NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2024 and 2023

NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the years ended June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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
February 19, 2025

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

	2024	2023
ASSETS		
Cash and cash equivalents	$ 1,094,434	$ 1,135,957
Promises to give, net	584,376	1,546,824
Accounts receivable, net of allowance for credit losses	115,038	91,853
Prepaid expenses	-	159
Operating lease right-of-use asset, net	36,101	33,063
Property and equipment:		
Land	53,000	53,000
Building and improvements	1,135,782	1,135,782
Furniture and fixtures	57,376	101,180
Computer equipment and software	43,150	60,822
	1,289,308	1,350,784
Less accumulated depreciation	(1,013,468)	(1,011,289)
Property and equipment, net	275,840	339,495
TOTAL ASSETS	$ 2,105,789	$ 3,147,351
LIABILITIES		
Accounts payable and accrued liabilities	$ 205,088	$ 88,484
Deferred revenue	7,836	12,500
Operating lease liability	36,101	33,063
Notes payable	252,486	281,691
TOTAL LIABILITIES	501,511	415,738
NET ASSETS		
Without donor restrictions	554,072	767,399
With donor restrictions	1,050,206	1,964,214
TOTAL NET ASSETS	1,604,278	2,731,613
TOTAL LIABILITIES AND NET ASSETS	$ 2,105,789	$ 3,147,351

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024 with comparable totals for 2023

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023
Support and Revenue				
Support				
Grants, contributions, and sponsorships	$ 143,503	$ 1,048,174	$ 1,191,677	$ 2,551,084
Donated services and use of facilities	16,425	-	16,425	1,000
Total support	159,928	1,048,174	1,208,102	2,552,084
Revenue				
Program fees				
Organizational Consulting, including Financial and IT Consulting	329,549	-	329,549	396,017
IT Managed Services	522,554	-	522,554	498,846
Building Managed Services	175,339	-	175,339	172,568
Financial Managed Services	197,119	-	197,119	153,213
Training, Events and Workshops - "Learning Communities"	65,200	-	65,200	44,000
Other	23,795	-	23,795	2,893
Total revenue	1,313,556	-	1,313,556	1,267,537
Total support and revenue	1,473,484	1,048,174	2,521,658	3,819,621
Net assets released from restrictions				
Satisfaction of restriction requirements	1,962,182	(1,962,182)	-	-
Expenses				
Program services				
Consulting	238,739	-	238,739	175,964
IT Managed Services	473,280	-	473,280	467,110
Financial Managed Services	1,124,405	-	1,124,405	404,624
Learning Communities	230,143	-	230,143	213,599
Building Management	217,027	-	217,027	256,674
New Center Transformation	273,198	-	273,198	307,715
Systems Change	48,415	-	48,415	-
Supporting services				
Management and general	952,655	-	952,655	997,743
Fundraising	91,131	-	91,131	79,022
Total expenses	3,648,993	-	3,648,993	2,902,451
Change in net assets	(213,327)	(914,008)	(1,127,335)	917,170
Net assets - beginning of year	767,399	1,964,214	2,731,613	1,814,443
Net assets - end of year	$ 554,072	$ 1,050,206	$ 1,604,278	$ 2,731,613

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

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Support and Revenue			
Support			
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
Revenue			
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
Net assets released from restrictions			
Satisfaction of restriction requirements	1,365,650	(1,365,650)	-
Expenses			
Program services			
Consulting	175,964	-	175,964
IT Managed Services	467,110	-	467,110
Financial Managed Services	404,624	-	404,624
Learning Communities	213,599	-	213,599
Building Management	256,674	-	256,674
New Center Transformation	307,715	-	307,715
Supporting services			
Management and general	997,743	-	997,743
Fundraising	79,022	-	79,022
Total expenses	2,902,451	-	2,902,451
Change in net assets	(165,266)	1,082,436	917,170
Net assets - beginning of year	932,665	881,778	1,814,443
Net assets - end of year	$ 767,399	$ 1,964,214	$ 2,731,613

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2024 with comparable totals for 2023

	Program Services								Supporting Services			Totals	
	Consulting	IT Managed Services	Financial Managed Services	Learning Communities	Building Management	New Center Transformation	Systems Change	Total Program Services	Management and General	Fundraising	Total Supporting Services	2024	2023
Payroll expenses:													
Salaries and Wages	$ 186,158	$ 278,598	$ 103,931	$ 101,823	$ 28,050	$ 43,778	$ 36,403	$ 778,741	$ 709,813	$ 48,193	$ 758,006	$ 1,536,747	$ 1,466,980
Payroll Taxes	13,924	20,858	7,784	7,614	2,094	3,268	2,718	58,260	51,340	3,597	54,937	113,197	110,503
Employee Benefits	27,780	28,969	16,205	21,906	7,358	2,084	2,109	106,411	56,067	4,067	60,134	166,545	109,055
Total Payroll Expenses	227,862	328,425	127,920	131,343	37,502	49,130	41,230	943,412	817,220	55,857	873,077	1,816,489	1,686,538
Other expenses:													
Office Expenses	-	12,244	-	-	14,898	3	-	27,145	34,602	1,599	36,201	63,346	83,202
Program Supplies and Subscriptions	137	120,762	1,025	36,027	5,647	-	2,945	166,543	3,696	9,776	13,472	180,015	162,420
Utilities	-	623	-	-	26,892	-	-	27,515	-	-	-	27,515	20,724
Travel and Conferences	990	11,226	220	9,148	68	104	190	21,946	15,332	30	15,362	37,308	21,756
Insurance	-	-	-	-	-	-	-	-	14,167	-	14,167	14,167	18,015
Meals and Entertainment	-	-	-	-	48	120	-	168	9,199	-	9,199	9,367	7,381
Building Repairs and Maintenance	-	-	-	-	57,972	-	-	57,972	-	-	-	57,972	73,163
Contract Services	9,750	-	-	53,625	-	-	4,050	67,425	550	-	550	67,975	143,762
Professional Fees	-	-	-	-	2,509	223,734	-	226,243	47,779	23,230	71,009	297,252	288,440
Marketing and Promotion	-	-	-	-	-	107	-	107	743	639	1,382	1,489	2,638
Interest	-	-	-	-	14,981	-	-	14,981	-	-	-	14,981	16,503
Credit Losses	-	-	200	-	-	-	-	200	-	-	-	200	2,783
Sponsored Projects	-	-	995,040	-	-	-	-	995,040	-	-	-	995,040	290,736
All Other	-	-	-	-	-	-	-	-	2,223	-	2,223	2,223	17,860
Total Expenses Before Depreciation	238,739	473,280	1,124,405	230,143	160,517	273,198	48,415	2,548,697	945,511	91,131	1,036,642	3,585,339	2,835,921
Depreciation	-	-	-	-	56,510	-	-	56,510	7,144	-	7,144	63,654	66,530
Total Expenses	$ 238,739	$ 473,280	$ 1,124,405	$ 230,143	$ 217,027	$ 273,198	$ 48,415	$ 2,605,207	$ 952,655	$ 91,131	$ 1,043,786	$ 3,648,993	$ 2,902,451

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2023

	Program Services							Supporting Services			
	Consulting	IT Managed Services	Financial Managed Services	Learning Communities	Building Management	New Center Transformation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2023
Payroll expenses:											
Salaries and Wages	$ 97,087	$ 284,103	$ 96,434	$ 102,175	$ 34,905	$ 11,036	$ 625,740	$ 785,680	$ 55,560	$ 841,240	$ 1,466,980
Payroll Taxes	7,327	21,452	7,083	7,525	2,789	828	47,004	59,334	4,165	63,499	110,503
Employee Benefits	11,108	22,919	5,887	15,716	13,143	12,690	81,463	26,672	920	27,592	109,055
Total Payroll Expenses	115,522	328,474	109,404	125,416	50,837	24,554	754,207	871,686	60,645	932,331	1,686,538
Other expenses:											
Office Expenses	1,996	27,365	(79)	1,147	17,013	30	47,472	35,715	15	35,730	83,202
Program Supplies and Subscriptions	5,424	101,341	2,886	38,044	1,163	10,301	159,159	586	2,675	3,261	162,420
Utilities	-	(69)	-	-	20,793	-	20,724	-	-	-	20,724
Travel and Conferences	3,413	9,999	-	574	14	-	14,000	7,756	-	7,756	21,756
Insurance	-	-	-	-	8,030	-	8,030	9,985	-	9,985	18,015
Meals and Entertainment	26	-	-	-	144	-	170	7,211	-	7,211	7,381
Building Repairs and Maintenance	-	-	-	-	68,078	5,085	73,163	-	-	-	73,163
Contract Services	47,580	-	250	45,250	9,196	25,169	127,445	16,317	-	16,317	143,762
Professional Fees	-	-	-	-	900	241,865	242,765	30,675	15,000	45,675	288,440
Marketing and Promotion	-	-	-	4	-	711	715	1,476	447	1,923	2,638
Interest	-	-	-	-	19,588	-	19,588	(3,085)	-	(3,085)	16,503
Credit Losses	1,356	-	1,427	-	-	-	2,783	-	-	-	2,783
Sponsored Projects	-	-	290,736	-	-	-	290,736	-	-	-	290,736
All Other	647	-	-	3,164	1,532	-	5,343	12,277	240	12,517	17,860
Total Expenses Before Depreciation	175,964	467,110	404,624	213,599	197,288	307,715	1,766,300	990,599	79,022	1,069,621	2,835,921
Depreciation	-	-	-	-	59,386	-	59,386	7,144	-	7,144	66,530
Total Expenses	$ 175,964	$ 467,110	$ 404,624	$ 213,599	$ 256,674	$ 307,715	$ 1,825,686	$ 997,743	$ 79,022	$ 1,076,765	$ 2,902,451

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,127,335)	$ 917,170
Adjustments to reconcile change in net assets		
to net cash from operating activities:		
Operating lease right-of-use asset amortization	8,109	2,226
Depreciation	63,654	66,530
Change in assets:		
Promises to give	962,448	(878,907)
Accounts receivable	(23,185)	19,467
Prepaid expenses	159	13,907
Change in liabilities:		
Accounts payable and accrued liabilities	116,604	1,777
Deferred revenue	(4,664)	(25,570)
Operating lease liability	(8,109)	(2,226)
Net cash from operating activities	(12,319)	114,374
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used for investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(29,204)	(27,118)
Net cash used for financing activities	(29,204)	(27,118)
Net change in cash and cash equivalents	(41,523)	87,256
Cash and cash equivalents - beginning of year	1,135,957	1,048,701
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,094,434	$ 1,135,957
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for		
Interest	$ 14,981	$ 16,503
Noncash investing and financing transactions:		
Operating lease liability arising from obtaining right-of-use asset	$ 11,147	$ 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 2023-24, NEW served 84 organizations with consulting services:

- Organizational Development Consulting: 47 organizations
- IT Consulting: 6 organizations
- Financial Consulting: 31 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 2023-24, NEW served 170 organizations with managed services:

- IT Managed Services: 59 organizations
- Financial Managed Services: 56 organizations – 43 monthly bookkeeping clients; 13 fiscal sponsorship clients
- Building Managed Services: 55 organizations – 19 tenants, 17 affiliates, and 19 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), and Road to Resilience. In fiscal year 2023-24, NEW served 347 individuals in Learning Communities:

- Leadership DELI: 31 participants
- Champions for Change: 31 participants
- Centering Justice: 270 participants
- Road to Resilience: 15 participants

In fiscal year 2023-24, NEW added their *Systems Change* program. With this program, NEW influences systems to shift ways of thinking about and taking action towards social change. We leverage our platforms and network to uplift the voices of others and bring people together to bring about transformation of the nonprofit sector.

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.

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, 2024, NEW has $58,868 in restricted cash that serves as collateral for an irrevocable standby letter of credit that is required by their unemployment provider.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to credit loss expense and a credit to the allowance for credit losses account based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable

The allowance for credit losses was $15,000 and $15,000 at June 30, 2024 and 2023, respectively.

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

Property and Equipment

NEW capitalizes all expenditures for property and equipment in excess of $15,000. 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, over the estimated useful life of the asset.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period 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 fee 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

	2024	2023
Over time:		
Organizational Consulting, including Financial and IT Consulting	$ 292,267	$ 399,307
IT Managed Services	512,714	487,558
Building Managed Services	165,962	165,083
Financial Managed Services	154,723	135,799
Training, Events and Workshops – "Learning Communities"	-	-
	$ 1,125,666	$ 1,187,747
Point in time:		
Organizational Consulting, including Financial and IT Consulting	$ 37,282	$ -
IT Managed Services	9,840	11,288
Building Managed Services	9,377	7,485
Financial Managed Services	42,396	17,415
Training, Events and Workshops – "Learning Communities"	65,200	40,710
	$ 164,095	$ 76,898

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.

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, which is 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 February 19, 2025, 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, 2024 and 2023, comprise the following:

	2024	2023
Financial assets:		
Cash and cash equivalents	$ 1,094,434	$ 1,135,957
Promises to give, net	584,376	1,546,824
Accounts receivable, net of allowance for credit losses	115,038	91,853
Total financial assets	1,793,848	2,774,634
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(887,099)	(1,343,234)
Less financial assets not available within one year:		
Promises to give	(63,107)	(200,980)
Amount available for general expenditures within one year	$ 843,642	$ 1,230,420

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:

	2024	2023
Receivable in less than one year	$ 521,269	$ 1,345,844
Receivable in one to five years	65,000	205,000
Total unconditional promises to give	586,269	1,550,844
Less discounts to net present value	(1,893)	(4,020)
Less allowance for uncollectible promises	-	-
	$ 584,376	$ 1,546,824

NOTE E - NOTES PAYABLE

NEW has the following notes payable outstanding at June 30:

	2024	2023
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.	$ 153,604	$ 175,441
Business loan with IFF, an Illinois not-for-profit corporation. 60 monthly principal and interest payments beginning on 03/01/24. Interest rate of 5.99%. Interest rate will be recalculated 07/01/29. Secured by a mortgage on real estate (1100 N. Main St.) and an assignment of the rental income from the building.	98,882	106,250
	$ 252,486	$ 281,691

Scheduled principal payments on notes payable are as follows:

2025	$ 30,829
2026	33,917
2027	35,839
2028	37,871
2029	94,859
Thereafter	19,171
	$ 252,486

NEW also has a standby letter of credit of $58,858 that expires December 31, 2024 and carries interest at the bank's prime rate plus 0.5%. There was no outstanding balance on the letter at June 30, 2024 and 2023. One of NEW's money market accounts is collateral for the letter.

NOTE F - LEASES

NEW recognizes right-of-use assets and lease liabilities for leases with terms greater than 12 months. Leases are 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.

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. During the 2024 fiscal year, NEW obtained a new 60-month lease for a postage machine. This new lease is recorded at June 30, 2024 as a right-of-use asset and lease liability of $9,727.

Operating Leases - As Lessee

NEW is the lessee of certain office equipment under non-cancellable operating leases.

Amounts recognized in the financial statements for these operating leases are as follows:

	2024	2023
Lease cost	$ 9,868	$ 3,356
Cash paid for amounts included in measurement of lease liability	$ 9,868	$ 3,356

As of June 30, 2024, future payments due under the operating leases are as follows:

2026	10,473
2027	10,473
2028	7,116
2029	1,209
Thereafter	-
	39,744
Effect of discounting	(3,643)
Lease liability recognized	$ 36,101

As of June 30, 2024, the weighted-average remaining lease term for the operating leases is 46 months. The weighted average discount rate associated with the operating leases is 5%. Rental expense under all operating leases was $12,590 and $23,327 in 2024 and 2023, respectively.

Operating Leases - 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 $223,282, 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:

2025	$ 156,783
2026	8,833
Thereafter	-
	$ 165,616

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Subject to expenditure for specified purpose:		
Building improvements	$ 60,500	$ 392,337
Fiscal sponsorships	766,588	808,098
Learning Communities	55,000	110,000
Eugene A Miller Fellowship	5,011	32,799
	887,099	1,343,234
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	163,107	620,980
	163,107	620,980
	$ 1,050,206	$ 1,964,214

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:

	2024	2023
Expiration of time restrictions	$ 590,000	$ 493,799
Satisfaction of purpose restrictions		
Building improvements	331,837	257,663
Black Maternal Justice of Washtenaw County	20,606	-
Learning Communities	80,000	245,000
Eugene A Miller Fellowship	27,788	17,202
Washtenaw Care-Based Safety	325,844	50,000
Operations School	189,000	-
Voting Access for All	5,900	-
Black Men Read	-	5,000
Fiscal sponsorship payments	391,207	296,986
	$ 1,962,182	$ 1,365,650

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 $30,030 and $21,938 for the years ended June 30, 2024 and 2023, respectively.

NOTE J - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2024 and 2023, contributed services of $16,425 and $1,000, respectively, were recognized in the without donor restrictions net asset class. Contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributed services supported NEW's Learning Communities and the NEW Center Transformation during the year ended June 30, 2024 and Learning Communities during the year ended June 30, 2023.

NOTE K - ADOPTION OF NEW ACCOUNTING STANDARDS

On July 1, 2023, NEW adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, consisting of trade receivables. Under the CECL, NEW adjusts its trade receivables for credit losses using an allowance account. The net amount of receivables less its allowance account represents the amount expected to be collected. The CECL methodology requires that the allowance account be measured based on various information that includes historical data and information, current economic conditions, and reasonable and supportable forecasted information about future events.

NEW adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.