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**NONPROFIT ENTERPRISE AT WORK, INC.**

FINANCIAL STATEMENTS

For the years ended June 30, 2021 and 2020

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# **NONPROFIT ENTERPRISE AT WORK, INC.**

## **FINANCIAL STATEMENTS**

For the years ended June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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  
January 5, 2022

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

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 868,561	\$ 521,828
Promises to give, net of allowance	365,000	39,000
Accounts receivable	124,584	33,031
Prepaid expenses	15,362	14,310
Total current assets	<u>1,373,507</u>	<u>608,169</u>
Property and equipment:		
Land	53,000	53,000
Building and improvements	1,108,206	1,103,856
Furniture and fixtures	105,346	105,346
Computer equipment and software	60,822	39,264
Total property and equipment	1,327,374	1,301,466
Less accumulated depreciation and amortization	<u>(881,389)</u>	<u>(819,088)</u>
Property and equipment, net of depreciation and amortization	<u>445,985</u>	<u>482,378</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,819,492</u></u>	<u><u>\$ 1,090,547</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable - trade	\$ 34,597	\$ 43,683
Accrued liabilities	27,698	27,593
Deferred revenue	41,361	45,994
Refundable advance - PPP Loan	188,163	186,026
Current portion of notes payable	26,182	24,785
Total current liabilities	<u>318,001</u>	<u>328,081</u>
Security deposits payable	3,636	4,730
Notes payable, less current portion	<u>309,354</u>	<u>335,535</u>
<b>TOTAL LIABILITIES</b>	630,991	668,346
<b>NET ASSETS</b>		
Without donor restrictions	625,846	214,411
With donor restrictions	<u>562,655</u>	<u>207,790</u>
<b>TOTAL NET ASSETS</b>	<u>1,188,501</u>	<u>422,201</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,819,492</u></u>	<u><u>\$ 1,090,547</u></u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
*For the year ended June 30, 2021 with comparable totals for 2020*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>	
			<b>2021</b>	<b>2020</b>
<b>Support and Revenue</b>				
<b>Support</b>				
Grants, contributions, and sponsorships	\$ 295,615	\$ 993,318	\$ 1,288,933	\$ 973,042
In-kind contributions:				
Donated materials and supplies	-	-	-	673
Donated services and use of facilities	36,548	-	36,548	15,816
Total support	332,163	993,318	1,325,481	989,531
<b>Revenue</b>				
Program fees	786,144	-	786,144	716,413
Tenant				
Rentals	203,480	-	203,480	206,467
Reimbursements	7,850	-	7,850	15,955
Other	13,026	-	13,026	16,236
Total revenue	1,010,500	-	1,010,500	955,071
Total support and revenue	1,342,663	993,318	2,335,981	1,944,602
<b>Net assets released from restrictions</b>				
Satisfaction of restriction requirements	638,453	(638,453)	-	-
<b>Expenses</b>				
Program services				
Information technology	521,133	-	521,133	540,001
Organizational development	456,902	-	456,902	793,495
Building management	259,722	-	259,722	233,580
Supporting services				
Management and general	246,784	-	246,784	186,441
Fundraising	85,140	-	85,140	66,743
Total expenses	1,569,681	-	1,569,681	1,820,260
<b>Change in net assets</b>	411,435	354,865	766,300	124,342
Net assets - beginning of year	214,411	207,790	422,201	297,859
<b>Net assets - end of year</b>	<u>\$ 625,846</u>	<u>\$ 562,655</u>	<u>\$ 1,188,501</u>	<u>\$ 422,201</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
*For the year ended June 30, 2020*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2020</b>
<b>Support and Revenue</b>			
<b>Support</b>			
Grants, contributions, and sponsorships	\$ 69,074	\$ 903,968	\$ 973,042
In-kind contributions:			
Donated materials and supplies	673	-	673
Donated services	15,816	-	15,816
Total support	85,563	903,968	989,531
<b>Revenue</b>			
Program fees	716,413	-	716,413
Tenant			
Rentals	206,467	-	206,467
Reimbursements	15,955	-	15,955
Other	16,236	-	16,236
Total revenue	955,071	-	955,071
Total support and revenue	1,040,634	903,968	1,944,602
<b>Net assets released from restrictions</b>			
Satisfaction of restriction requirements	878,227	(878,227)	-
<b>Expenses</b>			
Program services			
Information technology	540,001	-	540,001
Organizational development	793,495	-	793,495
Building management	233,580	-	233,580
Supporting services			
Management and general	186,441	-	186,441
Fundraising	66,743	-	66,743
Total expenses	1,820,260	-	1,820,260
<b>Change in net assets</b>	98,601	25,741	124,342
Net assets - beginning of year	115,810	182,049	297,859
<b>Net assets - end of year</b>	<u>\$ 214,411</u>	<u>\$ 207,790</u>	<u>\$ 422,201</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2021 with comparable totals for 2020*

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Totals	
	Information Technology	Organizational Development	Building Management		Management and General	Fundraising		2021	2020
Payroll expenses:									
Salaries and Wages	\$ 369,170	\$ 289,902	\$ 49,144	\$ 708,216	\$ 129,182	\$ 70,335	\$ 199,517	\$ 907,733	\$ 918,212
Payroll Taxes	28,825	22,427	3,612	54,864	9,980	5,340	15,320	70,184	64,510
Employee Benefits	36,043	10,865	3,052	49,960	8,913	4,853	13,766	63,726	64,613
Total Payroll Expenses	434,038	323,194	55,808	813,040	148,075	80,528	228,603	1,041,643	1,047,335
Other expenses:									
Office Expenses	4,128	240	9,783	14,151	3,582	675	4,257	18,408	26,882
Information Technology	6,055	78	3,629	9,762	-	-	-	9,762	11,517
Program Expenses	4,694	4,341	8,281	17,316	-	-	-	17,316	63,689
Janitorial	-	-	9,567	9,567	-	-	-	9,567	11,898
Utilities	3,421	-	12,273	15,694	-	-	-	15,694	20,076
Office and Equipment Rent	16,472	-	15,819	32,291	6,448	-	6,448	38,739	42,120
Travel and Conferences	11,221	100	-	11,321	-	-	-	11,321	21,068
Dues and Subscriptions	28,200	3,752	899	32,851	8,617	-	8,617	41,468	17,365
Insurance	-	2,419	3,732	6,151	4,311	-	4,311	10,462	11,098
Meals and Entertainment	-	-	-	-	817	-	817	817	7,644
Building Repairs and Maintenance	-	-	30,221	30,221	-	-	-	30,221	23,581
Contract Services	-	63,590	31,878	95,468	-	-	-	95,468	52,943
Professional Fees	-	814	-	814	21,181	-	21,181	21,995	11,493
Donated Services	12,000	750	-	12,750	23,798	-	23,798	36,548	15,816
Marketing and Promotion	-	-	-	-	14,825	3,706	18,531	18,531	10,718
Interest	-	-	19,379	19,379	1,294	-	1,294	20,673	21,469
Bad Debt	-	1,345	-	1,345	-	-	-	1,345	777
Organizational Grants	-	55,252	-	55,252	-	-	-	55,252	325,219
All Other	904	1,027	331	2,262	7,507	231	7,738	10,000	12,641
Total Expenses Before Depreciation	521,133	456,902	201,600	1,179,635	240,455	85,140	325,595	1,505,230	1,755,349
Depreciation	-	-	58,122	58,122	6,329	-	6,329	64,451	64,911
Total Expenses	\$ 521,133	\$ 456,902	\$ 259,722	\$ 1,237,757	\$ 246,784	\$ 85,140	\$ 331,924	\$ 1,569,681	\$ 1,820,260

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2020*

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total 2020
	Information Technology	Organizational Development	Building Management		Management and General	Fundraising		
Payroll expenses:								
Salaries and Wages	\$ 396,298	\$ 313,509	\$ 53,413	\$ 763,220	\$ 99,992	\$ 55,000	\$ 154,992	\$ 918,212
Payroll Taxes	27,458	22,742	3,077	53,277	7,025	4,208	11,233	64,510
Employee Benefits	32,000	18,726	2,884	53,610	7,036	3,967	11,003	64,613
Total Payroll Expenses	455,756	354,977	59,374	870,107	114,053	63,175	177,228	1,047,335
Other expenses:								
Office Expenses	4,013	1,465	18,677	24,155	2,366	361	2,727	26,882
Information Technology	7,324	20	3,948	11,292	225	-	225	11,517
Program Expenses	-	63,689	-	63,689	-	-	-	63,689
Janitorial	-	-	11,898	11,898	-	-	-	11,898
Utilities	5,458	-	14,618	20,076	-	-	-	20,076
Office and Equipment Rent	16,632	-	19,040	35,672	6,448	-	6,448	42,120
Travel and Conferences	17,470	2,571	10	20,051	374	643	1,017	21,068
Dues and Subscriptions	9,307	1,337	528	11,172	6,193	-	6,193	17,365
Insurance	-	2,045	2,717	4,762	6,326	10	6,336	11,098
Meals and Entertainment	119	5,694	123	5,936	1,708	-	1,708	7,644
Building Repairs and Maintenance	265	-	23,316	23,581	-	-	-	23,581
Contract Services	-	32,603	5,063	37,666	15,277	-	15,277	52,943
Professional Fees	-	317	550	867	10,626	-	10,626	11,493
Donated Services	15,816	-	-	15,816	-	-	-	15,816
Marketing and Promotion	-	1,555	-	1,555	7,019	2,144	9,163	10,718
Interest	-	-	20,866	20,866	603	-	603	21,469
Bad Debt	187	590	-	777	-	-	-	777
Organizational Grants	-	325,219	-	325,219	-	-	-	325,219
All Other	212	1,413	132	1,757	10,474	410	10,884	12,641
Total Expenses Before Depreciation	532,559	793,495	180,860	1,506,914	181,692	66,743	248,435	1,755,349
Depreciation	7,442	-	52,720	60,162	4,749	-	4,749	64,911
Total Expenses	\$ 540,001	\$ 793,495	\$ 233,580	\$ 1,567,076	\$ 186,441	\$ 66,743	\$ 253,184	\$ 1,820,260



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

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 766,300	\$ 124,342
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	64,451	64,911
Grant revenue recognized on PPP loan forgiveness	(186,656)	-
Change in assets:		
Promises to give	(326,000)	129,400
Accounts receivable	(91,553)	10,445
Prepaid expenses	(1,052)	(7,596)
Change in liabilities:		
Accounts payable - trade	(9,086)	17,708
Accrued liabilities	105	1,413
Deferred revenue	(4,633)	(33,020)
Refundable advance - PPP loan proceeds	188,793	186,026
Security deposits payable	(1,094)	(370)
Net cash from operating activities	<u>399,575</u>	<u>493,259</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(28,057)</u>	<u>(43,417)</u>
Net cash used for investing activities	<u>(28,057)</u>	<u>(43,417)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	<u>(24,785)</u>	<u>(29,621)</u>
Net cash used for financing activities	<u>(24,785)</u>	<u>(29,621)</u>
Net change in cash and cash equivalents	346,733	420,221
Cash and cash equivalents - beginning of year	<u>521,828</u>	<u>101,607</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 868,561</u></u>	<u><u>\$ 521,828</u></u>
<b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u></b>		
Cash paid during the year for		
Interest	\$ 20,673	\$ 21,469

**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 since developed and delivered programs and services for nonprofits that meet their organizational needs.

NEW's mission is to inspire and equip mission-driven people, organizations, and communities to realize their visions of a just and thriving society. Our vision is empowered leaders, flourishing nonprofits, and vibrant communities.

We define capacity building as positioning an organization to deepen its impact by leveraging its strengths and addressing opportunities for improvement. NEW helps organizations make real progress towards their visions. This work takes shape differently with each client, depending on their unique situation. We help our peers align strategic thinking with their values 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:

- Organizational Development
- IT Services (npServ)
- Office & Meeting Space (The NEW Center)

NEW's consultants have infused our services with years of experience, research, and training. In all of our work, we help each client move towards realizing their vision and meeting their mission. We offer trusted guidance and support for every phase of a nonprofit's growth and development. We use our clients' strategic goals to drive the work, rooted in realistic expectations around capacity. 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* – The program offers leadership and organizational development support to nonprofit leaders, Boards of Directors, and other key staff. This support includes beginning and advance board governance training, strategic planning, customized facilitation and workshops, diversity, equity & inclusion consultation, executive coaching, 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 2020-21 NEW served a wide range of individuals and organizations:

- Nonprofits Served: Through customized training for boards or nonprofit leaders, NEW served ninety-one (91) nonprofit organizations in the fiscal year.
- Leadership DELI: NEW facilitated one session of Leadership DELI in the fall of 2020. Thirty-one (31) individuals from twenty-one (21) nonprofits participated in the series.
- Champions for Change: NEW continued the 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. 519 individuals participated.
- Leading & Learning: In response to the impacts of COVID on nonprofit leadership, NEW developed and implemented a monthly virtual learning community, Leading & Learning. This series focused on adapting nonprofit leadership to emergent changes. The series had 153 unique registrants
- Workshops: NEW facilitated seven sessions of the What Do Boards Need to Know Now? The series had 438 unique registrants.
- Financial Services: NEW provided 12 nonprofits with financial consulting and/or fiscal sponsorship services in the fiscal year. We also provided 24 nonprofit clients with third party bookkeeping services.

**NOTE A - NATURE OF ORGANIZATION, *continued***

- Resources: Sold eight (8) “Starting a Nonprofit” Guidebooks” and seven (7) “Fundraising in These Times” Webinar products in the fiscal period.
- NEWs Notes: provides regular updates and inspiring messages to over 6,500 emails subscribers.

*Office & Meeting Space (The NEW Center)* – The program provides office space, shared resources and meeting space for 501(c)(3) nonprofits. In the fiscal year 2020-21, the NEW Center provided a range of support to nonprofits:

- Tenants: NEW had twenty (20) tenant organizations and sixteen (16) affiliate organizations during the fiscal year.
- Building Renovation: Supported by a continuation grant from The Ralph C. Wilson Jr Foundation, the NEW Center building improvements continued. Exploration and planning of the NEW Center’s future also began.

*IT Managed Services* – This program provides strategic managed IT services to nonprofits. The program helps clients create and maintain a modern, secure, cloud-based technology environment. We lower hardware, software, energy, and management costs, while enabling greater reliability, daily data backup, remote access to documents, and many other benefits. Nonprofits have access to on-call IT support during regular business hours for an affordable monthly fee.

- IT Support: During fiscal year 2020-21, npServ provided IT support for 60 organizations.
- 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, 2021, NEW has \$26,886 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 \$0 at June 30, 2021 and 2020, 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***

NEW recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration in which it 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.

***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.

***IT Support and Financial Bookkeeping Service***

Performance obligations related to IT support and financial bookkeeping service 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 funders as a practical expedient for recognition over time as services are delivered.

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

*Disaggregation of Revenue*

	2021	2020
Over time:		
Organizational Consulting, including Financial and IT Consulting	\$ 289,509	\$ 172,580
Training, Events and Workshops	27,450	9,003
IT Support and Financial Bookkeeping Service	31,444	3,000
Fiscal Sponsorship Fees	3,991	17,152
	<u>\$ 352,394</u>	<u>\$ 201,735</u>
Point in time:		
Organizational Consulting, including Financial and IT Consulting	\$ 61,188	\$ 55,994
Training, Events and Workshops	70	3,106
IT Support and Financial Bookkeeping Service	376,483	472,730
	<u>\$ 437,741</u>	<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.

Amounts received under the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020, are accounted for as conditional government grants and are recognized as revenue when conditions for forgiveness have been 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, 2021 and 2020, contributed services of \$36,548 and \$15,816, 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.

***Reclassifications***

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

***Subsequent events***

Subsequent events have been evaluated through January 5, 2022, 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, 2021 and 2020, comprise the following:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 868,561	\$ 521,828
Promises to give, net of allowance	365,000	39,000
Accounts receivable	124,584	33,031
Total financial assets	<u>1,358,145</u>	<u>593,859</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(437,655)	(168,790)
Less financial assets not available within one year:		
Promises to give	<u>-</u>	<u>-</u>
Amount available for general expenditures within one year	<u>\$ 920,490</u>	<u>\$ 425,069</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 \$125,000 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 \$125,000. At June 30, 2021 and 2020, there was no balance drawn on the line of credit. The interest rate is the bank's prime rate plus 0.35%, and the line is secured by a lien on substantially all assets. The line matures on April 9, 2022.

**NOTE E - REFUNDABLE ADVANCE – PPP LOAN**

In April 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. 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. This amount received during fiscal year ended June 30, 2020 was recognized as revenue when conditions for forgiveness were met in fiscal year 2021 and a letter of forgiveness was received from Old National Bank.

In February 2021, NEW was granted an additional loan from Old National Bank in the amount of \$187,500, pursuant to the PPP. Management estimates that this 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 - CONCENTRATION OF CREDIT RISK**

NEW’s savings and checking accounts are held at one financial institution located in Michigan. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management continues to assess the risks/benefits and at this time has determined that NEW is not exposed to any significant credit risk in the cash accounts. NEW also has cash at an online payment processor.

**NOTE G - NOTES PAYABLE**

NEW has the following notes payable outstanding at June 30:

	<u>2021</u>	<u>2020</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 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.	\$ 215,753	\$ 234,345
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.	<u>119,783</u>	<u>125,975</u>
	<u>\$ 335,536</u>	<u>\$ 360,320</u>

Scheduled principal payments on notes payable are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 26,182
2023	27,659
2024	29,219
2025	30,869
2026	33,950
Thereafter	<u>187,657</u>
	<u>\$ 335,536</u>

**NOTE H - OPERATING LEASES**

***As lessee***

NEW leases its npServ office space in Ann Arbor under a lease extension ending in February 2022. 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:

2022	\$	23,845
2023		12,348
2024		1,451
2025		-
2026		-
	\$	<u>37,644</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 \$38,278 and \$41,660 in 2021 and 2020, 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 \$1,108,206 and \$356,749, 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:

2022	\$	115,415
2023		21,005
2024		7,660
2025		-
2026		-
	\$	<u>144,080</u>

**NOTE I - RETIREMENT PLAN**

NEW maintains a SIMPLE IRA retirement plan for substantially all employees, with a 3% matching contribution. Matching contributions totaled \$16,269 and \$15,467 for the years ended June 30, 2021 and 2020, respectively.

**NOTE J - PROMISES TO GIVE**

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

	2021	2020
Receivable in less than one year	\$ 365,000	\$ 39,000
Receivable in one to five years	-	-
Total unconditional pledge receivables	<u>365,000</u>	<u>39,000</u>
Less discounts to net present value	-	-
Less allowance for uncollectible promises	-	-
	<u>\$ 365,000</u>	<u>\$ 39,000</u>



**NOTE K - NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose:		
Board consulting and webinars	\$ 42,000	\$ -
npServ consultation and cloud migration	38,700	-
Building improvements	33,000	-
Financial resiliency	35,000	-
Oaks Village consulting	667	-
Leadership development programs	-	105,000
General operations and capital support	48,288	63,790
Promises to give, the proceeds from which have been restricted by donors for Advancing Racial Justice Program	240,000	-
	<u>437,655</u>	<u>168,790</u>
Subject to the passage of time:		
Beneficial interests in charitable trusts held by others		
Assets held under split-interest agreements		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	125,000	39,000
	<u>125,000</u>	<u>39,000</u>
	<u>\$ 562,655</u>	<u>\$ 207,790</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, 2021 and 2020:

	2021	2020
Expiration of time restrictions	\$ 164,000	\$ 9,400
Satisfaction of purpose restrictions		
Board consulting and webinars	59,000	
npServ consultation and cloud migration	32,300	
Building improvements	84,068	
Financial resiliency	-	
Oaks Village consulting	1,333	
Leadership development programs	166,500	284,200
Equity Challenge	16,000	
Covid-19 rapid response	50,000	
Centering Justice	10,000	
Fiscal sponsorship payments	55,252	325,219
General operations and capital support	-	259,408
	<u>\$ 638,453</u>	<u>\$ 878,227</u>

**NOTE L - NEW ACCOUNTING PRONOUNCEMENTS**

The FASB 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 fiscal year 2023. NEW is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its financial statements.

The FASB also issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and disclose contributed nonfinancial assets. The objective of the ASU is to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. ASU No. 2020-07 will be effective beginning in fiscal year 2022. NEW is currently evaluating the impact the adoption of ASU No. 2020-07 will have on its financial statements.