NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

FINANCIAL STATEMENTS

December 31, 2008
(With Comparative Totals for December 31, 2007)

George Johnson & Company

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

CONTENTS

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& Company

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INDEPENDENT AUDITORS' REPORT

May 26, 2009

To the Board of Trustees
New Detroit, Inc.
Detroit, Michigan

We have audited the accompanying statement of financial position of New Detroit, Inc. (the "Corporation," a Michigan non-profit Corporation) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Corporation's financial statements as of, and for the year ended, December 31, 2007, and, in our report dated April 28, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of New Detroit, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A, effective January 1, 2008, the Corporation has adopted the fair value measurement and disclosure provisions contained in Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements," and SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115," as well as the endowment fund disclosure provisions contained in Financial Accounting Standards Board Staff Position ("FSP") FAS No. 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds."

Board of Trustees
New Detroit, Inc.
May 26, 2009
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INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with *Government Auditing Standards,* we have also issued our report, dated May 26, 2009, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

George Johnson & Co.

CERTIFIED PUBLIC ACCOUNTANTS

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

December 31, 2008
(With Comparative Totals as of December 31, 2007)

	2008	2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,499,286	$ 2,960,997
Pledges and accounts receivable (Note C)	1,811,761	1,505,135
Prepaid expenses	36,102	38,490
Total Current Assets	**4,347,149**	**4,504,622**
Fixed Assets (Note A):		
Leasehold improvements	112,037	-0-
Furniture and equipment	245,437	266,199
Leased equipment	207,968	153,123
	565,442	419,322
Less: Accumulated depreciation and amortization	(276,268)	(258,864)
Total Fixed Assets	**289,174**	**160,458**
Other Assets:		
Investments (Notes G and H)	46,749	63,640
Total Assets	**$ 4,683,072**	**$ 4,728,720**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

December 31, 2008
(With Comparative Totals as of December 31, 2007)

	2008	2007
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Leases payable - current portion (Note E)	$ 33,183	$ 24,482
Accounts payable and accrued expenses	95,624	59,756
Fiduciary deposits payable (Note F)	74,784	80,370
Liability for pension benefits - current portion (Note D)	66,723	137,338
Total Current Liabilities	**270,314**	**301,946**
Long-Term Liabilities:		
Leases payable (net of current portion) (Note E)	82,686	54,159
Liability for pension benefits (net of current portion) (Note D)	842,369	529,829
Total Long-Term Liabilities	**925,055**	**583,988**
Total Liabilities	**1,195,369**	**885,934**
Net Assets:		
Unrestricted	1,810,351	1,941,469
Temporarily restricted (Note B)	1,677,352	1,901,317
Total Net Assets	**3,487,703**	**3,842,786**
Total Liabilities and Net Assets	**$ 4,683,072**	**$ 4,728,720**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	2008	2007
Changes in Unrestricted Net Assets:		
Revenue and gains:		
New Detroit Fund pledges	$ 722,600	$ 622,750
Race Summit contributions	150,350	-0-
Other contributions and grants	649,905	1,158,855
Annual dinner	324,671	353,400
Investment income	42,113	94,772
Net realized and unrealized gains on investments	-0-	5,196
Miscellaneous income	8,667	11,028
Total Unrestricted Revenue and Gains	**1,898,306**	**2,246,001**
Net assets released from restrictions (Note B)	2,041,952	1,961,880
Total Unrestricted Revenue, Gains, and Other Support	**3,940,258**	**4,207,881**
Expenses and losses:		
Program services:		
Economic Equity	386,785	459,549
Race Relations and Cultural Collaboration	378,364	469,753
Race Summit	281,406	-0-
Youth Development	612,301	688,130
Community Capacity Building	939,030	1,319,573
Total Program Services	2,597,886	2,937,005
Supporting services:		
Management and general	594,136	647,470
Fund raising	394,707	279,090
Communications	148,404	73,741
Total Supporting Services	1,137,247	1,000,301
Total Expenses	**3,735,133**	**3,937,306**
Net realized and unrealized losses on investments	16,434	-0-
Loss on disposition of fixed assets	457	12,348
Total Expenses and Losses	**$ 3,752,024**	**$ 3,949,654**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)

For the Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	2008	2007
Changes in Unrestricted Net Assets (continued):		
Excess of Unrestricted Revenue and Gains over Expenses and Losses	**$ 188,234**	**$ 258,227**
Pension-related costs other than net periodic pension cost (Note D)	(319,352)	-0-
Net Increase (Decrease) in Unrestricted Net Assets Before Cumulative Effect of Change in Accounting Principle	**(131,118)**	**258,227**
Cumulative effect of change in accounting principle (Note D)	-0-	(667,167)
Net Increase (Decrease) in Unrestricted Net Assets	**(131,118)**	**(408,940)**
Changes in Temporarily Restricted Net Assets:		
New Detroit Fund pledges for following year	1,002,500	1,186,650
Contributions	815,487	858,120
Net assets released from restrictions (Note B)	(2,041,952)	(1,961,880)
Net Increase (Decrease) in Temporarily Restricted Net Assets	**(223,965)**	**82,890**
Net Increase (Decrease) in Net Assets	**(355,083)**	**(326,050)**
Net Assets, Beginning of Year	3,842,786	4,168,836
Net Assets, End of Year	**$ 3,487,703**	**$ 3,842,786**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	2008					Total Expenses	
		Supporting Services					
	Total Program Services (from page 8)	Management and General	Fund Raising	Communications	Total Supporting Services	2008	2007
Employee Compensation:							
Salaries	$ 1,015,446	$ 350,673	$ 159,800	$ 44,159	$ 554,632	$ 1,570,078	$ 1,434,745
Employee benefits (Note D)	188,996	55,247	21,400	5,376	82,023	271,019	401,270
Payroll taxes	76,289	23,051	11,050	2,611	36,712	113,001	98,447
Total Employee Compensation	1,280,731	428,971	192,250	52,146	673,367	1,954,098	1,934,462
Other Expenses:							
Program initiatives	221,320					221,320	244,653
Discretionary grants	40,629					40,629	45,000
Occupancy	197,899	50,358	2,834		53,192	251,091	247,781
Professional fees	395,072	65,034			65,034	460,106	483,222
Program grants	244,851					244,851	416,896
Annual dinner expenses			166,195		166,195	166,195	146,160
Publications and promotions				91,145	91,145	91,145	69,514
Office supplies	57,263	7,973	819	3,717	12,509	69,772	41,422
Conferences	42,290	2,512	1,478	722	4,712	47,002	69,500
Telephone	4,824	103	419		522	5,346	31,513
Meetings and committee expenses	25,813	3,753	20	18	3,791	29,604	29,616
United Way for Southeastern Michigan fund raising fee			29,624		29,624	29,624	33,748
Insurance	18,772	4,433			4,433	23,205	27,514
Repairs and maintenance	10,233	2,953		33	2,986	13,219	9,065
Dues and subscriptions	12,118	1,811	1,068	623	3,502	15,620	33,241
Interest expense		5,351			5,351	5,351	4,943
Miscellaneous expenses		1,113			1,113	1,113	1,805
Total Expenses Before Depreciation and Amortization	2,551,815	574,365	394,707	148,404	1,117,476	3,669,291	3,870,055
Depreciation and amortization (Note A)	46,071	19,771			19,771	65,842	67,251
Total Expenses	$ 2,597,886	$ 594,136	$ 394,707	$ 148,404	$ 1,137,247	$ 3,735,133	$ 3,937,306

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended December 31, 2008

	Program Services					
	Economic Equity	**Race Relations and Cultural Collaboration**	**Race Summit**	**Youth Development**	**Community Capacity Building**	**Total Program Services (to page 7)**
Employee Compensation:						
Salaries	$ 183,853	$ 184,389	$ 53,874	$ 275,426	$ 317,904	**$ 1,015,446**
Employee benefits (Note D)	44,789	29,168	5,529	52,579	56,931	**188,996**
Payroll taxes	13,222	13,949	3,915	20,339	24,864	**76,289**
Total Employee Compensation	**241,864**	**227,506**	**63,318**	**348,344**	**399,699**	**1,280,731**
Other Expenses:						
Program initiatives	57,915	44,296	94,252	24,857		**221,320**
Discretionary grants	9,250	10,875		20,504		**40,629**
Occupancy	39,867	40,618		37,768	79,646	**197,899**
Professional fees	5,914	16,164	91,218	122,356	159,420	**395,072**
Program grants					244,851	**244,851**
Office supplies	7,709	10,235	19,388	7,152	12,779	**57,263**
Conferences	2,540	3,063	9,484	21,136	6,067	**42,290**
Telephone				3	4,821	**4,824**
Meetings and committee expenses	3,509	7,174	254	8,624	6,252	**25,813**
Insurance	3,509	3,509		3,325	8,429	**18,772**
Repairs and maintenance	2,237	2,245		2,121	3,630	**10,233**
Dues and subscriptions	953	1,161	3,492	5,200	1,312	**12,118**
Total Expenses Before Depreciation and Amortization	**375,267**	**366,846**	**281,406**	**601,390**	**926,906**	**2,551,815**
Depreciation and amortization (Note A)	11,518	11,518		10,911	12,124	**46,071**
Total Expenses	**$ 386,785**	**$ 378,364**	**$ 281,406**	**$ 612,301**	**$ 939,030**	**$ 2,597,886**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	2008	2007
Cash Flows from Operating Activities:		
Net increase (decrease) in net assets	$ (355,083)	$ (326,050)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided (used) by operating activities:		
Noncash contributions	(112,037)	-0-
Loss on disposition of fixed assets	457	12,348
Depreciation and amortization	65,842	67,251
Net realized and unrealized (gains) losses on investments	16,434	(5,196)
Cumulative effect of change in accounting principle	-0-	667,167
(Increase) decrease in:		
Pledges and accounts receivable	(306,626)	(259,506)
Prepaid expenses	2,388	(18,414)
Increase (decrease) in:		
Accounts payable and accrued expenses	35,868	1,109
Fiduciary deposits payable	(5,586)	12,092
Liability for pension benefits	241,925	-0-
Net Cash Provided (Used) by Operating Activities	**(416,418)**	**150,801**
Cash Flows from Investing Activities:		
Proceeds from disposition of investments	457	473
Acquisition of fixed assets	(15,495)	(22,118)
Net Cash Provided (Used) by Investing Activities	**(15,038)**	**(21,645)**
Cash Flows from Financing Activities:		
Payments on leases payable	(30,255)	(27,784)
Net Cash Provided (Used) by Financing Activities	**$ (30,255)**	**$ (27,784)**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	2008	2007
Net Increase (Decrease) in Cash and Cash Equivalents	**$ (461,711)**	**$ 101,372**
Cash and Cash Equivalents Balance, Beginning of Year	2,960,997	2,859,625
Cash and Cash Equivalents Balance, End of Year	**$ 2,499,286**	**$ 2,960,997**
Schedule of Noncash Transactions:		
Acquisition of equipment under capital leases	$ 86,354	$ -0-
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 5,351	$ 4,943

See notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Purpose

New Detroit, Inc. (the "Corporation") is a community-based resource center providing social, economic, educational, and technical assistance to the community. The Corporation's principal source of revenue is from pledges made to the New Detroit Fund campaign.

Basis of Accounting

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

Financial Statement Presentation

The Corporation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Changes in Accounting Principles

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements." This statement, which became effective January 1, 2008, defines "fair value," establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosure requirements regarding fair value measurements. The Corporation adopted the requirements of SFAS No. 157 as of January 1, 2008 without a material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115." This statement permits measurement of financial instruments and certain other items at fair value. The Corporation adopted this statement effective January 1, 2008 and has not elected the permitted fair value measurement provisions of this statement.

In February 2008, the FASB issued FASB Staff Position ("FSP") No. FAS 157-2, "Effective Date of FASB Statement No. 157," which delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed in the financial statements on a nonrecurring basis to fiscal years beginning after November 15, 2008. The Corporation has not applied the provisions of SFAS No. 157 to its nonfinancial assets and nonfinancial liabilities in accordance with FSP FAS 157-2. The Corporation is currently evaluating the impact of this FSP on its financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Principles (continued)

In August 2008, the FASB issued FSP No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds." This FSP, which became effective January 1, 2008, provides guidance on the net asset classification of donor-restricted endowment funds for non-profit organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), and also increases disclosure requirements about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. Since the State of Michigan has not yet enacted a version of UPMIFA, the Corporation is not currently subject to the net asset classification requirements of this FSP. The Corporation has adopted the disclosure requirements of FSP No. FAS 117-1 as of January 1, 2008.

Recognition of Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Tax-Exempt Status

The Corporation has been classified by the Internal Revenue Service (the "IRS") as a not-for-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "IRC"). Additionally, the Corporation has been classified by the IRS as an organization that is not a private foundation.

Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all short-term securities purchased with maturities of three months or less to be cash equivalents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Fixed assets are carried at cost or, if donated, at fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from five to 10 years. The Corporation's policy is to capitalize acquisitions of $100 or more.

Functional Allocation of Expenses

Direct expenses, which can be clearly defined as incurred for a specific program, are charged to that program. The Corporation allocates common expenses to program and supporting services based on time studies by management. The Corporation did not conduct any activities for which joint costs were allocated between fund raising expenses and program services or management and general expenses.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Corporation uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Corporation utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Corporation applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

SFAS No. 157 establishes a framework for measuring fair value, which includes a hierarchy based on the quality of inputs used to measure fair value, and provides specific disclosure requirements based on the hierarchy. SFAS No. 157 requires the categorization of financial assets and liabilities, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

The various levels of the SFAS No. 157 fair value hierarchy are described as follows:

- Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Corporation has the ability to access

- Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability

- Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

SFAS No. 157 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Concentration of Credit Risk

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of cash, cash equivalents, and pledges and accounts receivable.

The Corporation's cash and certificates of deposit are located in three institutions; the cash on deposit in each of these institutions exceeds the $250,000 federally insured limit. The Corporation has entered into four short-term repurchase agreements with one financial institution. The underlying securities serve as collateral. The Corporation may become an unsecured creditor of the financial institution in the event that the market value of the security interest falls below the amount of funds invested. The Corporation's pledges receivable are principally due from the general public through the New Detroit Fund campaign (see Note C).

Approximately 28 percent of the Corporation's revenue for 2008, and approximately 58 percent of the Corporation's pledges and accounts receivable balance as of December 31, 2008, were from three organizations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not in detail in a statement of functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements as of, and for the year ended, December 31, 2007, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to classifications used in 2008.

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of December 31, 2008 and 2007 for the following purposes or periods:

	2008	**2007**
Restricted for program activities:		
Economic Equity	$ -0-	$ 12,000
Race Relations and Cultural Collaboration	-0-	41,074
Race Summit	-0-	36,599
Youth Development	43,924	121,723
Community Capacity Building	380,928	503,271
	424,852	714,667
Restricted for use in future periods	1,252,500	1,186,650
	$ 1,677,352	**$ 1,901,317**

NOTE B - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	2008	2007
Purpose restrictions accomplished for the following programs:		
Economic Equity	$ 35,850	$ 3,000
Race Relations and Cultural Collaboration	41,074	80,153
Race Summit	186,949	-0-
Youth Development	216,973	287,541
Community Capacity Building	124,456	265,486
	605,302	636,180
Time restrictions expired by passage of specified time	1,436,650	1,325,700
	$ 2,041,952	**$ 1,961,880**

NOTE C - PLEDGES AND ACCOUNTS RECEIVABLE

The New Detroit Fund (“NDF”) year begins on April 1 and ends on March 31 of the following calendar year. Therefore, included in pledges receivable as of December 31, 2008 are pledges received but not collected as of December 31, 2008 for the fund year ended March 31, 2009.

NOTE C - PLEDGES AND ACCOUNTS RECEIVABLE (CONTINUED)

The composition of pledges and accounts receivable as of December 31, 2008 and 2007 is as follows:

	2008	2007
Pledges receivable:		
NDF pledges for the year ended March 31, 2008	$ -0-	$ 1,015,200
NDF pledges for the year ended March 31, 2009	907,500	-0-
Corporate pledges	8,600	-0-
Accounts receivable	902,941	497,215
	1,819,041	1,512,415
Less: Allowance for doubtful pledges and accounts	(7,280)	(7,280)
	$ 1,811,761	**$ 1,505,135**

Collections of NDF pledges during 2008 and 2007 were as follows:

	Amount Collected	
	2008	**2007**
Pledge Year Ended March 31:		
2007	$ -0-	$ 1,840,950
2008	1,729,200	171,450
2009	95,000	-0-
	$ 1,824,200	**$ 2,012,400**

NOTE D - PENSION PLANS

The Corporation has a noncontributory defined benefit pension plan. The plan, formerly pooled, was amended and restated effective January 1, 1980. On January 1, 2008, the plan was closed to new employees.

NOTE D - PENSION PLANS (CONTINUED)

The FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106, and 132(R)." SFAS No. 158 requires employers to recognize the overfunded or underfunded status of a defined benefit pension or postretirement plan as an asset or liability in the financial statements and to recognize changes in that funded status in the year in which the changes occur. The Corporation implemented the recognition provisions of SFAS No. 158 as of January 1, 2007. The effect of implementing SFAS No. 158 was to recognize a liability for pension benefits of $667,167. This resulted in a decrease in unrestricted net assets of $667,167, which was reported as a cumulative effect of a change in accounting principle on the statement of activities for the year ended December 31, 2007.

As of December 31, 2008 and 2007, the plan's status is as follows:

	2008	2007
Benefit obligation	$ 4,327,344	$ 4,028,158
Fair value of plan assets	3,418,252	3,360,991
Funded Status	**$ (909,092)**	**$ (667,167)**

The accumulated benefit obligation as of December 31, 2008 and 2007 was $4,327,344 and $4,028,158, respectively.

The amounts of employer contributions and benefit payments for the years ended December 31, 2008 and 2007 are as follows:

	2008	2007
Employer contributions	$ 92,000	$ 201,236
Benefit payments	160,984	115,868

The amounts recognized in the statements of financial position as a liability as of December 31, 2008 and 2007 are $909,092 and $667,167, respectively. It is at least reasonably possible that the Corporation's liability for pension benefits could differ materially in the near term from the amount recorded as of December 31, 2008.

NOTE D - PENSION PLANS (CONTINUED)

Future benefit payments are expected to be paid as follows:

2009	$	207,431
2010		203,916
2011		201,485
2012		234,173
2013		249,790
2014-2018		1,403,511

Contributions of $130,000 are expected to be paid to the plan during 2009.

Amounts not yet recognized as components of net periodic benefit cost as of December 31, 2008 are as follows:

Net gain	$	842,369

Amounts expected to be recognized in net periodic benefit cost during the year ending December 31, 2009 are as follows:

Amortization of net loss	$	6,812

Weighted-average assumptions used in the measurement of the Corporation's benefit obligation as of December 31, 2008 and 2007 are as follows:

	2008	**2007**
Discount rate	5.54 %	5.80 %
Expected return on plan assets	3.50	6.50
Rate of compensation increase	N/A	5.00

The overall expected long-term rate of return on assets was determined by using historical rates of return for the plan's investments.

NOTE D - PENSION PLANS (CONTINUED)

Pension-related costs other than net periodic pension cost consist of the following for the year ended December 31, 2008:

Actuarial losses	$	(336,571)
Reclassifications to net periodic benefit cost of amounts previously recognized but not included in net periodic benefit cost		17,219
	$	**(319,352)**

As of December 31, 2008, the fair value of the plan's assets is 100 percent invested in a group variable annuity contract. The investment objective is to seek income while maintaining the safety of the principal balance.

In addition, the Corporation has established a voluntary defined contribution retirement plan under IRC section 401(k), effective January 1, 2008. All employees are eligible to participate upon hire and are eligible for employer discretionary matching contributions after completing one year of service. The Corporation's contributions to this plan for 2008 totaled $37,243.

NOTE E - LEASES

The Corporation leases office space under a noncancelable operating lease and certain equipment under noncancelable capital leases. During 2008, the term of the lease for the office space was extended from October 2008 to October 2014. The leases for the equipment include options to purchase the equipment at specified prices. Total rental expense was $231,293 and $224,207 in 2008 and 2007, respectively.

NOTE E - LEASES (CONTINUED)

The following is a schedule, by year, of future minimum lease payments as of December 31, 2008:

	Capital Leases	Operating Lease
2009	$ 38,118	$ 203,922
2010	38,118	203,922
2011	18,984	203,922
2012	17,244	203,922
2013	16,630	203,922
2014	-0-	169,934
Minimum Lease Payments	**129,094**	**$ 1,189,544**
Less: Amount representing interest	(13,225)	
Present Value of Net Minimum Lease Payments	**$ 115,869**	

NOTE F - FIDUCIARY DEPOSITS PAYABLE

The Corporation acts as a fiduciary for several other non-profit organizations. As such, the Corporation receives contributions from various funding sources on behalf of its client organizations. These funds are held in a fiduciary capacity until they are disbursed. Under SFAS No. 116, the Corporation reports amounts received and not disbursed on the behalf of its clients as deposits payable. Activity in fiduciary deposits payable for the years ended December 31, 2008 and 2007 is as follows:

	2008	2007
Balance, beginning of year	$ 80,370	$ 68,278
Funds received as a fiduciary	74,748	244,831
Funds disbursed as a fiduciary	(80,334)	(232,739)
Balance, End of Year	**$ 74,784**	**$ 80,370**

NOTE G - CHARITABLE ENDOWMENT FUND

The Corporation has established the New Detroit Race Relations Fund (the "Endowment Fund") as a component fund of the Community Foundation for Southeast Michigan (the "Foundation"). The Endowment Fund is an asset of the Foundation.

The Foundation transfers earnings on the Endowment Fund to the Corporation periodically in the form of grants so long as the Corporation continues to meet its tax-exempt purpose. Under SFAS No. 136, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others," the portion of the Endowment Fund that was funded by the Corporation, plus the net earnings on that balance, represent a reciprocal transfer and are therefore included in the Corporation's financial statements.

The fair value of the Endowment Fund as of December 31, 2008 and 2007, and the portion included in the Corporation's investments, are as follows:

	2008	2007
Fair value of Endowment Fund	$ 73,143	$ 99,570
Portion of Endowment Fund included in financial statements:		
Unrestricted	$ 46,749	$ 63,640

NOTE G - CHARITABLE ENDOWMENT FUND (CONTINUED)

Reconciliations of the fair value of Endowment Fund assets included in the Corporation's financial statements for the years ended December 31, 2008 and 2007 are as follows:

	Unrestricted	
	2008	**2007**
Changes in Endowment Fund Assets:		
Net realized and unrealized gains (losses)	$ (16,434)	$ 5,196
Less: Administrative expenses	(457)	(473)
Net Increase (Decrease) in Endowment Fund Assets	**(16,891)**	**4,723**
Endowment Fund Assets, Beginning of Year	63,640	58,917
Endowment Fund Assets, End of Year	**$ 46,749**	**$ 63,640**

The State of Michigan has not currently enacted a version of UPMIFA. Since the agreement between the Corporation and the Foundation states that the Endowment Fund's purpose is to support the Corporation's general charitable purposes, subject to distributions being made at the Foundation's discretion, the Corporation's Board of Trustees has interpreted existing law and the agreement as not requiring the preservation of any portion of the Endowment Fund balance. Therefore, the entire balance that is recognized in the financial statements is classified as part of unrestricted net assets.

The Corporation's policy is to spend Endowment Fund assets as they are distributed by the Foundation. The Foundation invests the assets of the Endowment Fund as part of a pooled endowment with similar funds held on behalf of other non-profit organizations. The assets of the Foundation's pooled endowment are invested in a manner intended to maximize investment returns over a diversified portfolio in order to achieve a moderate level of investment risk.

NOTE H - INVESTMENTS

The Corporation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2008, and the Corporation's accounts as of December 31, 2007, are summarized as follows:

	2008			**Totals**	
	Fair Value Measurements				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**2008**	**2007**
Assets:					
Investments at fair value:					
Investment in Endowment Fund	$ -0-	$ -0-	$ 46,749	$ 46,749	$ 63,640
Cash and cash equivalents	2,499,286			2,499,286	2,960,997
	$ 2,499,286	**$ -0-**	**$ 46,749**	**$ 2,546,035**	**$ 3,024,637**

The fair value reconciliation of the Corporation's Level 3 assets measured at fair value on a recurring basis for the year ended December 31, 2008 is as follows:

	Endowment Fund
Changes in Level 3 Assets:	
Net realized and unrealized gains (losses)	$ (16,434)
Purchases, issuances, and settlements	(457)
Net Increase (Decrease) in Level 3 Assets	**(16,891)**
Balance, January 1, 2008	63,640
Balance, December 31, 2008	**$ 46,749**
Net gains (losses) for the year included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held as of December 31, 2008	$ (16,434)

NOTE I - NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes," prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 applies to the Corporation's financial statements for the year ending December 31, 2009. The Corporation has not determined the impact, if any, on its financial statements of implementing this Interpretation.