
NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the year ended June 30, 2012 and 2011

NONPROFIT ENTERPRISE AT WORK, INC.

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For the year ended June 30, 2012 and 2011

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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, 2012 and 2011 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, 2012 and 2011, 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
November 13, 2012

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

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 145,865	\$ 67,787
Promises to give, net of allowance	13,316	171,305
Accounts receivable - rent	2,084	1,507
Accounts receivable - other	22,404	39,794
Inventory	26,550	22,500
Prepaid expenses	13,157	12,660
Total current assets	223,376	315,553
Promises to give, due after one year	-	20,000
Property and equipment:		
Land	53,000	53,000
Building and improvements	860,390	858,007
Furniture and fixtures	98,475	119,486
Computer equipment and software	10,935	29,181
Total property and equipment	1,022,800	1,059,674
Less accumulated depreciation and amortization	(545,179)	(491,808)
Property and equipment, net of depreciation and amortization	477,621	520,144
TOTAL ASSETS	\$ 700,997	\$ 855,697
LIABILITIES		
Current liabilities		
Accounts payable - trade	\$ 9,769	\$ 24,717
Accrued liabilities	35,152	33,569
Capital lease obligation	-	6,038
Deferred revenue	11,966	4,604
Line of credit	90,000	75,000
Total current liabilities	146,887	143,928
Security deposits payable	3,794	4,331
Capital lease obligation, due after one year	-	792
TOTAL LIABILITIES	150,681	149,051
NET ASSETS		
Unrestricted net assets	93,841	52,287
Temporarily restricted - operations	23,316	199,305
Temporarily restricted - fixed assets	433,159	455,054
TOTAL NET ASSETS	550,316	706,646
TOTAL LIABILITIES AND NET ASSETS	\$ 700,997	\$ 855,697

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2012, with comparable totals for 2011

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2012	2011
Support and Revenue					
Support					
Grants, contributions, and sponsorships	\$ 221,209	\$ 3,316	\$ -	\$ 224,525	\$ 305,947
In-kind contributions:					
Donated materials and supplies	26,435	-	-	26,435	26,036
Donated services	47,881	-	-	47,881	55,139
Total support	<u>295,525</u>	<u>3,316</u>	<u>-</u>	<u>298,841</u>	<u>387,122</u>
Revenue					
Program fees	306,193	-	-	306,193	261,445
Tenant					
Rentals	159,439	-	-	159,439	150,724
Reimbursements	34,426	-	-	34,426	25,826
Interest	147	-	-	147	153
Miscellaneous	13,296	-	-	13,296	4,787
Total revenue	<u>513,501</u>	<u>-</u>	<u>-</u>	<u>513,501</u>	<u>442,935</u>
Total support and revenue	<u>809,026</u>	<u>3,316</u>	<u>-</u>	<u>812,342</u>	<u>830,057</u>
Net assets released from restrictions					
Satisfaction of restriction requirements	201,200	(179,305)	(21,895)	-	-
Expenses					
Program services					
npServ	308,463	-	-	308,463	295,094
Resource connect	55,749	-	-	55,749	71,357
Building management	177,069	-	-	177,069	205,023
BoardConnect	193,466	-	-	193,466	249,608
Supporting services					
Management and general	173,219	-	-	173,219	189,768
Fundraising	60,706	-	-	60,706	108,900
Total expenses	<u>968,672</u>	<u>-</u>	<u>-</u>	<u>968,672</u>	<u>1,119,750</u>
Increase (decrease) in net assets	41,554	(175,989)	(21,895)	(156,330)	(289,693)
Net assets - beginning of year	<u>52,287</u>	<u>199,305</u>	<u>455,054</u>	<u>706,646</u>	<u>996,339</u>
Net assets - end of year	<u>\$ 93,841</u>	<u>\$ 23,316</u>	<u>\$ 433,159</u>	<u>\$ 550,316</u>	<u>\$ 706,646</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

	Operations		Fixed Assets	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2011
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 174,642	\$ 131,305	\$ -	\$ 305,947
In-kind contributions				
Donated materials and supplies	26,036	-	-	26,036
Donated services	55,139	-	-	55,139
Total support	<u>255,817</u>	<u>131,305</u>	<u>-</u>	<u>387,122</u>
Revenue				
Program fees	261,445	-	-	261,445
Tenants				
Rentals	150,724	-	-	150,724
Reimbursements	25,826	-	-	25,826
Interest	153	-	-	153
Miscellaneous	4,787	-	-	4,787
Total revenue	<u>442,935</u>	<u>-</u>	<u>-</u>	<u>442,935</u>
Total support and revenue	<u>698,752</u>	<u>131,305</u>	<u>-</u>	<u>830,057</u>
Net assets released from restrictions:				
Satisfaction of restriction requirements	233,572	(209,043)	(24,529)	-
Expenses				
Program services				
npServ	295,094	-	-	295,094
Resource connect	71,357	-	-	71,357
Building management	205,023	-	-	205,023
BoardConnect	249,608	-	-	249,608
Supporting services				
Management and general	189,768	-	-	189,768
Fundraising	108,900	-	-	108,900
Total expenses	<u>1,119,750</u>	<u>-</u>	<u>-</u>	<u>1,119,750</u>
Increase (decrease) in net assets	(187,426)	(77,738)	(24,529)	(289,693)
Net assets - beginning of year	239,713	277,043	479,583	996,339
Net assets - end of year	<u>\$ 52,287</u>	<u>\$ 199,305</u>	<u>\$ 455,054</u>	<u>\$ 706,646</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2012 with comparable totals for 2011

	Program Services				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 174,116	\$ 41,261	\$ 40,342	\$ 133,692	\$ 389,411
Payroll taxes	12,314	3,027	2,708	11,413	29,462
Employee benefits	9,965	4,124	2,954	7,117	24,160
Total payroll expenses	<u>196,395</u>	<u>48,412</u>	<u>46,004</u>	<u>152,222</u>	<u>443,033</u>
Other expenses:					
Office supplies	3,063	61	2,145	1,235	6,504
Program expenses	17,823	-	-	-	17,823
Telephone	825	105	157	437	1,524
Telephone Tenants	-	-	7,996	-	7,996
Postage	87	66	7,255	143	7,551
Copies/Faxes to Pgrams/Bldg	-	-	(4,562)	-	(4,562)
Janitorial	-	-	13,696	-	13,696
Utilities	-	-	19,844	-	19,844
Rent (Detroit office)	1,571	786	-	1,228	3,585
Travel and conferences	8,513	876	38	10,237	19,664
Dues and subscriptions	-	1,476	-	6,000	7,476
Insurance	-	-	1,845	-	1,845
Meals and entertainment	102	-	-	2,629	2,731
Copying and printing	118	248	13	3,726	4,105
Repairs and maintenance	-	-	22,606	-	22,606
Contract services	20,536	2,330	20,660	6,415	49,941
Donated computer equipment	19,525	-	-	-	19,525
Grant award	17,940	-	-	6,654	24,594
Professional fees	-	-	-	-	-
Professional development	-	-	-	229	229
Donated services	21,568	1,250	500	875	24,193
Marketing and promotion	397	139	888	1,436	2,860
Miscellaneous	-	-	(160)	-	(160)
Bad debt	-	-	-	-	-
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	<u>308,463</u>	<u>55,749</u>	<u>138,925</u>	<u>193,466</u>	<u>696,603</u>
Depreciation	-	-	38,144	-	38,144
Total expenses	<u>\$ 308,463</u>	<u>\$ 55,749</u>	<u>\$ 177,069</u>	<u>\$ 193,466</u>	<u>\$ 734,747</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2012 with comparable totals for 2011

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total	
			2012	2011
\$ 87,125	\$ 49,304	\$ 136,429	\$ 525,840	\$ 644,599
5,257	3,744	9,001	38,463	47,442
4,024	4,176	8,200	32,360	44,694
96,406	57,224	153,630	596,663	736,735
2,033	85	2,118	8,622	6,697
-	-	-	17,823	9,220
245	279	524	2,048	3,541
-	-	-	7,996	11,286
559	213	772	8,323	8,649
-	-	-	(4,562)	(4,582)
-	-	-	13,696	12,848
-	-	-	19,844	18,130
540	786	1,326	4,911	4,612
713	-	713	20,377	20,487
1,194	-	1,194	8,670	10,599
3,210	-	3,210	5,055	5,070
1,791	-	1,791	4,522	4,603
534	84	618	4,723	7,774
-	-	-	22,606	19,651
3,591	1,968	5,559	55,500	98,631
-	-	-	19,525	-
-	-	-	24,594	-
10,750	-	10,750	10,750	10,500
-	-	-	229	448
23,263	-	23,263	47,456	55,139
639	67	706	3,566	17,005
12,609	-	12,609	12,449	8,060
7,305	-	7,305	7,305	2,685
368	-	368	368	-
165,750	60,706	226,456	923,059	1,067,788
7,469	-	7,469	45,613	51,962
\$ 173,219	\$ 60,706	\$ 233,925	\$ 968,672	\$ 1,119,750

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2011

	Program Services				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 190,634	\$ 53,380	\$ 59,316	\$ 161,226	\$ 464,556
Payroll taxes	13,477	3,997	4,493	11,734	33,701
Employee benefits	13,985	2,947	4,093	10,947	31,972
Total payroll expenses	218,096	60,324	67,902	183,907	530,229
Other expenses:					
Office supplies	151	195	2,796	1,147	4,289
Program expenses	9,220	-	-	-	9,220
Telephone	2,352	105	157	437	3,051
Telephone Tenants			11,286		11,286
Postage	52	70	7,055	538	7,715
Copies/Faxes to Pgrams/Bldg	-	-	(4,582)	-	(4,582)
Janitorial	-	-	12,848	-	12,848
Utilities	-	-	18,130	-	18,130
Rent (Detroit office)	1,433	740	-	1,163	3,336
Travel and conferences	6,790	912	78	11,187	18,967
Dues and subscriptions	-	1,336	-	6,000	7,336
Insurance	-	-	1,772	-	1,772
Meals and entertainment	472	-	-	2,944	3,416
Copying and printing	383	187	138	4,245	4,953
Repairs and maintenance	-	-	19,651	-	19,651
Contract services	29,142	5,115	22,636	23,541	80,434
Professional fees	-	-	-	-	-
Professional development	-	-	-	359	359
Donated services	22,931	2,000	1,500	4,000	30,431
Marketing and promotion	2,972	319	334	9,915	13,540
Miscellaneous	1,100	-	107	-	1,207
Bad debt	-	-	-	-	-
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	295,094	71,303	161,808	249,383	777,588
Depreciation	-	54	43,215	225	43,494
Total expenses	\$ 295,094	\$ 71,357	\$ 205,023	\$ 249,608	\$ 821,082

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2011

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total 2011
\$ 88,462	\$ 91,581	\$ 180,043	\$ 644,599
7,149	6,592	13,741	47,442
5,189	7,533	12,722	44,694
100,800	105,706	206,506	736,735
2,062	346	2,408	6,697
	-	-	9,220
210	280	490	3,541
			11,286
544	390	934	8,649
	-	-	(4,582)
	-	-	12,848
	-	-	18,130
522	754	1,276	4,612
1,377	143	1,520	20,487
3,263	-	3,263	10,599
3,298	-	3,298	5,070
1,187	-	1,187	4,603
2,220	601	2,821	7,774
	-	-	19,651
18,197		18,197	98,631
10,500	-	10,500	10,500
	89	89	448
24,708		24,708	55,139
2,874	591	3,465	17,005
6,853	-	6,853	8,060
2,685	-	2,685	2,685
	-	-	-
181,300	108,900	290,200	1,067,788
8,468	-	8,468	51,962
\$ 189,768	\$ 108,900	\$ 298,668	\$ 1,119,750

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

	<u>2012</u>	<u>2011</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ (156,330)	\$ (289,693)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	45,613	51,961
Loss on disposal of fixed assets	368	-
Decrease (increase) in assets:		
Pledges receivable	177,989	77,738
Other receivables	17,390	(12,861)
Tenant reimbursements receivable	(577)	(917)
Inventory	(4,050)	(22,500)
Prepaid expenses	(497)	2,275
(Decrease) increase in liabilities:		
Accounts payable - trade	(14,948)	1,790
Deferred revenue	7,362	(3,554)
Security deposits payable	(537)	560
Accrued liabilities	1,583	(805)
	<u>73,366</u>	<u>(196,006)</u>
Net cash provided by operating activities		
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>(3,458)</u>	<u>(4,239)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Net borrowings on line of credit	15,000	75,000
Payments on obligation under capital lease	<u>(6,830)</u>	<u>(9,973)</u>
Net cash provided by financing activities	<u>8,170</u>	<u>65,027</u>
Net increase (decrease) in cash	78,078	(135,218)
Cash and cash equivalents - beginning of year	<u>67,787</u>	<u>203,005</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 145,865</u></u>	<u><u>\$ 67,787</u></u>

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 the nonprofit community. NEW is 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.

NEW offers the following programs:

BoardConnect – The program recruits and trains potential nonprofit board members and then helps match them to participating nonprofit organizations. BoardConnect also provides beginning and advanced governance training and support to existing nonprofit boards. In addition, BoardConnect offers the “Board Room,” an online collection of best practice documents for board governance, and Board360, an affordable board assessment tool. In the 2012 fiscal year BoardConnect served a wide range of individuals and organizations:

- Nonprofits Served: Through customized training for boards, the BoardConnect program served 59 nonprofits.
- Individuals Served: Through the full range of BoardConnect services for individuals seeking boards and individuals serving on boards, the program served 1,795 individuals.
- NEW workshops: There were a total of 23 workshops offered in various locations.
- Board Matches: Nonprofits found 38 new board members through BoardConnect matching services.
- Board Room Subscriptions: There were 329 new subscribers to The Board Room in 2011-2012.
- Local Service Providers: 3 “local service providers” in Kalamazoo, Flint and Durham, North Carolina redeliver BoardConnect training and matching services to their local nonprofits.
- Board360™: 9 organizations used our online board assessment tool.

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. Our shared phone system for tenants saves them an average of 30% per year while enhancing their communications capabilities. In the 2012 fiscal year the NEW Center provided a wide range of support to nonprofits:

- Tenants: 19 organizations were tenants as of June 30, 2012, 11 of which participated in the NEW Center’s shared telephone system.
- Affiliates: 1 organization participated in our Affiliate Program as of June 30, 2012.
- Conference Rooms: Tenant and non-tenant nonprofits made 1,582 reservations for 4,243.5 hours of conference room usage involving more than 14,563 attendees.

npServ – The program combines traditional business solutions and innovative new technologies to provide strategic, cost-effective IT services to nonprofits, helping them create and maintain an optimal technology environment tailored to their mission, budget, and needs. npServ lowers hardware, software, energy, and management costs, while enabling greater reliability, daily remote data backup, remote access to workstations, and many other benefits. Nonprofits have access to on-call IT support during regular business hours for an affordable monthly fee. npServ also offers hosted email for nonprofits. In 2011-12, npServ:

- Provided ongoing IT support and maintenance for 39 organizations and 349 workstations
- Provided hosted email and group calendaring to 465 users

NOTE A – NATURE OF ORGANIZATION (continued)

ResourceConnect – The program provides answers to nonprofit management questions for nonprofits and community members. Free online and offline resources connect organizations to up-to-date information and best practices. The program also provides guided access to a database of over 100,000 potential funders, and the “Get Connected” event series provides networking opportunities and information on nonprofit issues and concerns. In 2011-2012, ResourceConnect:

- Provided 9 “Get Connected” events with 362 attendees and 26 volunteer presenters
- Provided general management information and Foundation Directory Online access to 407 individuals representing 237 nonprofits
- Published an online nonprofit resource directory that received almost 120,000 page views
- Published a directory of local nonprofits that received over 165,000 page views
- Published NEWSNOTES, a monthly online newsletter for nonprofits with over 10,100 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of June 30, 2012, the Organization has \$25,000 in restricted cash that serves as collateral for an irrevocable standby letter of credit that is required by their unemployment provider.

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, 2012 or 2011.

Inventory

Inventory consists of donated computer equipment valued at the estimated fair value at the time of donation.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2009, 2010, 2011, 2012 are subject to examination by the Internal Revenue Service, generally for three years after being filed.

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, 2012 and 2011, donated supplies totaling \$26,301 and \$26,036, 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, 2012 and 2011, contributed services of \$47,878 and \$55,139, 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 November 13, 2012, 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 \$860,390 and \$397,467, 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:

2013	\$ 122,376
2014	67,884
2015	<u>10,738</u>
	<u>\$ 200,998</u>

NOTE D - LINE OF CREDIT

The Organization maintains a \$200,000 line of credit with a local bank. At June 30, 2012, \$90,000 had been drawn on this line. The interest rate on this line of credit is equal to the "prime rate" as reported by The Wall Street Journal and is secured by all assets. Interest at June 30, 2012 was 5.00%. The line expires in December 1, 2012.

In connection with this line of credit, the lender has issued an irrevocable standby letter 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:

	<u>2012</u>	<u>2011</u>
Receivable in less than one year	\$ 23,316	\$ 179,305
Receivable in one to five years	-	20,000
Total unconditional pledge receivables	<u>23,316</u>	<u>199,305</u>
Less allowance for uncollectible promises	<u>(10,000)</u>	<u>(8,000)</u>
	<u>\$ 13,316</u>	<u>\$ 191,305</u>

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 53,000	\$ 53,000
Building and improvements	860,390	860,390
Computer equipment and software	10,935	13,906
Furniture and fixtures	<u>98,475</u>	<u>112,591</u>
	1,022,800	1,039,887
Less accumulated depreciation and amortization	<u>(545,179)</u>	<u>(519,743)</u>
Total property and equipment	<u>\$ 477,621</u>	<u>\$ 520,144</u>