
NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

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

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, 2017 and 2016, 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 from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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, 2017 and 2016, and the changes in its net assets 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 CPAs PLLC

Ann Arbor, Michigan
December 26, 2017

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

	2017	RESTATED 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 230,113	\$ 293,470
Promises to give, net of allowance	24,890	9,000
Accounts receivable	48,519	30,818
Inventory	22,653	40,870
Prepaid expenses	7,456	11,572
Total current assets	333,631	385,730
Promises to give, due after one year	35,759	34,270
Property and equipment:		
Land	53,000	53,000
Building and improvements	925,045	925,045
Furniture and fixtures	90,220	90,220
Computer equipment and software	26,422	26,422
Total property and equipment	1,094,687	1,094,687
Less accumulated depreciation and amortization	(714,911)	(683,999)
Property and equipment, net of depreciation and amortization	379,776	410,688
TOTAL ASSETS	\$ 749,166	\$ 830,688
LIABILITIES		
Current liabilities		
Accounts payable - trade	\$ 7,398	\$ 12,343
Accrued liabilities	27,274	38,370
Deferred revenue	36,505	98,950
Current portion of notes payable	23,034	21,831
Total current liabilities	94,211	171,494
Security deposits payable	3,881	3,881
Notes payable, less current portion	282,884	305,675
TOTAL LIABILITIES	380,976	481,050
NET ASSETS		
Unrestricted net assets	(30,643)	(51,455)
Temporarily restricted - operations	60,649	45,000
Temporarily restricted - fixed assets	338,184	356,093
TOTAL NET ASSETS	368,190	349,638
TOTAL LIABILITIES AND NET ASSETS	\$ 749,166	\$ 830,688

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2017 with comparable totals for 2016

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2017	RESTATED 2016
Support and Revenue					
Support					
Grants, contributions, and sponsorships	\$ 179,313	\$ 26,379	\$ -	\$ 205,692	\$ 240,438
In-kind contributions:					
Donated materials and supplies	-		-	-	2,500
Donated services	26,558		-	26,558	23,088
Total support	<u>205,871</u>	<u>26,379</u>	<u>-</u>	<u>232,250</u>	<u>266,026</u>
Revenue					
Program fees	818,509		-	818,509	802,654
Tenant					
Rentals	188,527		-	188,527	175,706
Reimbursements	27,413		-	27,413	28,181
Interest	211		-	211	11
Miscellaneous	4,806		-	4,806	1,292
Total revenue	<u>1,039,466</u>	<u>-</u>	<u>-</u>	<u>1,039,466</u>	<u>1,007,844</u>
Total support and revenue	<u>1,245,337</u>	<u>26,379</u>	<u>-</u>	<u>1,271,716</u>	<u>1,273,870</u>
Net assets released from restrictions					
Satisfaction of restriction requirements	<u>28,639</u>	<u>(10,730)</u>	<u>(17,909)</u>	<u>-</u>	<u>-</u>
Expenses					
Program services					
npServ	548,931	-	-	548,931	501,764
Organizational development	323,372	-	-	323,372	386,813
Building management	200,818	-	-	200,818	169,492
Supporting services					
Management and general	151,504	-	-	151,504	116,793
Fundraising	28,539	-	-	28,539	79,741
Total expenses	<u>1,253,164</u>	<u>-</u>	<u>-</u>	<u>1,253,164</u>	<u>1,254,603</u>
Increase (decrease) in net assets	20,812	15,649	(17,909)	18,552	19,267
Net assets - beginning of year	<u>(51,455)</u>	<u>45,000</u>	<u>356,093</u>	<u>349,638</u>	<u>330,371</u>
Net assets - end of year	<u>\$ (30,643)</u>	<u>\$ 60,649</u>	<u>\$ 338,184</u>	<u>\$ 368,190</u>	<u>\$ 349,638</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2016

	Operations		Fixed Assets	Total
	Unrestricted	Temporarily Restricted	Temporarily Restricted	RESTATED 2016
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 195,438	\$ 45,000	\$ -	\$ 240,438
In-kind contributions:				
Donated materials and supplies	2,500	-	-	2,500
Donated services	23,088	-	-	23,088
Total support	221,026	45,000	-	266,026
Revenue				
Program fees	802,654	-	-	802,654
Tenant				
Rentals	175,706	-	-	175,706
Reimbursements	28,181	-	-	28,181
Interest	11	-	-	11
Miscellaneous	1,292	-	-	1,292
Total revenue	1,007,844	-	-	1,007,844
Total support and revenue	1,228,870	45,000	-	1,273,870
Net assets released from restrictions				
Satisfaction of restriction requirements	117,909	(100,000)	(17,909)	-
Expenses				
Program services				
npServ	501,764	-	-	501,764
Organizational development	386,813	-	-	386,813
Building management	169,492	-	-	169,492
Supporting services				
Management and general	116,793	-	-	116,793
Fundraising	79,741	-	-	79,741
Total expenses	1,254,603	-	-	1,254,603
Increase (decrease) in net assets	92,176	(55,000)	(17,909)	19,267
Net assets - beginning of year	(143,631)	100,000	374,002	330,371
Net assets - end of year	<u>\$ (51,455)</u>	<u>\$ 45,000</u>	<u>\$ 356,093</u>	<u>\$ 349,638</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2017 with comparable totals for 2016

	Program Services			Total Program Services
	npServ	Organizational Development	Building Management	
Payroll expenses:				
Wages	\$ 385,590	\$ 249,895	\$ 59,119	\$ 694,604
Payroll Taxes	28,801	18,623	4,379	51,803
Employee Benefits	36,448	14,235	6,206	56,889
Total Payroll Expenses	<u>450,839</u>	<u>282,753</u>	<u>69,704</u>	<u>803,296</u>
Other expenses:				
Office Supplies	48	615	3,443	4,106
Program Expenses	9,391	17	-	9,408
Telephone	3,193	-	9,984	13,177
Postage	-	2	3,159	3,161
Copies/Faxes to Pgrams/Bldg	-	635	-	635
Janitorial	-	-	12,579	12,579
Utilities	11,004	-	24,563	35,567
Office and Equipment Rent	15,660	-	25,947	41,607
Travel and Conferences	13,922	1,337	19	15,278
Dues and Subscriptions	1,482	1,946	-	3,428
Insurance	-	1,096	1,478	2,574
Meals and Entertainment	842	7,760	760	9,362
Copying and Printing	-	-	-	-
Repairs and Maintenance	-	-	12,465	12,465
Contract Services	-	24,836	-	24,836
Donated Computer Equipment	18,217	-	-	18,217
Grant Award	800	986	-	1,786
Professional Fees	-	-	-	-
Professional Development	-	978	-	978
Donated Services	21,088	-	5,470	26,558
Marketing and Promotion	-	411	50	461
Miscellaneous	-	-	285	285
Bad Debt	2,445	-	-	2,445
Total Expenses Before Depreciation	<u>548,931</u>	<u>323,372</u>	<u>169,906</u>	<u>1,042,209</u>
Depreciation	-	-	30,912	30,912
Total Expenses	<u>\$ 548,931</u>	<u>\$ 323,372</u>	<u>\$ 200,818</u>	<u>\$ 1,073,121</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2017 with comparable totals for 2016

Supporting Services				
Management and General	Fundraising	Total Supporting Services	Total	
			2017	RESTATED 2016
\$ 70,302	\$ 24,088	\$ 94,390	\$ 788,994	\$ 798,061
5,442	1,780	7,222	59,025	56,875
90	2,216	2,306	59,195	53,811
<u>75,834</u>	<u>28,084</u>	<u>103,918</u>	<u>907,214</u>	<u>908,747</u>
197	150	347	4,453	8,823
-	-	-	9,408	24,327
90	-	90	13,267	13,873
-	-	-	3,161	3,791
-	-	-	635	4
-	-	-	12,579	12,615
930	-	930	36,497	33,285
6,318	-	6,318	47,925	44,123
-	295	295	15,573	18,514
2,299	-	2,299	5,727	3,506
3,382	-	3,382	5,956	8,926
476	-	476	9,838	7,157
-	-	-	-	1,708
-	-	-	12,465	11,735
16,540	-	16,540	41,376	39,799
-	-	-	18,217	-
-	-	-	1,786	3,245
9,900	-	9,900	9,900	9,900
-	10	10	988	1,537
-	-	-	26,558	23,088
8,496	-	8,496	8,957	12,067
27,042	-	27,042	27,327	30,492
-	-	-	2,445	-
<u>151,504</u>	<u>28,539</u>	<u>180,043</u>	<u>1,222,252</u>	<u>1,221,262</u>
-	-	-	30,912	33,341
<u>\$ 151,504</u>	<u>\$ 28,539</u>	<u>\$ 180,043</u>	<u>\$ 1,253,164</u>	<u>\$ 1,254,603</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016

	Program Services			Total Program Services
	npServ	Organizational Development	Building Management	
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	405,136	310,481	48,811	764,428
Other expenses:				
Office Supplies	741	2,733	4,584	8,058
Program Expenses	24,128	-	199	24,327
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	486,760	375,477	167,825	1,030,062
Depreciation	15,004	11,336	1,667	28,007
Total Expenses	\$ 501,764	\$ 386,813	\$ 169,492	\$ 1,058,069

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total RESTATE 2016
\$ 65,938	\$ 62,751	\$ 128,689	\$ 798,061
5,375	4,634	10,009	56,875
1,328	4,293	5,621	53,811
72,641	71,678	144,319	908,747
60	705	765	8,823
-	-	-	24,327
-	1,110	1,110	13,873
-	-	-	-
-	302	302	3,791
-	-	-	4
-	-	-	12,615
-	-	-	33,285
6,138	-	6,138	44,123
-	1,481	1,481	18,514
2,816	-	2,816	3,506
3,534	-	3,534	8,926
478	571	1,049	7,157
-	137	137	1,708
-	-	-	11,735
-	-	-	39,799
-	-	-	-
-	-	-	3,245
9,900	-	9,900	9,900
-	123	123	1,537
-	-	-	23,088
9,186	967	10,153	12,067
9,373	-	9,373	30,492
-	-	-	-
114,126	77,074	191,200	1,221,262
2,667	2,667	5,334	33,341
\$ 116,793	\$ 79,741	\$ 196,534	\$ 1,254,603

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

	2017	RESTATED 2016
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ 18,552	\$ 19,897
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	30,912	33,343
Decrease (increase) in assets:		
Pledges receivable	(17,379)	56,730
Other receivables	(17,701)	66,695
Inventory	18,217	(2,500)
Prepaid expenses	4,116	(5,650)
(Decrease) increase in liabilities:		
Accounts payable - trade	(4,945)	8,948
Accrued liabilities	(11,096)	(27,276)
Deferred compensation	-	(57,830)
Deferred revenue	(62,445)	63,755
Security deposits payable	-	(463)
Net cash provided by operating activities	(41,769)	155,649
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(2,150)
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Net borrowings (repayment) on line of credit	-	-
Borrowings on notes payable	-	-
Payments on notes payable	(21,588)	(69,588)
Net cash provided by financing activities	(21,588)	(69,588)
Net increase (decrease) in cash	(63,357)	83,911
Cash and cash equivalents - beginning of year	293,470	209,559
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 230,113	\$ 293,470

NOTE A - NATURE OF ORGANIZATION

Nonprofit Enterprise at Work, Inc. (NEW) is a 501(c)(3) management support organization serving Southeast Michigan, with offices in Detroit and Ann Arbor. NEW was founded in Ann Arbor in 1993 to manage the NEW Center, a collaborative nonprofit resource and incubator site. NEW has developed and delivered programs and services that work alongside the nonprofit to provide high-quality solutions and meet their capacity needs.

NEW's mission is to improve the impact and performance of fellow nonprofits by working alongside leaders to create high-quality strategic solutions that advance their missions in our communities. NEW's vision is: empowered leaders, flourishing nonprofits, and vibrant communities.

NEW defines capacity building as positioning an organization for success in maximizing its impact by leveraging its strengths and addressing opportunities for improvement. NEW realizes that capacity building may be realized in different ways by nonprofit organizations based on their current stage of organizational development. Instead of dwelling in a scarcity mindset, NEW helps organizations strive for the future and build on their strengths to meet their positive potential. We work side by side with our clients to help them identify their unique value, understand their relevant resources and assets, and construct action steps to meet their organizational goals. NEW embraces this approach for the work that we do with small and medium sized nonprofits in the follow areas:

- Organization Development
- Financial Services/Back-office accounting
- Information Technology Services
- Nonprofit Office and Meeting Space

NEW's team of consultants has translated its years of experience, research, and training into practical and actionable support for nonprofit organizations. Whether working to develop a strong board, leverage new technology, better align an organization's resources and vision, or finding new ways to communicate with constituents, NEW helps each of its clients find better, smarter, and more efficient ways to achieve mission. We offer expert consultation, education, analysis, and support for every phase of a nonprofit's growth and development. Our work is based on a model that is driven by strategic goals, yet rooted in practical steps for achieving mission and vision.

In addition to our direct service to nonprofits, NEW also works with philanthropic and corporate partners who are making a difference in the nonprofit sector. Through collaborations that support their grantees, training and education for their staff, and guidance that informs strategies for deepening and leveraging their impact in the sector, we have earned a stellar reputation with these important stakeholders. NEW's newly formed financial services business has 3 bookkeeping clients at 6/30/2017, and served 13 clients with financial consulting in the fiscal 2016/2017 year.

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. In the fiscal year 2017, the NEW Center provided a wide range of support to nonprofits:

- Tenants: 20 organizations were tenants and 4 organizations were Affiliates as of June 30, 2017, of which 10 participated in the NEW Center's shared telephone system.
- Conference Rooms: Tenant and non-tenant nonprofits made 1,830 reservations for 4,643 hours of conference room usage involving more than 20,505 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 2017, npServ:

- Provided ongoing IT support and maintenance for 76 organizations, 1,175 staff and faculty workstations, 621 non-staff and public workstations, and 113 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, 2017, NEW has \$26,882 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 \$3,656 and \$2,156 at June 30, 2017 and 2016, 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, 2017 and 2016, donated supplies totaling \$0 and \$2,500, 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, 2017 and 2016, contributed services of \$26,558 and \$23,088, 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 December 26, 2017, the date the financial statements were available to be issued.

NOTE C - LINE OF CREDIT

NEW has a line of credit agreement with Old National Bank in the amount of \$50,000. At June 30, 2017 and 2016, there was no balance drawn on the line of credit. The interest rate is the bank's prime rate, and the line is secured by a lien on substantially all assets. The line matures on April 9, 2018.

NOTE D - NOTES PAYABLE

NEW has the following notes payable outstanding:

	2017	2016
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.	\$ 305,918	\$ 327,506
	\$ 305,918	\$ 327,506

Scheduled principle payments on notes payable are as follows:

2018	\$ 23,034
2019	24,303
2020	25,642
2021	27,055
2022	28,546
Thereafter	177,338
	\$ 305,918

NOTE E - 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 two years are as follows: \$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 \$21,978 and \$19,237 in 2017 and 2016, 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 \$925,045 and \$322,156, 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:

2018	\$ 131,638
2019	39,404
2020	26,400
2021	6,600
2022	-
	\$ 204,042

NOTE F - RETIREMENT PLAN

NEW maintains a SIMPLE IRA retirement plan for substantially all employees, with a 3% matching contribution.

NOTE G - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2017	2016
Receivable in less than one year	\$ 24,890	\$ 9,000
Receivable in one to five years	37,000	36,000
Total unconditional pledge receivables	61,890	45,000
Less discounts to net present value	(1,241)	(1,730)
Less allowance for uncollectible promises	-	-
	\$ 60,649	\$ 43,270

NOTE H - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2017, NEW discovered errors that resulted in the understatement expenses and overstatement of revenue for 2016. Generally accepted auditing standards state that revenue and expenses should be recorded in the period they are earned or incurred, respectively. The financial statements for the year ended June 30, 2016 have been restated to reflect the correct amounts.

The following financial statement line items as of and for the year ended June 30, 2016 were affected by this prior period adjustment:

	As Previously Stated	As Stated	Effect of Correction
STATEMENT OF FINANCIAL POSITION			
Accounts payable	\$ 8,948	\$ 12,343	\$ 3,395
Deferred revenue	\$ 88,585	\$ 98,950	\$ 10,365
Unrestricted net assets	\$ (37,695)	\$ (51,455)	\$ (13,760)
STATEMENT OF ACTIVITIES			
Program fees	\$ 813,019	\$ 802,654	\$ (10,365)
Program expenses - npServ	\$ 498,369	\$ 501,764	\$ 3,395

NOTE I - 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 beginning in 2019. NEW 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 beginning in 2020. NEW 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. ASU No. 2016-14 will be effective for fiscal years beginning after December 15, 2017. Early adoption is allowed. NEW is currently evaluating the impact the adoption of ASU No. 2016-14 will have on its financial statements.

The FASB also issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU No. 2016-15 will be effective for fiscal years beginning after December 15, 2018. Early adoption is allowed. NEW is currently evaluating the impact the adoption of ASU No. 2016-15 will have on its financial statements.