
NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2007 and 2006

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

NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2007 and 2006

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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, 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. The financial statements of Nonprofit Enterprise at Work, Inc. as of June 30, 2006, were audited by other auditors whose report dated October 12, 2006, expressed an unqualified opinion on those statements. As discussed in Note J, the Organization has restated its 2006 financial statements during the current year to properly account for rent revenue in the appropriate period, in conformity with accounting principles generally accepted in the United States of America. The other auditors reported on the 2006 financial statements before the restatement.

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 2007 financial statements referred to above present fairly, in all material respects, the financial position of Nonprofit Enterprise at Work, Inc. as of June 30, 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.

We also audited the adjustments described in Note J that were applied to restate the 2006 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Respectfully,

Weidmayer, Schneider, Raham & Bennett, PC

Certified Public Accountants

Ann Arbor, Michigan
October XX, 2007

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

	2007	RESTATED 2006
ASSETS		
Cash and cash equivalents	\$ 240,639	\$ 477,703
Promises to give	69,774	14,750
Accounts receivable - rent	9,140	5,180
Accounts receivable - other	3,862	48,870
Deposits	-	5,873
Prepaid expenses	14,795	2,485
Property and equipment		
Land	53,000	53,000
Building and improvements	822,359	824,547
Furniture and fixtures	87,703	71,836
Library	-	53,980
Computer equipment and software	38,064	38,521
Total property and equipment	1,001,126	1,041,884
Less accumulated depreciation and amortization	(380,773)	(403,418)
Total property and equipment net of depreciation and amortization	620,353	638,466
TOTAL ASSETS	\$ 958,563	\$ 1,193,327
LIABILITIES		
Accounts payable - trade	\$ 22,835	\$ 20,213
Accrued liabilities	27,903	20,374
Capital lease obligation	4,359	7,934
Deferred revenue	4,792	4,227
Security deposits payable	4,960	5,420
TOTAL LIABILITIES	64,849	58,168
NET ASSETS		
Unrestricted net assets	220,407	460,680
Temporarily restricted - operations	101,141	65,183
Temporarily restricted - fixed assets	572,166	609,296
TOTAL NET ASSETS	893,714	1,135,159
TOTAL LIABILITIES AND NET ASSETS	\$ 958,563	\$ 1,193,327

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2007, with comparable totals for 2006

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2007	2006
Support and Revenue					RESTATED
Support					
Grants, contributions, and sponsorships	\$ 432,503	\$ 122,347	\$ 15,616	\$ 570,466	\$ 545,286
In-kind contributions:					
Donated materials and supplies	1,544	-	-	1,544	8,019
Donated services	62,390	-	-	62,390	143,056
Total support	<u>496,437</u>	<u>122,347</u>	<u>15,616</u>	<u>634,400</u>	<u>696,361</u>
Revenue					
Registration fees -					
workshops, conferences, programs	47,497	-	-	47,497	67,733
Nonprofit Navigator	-	-	-	-	22,577
Rentals - tenant	157,579	-	-	157,579	151,874
Usage fees and other reimbursements	31,658	-	-	31,658	33,933
Interest	14,767	-	-	14,767	13,083
Miscellaneous	1,332	-	-	1,332	10,876
Total revenue	<u>252,833</u>	<u>-</u>	<u>-</u>	<u>252,833</u>	<u>300,076</u>
Total support and revenue	<u>749,270</u>	<u>122,347</u>	<u>15,616</u>	<u>887,233</u>	<u>996,437</u>
Net assets released from restrictions					
Satisfaction of restriction requirements	<u>139,135</u>	<u>(86,389)</u>	<u>(52,746)</u>	<u>-</u>	<u>-</u>
Expenses					
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	162,474
Nonprofit Navigator	16,662	-	-	16,662	80,478
BoardConnect	258,097	-	-	258,097	179,046
Education and training	-	-	-	-	161,937
Information services	-	-	-	-	60,735
WebConnect	-	-	-	-	77,241
Supporting services					
Management and general	241,403	-	-	241,403	156,770
Fundraising	43,642	-	-	43,642	39,786
Total expenses	<u>1,128,678</u>	<u>-</u>	<u>-</u>	<u>1,128,678</u>	<u>918,467</u>
Increase (decrease) in net assets	(240,273)	35,958	(37,130)	(241,445)	77,970
Net assets - beginning of year as previously stated	460,680	65,183	609,296	1,135,159	1,072,306
Correction of an error - Note J	-	-	-	-	(15,117)
Net assets - end of year	<u>\$ 220,407</u>	<u>\$ 101,141</u>	<u>\$ 572,166</u>	<u>\$ 893,714</u>	<u>\$ 1,135,159</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2006

	<u>Operations</u>		<u>Fixed Assets</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Temporarily Restricted</u>	<u>2006 RESTATED</u>
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 509,493	\$ 31,743	\$ 4,050	\$ 545,286
In-kind contributions				
Donated materials and supplies	8,019	-	-	8,019
Donated services	143,056	-	-	143,056
Total support	<u>660,568</u>	<u>31,743</u>	<u>4,050</u>	<u>696,361</u>
Revenue				
Registration fees -				
workshops, conferences, programs	67,733	-	-	67,733
Nonprofit Navigator	22,577	-	-	22,577
Rentals - tenant	151,874	-	-	151,874
Usage fees and other reimbursements	33,933	-	-	33,933
Interest	13,083	-	-	13,083
Miscellaneous	10,876	-	-	10,876
Total revenue	<u>300,076</u>	<u>-</u>	<u>-</u>	<u>300,076</u>
Total support and revenue	<u>960,644</u>	<u>31,743</u>	<u>4,050</u>	<u>996,437</u>
Net assets released from restrictions:				
Satisfaction of restriction requirements	<u>52,313</u>	<u>(5,000)</u>	<u>(47,313)</u>	<u>-</u>
Expenses				
Program services				
Education and training	161,937	-	-	161,937
Information services	60,735	-	-	60,735
Building management	162,474	-	-	162,474
Nonprofit Navigator	80,478	-	-	80,478
BoardConnect	179,046	-	-	179,046
WebConnect	77,241	-	-	77,241
Supporting services				
Management and general	156,770	-	-	156,770
Fundraising	39,786	-	-	39,786
Total expenses	<u>918,467</u>	<u>-</u>	<u>-</u>	<u>918,467</u>
Increase (decrease) in net assets	94,490	26,743	(43,263)	77,970
Net assets - beginning of year as previously stated	381,307	38,440	652,559	1,072,306
Correction of an error - Note J	<u>(15,117)</u>	<u>-</u>	<u>-</u>	<u>(15,117)</u>
Net assets - end of year	<u>\$ 460,680</u>	<u>\$ 65,183</u>	<u>\$ 609,296</u>	<u>\$ 1,135,159</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2007 with comparable totals for 2006

	Program Services				
	npServ	Resource Connect	Building Management	Nonprofit Navigator	BoardConnect
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
Postage - tenant reimbursable	-	-	-	-	-
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	-	-	-	-	-
Allocation of occupancy costs	-	-	-	-	-
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 with comparable totals for 2006

Supporting Services							
BoardConnect Outstate	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total		
					2007	2006	
\$ 42,549	\$ 495,467	\$ 103,341	\$ 34,921	\$ 138,262	\$ 633,729	\$ 403,954	
3,177	37,145	7,593	2,704	10,297	47,442	34,225	
3,051	28,413	5,564	2,608	8,172	36,585	18,002	
48,777	561,025	116,498	40,233	156,731	717,756	456,181	
369	6,341	4,825	150	4,975	11,316	9,655	
-	23,251	725	-	725	23,976	15,374	
581	4,120	980	510	1,490	5,610	5,329	
108	14,436	1,286	286	1,572	16,008	6,841	
-	-	-	-	-	-	12,127	
-	14,271	-	-	-	14,271	11,132	
-	27,881	-	-	-	27,881	28,326	
-	363	-	-	-	363	351	
3,209	8,538	5,739	636	6,375	14,913	8,116	
2,500	6,831	3,938	-	3,938	10,769	10,336	
-	2,351	3,876	-	3,876	6,227	6,314	
187	795	2,799	-	2,799	3,594	5,702	
1,168	10,889	547	61	608	11,497	19,443	
-	11,808	7,680	-	7,680	19,488	15,713	
8,037	49,839	4,710	-	4,710	54,549	70,404	
-	-	5,800	-	5,800	5,800	5,025	
484	7,186	-	-	-	7,186	-	
-	26,539	35,851	-	35,851	62,390	143,056	
1,872	33,046	15,163	1,766	16,929	49,975	26,366	
-	1,120	9,078	-	9,078	10,198	6,150	
-	-	3,110	-	3,110	3,110	213	
-	-	5,062	-	5,062	5,062	567	
-	-	-	-	-	-	-	
67,292	810,630	227,667	43,642	271,309	1,081,939	862,721	
252	33,003	13,736	-	13,736	46,739	55,746	
\$ 67,544	\$ 843,633	\$ 241,403	\$ 43,642	\$ 285,045	\$ 1,128,678	\$ 918,467	

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2006

	Program Services				
	Education and Training	Information Services	Building Management	Nonprofit Navigator	BoardConnect
Payroll expenses:					
Wages	\$ 52,180	\$ 44,463	\$ 29,986	\$ 65,986	\$ 123,754
Payroll taxes	4,110	3,499	2,333	4,966	9,200
Employee benefits	2,779	2,339	1,206	2,550	5,453
Total payroll expenses	<u>59,069</u>	<u>50,301</u>	<u>33,525</u>	<u>73,502</u>	<u>138,407</u>
Other expenses:					
Office supplies	264	263	3,001	494	1,307
Program expenses	2,643	2,750	-	4,981	5,000
Telephone	1,092	624	472	676	1,633
Postage	5,141	102	-	34	374
Postage - tenant reimbursable	-	-	12,127	-	-
Janitorial	-	-	11,132	-	-
Utilities	-	-	28,326	-	-
Rent	-	-	351	-	-
Travel and conferences	113	9	74	48	2,654
Dues and subscriptions	-	1,432	-	-	6,000
Insurance	-	-	2,272	-	-
Meals and entertainment	1,883	-	-	2	1,130
Copying and printing	7,097	348	1,245	75	2,679
Repairs and maintenance	-	-	10,486	-	-
Contract services	7,419	35	16,240	195	7,066
Professional fees	-	-	-	-	-
Donated services	68,110	-	-	-	2,785
Marketing and promotion	8,499	230	784	176	9,198
Miscellaneous	15	1,674	522	-	139
Bad debt	-	63	-	-	-
Loss on disposal	-	-	-	-	-
Allocation of occupancy costs	440	135	(1,780)	143	389
Total expenses before depreciation	<u>161,785</u>	<u>57,966</u>	<u>118,777</u>	<u>80,326</u>	<u>178,761</u>
Depreciation	<u>152</u>	<u>2,769</u>	<u>43,697</u>	<u>152</u>	<u>285</u>
Total expenses	<u>\$ 161,937</u>	<u>\$ 60,735</u>	<u>\$ 162,474</u>	<u>\$ 80,478</u>	<u>\$ 179,046</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2006

Supporting Services						
WebConnect	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	
\$ 17,836	\$ 334,205	\$ 40,389	\$ 29,360	\$ 69,749	\$ 403,954	
1,255	25,363	6,645	2,217	8,862	34,225	
316	14,643	1,867	1,492	3,359	18,002	
19,407	374,211	48,901	33,069	81,970	456,181	
549	5,878	3,112	665	3,777	9,655	
-	15,374	-	-	-	15,374	
624	5,121	-	208	208	5,329	
37	5,688	412	741	1,153	6,841	
-	12,127	-	-	-	12,127	
-	11,132	-	-	-	11,132	
-	28,326	-	-	-	28,326	
-	351	-	-	-	351	
90	2,988	4,937	191	5,128	8,116	
-	7,432	2,904	-	2,904	10,336	
-	2,272	4,042	-	4,042	6,314	
-	3,015	2,175	512	2,687	5,702	
315	11,759	7,684	-	7,684	19,443	
-	10,486	5,227	-	5,227	15,713	
15,929	46,884	23,520	-	23,520	70,404	
-	-	5,025	-	5,025	5,025	
40,000	110,895	32,161	-	32,161	143,056	
74	18,961	3,005	4,400	7,405	26,366	
-	2,350	3,800	-	3,800	6,150	
150	213	-	-	-	213	
-	-	567	-	567	567	
66	(607)	607	-	607	-	
77,241	674,856	148,079	39,786	187,865	862,721	
-	47,055	8,691	-	8,691	55,746	
\$ 77,241	\$ 721,911	\$ 156,770	\$ 39,786	\$ 196,556	\$ 918,467	

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

	2007	2006
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ (241,445)	\$ 77,970
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	46,739	55,746
Loss on disposal of fixed assets	5,062	567
Decrease (increase) in assets:		
Pledges receivable	(55,024)	(14,537)
Other receivables	45,008	(41,206)
Tenant reimbursements receivable	(3,960)	4,846
Deposits	5,873	(2,533)
Prepaid expenses	(12,310)	163
(Decrease) increase in liabilities:		
Accounts payable - trade	2,622	15,027
Refundable advances	565	325
Security deposits payable	(460)	156
Accrued liabilities	7,529	4,340
Net cash provided by operating activities	(199,801)	100,864
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	(33,688)	(35,735)
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Payments on obligation under capital lease	(3,575)	(3,191)
Net increase (decrease) in cash	(237,064)	61,938
Cash and cash equivalents - beginning of year	477,703	415,765
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 240,639	\$ 477,703

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 2006-2007, 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'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. In the 2007 fiscal year BoardConnect served many individuals and organizations:

- Individual Training: BoardConnect trained 208 individuals about the duties of board service.
- Organization Training: BoardConnect provided training to 69 organizations in building a stronger board.
- Board Matches: Nonprofits found 52 new board members through the matching program.
- Onsite board trainings: Boards representing 24 organizations and 349 board members received tailored training from BoardConnect on how to be more effective.

npServ – Our newest service, npServ, is a suite of technology-based support services that combines key capacity-building functions—technology infrastructure, data management, and specialized staffing—in a single, affordable program. npServ creates a customized, full-service technology environment for nonprofits. Savings are achieved through the use of Open Source operating systems and software, thin-client technology (allowing for instant efficiency upgrades to existing equipment), centralized server support, and the sharing of IT staff among nonprofits. We believe that npServ is the first program of its kind that targets nonprofits. In little more than a half year of operation, npServ achieved the following:

- IT Service: npServ converted and assumed operation of the IT infrastructures of six nonprofits representing 77 users.

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 2007 fiscal year the NEW Center provided a wide range of support to nonprofits:

- Tenants: 18 organizations were tenants as of June 30.
- Affiliates: 2 organizations participated in our affiliates program as of June 30.
- Conference Rooms: 2,246 reservations for 5,115 hours of conference room usage involved more than 14,000 participants.

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 this fiscal year in order to enhance after hour and weekend access to the collection). In the 2007 fiscal year, ResourceConnect provided the following levels of service:

- Consultations and FC Search: Provided direct guidance and consultation to over 560 individuals representing approximately 270 organizations.

NOTE A – NATURE OF ORGANIZATION (continued)

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

Online Training Calendar: The calendar included nearly 900 training opportunities, and received over 18,000 public page views

Print Publications:

NEWSNOTES: Over 800 regular subscribers and 23,000 public page views

Nonprofit Directory: 448 participating organizations as of June 30, and the Directory received nearly 144,000 public page views

Library (prior to move to Ann Arbor District Library in October 2006): 173 books checked out by 60 individuals.

Nonprofit Navigator – a pilot program that provided 18 months of comprehensive, in-depth organizational coaching and mentoring to select nonprofits. The program worked with the three organizations originally chosen for the program in previous fiscal years. All organizations concluded their action plans for greater organizational effectiveness. As planned, the program came to an end in December.

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 \$5,000 and \$2,000 for the years ended June 30, 2007 and 2006, 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2007 and 2006, donated supplies totaling \$1,544 and \$8,019, 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, 2007 and 2006, contributed services of \$62,390 and \$143,056, 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 \$822,359 and \$511,928, 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:

2008	\$ 78,748
2009	<u>17,346</u>
	<u>\$ 96,094</u>

NOTE D - LINE OF CREDIT

The Organization has 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, 2007 and 2006, there was no outstanding balance on the line of credit.

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 \$5,000 has been recorded. As of June 30, 2007 and 2006, pledged receivables are \$74,774 and \$14,750, respectively. The pledges at June 30, 2007 are expected to be received as follows: 2008 - \$68,174; 2009 - \$3,200; 2010 - \$3,200; and 2011 - \$200.

NOTE G - CONDITIONAL PLEDGES

The Organization also receives conditional pledges related to the "Partnership Program". 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, 2007 and 2006 are \$95,000 and \$250,000, 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.

The following is a schedule by years of future minimum lease payments required under the capital leases as of June 30, 2007:

Year Ending June 30	Future Minimum Lease Payments
2008	\$ 4,296
2009	358
Total future minimum payments	4,654
Less: interest	(295)
Net obligations under capital lease	<u>\$ 4,359</u>

Interest expense of \$721 and \$1,105 was incurred on the capital lease obligation in 2007 and 2006, respectively.

NOTE I - RECLASSIFICATIONS

Prior year amounts on the financial statements may have been reclassified to agree with the current year's presentation.

NOTE J - NET ASSET RESTATEMENT

2006 balances were restated to reduce accounts receivable for rent billings not yet earned and increase deferred revenue for rents collected in advance of the month earned. This change decreased unrestricted net assets at the beginning of 2006 by \$15,117 and increased the increase in unrestricted net asset by \$475 for 2006.