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**NONPROFIT ENTERPRISE AT WORK, INC.**

FINANCIAL STATEMENTS

For the years ended June 30, 2016 and 2015

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**FINANCIAL STATEMENTS**

For the years ended June 30, 2016 and 2015

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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 financial statements of Nonprofit Enterprise at Work, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 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 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 Nonprofit Enterprise at Work, Inc. as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully,

*Bennett & Associates CPA& PLLC*

Ann Arbor, Michigan  
November 28, 2016

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

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 293,470	\$ 209,559
Promises to give, net of allowance	9,000	100,000
Accounts receivable	30,818	94,118
Inventory	40,870	38,370
Prepaid expenses	11,572	5,922
	<b>385,730</b>	<b>447,969</b>
Promises to give, due after one year	34,270	-
Property and equipment:		
Land	53,000	53,000
Building and improvements	925,045	922,895
Furniture and fixtures	90,220	98,475
Computer equipment and software	26,422	23,535
Total property and equipment	1,094,687	1,097,905
Less accumulated depreciation and amortization	(683,999)	(656,025)
Property and equipment, net of depreciation and amortization	410,688	441,880
<b>TOTAL ASSETS</b>	<b>\$ 830,688</b>	<b>\$ 889,849</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable - trade	\$ 8,948	\$ -
Accrued liabilities	38,370	65,646
Deferred compensation	-	57,830
Deferred revenue	88,585	34,565
Current portion of notes payable	21,831	17,837
Total current liabilities	157,734	175,878
Security deposits payable	3,881	4,344
Notes payable, less current portion	305,675	379,256
<b>TOTAL LIABILITIES</b>	467,290	559,478
<b>NET ASSETS</b>		
Unrestricted net assets	(37,695)	(143,631)
Temporarily restricted - operations	45,000	100,000
Temporarily restricted - fixed assets	356,093	374,002
<b>TOTAL NET ASSETS</b>	363,398	330,371
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 830,688</b>	<b>\$ 889,849</b>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
*For the year ended June 30, 2016 with comparable totals for 2015*

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2016	2015
<b>Support and Revenue</b>					
<b>Support</b>					
Grants, contributions, and sponsorships	\$ 195,438	\$ 45,000	\$ -	\$ 240,438	\$ 257,101
In-kind contributions:					
Donated materials and supplies	2,500	-	-	2,500	20,505
Donated services	23,088	-	-	23,088	21,808
Total support	221,026	45,000	-	266,026	299,414
<b>Revenue</b>					
Program fees	813,019	-	-	813,019	674,888
Tenant					
Rentals	175,706	-	-	175,706	151,176
Reimbursements	28,181	-	-	28,181	27,769
Interest	11	-	-	11	8
Miscellaneous	1,292	-	-	1,292	3,260
Total revenue	1,018,209	-	-	1,018,209	857,101
Total support and revenue	1,239,235	45,000	-	1,284,235	1,156,515
<b>Net assets released from restrictions</b>					
Satisfaction of restriction requirements	117,909	(100,000)	(17,909)	-	-
<b>Expenses</b>					
Program services					
npServ	498,369	-	-	498,369	360,571
Organizational development	386,813	-	-	386,813	350,319
Building management	169,492	-	-	169,492	163,639
Supporting services					
Management and general	116,793	-	-	116,793	167,572
Fundraising	79,741	-	-	79,741	103,905
Total expenses	1,251,208	-	-	1,251,208	1,146,006
<b>Increase (decrease) in net assets</b>	105,936	(55,000)	(17,909)	33,027	10,509
Net assets - beginning of year	(143,631)	100,000	374,002	330,371	319,862
<b>Net assets - end of year</b>	<u>\$ (37,695)</u>	<u>\$ 45,000</u>	<u>\$ 356,093</u>	<u>\$ 363,398</u>	<u>\$ 330,371</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
*For the year ended June 30, 2015*

	<u>Operations</u>		<u>Fixed Assets</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>
<b>Support and Revenue</b>				
<b>Support</b>				
Grants, contributions, and sponsorships	\$ 205,922	\$ 51,179	\$ -	\$ 257,101
In-kind contributions				
Donated materials and supplies	20,505	-	-	20,505
Donated services	21,808	-	-	21,808
	<u>248,235</u>	<u>51,179</u>	<u>-</u>	<u>299,414</u>
Total support				
<b>Revenue</b>				
Program fees	674,888	-	-	674,888
Tenants				
Rentals	151,176	-	-	151,176
Reimbursements	27,769	-	-	27,769
Interest	8	-	-	8
Miscellaneous	3,260	-	-	3,260
	<u>857,101</u>	<u>-</u>	<u>-</u>	<u>857,101</u>
Total revenue				
Total support and revenue	<u>1,105,336</u>	<u>51,179</u>	<u>-</u>	<u>1,156,515</u>
<b>Net assets released from restrictions:</b>				
Satisfaction of restriction requirements	108,380	(87,923)	(20,457)	-
<b>Expenses</b>				
Program services				
npServ	360,571	-	-	360,571
Organizational development	350,319	-	-	350,319
Building management	163,639	-	-	163,639
Supporting services				
Management and general	167,572	-	-	167,572
Fundraising	103,905	-	-	103,905
	<u>1,146,006</u>	<u>-</u>	<u>-</u>	<u>1,146,006</u>
Total expenses				
<b>Increase (decrease) in net assets</b>	67,710	(36,744)	(20,457)	10,509
Net assets - beginning of year	(211,341)	136,744	394,459	319,862
<b>Net assets - end of year</b>	<u>\$ (143,631)</u>	<u>\$ 100,000</u>	<u>\$ 374,002</u>	<u>\$ 330,371</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2016 with comparable totals for 2015*

	<b>Program Services</b>			<b>Total Program Services</b>
	<b>npServ</b>	<b>Organizational Development</b>	<b>Building Management</b>	
Payroll expenses:				
Wages	\$ 356,532	\$ 273,522	\$ 39,318	\$ 669,372
Payroll Taxes	23,917	18,175	4,774	46,866
Employee Benefits	24,687	18,784	4,719	48,190
Total Payroll Expenses	<u>405,136</u>	<u>310,481</u>	<u>48,811</u>	<u>764,428</u>
Other expenses:				
Office Supplies	741	2,733	4,584	8,058
Program Expenses	20,733	-	199	20,932
Telephone	3,468	417	8,878	12,763
Telephone - Tenants	-	-	-	-
Postage	44	9	3,436	3,489
Copies/Faxes to Pgrams/Bldg	2	1	1	4
Janitorial	-	-	12,615	12,615
Utilities	5,837	-	27,448	33,285
Office and Equipment Rent	13,099	-	24,886	37,985
Travel and Conferences	9,257	7,776	-	17,033
Dues and Subscriptions	194	496	-	690
Insurance	-	-	5,392	5,392
Meals and Entertainment	1,009	4,996	103	6,108
Copying and Printing	-	1,571	-	1,571
Repairs and Maintenance	-	-	11,735	11,735
Contract Services	-	39,799	-	39,799
Donated Computer Equipment	-	-	-	-
Grant Award	2,195	1,050	-	3,245
Professional Fees	-	-	-	-
Professional Development	149	1,265	-	1,414
Donated Services	21,088	2,000	-	23,088
Marketing and Promotion	323	1,413	178	1,914
Miscellaneous	90	1,470	19,559	21,119
Bad Debt	-	-	-	-
Total Expenses Before Depreciation	<u>483,365</u>	<u>375,477</u>	<u>167,825</u>	<u>1,026,667</u>
Depreciation	<u>15,004</u>	<u>11,336</u>	<u>1,667</u>	<u>28,007</u>
Total Expenses	<u>\$ 498,369</u>	<u>\$ 386,813</u>	<u>\$ 169,492</u>	<u>\$ 1,054,674</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2016 with comparable totals for 2015*

<b>Supporting Services</b>				
<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	<b>Total</b>	
			<b>2016</b>	<b>2015</b>
\$ 65,938	\$ 62,751	\$ 128,689	\$ 798,061	\$ 693,220
5,375	4,634	10,009	56,875	49,041
1,328	4,293	5,621	53,811	56,986
<u>72,641</u>	<u>71,678</u>	<u>144,319</u>	<u>908,747</u>	<u>799,247</u>
60	705	765	8,823	12,944
-	-	-	20,932	58,024
-	1,110	1,110	13,873	3,268
-	-	-	-	7,779
-	302	302	3,791	5,616
-	-	-	4	5,695
-	-	-	12,615	12,671
-	-	-	33,285	21,572
6,138	-	6,138	44,123	6,138
-	1,481	1,481	18,514	23,511
2,816	-	2,816	3,506	4,426
3,534	-	3,534	8,926	5,758
478	571	1,049	7,157	1,613
-	137	137	1,708	25
-	-	-	11,735	12,016
-	-	-	39,799	58,539
-	-	-	-	3,625
-	-	-	3,245	14,656
9,900	-	9,900	9,900	9,818
-	123	123	1,537	2,263
-	-	-	23,088	21,808
9,186	967	10,153	12,067	10,815
9,373	-	9,373	30,492	5,829
-	-	-	-	2,566
<u>114,126</u>	<u>77,074</u>	<u>191,200</u>	<u>1,217,867</u>	<u>1,110,222</u>
<u>2,667</u>	<u>2,667</u>	<u>5,334</u>	<u>33,341</u>	<u>35,784</u>
<u>\$ 116,793</u>	<u>\$ 79,741</u>	<u>\$ 196,534</u>	<u>\$ 1,251,208</u>	<u>\$ 1,146,006</u>



**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2015*

	<b>Program Services</b>			<b>Total Program Services</b>
	<b>npServ</b>	<b>Organizational Development</b>	<b>Building Management</b>	
Payroll expenses:				
Wages	\$ 251,528	\$ 229,457	\$ 30,752	\$ 511,737
Payroll Taxes	18,067	16,592	1,990	36,649
Employee Benefits	21,053	18,857	2,378	42,288
Total Payroll Expenses	290,648	264,906	35,120	590,674
Other expenses:				
Office Supplies	8,147	1,741	2,594	12,482
Program Expenses	15,235	3,193	14,932	33,360
Telephone	1,046	1,013	294	2,353
Telephone - Tenants	-	-	7,779	7,779
Postage	59	225	4,499	4,783
Copies/Faxes to Pgrams/Bldg	193	5,602	(433)	5,362
Janitorial	-	-	12,671	12,671
Utilities	-	-	21,572	21,572
Detroit Office Rent	1,964	2,517	-	4,481
Travel and Conferences	8,855	13,318	413	22,586
Dues and Subscriptions	-	1,295	-	1,295
Insurance	-	-	1,999	1,999
Meals and Entertainment	675	938	-	1,613
Copying and Printing	-	-	25	25
Repairs and Maintenance	-	-	12,016	12,016
Contract Services	-	45,528	13,011	58,539
Donated Computer Equipment	3,625	-	-	3,625
Grant Award	7,235	7,421	-	14,656
Professional Fees	-	-	-	-
Professional Development	160	1,184	-	1,344
Donated Services	21,088	-	720	21,808
Marketing and Promotion	75	1,438	94	1,607
Miscellaneous	-	-	3,870	3,870
Bad Debt	1,566	-	-	1,566
Total Expenses Before Depreciation	360,571	350,319	131,176	842,066
Depreciation	-	-	32,463	32,463
Total Expenses	\$ 360,571	\$ 350,319	\$ 163,639	\$ 874,529

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2015*

<b>Supporting Services</b>				
<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	<b>Total 2015</b>	
\$ 93,565	\$ 87,918	\$ 181,483	\$ 693,220	
6,556	5,836	12,392	49,041	
8,234	6,464	14,698	56,986	
<hr/>				
108,355	100,218	208,573	799,247	
<hr/>				
321	141	462	12,944	
24,664	-	24,664	58,024	
392	523	915	3,268	
-	-	-	7,779	
460	373	833	5,616	
230	103	333	5,695	
-	-	-	12,671	
-	-	-	21,572	
675	982	1,657	6,138	
66	859	925	23,511	
3,131	-	3,131	4,426	
3,759	-	3,759	5,758	
-	-	-	1,613	
-	-	-	25	
-	-	-	12,016	
-	-	-	58,539	
-	-	-	3,625	
-	-	-	14,656	
9,818	-	9,818	9,818	
298	621	919	2,263	
-	-	-	21,808	
9,123	85	9,208	10,815	
1,959	-	1,959	5,829	
1,000	-	1,000	2,566	
<hr/>				
164,251	103,905	268,156	1,110,222	
<hr/>				
3,321	-	3,321	35,784	
<hr/>				
\$ 167,572	\$ 103,905	\$ 271,477	\$ 1,146,006	

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

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Increase/(decrease) in net assets	\$ 33,027	\$ 10,509
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	33,343	35,783
Decrease (increase) in assets:		
Pledges receivable	56,730	822
Other receivables	63,300	(29,675)
Inventory	(2,500)	(16,785)
Prepaid expenses	(5,650)	5,988
(Decrease) increase in liabilities:		
Accounts payable - trade	8,948	(11,701)
Accrued liabilities	(27,276)	(24,627)
Deferred compensation	(57,830)	57,830
Deferred revenue	54,020	30,235
Security deposits payable	(463)	533
Net cash provided by operating activities	155,649	58,912
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(2,150)	(46,581)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES:</b>		
Net borrowings (repayment) on line of credit	-	-
Borrowings on notes payable	-	400,000
Payments on notes payable	(69,588)	(252,907)
Net cash provided by financing activities	(69,588)	147,093
Net increase (decrease) in cash	83,911	159,424
Cash and cash equivalents - beginning of year	209,559	50,135
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 293,470</b>	<b>\$ 209,559</b>

**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 improve the impact and performance of nonprofits by creating high-quality strategic solutions. NEW is a management support organization for nonprofits, providing capacity building through organizational & leadership development, technology support, information resources, office and meeting space, and financial consulting services. Revenue sources include fees for services, rental income, contributions, and grants.

NEW offers the following programs:

**Organizational Development/Financial Services** – The program offers leadership & organizational development support to CEO's and boards of nonprofits. This support includes beginning and advanced board governance training, strategic planning, customized facilitation and workshops, diversity & inclusion, and assistance with bylaws. The program provides answers to nonprofit management questions for nonprofits and community members. In addition, this program offers the Board Room, an online collection of best practice documents for board governance, and Board360, an affordable board assessment tool. Financial services offer monthly QuickBooks bookkeeping service, budget and cash flow forecasting, financial assessments, financial plans, and written financial policies & procedures. In the fiscal year 2016, NEW served a wide range of individuals and organizations:

- Nonprofits Served: Through customized trainings for individual boards, NEW served 89 nonprofits with 97 onsite.
- Individuals Served: Through our public workshops, NEW served 296 participants in 26 workshops.
- Leadership DELI consisted of 7 sessions and took place in Dearborn, MI. There were 40 participants and 20 nonprofits participating.
- Board Room Subscriptions: 24 organizations were subscribed to the Board Room.
- Starting a Nonprofit: 67 Guidebooks were sold
- Board360™: 12 organizations used our online board assessment tool.
- NEWsNotes: 7,280 email subscribers

**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 2016, the NEW Center provided a wide range of support to nonprofits:

- Tenants: 20 organizations were tenants and 2 organizations were Affiliates as of June 30, 2016, of which 10 participated in the NEW Center's shared telephone system.
- Conference Rooms: Tenant and non-tenant nonprofits made 1,456 reservations for 4,033 hours of conference room usage involving more than 17,044 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 2016, npServ:

- Provided ongoing IT support and maintenance for 74 organizations, 1,195 staff and faculty workstations, 610 non-staff and public workstations, and 130 servers.

**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 NEW 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.

NEW'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 NEW, (b) the acquisition of long-lived assets, or (c) use in a specified future period.

NEW does not have any permanently restricted net assets.

***Cash and cash equivalents***

NEW considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of June 30, 2016, NEW has \$26,871 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 \$2,156 and \$4,000 at June 30, 2016 and 2015, respectively.

***Inventory***

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

***Property and equipment***

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

***Pledges receivable***

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

***Income taxes***

NEW is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified NEW 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.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***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***

NEW records the value of donated goods as contributions using estimated fair values at the date of receipt. For the years ended June 30, 2016 and 2015, donated supplies totaling \$2,500 and \$20,505, 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, 2016 and 2015, contributed services of \$23,088 and \$21,088, respectively, were recognized in the unrestricted net asset class.

***Statement of cash flows***

NEW 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. 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 28, 2016, the date the financial statements were available to be issued.

**NOTE C - LINE OF CREDIT**

NEW has entered into line of credit agreement with Old National Bank in the amount of \$50,000. As long as this agreement remains in-place, NEW is required to maintain a compensating balance of \$50,000 in a certificate of deposit at Old National Bank. At June 30, 2016, there was no balance drawn on the line of credit. The line is secured by a lien on substantially all assets.

**NOTE D - DEFERRED COMPENSATION**

The deferred compensation of \$57,830 at June 30, 2015 is owed to an employee for a voluntary deferral of a portion of agreed upon compensation. In 2016, the employee agreed to forfeit the deferred compensation.

**NOTE E - NOTES PAYABLE**

NEW has the following notes payable outstanding:

	<u>2016</u>	<u>2015</u>
Business loan with IFF, an Illinois not-for-profit corporation. 180 monthly principal and interest payments beginning on 04/01/15. Initial interest rate of 5.375%. Interest rate recalculated at 04/01/20 and 04/01/25. Secured by a mortgage on real estate (1100 N. Main St.) and an assignment of the rental income from the building.	\$ 327,506	\$ 397,093
	\$ 327,506	\$ 397,093

Scheduled principle payments on notes payable are as follows:

2017	\$ 21,832
2018	23,034
2019	24,303
2020	25,642
2021	27,055
Thereafter	205,640
	\$ 327,506

**NOTE F - OPERATING LEASES**

***As lessee***

NEW leases its npServ office space in Ann Arbor under a three-year lease ending in 2019. Payments for the subsequent three years are as follows: \$15,608 in 2017, \$16,074 in 2018, and \$2,692 in 2019. NEW also leases office space in Detroit under a one-year lease with monthly payments of \$512. Rental expense under these leases was \$6,138 and \$0 in 2016 and 2015, respectively.

***As lessor***

NEW, 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 NEW 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:

2017	\$ 158,035
2018	37,232
2019	16,000
2020	-
2021	-
	\$ 211,267

**NOTE G - RETIREMENT PLAN**

NEW 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 H - PROMISES TO GIVE**

Unconditional promises to give consist of the following:

	2016	2015
Receivable in less than one year	\$ 9,000	\$ 100,000
Receivable in one to five years	36,000	-
Total unconditional pledge receivables	45,000	100,000
Less discounts to net present value	(1,730)	-
Less allowance for uncollectible promises	-	-
	\$ 43,270	\$ 100,000

**NOTE I - SUBSEQUENT EVENTS**

Subsequent to June 30, 2016, the Organization adopted a SIMPLE IRA retirement plan for substantially all employees, with a 3% matching contribution.

As of the date of these financial statements, NEW is finalizing participation in the PACE program. This program would provide NEW with energy saving improvements to its building in return for a special property tax assessment.

**NOTE J - NEW ACCOUNTING PRONOUNCEMENTS**

The Financial Accounting Standards Board (FASB) has issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a principles-based standard to recognize revenue from customer contracts. ASU No. 2014-09 will be effective for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the impact the adoption of ASU No. 2014-09 will have on its financial statements.

FASB also issued ASU No. 2016-02, *Leases (Topic 842)*, which will require recognition of an asset and liability for most leases entered into by lessees. ASU No. 2016-02 will be effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its financial statements.

FASB also issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*, which will require changes to the presentation of financial statements for not-for-profit entities. These changes are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. No. 2016-14 will be effective for fiscal years beginning after December 15, 2017. Early adoption is allowed. The Organization is currently evaluating the impact the adoption of ASU No. 2016-14 will have on its financial statements.