

4MYCITY, INC.

FINANCIAL STATEMENTS

December 31, 2021

4MYCITY, INC.

TABLE OF CONTENTS

December 31, 2021

Independent Auditors' Report	1-2
Statements of Financial Position	3-4
Statements of Activities	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-13

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
4MyCity, Inc.
Taneytown, Maryland

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of 4MyCity, Inc., a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Disclaimer of Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of 4MyCity, Inc. as of December 31, 2021 and 2020 and the changes in net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

PETROCO INC

July 28, 2022

4MyCity Inc.
 Statements of Financial Position
 December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	\$97,868	\$284,292
Total Current Assets	97,868	284,292
Fixed Assets		
Leasehold Improvements	23,970	23,970
Equipment	158,224	20,241
	182,194	44,211
Less Accumulated Depreciation	10,299	2,245
Net Fixed Assets	171,895	41,966
Other Assets		
Security Deposit	0	40,000
Total Assets	\$269,763	\$326,258

See Accompanying Notes

4MyCity Inc.
 Statements of Financial Position
 December 31, 2021 and 2020

	2021	2020
Current Liabilities		
Accounts Payable	\$63,830	\$0
Accrued Expenses	7,766	0
Credit Cards Payable	429	0
Total Current Liabilities	72,025	0
 Total Liabilities	 72,025	 0
 Net Assets		
Without Donor Restrictions	\$197,738	\$366,258
With Donor Restrictions	0	0
Total Net Assets	197,738	366,258
 Net Liabilities and Net Assets	 \$269,763	 \$366,258

See Accompanying Notes

4MyCity Inc.

Statements of Activities

Year ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Support						
Contributions and Gifts	\$900,085	\$0	\$900,085	\$1,025,621	\$0	\$1,025,621
Government Grants	0	0	0	129,732	0	129,732
Non-Cash Contributions of Food	60,600,234	0	60,600,234	36,508,034	0	36,508,034
Non-Cash Contributions-Other	9,087,725	0	9,087,725	3,583	0	3,583
Total Revenues, Gains and Support	70,588,044	0	70,588,044	37,666,970	0	37,666,970
Expenses						
Program Services	70,617,780		70,617,780	37,271,488		37,271,488
Management and General Expenses	113,970		113,970	1,516		1,516
Fundraising Expenses	24,814		24,814	27,708		27,708
Total Expenses	70,756,564		70,756,564	37,300,712		37,300,712
Change in Net Assets	(168,520)	0	(168,520)	366,258	0	366,258
Net Assets, Beginning of Year	366,258	0	366,258	0	0	0
Net Assets, End of Year	\$197,738	\$0	\$197,738	\$366,258	\$0	\$366,258

4MyCity Inc.
Statements of Functional Expenses
Year ended December 31, 2021

	Program Services	Management General	Fundraising	Total
Program Expenses				
Donations of Contributed Foods	\$60,600,234			\$60,600,234
Donations of Purchased Foods	2,622			\$2,622
Acquisitions and Logistics	218,319			\$218,319
Other Donations	27,017			\$27,017
Supplies	2,153			\$2,153
Outsourced Services	16,316			\$16,316
Salaries and Wages	187,771			\$187,771
Payroll Taxes	14,364			\$14,364
Volunteers Miscellaneous	4,950			\$4,950
Volunteers Meals	5,307			\$5,307
Total Program Expenses	61,079,053		0	61,079,053
Warehouse, Storage and Composting Expenses				
Composting Expenses	6,771			6,771
Depreciation Expense	8,054			8,054
Rent	268,874			268,874
Repairs, Maintenance and Supplies	31,844			31,844
Utilities	129			129
Total Warehouse Expenses	315,672		0	315,672
Transportation Expenses				
Auto Insurance and Registration	2,447			2,447
Freight and Logistics Support	9,176,880			9,176,880
Fuel	11,782			11,782
Parking and Tolls	1,975			1,975
Repairs and Maintenance	10,575			10,575
Supplies	9,532			9,532
Travel	9,864			9,864
Total Transportation Expenses	9,223,055		0	9,223,055
Administrative Expenses				
Advertising and Promotions		5,363	7,747	13,110
Bank Charges		225		225
Dues and Subscriptions		730		730
Employees' Benefits		25,635		25,635
Insurance		2,247		2,247
Legal and Professional		19,738		19,738
Meals			6,598	6,598
Miscellaneous			3,326	3,326
Office Expenses		224		224
Other Taxes		516		516
Payroll Processing Expense		1,002		1,002
Payroll Taxes		4,060	508	4,568
Postage and Shipping		1,013		1,013
Salaries and Wages		53,077	6,635	59,712
Software Subscriptions		140		140
Total Administrative Expenses	0	113,970	24,814	138,784
Total Expenses	\$70,617,780	\$113,970	\$24,814	\$70,756,564

See Accompanying Notes

4MyCity Inc.
Statements of Functional Expenses
Year ended December 31, 2020

	Program Services	Management General	Fundraising	Total
Program Expenses				
Donations of Contributed Foods	\$36,508,034			\$36,508,034
Donations of Purchased Foods	89,763			\$89,763
Acquisitions and Logistics	174,875			\$174,875
Other Donations	15,470			\$15,470
Supplies	17,674			\$17,674
Outsourced Services	265,233			\$265,233
Volunteers Miscellaneous	6,979			\$6,979
Volunteers Meals	2,662			\$2,662
Total Program Expenses	37,080,690	0	0	37,080,690
Warehouse, Storage and Composting Expenses				
Depreciation Expense	2,245			2,245
Insurance	1,730			1,730
Rent	15,583			15,583
Repairs, Maintenance and Supplies	37,157			37,157
Utilities	2,888			2,888
Total Warehouse Expenses	59,603	0	0	59,603
Transportation Expenses				
Freight and Logistics Support	85,052			85,052
Fuel	9,214			9,214
Parking and Tolls	2,365			2,365
Rentals	6,779			6,779
Repairs and Maintenance	4,124			4,124
Supplies	8,285			8,285
Travel	15,376			15,376
Total Transportation Expenses	131,195	0	0	131,195
Administrative Expenses				
Advertising and Promotions			22,144	22,144
Bank Charges		245		245
Insurance		93		93
Meals		0	5,564	5,564
Other Taxes		41		41
Permits and Fees		366		366
Postage and Shipping		205		205
Software Subscriptions		101		101
Travel		465		465
Total Administrative Expenses	0	1,516	27,708	29,224
Total Expenses	\$37,271,488	\$1,516	\$27,708	\$37,300,712

See Accompanying Notes

4MyCity Inc.
 Statements of Cash Flows
 Year Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	(\$168,520)	\$366,258
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Accounts Payables	63,830	0
Changes in Accrued Expenses	7,766	0
Changes in Credit Cards Payable	429	0
Depreciation	8,054	2,245
Net Cash Provided by Operating Activities	(88,441)	368,503
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(137,983)	(44,211)
Security Deposit	40,000	(40,000)
Net Cash Used in Investing Activities	(97,983)	(84,211)
Net Increase (Decrease) in Cash and Cash Equivalents	(186,424)	284,292
Cash and Cash Equivalents at Beginning of Year	\$284,292	0
Cash and Cash Equivalents at End of Year	\$97,868	\$284,292

See Accompanying Notes

NOTE 1- NATURE OF ORGANIZATION

4MyCity, Inc. (The Organization) is a nonprofit organization, incorporated in the States of Maryland on August 30, 2019 and which commenced operations at the beginning of 2020. The Organization's primary focus is on the importance of environmental sustainability, primarily the sustainable management of food in connection to reducing food waste. Food waste is diverted to improve food insecurities within communities. The Organization recycles non-edible waste using onsite composting technology, returning a nutrient rich soil amendment to the communities' gardens to regrow healthy food therefore limiting the harmful effects caused by food waste on the environment while improving food security for families within communities.

4MyCity, Inc. uses its initiative to educate members of the community on the importance of reducing food waste, with a goal of diverting more from landfills and incinerators. The Organization is committed to helping reduce food insecurity and reducing food waste by directly transferring fresh, usable food that would otherwise be thrown away from groceries, restaurants, and other food industry sources to feed insecure families throughout our local communities.

Projects are broken down into four phases:

Source Reduction

The Organization runs food rescue operations that partner with major food distributors to collect and distribute their potential food waste. 4MyCity, Inc. rescues cooked and uncooked foods. Food scraps are also accepted as part of Organization's community composting initiative. The program has a primary focus on healthy food, so 4MyCity, Inc. fosters relationships with produce distributors.

Feed the Hungry and Our Animal Friends

The food that is collected is distributed through Organization's network of dedicated partner organizations. Partners are chosen based on their ability and willingness to assist with the distribution of all rescued foods to families facing food insecurity. Any food that is not fit for human consumption can be safely served to our animal friends and is diverted to Organization's partner farms.

Industrial and Commercial Use

4MyCity, Inc focus is to advance Zero Waste Systems in relation to food service products. Management of the Organization understands the impacts of the disposable food packaging. 4MyCity, Inc. is dedicated to assist its partners become better stewards of the environment through use of Organization's line of Bio-degradable serving products.

Composting

The Organization has successfully tested a unique line of automatic on-site commercial composters. Those composters are capable of turning 100 pounds of food waste into 10 pounds of nutrient-rich soil amendments. Those type of compost is distributed through Organization's network of partners so they can focus on growing healthy foods.

4MYCITY, INC

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting Policies - The accompanying financial statements are presented in accordance with accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents- The Organization considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Fixed Assets- Fixed Assets are stated at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of the assets are capitalized. Depreciation is computed using the straight- line method over the estimated useful lives of the assets as follows:

Automobile Equipment	5-7 years
Furniture and Fixtures	3-20 years
Warehouse Equipment	4-15 years

Net Assets: - Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net Assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions: Net Assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be made with 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.

Revenue Recognition: - In May 2014, The Financial Accounting Board (FASB) issued Accounting Standard Update (ASU) 2014-19, *Revenues from Contracts with Customers (Topic 606)* and all related amendments which serves to supersede most existing revenue recognition guidance. This standard is commonly referred to as Accounting Standards Codification (ASC) 606. ASC 606 is effective for years beginning January 1, 2019. Management has reviewed and has determined that it will have no impact on 4MyCity Inc. financial statements since 4MyCity Inc. does not recognize revenue from contracts.

4MyCity Inc. derives revenue primarily from grants and contributions. Unconditional grants and contributions are recognized in the year that the grants and contributions are pledged and received. Conditional grants are earned and recognized as revenue in proportion to the related expenditures incurred or when all conditions of the grant have been substantially met.

Contributions – Contributions received are recorded without donor restrictions or with donor restriction support depending on the existence and/or nature of any donor restrictions.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and by natural classification in the statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimated of time and effort or other criteria.

4MYCITY, INC

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes- 4MyCity, Inc. has been recognized by the Internal Revenue Service (IRS) as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Income that is not related to exempt purposes, less applicable deductions is subject to federal and state income taxes. 4MyCity, Inc. had no unrelated business income for the years ended December 31, 2021 and December 31, 2020. Accordingly, no provision for income taxes is reflected in these financial statements.

NOTE 3- LIQUIDITY

A summary of the financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following:

	As December 31,	
	2021	2020
Cash	\$97,868	\$284,292
Receivables	0	0
Donor-imposed Restrictions	0	0
Funds Restricted by Bank Institution	0	0
Financial assets available to meet cash needs for general expenditures within one year	\$97,868	\$284,292

4MyCity Inc. manages its liquidity following two guiding principles: operating with prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

4MYCITY, INC

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 4 - SECURITY DEPOSIT

The Organization paid \$40,000 as a deposit in an effort to secure additional warehouse space. The payment was made in December of 2020 and was fully refunded to the Organization in January of 2021.

NOTE 5 – GRANTS AND AWARDS

The Organization received a Maryland Nonprofit Recovery Initiative Grant from the Maryland Department of Housing and Community Development's office in the amount of \$50,000 in October of 2020.

In December 2020, 4MyCity, Inc. also received a grant award from Baltimore Non-Profit Relief Fund in the amount of \$ 79,732.

Both of those Grant awards are recorded in the Statements of Activities under Government Grants. There were no government grants and awards in 2021.

NOTE 6 – COMMITMENTS

Warehouse Lease Obligations: In October of 2020 4MyCity Inc. entered into a lease agreement to rent a warehouse space and refrigerated freezer in Baltimore, Maryland. Per lease agreement the arrangement commenced on October 25, 2020 and shall continue until its natural termination on September 25, 2023.

In October of 2020, Pennsylvania Growers gave a donation credit of \$58,500 as a donation toward current and future lease payments.

In March of 2021 4MyCity Inc. entered into a lease agreement to rent a warehouse commercial space in Baltimore City, Maryland. Per lease agreement the arrangement commenced on March 1, 2021 and shall continue until its natural termination on April 30, 2031.

The rent for these premises for 2021 in the amount of \$164,874 was kindly donated by an extremely generous donor.

Future minimum annual rental payments due under these leases, summarized by year, are as follows:

Year ending December 31:	
2022	\$ 315,849
2023	292,349
2024	197,849
2025	197,849
2026	197,849
2027	197,849
2028	197,849
2029	197,849
2030	197,849
2031	<u>65,950</u>
	\$ 2,059,089

NOTE 7 – IN -KIND TRANSACTIONS

During the years of 2021 and 2020, 4MyCity Inc. received and donated food valued at \$ 60,600,234 and \$36,508,034, respectively. Various businesses and organizations have donated goods and services to support 4MyCity's programs and fundraising events.

4MYCITY, INC

Notes to Financial Statements

December 31, 2021 and 2020

NOTE 7 - IN -KIND TRANSACTIONS – CONTINUES

In 2021 4MyCity Inc. received an extremely generous donation of truck rental and freight charges incurred during the transportation, rescue and distribution of food supplies. The fair value of these services has been included in total support and revenue and expenses in the statements of activities.

A number of volunteers have donated significant amounts of time to the 4MyCity's programs, but since the value of such services does not meet the criteria for recognition of contributed services, no amounts have been recorded in the financial statements.