

NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the year ended June 30, 2010 and 2009

NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the year ended June 30, 2010 and 2009

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

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, 2010 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 audit. The financial statements of Nonprofit Enterprise at Work, Inc. as of June 30, 2009, were audited by other auditors whose report dated November 9, 2009 expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides 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, 2010 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,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
October 26, 2010

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

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 203,005	\$ 266,483
Promises to give, net of allowance	269,043	120,605
Accounts receivable - rent	590	1,420
Accounts receivable - other	26,933	14,328
Prepaid expenses	14,935	13,686
Property and equipment		
Land	53,000	53,000
Building and improvements	858,007	851,164
Furniture and fixtures	119,486	99,993
Computer equipment and software	29,181	39,787
Total property and equipment	1,059,674	1,043,944
Less accumulated depreciation and amortization	(491,808)	(454,931)
Total property and equipment net of depreciation and amortization	567,866	589,013
TOTAL ASSETS	\$ 1,082,372	\$ 1,005,535
LIABILITIES		
Accounts payable - trade	\$ 22,927	\$ 12,880
Accrued liabilities	34,374	37,015
Capital lease obligation	16,803	25,606
Deferred revenue	8,158	8,080
Security deposits payable	3,771	3,621
TOTAL LIABILITIES	86,033	87,202
NET ASSETS		
Unrestricted net assets	239,713	260,182
Temporarily restricted - operations	277,043	152,605
Temporarily restricted - fixed assets	479,583	505,546
TOTAL NET ASSETS	996,339	918,333
TOTAL LIABILITIES AND NET ASSETS	\$ 1,082,372	\$ 1,005,535

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010, with comparable totals for 2009

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2010	2009
Support and Revenue					
Support					
Grants, contributions, and sponsorships	\$ 398,777	\$ 275,143	\$ -	\$ 673,920	\$ 466,936
In-kind contributions:					
Donated materials and supplies	2,791	-	-	2,791	3,962
Donated services	72,175	-	-	72,175	57,774
Total support	473,743	275,143	-	748,886	528,672
Revenue					
Program fees	237,775	-	-	237,775	128,079
Tenant					
Rentals	150,902	-	-	150,902	148,200
Reimbursements	21,507	-	-	21,507	19,625
Interest	230	-	-	230	1,829
Miscellaneous	1,317	-	-	1,317	1,505
Total revenue	411,731	-	-	411,731	299,238
Total support and revenue	885,474	275,143	-	1,160,617	827,910
Net assets released from restrictions					
Satisfaction of restriction requirements	176,668	(150,705)	(25,963)	-	-
Expenses					
Program services					
npServ	334,347	-	-	334,347	243,021
Resource connect	44,846	-	-	44,846	54,733
Building management	191,783	-	-	191,783	196,705
BoardConnect	205,188	-	-	205,188	229,144
Supporting services					
Management and general	186,980	-	-	186,980	179,460
Fundraising	119,467	-	-	119,467	114,984
Total expenses	1,082,611	-	-	1,082,611	1,018,047
Increase (decrease) in net assets	(20,469)	124,438	(25,963)	78,006	(190,137)
Net assets - beginning of year	260,182	152,605	505,546	918,333	1,108,470
Net assets - end of year	<u>\$ 239,713</u>	<u>\$ 277,043</u>	<u>\$ 479,583</u>	<u>\$ 996,339</u>	<u>\$ 918,333</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

	<u>Operations</u>		<u>Fixed Assets</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Temporarily Restricted</u>	<u>2009</u>
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 302,631	\$ 152,605	\$ 11,700	\$ 466,936
In-kind contributions				
Donated materials and supplies	3,962	-	-	3,962
Donated services	57,774	-	-	57,774
Total support	<u>364,367</u>	<u>152,605</u>	<u>11,700</u>	<u>528,672</u>
Revenue				
Program fees	128,079	-	-	128,079
Tenants				
Rentals	148,200	-	-	148,200
Reimbursements	19,625	-	-	19,625
Interest	1,829	-	-	1,829
Miscellaneous	1,505	-	-	1,505
Total revenue	<u>299,238</u>	<u>-</u>	<u>-</u>	<u>299,238</u>
Total support and revenue	<u>663,605</u>	<u>152,605</u>	<u>11,700</u>	<u>827,910</u>
Net assets released from restrictions:				
Satisfaction of restriction requirements	494,250	(442,637)	(51,613)	-
Expenses				
Program services				
npServ	238,315	-	-	243,021
Resource connect	54,733	-	-	54,733
Building management	196,705	-	-	196,705
BoardConnect	229,144	-	-	229,144
Supporting services				
Management and general	168,158	-	-	179,460
Fundraising	114,984	-	-	114,984
Total expenses	<u>1,002,039</u>	<u>-</u>	<u>-</u>	<u>1,018,047</u>
Increase (decrease) in net assets	139,808	(290,032)	(39,913)	(190,137)
Net assets - beginning of year	120,374	442,637	545,459	1,108,470
Net assets - end of year	<u>\$ 260,182</u>	<u>\$ 152,605</u>	<u>\$ 505,546</u>	<u>\$ 918,333</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2010 with comparable totals for 2009

	Program Services				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 215,346	\$ 34,327	\$ 58,499	\$ 137,139	\$ 445,311
Payroll taxes	15,003	2,636	4,547	10,405	32,591
Employee benefits	14,662	2,748	4,125	11,467	33,002
Total payroll expenses	<u>245,011</u>	<u>39,711</u>	<u>67,171</u>	<u>159,011</u>	<u>510,904</u>
Other expenses:					
Office supplies	91	104	4,025	1,361	5,581
Program expenses	12,744	25	125	50	12,944
Telephone	3,215	405	608	1,688	5,916
Telephone Tenants	-	-	3,098	-	3,098
Postage	63	73	7,640	363	8,139
Copies/Faxes to Pgrams/Bldg	-	-	(5,719)	-	(5,719)
Janitorial	-	-	14,985	-	14,985
Utilities	-	-	16,941	-	16,941
Rent (Detroit office)	781	374	-	594	1,749
Travel and conferences	7,210	436	45	7,889	15,580
Dues and subscriptions	-	1,521	-	4,500	6,021
Insurance	-	-	1,707	-	1,707
Meals and entertainment	336	-	-	533	869
Copying and printing	870	134	135	3,556	4,695
Repairs and maintenance	-	-	19,304	-	19,304
Contract services	35,586	172	17,002	2,574	55,334
Professional fees	-	-	-	-	-
Professional development	40	-	-	947	987
Donated services	25,855	1,000	500	9,000	36,355
Marketing and promotion	2,545	565	735	9,382	13,227
Miscellaneous	-	-	165	-	165
Bad debt	-	-	(12)	3,040	3,028
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	<u>334,347</u>	<u>44,520</u>	<u>148,455</u>	<u>204,488</u>	<u>731,810</u>
Depreciation	-	326	43,328	700	44,354
Total expenses	<u>\$ 334,347</u>	<u>\$ 44,846</u>	<u>\$ 191,783</u>	<u>\$ 205,188</u>	<u>\$ 776,164</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2010 with comparable totals for 2009

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total	
			2010	2009
\$ 86,214	\$ 100,713	\$ 186,927	\$ 632,238	\$ 631,709
6,478	7,736	14,214	46,805	46,492
5,507	7,323	12,830	45,832	37,093
98,199	115,772	213,971	724,875	715,294
771	99	870	6,451	9,459
-	-	-	12,944	8,128
990	1,091	2,081	7,997	8,392
-	-	-	3,098	-
439	161	600	8,739	11,067
-	-	-	(5,719)	-
-	-	-	14,985	13,587
-	-	-	16,941	17,993
286	393	679	2,428	2,248
3,356	1,140	4,496	20,076	17,207
3,176	-	3,176	9,197	11,899
2,961	-	2,961	4,668	5,274
1,611	-	1,611	2,480	2,124
736	295	1,031	5,726	583
-	-	-	19,304	11,793
9,850	-	9,850	65,184	32,965
10,200	-	10,200	10,200	10,500
43	300	343	1,330	4,195
35,819	-	35,819	72,174	57,774
3,200	216	3,416	16,643	19,643
6,660	-	6,660	6,825	7,157
1,025	-	1,025	4,053	-
271	-	271	271	-
				967,282
179,593	119,467	299,060	1,030,870	967,282
7,387	-	7,387	51,741	50,765
\$ 186,980	\$ 119,467	\$ 306,447	\$ 1,082,611	\$ 1,018,047

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009

	Program Services				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 177,648	\$ 41,315	\$ 75,163	\$ 156,430	\$ 450,556
Payroll taxes	12,769	3,171	5,481	11,904	33,325
Employee benefits	12,612	2,597	3,338	11,128	29,675
Total payroll expenses	<u>203,029</u>	<u>47,083</u>	<u>83,982</u>	<u>179,462</u>	<u>513,556</u>
Other expenses:					
Office supplies	1,928	98	3,358	1,496	6,880
Program expenses	2,428	-	-	5,700	8,128
Telephone	2,832	583	750	2,499	6,664
Telephone Tenants	-	-	-	-	-
Postage	159	79	9,925	299	10,462
Copies/Faxes to Pgrams/Bldg	-	-	-	-	-
Janitorial	-	-	13,587	-	13,587
Utilities	-	-	17,993	-	17,993
Rent (Detroit office)	562	562	-	562	1,686
Travel and conferences	1,851	700	290	8,267	11,108
Dues and subscriptions	-	2,010	-	7,500	9,510
Insurance	-	-	2,203	-	2,203
Meals and entertainment	-	-	-	494	494
Copying and printing	439	160	(4,089)	3,385	(105)
Repairs and maintenance	-	-	11,793	-	11,793
Contract services	9,309	260	15,701	1,485	26,755
Professional fees	-	-	-	-	-
Professional development	930	520	425	1,729	3,604
Donated services	16,834	1,750	-	10,500	29,084
Marketing and promotion	2,720	681	1,254	4,977	9,632
Miscellaneous	-	-	1,231	-	1,231
Bad debt	-	-	-	-	-
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	<u>243,021</u>	<u>54,486</u>	<u>158,403</u>	<u>228,355</u>	<u>684,265</u>
Depreciation	-	247	38,302	789	39,338
Total expenses	<u>\$ 243,021</u>	<u>\$ 54,733</u>	<u>\$ 196,705</u>	<u>\$ 229,144</u>	<u>\$ 723,603</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2009

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total 2009
\$ 85,896	\$ 95,257	\$ 181,153	\$ 631,709
6,256	6,911	13,167	46,492
3,709	3,709	7,418	37,093
<u>95,861</u>	<u>105,877</u>	<u>201,738</u>	<u>715,294</u>
2,154	425	2,579	9,459
-	-	-	8,128
895	833	1,728	8,392
-	-	-	-
461	144	605	11,067
-	-	-	-
-	-	-	13,587
-	-	-	17,993
562	-	562	2,248
5,148	951	6,099	17,207
2,389	-	2,389	11,899
3,071	-	3,071	5,274
1,630	-	1,630	2,124
383	305	688	583
-	-	-	11,793
6,210	-	6,210	32,965
10,500	-	10,500	10,500
440	151	591	4,195
27,422	1,268	28,690	57,774
4,981	5,030	10,011	19,643
5,926	-	5,926	7,157
-	-	-	-
-	-	-	-
<u>168,033</u>	<u>114,984</u>	<u>283,017</u>	<u>967,282</u>
<u>11,427</u>	<u>-</u>	<u>11,427</u>	<u>50,765</u>
<u>\$ 179,460</u>	<u>\$ 114,984</u>	<u>\$ 294,444</u>	<u>\$ 1,018,047</u>

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

	<u>2010</u>	<u>2009</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ 78,006	\$ (190,137)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	51,741	50,765
Loss on disposal of fixed assets	271	-
Decrease (increase) in assets:		
Pledges receivable	(148,438)	291,032
Other receivables	(12,605)	(6,236)
Tenant reimbursements receivable	830	9,436
Prepaid expenses	(1,249)	5,092
(Decrease) increase in liabilities:		
Accounts payable - trade	10,047	2,139
Deferred revenue	78	6,290
Security deposits payable	150	(4)
Accrued liabilities	(2,641)	9,209
Net cash provided by operating activities	<u>(23,810)</u>	<u>177,586</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>(30,865)</u>	<u>(33,403)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Payments on obligation under capital lease	<u>(8,803)</u>	<u>(1,532)</u>
Net increase (decrease) in cash	(63,478)	142,651
Cash and cash equivalents - beginning of year	<u>266,483</u>	<u>123,832</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 203,005</u></u>	<u><u>\$ 266,483</u></u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Equipment acquired with capital lease	\$ -	\$ 31,634

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 2009-2010, 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.

Overall, in 2009-10 NEW directly served more than **563 unique nonprofits and 3,155 individuals** across all of our programs (excluding Board Room subscribers and conference room users). NEW's 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. Furthermore, BoardConnect offers the “Board Room,” a subscription-based online repository of best practice documents for board governance. In the 2010 fiscal year BoardConnect served many individuals and organizations:

- **Nonprofits Served:** Through the full range of BoardConnect's services (workshops, customized trainings for boards, matching, etc.), the program served **233 nonprofits** (excluding repeats). This figure excludes nonprofits subscribing to the Board Room.
- **Individuals Served:** Through the full range of BoardConnect's services for individuals seeking boards and individuals serving on boards, the program served **1,759 individuals** (excluding repeats). This figure excludes individuals utilizing the Board Room.
- **Board Matches:** Nonprofits found **44 new board members** through BoardConnect's matching services.
- **Board Room subscriptions:** **743 organizations and individuals** now subscribe to The Board Room.
- **Local Service Providers:** **4 “local service providers”** in Battle Creek, Kalamazoo, Marquette, and Flint redeliver BoardConnect's training and matching services to their local nonprofits.

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 501(C)(3) nonprofit organization. This year we introduced a shared phone system for tenants that saves them an average of 30% while enhancing their communications tools. In the 2010 fiscal year the NEW Center provided a wide range of support to nonprofits:

- **Tenants:** 18 organizations were tenants as of June 30, 2010, 8 of which participated in NEW's shared telephone system
- **Affiliates:** 2 organizations participated in our Affiliate Program as of June 30, 2010.
- **Conference Rooms:** Tenant and non-tenant nonprofits made 1,870 reservations for 4,752 hours of conference room usage involving more than 14,780 attendees.

npServ - The program provides shared technology support for nonprofits based on an innovative combination of thin client technology and open source software (we are not aware of any other service in the United States that tailors these technologies for nonprofits). This approach lowers hardware, software, energy, and management costs, while enabling greater reliability, nightly remote data backup, and remote access to workstations. npServ also offers hosted email for nonprofits, as well as social media training and guidance. In 2009-10, npServ:

- Provided ongoing maintenance of **222 workstations and servers for 25 nonprofits**
- Provided hosted email and group calendaring to **284 users**
- **Trained 239 individuals** on using social media tools on behalf of their nonprofits
- Provided general technology training to **158 individuals representing 120 nonprofits**

NOTE A – NATURE OF ORGANIZATION (continued)

ResourceConnect is a nonprofit's first stop for free information resources and referral. In 2009-2010, ResourceConnect:

- Provided general management information and Foundation Directory Online access to **566 individuals representing 306 nonprofits**.
- Published an online nonprofit resource directory that received over **50,000 page views**
- Published a directory of local nonprofits that received over **102,000 page views**
- Published NEWSNOTES, a monthly online newsletter for nonprofits with over **1,500 regular subscribers**

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 the amount management expects to collect from outstanding balances. There was no allowance for doubtful accounts at June 30, 2010 or 2009.

Property and equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

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.

The Organization's Form 990 returns for 2007, 2008, 2009, 2010 are subject to examination by the Internal Revenue Service, generally for three years after being filed.

Reclassifications

Certain amounts in 2009 have been reclassified to conform to the 2010 presentation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2010 and 2009, donated supplies totaling \$2,791 and \$3,962, 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, 2010 and 2009, contributed services of \$72,175 and \$57,774, 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.

Subsequent events

Subsequent events have been evaluated through October 26, 2010, the date the financial statements were available to be issued.

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 \$851,164 and \$448,781, 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:

2011	\$ 117,272
2012	32,784
2013	6,843
	<u>\$ 156,899</u>

NOTE D - LINE OF CREDIT

On August 5, 2008, the Organization negotiated a \$200,000 line of credit with a bank at an interest rate equal to the "prime rate" as reported by The Wall Street Journal. This line was renewed on August 5, 2009 and matures on December 1, 2010. 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 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2010	2009
Receivable in less than one year	\$ 149,043	\$ 127,405
Receivable in one to five years	128,000	200
Total unconditional pledge receivables	277,043	127,605
Less allowance for uncollectible promises	(8,000)	(7,000)
	\$ 269,043	\$ 120,605

NOTE G - CONDITIONAL PLEDGES

The Organization has received conditional promises to give. Due to conditions of the promises, 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, 2010 and 2009 are \$0 and \$50,000, respectively.

NOTE H - OBLIGATION UNDER CAPITAL LEASE

On August 24, 2008, the Organization entered into a capital lease for a copier. The carrying value of the copier at June 30, 2010 is \$10,110. The lease payments are \$404 each month for 48 months. The capitalized lease is secured by the equipment purchased. The amortization of the capital lease is included in depreciation expense.

On September 20, 2008, the Organization entered into a capital lease for a new phone and voicemail system. The carrying value of this asset at June 30, 2010 is \$11,679. 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, 2010:

Year Ending June 30	Future Minimum Lease Payments
2011	\$ 11,853
2012	6,603
2013	809
2014	-
Total future minimum payments	19,265
Less: interest	(2,405)
Net obligations under capital lease	\$ 16,860

Interest expense of \$3,050 and \$3,409 was incurred on the capital lease obligation in 2010 and 2009, respectively.