
NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the year ended June 30, 2014 and 2013

NONPROFIT ENTERPRISE AT WORK, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of financial position of Nonprofit Enterprise at Work, Inc. (a nonprofit organization) as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2014 and 2013, and the changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
November 19, 2014

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

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 50,135	\$ 190,934
Promises to give, net of allowance	50,822	960
Accounts receivable	64,443	35,626
Inventory	21,585	22,285
Prepaid expenses	11,910	10,098
	<u>198,895</u>	<u>259,903</u>
Total current assets		
Promises to give, due after one year	50,000	-
Property and equipment:		
Land	53,000	53,000
Building and improvements	876,314	871,110
Furniture and fixtures	98,475	98,475
Computer equipment and software	23,535	10,935
Total property and equipment	<u>1,051,324</u>	<u>1,033,520</u>
Less accumulated depreciation and amortization	<u>(620,242)</u>	<u>(586,438)</u>
Property and equipment, net of depreciation and amortization	<u>431,082</u>	<u>447,082</u>
TOTAL ASSETS	\$ 679,977	\$ 706,985
LIABILITIES		
Current liabilities		
Accounts payable - trade	\$ 11,701	\$ 4,390
Accrued liabilities	90,273	61,554
Deferred revenue	4,330	7,179
Notes payable	8,073	165,000
Total current liabilities	<u>114,377</u>	<u>238,123</u>
Security deposits payable	3,811	4,430
Notes payable, less current portion	<u>241,927</u>	<u>-</u>
TOTAL LIABILITIES	360,115	242,553
NET ASSETS		
Unrestricted net assets	(211,341)	(100,794)
Temporarily restricted - operations	136,744	150,960
Temporarily restricted - fixed assets	394,459	414,266
TOTAL NET ASSETS	319,862	464,432
TOTAL LIABILITIES AND NET ASSETS	\$ 679,977	\$ 706,985

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2014, with comparable totals for 2013

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2014	2013
Support and Revenue					
Support					
Grants, contributions, and sponsorships	\$ 104,969	\$ 150,822	\$ -	\$ 255,791	\$ 261,748
In-kind contributions:					
Donated materials and supplies	2,725	-	-	2,725	9,575
Donated services	21,088	-	-	21,088	23,087
Total support	<u>128,782</u>	<u>150,822</u>	<u>-</u>	<u>279,604</u>	<u>294,410</u>
Revenue					
Program fees	474,122	-	-	474,122	363,470
Tenant					
Rentals	142,589	-	-	142,589	153,901
Reimbursements	27,413	-	-	27,413	34,977
Interest	298	-	-	298	66
Miscellaneous	855	-	-	855	7,210
Total revenue	<u>645,277</u>	<u>-</u>	<u>-</u>	<u>645,277</u>	<u>559,624</u>
Total support and revenue	<u>774,059</u>	<u>150,822</u>	<u>-</u>	<u>924,881</u>	<u>854,034</u>
Net assets released from restrictions					
Satisfaction of restriction requirements	<u>184,845</u>	<u>(165,038)</u>	<u>(19,807)</u>	<u>-</u>	<u>-</u>
Expenses					
Program services					
npServ	380,697	-	-	380,697	289,353
Resource connect	42,849	-	-	42,849	44,113
Building management	145,159	-	-	145,159	172,872
BoardConnect	223,742	-	-	223,742	206,599
Supporting services					
Management and general	173,238	-	-	173,238	172,681
Fundraising	103,766	-	-	103,766	54,300
Total expenses	<u>1,069,451</u>	<u>-</u>	<u>-</u>	<u>1,069,451</u>	<u>939,918</u>
Increase (decrease) in net assets	(110,547)	(14,216)	(19,807)	(144,570)	(85,884)
Net assets - beginning of year	<u>(100,794)</u>	<u>150,960</u>	<u>414,266</u>	<u>464,432</u>	<u>550,316</u>
Net assets - end of year	<u>\$ (211,341)</u>	<u>\$ 136,744</u>	<u>\$ 394,459</u>	<u>\$ 319,862</u>	<u>\$ 464,432</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2013

	<u>Operations</u>		<u>Fixed Assets</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Temporarily Restricted</u>	<u>2013</u>
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 96,638	\$ 165,110	\$ -	\$ 261,748
In-kind contributions				
Donated materials and supplies	9,575	-	-	9,575
Donated services	23,087	-	-	23,087
	<u>129,300</u>	<u>165,110</u>	<u>-</u>	<u>294,410</u>
Total support				
Revenue				
Program fees	363,470	-	-	363,470
Tenants				
Rentals	153,901	-	-	153,901
Reimbursements	34,977	-	-	34,977
Interest	66	-	-	66
Miscellaneous	7,210	-	-	7,210
	<u>559,624</u>	<u>-</u>	<u>-</u>	<u>559,624</u>
Total revenue				
Total support and revenue	<u>688,924</u>	<u>165,110</u>	<u>-</u>	<u>854,034</u>
Net assets released from restrictions:				
Satisfaction of restriction requirements	56,359	(37,466)	(18,893)	-
Expenses				
Program services				
npServ	289,353	-	-	289,353
Resource connect	44,113	-	-	44,113
Building management	172,872	-	-	172,872
BoardConnect	206,599	-	-	206,599
Supporting services				
Management and general	172,681	-	-	172,681
Fundraising	54,300	-	-	54,300
	<u>939,918</u>	<u>-</u>	<u>-</u>	<u>939,918</u>
Total expenses				
Increase (decrease) in net assets	(194,635)	127,644	(18,893)	(85,884)
Net assets - beginning of year	93,841	23,316	433,159	550,316
Net assets - end of year	<u>\$ (100,794)</u>	<u>\$ 150,960</u>	<u>\$ 414,266</u>	<u>\$ 464,432</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2014 with comparable totals for 2013

	Program Services				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 279,685	\$ 28,173	\$ 19,575	\$ 166,019	\$ 493,452
Payroll Taxes	20,224	1,882	1,422	12,269	35,797
Employee Benefits	18,507	1,406	1,740	9,955	31,608
Total Payroll Expenses	318,416	31,461	22,737	188,243	560,857
Other expenses:					
Office Supplies	1,898	6	2,068	859	4,831
Program Expenses	2,837	-	-	-	2,837
Telephone	965	181	271	754	2,171
Telephone Tenants	-	-	7,927	-	7,927
Postage	69	76	5,152	190	5,487
Copies/Faxes to Pgrams/Bldg	125	517	34	6,118	6,794
Janitorial	-	-	13,014	-	13,014
Utilities	-	-	21,396	-	21,396
Detroit Office Rent	1,809	904	-	1,413	4,126
Travel and Conferences	9,786	3,536	106	8,477	21,905
Dues and Subscriptions	-	1,597	-	-	1,597
Insurance	-	-	1,979	-	1,979
Meals and Entertainment	450	-	-	635	1,085
Copying and Printing	111	44	-	1,029	1,184
Repairs and Maintenance	-	-	8,010	-	8,010
Contract Services	7,321	-	29,697	-	37,018
Donated Computer Equipment	3,425	-	-	-	3,425
Grant Award	11,780	495	-	8,537	20,812
Professional Fees	-	-	-	-	-
Professional Development	-	514	-	1,752	2,266
Donated Services	21,088	-	-	-	21,088
Marketing and Promotion	617	3,518	1,299	3,232	8,666
Miscellaneous	-	-	1,094	2,503	3,597
Bad Debt	-	-	-	-	-
Loss on Disposal	-	-	-	-	-
Total Expenses Before Depreciation	380,697	42,849	114,784	223,742	762,072
Depreciation	-	-	30,375	-	30,375
Total Expenses	\$ 380,697	\$ 42,849	\$ 145,159	\$ 223,742	\$ 792,447

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2014 with comparable totals for 2013

Supporting Services				
Management and General	Fundraising	Total Supporting Services	Total	
			2014	2013
\$ 106,659	\$ 88,735	\$ 195,394	\$ 688,846	\$ 571,717
7,095	5,615	12,710	48,507	42,034
6,879	4,660	11,539	43,147	32,629
120,633	99,010	219,643	780,500	646,380
569	57	626	5,457	9,178
-	-	-	2,837	6,694
607	520	1,127	3,298	3,079
-	-	-	7,927	7,727
618	339	957	6,444	12,165
172	6	178	6,972	(5,753)
-	-	-	13,014	11,559
-	-	-	21,396	21,006
725	905	1,630	5,756	4,422
364	497	861	22,766	19,021
3,361	-	3,361	4,958	4,659
3,936	-	3,936	5,915	5,545
539	-	539	1,624	6,753
50	262	312	1,496	5,830
-	-	-	8,010	16,396
1,900	1,920	3,820	40,838	25,588
-	-	-	3,425	11,190
-	-	-	20,812	21,858
14,435	-	14,435	14,435	10,750
-	120	120	2,386	1,812
-	-	-	21,088	23,087
1,235	130	1,365	10,031	3,691
20,665	-	20,665	24,262	20,021
-	-	-	-	6,000
-	-	-	-	-
169,809	103,766	273,575	1,035,647	898,658
3,429	-	3,429	33,804	41,260
\$ 173,238	\$ 103,766	\$ 277,004	\$ 1,069,451	\$ 939,918

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2013

	Program Services				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 189,536	\$ 34,843	\$ 46,691	\$ 155,041	\$ 426,111
Payroll Taxes	14,321	2,705	3,349	11,092	31,467
Employee Benefits	9,235	2,993	2,828	6,457	21,513
Total Payroll Expenses	<u>213,092</u>	<u>40,541</u>	<u>52,868</u>	<u>172,590</u>	<u>479,091</u>
Other expenses:					
Office Supplies	2,120	45	2,028	1,864	6,057
Program Expenses	6,694	-	-	-	6,694
Telephone	904	170	254	706	2,034
Telephone Tenants	-	-	7,727	-	7,727
Postage	156	89	11,116	176	11,537
Copies/Faxes to Pgrams/Bldg	-	-	(5,753)	-	(5,753)
Janitorial	-	-	11,559	-	11,559
Utilities	-	-	21,006	-	21,006
Detroit Office Rent	1,415	708	-	1,106	3,229
Travel and Conferences	9,783	439	192	8,085	18,499
Dues and Subscriptions	-	1,512	-	1,563	3,075
Insurance	-	-	1,998	-	1,998
Meals and Entertainment	37	-	-	4,881	4,918
Copying and Printing	33	73	21	5,497	5,624
Repairs and Maintenance	-	-	16,396	-	16,396
Contract Services	6,301	500	18,412	248	25,461
Donated Computer Equipment	11,190	-	-	-	11,190
Grant Award	16,165	-	-	5,693	21,858
Professional Fees	-	-	-	-	-
Professional Development	-	-	-	1,372	1,372
Donated Services	21,088	-	-	-	21,088
Marketing and Promotion	375	36	536	2,623	3,570
Miscellaneous	-	-	101	195	296
Bad Debt	-	-	-	-	-
Loss on Disposal	-	-	-	-	-
Total Expenses Before Depreciation	<u>289,353</u>	<u>44,113</u>	<u>138,461</u>	<u>206,599</u>	<u>678,526</u>
Depreciation	-	-	34,411	-	34,411
Total Expenses	<u>\$ 289,353</u>	<u>\$ 44,113</u>	<u>\$ 172,872</u>	<u>\$ 206,599</u>	<u>\$ 712,937</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2013

<u>Supporting Services</u>			
<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total 2013</u>
\$ 99,703	\$ 45,903	\$ 145,606	\$ 571,717
7,294	3,273	10,567	42,034
7,481	3,635	11,116	32,629
114,478	52,811	167,289	646,380
3,007	114	3,121	9,178
-	-	-	6,694
593	452	1,045	3,079
-	-	-	7,727
493	135	628	12,165
-	-	-	(5,753)
-	-	-	11,559
-	-	-	21,006
486	707	1,193	4,422
522	-	522	19,021
1,584	-	1,584	4,659
3,547	-	3,547	5,545
1,835	-	1,835	6,753
203	3	206	5,830
-	-	-	16,396
127	-	127	25,588
-	-	-	11,190
-	-	-	21,858
10,750	-	10,750	10,750
440	-	440	1,812
1,999	-	1,999	23,087
43	78	121	3,691
19,725	-	19,725	20,021
6,000	-	6,000	6,000
-	-	-	-
165,832	54,300	220,132	898,658
6,849	-	6,849	41,260
\$ 172,681	\$ 54,300	\$ 226,981	\$ 939,918

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

	2014	2013
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ (144,570)	\$ (85,884)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	33,804	41,259
Loss on disposal of fixed assets	-	-
Decrease (increase) in assets:		
Pledges receivable	(99,862)	12,356
Other receivables	(28,817)	(11,138)
Inventory	700	4,265
Prepaid expenses	(1,812)	3,059
(Decrease) increase in liabilities:		
Accounts payable - trade	7,311	(5,379)
Deferred revenue	(2,849)	(4,787)
Security deposits payable	(619)	636
Accrued liabilities	28,719	26,402
Net cash provided by operating activities	(207,995)	(19,211)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	(17,804)	(10,720)
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Net borrowings on line of credit	(165,000)	75,000
Net borrowings on mortgage	250,000	-
Payments on obligation under capital lease	-	-
Net cash provided by financing activities	85,000	75,000
Net increase (decrease) in cash	(140,799)	45,069
Cash and cash equivalents - beginning of year	190,934	145,865
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 50,135	\$ 190,934

NOTE A - NATURE OF ORGANIZATION

NEW (Nonprofit Enterprise at Work, Inc.) is a 501(c)(3) nonprofit organization located in Ann Arbor, Michigan. Its 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 offers full service support to CEO’s and boards of nonprofits. BoardConnect provides beginning and advanced governance training, strategic planning, customized facilitation and assistance with bylaws. 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 fiscal year 2014, BoardConnect served a wide range of individuals and organizations:

- Nonprofits Served: Through customized trainings for boards, the BoardConnect program served 52 nonprofits with 90 onsite serving 1,044 people.
- Individuals Served: Through the full range of BoardConnect services for individuals seeking boards, individuals serving on boards, and nonprofit staff and volunteers, the program served 1,065 individuals at BC workshops and an additional 1,044 at other workshops and onsite for a total of 2,109 individuals.
- NEW Workshops: 16 public workshops were offered in various locations.
- Board Room Subscriptions: 44 organizations were subscribed to the Board Room for some portion of 2013-2014.
- One Local Service Provider redelivers BoardConnect training and matching services to their local nonprofits in Flint, Michigan.
- Board360™: 7 organizations used our online board assessment tool.

NEW Center – The program provides affordable office space and shared resources for nonprofit tenants and 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 communications capabilities. In the fiscal year 2014, the NEW Center provided a wide range of support to nonprofits:

- Tenants: 18 organizations were tenants as of June 30, 2014, of which 8 participated in the NEW Center’s shared telephone system.
- Conference Rooms: Tenant and non-tenant nonprofits made 1,633 reservations for 4,474 hours of conference room usage involving more than 18,419 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 fiscal 2014, npServ:

- Provided ongoing IT support and maintenance for 68 organizations, 705 workstations, 508 non-staff workstations, and 88 servers.

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 120,000 potential funders, and the “Get Connected” event series provides networking opportunities and information on nonprofit issues and concerns. In fiscal 2014, ResourceConnect:

- Provided 13 “Get Connected” events with 338 attendees.
- Provided general management information and Foundation Directory Online access to 180 individuals.
- Provided 13 new nonprofit startup consultations.
- Published NEWSNOTES, a monthly online newsletter for nonprofits with 13,593 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, 2014, the Organization has \$21,084 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. The allowance for doubtful accounts was \$6,536 and \$8,870 at June 30, 2014 or 2013, respectively.

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 2011, 2012, 2013, and 2014 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, 2014 and 2013, donated supplies totaling \$2,725 and \$9,575, 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, 2014 and 2013, contributed services of \$21,088 and \$23,087, 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 19, 2014, the date the financial statements were available to be issued.

NOTE C - NOTES PAYABLE

The Organization has the following notes payable outstanding:

	2014	2013
Business loan with bank. Six monthly interest payments beginning 05/09/14. Fifty-three monthly principal and interest payments beginning 11/09/14 of \$2,036.22. Balloon payment of remaining principal and interest on 04/09/19. Variable interest rate equal to 1.500 percentage points above Prime. Interest rate at 06/30/14 was 5.00%.	\$ 250,000	\$ -
	\$ 250,000	\$ -

Scheduled principle payments on notes payable are as follows:

2015	\$ 8,073
2016	12,625
2017	13,271
2018	13,950
2019	202,081
Thereafter	-
	\$ 250,000

Subsequent debt refinancing:

Subsequent to June 30, 2014, the Organization was approved for a \$400,000 term loan secured by the NEW Center to repay the existing \$250,000 term loan and provide \$150,000 of working capital. The working capital will only be drawn as needed.

NOTE D - 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 \$876,314 and \$360,949, 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:

2015	\$ 21,487
2016	5,248
2017	-
	\$ 26,735

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:

	2014	2013
Receivable in less than one year	\$ 52,278	\$ 960
Receivable in one to five years	50,000	-
Total unconditional pledge receivables	102,278	960
Less discounts to net present value	(1,456)	-
Less allowance for uncollectible promises	-	-
	\$ 100,822	\$ 960

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2014	2013
Land	\$ 53,000	\$ 53,000
Building and improvements	876,314	871,110
Computer equipment and software	23,535	10,935
Furniture and fixtures	98,475	98,475
	1,051,324	1,033,520
Less accumulated depreciation and amortization	(620,242)	(586,438)
Total property and equipment	\$ 431,082	\$ 447,082

NOTE H - SUBSEQUENT EVENTS

Subsequent to June 30, 2014, the Organization raised \$94,860 in the RiseDetroit Challenge and won a 1st place prize of \$50,625 from Mission Throttle and the Marjorie S. Fisher Fund for a total of \$145,485 in unrestricted contributions raised.