content to share that NEIC has weathered another year of the pandemic profitably. I am confident we are moving the organization in the right direction.

Thank you for your continued support.

Chris Moser
NEIC President

Build Community



Change You Can



MEMBER ENGAGEMENT

Four virtual engagement sessions were held with NEIC members between Thanksgiving and late January. Thanks to the 25 members and several board members who took the time to Zoom in. These following questions were posed to the members who shared their perspectives verbally or using the Zoom chat feature.

1. Geography question: where should we operate?
2. Strategic Planning Options: do you like (1) Stay the course, (2) Partner up with another organization to go big or (3) Sell our property and shut down?
3. Diversity and Inclusion: how can our organization best reflect our community? Diverse tenants? Diverse membership? Diverse vendors/tradespeople?
4. What kinds of businesses/tenants do we want (or not want)?
5. Other?

It is not possible to summarize qualitative data in this short article. However, we can report that there was essentially consensus on the geography, strategy and business/tenant questions. On the diversity question, there was an acknowledgment that we need to improve.

The board held meetings in February and March in which it contemplated the member ideas to move forward on a new vision for NEIC, which will be discussed at the annual meeting.

Michael Darger
Chair, Membership and Marketing Committee



Invest In

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DIVIDENDS AND CAPITAL CREDITS

At its February 2022 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. 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.

Additional Notes:

- 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 2023.
- 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 with any questions about dividends or capital credits.

Invest In

One Member



2021 FINANCIALS

Northeast Investment Cooperative	
Balance Sheet (Unaudited)	
As of December 31, 2021	
	Total
ASSETS	
Current Assets	
Checking - Northeast Bank	\$ 67,502
Prepaid Expense	2,658
Total Current Assets	70,160
Fixed Assets	
Building Costs - Capital	400,624
Building Capitalized @ 1601	307,398
Land Costs	44,800
Land - 1601	12,600
Accumulated Depreciation	(77,410)
Accumulated Depreciation on 1601	(28,580)
Start Up Costs	19,192
Accumulated Amort. Startup	(9,695)
Start Up costs - 1601	15,452
Accumulated Amort. Startup at 1601	(3,791)
Total Fixed Assets	680,592
TOTAL ASSETS	\$ 750,751

LIABILITIES AND EQUITY	
Current Liabilities	
Accrued Expenses	\$ 10,065
Loan Payable - Current	
Current Debt Loan# 1661602	13,140
Current Debt Loan#1661601	8,839
Loan Payable	14,160
Total Other Current Liabilities	46,204
Total Current Liabilities	46,204
Long-Term Liabilities	
Tenant Security Deposits Held	8,954
Long Term Debt	
Long-Term Debt Loan#1661602	14,899
Long-Term Debt Loan#1661601	10,584
L-T Debt for 1601	109,431
Total Long Term Debt	134,914
Total Long-Term Liabilities	143,868
Total Liabilities	\$ 190,072
Equity	
A Shares - Initial	\$ 280,000
C Shares - Initial	15,000
D Shares - Initial	60,000
A Shares - Dividend Reinvest	51,389
C Shares - Series 2	23,000
D Share - Series 2	100,000
Retained Earnings	9,049
Net Income	22,241
Total Equity	\$ 560,679
TOTAL LIABILITIES AND EQUITY	\$ 750,751

One Vote

Multiple



2021 FINANCIALS

Northeast Investment Cooperative	
Profit and Loss (Unaudited)	
Year to date December 31, 2021	
	Total
Income	
Building - Rental Income	\$ 110,275
Other Income	5,582
Interest Income	1
Total Income	\$ 115,857
Expenses	
Depreciation Expense	\$ 18,154
Amortization Expense	2,311
Insurance Expense	7,335
Insurance Expense at 1601	1,060
Interest Expense	1,977
Interest Expense on 1601 Loan	5,766
Financial Processing Fees	441
Membership Expense	156
Postage and Delivery	134
Professional Fees - Accounting	1,601
Property Management Fees	4,150
Repairs and Maintenance	3,556
Utilities	6,642
Real Estate Taxes	16,959
Real Estate Taxes - 1601	3,686
Income Taxes - State	4,158
Total Expenses	\$ 78,084
Net Operating Income	\$ 37,773
Distributions Paid to Investors	7,560
Income Taxes - Federal	7,972
Net Income	\$ 22,241

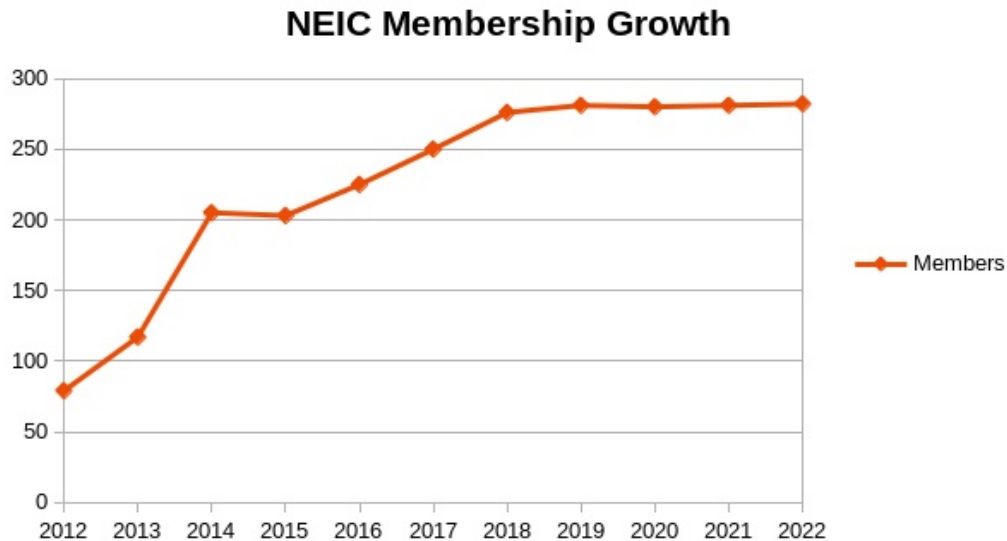
Bottom Lines

One Mission



MEMBERSHIP

NEIC welcomed 4 new members in 2021 to bring our total to 282.



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
with any questions



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