

NEW DETROIT, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

NEW DETROIT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

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**GREGORY
TERRELL
& COMPANY**

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

We have audited the statement of financial position of New Detroit, Inc. (a Michigan not-for-profit Corporation) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the New Detroit, Inc.'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 New Detroit, Inc.'s December 31, 2008 financial statements that were audited by other auditors whose report dated May 26, 2009, 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of New Detroit, Inc. as of December 31, 2009, 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.

A handwritten signature in cursive script that reads "Gregory Terrell & Company". The signature is written in black ink and is positioned above the printed name of the firm.

GREGORY TERRELL & COMPANY

Certified Public Accountants

April 30, 2010

NEW DETROIT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 2,679,779	\$ 2,499,286
Pledges and Accounts Receivable (Net) (Note 4)	334,052	1,820,733
Prepaid Expenses	<u>33,110</u>	<u>36,102</u>
 Total Current Assets	 \$ 3,046,941	 \$ 4,356,121
 Property and Equipment (Net) (Note 9)	 212,023	 289,174
Investment-Endowment Fund (Note 7)	<u>52,424</u>	<u>46,749</u>
 Total Assets	 <u>\$ 3,311,388</u>	 <u>\$ 4,692,044</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Leases Payable, Current Portion (Note 6)	\$ 35,047	\$ 33,183
Accounts Payable and Accrued Expenses	78,418	95,624
Fiduciary Deposits Payable (Note 10)	36,491	83,756
Liability for Pension Benefits, Current Portion (Note 5)	<u>166,223</u>	<u>66,723</u>
 Total Current Liabilities	 <u>\$ 316,179</u>	 <u>\$ 279,286</u>
 Long-Term Liabilities		
Leases Payable, Net of Current Portion (Note 6)	\$ 47,639	\$ 82,686
Liability for Pension Benefits, Net of Current Portion (Note 5)	<u>881,560</u>	<u>842,369</u>
 Total Long-Term Liabilities	 <u>\$ 929,199</u>	 <u>\$ 925,055</u>
 Total Liabilities	 <u>\$ 1,245,378</u>	 <u>\$ 1,204,341</u>
 Net Assets		
Unrestricted	\$ 1,540,011	\$ 1,810,351
Temporarily Restricted (Note 3)	<u>525,999</u>	<u>1,677,352</u>
 Total Net Assets	 <u>\$ 2,066,010</u>	 <u>\$ 3,487,703</u>
 Total Liabilities and Net Assets	 <u>\$ 3,311,388</u>	 <u>\$ 4,692,044</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Total <u>2009</u>	Total <u>2008</u>
PUBLIC SUPPORT AND REVENUE				
New Detroit Fund Pledges	\$ 183,500	\$ 268,500	\$ 452,000	\$ 1,725,100
Race Summit Contributions	-	2,500	2,500	150,350
Contributions and Grants	698,104	61,837	759,941	1,465,392
Annual Dinner	236,460	-	236,460	324,671
Investment Income	52,811	-	52,811	42,113
Net Realized and Unrealized Gains and (Losses) on Investments	6,093	-	6,093	(16,434)
Other income	2,980	-	2,980	8,667
Net Assets Released from Restrictions (Note 3)	<u>1,484,190</u>	<u>(1,484,190)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>\$ 2,664,138</u>	<u>\$ (1,151,353)</u>	<u>\$ 1,512,785</u>	<u>\$ 3,699,859</u>
EXPENSES				
Program Services:				
Economic Equity	\$ 246,081	\$ -	\$ 246,081	\$ 386,785
Race Relations and Cultural Collaboration	390,991	-	390,991	378,364
Race Summit	-	-	-	281,406
Youth Development	442,999	-	442,999	612,301
Community Capacity Building	<u>868,831</u>	<u>-</u>	<u>868,831</u>	<u>939,030</u>
Total Program Services	<u>\$ 1,948,902</u>	<u>\$ -</u>	<u>\$ 1,948,902</u>	<u>\$ 2,597,886</u>
Supporting Services:				
Management and General	\$ 575,744	\$ -	\$ 575,744	\$ 594,136
Fundraising	279,245	-	279,245	394,707
Communications	<u>91,396</u>	<u>-</u>	<u>91,396</u>	<u>148,404</u>
Total Supporting Services	<u>\$ 946,385</u>	<u>\$ -</u>	<u>\$ 946,385</u>	<u>\$ 1,137,247</u>
Total Operating Expenses	<u>\$ 2,895,287</u>	<u>\$ -</u>	<u>\$ 2,895,287</u>	<u>\$ 3,735,133</u>
Other Expenses (Revenue):				
Loss on Disposition of Fixed Assets	\$ -	\$ -	\$ -	\$ 457
Pension-Related Costs Other than Net Periodic Pension Cost (Note 5)	<u>39,191</u>	<u>-</u>	<u>39,191</u>	<u>319,352</u>
Total Other Expenses	<u>\$ 39,191</u>	<u>\$ -</u>	<u>\$ 39,191</u>	<u>\$ 319,809</u>
Change in Net Assets	\$ (270,340)	\$ (1,151,353)	\$ (1,421,693)	\$ (355,083)
NET ASSETS , Beginning of Year	<u>1,810,351</u>	<u>1,677,352</u>	<u>3,487,703</u>	<u>3,842,786</u>
NET ASSETS , End of Year	<u>\$ 1,540,011</u>	<u>\$ 525,999</u>	<u>\$ 2,066,010</u>	<u>\$ 3,487,703</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Program Services					Supporting Services				Total 2009	Total 2008
	Economic Equity	Race Relations and Cultural Collaboration	Race Summit	Youth Development	Community Capacity Building	Management and General	Fundraising	Communications			
Employee Compensation:											
Salaries	\$ 104,015	\$ 213,209	\$ -	\$ 219,908	\$ 283,857	\$ 312,861	\$ 129,619	\$ 30,356	\$ 1,293,825	\$ 1,570,078	
Fringe Benefits	40,417	49,093	-	55,188	69,391	99,964	15,889	2,318	332,260	271,019	
Payroll Taxes	8,233	17,525	-	16,781	24,211	22,331	9,804	2,173	101,058	113,001	
Total Employee Compensation	\$ 152,665	\$ 279,827	\$ -	\$ 291,877	\$ 377,459	\$ 435,156	\$ 155,312	\$ 34,847	\$ 1,727,143	\$ 1,954,098	
Other Expenses:											
Program Initiatives	16,010	25,747	-	43,953	-	-	-	-	85,710	221,320	
Discretionary Grants	2,970	7,055	-	6,273	-	3,635	-	-	19,933	40,629	
Occupancy	36,467	37,755	-	34,548	74,720	46,064	-	-	229,554	251,091	
Professional Fees	6,256	6,256	-	31,859	146,940	32,473	437	-	224,221	460,106	
Program Grants	-	-	-	-	218,547	-	-	-	218,547	244,851	
Annual Dinner Expense	-	-	-	-	-	-	100,318	-	100,318	166,195	
Publications and Promotions	-	-	-	-	-	-	-	54,703	54,703	91,145	
Office Supplies	6,736	7,117	-	6,527	7,886	8,438	459	1,012	38,175	69,772	
Conferences	875	2,414	-	2,493	2,164	4,392	1,236	306	13,880	47,002	
Telephone	1,986	2,374	-	2,835	7,842	2,945	1,060	259	19,301	5,346	
Meetings and Committee Expenses	2,248	2,318	-	2,827	4,479	2,755	64	1	14,692	29,604	
United Way for Southeastern Michigan Fundraising Fee	-	-	-	-	-	-	19,570	-	19,570	29,624	
Insurance	3,468	3,468	-	3,286	8,420	4,381	-	-	23,023	23,205	
Repairs and Maintenance	1,150	1,156	-	1,091	2,822	1,548	-	25	7,792	13,219	
Dues and Subscriptions	485	739	-	1,442	2,009	1,025	789	243	6,732	15,620	
Interest Expense	-	-	-	-	-	4,890	-	-	4,890	5,351	
Miscellaneous	-	-	-	-	-	9,392	-	-	9,392	1,113	
Total Expenses Before Depreciation and Amortization	\$ 231,316	\$ 376,226	\$ -	\$ 429,011	\$ 853,288	\$ 557,094	\$ 279,245	\$ 91,396	\$ 2,817,576	\$ 3,669,291	
Depreciation and Amortization (Note 9)	14,765	14,765	-	13,988	15,543	18,650	-	-	77,711	65,842	
Total Expenses	\$ 246,081	\$ 390,991	\$ -	\$ 442,999	\$ 868,831	\$ 575,744	\$ 279,245	\$ 91,396	\$ 2,895,287	\$ 3,735,133	

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,421,693)	\$ (355,083)
Adjustments to Reconcile Change in Net Assets to net Cash Provided (Used) by Operating Activities		
Noncash Contributions	-	(112,037)
Loss on Disposition of Fixed Assets	-	457
Depreciation and Amortization	77,711	65,842
Net Unrealized (Gains) Losses on Investments	(6,093)	16,434
(Increase) Decrease in Pledges and Accounts Receivable	1,486,681	(306,626)
(Increase) Decrease in Prepaid Expenses	2,992	2,388
Increase in (Decrease) in Accounts Payable and Accrued Expenses	(17,206)	35,868
Increase in (Decrease) in Fiduciary Deposits Payable	(47,265)	(5,586)
Increase (Decrease) in Liability for Pension Benefits	<u>138,691</u>	<u>241,925</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 213,818</u>	<u>\$ (416,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposition of Investments	\$ 418	\$ 457
Acquisitions of Fixed Assets	<u>(560)</u>	<u>(15,495)</u>
Net Cash Used by Investing Activities	<u>\$ (142)</u>	<u>\$ (15,038)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Leases Payable	<u>\$ (33,183)</u>	<u>\$ (30,255)</u>
Net Cash Used by Financing Activities	<u>\$ (33,183)</u>	<u>\$ (30,255)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 180,493</u>	<u>\$ (461,711)</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,499,286</u>	<u>2,960,997</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 2,679,779</u></u>	<u><u>\$ 2,499,286</u></u>
Schedule of Noncash Transactions		
Acquisition of Equipment under Capital Leases	<u>\$ -</u>	<u>\$ 86,354</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 4,890</u>	<u>\$ 5,351</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

(1) NATURE OF OPERATIONS

New Detroit, Inc. (the "Corporation") is a community based resource center providing social, economic, educational and technical assistance to communities located in Southeast Michigan. The Corporation's principal source of revenue is from pledges, grants, and other forms of contributions made to the New Detroit Campaign fund, managed and operated by the United Way of Southeast Michigan.

The Corporation provides the following program services to communities:

Economic Equity – To identify and eliminate institutional barriers in the development of businesses owned by people of color. To increase the number of procurement contracts awarded to these businesses. To significantly increase the overall income levels of people of color; and to support initiatives that expose young people to entrepreneurship.

Race Relations and Cultural Collaboration – To enhance interracial and intercultural cooperation and interaction among diverse racial and culture groups throughout the Metropolitan Detroit area; to eliminate policies, practices, and behaviors that tend to exclude people of color from management and key governance positions within corporations and institutions; as well as to address issues of racial relations and cultural collaboration.

Race Summit – The leadership summit on race is a conference to help individuals become effective leaders of racial equity within their own organizations whether they are for-profit, non-profit, local, regional, or national.

Youth Development – To support the involvement of all citizens, especially parents, in local schools; to better meet the learning and development needs of students; to provide leadership and direction for the restructuring of the administration of Detroit Public Schools; and to support the process of evaluating the overall performance of the Detroit Public Schools System.

Community Capacity Building – To improve the way community-based organizations carry out their mission and goals without losing sight of what makes their organization unique; to effectively assist communities and faith-based organizations; to build, strengthen, and enhance the human and organizational capacity to meet the needs of their communities; to create and expand initiatives designed to professionalize the management and staff of communities and faith-based organization.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

(2) SIGNIFICANT ACCOUNTING POLICIES

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.

Recognition of Contributions – In accordance with FAS ASC 958-10-20 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 statement of activities as net assets released from restrictions.

Tax Exempt Status – The Corporation has been classified by the Internal Revenue Service (“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. Additionally, the Corporation has been classified by the IRS as an organization that is not a private foundation.

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

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 ten years. The Corporation’s policy is to capitalize acquisitions of one hundred dollars 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.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 that use of unobservable inputs. Additionally, the Corporation applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. FAS ASC 820-10-35 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. FAS ASC 820-10-35 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. The various levels of the FAS ASC 820-10-35 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 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.

FAS ASC 820-10-35 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.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

(2) 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, 2008, from which the summarized information was derived. Certain reclassifications have been made to the 2008 financial statements to conform to classifications in 2009.

(3) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of December 31, 2009 and 2008 for the following purposes and periods:

	<u>2009</u>	<u>2008</u>
Restricted for program activities:		
Economic Equity	\$ 20,000	\$ -
Race Summit	2,500	-
Youth Development	17,350	43,924
Community Capacity Building	217,649	380,928
Total Restricted for Programs	<u>\$ 257,499</u>	<u>\$ 424,852</u>
Restricted for use in future periods	<u>268,500</u>	<u>1,252,500</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 525,999</u></u>	<u><u>\$ 1,677,352</u></u>

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:

	<u>2009</u>	<u>2008</u>
Purpose restrictions accomplished for the following programs:		
Economic Equity	\$ 41,837	\$ 35,850
Race Relations and Cultural Collaboration	-	41,074
Race Summit	-	186,949
Youth Development	26,574	216,973
Community Capacity Building	163,279	124,456
	<u>\$ 231,690</u>	<u>\$ 605,302</u>
Time restrictions expired by passage of specified time	<u>1,252,500</u>	<u>1,436,650</u>
Total released from restrictions	<u><u>\$ 1,484,190</u></u>	<u><u>\$ 2,041,952</u></u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

(4) PLEDGES AND ACCOUNTS RECEIVABLE

The New Detroit Fund year begins on April 1 and ends on March 31 of the following calendar year. Therefore, included in pledges receivable as of December 31, 2009 are pledges received but not collected as of December 31, 2009 for the fund year ended March 31, 2010.

	<u>2009</u>	<u>2008</u>
Pledges receivable:		
NDF pledges for March 31, 2009	\$ -	\$ 907,500
NDF pledges for March 31, 2010	160,000	-
Corporate pledges	9,600	8,600
Accounts receivable	<u>171,732</u>	<u>911,913</u>
 Total pledges and accounts receivable	 \$ 341,332	 \$ 1,828,013
 Less: Allowance for doubtful pledges and accounts	 (7,280)	 (7,280)
 Pledges and accounts receivable, net	 <u>\$ 334,052</u>	 <u>\$ 1,820,733</u>

Collections of NDF pledges during 2009 and 2008 were as follows:

	<u>Amount Collected</u>	
	<u>2009</u>	<u>2008</u>
Pledge year ended March 31:		
2008	\$ -	\$ 1,729,200
2009	1,090,000	95,000
2010	<u>108,500</u>	<u>-</u>
 Total Collected	 <u>\$ 1,198,500</u>	 <u>\$ 1,824,200</u>

(5) PENSION PLANS

The Corporation has a noncontributory defined benefit pension plan (“pension plan”) and a voluntary defined contribution retirement plan under IRC section 401(k) (“savings plan”). Under the savings plan, 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 the savings plan for the period ended 2009 totaled \$ 9,980.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
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(WITH COMPARATIVE TOTALS FOR 2008)

(5) PENSION PLANS (CONTINUED)

The pension plan, formerly pooled, was amended and restated effective January 1, 1980. On January 1, 2008, the plan was closed to new employees. FASB ASC 715-30-25-1 requires that employers recognize the overfunded or underfunded status of a pension plan as an asset or liability in the financial statements; and to recognize the changes in that funded status in the year in which the changes occur.

As of December 31, 2009 and 2008, the plan's funded status is as follows:

	<u>2009</u>	<u>2008</u>
Fair Value of Plan Assets	\$ 3,399,720	\$ 3,418,252
Projected Benefit Obligation	<u>4,447,503</u>	<u>4,327,344</u>
Overfunded/(Underfunded) Status	<u>\$ (1,047,783)</u>	<u>\$ (909,092)</u>
Accumulated Benefit Obligation	<u>\$ 4,447,503</u>	<u>\$ 4,327,344</u>

The amount of employer contributions and benefit payments:

	<u>2009</u>	<u>2008</u>
Employer Contributions	\$ 45,000	\$ 92,000
Benefit Payments	173,482	160,984

The amounts recognized in the statement of financial position as a liability as of December 31, 2009 and 2008 are \$ 1,047,783 and \$ 909,092, 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 December 31, 2009.

Future benefit payments are expected to be paid as follows:

2010	\$ 222,808
2011	220,701
2012	252,290
2013	262,193
2014	283,145
2015-2019	1,538,550

Contributions of \$ 103,851 are expected to be paid to the plan during 2010.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

(5) PENSION PLANS (CONTINUED)

Amounts not yet recognized as components of net periodic benefit costs as of December 31, 2009 are as follows:

Net Loss	\$ 881,560
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Amounts expected to be recognized in net periodic benefit cost during the year ending December 31, 2010 are as follows:

Amortization of Net Loss	\$ 9,577
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Weighted-average assumptions used in the measurement of the Corporation's benefit obligation as of December 31, 2009 and 2008 are as follows:

	2009	2008
Discount rate	5.54%	5.54%
Expected return on plan assets	3.50%	3.50%
Rate of compensation increase	N/A	N/A

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

Pension-related costs other than net periodic pension cost consist of the following for the year ended December 31, 2009:

Actuarial losses	\$ (66,601)
Reclassifications to net periodic benefit cost of amounts previously recognized but not included in periodic benefit cost	27,410
	\$ (39,191)

(6) LEASES

The Corporation leases office space under a noncancelable operating lease and certain equipment under noncancelable capital leases. Total rental expense was \$ 114,664 and \$ 231,293 in 2009 and 2008, respectively.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

(6) LEASES (CONTINUED)

Future minimum lease payments are as follow:

	Capital Leases	Operating Lease
2010	\$ 38,118	\$ 203,922
2011	18,984	203,922
2012	17,244	203,922
2013	16,630	203,922
2014	-	169,934
	<hr/>	<hr/>
Minimum Lease Payments	90,976	\$ 985,622
	<hr/>	<hr/>
Less: Amount representing interest	(8,290)	
	<hr/>	
Present Value of Net Minimum Lease Payments	\$ 82,686	
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(7) 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. In accordance with FASB ASC 958-205-45-14, the portion of the Endowment Fund that was funded by the Corporation, plus net earnings on that balance, represent a reciprocal transfer and are therefore included in the Corporation's financial statements.

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(7) CHARITABLE ENDOWMENT FUND (CONTINUED)

The fair value of the Endowment Fund as of December 31, 2009 and 2008, and the portion included in the Corporation's investments, are as follows:

	<u>2009</u>	<u>2008</u>
Fair Value of the Endowment Fund	<u>\$ 82,201</u>	<u>\$ 73,143</u>
Portion of Endowment Fund included in the financial statements:		
Unrestricted	<u>\$ 52,424</u>	<u>\$ 46,749</u>

Reconciliations of the fair value of Endowment Fund assets included in the Corporation's financial statements as of December 31, 2009 and summarized for 2008 are as follows:

	<u>Unrestricted</u>	
	<u>2009</u>	<u>2008</u>
Changes in Endowment Fund Assets:		
Net realized and unrealized gains (losses)	\$ 6,093	\$ (16,434)
Less: Administrative expenses	<u>(418)</u>	<u>(457)</u>
Net Increase (Decrease) in Endowment Fund Assets	5,675	(16,891)
Endowment Fund Assets, Beginning of Year	<u>46,749</u>	<u>63,640</u>
Endowment Fund Assets, End of Year	<u>\$ 52,424</u>	<u>\$ 46,749</u>

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(8) INVESTMENTS

The Corporation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2009, and the Corporation's accounts as of December 31, 2008 are summarized as follow:

Description	Level 1: Quoted prices in active markets for identical assets	Level 2: Significant other observable inputs	Level 3: Significant unobservable inputs	Fair Value at Reporting Date	
				2009	2008
Investment in Endowment Fund	\$ -	\$ -	\$ 52,424	\$ 52,424	\$ 46,749
Cash and cash equivalents	<u>2,679,779</u>	<u>-</u>	<u>-</u>	<u>2,679,779</u>	<u>2,499,286</u>
Total	<u>\$ 2,679,779</u>	<u>\$ -</u>	<u>\$ 52,424</u>	<u>\$ 2,732,203</u>	<u>\$ 2,546,035</u>

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, 2009 is as follows:

	<u>Endowment Fund</u>
Beginning balance 1/01/2009	\$ 46,749
Total gains and losses (realized/unrealized) included in the statement of activities	6,093
Purchases, issuances and settlements	<u>(418)</u>
Ending balance 12/31/2009	<u>\$ 52,424</u>
Unrealized gain (loss) from assets still held at December 31, 2009	<u>\$ 6,093</u>

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(9) PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2009 is presented below:

	Beginning of Year	Additions	Retirement/ Impairment	End of Year
Leasehold Improvements	\$ 112,037	\$ -	\$ -	\$ 112,037
Furniture and Equipment	245,437	560	-	245,997
Leased Equipment	<u>207,968</u>	<u>-</u>	<u>-</u>	<u>207,968</u>
Subtotal	\$ 565,442	\$ 560	\$ -	\$ 566,002
Less Accumulated Depreciation	<u>276,268</u>	<u>77,711</u>	<u>-</u>	<u>353,979</u>
Total Net	<u>\$ 289,174</u>	<u>\$ 78,271</u>	<u>\$ -</u>	<u>\$ 212,023</u>

(10) FIDUCIARY DEPOSITS

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 FASB ACS 958-605-50-4, 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, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 83,756	\$ 89,342
Funds received as a fiduciary	15,638	74,748
Funds disbursed as a fiduciary	<u>(62,903)</u>	<u>(80,334)</u>
Balance, End of Year	<u>\$ 36,491</u>	<u>\$ 83,756</u>

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(11) CONCENTRATIONS OF RISK

Concentration of Credit Risk – Financial instruments which can potentially subject the Corporation to concentrations of credit risk consist principally of cash, cash equivalents, pledges and accounts receivable. The Corporation's cash are located in three institutions; the cash on deposit in each of these institutions exceeds the \$250,000 federally insured limit. The Corporation's pledges receivable are principally due from the general public through the New Detroit the New Detroit Fund Campaign.

The Corporation has entered into three 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.

Approximately thirty-two percent of the Corporation's revenue for 2009 was from one grantor.