
NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2022 and 2021

NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nonprofit Enterprise at Work, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nonprofit Enterprise at Work, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nonprofit Enterprise at Work, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nonprofit Enterprise at Work, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Respectfully,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
January 19, 2023

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

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,048,701	\$ 868,561
Promises to give, net of allowance	373,799	365,000
Accounts receivable	111,320	124,584
Prepaid expenses	14,066	15,362
Total current assets	1,547,886	1,373,507
Promises to give, due after one year	294,118	-
Property and equipment:		
Land	53,000	53,000
Building and improvements	1,135,782	1,108,206
Furniture and fixtures	105,346	105,346
Computer equipment and software	60,822	60,822
Total property and equipment	1,354,950	1,327,374
Less accumulated depreciation and amortization	(948,382)	(881,389)
Property and equipment, net of depreciation and amortization	406,568	445,985
TOTAL ASSETS	\$ 2,248,572	\$ 1,819,492
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 86,707	\$ 65,931
Deferred revenue	38,070	41,361
Refundable advance - PPP Loan	-	188,163
Current portion of notes payable	27,659	26,182
Total current liabilities	152,436	321,637
Notes payable, less current portion	281,693	309,354
TOTAL LIABILITIES	434,129	630,991
NET ASSETS		
Without donor restrictions	932,665	625,846
With donor restrictions	881,778	562,655
TOTAL NET ASSETS	1,814,443	1,188,501
TOTAL LIABILITIES AND NET ASSETS	\$ 2,248,572	\$ 1,819,492

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2022 with comparable totals for 2021

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 377,712	\$ 1,316,350	\$ 1,694,062	\$ 1,288,933
Donated services and use of facilities	150	-	150	36,548
Total support	377,862	1,316,350	1,694,212	1,325,481
Revenue				
Program fees	880,379	-	880,379	786,144
Tenant				
Rentals	202,752	-	202,752	203,480
Reimbursements	9,584	-	9,584	7,850
Other	3,423	-	3,423	13,026
Total revenue	1,096,138	-	1,096,138	1,010,500
Total support and revenue	1,474,000	1,316,350	2,790,350	2,335,981
Net assets released from restrictions				
Satisfaction of restriction requirements	997,227	(997,227)	-	-
Expenses				
Program services				
Information technology	481,543	-	481,543	521,133
Organizational development	889,189	-	889,189	456,902
Building management	373,245	-	373,245	259,722
Supporting services				
Management and general	346,309	-	346,309	246,784
Fundraising	74,122	-	74,122	85,140
Total expenses	2,164,408	-	2,164,408	1,569,681
Change in net assets	306,819	319,123	625,942	766,300
Net assets - beginning of year	625,846	562,655	1,188,501	422,201
Net assets - end of year	<u>\$ 932,665</u>	<u>\$ 881,778</u>	<u>\$ 1,814,443</u>	<u>\$ 1,188,501</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total 2021
Support and Revenue			
Support			
Grants, contributions, and sponsorships	\$ 295,615	\$ 993,318	\$ 1,288,933
In-kind contributions:			
Donated materials and supplies	-	-	-
Donated services	36,548	-	36,548
Total support	332,163	993,318	1,325,481
Revenue			
Program fees	786,144	-	786,144
Tenant			
Rentals	203,480	-	203,480
Reimbursements	7,850	-	7,850
Other	13,026	-	13,026
Total revenue	1,010,500	-	1,010,500
Total support and revenue	1,342,663	993,318	2,335,981
Net assets released from restrictions			
Satisfaction of restriction requirements	638,453	(638,453)	-
Expenses			
Program services			
Information technology	521,133	-	521,133
Organizational development	456,902	-	456,902
Building management	259,722	-	259,722
Supporting services			
Management and general	246,784	-	246,784
Fundraising	85,140	-	85,140
Total expenses	1,569,681	-	1,569,681
Change in net assets	411,435	354,865	766,300
Net assets - beginning of year	214,411	207,790	422,201
Net assets - end of year	\$ 625,846	\$ 562,655	\$ 1,188,501

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022 with comparable totals for 2021

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Totals	
	Information Technology	Organizational Development	Building Management		Management and General	Fundraising		2022	2021
Payroll expenses:									
Salaries and Wages	\$ 315,766	\$ 532,022	\$ 34,658	\$ 882,446	\$ 192,462	\$ 62,441	\$ 254,903	\$ 1,137,349	\$ 907,733
Payroll Taxes	23,362	40,808	2,004	66,174	20,283	4,990	25,273	91,447	70,184
Employee Benefits	33,543	21,270	(427)	54,386	27,067	4,732	31,799	86,185	63,726
Total Payroll Expenses	372,671	594,100	36,235	1,003,006	239,812	72,163	311,975	1,314,981	1,041,643
Other expenses:									
Office Expenses	277	323	13,497	14,097	8,352	683	9,035	23,132	18,408
Information Technology	17,861	585	4,218	22,664	5,511	-	5,511	28,175	9,762
Program Expenses	9,200	6,211	6,342	21,753	209	-	209	21,962	17,316
Janitorial	-	-	15,322	15,322	-	-	-	15,322	9,567
Utilities	3,867	-	16,587	20,454	-	-	-	20,454	15,694
Office and Equipment Rent	15,900	-	17,447	33,347	4,836	-	4,836	38,183	38,739
Travel and Conferences	6,925	192	55	7,172	-	-	-	7,172	11,321
Dues and Subscriptions	53,796	5,331	349	59,476	14,683	-	14,683	74,159	41,468
Insurance	-	-	3,934	3,934	7,932	-	7,932	11,866	10,462
Meals and Entertainment	15	-	117	132	2,527	-	2,527	2,659	817
Building Repairs and Maintenance	-	-	34,235	34,235	-	-	-	34,235	30,221
Contract Services	-	61,794	140,315	202,109	5,035	-	5,035	207,144	95,468
Professional Fees	-	-	5,500	5,500	22,115	-	22,115	27,615	21,995
Donated Services	-	150	-	150	-	-	-	150	36,548
Marketing and Promotion	-	234	-	234	3,068	548	3,616	3,850	18,531
Interest	-	-	19,093	19,093	64	-	64	19,157	20,673
Bad Debt	-	-	-	-	15,000	-	15,000	15,000	1,345
Organizational Grants	-	211,625	-	211,625	-	-	-	211,625	55,252
All Other	1,031	8,644	199	9,874	9,972	728	10,700	20,574	10,000
Total Expenses Before Depreciation	481,543	889,189	313,445	1,684,177	339,116	74,122	413,238	2,097,415	1,505,230
Depreciation	-	-	59,800	59,800	7,193	-	7,193	66,993	64,451
Total Expenses	\$ 481,543	\$ 889,189	\$ 373,245	\$ 1,743,977	\$ 346,309	\$ 74,122	\$ 420,431	\$ 2,164,408	\$ 1,569,681

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021

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

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 625,942	\$ 766,300
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	66,993	64,451
Grant revenue recognized on PPP loan forgiveness	(189,339)	(186,656)
Change in assets:		
Promises to give	(302,917)	(326,000)
Accounts receivable	13,264	(92,647)
Prepaid expenses	1,296	(1,052)
Change in liabilities:		
Accounts payable - trade	20,776	(9,086)
Deferred compensation	-	105
Deferred revenue	(3,291)	(4,633)
Refundable advance - PPP loan proceeds	1,176	188,793
Net cash from operating activities	233,900	399,575
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(27,576)	(28,057)
Net cash used for investing activities	(27,576)	(28,057)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(26,184)	(24,785)
Net cash used for financing activities	(26,184)	(24,785)
Net change in cash and cash equivalents	180,140	346,733
Cash and cash equivalents - beginning of year	868,561	521,828
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,048,701	\$ 868,561
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for		
Interest	\$ 19,157	\$ 20,673

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. NEW was founded 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
- 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 2021-22 NEW served a wide range of individuals and organizations:

- Nonprofits Served: Through customized training for boards or nonprofit leaders, NEW served 53 nonprofit organizations in the fiscal year.
- Leadership DELI: NEW facilitated one cohort of Leadership DELI in 2021-22. 28 individuals from 15 nonprofits participated in the series, which ran from February 2022 through June 2022.
- Champions for Change: NEW continued the racial justice focused leadership development program, Champions for Change. 25 individuals participated in the cohort, which ran from September 2021 through May 2022.
- Centering Justice: NEW continued Centering Justice, a monthly virtual dialogue series. This series focused on uplifting voices of leaders of color as central pillars in change making. Sessions ran from August 2021 through June 2022. The series had a total of 666 registrants across sessions.
- Leading & Learning: NEW continued Leading & Learning, virtual learning community focused on adapting nonprofit leadership to emergent changes. The series took place between July 2021 and June 2022 with a total of 354 registrants across sessions.
- Road to Resilience: NEW began a learning community, Road to Resilience, for financial leaders within nonprofits. The cohort ran from January 2022 - June 2022 with 16 participants.
- Beyond Board Basics: NEW began a learning community, Beyond Board Basics, for nonprofit leaders and board members. The program is shorter than others and NEW ran 3 cohorts in 2021-22. The program ran from February 2022 - July 2022. 58 individuals participated across the series
- Financial Services: NEW provided 18 nonprofits with financial consulting and/or fiscal sponsorship services in the fiscal year. We also provided 35 nonprofit clients with third party bookkeeping services.

NOTE A - NATURE OF ORGANIZATION, *continued*

- Resources: Sold 12 “Starting a Nonprofit” guidebooks and video series; 1 “Fundraising in These Times” webinar; 8 “Finance Fundamentals” webinars; 4 “Board Governance, Recruitment and Engagement” webinars; and 3 “Nonprofit Strategy” products in the fiscal period.
- NEWs Notes: provides regular updates and inspiring messages to over 3,500 email 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 2021-22, the NEW Center provided a range of support to nonprofits:

- Tenants: NEW had 18 tenant organizations and 11 affiliate organizations during the fiscal year.
- Building Renovation: Supported by a continuation grant from The Ralph C. Wilson Jr Foundation, NEW began making plans to renovate the NEW Center. The organization worked with consultants from Designing Justice + Designing Spaces, InTOTO studios and InSite Design to create a community-centric plan to better meet the community’s needs.

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 2021-22, NEW provided IT support for 62 organizations.
- IT Consulting: We also helped 13 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, 2022, NEW has \$26,899 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 \$15,000 and \$1,345 at June 30, 2022 and 2021, respectively.

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

	2022	2021
Over time:		
Organizational Consulting, including Financial and IT Consulting	\$ 256,051	\$ 289,509
Training, Events and Workshops	4,140	27,450
IT Support and Financial Bookkeeping Service	23,904	31,444
Fiscal Sponsorship Fees	25,674	3,991
	\$ 309,769	\$ 352,394
Point in time:		
Organizational Consulting, including Financial and IT Consulting	\$ 120,516	\$ 61,188
Training, Events and Workshops	26,000	70
IT Support and Financial Bookkeeping Service	449,769	376,483
	\$ 596,285	\$ 437,741

Contract Liabilities

Contract liabilities are shown on the statements 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.

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 19, 2023, 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, 2022 and 2021, comprise the following:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,048,701	\$ 868,561
Promises to give, net of allowance	667,917	365,000
Accounts receivable	111,320	124,584
Total financial assets	1,827,938	1,358,145
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(268,861)	(437,655)
Less financial assets not available within one year:		
Promises to give	(294,118)	-
Amount available for general expenditures within one year	\$ 1,264,959	\$ 920,490

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.

NOTE D - 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. 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 in fiscal year 2021 when a letter of forgiveness was received from Old National Bank.

In February 2021, NEW was granted a second PPP loan from Old National Bank in the amount of \$187,500. This amount received during fiscal year ended June 30, 2021 was recognized as revenue in fiscal year 2022 when a letter of forgiveness was received from Old National Bank.

NOTE E - 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 F - NOTES PAYABLE

NEW has the following notes payable outstanding at June 30:

	2022	2021
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.	\$ 196,137	\$ 215,753
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.	113,215	119,783
	\$ 309,352	\$ 335,536

Scheduled principal payments on notes payable are as follows:

2023	\$ 27,659
2024	29,219
2025	30,869
2026	33,950
2027	35,864
Thereafter	151,791
	\$ 309,352

NEW also has a standby letter of credit of \$36,600 that expires December 31, 2022 and carries interest at the bank’s prime rate plus .5%. There was no outstanding balance on the letter at June 30, 2022. NEW’s checking account is collateral for the letter.

NEW had a line of credit that expired in April 2022 and has not been renewed.

NOTE G - OPERATING LEASES

As Lessee

NEW leased IT office space in Ann Arbor under a lease extension that ended 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:

2023	\$	64,073	
2024		8,115	
2025		-	
2026		-	
2027		-	
		-	
	\$	72,188	

NEW also leased office space in Detroit under a month-to-month lease until December 2021.

Rental expense under these leases was \$38,183 and \$38,278 in 2022 and 2021, 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 \$1,135,782 and \$384,325, 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:

2023	\$	12,348	
2024		1,451	
2025		-	
2026		-	
2027		-	
		-	
	\$	13,799	

NOTE H - RETIREMENT PLAN

NEW maintains a SIMPLE IRA retirement plan for substantially all employees, with a 3% matching contribution. Matching contributions totaled \$18,078 and \$16,269 for the years ended June 30, 2022 and 2021, respectively.

NOTE I - PROMISES TO GIVE

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

	2022	2021
Receivable in less than one year	\$ 373,799	\$ 365,000
Receivable in one to five years	300,000	-
Total unconditional pledge receivables	673,799	365,000
Less discounts to net present value	(5,882)	-
Less allowance for uncollectible promises	-	-
	\$ 667,917	\$ 365,000

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditure for specified purpose:		
Board consulting and webinars	\$ -	\$ 42,000
IT consultation and cloud migration	-	38,700
Building improvements	-	33,000
Financial resiliency	-	35,000
Oaks Village consulting	-	667
Leadership development programs	-	-
General operations and capital support	213,861	48,288
Promises to give, the proceeds from which		
have been restricted by donors for		
Advancing Racial Justice Program	-	240,000
Black Men Read	5,000	-
Washtenaw Care Based Safety	50,000	-
	268,861	437,655
Subject to the passage of time:		
Promises to give that are not restricted by donors,		
but which are unavailable for expenditure until due	612,917	125,000
	612,917	125,000
	\$ 881,778	\$ 562,655

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, 2022 and 2021:

	2022	2021
Expiration of time restrictions	\$ 425,000	\$ 164,000
Satisfaction of purpose restrictions		
Board consulting and webinars	42,000	59,000
Advancing racial justice	240,000	-
IT consultation and cloud migration	38,700	32,300
Building improvements	33,000	84,068
Financial resiliency	35,000	-
Oaks Village consulting	667	1,333
Leadership development programs	-	166,500
Equity Challenge	-	16,000
Covid-19 rapid response	-	50,000
Centering Justice	-	10,000
Fiscal sponsorship payments	182,860	55,252
	\$ 997,227	\$ 638,453

NOTE K - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2022 and 2021, contributed services of \$150 and \$36,548, respectively, were recognized in the without donor restrictions net asset class. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributed services supported NEW's learning communities.

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.