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**NONPROFIT ENTERPRISE AT WORK, INC.**

**FINANCIAL STATEMENTS**

For the years ended June 30, 2008 and 2007

C e r t i f i e d P u b l i c A c c o u n t a n t s

**Weidmayer, Schneider, Raham & Bennett**

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# **NONPROFIT ENTERPRISE AT WORK, INC.**

## **FINANCIAL STATEMENTS**

For the years ended June 30, 2008 and 2007

### **TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statement of Activities.....	3
Statements of Functional Expenses .....	5
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10

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C e r t i f i e d P u b l i c A c c o u n t a n t s

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Nonprofit Enterprise at Work, Inc.  
Ann Arbor, Michigan

We have audited the accompanying statements of financial position of Nonprofit Enterprise at Work, Inc. (a nonprofit corporation) as of June 30, 2008 and 2007 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonprofit Enterprise at Work, Inc. as of June 30, 2008 and 2007, and the changes in net assets, functional expenses, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Respectfully,

*Weidmayer, Schneider, Raham & Bennett, PC*

Certified Public Accountants

Ann Arbor, Michigan  
November 20, 2008

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
*June 30,*

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 123,832	\$ 240,639
Promises to give	411,637	69,774
Accounts receivable - rent	10,856	9,140
Accounts receivable - other	8,092	3,862
Prepaid expenses	18,778	14,795
Property and equipment		
Land	53,000	53,000
Building and improvements	826,055	822,359
Furniture and fixtures	81,152	87,703
Computer equipment and software	38,035	38,064
Total property and equipment	<u>998,242</u>	<u>1,001,126</u>
Less accumulated depreciation and amortization	<u>(418,650)</u>	<u>(380,773)</u>
Total property and equipment net of depreciation and amortization	<u>579,592</u>	<u>620,353</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,152,787</u></u>	<u><u>\$ 958,563</u></u>
<b>LIABILITIES</b>		
Accounts payable - trade	\$ 10,741	\$ 22,835
Accrued liabilities	27,806	27,903
Capital lease obligation	355	4,359
Deferred revenue	1,790	4,792
Security deposits payable	3,625	4,960
<b>TOTAL LIABILITIES</b>	<u>44,317</u>	<u>64,849</u>
<b>NET ASSETS</b>		
Unrestricted net assets	120,374	220,407
Temporarily restricted - operations	442,637	101,141
Temporarily restricted - fixed assets	545,459	572,166
<b>TOTAL NET ASSETS</b>	<u>1,108,470</u>	<u>893,714</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,152,787</u></u>	<u><u>\$ 958,563</u></u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENT OF ACTIVITIES**  
*For the year ended June 30, 2008, with comparable totals for 2007*

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2008	2007
<b>Support and Revenue</b>					
<b>Support</b>					
Grants, contributions, and sponsorships	\$ 282,161	\$ 561,037	\$ 7,750	\$ 850,948	\$ 570,466
In-kind contributions:					
Donated materials and supplies	316	-	-	316	1,544
Donated services	56,478	-	-	56,478	62,390
Total support	<u>338,955</u>	<u>561,037</u>	<u>7,750</u>	<u>907,742</u>	<u>634,400</u>
<b>Revenue</b>					
Registration fees -					
workshops, conferences, programs	95,142	-	-	95,142	47,497
Rentals - tenant	161,317	-	-	161,317	157,579
Usage fees and other reimbursements	31,865	-	-	31,865	31,658
Interest	4,310	-	-	4,310	14,767
Miscellaneous	3,263	-	-	3,263	1,332
Total revenue	<u>295,897</u>	<u>-</u>	<u>-</u>	<u>295,897</u>	<u>252,833</u>
Total support and revenue	<u>634,852</u>	<u>561,037</u>	<u>7,750</u>	<u>1,203,639</u>	<u>887,233</u>
<b>Net assets released from restrictions</b>					
Satisfaction of restriction requirements	<u>253,998</u>	<u>(219,541)</u>	<u>(34,457)</u>	<u>-</u>	<u>-</u>
<b>Expenses</b>					
Program services					
npServ	187,758	-	-	187,758	156,046
Resource connect	74,555	-	-	74,555	171,954
BoardConnect outstate	-	-	-	-	67,544
Building management	162,806	-	-	162,806	173,330
Nonprofit Navigator	-	-	-	-	16,662
BoardConnect	285,505	-	-	285,505	258,097
Supporting services					
Management and general	214,283	-	-	214,283	241,403
Fundraising	63,976	-	-	63,976	43,642
Total expenses	<u>988,883</u>	<u>-</u>	<u>-</u>	<u>988,883</u>	<u>1,128,678</u>
<b>Increase (decrease) in net assets</b>	(100,033)	341,496	(26,707)	214,756	(241,445)
Net assets - beginning of year	<u>893,714</u>	<u>-</u>	<u>-</u>	<u>893,714</u>	<u>1,135,159</u>
<b>Net assets - end of year</b>	<u>\$ 793,681</u>	<u>\$ 341,496</u>	<u>\$ (26,707)</u>	<u>\$ 1,108,470</u>	<u>\$ 893,714</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENT OF ACTIVITIES**  
*For the year ended June 30, 2007*

	Operations		Fixed Assets	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2007
<b>Support and Revenue</b>				
<b>Support</b>				
Grants, contributions, and sponsorships	\$ 432,503	\$ 122,347	\$ 15,616	\$ 570,466
In-kind contributions				
Donated materials and supplies	1,544	-	-	1,544
Donated services	62,390	-	-	62,390
Total support	<u>496,437</u>	<u>122,347</u>	<u>15,616</u>	<u>634,400</u>
<b>Revenue</b>				
Registration fees -				
workshops, conferences, programs	47,497	-	-	47,497
Rentals - tenant	157,579	-	-	157,579
Usage fees and other reimbursements	31,658	-	-	31,658
Interest	14,767	-	-	14,767
Miscellaneous	1,332	-	-	1,332
Total revenue	<u>252,833</u>	<u>-</u>	<u>-</u>	<u>252,833</u>
Total support and revenue	<u>749,270</u>	<u>122,347</u>	<u>15,616</u>	<u>887,233</u>
<b>Net assets released from restrictions:</b>				
Satisfaction of restriction requirements	<u>139,135</u>	<u>(86,389)</u>	<u>(52,746)</u>	<u>-</u>
<b>Expenses</b>				
Program services				
npServ	156,046	-	-	156,046
Resource connect	171,954	-	-	171,954
BoardConnect outstate	67,544	-	-	67,544
Building management	173,330	-	-	173,330
Nonprofit Navigator	16,662	-	-	16,662
BoardConnect	258,097	-	-	258,097
Supporting services				
Management and general	241,403	-	-	241,403
Fundraising	43,642	-	-	43,642
Total expenses	<u>1,128,678</u>	<u>-</u>	<u>-</u>	<u>1,128,678</u>
<b>Increase (decrease) in net assets</b>	(240,273)	35,958	(37,130)	(241,445)
Net assets - beginning of year	<u>460,680</u>	<u>65,183</u>	<u>609,296</u>	<u>1,135,159</u>
<b>Net assets - end of year</b>	<u>\$ 220,407</u>	<u>\$ 101,141</u>	<u>\$ 572,166</u>	<u>\$ 893,714</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2008 with comparable totals for 2007*

	<b>Program Services</b>				
	<b>npServ</b>	<b>Resource Connect</b>	<b>Building Management</b>	<b>Board Connect</b>	<b>Total Program Services</b>
Payroll expenses:					
Wages	\$ 130,923	\$ 54,146	\$ 40,880	\$ 202,084	\$ 428,033
Payroll taxes	9,451	3,685	3,191	16,039	32,366
Employee benefits	13,147	3,210	2,670	12,749	31,776
Total payroll expenses	153,521	61,041	46,741	230,872	492,175
Other expenses:					
Office supplies	318	455	2,311	1,347	4,431
Program expenses	4,601	-	292	8,730	13,623
Telephone	1,892	460	401	1,835	4,588
Postage	82	105	11,892	1,296	13,375
Janitorial	-	-	12,550	-	12,550
Utilities	-	-	29,796	-	29,796
Rent (Detroit office)	530	530	-	530	1,590
Travel and conferences	1,912	1,366	51	7,324	10,653
Dues and subscriptions	-	1,698	-	6,000	7,698
Insurance	-	-	2,472	-	2,472
Meals and entertainment	-	-	-	1,146	1,146
Copying and printing	25	265	138	2,677	3,105
Repairs and maintenance	-	-	6,559	-	6,559
Contract services	5,163	480	11,351	5,495	22,489
Professional fees	-	-	-	-	-
Professional development	738	110	1,311	1,636	3,795
Donated services	15,544	7,000	-	10,500	33,044
Marketing and promotion	3,432	699	520	5,417	10,068
Miscellaneous	-	-	491	-	491
Bad debt	-	-	3,357	-	3,357
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	187,758	74,209	130,233	284,805	677,005
Depreciation	-	346	32,573	700	33,619
Total expenses	\$ 187,758	\$ 74,555	\$ 162,806	\$ 285,505	\$ 710,624

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2008 with comparable totals for 2007*

**Supporting Services**

Management and General	Fundraising	Total Supporting Services	Total	
			2008	2007
\$ 85,476	\$ 51,105	\$ 136,581	\$ 564,614	\$ 633,729
6,806	4,001	10,807	43,173	47,442
4,263	3,427	7,690	39,466	36,585
96,545	58,533	155,078	647,253	717,756
3,108	92	3,200	7,631	11,316
6,155	-	6,155	19,778	23,976
864	516	1,380	5,968	5,610
843	136	979	14,354	16,008
-	-	-	12,550	14,271
-	-	-	29,796	27,881
530	-	530	2,120	363
2,265	1,509	3,774	14,427	14,913
2,363	-	2,363	10,061	10,769
3,616	-	3,616	6,088	6,227
2,296	-	2,296	3,442	3,594
356	7	363	3,468	11,497
-	-	-	6,559	19,488
5,073	3,110	8,183	30,672	54,549
9,000	-	9,000	9,000	5,800
-	-	-	3,795	7,186
23,434	-	23,434	56,478	62,390
8,773	73	8,846	18,914	49,975
11,169	-	11,169	11,660	10,198
1,000	-	1,000	4,357	3,110
25,046	-	25,046	25,046	5,062
202,436	63,976	266,412	943,417	1,081,939
11,847	-	11,847	45,466	46,739
\$ 214,283	\$ 63,976	\$ 278,259	\$ 988,883	\$ 1,128,678

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2007*

	Program Services				
	npServ	Resource Connect	Building Management	Nonprofit Navigator	Board Connect
Payroll expenses:					
Wages	\$ 104,996	\$ 131,830	\$ 46,674	\$ 6,911	\$ 162,507
Payroll taxes	7,671	9,766	3,516	749	12,266
Employee benefits	5,542	7,766	3,195	571	8,288
Total payroll expenses	118,209	149,362	53,385	8,231	183,061
Other expenses:					
Office supplies	913	645	2,815	20	1,579
Program expenses	21,406	125	70	250	1,400
Telephone	687	1,124	477	94	1,157
Postage	59	269	12,619	31	1,350
Janitorial	-	-	14,271	-	-
Utilities	-	-	27,881	-	-
Rent	-	-	363	-	-
Travel and conferences	2,182	290	26	-	2,831
Dues and subscriptions	-	831	-	-	3,500
Insurance	-	-	2,351	-	-
Meals and entertainment	-	-	-	-	608
Copying and printing	20	3,587	338	31	5,745
Repairs and maintenance	-	-	11,808	-	-
Contract services	3,984	4,745	12,116	6,051	14,906
Professional fees	-	-	-	-	-
Professional development	928	660	453	56	4,605
Donated services	6,101	7,088	1,150	1,700	10,500
Marketing and promotion	1,557	2,882	405	35	26,295
Miscellaneous	-	-	845	-	275
Bad debt	-	-	-	-	-
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	156,046	171,608	141,373	16,499	257,812
Depreciation	-	346	31,957	163	285
Total expenses	\$ 156,046	\$ 171,954	\$ 173,330	\$ 16,662	\$ 258,097

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2007*

<u>Supporting Services</u>						
<u>Board Connect Outstate</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total 6/30/2007</u>	
\$ 42,549	\$ 495,467	\$ 103,341	\$ 34,921	\$ 138,262	\$ 633,729	
3,177	37,145	7,593	2,704	10,297	47,442	
3,051	28,413	5,564	2,608	8,172	36,585	
<u>48,777</u>	<u>561,025</u>	<u>116,498</u>	<u>40,233</u>	<u>156,731</u>	<u>717,756</u>	
369	6,341	4,825	150	4,975	11,316	
-	23,251	725	-	725	23,976	
581	4,120	980	510	1,490	5,610	
108	14,436	1,286	286	1,572	16,008	
-	14,271	-	-	-	14,271	
-	27,881	-	-	-	27,881	
-	363	-	-	-	363	
3,209	8,538	5,739	636	6,375	14,913	
2,500	6,831	3,938	-	3,938	10,769	
-	2,351	3,876	-	3,876	6,227	
187	795	2,799	-	2,799	3,594	
1,168	10,889	547	61	608	11,497	
-	11,808	7,680	-	7,680	19,488	
8,037	49,839	4,710	-	4,710	54,549	
-	-	5,800	-	5,800	5,800	
484	7,186	-	-	-	7,186	
-	26,539	35,851	-	35,851	62,390	
1,872	33,046	15,163	1,766	16,929	49,975	
-	1,120	9,078	-	9,078	10,198	
-	-	3,110	-	3,110	3,110	
-	-	5,062	-	5,062	5,062	
<u>67,292</u>	<u>810,630</u>	<u>227,667</u>	<u>43,642</u>	<u>271,309</u>	<u>1,081,939</u>	
<u>252</u>	<u>33,003</u>	<u>13,736</u>	<u>-</u>	<u>13,736</u>	<u>46,739</u>	
<u>\$ 67,544</u>	<u>\$ 843,633</u>	<u>\$ 241,403</u>	<u>\$ 43,642</u>	<u>\$ 285,045</u>	<u>\$ 1,128,678</u>	

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
*For the years ended June 30,*

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Increase/(decrease) in net assets	\$ 214,756	\$ (241,445)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	45,466	46,739
Loss on disposal of fixed assets	264	5,062
 Decrease (increase) in assets:		
Pledges receivable	(341,863)	(55,024)
Other receivables	(4,230)	45,008
Tenant reimbursements receivable	(1,716)	(3,960)
Deposits	-	5,873
Prepaid expenses	(3,983)	(12,310)
(Decrease) increase in liabilities:		
Accounts payable - trade	(12,094)	2,622
Refundable advances	(3,002)	565
Security deposits payable	(1,335)	(460)
Accrued liabilities	(97)	7,529
 Net cash provided by operating activities	(107,834)	(199,801)
 <b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(5,067)	(33,688)
 <b>CASH FLOWS USED IN FINANCING ACTIVITIES:</b>		
Payments on obligation under capital lease	(3,906)	(3,575)
 Net increase (decrease) in cash	(116,807)	(237,064)
 Cash and cash equivalents - beginning of year	240,639	477,703
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 123,832</b>	<b>\$ 240,639</b>

**NOTE A - NATURE OF ORGANIZATION**

NEW (Nonprofit Enterprise at Work, Inc.) is a 501(c)(3) non-profit organization located in Ann Arbor, Michigan whose mission is to help nonprofits succeed by strengthening nonprofit management and offering solutions to issues facing our nonprofit community. In 2007-2008, NEW continues to be a management support organization for nonprofits, providing capacity building through leadership development, technology support, information resources and office and meeting space. Revenue sources include fees for services, rental income, contributions and grants.

The Organization services consist of the following programs:

BoardConnect – the program recruits and trains potential nonprofit board members, and then helps match their individuals to participating nonprofit organizations. BoardConnect also provides training and guidance to existing nonprofit boards. In the 2008 fiscal year BoardConnect served many individuals and organizations:

Individual Training: BoardConnect trained 231 individuals about the duties of board service.

Organization Training: BoardConnect provided training to 68 organizations in “Building Your Board” workshop

Board Matches: Nonprofits found 49 new board members through the matching program.

Onsite board trainings: Boards representing 40 organizations and 718 board members received tailored training from BoardConnect on how to be more effective.

Trained 325 individuals from a variety of organizations at 2 governance conferences.

NEW Center – the program provides affordable office space and shared resources for nonprofit tenants, an affiliates program that provides some of the benefits of the NEW Center without actual tenancy, plus affordable meeting space available to any nonprofit organization. In the 2008 fiscal year the NEW Center provided a wide range of support to nonprofits:

Tenants: 16 organizations were tenants as of June 30.

Affiliates: 5 organizations participated in our Affiliate Program as of June 30.

Conference Rooms: 1,879 reservations for 4,924 hours of conference room usage involved more than 12,695 participants (both tenant and non-tenant).

npServ – npServ’s technology infrastructure and IT service uses free or low-cost technology and software backed by skilled IT professionals who ensure best practices and provide ongoing training and support for users. npServ's major innovation is the combination of open source software with a thin client hardware system – it is the only service of its kind. Through this innovative approach, npServ is able to deliver high quality I.T. support at a much lower price than traditional Windows solutions. As of June 30, npServ was managing the I.T. for six nonprofit organizations.

ResourceConnect – the program provides nonprofits with a variety of online and offline resources, including free one-on-one consultations on common management challenges, free access to and personal guidance for FC Search (an electronic database of over 88,000 U.S. foundations and corporate giving programs), a free online database of local service providers, web resources, and print resources for southeast Michigan nonprofits, a free online training calendar that compiles all nonprofit-specific trainings occurring throughout the state of Michigan, affordable print publications that are available for purchase, NEWSNOTES (an online monthly newsletter for nonprofits), an online directory of nonprofits in Washtenaw County (and some surrounding communities), and a free public lending library of nonprofit books and materials (which was moved to the Ann Arbor District Library during last fiscal year in order to enhance after hour and weekend access to the collection). In the 2008 fiscal year, ResourceConnect provided the following levels of service:

Consultations and FC Search: Provided direct guidance and consultation to over 657 individuals representing approximately 248 organizations.

Online Resource Database: The database received over 70,000 public page views and compiled over 1,175 resources for nonprofits.

Online Training Calendar: The calendar included 962 training opportunities, and received over 18,000 public page views

Print Publications:

NEWSNOTES: Over 1300 regular subscribers and 23,000 public page views

Nonprofit Directory: 524 participating organizations as of June 30, and the Directory received nearly 144,000 public page views

Library (moved to Ann Arbor District Library in October 2006)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting***

The financial statements are prepared on the accrual basis of accounting.

***Display of net assets by class***

The net assets of the Organization are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed purpose or time restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

The Organization's temporarily restricted net assets are further classified for display purposes as follows:

Operations – restricted for (a) designated operating activities, or (b) use in specified future period, but otherwise unrestricted.

Fixed assets – restricted for (a) use by designated activities related to the Organization, (b) the acquisition of long-lived assets, or (c) use in a specified future period.

The Organization does not have any permanently restricted net assets.

***Accounts receivable***

Accounts receivable are stated at invoice amounts. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

An allowance for uncollectible accounts was established in the amount of \$31,000 and \$5,000 for the years ended June 30, 2008 and 2007, respectively.

***Property and equipment***

Property and equipment are stated at cost if purchased or fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

***Pledges receivable***

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

***Income taxes***

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified the Organization as other than a private foundation.

***Use of estimates***

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

***Recognition of donor restrictions***

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Donated materials and services**

The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. For the years ended June 30, 2008 and 2007, donated supplies totaling \$316 and \$1,544, respectively, were recognized in the unrestricted class of net assets.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. For the years ended June 30, 2008 and 2007, contributed services of \$56,478 and \$62,390, respectively, were recognized in the unrestricted net asset class.

**Statement of cash flows**

The Organization considers all highly liquid investments with an initial maturity of 90 days or less as cash and cash equivalents for the statement of cash flows.

**Functional allocation of expenses**

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

**NOTE C - OPERATING LEASES**

The Organization, as lessor, has entered into operating leases with nonprofit organizations that occupy the facility. The facility's cost and carrying amount is \$826,055 and \$487,097, respectively, including office space used by the Organization for other purposes. The leases are from one to two years. Future minimum lease payments, in total and for the fiscal years ending June 30, for which leases have been negotiated, are as follows:

2009	\$ 105,379
2010	38,946
2011	<u>34,236</u>
	<u>\$ 178,561</u>

**NOTE D - LINE OF CREDIT**

During 2008, the Organization had a \$300,000 line of credit available with a bank at an interest rate equal to the "prime rate" as reported by The Wall Street Journal for one year, beginning July 1, 2007. The line of credit is secured by all of the Borrower's deposit accounts maintained with the Lender, and all property of the Borrower from time to time in the possession of the Lender. At June 30, 2008 and 2007, there was no outstanding balance on the line of credit.

On August 5, 2008, the Organization negotiated a new \$200,000 line of credit with a bank at an interest rate equal to the "prime rate" as reported by The Wall Street Journal for one year, ending August 5, 2009. The line of credit is secured by all assets of the organization.

In connection with this line of credit, the Lender has issued an irrevocable standby line of credit for the benefit of the State of Michigan Department of Consumer and Industry Services, Bureau of Workers' & Unemployment Compensation and/or other various municipalities.

**NOTE E - DEFERRED COMPENSATION PLAN**

The Organization maintains a deferred compensation plan under Section 403(b) of the Internal Revenue Code. Participants may make a voluntary contribution to the plan up to 20% of their compensation.

**NOTE F - PLEDGES RECEIVABLE**

Pledges receivable represent unconditional commitments from individuals for pledges related to the capital campaign for the NEW Center Building Fund. An allowance for doubtful accounts of \$31,000 has been recorded. As of June 30, 2008 and 2007, pledged receivables are \$411,637 and \$74,774, respectively. The pledges at June 30, 2008 are expected to be received as follows: 2009 - \$314,237; 2010 - \$128,200; and 2011 - \$200.

**NOTE G - CONDITIONAL PLEDGES**

The Organization also receives conditional pledges. Due to the nature of the pledges, they have been excluded from pledges receivable and will be recognized as revenue in the period in which the conditions are met. Conditional pledges as of June 30, 2008 and 2007 are \$85,000 and \$95,000, respectively.

**NOTE H - OBLIGATION UNDER CAPITAL LEASE**

During the year ended June 30, 2005, the Organization financed the acquisition of a copier with a capital lease payable. The monthly payment is \$358. The capitalized lease is secured by the equipment purchased. The amortization of the capital lease is included in depreciation expense.

In August 2008, the Organization entered into a capital lease for a new phone and voicemail system. The lease payments are \$583 each month for 36 months. The capitalized lease is secured by the equipment purchased. The amortization of the capital lease is included in depreciation expense.

The following is a schedule by years of future minimum lease payments required under the capital leases as of June 30, 2008:

Year Ending June 30	Future Minimum Lease Payments
2009	\$ 6,775
2010	7,000
2011	7,000
2012	584
Total future minimum payments	21,359
Less: interest	(3,486)
Net obligations under capital lease	<u>\$ 17,873</u>

Interest expense of \$292 and \$721 was incurred on the capital lease obligation in 2008 and 2007, respectively.