
NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2020 and 2019

NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

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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, 2020 and 2019, 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, 2020 and 2019, 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 11, 2020

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 521,828	\$ 101,607
Promises to give, net of allowance	39,000	159,400
Accounts receivable	33,031	43,476
Inventory	-	-
Prepaid expenses	14,310	6,714
Total current assets	<u>608,169</u>	<u>311,197</u>
 Promises to give, due after one year	 -	 9,000
 Property and equipment:		
Land	53,000	53,000
Building and improvements	1,103,856	1,073,291
Furniture and fixtures	105,346	96,826
Computer equipment and software	39,264	45,475
Total property and equipment	1,301,466	1,268,592
Less accumulated depreciation and amortization	<u>(819,088)</u>	<u>(764,720)</u>
Property and equipment, net of depreciation and amortization	<u>482,378</u>	<u>503,872</u>
TOTAL ASSETS	<u><u>\$ 1,090,547</u></u>	<u><u>\$ 824,069</u></u>
LIABILITIES		
Current liabilities		
Accounts payable - trade	\$ 43,683	\$ 25,975
Accrued liabilities	27,593	26,180
Deferred revenue	45,994	79,014
Refundable advance - PPP Loan	186,026	-
Current portion of notes payable	24,785	31,482
Total current liabilities	<u>328,081</u>	<u>162,651</u>
 Security deposits payable	 4,730	 5,100
Notes payable, less current portion	<u>335,535</u>	<u>358,459</u>
TOTAL LIABILITIES	668,346	526,210
NET ASSETS		
Without donor restrictions	214,411	115,810
With donor restrictions	<u>207,790</u>	<u>182,049</u>
TOTAL NET ASSETS	<u>422,201</u>	<u>297,859</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,090,547</u></u>	<u><u>\$ 824,069</u></u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2020 with comparable totals for 2019

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 69,074	\$ 903,968	\$ 973,042	\$ 433,111
In-kind contributions:				
Donated materials and supplies	673	-	673	-
Donated services and use of facilities	15,816	-	15,816	30,488
Total support	85,563	903,968	989,531	463,599
Revenue				
Program fees	716,413	-	716,413	816,697
Tenant				
Rentals	206,467	-	206,467	186,956
Reimbursements	15,955	-	15,955	16,645
Interest	23	-	23	11
Miscellaneous	16,213	-	16,213	675
Total revenue	955,071	-	955,071	1,020,984
Total support and revenue	1,040,634	903,968	1,944,602	1,484,583
Net assets released from restrictions				
Satisfaction of restriction requirements	878,227	(878,227)	-	-
Expenses				
Program services				
npServ	540,001	-	540,001	584,656
Organizational development	793,495	-	793,495	481,202
Building management	233,580	-	233,580	230,046
Supporting services				
Management and general	186,441	-	186,441	181,153
Fundraising	66,743	-	66,743	82,181
Total expenses	1,820,260	-	1,820,260	1,559,238
Change in net assets	98,601	25,741	124,342	(74,655)
Net assets - beginning of year	115,810	182,049	297,859	372,514
Net assets - end of year	<u>\$ 214,411</u>	<u>\$ 207,790</u>	<u>\$ 422,201</u>	<u>\$ 297,859</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
Support and Revenue			
Support			
Grants, contributions, and sponsorships	\$ 219,766	\$ 213,345	\$ 433,111
In-kind contributions:			
Donated materials and supplies	-	-	-
Donated services	30,488	-	30,488
Total support	<u>250,254</u>	<u>213,345</u>	<u>463,599</u>
Revenue			
Program fees	816,697	-	816,697
Tenant			
Rentals	186,956	-	186,956
Reimbursements	16,645	-	16,645
Interest	11	-	11
Miscellaneous	675	-	675
Total revenue	<u>1,020,984</u>	<u>-</u>	<u>1,020,984</u>
Total support and revenue	<u>1,271,238</u>	<u>213,345</u>	<u>1,484,583</u>
Net assets released from restrictions			
Satisfaction of restriction requirements	<u>360,535</u>	<u>(360,535)</u>	<u>-</u>
Expenses			
Program services			
npServ	584,656	-	584,656
Organizational development	481,202	-	481,202
Building management	230,046	-	230,046
Supporting services			
Management and general	181,153	-	181,153
Fundraising	82,181	-	82,181
Total expenses	<u>1,559,238</u>	<u>-</u>	<u>1,559,238</u>
Change in net assets	72,535	(147,190)	(74,655)
Net assets - beginning of year	<u>43,275</u>	<u>329,239</u>	<u>372,514</u>
Net assets - end of year	<u>\$ 115,810</u>	<u>\$ 182,049</u>	<u>\$ 297,859</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020 with comparable totals for 2019

	Program Services				Supporting Services			Totals	
	npServ	Organizational Development	Building Management	Total Program Services	Management and General	Fundraising	Total Supporting Services	2020	2019
Payroll expenses:									
Salaries and Wages	\$ 396,298	\$ 313,509	\$ 53,413	\$ 763,220	\$ 99,992	\$ 55,000	\$ 154,992	\$ 918,212	\$ 946,162
Payroll Taxes	27,458	22,742	3,077	53,277	7,025	4,208	11,233	64,510	71,278
Employee Benefits	32,000	18,726	2,884	53,610	7,036	3,967	11,003	64,613	81,840
Total Payroll Expenses	455,756	354,977	59,374	870,107	114,053	63,175	177,228	1,047,335	1,099,280
Other expenses:									
Office Expenses	11,337	1,485	22,625	35,447	2,591	361	2,952	38,399	22,986
Program Expenses		63,689	-	63,689	-	-	-	63,689	8,978
Janitorial	-	-	11,898	11,898	-	-	-	11,898	15,313
Utilities	5,458	-	14,618	20,076			-	20,076	24,590
Office and Equipment Rent	16,632	-	19,040	35,672	6,448		6,448	42,120	40,061
Travel and Conferences	17,470	2,571	10	20,051	374	643	1,017	21,068	26,882
Dues and Subscriptions	9,307	1,337	528	11,172	6,193	-	6,193	17,365	3,807
Insurance	-	2,045	2,717	4,762	6,326	10	6,336	11,098	10,503
Meals and Entertainment	119	5,694	123	5,936	1,708	-	1,708	7,644	17,824
Building Repairs and Maintenance	265	-	23,316	23,581		-	-	23,581	28,456
Contract Services	-	32,603	5,063	37,666	15,277	-	15,277	52,943	36,990
Donated Computer Equipment	-	-	-	-	-	-	-	-	5,000
Professional Fees	-	317	550	867	10,626	-	10,626	11,493	13,740
Professional Development	-	875	-	875	762	410	1,172	2,047	5,019
Donated Services	15,816	-	-	15,816	-	-	-	15,816	30,488
Marketing and Promotion	-	1,555	-	1,555	7,019	2,144	9,163	10,718	11,356
Interest	-	-	20,866	20,866	603	-	603	21,469	20,965
Bad Debt	187	590	-	777		-	-	777	15,319
Organizational Grants	-	325,219	-	325,219	-	-	-	325,219	68,273
All Other	212	538	132	882	9,712	-	9,712	10,594	16,221
Total Expenses Before Depreciation	532,559	793,495	180,860	1,506,914	181,692	66,743	248,435	1,755,349	1,522,051
Depreciation	7,442	-	52,720	60,162	4,749	-	4,749	64,911	37,187
Total Expenses	\$ 540,001	\$ 793,495	\$ 233,580	\$ 1,567,076	\$ 186,441	\$ 66,743	\$ 253,184	\$ 1,820,260	\$ 1,559,238

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2019

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total 2019
	npServ	Organizational Development	Building Management		Management and General	Fundraising		
Payroll expenses:								
Salaries and Wages	\$ 411,531	\$ 302,773	\$ 80,467	\$ 794,771	\$ 85,902	\$ 65,489	\$ 151,391	\$ 946,162
Payroll Taxes	32,858	21,712	5,127	59,697	6,571	5,010	11,581	71,278
Employee Benefits	37,740	22,299	8,952	68,991	3,698	9,151	12,849	81,840
Total Payroll Expenses	482,129	346,784	94,546	923,459	96,171	79,650	175,821	1,099,280
Other expenses:								
Office Expenses	3,924	2,550	14,046	20,520	2,060	406	2,466	22,986
Program Expenses	8,161	817	-	8,978	-	-	-	8,978
Janitorial	-	-	15,313	15,313	-	-	-	15,313
Utilities	9,762	-	14,818	24,580	10	-	10	24,590
Office and Equipment Rent	16,552	-	17,061	33,613	6,448	-	6,448	40,061
Travel and Conferences	22,301	3,415	205	25,921	107	854	961	26,882
Dues and Subscriptions	1,149	762	-	1,911	1,896	-	1,896	3,807
Insurance	-	1,896	3,270	5,166	5,337	-	5,337	10,503
Meals and Entertainment	55	13,897	174	14,126	3,698	-	3,698	17,824
Building Repairs and Maintenance	-	-	28,456	28,456	-	-	-	28,456
Contract Services	-	29,877	639	30,516	6,474	-	6,474	36,990
Donated Computer Equipment	5,000	-	-	5,000	-	-	-	5,000
Professional Fees	-	-	-	-	13,740	-	13,740	13,740
Professional Development	-	4,015	-	4,015	-	1,004	1,004	5,019
Donated Services	21,088	5,650	3,750	30,488	-	-	-	30,488
Marketing and Promotion	168	813	129	1,110	10,043	203	10,246	11,356
Interest	-	-	-	-	20,965	-	20,965	20,965
Bad Debt	13,712	-	-	13,712	1,607	-	1,607	15,319
Organizational Grants	-	68,273	-	68,273	-	-	-	68,273
All Other	655	2,453	452	3,560	12,597	64	12,661	16,221
Total Expenses Before Depreciation	584,656	481,202	192,859	1,258,717	181,153	82,181	263,334	1,522,051
Depreciation	-	-	37,187	37,187	-	-	-	37,187
Total Expenses	\$ 584,656	\$ 481,202	\$ 230,046	\$ 1,295,904	\$ 181,153	\$ 82,181	\$ 263,334	\$ 1,559,238

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

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 124,342	\$ (74,655)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	64,911	37,187
Change in assets:		
Promises to give	129,400	(5,126)
Accounts receivable	10,445	38,516
Inventory	-	12,653
Prepaid expenses	(7,596)	10,330
Change in liabilities:		
Accounts payable - trade	17,708	16,846
Accrued liabilities	1,413	(9,520)
Deferred revenue	(33,020)	(35,097)
Refundable advance - PPP Loan	186,026	-
Security deposits payable	(370)	185
Net cash from (used for) operating activities	<u>493,259</u>	<u>(8,681)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(43,417)	(111,947)
Net cash used for investing activities	<u>(43,417)</u>	<u>(111,947)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on notes payable	-	133,689
Payments on notes payable	(29,621)	(26,645)
Net cash from (used for) financing activities	<u>(29,621)</u>	<u>107,044</u>
Net change in cash and cash equivalents	420,221	(13,584)
Cash and cash equivalents - beginning of year	<u>101,607</u>	<u>115,191</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 521,828</u></u>	<u><u>\$ 101,607</u></u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for		
Interest	\$ 21,469	\$ 20,965

NOTE A - NATURE OF ORGANIZATION

Nonprofit Enterprise at Work, Inc. (NEW) is a 501(c)(3) capacity building organization serving Southeast Michigan, with offices in Ann Arbor and Detroit. NEW was founded in Ann Arbor in 1993 to manage the NEW Center, a collaborative nonprofit resource and incubator site of nonprofit tenants. NEW has developed and delivered programs and services for nonprofit organizations to meet their space, IT, and organizational development 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. Our vision is empowered leaders, flourishing nonprofits, and vibrant communities.

We define capacity building as positioning an organization for success in maximizing its impact by leveraging its strengths and addressing opportunities for improvement. This work takes shape differently with each client, depending on their unique situation. NEW helps organizations strive for the future and build on their strengths to meet their positive potential. We help clients identify their unique value, assess relevant resources, and create action steps to meet their goals. To that end, our work with small and medium sized nonprofits is focused in the following areas:

- Organization Development Consulting
- Back Office Bookkeeping & Technology Services
- Leadership Development & Learning Communities
- Nonprofit Office and Meeting Space

NEW's consultants have infused our services with years of experience, research, and training. In all of our work, we help each client take steps towards achieving their mission. We offer trusted guidance and support for every phase of a nonprofit's growth and development. We use your strategic goals to drive the work, while rooting in practical steps for achieving mission and vision. Our values serve as a guiding light and filter for everything we do.

NEW also works with philanthropic and corporate partners making a difference in the community. In a variety of ways, our work together creates greater opportunity for systemic change.

NEW has three main programs:

Organizational Development/Financial Services – The program offers leadership and organizational development support to nonprofit leaders, Boards of Directors, and other key staff. This support includes beginning and advanced board governance training, strategic planning, customized facilitation and workshops, diversity & inclusion consultation, executive coaching, assistance with bylaws, comprehensive leadership development programs, and finance consultation and services. Financial services includes monthly bookkeeping service (using QuickBooks Online), financial assessments including chart of accounts, financial reports, budgets and cash flow, Board and staff training, and consultation on financial policies & procedures. In fiscal year 2020 NEW served a wide range of individuals and organizations:

- Nonprofits Served: Through customized training for boards or nonprofit leaders, NEW served 60 nonprofit organizations in the fiscal year
- Leadership DELI: NEW facilitated two sessions of Leadership DELI. One in the fall of 2019, and another in spring of 2020. One hundred forty individuals (146) from forty-three (43) nonprofits participated in the two series.
- Champions for Change: NEW developed and led a new racial justice focused leadership development program, Champions for Change. Sixty-eight (68) individuals participated.
- Centering Justice: In response to the impacts of COVID on our local communities, NEW developed and implemented a new monthly virtual gathering, Centering Justice. This series focused on uplifting voices of leaders of color as central pillars in change making. 546 individuals participated.
- Workshops: NEW facilitated two iterations of the Nonprofit Startup Series (four workshops each). The series had 71 participants.
- Financial Services: NEW provided 14 nonprofits with financial consulting and/or fiscal sponsorship services in the fiscal year. We also provided 15 nonprofit clients with third party bookkeeping services.

NOTE A - NATURE OF ORGANIZATION, *continued*

- Resources: Sold thirty-five (23) “Starting a Nonprofit” Guidebooks and three (3) “Board Room” products in the fiscal period.
- NEWs Notes: provides regular updates and inspiring messages to over 6,500 emails subscribers.

NEW Center – The program provides office space, shared resources and meeting space for 501(c)(3) nonprofits. In the fiscal year 2020, the NEW Center provided a range of support to nonprofits:

- **Tenants**: NEW had twenty (20) tenant organizations and twelve (12) affiliate organizations as of June 30, 2020. In addition, sixteen (16) organizations rented conference room space in the fiscal year.
- **Building Renovation**: Supported by a grant from The Ralph C. Wilson Jr Foundation, the NEW Center entrance lobby, conference rooms and copy room were renovated and updated with new paint, carpet, signage and furnishings.

npServ – This program provides strategic, cost-effective IT services to nonprofits. npServ helps clients create and maintain a technology environment tailored to their mission, budget, and needs. We lower 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.

- **IT Support**: During fiscal year 2020, npServ provided IT support for 68 organizations, representing 1,600 staff, faculty and public workstations and including 110 servers.
- **IT Consulting**: We also helped three nonprofit organizations strengthen their technology environment by moving their data storage and sharing to a cloud platform.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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, 2020, NEW has \$26,897 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 is stated at the amount management expects to collect from outstanding balances. The allowance for doubtful accounts was \$0 and \$2,531 at June 30, 2020 and 2019, respectively.

Inventory

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

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

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.

Promises to give

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.

Revenue Recognition

On July 1, 2019, NEW adopted 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. NEW adopted the new standard effective July 1, 2019, the first day of the organization's fiscal year, using the full retrospective method.

The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those goods or services.

NEW's contracts generally do not contain variable consideration, contingent revenue or warranties, and contract modifications are generally minimal. Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Organizational Consulting, including Financial and IT Consulting

Performance obligations related to organizational consulting revenue are transferred to the customer over time as agreed upon milestones are achieved. Customers are generally billed by milestone, but often a deposit is requested at the beginning of the contract, so contract liabilities may exist at year-end. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized.

Training, Events and Workshops

Performance obligations related to training, event and workshop (convenings) revenue is transferred to the customer ratably over time as the training is delivered. Depending on the type of convening, duration can range from one day to several months. Payment is generally due in full at before the convening; therefore, contract liabilities may exist at year end. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized.

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

npServ IT Support and Financial Bookkeeping Service

Performance obligations related to IT support services revenue are transferred to the customer ratably over the term of the contract. Revenue is billed and recognized monthly over the term of the contract, which is generally one year or less. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized.

Fiscal Sponsorship Fees

Fiscal sponsorship fees revenue is recognized when funds are received from the sponsor as a practical expedient for recognition over time as services are delivered.

Disaggregation of Revenue

	2020
Over time:	
Organizational Consulting, including Financial and IT Consulting	\$ 136,490
Training, Events and Workshops	9,003
npServ IT Support and Financial Bookkeeping Service	3,000
Fiscal Sponsorship Fees	17,152
	<u>\$ 165,645</u>
Point in time:	
Organizational Consulting, including Financial and IT Consulting	\$ 55,994
Training, Events and Workshops	3,106
npServ IT Support and Financial Bookkeeping Service	472,730
Fiscal Sponsorship Fees	-
	<u>\$ 531,830</u>

Contract Liabilities

Contract liabilities are shown on the statement of financial position as deferred revenue.

Tenant Rent

Tenant rent is recognized monthly at the agreed upon monthly rent. Some rent contracts contain price increases over the length of the contract, but any difference that would result from recognizing revenue on a straight-line basis would not be significant. Tenant reimbursables are billed monthly in the amount reimbursable that month.

Grants, Contributions and Sponsorships

Grants, contributions, and sponsorships, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Donated Materials and Services

NEW records the value of donated goods as contributions using estimated fair values at the date of receipt. 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, 2019 and 2018, contributed services of \$25,088 and \$28,463, respectively, were recognized in the without donor restrictions net asset class.

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

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and insurance, which are allocated on a square-footage basis, as well as salaries, wages, and employee benefits, which are allocated on the basis of estimates of time and effort.

Subsequent events

Subsequent events have been evaluated through December 11, 2020, the date the financial statements were available to be issued.

NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 and 2019, comprise the following:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 521,828	\$ 101,607
Promises to give, net of allowance	39,000	168,400
Accounts receivable	33,031	43,476
Total financial assets	<u>593,859</u>	<u>313,483</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(168,790)	(163,649)
Less financial assets not available within one year:		
Promises to give	<u>-</u>	<u>(9,000)</u>
Amount available for general expenditures within one year	<u>\$ 425,069</u>	<u>\$ 140,834</u>

As part of its liquidity management plan, NEW has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. It could also draw upon a \$100,000 available line of credit (as discussed in Note D).

NOTE D - LINE OF CREDIT

NEW has a line of credit agreement with Old National Bank in the amount of \$100,000. At June 30, 2020 and 2019, there was no balance drawn on the line of credit. The interest rate is the bank's prime rate plus .35%, and the line is secured by a lien on substantially all assets. The line matures on April 9, 2021.

NOTE E - REFUNDABLE ADVANCE – PPP LOAN

On April 27, 2020, NEW was granted a loan (the “Loan”) from Old National Bank in the amount of \$185,700, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 27, 2020 issued by the Borrower, matures on April 27, 2022 and bears interest at a rate of 1.000%. The loan is payable commencing on November 27, 2020 in monthly installments of \$10,450.64 with the last payment due on April 27, 2022. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. NEW intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Management estimates that the loan will be forgiven in full and is accounting for it as a conditional government grant. The entire balance is included in refundable advances on the statement of financial position. Once conditions for forgiveness have been substantially met, the amount forgiven will be recognized as revenue.

NOTE F - NOTES PAYABLE

NEW has the following notes payable outstanding at June 30:

	2020	2019
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 was recalculated at 04/01/20 and remains 5.375%. Interest rate will be recalculated again at 04/01/25. Secured by a mortgage on real estate (1100 N. Main St.) and an assignment of the rental income from the building.	\$ 234,345	\$ 258,594
Business loan with IFF, an Illinois not-for-profit corporation. 180 monthly principal and interest payments beginning on 08/01/18. Initial interest rate of 5.875%. Interest rate recalculated at 07/01/23 and 07/01/28. Secured by a mortgage on real estate (1100 N. Main St.) and an assignment of the rental income from the building.	125,975	131,347
	<u>\$ 360,320</u>	<u>\$ 389,941</u>

Scheduled principle payments on notes payable are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 24,784
2022	26,182
2023	27,659
2024	29,219
2025	30,828
Thereafter	221,648
	<u>\$ 360,320</u>

NOTE G - OPERATING LEASES

As lessee

NEW leases its npServ office space in Ann Arbor under a lease extension ending in February 2021. NEW is also the lessee of certain office equipment under non-cancelable operating leases. Future minimum lease payments under these non-cancelable operating leases are as follows:

2021	\$	24,417
2022		13,245
2023		12,348
2024		1,450
2025		-
	\$	<u>51,460</u>

NEW also leases office space in Detroit under a month to month lease with monthly payments of \$537.

Rental expense under these leases was \$41,660 and \$39,610 in 2020 and 2019, 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 \$1,102,852 and \$405,392, 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:

2021	\$	124,883
2022		39,465
2023		3,543
2024		-
2025		-
	\$	<u>167,891</u>

NOTE H - RETIREMENT PLAN

NEW maintains a SIMPLE IRA retirement plan for substantially all employees, with a 3% matching contribution. Matching contributions totaled \$15,467 and \$21,926 for the years ended 2020 and 2019, respectively.

NOTE I - PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30:

	2020	2019
Receivable in less than one year	\$ 39,000	\$ 159,400
Receivable in one to five years	-	9,000
Total unconditional pledge receivables	<u>39,000</u>	<u>168,400</u>
Less discounts to net present value	-	-
Less allowance for uncollectible promises	-	-
	<u>\$ 39,000</u>	<u>\$ 168,400</u>

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purpose:		
Leadership development programs	\$ 105,000	\$ -
General operations and capital support	63,790	13,649
Promises to give, the proceeds from which have been restricted by donors for		
Leadership development programs	-	150,000
General operations and capital support	-	-
	<u>168,790</u>	<u>163,649</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due		
	39,000	18,400
	<u>39,000</u>	<u>18,400</u>
	<u>\$ 207,790</u>	<u>\$ 182,049</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Expiration of time restrictions	\$ 9,400	\$ 19,910
Satisfaction of purpose restrictions		
Leadership development programs	284,200	132,352
Fiscal sponsorship payments	325,219	68,273
General operations and capital support	259,408	140,000
	<u>\$ 878,227</u>	<u>\$ 360,535</u>

NOTE K - NEW ACCOUNTING PRONOUNCEMENTS

The 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 2022. NEW is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its financial statements.