
Financial Statements

Nonprofit Enterprise at Work, Inc.

Years Ended June 30, 2004 and 2003

and Independent Auditors' Report

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Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Nonprofit Enterprise at Work, Inc. (a non-profit organization) as of June 30, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the years 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 of America. 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 examining, on a test basis, evidence supporting 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, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKR Dupuis & Ryden

Certified Public Accountants
Ann Arbor Office

September 21, 2004

Nonprofit Enterprise at Work, Inc.
Statements of Financial Position
June 30, 2004 and 2003

	2004	2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 298,943	\$ 260,718
Accounts receivable:		
Pledges - current	25,000	75,000
Other, net	14,650	11,803
Tenant reimbursements	12,208	11,681
Inventory	-	342
Deposits	2,744	12,637
Prepaid expenses	2,672	2,683
Total current assets	356,217	374,864
Other assets:		
Pledges - long term	-	25,000
Fixed assets:		
Land	53,000	53,000
Building and improvements	780,129	770,269
Furniture and fixtures	106,980	120,686
Library	49,645	46,806
Computer equipment and software	33,394	15,705
Total fixed assets	1,023,148	1,006,466
Less accumulated depreciation and amortization	(366,941)	(374,288)
Total fixed assets	656,207	632,178
	\$ 1,012,424	\$ 1,032,042
Liabilities and Net Assets		
Current liabilities:		
Accounts payable - trade	\$ 6,897	\$ 4,618
Accrued liabilities	13,050	14,863
Refundable advances	32,770	46,282
Security deposits payable	4,565	4,937
Total current liabilities	57,282	70,700
Net assets:		
Unrestricted net assets	235,595	152,157
Temporarily restricted - operations	25,000	100,000
Temporarily restricted fixed assets	694,547	709,185
Total net assets	955,142	961,342
	\$ 1,012,424	\$ 1,032,042

See notes to financial statements.

Nonprofit Enterprise at Work, Inc.
Statement of Activities
For the Year Ended June 30, 2004
With Comparative Totals for June 30, 2003

	<u>Operations</u>		<u>Fixed Assets</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Temporarily Restricted</u>
Support and revenue			
Support:			
Grants, contributions, and sponsorships	\$ 301,593	\$ -	\$ 30,000
In-kind contributions			
Donated materials and supplies	11,071	-	-
Donated services	103,902	-	-
	<hr/>	<hr/>	<hr/>
Total support	416,566	-	30,000
	<hr/>	<hr/>	<hr/>
Revenue:			
Registration fees -	66,510	-	-
workshops, conferences, programs			
Consulting	18,961	-	-
Rentals - tenant	145,829	-	-
Usage fees and other reimbursements	30,437	-	-
Interest	2,036	-	-
Miscellaneous	5,351	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	269,124	-	-
	<hr/>	<hr/>	<hr/>
Total support and revenue	685,690	-	30,000
	<hr/>	<hr/>	<hr/>
Net assets released from restrictions:			
Satisfaction of restriction requirements	119,638	(75,000)	(44,638)
	<hr/>	<hr/>	<hr/>
Total net asset reclassifications	119,638	(75,000)	(44,638)
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services:			
Education and training	209,731	-	-
Information systems and support	54,534	-	-
Building management	124,143	-	-
Advocacy and outreach	15,805	-	-
Consulting	39,648	-	-
Board programs	52,413	-	-
Technology	43,564	-	-
Publications	11,532	-	-
	<hr/>	<hr/>	<hr/>
Supporting services:			
Management and general	158,811	-	-
Fundraising	11,709	-	-
	<hr/>	<hr/>	<hr/>
Total expenses	721,890	-	-
	<hr/>	<hr/>	<hr/>
Increase (decrease) in net assets	83,438	(75,000)	(14,638)
	<hr/>	<hr/>	<hr/>
Net assets - beginning of year	152,157	100,000	709,185
	<hr/>	<hr/>	<hr/>
Net assets - end of year	\$ 235,595	\$ 25,000	\$ 694,547
	<hr/>	<hr/>	<hr/>

See notes to financial statements.

Totals	
2004	2003
\$ 331,593	\$ 488,082
11,071	11,505
103,902	145,290
<u>446,566</u>	<u>644,877</u>
66,510	63,659
18,961	15,239
145,829	139,059
30,437	28,970
2,036	1,602
5,351	4,744
<u>269,124</u>	<u>253,273</u>
<u>715,690</u>	<u>898,150</u>
-	-
-	-
209,731	227,880
54,534	46,460
124,143	110,110
15,805	43,667
39,648	56,444
52,413	44,960
43,564	69,460
11,532	15,534
158,811	167,781
11,709	178
<u>721,890</u>	<u>782,474</u>
(6,200)	115,676
<u>961,342</u>	<u>845,666</u>
<u>\$ 955,142</u>	<u>\$ 961,342</u>

Nonprofit Enterprise at Work, Inc.
Statement of Activities
For the Year Ended June 30, 2003

	<u>Operations</u>		<u>Fixed Assets</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Temporarily Restricted</u>	<u>2003</u>
Support and revenue				
Support:				
Grants, contributions, and sponsorships	\$ 313,082	\$ 175,000	\$ -	\$ 488,082
In-kind contributions				
Donated materials and supplies	11,505	-	-	11,505
Donated services	145,290	-	-	145,290
Total support	469,877	175,000	-	644,877
Revenue:				
Registration fees - workshops, conferences, programs	63,659	-	-	63,659
Consulting	15,239	-	-	15,239
Rentals - tenant	139,059	-	-	139,059
Usage fees and other reimbursements	28,970	-	-	28,970
Interest	1,602	-	-	1,602
Miscellaneous	4,744	-	-	4,744
Total revenue	253,273	-	-	253,273
Total support and revenue	723,150	175,000	-	898,150
Net assets released from restrictions:				
Satisfaction of restriction requirements	249,308	(226,805)	(22,503)	-
Reclassification - building improvement	(99,991)	-	99,991	-
Total net asset reclassifications	149,317	(226,805)	77,488	-
Expenses:				
Program services:				
Education and training	227,880	-	-	227,880
Information systems and support	46,460	-	-	46,460
Building management	110,110	-	-	110,110
Advocacy and outreach	43,667	-	-	43,667
Consulting	56,444	-	-	56,444
Board programs	44,960	-	-	44,960
Technology	69,460	-	-	69,460
Publications	15,534	-	-	15,534
Supporting services:				
Management and general	167,781	-	-	167,781
Fundraising	178	-	-	178
Total expenses	782,474	-	-	782,474
Increase (decrease) in net assets	89,993	(51,805)	77,488	115,676
Net assets - beginning of year	62,164	151,805	631,697	845,666
Net assets - end of year	\$ 152,157	\$ 100,000	\$ 709,185	\$ 961,342

See notes to financial statements.

Nonprofit Enterprise at Work, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2004
With Comparative Totals for June 30, 2003

	Program Services					
	Education and Training	Information Systems and Support	Building Management	Advocacy and Outreach	Consulting	Board
Payroll expenses:						
Wages	\$ 68,634	\$ 38,018	\$ 50,050	\$ 14,146	\$ 25,947	\$ 35,681
Payroll taxes	7,330	2,832	3,698	1,109	2,148	2,670
Employee benefits	3,962	795	3,814	-	1,483	128
Total payroll expenses	79,926	41,645	57,562	15,255	29,578	38,479
Other expenses:						
Office supplies	549	358	3,198	-	-	444
Program expenses	3,897	-	-	-	3,563	-
Telephone	1,069	963	535	-	963	642
Postage	3,681	201	-	32	218	126
Postage - tenant reimbursable	-	-	12,941	-	-	-
Janitorial	-	-	9,874	-	-	-
Utilities	-	-	30,505	-	-	-
Rent	-	-	300	-	-	-
Travel and conferences	25	89	37	-	382	308
Training	-	-	-	-	-	-
Dues and subscriptions	-	2,164	-	-	-	5,500
Insurance	-	-	2,511	-	-	-
Meals and entertainment	3,363	-	-	-	38	145
Copying and printing	7,995	-	-	-	98	-
Repairs and maintenance	-	-	7,554	-	-	-
Contract services	4,176	1,200	10,612	-	-	1,350
Professional fees	-	-	-	-	-	-
Donated services	81,443	-	-	-	-	-
Marketing and promotion	9,126	316	281	-	179	386
Miscellaneous	62	-	381	-	-	-
Bad debt	-	-	-	-	290	-
Loss on disposal	-	-	-	-	-	-
Allocation of occupancy costs	14,396	3,942	(37,259)	518	3,804	5,033
Total expenses before depreciation	209,708	50,878	99,032	15,805	39,113	52,413
Depreciation	23	3,656	25,111	-	535	-
Total expenses	\$ 209,731	\$ 54,534	\$ 124,143	\$ 15,805	\$ 39,648	\$ 52,413

See notes to financial statements.

Supporting Services

Technology	Publications	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	
						2004	2003
\$ 24,431	\$ 7,303	\$ 264,210	\$ 66,155	\$ 7,500	\$ 73,655	\$ 337,865	\$ 329,218
-	539	20,326	11,585	2,901	14,486	34,812	25,715
364	-	10,546	2,949	1,226	4,175	14,721	15,119
24,795	7,842	295,082	80,689	11,627	92,316	387,398	370,052
-	70	4,619	5,852	-	5,852	10,471	15,982
-	-	7,460	-	-	-	7,460	21,069
749	-	4,921	428	-	428	5,349	5,136
41	6	4,305	1,102	-	1,102	5,407	8,591
-	-	12,941	-	-	-	12,941	11,863
-	-	9,874	-	-	-	9,874	9,889
-	-	30,505	-	-	-	30,505	25,885
-	-	300	-	-	-	300	-
-	-	841	1,454	-	1,454	2,295	5,339
-	-	-	-	-	-	-	91
-	-	7,664	2,294	-	2,294	9,958	10,345
-	-	2,511	4,265	-	4,265	6,776	6,006
-	-	3,546	135	82	217	3,763	1,292
-	-	8,093	2,030	-	2,030	10,123	17,113
-	-	7,554	5,194	-	5,194	12,748	17,404
9,435	200	26,973	7,200	-	7,200	34,173	44,735
-	-	-	4,400	-	4,400	4,400	4,325
5,550	-	86,993	10,787	-	10,787	97,780	147,940
100	2,250	12,638	7,049	-	7,049	19,687	19,306
250	-	693	8,303	-	8,303	8,996	2,940
-	-	290	-	-	-	290	96
-	-	-	6,675	-	6,675	6,675	-
2,644	1,164	(5,758)	5,758	-	5,758	-	-
43,564	11,532	522,045	153,615	11,709	165,324	687,369	745,399
-	-	29,325	5,196	-	5,196	34,521	37,075
\$ 43,564	\$ 11,532	\$ 551,370	\$ 158,811	\$ 11,709	\$ 170,520	\$ 721,890	\$ 782,474

**Nonprofit Enterprise at Work, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2003**

	Program Services				
	Education and Training	Information Systems and Support	Building Management	Advocacy and Outreach	Consulting
Payroll expenses:					
Wages	\$ 76,249	\$ 29,136	\$ 38,478	\$ 12,407	\$ 33,335
Payroll taxes	8,011	2,254	2,906	1,009	2,599
Employee benefits	3,732	591	3,266	-	2,825
Total payroll expenses	<u>87,992</u>	<u>31,981</u>	<u>44,650</u>	<u>13,416</u>	<u>38,759</u>
Other expenses:					
Office supplies	1,464	471	4,512	1,630	64
Program expenses	3,328	-	-	17,548	193
Telephone	1,027	925	616	-	1,027
Postage	4,665	335	-	716	671
Postage - tenant reimbursable	-	-	11,863	-	-
Janitorial	-	-	9,889	-	-
Utilities	-	-	25,885	-	-
Travel and conferences	532	195	24	-	627
Training	-	-	-	-	50
Dues and subscriptions	-	2,959	-	-	-
Insurance	-	-	-	-	-
Meals and entertainment	903	-	-	-	229
Copying and printing	6,616	-	-	2,831	221
Repairs and maintenance	-	-	16,536	-	-
Contract services	7,439	500	7,481	-	5,300
Professional fees	-	-	-	-	-
Donated services	92,405	-	-	5,285	-
Marketing and promotion	7,567	345	674	1,527	395
Miscellaneous	32	-	25	-	-
Bad debt	-	-	-	-	-
Allocation of occupancy costs	13,630	3,711	(35,880)	714	3,806
Total expenses before depreciation	<u>227,600</u>	<u>41,422</u>	<u>86,275</u>	<u>43,667</u>	<u>51,342</u>
Depreciation	280	5,038	23,835	-	5,102
Total expenses	<u>\$ 227,880</u>	<u>\$ 46,460</u>	<u>\$ 110,110</u>	<u>\$ 43,667</u>	<u>\$ 56,444</u>

See notes to financial statements.

Board	Technology	Publications	Total Program Services	Supporting Services		Total Supporting Services	Total
				Management and General	Fundraising		
\$ 27,639	\$ 22,813	\$ 6,134	\$ 246,191	\$ 83,027	\$ -	\$ 83,027	\$ 329,218
2,326	-	467	19,572	6,143	-	6,143	25,715
372	496	-	11,282	3,837	-	3,837	15,119
30,337	23,309	6,601	277,045	93,007	-	93,007	370,052
1,132	573	309	10,155	5,827	-	5,827	15,982
-	-	-	21,069	-	-	-	21,069
719	822	-	5,136	-	-	-	5,136
336	260	363	7,346	1,245	-	1,245	8,591
-	-	-	11,863	-	-	-	11,863
-	-	-	9,889	-	-	-	9,889
78	-	-	25,885	-	-	-	25,885
-	41	-	1,456	3,883	-	3,883	5,339
5,000	-	-	91	-	-	-	91
-	-	-	7,959	2,386	-	2,386	10,345
130	-	-	-	6,006	-	6,006	6,006
-	-	-	1,262	-	30	30	1,292
-	775	4,167	14,610	2,503	-	2,503	17,113
1,550	16,998	188	16,536	868	-	868	17,404
-	-	-	39,456	5,279	-	5,279	44,735
-	-	-	-	4,325	-	4,325	4,325
-	22,815	3,050	123,555	24,385	-	24,385	147,940
1,928	1,192	-	13,628	5,530	148	5,678	19,306
-	-	-	57	2,883	-	2,883	2,940
-	-	-	-	96	-	96	96
3,750	2,675	856	(6,738)	6,738	-	6,738	-
44,960	69,460	15,534	580,260	164,961	178	165,139	745,399
-	-	-	34,255	2,820	-	2,820	37,075
\$ 44,960	\$ 69,460	\$ 15,534	\$ 614,515	\$ 167,781	\$ 178	\$ 167,959	\$ 782,474

Nonprofit Enterprise at Work, Inc.
Statements of Cash Flows
For the Year Ended June 30, 2004 and 2003

	2004	2003
Cash flows provided by (used in) operating activities:		
Net increase (decrease) in net assets	\$ (6,200)	\$ 115,676
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,521	37,075
Loss on disposal of fixed assets and inventory	6,675	-
Decrease (increase) in assets:		
Pledges receivable	75,000	51,805
Other receivables	(2,847)	7,515
Tenant reimbursements receivable	(527)	(3,802)
Deposits	9,893	(12,637)
Prepaid expenses	11	(168)
(Decrease) increase in liabilities:		
Accounts payable - trade	2,279	(5,252)
Refundable advances	(13,512)	(5,424)
Security deposits payable	(372)	298
Accrued liabilities	(1,813)	(382)
Net cash provided by operating activities	103,108	184,704
Cash flows provided by (used in) investing activities:		
Purchase of fixed assets	(64,883)	(11,328)
Net increase in cash	38,225	173,376
Cash and cash equivalents - beginning of year	260,718	87,342
Cash and cash equivalents - end of year	\$ 298,943	\$ 260,718

Non-cash activity:

Contributed services in the amount of \$103,902 and \$145,290 were received for the years ending June 30, 2004 and 2003, respectively.

Contributed materials in the amount of \$11,071 and \$11,505 were received for the years ending June 30, 2004 and 2003, respectively.

See notes to financial statements.

Nonprofit Enterprise at Work, Inc.
Notes to Financial Statements
June 30, 2004 and 2003

1. **Nature of organization**

Nonprofit Enterprise at Work, Inc. is a Michigan non-profit organization providing facilities, educational programs, and leadership to non-profit arts and human service organizations. Sources of revenues are grants, contributions, rental income, and fees for services rendered.

2. **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 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.

Building improvements are similarly restricted for designated activities related to the organization, and are presented on the statement of activities as a net asset reclassification from unrestricted net assets to temporarily restricted net assets.

The Organization does not have any permanently restricted net assets.

The Organization follows Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Accordingly, investments with marketable securities with readily determinable fair values, and all investments in debt securities are valued at their fair values in the statement of assets, liabilities, and net assets. There were no investments held at June 30, 2004 and 2003

Accounts receivable:

All allowance for uncollectible accounts was established in the amount of \$61 and \$456 for the years ended June 30, 2004 and 2003, respectively.

Nonprofit Enterprise at Work, Inc.
Notes to Financial Statements
June 30, 2004 and 2003

2. **Summary of significant accounting policies – (continued)**

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.

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.

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 year ended June 30, 2004 and 2003, donated supplies totaling \$11,071 and \$11,505, 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 year ended June 30, 2004 and 2003 contributed services of \$103,902 and \$145,290 were recognized in the unrestricted net asset class.

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.

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.

Short-term cash investments considered as cash equivalents include Government Securities Portfolio Money Market fund held at Raymond James and a Ford Money Market account. The carrying amount and market value of these funds is \$164,002. The Organization's share of the fund is not insured or specifically collateralized in the Organization's name. The market value of the investment at June 30, 2004 is equal to 100% of the carrying value. The Organization, also, has a checking account at a banking institution. The bank balance is \$142,813 and the book balance is \$134,914. The difference represents outstanding checks at year end. Of the deposits, \$42,813 is uninsured.

Nonprofit Enterprise at Work, Inc.
Notes to Financial Statements
June 30, 2004 and 2003

2. **Summary of significant accounting policies – (continued)**

Inventory:

Inventory is stated at replacement value, which approximates cost and consists of books and other reference materials.

3. **Operating leases**

The Organization, as lessor, has entered into operating leases with non-profit organizations that occupy the facility. The facility's cost and carrying amount is \$823,269 and \$614,322, respectively. The leases are from one to four years. Future minimum lease payments, in total and for the fiscal years ending June 30, for which leases have been negotiated, are as follows:

2005	\$ 133,178
2006	58,933
2007	<u>2,122</u>
	<u><u>\$ 194,233</u></u>

4. **Line of credit**

The Organization has a \$150,000 line of credit available with a bank at an interest rate equal to the "prime rate" for a 15-month period, beginning January 1, 2004. All assets are pledged as collateral. At June 30, 2004 and 2003, there was no outstanding balance on the line of credit.

5. **Deferred compensation plan**

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

6. **Reclassifications**

Certain amounts for the year ended June 30, 2003 have been reclassified to conform with the current year presentation.

7. **Refundable advances**

Refundable advances represent amounts that were advanced for services/activities that will be rendered by the Organization in subsequent years. Examples of refundable advances would be amounts received by the Organization by sponsors of the educational workshops in the Fall subsequent to the fiscal year end.

8. **Pledges receivable**

Pledges receivable in the amount of \$25,000 represent unconditional commitments from companies for pledges related to the "Partnership Program". A total of \$25,000 is due to be received by June 30, 2005. No allowance for uncollectible or discount amount has been deemed necessary. Conditional pledges of \$100,000 have been made to the "Partnership Program" due to the nature of the pledges they have been excluded from pledges receivable and will be recorded as revenue in the period in which the conditions are met.

Nonprofit Enterprise at Work, Inc.
Notes to Financial Statements
June 30, 2004 and 2003

9. **Conditional pledges**

The organization has received two conditional pledges in the amount of \$100,000 that will be recorded when the condition is met.

10. **Restatements**

Temporarily restricted net assets and unrestricted net assets at June 30, 2003 were restated to reclassify assets received that were restricted for special fixed asset acquisitions. Temporarily restricted net assets were restated from \$614,321 to \$709,185. As a result, unrestricted net assets were restated from \$247,021 to \$152,157.