

---

**NONPROFIT ENTERPRISE AT WORK, INC.**

FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022

---

---

**NONPROFIT ENTERPRISE AT WORK, INC.**

**FINANCIAL STATEMENTS**

For the years ended June 30, 2023 and 2022

**TABLE OF CONTENTS**

|   |   |
|---|---|
| INDEPENDENT AUDITOR’S REPORT .....      | 1 |
| FINANCIAL STATEMENTS                    |   |
| Statements of Financial Position.....   | 3 |
| Statements of Activities .....          | 4 |
| Statements of Functional Expenses ..... | 6 |
| Statements of Cash Flows.....           | 8 |
| Notes to Financial Statements.....      | 9 |



## 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, 2023 and 2022, 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, 2023 and 2022, 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 16, 2024

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

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Cash and cash equivalents                                    | \$ 1,135,957        | \$ 1,048,701        |
| Promises to give, net of allowance                           | 1,546,824           | 667,917             |
| Accounts receivable  | 91,853              | 111,320             |
| Prepaid expenses   | 159                 | 14,066              |
| Operating lease right-of-use asset, net                      | 33,063              | -                   |
| Property and equipment:                                      |                     |                     |
| Land   | 53,000              | 53,000              |
| Building and improvements                                    | 1,135,782           | 1,135,782           |
| Furniture and fixtures                                       | 101,180             | 105,346             |
| Computer equipment and software                              | 60,822              | 60,822              |
| Total property and equipment                                 | 1,350,784           | 1,354,950           |
| Less accumulated depreciation and amortization               | (1,011,289)         | (948,382)           |
| Property and equipment, net of depreciation and amortization | 339,495             | 406,568             |
| <b>TOTAL ASSETS</b>  | <u>\$ 3,147,351</u> | <u>\$ 2,248,572</u> |
| <b>LIABILITIES</b>   |                     |                     |
| Accounts payable and accrued liabilities                     | \$ 88,484           | \$ 86,707           |
| Deferred revenue   | 12,500              | 38,070              |
| Operating lease liability                                    | 33,063              | -                   |
| Notes payable  | 281,691             | 309,352             |
| <b>TOTAL LIABILITIES</b>                                     | 415,738             | 434,129             |
| <b>NET ASSETS</b>  |                     |                     |
| Without donor restrictions                                   | 767,399             | 932,665             |
| With donor restrictions                                      | 1,964,214           | 881,778             |
| <b>TOTAL NET ASSETS</b>                                      | <u>2,731,613</u>    | <u>1,814,443</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                      | <u>\$ 3,147,351</u> | <u>\$ 2,248,572</u> |

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENT OF ACTIVITIES**  
*For the year ended June 30, 2023*

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total<br/>2023</b> |
|--|---------------------------------------|------------------------------------|-----------------------|
| <b>Support and Revenue</b>                                       |                                       |                                    |                       |
| <b>Support</b>   |                                       |                                    |                       |
| Grants, contributions, and sponsorships                          | \$ 102,998                            | \$ 2,448,086                       | \$ 2,551,084          |
| Donated services and use of facilities                           | 1,000                                 | -                                  | 1,000                 |
| Total support  | 103,998                               | 2,448,086                          | 2,552,084             |
| <b>Revenue</b>   |                                       |                                    |                       |
| Program fees   |                                       |                                    |                       |
| Organizational Consulting, including Financial and IT Consulting | 396,017                               | -                                  | 396,017               |
| IT Managed Services  | 498,846                               | -                                  | 498,846               |
| Building Managed Services  | 172,568                               | -                                  | 172,568               |
| Financial Managed Services                                       | 153,213                               | -                                  | 153,213               |
| Training, Events and Workshops - "Learning Communities"          | 44,000                                | -                                  | 44,000                |
| Other  | 2,893                                 | -                                  | 2,893                 |
| Total revenue  | 1,267,537                             | -                                  | 1,267,537             |
| Total support and revenue  | 1,371,535                             | 2,448,086                          | 3,819,621             |
| <b>Net assets released from restrictions</b>                     |                                       |                                    |                       |
| Satisfaction of restriction requirements                         | 1,365,650                             | (1,365,650)                        | -                     |
| <b>Expenses</b>  |                                       |                                    |                       |
| Program services   |                                       |                                    |                       |
| Consulting   | 279,195                               | -                                  | 279,195               |
| IT Managed Services  | 582,847                               | -                                  | 582,847               |
| Financial Managed Services                                       | 440,455                               | -                                  | 440,455               |
| Learning Communities   | 349,664                               | -                                  | 349,664               |
| Building Management  | 334,238                               | -                                  | 334,238               |
| New Center Transformation  | 307,715                               | -                                  | 307,715               |
| Supporting services  |                                       |                                    |                       |
| Management and general   | 569,941                               | -                                  | 569,941               |
| Fundraising  | 38,396                                | -                                  | 38,396                |
| Total expenses   | 2,902,451                             | -                                  | 2,902,451             |
| <b>Change in net assets</b>                                      | (165,266)                             | 1,082,436                          | 917,170               |
| Net assets - beginning of year                                   | 932,665                               | 881,778                            | 1,814,443             |
| <b>Net assets - end of year</b>                                  | \$ 767,399                            | \$ 1,964,214                       | \$ 2,731,613          |

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENT OF ACTIVITIES**  
*For the year ended June 30, 2022*

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total<br/>2022</b> |
|--|---------------------------------------|------------------------------------|-----------------------|
| <b>Support and Revenue</b>                   |                                       |                                    |                       |
| <b>Support</b>                               |                                       |                                    |                       |
| Grants, contributions, and sponsorships      | \$ 377,712                            | \$ 1,316,350                       | \$ 1,694,062          |
| Donated services and use of facilities       | 150                                   | -                                  | 150                   |
| Total support                                | 377,862                               | 1,316,350                          | 1,694,212             |
| <b>Revenue</b>                               |                                       |                                    |                       |
| Program fees                                 | 871,369                               | -                                  | 871,369               |
| Tenant                                       |                                       |                                    |                       |
| Rentals                                      | 202,752                               | -                                  | 202,752               |
| Reimbursements                               | 9,584                                 | -                                  | 9,584                 |
| Other  | 4,833                                 | -                                  | 4,833                 |
| Total revenue                                | 1,088,538                             | -                                  | 1,088,538             |
| Total support and revenue                    | 1,466,400                             | 1,316,350                          | 2,782,750             |
| <b>Net assets released from restrictions</b> |                                       |                                    |                       |
| Satisfaction of restriction requirements     | 997,227                               | (997,227)                          | -                     |
| <b>Expenses</b>                              |                                       |                                    |                       |
| Program services                             |                                       |                                    |                       |
| Information Technology                       | 481,543                               | -                                  | 481,543               |
| Organizational Development                   | 881,589                               | -                                  | 881,589               |
| Building Management                          | 373,245                               | -                                  | 373,245               |
| Supporting services                          |                                       |                                    |                       |
| Management and general                       | 346,309                               | -                                  | 346,309               |
| Fundraising                                  | 74,122                                | -                                  | 74,122                |
| Total expenses                               | 2,156,808                             | -                                  | 2,156,808             |
| <b>Change in net assets</b>                  |                                       |                                    |                       |
| Net assets - beginning of year               | 625,846                               | 562,655                            | 1,188,501             |
| <b>Net assets - end of year</b>              | <b>\$ 932,665</b>                     | <b>\$ 881,778</b>                  | <b>\$ 1,814,443</b>   |

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2023 with comparable totals for 2022*

|                                    | Program Services |                        |                                  |                         |                        |                              | Total<br>Program<br>Services | Supporting Services          |             | Total<br>Supporting<br>Services | Totals       |              |
|------------------------------------|------------------|------------------------|----------------------------------|-------------------------|------------------------|------------------------------|------------------------------|------------------------------|-------------|---------------------------------|--------------|--------------|
|                                    | Consulting       | IT Managed<br>Services | Financial<br>Managed<br>Services | Learning<br>Communities | Building<br>Management | New Center<br>Transformation |                              | Management<br>and<br>General | Fundraising |                                 | 2023         | 2022         |
|                                    |                  |                        |                                  |                         |                        |                              |                              |                              |             |                                 |              |              |
| Payroll expenses:                  |                  |                        |                                  |                         |                        |                              |                              |                              |             |                                 |              |              |
| Salaries and Wages                 | \$ 200,318       | \$ 399,840             | \$ 132,265                       | \$ 238,240              | \$ 112,469             | \$ 11,036                    | \$ 1,094,168                 | \$ 357,878                   | \$ 14,934   | \$ 372,812                      | \$ 1,466,980 | \$ 1,137,349 |
| Payroll Taxes                      | 7,327            | 21,452                 | 7,083                            | 7,525                   | 2,789                  | 828                          | 47,004                       | 59,334                       | 4,165       | 63,499                          | 110,503      | 91,447       |
| Employee Benefits                  | 11,108           | 22,919                 | 5,887                            | 15,716                  | 13,143                 | 12,690                       | 81,463                       | 26,672                       | 920         | 27,592                          | 109,055      | 86,185       |
| Total Payroll Expenses             | 218,753          | 444,211                | 145,235                          | 261,481                 | 128,401                | 24,554                       | 1,222,635                    | 443,884                      | 20,019      | 463,903                         | 1,686,538    | 1,314,981    |
| Other expenses:                    |                  |                        |                                  |                         |                        |                              |                              |                              |             |                                 |              |              |
| Office Expenses                    | 1,996            | 27,365                 | (79)                             | 1,147                   | 2,487                  | 30                           | 32,946                       | 35,715                       | 15          | 35,730                          | 68,676       | 23,132       |
| Information Technology             | -                | 6,038                  | -                                | -                       | -                      | -                            | 6,038                        | -                            | -           | -                               | 6,038        | 28,175       |
| Program Supplies and Subscriptions | 5,424            | 95,303                 | 2,886                            | 38,044                  | 1,163                  | 10,301                       | 153,121                      | 586                          | 2,675       | 3,261                           | 156,382      | 96,121       |
| Utilities                          | -                | (69)                   | -                                | -                       | 20,793                 | -                            | 20,724                       | -                            | -           | -                               | 20,724       | 20,454       |
| Office and Equipment Rent          | -                | -                      | -                                | -                       | 14,526                 | -                            | 14,526                       | -                            | -           | -                               | 14,526       | 38,183       |
| Travel and Conferences             | 3,413            | 9,999                  | -                                | 574                     | 14                     | -                            | 14,000                       | 7,756                        | -           | 7,756                           | 21,756       | 7,172        |
| Insurance                          | -                | -                      | -                                | -                       | 8,030                  | -                            | 8,030                        | 9,985                        | -           | 9,985                           | 18,015       | 11,866       |
| Meals and Entertainment            | 26               | -                      | -                                | -                       | 144                    | -                            | 170                          | 7,211                        | -           | 7,211                           | 7,381        | 2,659        |
| Building Repairs and Maintenance   | -                | -                      | -                                | -                       | 68,078                 | 5,085                        | 73,163                       | -                            | -           | -                               | 73,163       | 49,557       |
| Contract Services                  | 47,580           | -                      | 250                              | 45,250                  | 9,196                  | 25,169                       | 127,445                      | 16,317                       | -           | 16,317                          | 143,762      | 207,144      |
| Professional Fees                  | -                | -                      | -                                | -                       | 900                    | 241,865                      | 242,765                      | 30,675                       | 15,000      | 45,675                          | 288,440      | 27,615       |
| Donated Services                   | -                | -                      | -                                | 1,000                   | -                      | -                            | 1,000                        | -                            | -           | -                               | 1,000        | 150          |
| Marketing and Promotion            | -                | -                      | -                                | 4                       | -                      | 711                          | 715                          | 1,476                        | 447         | 1,923                           | 2,638        | 3,850        |
| Interest                           | -                | -                      | -                                | -                       | 19,588                 | -                            | 19,588                       | (3,085)                      | -           | (3,085)                         | 16,503       | 19,157       |
| Bad Debt                           | 1,356            | -                      | 1,427                            | -                       | -                      | -                            | 2,783                        | -                            | -           | -                               | 2,783        | 15,000       |
| Organizational Grants              | -                | -                      | 290,736                          | -                       | -                      | -                            | 290,736                      | -                            | -           | -                               | 290,736      | 211,625      |
| All Other                          | 647              | -                      | -                                | 2,164                   | 1,532                  | -                            | 4,343                        | 12,277                       | 240         | 12,517                          | 16,860       | 12,974       |
| Total Expenses                     |                  |                        |                                  |                         |                        |                              |                              |                              |             |                                 |              |              |
| Before Depreciation                | 279,195          | 582,847                | 440,455                          | 349,664                 | 274,852                | 307,715                      | 2,234,728                    | 562,797                      | 38,396      | 601,193                         | 2,835,921    | 2,089,815    |
| Depreciation                       | -                | -                      | -                                | -                       | 59,386                 | -                            | 59,386                       | 7,144                        | -           | 7,144                           | 66,530       | 66,993       |
| Total Expenses                     | \$ 279,195       | \$ 582,847             | \$ 440,455                       | \$ 349,664              | \$ 334,238             | \$ 307,715                   | \$ 2,294,114                 | \$ 569,941                   | \$ 38,396   | \$ 608,337                      | \$ 2,902,451 | \$ 2,156,808 |



**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2022*

|                                       | Program Services          |                               |                        | Total<br>Program<br>Services | Supporting Services          |                  | Total<br>Supporting<br>Services | Total<br>2022       |
|---------------------------------------|---------------------------|-------------------------------|------------------------|------------------------------|------------------------------|------------------|---------------------------------|---------------------|
|                                       | Information<br>Technology | Organizational<br>Development | Building<br>Management |                              | Management<br>and<br>General | Fundraising      |                                 |                     |
| Payroll expenses:                     |                           |                               |                        |                              |                              |                  |                                 |                     |
| Salaries and Wages                    | \$ 315,766                | \$ 532,022                    | \$ 34,658              | \$ 882,446                   | \$ 192,462                   | \$ 62,441        | \$ 254,903                      | \$ 1,137,349        |
| Payroll Taxes                         | 23,362                    | 40,808                        | 2,004                  | 66,174                       | 20,283                       | 4,990            | 25,273                          | 91,447              |
| Employee Benefits                     | 33,543                    | 21,270                        | (427)                  | 54,386                       | 27,067                       | 4,732            | 31,799                          | 86,185              |
| Total Payroll Expenses                | <u>372,671</u>            | <u>594,100</u>                | <u>36,235</u>          | <u>1,003,006</u>             | <u>239,812</u>               | <u>72,163</u>    | <u>311,975</u>                  | <u>1,314,981</u>    |
| Other expenses:                       |                           |                               |                        |                              |                              |                  |                                 |                     |
| Office Expenses                       | 277                       | 323                           | 13,497                 | 14,097                       | 8,352                        | 683              | 9,035                           | 23,132              |
| Information Technology                | 17,861                    | 585                           | 4,218                  | 22,664                       | 5,511                        | -                | 5,511                           | 28,175              |
| Program Supplies and Subscriptions    | 62,996                    | 11,542                        | 6,691                  | 81,229                       | 14,892                       | -                | 14,892                          | 96,121              |
| Utilities                             | 3,867                     | -                             | 16,587                 | 20,454                       | -                            | -                | -                               | 20,454              |
| Office and Equipment Rent             | 15,900                    | -                             | 17,447                 | 33,347                       | 4,836                        | -                | 4,836                           | 38,183              |
| Travel and Conferences                | 6,925                     | 192                           | 55                     | 7,172                        | -                            | -                | -                               | 7,172               |
| Insurance                             | -                         | -                             | 3,934                  | 3,934                        | 7,932                        | -                | 7,932                           | 11,866              |
| Meals and Entertainment               | 15                        | -                             | 117                    | 132                          | 2,527                        | -                | 2,527                           | 2,659               |
| Building Repairs and Maintenance      | -                         | -                             | 49,557                 | 49,557                       | -                            | -                | -                               | 49,557              |
| Contract Services                     | -                         | 61,794                        | 140,315                | 202,109                      | 5,035                        | -                | 5,035                           | 207,144             |
| Professional Fees                     | -                         | -                             | 5,500                  | 5,500                        | 22,115                       | -                | 22,115                          | 27,615              |
| Donated Services                      | -                         | 150                           | -                      | 150                          | -                            | -                | -                               | 150                 |
| Marketing and Promotion               | -                         | 234                           | -                      | 234                          | 3,068                        | 548              | 3,616                           | 3,850               |
| Interest                              | -                         | -                             | 19,093                 | 19,093                       | 64                           | -                | 64                              | 19,157              |
| Bad Debt                              | -                         | -                             | -                      | -                            | 15,000                       | -                | 15,000                          | 15,000              |
| Organizational Grants                 | -                         | 211,625                       | -                      | 211,625                      | -                            | -                | -                               | 211,625             |
| All Other                             | 1,031                     | 1,044                         | 199                    | 2,274                        | 9,972                        | 728              | 10,700                          | 12,974              |
| Total Expenses<br>Before Depreciation | <u>481,543</u>            | <u>881,589</u>                | <u>313,445</u>         | <u>1,676,577</u>             | <u>339,116</u>               | <u>74,122</u>    | <u>413,238</u>                  | <u>2,089,815</u>    |
| Depreciation                          | -                         | -                             | 59,800                 | 59,800                       | 7,193                        | -                | 7,193                           | 66,993              |
| Total Expenses                        | <u>\$ 481,543</u>         | <u>\$ 881,589</u>             | <u>\$ 373,245</u>      | <u>\$ 1,736,377</u>          | <u>\$ 346,309</u>            | <u>\$ 74,122</u> | <u>\$ 420,431</u>               | <u>\$ 2,156,808</u> |

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

|   | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                     |
| Change in net assets  | \$ 917,170          | \$ 625,942          |
| Adjustments to reconcile change in net assets<br>to net cash from operating activities: |                     |                     |
| Operating lease right-of-use asset amortization   | 2,226               | -                   |
| Depreciation  | 66,530              | 66,993              |
| Grant revenue recognized on PPP loan forgiveness  | -                   | (189,339)           |
| Change in assets:   |                     |                     |
| Promises to give  | (878,907)           | (302,917)           |
| Accounts receivable   | 19,467              | 13,264              |
| Prepaid expenses  | 13,907              | 1,296               |
| Change in liabilities:  |                     |                     |
| Accounts payable and accrued liabilities  | 1,777               | 20,776              |
| Deferred revenue  | (25,570)            | (3,291)             |
| Operating lease liability   | (2,226)             | -                   |
| Refundable advance - PPP loan proceeds  | -                   | 1,176               |
| Net cash from operating activities  | 114,374             | 233,900             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Purchases of property and equipment   | -                   | (27,576)            |
| Net cash used for investing activities  | -                   | (27,576)            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Payments on notes payable   | (27,118)            | (26,184)            |
| Net cash used for financing activities  | (27,118)            | (26,184)            |
| Net change in cash and cash equivalents   | 87,256              | 180,140             |
| Cash and cash equivalents - beginning of year   | 1,048,701           | 868,561             |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <b>\$ 1,135,957</b> | <b>\$ 1,048,701</b> |
| <b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u></b>                          |                     |                     |
| Cash paid during the year for   |                     |                     |
| Interest  | \$ 16,503           | \$ 19,157           |
| Noncash investing and financing transactions:   |                     |                     |
| Operating lease liability arising from obtaining right-of-use asset                     | \$ 35,289           | \$ -                |

**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:

- Consulting: Organizational Development, IT, and Financial
- Managed Services: IT, Financial, and Building
- Learning Communities

NEW's staff 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:

*Consulting* – The program offers organizational development, IT, and financial consulting services to organization leaders, Boards of Directors, and other key staff. Support includes beginning and advanced board governance training, strategic planning, customized facilitation and workshops, diversity, equity & inclusion consultation, executive coaching, IT special projects support, and consultation on financial policies and procedures. In fiscal year 2022-23, NEW served 57 organizations with consulting services:

- Organizational Development Consulting: 41 organizations
- IT Consulting: 7 organizations
- Financial Consulting: 9 organizations

*Managed Services* – The program offers managed IT and financial services, as well as office and meeting space, for small- and medium-sized nonprofits. IT managed services help 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. Financial managed services include monthly bookkeeping (using QuickBooks Online), support with financial assessments, financial reports, and budgets and cash flow, and fiscal sponsorship. NEW also provides office space, shared resources, and meeting space for 501(c)(3) nonprofits at the NEW Center through tenants, affiliate memberships, and conference room rentals. In fiscal year 2022-23, NEW served 170 organizations with managed services:

- IT Managed Services: 60 organizations
- Financial Managed Services: 56 organizations – 43 monthly bookkeeping clients; 13 fiscal sponsorship clients
- Building Managed Services: 54 organizations – 17 tenants, 14 affiliates, and 23 conference room rentals

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

*Learning Communities* – The program offers leadership development programming to organization leaders, key staff, and other individual stakeholders. Learning communities include Leadership DELI (leadership development), Champions for Change (racial justice-focused leadership development), Centering Justice (monthly virtual dialogue series), Road to Resilience (financial leadership development), Beyond Board Basics (Board member development), and Leading & Learning (virtual community on change management). In fiscal year 2022-23, NEW served 403 individuals in Learning Communities:

- Leadership DELI: 27 participants
- Champions for Change: 26 participants
- Centering Justice: 304 participants
- Road to Resilience: 15 participants
- Beyond Board Basics: 12 participants
- Leading & Learning: 19 participants

In addition to these programs, NEW is undertaking a special non-ongoing project: the NEW Center Transformation. The NEW Center Transformation intends to transform our physical space (the NEW Center) to embody our mission, vision and values. The new NEW Center will provide a community space and programming that serves to welcome and deepen connections between mission-driven people. NEW is currently developing the scope and timeline for the project and conducting a feasibility study.

**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, 2023, 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 \$15,000 at June 30, 2023 and 2022, 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 monthly over the course of the consulting engagement. Customers are generally billed monthly. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized.

***IT Managed Services***

Performance obligations related to on-going IT managed 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. Initial onboarding, or one-off work such as reimbursements for equipment is recognized at the time of service. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized.

***Building Managed Services***

Revenue from affiliate membership and tenant fees are transferred to the customer ratably over the term of the contract. Revenue is billed and recognized monthly over the term of the lease agreement, which is generally one year or less. Conference room rental fees and reimbursements are recognized at the time of service. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized.

***Financial Managed Services***

Financial managed services comprise mainly of on-going bookkeeping support, and fiscal sponsorship fees.

Performance obligations related to on-going bookkeeping 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. Initial onboarding, or one-off work such as 1099 processing is recognized at the time of service. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized.

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***

*Training, Events and Workshops – “Learning Communities”*

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 before the convening; therefore, contract liabilities may exist at year end. However, in structuring the timing of convenings, all are scheduled to conclude before the end of the fiscal year end. The contract terms are straightforward and do not involve significant judgment in the timing or amount of revenue recognized.

*Disaggregation of Revenue from Contracts with Customers*

|  | 2023         | 2022       |
|--|--------------|------------|
| Over time:   |              |            |
| Organizational Consulting, including Financial and IT Consulting | \$ 399,307   | \$ 235,503 |
| IT Managed Services  | 487,558      | 446,194    |
| Building Managed Services  | 165,083      | 202,752    |
| Financial Managed Services                                       | 135,799      | 93,903     |
| Training, Events and Workshops – “Learning Communities”          | -            | -          |
|  | \$ 1,187,747 | \$ 978,352 |
| Point in time:   |              |            |
| Organizational Consulting, including Financial and IT Consulting | \$ -         | \$ -       |
| IT Managed Services  | 11,288       | 25,981     |
| Building Managed Services  | 7,485        | 11,561     |
| Financial Managed Services                                       | 17,415       | 32,161     |
| Training, Events and Workshops – “Learning Communities”          | 40,710       | 35,650     |
|  | \$ 76,898    | \$ 105,353 |

*Contract Liabilities*

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

*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.

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

*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.

***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 16, 2024, 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, 2023 and 2022, comprise the following:

|  | 2023         | 2022         |
|--|--------------|--------------|
| Financial assets:  |              |              |
| Cash and cash equivalents                                      | \$ 1,135,957 | \$ 1,048,701 |
| Promises to give, net of allowance                             | 1,546,824    | 667,917      |
| Accounts receivable  | 91,853       | 111,320      |
| Total financial assets   | 2,774,634    | 1,827,938    |
| Less financial assets held to meet donor-imposed restrictions: |              |              |
| Purpose-restricted net assets                                  | (1,343,234)  | (268,861)    |
| Less financial assets not available within one year:           |              |              |
| Promises to give   | (200,980)    | (294,118)    |
| Amount available for general expenditures within one year      | \$ 1,230,420 | \$ 1,264,959 |

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 - PROMISES TO GIVE**

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

|   | 2023         | 2022       |
|---|--------------|------------|
| Receivable in less than one year          | \$ 1,345,844 | \$ 373,799 |
| Receivable in one to five years           | 205,000      | 300,000    |
| Total unconditional pledge receivables    | 1,550,844    | 673,799    |
| Less discounts to net present value       | (4,020)      | (5,882)    |
| Less allowance for uncollectible promises | -            | -          |
|   | \$ 1,546,824 | \$ 667,917 |

**NOTE E - NOTES PAYABLE**

NEW has the following notes payable outstanding at June 30:

|  | 2023       | 2022       |
|--|------------|------------|
| 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. | \$ 175,441 | \$ 196,137 |
| 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.   | 106,250    | 113,215    |
|  | \$ 281,691 | \$ 309,352 |

Scheduled principal payments on notes payable are as follows:

|            |            |
|------------|------------|
| 2024       | \$ 29,219  |
| 2025       | 30,869     |
| 2026       | 33,950     |
| 2027       | 35,864     |
| 2028       | 37,886     |
| Thereafter | 113,903    |
|            | \$ 281,691 |

NEW also has a standby letter of credit of \$45,489 that expires December 31, 2023 and carries interest at the bank's prime rate plus 0.5%. There was no outstanding balance on the letter at June 30, 2023 and 2022. NEW's checking account is collateral for the letter.

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



**NOTE F - LEASES**

***New Accounting Pronouncements***

On July 1, 2022, NEW adopted new guidance under Accounting Standards Codification (ASC) Topic 842, *Leases*. Under the new guidance, NEW recognizes right-of-use assets and lease liabilities for leases with terms greater than 12 months. Leases are now classified as either finance or operating leases which dictates whether lease expense is recognized based on an effective interest method or straight-line-basis over the term of the lease. On July 1, 2022, there were no leases that met the criteria for recognition.

During the 2023 fiscal year, NEW obtained a new 60-month lease for two copiers. This new lease is recorded at June 30, 2023 as right-of-use asset and lease liability of \$33,063. The adoption did not have a significant impact on NEW's net assets, results of activities, or cash flows.

***Operating Leases - As Lessee***

NEW leased IT office space in Ann Arbor under a lease extension that ended in February 2022. NEW is also the lessee of certain office equipment under non-cancelable operating leases. Only the copier lease meets the criteria for being recognized under ASC 842.

Amounts recognized in the financial statements for this operating lease are as follows:

|  |    |       |
|--|----|-------|
| Lease cost   | \$ | 3,356 |
| Cash paid for amounts included in measurement of lease liability | \$ | 3,356 |

As of June 30, 2023, future payments due under the operating lease is as follows:

|                            |    |                      |
|----------------------------|----|----------------------|
| 2024                       | \$ | 8,054                |
| 2025                       |    | 8,054                |
| 2026                       |    | 8,054                |
| 2027                       |    | 8,054                |
| 2028                       |    | 4,700                |
| Thereafter                 |    | -                    |
|                            |    | <u>36,916</u>        |
| Effect of discounting      |    | <u>(3,853)</u>       |
| Lease liability recognized | \$ | <u><u>33,063</u></u> |

As of June 30, 2023, the weighted-average remaining lease term for the operating lease is 4.58 years. The weighted average discount rate associated with the operating lease is 5%. Rental expense under all operating leases was \$23,327 and \$38,183 in 2023 and 2022, 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 \$276,986, respectively, including office space used by NEW for other purposes. The leases are from one to two years and have a fixed lease rate for the life of each lease. Future minimum lease payments, in total and for the fiscal years ending June 30, for which leases have been negotiated, are as follows:

|            |    |                   |
|------------|----|-------------------|
| 2024       | \$ | 123,115           |
| 2025       |    | 5,788             |
| Thereafter |    | -                 |
|            |    | <u>\$ 128,903</u> |

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

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

|  | <u>2023</u>         | <u>2022</u>       |
|--|---------------------|-------------------|
| Subject to expenditure for specified purpose:  |                     |                   |
| Building improvements  | \$ 392,337          | \$ -              |
| General operations and capital support   | 382,254             | 213,861           |
| <br>   |                     |                   |
| Promises to give, the proceeds from which<br>have been restricted by donors for                            |                     |                   |
| Learning Communities   | 110,000             | -                 |
| Eugene A Miller Fellowship   | 32,799              | 5,000             |
| Washtenaw Care Based Safety  | 425,844             | 50,000            |
|  | <u>1,343,234</u>    | <u>268,861</u>    |
| <br>   |                     |                   |
| Subject to the passage of time:  |                     |                   |
| Promises to give that are not restricted by donors,<br>but which are unavailable for expenditure until due | 620,980             | 612,917           |
|  | <u>620,980</u>      | <u>612,917</u>    |
|  | <u>\$ 1,964,214</u> | <u>\$ 881,778</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, 2023 and 2022:

|                                      | <u>2023</u>         | <u>2022</u>       |
|--------------------------------------|---------------------|-------------------|
| Expiration of time restrictions      | \$ 493,799          | \$ 425,000        |
| <br>                                 |                     |                   |
| Satisfaction of purpose restrictions |                     |                   |
| Board consulting and webinars        | -                   | 42,000            |
| Advancing racial justice             | -                   | 240,000           |
| IT consultation and cloud migration  | -                   | 38,700            |
| Building improvements                | 257,663             | 33,000            |
| Financial resiliency                 | -                   | 35,000            |
| Oaks Village consulting              | -                   | 667               |
| Learning communities                 | 245,000             | -                 |
| Eugene A Miller Fellowship           | 17,202              | -                 |
| Washtenaw Care-Based Safety          | 50,000              | -                 |
| Black Men Read                       | 5,000               | -                 |
| Fiscal sponsorship payments          | 296,986             | 182,860           |
|                                      | <u>\$ 1,365,650</u> | <u>\$ 997,227</u> |

**NOTE H - 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 I - RETIREMENT PLAN**

NEW maintains a SIMPLE IRA retirement plan for substantially all employees, with a 3% matching contribution. Matching contributions totaled \$21,938 and \$18,078 for the years ended June 30, 2023 and 2022, respectively.

**NOTE J - CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended June 30, 2023 and 2022, contributed services of \$1,000 and \$150, 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.