

NEW DETROIT, INC.  
FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

NEW DETROIT, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

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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, 2011, 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, 2010 financial statements and, in our report dated April 12, 2011 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. 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, 2011, 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 &amp; 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, 2012

NEW DETROIT, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

**ASSETS**

	2011	2010
Current Assets		
Cash and Cash Equivalents (Note 2 and 8)	\$ 3,150,700	\$ 2,752,155
Pledges and Accounts Receivable (Net) (Note 4)	192,212	256,563
Prepaid Expenses	<u>35,916</u>	<u>21,364</u>
Total Current Assets	\$ 3,378,828	\$ 3,030,082
Property and Equipment (Net) (Note 5)	76,944	117,937
Investment-Endowment Fund (Note 7)	<u>53,588</u>	<u>55,442</u>
Total Assets	<u>\$ 3,509,360</u>	<u>\$ 3,203,461</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Leases Payable, Current Portion	\$ -	\$ 5,240
Accounts Payable and Accrued Expenses	65,996	65,337
Fiduciary Deposits Payable (Note 8)	1,448,582	678,645
Liability for Pension Benefits, Current Portion (Note 10)	<u>296,035</u>	<u>222,601</u>
Total Current Liabilities	\$ 1,810,613	\$ 971,823
Long-Term Liabilities		
Leases Payable, Net of Current Portion	\$ -	\$ 10,062
Liability for Pension Benefits, Net of Current Portion (Note 10)	<u>1,586,082</u>	<u>837,041</u>
Total Long-Term Liabilities	\$ 1,586,082	\$ 847,103
Total Liabilities	\$ 3,396,695	\$ 1,818,926
Net Assets		
Unrestricted	\$ (111,239)	\$ 1,167,757
Temporarily Restricted (Note 9)	<u>223,904</u>	<u>216,778</u>
Total Net Assets	\$ 112,665	\$ 1,384,535
Total Liabilities and Net Assets	<u>\$ 3,509,360</u>	<u>\$ 3,203,461</u>

The accompanying notes are an integral part of this statement.

**NEW DETROIT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(WITH COMPARATIVE TOTALS FOR 2010)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
New Detroit Fund Pledges	\$ 664,675	\$ 221,000	\$ 885,675	\$ 906,400
Contributions and Grants	619,130	53,028	672,158	1,117,532
Annual Dinner	229,050	-	229,050	214,200
Investment Income	4,834	-	4,834	3,448
Net Realized and Unrealized Gains and (Losses) on Investments	(1,481)	-	(1,481)	3,592
Other income	4,840	-	4,840	5,312
Net Assets Released from Restrictions (Note 9)	<u>266,902</u>	<u>(266,902)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>\$ 1,787,950</u>	<u>\$ 7,126</u>	<u>\$ 1,795,076</u>	<u>\$ 2,250,483</u>
<b>EXPENSES</b>				
Program Services:				
Economic Equity	\$ 295,726	\$ -	\$ 295,726	\$ 249,312
Racial Justice and Cultural Collaboration	374,828	-	374,828	367,409
Youth Development and Education	442,932	-	442,932	569,584
Community Capacity Building	<u>347,881</u>	<u>-</u>	<u>347,881</u>	<u>956,095</u>
Total Program Services	<u>\$ 1,461,367</u>	<u>\$ -</u>	<u>\$ 1,461,367</u>	<u>\$ 2,142,400</u>
Supporting Services:				
Management and General	\$ 530,974	\$ -	\$ 530,974	\$ 488,240
Fundraising	259,589	-	259,589	235,166
Communications	<u>73,351</u>	<u>-</u>	<u>73,351</u>	<u>74,043</u>
Total Supporting Services	<u>\$ 863,914</u>	<u>\$ -</u>	<u>\$ 863,914</u>	<u>\$ 797,449</u>
Total Operating Expenses	<u>\$ 2,325,281</u>	<u>\$ -</u>	<u>\$ 2,325,281</u>	<u>\$ 2,939,849</u>
Other Expenses (Revenue):				
Gain on Disposition of Fixed Assets	\$ (7,375)	\$ -	\$ (7,375)	\$ (8,671)
Loss on Short-Term Securities	-	-	-	45,299
Pension-Related Charges (Credits) Other than Net Periodic Pension Cost (Note 10)	<u>749,040</u>	<u>-</u>	<u>749,040</u>	<u>(44,519)</u>
Total Other Expenses (Revenue)	<u>\$ 741,665</u>	<u>\$ -</u>	<u>\$ 741,665</u>	<u>\$ (7,891)</u>
Change in Net Assets	\$ (1,278,996)	\$ 7,126	\$ (1,271,870)	\$ (681,475)
<b>NET ASSETS</b> , Beginning of Year	<u>1,167,757</u>	<u>216,778</u>	<u>1,384,535</u>	<u>2,066,010</u>
<b>NET ASSETS</b> , End of Year	<u>\$ (111,239)</u>	<u>\$ 223,904</u>	<u>\$ 112,665</u>	<u>\$ 1,384,535</u>

The accompanying notes are an integral part of this statement.

**NEW DETROIT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(WITH COMPARATIVE TOTALS FOR 2010)**

	Program Services				Supporting Services			Total 2011	Total 2010
	Economic Equity	Racial Justice and Cultural Collaboration	Youth Development and Education	Community Capacity Building	Management and General	Fundraising	Communications		
Employee Compensation:									
Salaries	\$ 158,550	\$ 197,177	\$ 214,902	\$ 163,110	\$ 281,196	\$ 133,160	\$ 27,420	\$ 1,175,515	\$ 1,258,808
Fringe Benefits	44,649	53,580	65,916	52,094	82,218	15,328	2,266	316,051	315,726
Payroll Taxes	11,556	15,987	14,441	14,829	41,941	8,947	1,724	109,425	110,661
<b>Total Employee Compensation</b>	<b>\$ 214,755</b>	<b>\$ 266,744</b>	<b>\$ 295,259</b>	<b>\$ 230,033</b>	<b>\$ 405,355</b>	<b>\$ 157,435</b>	<b>\$ 31,410</b>	<b>\$ 1,600,991</b>	<b>\$ 1,685,194</b>
Other Expenses:									
Program Initiatives	332	23,010	55,453	-	-	-	-	78,795	123,930
Discretionary Grants	1,690	2,235	5,150	200	1,625	-	-	10,900	20,890
Occupancy	42,134	44,475	44,475	46,816	56,179	-	-	234,079	231,637
Professional Fees	4,922	4,306	7,206	28,179	23,782	1,200	400	69,995	302,549
Program Grants	-	-	-	9,045	-	-	-	9,045	236,971
Annual Dinner Expense	-	-	-	-	-	97,210	-	97,210	70,068
Publications and Promotions	-	-	-	-	-	-	40,664	40,664	46,807
Office Supplies	10,148	11,282	11,835	11,066	12,928	1,203	198	58,660	55,146
Conferences	1,793	2,690	2,187	1,831	4,160	1,172	234	14,067	14,815
Telephone	2,867	2,697	3,142	2,675	3,626	444	148	15,599	17,944
Meetings and Committee Expenses	1,941	2,048	2,048	2,192	2,587	-	-	10,816	13,776
United Way Fundraising Fee	-	-	-	-	-	-	-	-	12,180
Insurance	5,215	5,504	5,504	5,794	6,953	-	-	28,970	25,750
Repairs and Maintenance	1,337	1,411	1,411	1,485	1,782	-	-	7,426	8,538
Dues and Subscriptions	1,226	651	1,487	381	1,357	925	297	6,324	16,816
Interest Expense	-	-	-	-	444	-	-	444	1,049
Miscellaneous	-	-	-	-	375	-	-	375	10,169
<b>Total Expenses Before Depreciation</b>	<b>\$ 288,360</b>	<b>\$ 367,053</b>	<b>\$ 435,157</b>	<b>\$ 339,697</b>	<b>\$ 521,153</b>	<b>\$ 259,589</b>	<b>\$ 73,351</b>	<b>\$ 2,284,360</b>	<b>\$ 2,894,230</b>
Depreciation (Note 5)	7,366	7,775	7,775	8,184	9,821	-	-	40,921	45,619
<b>Total Expenses</b>	<b>\$ 295,726</b>	<b>\$ 374,828</b>	<b>\$ 442,932</b>	<b>\$ 347,881</b>	<b>\$ 530,974</b>	<b>\$ 259,589</b>	<b>\$ 73,351</b>	<b>\$ 2,325,281</b>	<b>\$ 2,939,849</b>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (1,271,870)	\$ (681,475)
Adjustments to Reconcile Change in Net Assets to net Cash Provided (Used) by Operating Activities		
Depreciation	40,921	45,619
Gain on Disposition of Fixed Assets	(7,375)	(8,671)
Net Unrealized (Gains) Losses on Investments	1,481	(3,592)
Decrease in Pledges and Accounts Receivable	64,351	77,489
(Increase) Decrease in Prepaid Expenses	(14,552)	11,746
Increase (Decrease) in Accounts Payable and Accrued Expenses	659	(13,081)
Increase in Fiduciary Deposits Payable	769,937	642,154
Increase in Liability for Pension Benefits	<u>822,475</u>	<u>11,859</u>
Net Cash Provided by Operating Activities	<u>\$ 406,027</u>	<u>\$ 82,048</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Disposition of Investments	\$ 373	\$ 574
Disposition of Fixed Assets	10,959	59,988
Acquisition of Fixed Assets	<u>(3,511)</u>	<u>(2,850)</u>
Net Cash Provided by Investing Activities	<u>\$ 7,821</u>	<u>\$ 57,712</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Leases Payable	<u>\$ (15,302)</u>	<u>\$ (67,384)</u>
Net Cash Used for Financing Activities	<u>\$ (15,302)</u>	<u>\$ (67,384)</u>
<b>Increase in Cash and Cash Equivalents</b>	<u>\$ 398,546</u>	<u>\$ 72,376</u>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>2,752,155</u>	<u>2,679,779</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u><u>\$ 3,150,701</u></u>	<u><u>\$ 2,752,155</u></u>
<b>Supplemental Disclosure:</b>		
Interest paid	<u>\$ 444</u>	<u>\$ 1,049</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

**(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.

Racial Justice 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.

Youth Development and Education – 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, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

**(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 FASB 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, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

**(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. FASB 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. FASB 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 FASB 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.

FASB 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, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

**(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, 2010, from which the summarized information was derived. Certain reclassifications have been made to the 2010 financial statements to conform to classifications in 2011.

**(3) 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 Fund Campaign.

**(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, 2011 are pledges received but not collected as of December 31, 2011 for the fund year ended March 31, 2012.

	<u>2011</u>	<u>2010</u>
Pledges receivable:		
NDF pledges for March 31, 2011	\$ -	\$ 170,000
NDF pledges for March 31, 2012	160,000	-
Corporate pledges	-	-
Accounts receivable	<u>39,492</u>	<u>93,843</u>
Total pledges and accounts receivable	\$ 199,492	\$ 263,843
Less: Allowance for doubtful pledges and accounts	(7,280)	(7,280)
Pledges and accounts receivable, net	<u>\$ 192,212</u>	<u>\$ 256,563</u>

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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(WITH COMPARATIVE TOTALS FOR 2010)

**(4) PLEDGES AND ACCOUNTS RECEIVABLE (CONTINUED)**

Collections of NDF pledges during 2011 and 2010 were as follows:

	<b>Amount Collected</b>	
	<b>2011</b>	<b>2010</b>
Pledge year ended March 31:		
2010	\$ -	\$ 844,000
2011	828,000	-
Total Collected	<u>\$ 828,000</u>	<u>\$ 844,000</u>

**(5) PROPERTY AND EQUIPMENT**

Property and equipment activity for the year ended December 31, 2011 is presented below:

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Retirement/ Impairment</b>	<b>End of Year</b>
Leasehold Improvements	\$ 112,037	\$ -	\$ -	\$ 112,037
Furniture and Equipment	248,847	3,511	-	252,358
Leased Equipment	58,894	-	28,786	30,108
Subtotal	\$ 419,778	\$ 3,511	\$ 28,786	\$ 394,503
Less Accumulated Depreciation	<u>301,841</u>	<u>40,921</u>	<u>25,203</u>	<u>317,559</u>
Total Net	<u>\$ 117,937</u>	<u>\$ 37,410</u>	<u>\$ 3,583</u>	<u>\$ 76,944</u>

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
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**(6) INVESTMENTS**

The Corporation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2011, and the Corporation's accounts as of December 31, 2010 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	
				2011	2010
Investment in Endowment Fund	\$ -	\$ -	\$ 53,588	\$ 53,588	\$ 55,442
Cash and cash equivalents	<u>3,150,700</u>	<u>-</u>	<u>-</u>	<u>3,150,700</u>	<u>2,752,155</u>
Total	<u>\$ 3,150,700</u>	<u>\$ -</u>	<u>\$ 53,588</u>	<u>\$ 3,204,288</u>	<u>\$ 2,807,597</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, 2011 is as follows:

	<u>Endowment Fund</u>
Beginning balance 1/01/2011	\$ 55,442
Total gains and losses (realized/unrealized) included in the statement of activities	(1,481)
Purchases, issuances and settlements	<u>(373)</u>
Ending balance 12/31/2011	<u>\$ 53,588</u>
Unrealized gain (loss) from assets still held at December 31, 2011	<u>\$ (1,481)</u>

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

**(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.

The fair value of the Endowment Fund as of December 31, 2011 and 2010, and the portion included in the Corporation's investments, are as follows:

	<u>2011</u>	<u>2010</u>
Fair Value of the Endowment Fund	<u>\$ 83,842</u>	<u>\$ 86,743</u>
Portion of Endowment Fund included in the financial statements:		
Unrestricted	<u>\$ 53,588</u>	<u>\$ 55,442</u>

Reconciliations of the fair value of Endowment Fund assets included in the Corporation's financial statements as of December 31, 2011 and summarized for 2010 are as follows:

	<u>Unrestricted</u>	
	<u>2011</u>	<u>2010</u>
Changes in Endowment Fund Assets:		
Net realized and unrealized gains (losses)	\$ (1,481)	\$ 3,592
Less: Administrative expenses	<u>(373)</u>	<u>(574)</u>
Net Increase (Decrease) in Endowment Fund Assets	(1,854)	3,018
Endowment Fund Assets, Beginning of Year	<u>55,442</u>	<u>52,424</u>
Endowment Fund Assets, End of Year	<u>\$ 53,588</u>	<u>\$ 55,442</u>

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(WITH COMPARATIVE TOTALS FOR 2010)

**(8) 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 Cash and Cash Equivalents and Fiduciary Deposits Payable. Activity in Fiduciary Deposits Payable for the years ended December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 678,645	\$ 36,491
Funds received as a fiduciary	1,436,500	652,017
Funds disbursed as a fiduciary	<u>(666,563)</u>	<u>(9,863)</u>
<b>Balance, End of Year</b>	<u><u>\$ 1,448,582</u></u>	<u><u>\$ 678,645</u></u>

**(9) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available as of December 31, 2011 and 2010 for the following purposes and periods:

	<u>2011</u>	<u>2010</u>
Restricted for program activities:		
Youth Development	\$ 75	\$ 75
Community Capacity Building	2,829	1,703
Total Restricted for Programs	<u>\$ 2,904</u>	<u>\$ 1,778</u>
Restricted for use in future periods	<u>221,000</u>	<u>215,000</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 223,904</u></u>	<u><u>\$ 216,778</u></u>

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**(9) 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:

	<u>2011</u>	<u>2010</u>
Purpose restrictions accomplished for the following programs:		
Economic Equity	\$ 15,000	\$ 60,000
Race Summit	-	2,500
Youth Development	-	167,275
Community Capacity Building	<u>36,902</u>	<u>648,674</u>
	<u>\$ 51,902</u>	<u>\$ 878,449</u>
Time restrictions expired by passage of specified time	<u>215,000</u>	<u>268,500</u>
Total released from restrictions	<u>\$ 266,902</u>	<u>\$ 1,146,949</u>

**(10) 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 year ended December 31, 2011 totaled \$ 42,824.

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, 2011 and 2010, the plan’s funded status is as follows:

	<u>2011</u>	<u>2010</u>
Fair Value of Plan Assets	\$ 3,529,768	\$ 3,461,684
Projected Benefit Obligation	<u>5,411,885</u>	<u>4,521,326</u>
Overfunded/(Underfunded) Status	<u>\$ (1,882,117)</u>	<u>\$ (1,059,642)</u>
Accumulated Benefit Obligation	<u>\$ 5,411,885</u>	<u>\$ 4,521,326</u>



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**(10) PENSION PLANS (CONTINUED)**

The amount of employer contributions and benefit payments:

	<u>2011</u>	<u>2010</u>
Employer Contributions	\$ 105,000	\$ 105,000
Benefit Payments	173,138	160,694

The amounts recognized in the statement of financial position as a liability as of December 31, 2011 and 2010 are \$ 1,882,117 and \$ 1,059,642, 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, 2011.

Future benefit payments are expected to be paid as follows:

2012	\$ 258,028
2013	265,818
2014	287,668
2015	293,382
2016	297,718
2017-2021	1,693,383

Contributions of \$ 300,000 are expected to be paid to the plan during 2012.

Amounts not yet recognized as components of net periodic benefit costs as of December 31, 2011 are as follows:

Net Loss	\$ 1,586,082
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Amounts expected to be recognized in net periodic benefit cost during the year ending December 31, 2012 are as follows:

Amortization of Net Loss	\$ 2,300
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Weighted-average assumptions used in the measurement of the Corporation's benefit obligation as of December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Discount rate	4.25%	5.49%
Expected return on plan assets	3.00%	3.50%
Rate of compensation increase	N/A	N/A

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**(10) PENSION PLANS (CONTINUED)**

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, 2011:

Actuarial gains	\$ (35,234)
Reclassifications to net periodic benefit cost of amounts previously recognized but not included in periodic benefit cost	<u>784,274</u>
	<u>\$ 749,040</u>

**(11) LEASES**

The Corporation leases office space under a noncancelable operating lease. Total rental expense was \$ 234,079 and \$ 234,551 in 2011 and 2010, respectively.

Future minimum lease payments are as follow:

	<b>Operating Lease</b>
2012	<u>218,310</u>
2013	218,310
2014	<u>184,322</u>
<b>Minimum Future Lease Payments</b>	<b>\$ <u>620,942</u></b>

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**(12) SUBSEQUENT EVENTS**

Subsequent to December, 31 2011, the Corporation made a decision to suspend their quarterly 2012 pension plan contributions and have filed Form 10 with the Pension Benefit Guaranty Corporation notifying them of that decision. In addition, the Corporation sent notices to all the pension plan participants regarding the suspension of quarterly pension plan contributions.

Subsequent events have been evaluated through April 30, 2012, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.