

NEW DETROIT, INC.  
FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

NEW DETROIT, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

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**GREGORY  
TERRELL  
& COMPANY**

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
New Detroit, Inc.

We have audited the accompanying financial statements of New Detroit, Inc. (a Michigan not-for-profit Corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

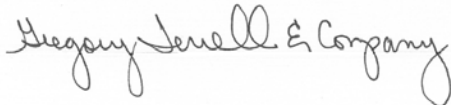
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited New Detroit, Inc.'s December 31, 2014 financial statements, and our report dated July 22, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gregory Terrell & Company". The signature is written in dark ink on a light-colored background.**GREGORY TERRELL & COMPANY**

Certified Public Accountants  
May 12, 2016

NEW DETROIT, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

**ASSETS**

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and Cash Equivalents (Note 2, 3 and 6)	\$ 1,533,503	\$ 1,858,721
Pledges and Accounts Receivable (Net) (Note 4)	156,977	124,982
Prepaid Expenses	<u>22,141</u>	<u>10,286</u>
Total Current Assets	\$ 1,712,621	\$ 1,993,989
Property and Equipment (Net) (Note 5)	7,868	7,713
Investment-Endowment Fund (Note 6 and 7)	<u>54,351</u>	<u>59,176</u>
Total Assets	<u>\$ 1,774,840</u>	<u>\$ 2,060,878</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 69,795	\$ 109,226
Fiduciary Deposits Payable (Note 8)	30,132	166,165
Liability for Pension Benefits, Current Portion (Note 10)	<u>-</u>	<u>941,778</u>
Total Current Liabilities	<u>\$ 99,927</u>	<u>\$ 1,217,169</u>
Long-Term Liabilities		
Liability for Pension Benefits, Net of Current Portion (Note 10)	<u>\$ -</u>	<u>\$ 2,126,286</u>
Total Long-Term Liabilities	<u>\$ -</u>	<u>\$ 2,126,286</u>
Total Liabilities	<u>\$ 99,927</u>	<u>\$ 3,343,455</u>
Net Assets		
Unrestricted	\$ 1,110,785	\$ (1,528,063)
Temporarily Restricted (Note 9)	<u>564,128</u>	<u>245,486</u>
Total Net Assets	<u>\$ 1,674,913</u>	<u>\$ (1,282,577)</u>
Total Liabilities and Net Assets	<u>\$ 1,774,840</u>	<u>\$ 2,060,878</u>

The accompanying notes are an integral part of this statement.

**NEW DETROIT, INC.**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2015**  
**(WITH COMPARATIVE TOTALS FOR 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Contributions and Grants	\$ 882,832	\$ 819,006	\$ 1,701,838	\$ 1,339,080
Annual Dinner (Net of expenses of \$61,496 in 2015 and \$57,289 in 2014)	176,304	-	176,304	162,313
Investment Income	878	-	878	1,962
Net Realized and Unrealized Gains and (Losses) on Investments	(4,341)	-	(4,341)	(430)
Other Income	11,587	-	11,587	20,373
In-Kind Contributions	4,500	-	4,500	-
Net Assets Released from Restrictions (Note 9)	500,364	(500,364)	-	-
	<u>\$ 1,572,124</u>	<u>\$ 318,642</u>	<u>\$ 1,890,766</u>	<u>\$ 1,523,298</u>
<b>EXPENSES</b>				
Program Services:				
Enhancing Economic Opportunity	\$ 132,740	\$ -	\$ 132,740	\$ 225,695
Impact Institutional Practices	218,063	-	218,063	185,375
Improve Educational Opportunity	532,907	-	532,907	473,124
Community Engagement/Build Public Will	104,893	-	104,893	329,799
	<u>\$ 988,603</u>	<u>\$ -</u>	<u>\$ 988,603</u>	<u>\$ 1,213,993</u>
Supporting Services:				
Management and General	\$ 376,545	\$ -	\$ 376,545	\$ 494,364
Fundraising	249,846	-	249,846	199,231
Communications	86,346	-	86,346	55,615
	<u>\$ 712,737</u>	<u>\$ -</u>	<u>\$ 712,737</u>	<u>\$ 749,210</u>
	<u>\$ 1,701,340</u>	<u>\$ -</u>	<u>\$ 1,701,340</u>	<u>\$ 1,963,203</u>
Other Expenses (Revenue):				
Loss on Disposition of Fixed Assets	\$ -	\$ -	\$ -	\$ 4,894
Pension Related Charges (Credits) Other than Net Periodic Pension Cost	-	-	-	531,952
Pension Liability Write-off (Note 10)	(2,768,064)	-	(2,768,064)	-
	<u>\$ (2,768,064)</u>	<u>\$ -</u>	<u>\$ (2,768,064)</u>	<u>\$ 536,846</u>
Change in Net Assets	\$ 2,638,848	\$ 318,642	\$ 2,957,490	\$ (976,751)
<b>NET ASSETS, Beginning of Year</b>	<u>(1,528,063)</u>	<u>245,486</u>	<u>(1,282,577)</u>	<u>(305,826)</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 1,110,785</u>	<u>\$ 564,128</u>	<u>\$ 1,674,913</u>	<u>\$ (1,282,577)</u>

The accompanying notes are an integral part of this statement.

**NEW DETROIT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(WITH COMPARATIVE TOTALS FOR 2014)**

	Program Services				Supporting Services			Total 2015	Total 2014
	Enhancing Economic Opportunity	Impact Institutional Practices	Improve Educational Opportunity	Community Engagement/Build Public Will	Management and General	Fundraising	Communications		
Employee Compensation:									
Salaries	\$ 77,257	\$ 123,921	\$ 177,964	\$ 57,351	\$ 186,132	\$ 169,311	\$ 21,872	\$ 813,808	\$ 840,947
Fringe Benefits	8,566	16,179	29,775	5,596	27,685	27,067	2,682	117,550	374,969
Payroll Taxes	6,075	10,312	12,970	4,690	13,760	11,519	1,479	60,805	61,915
Total Employee Compensation	\$ 91,898	\$ 150,412	\$ 220,709	\$ 67,637	\$ 227,577	\$ 207,897	\$ 26,033	\$ 992,163	\$ 1,277,831
Other Expenses:									
Program Initiatives	643	21,155	984	-	-	-	-	22,782	22,041
Community Support	500	3,005	5,350	-	4,142	-	-	12,997	13,190
Occupancy	7,660	8,838	10,606	7,660	16,498	7,660	-	58,922	221,111
Professional Fees	11,376	13,126	70,027	11,376	21,314	11,376	9,625	148,220	79,555
Program Grants	-	-	196,653	-	-	-	-	196,653	79,627
Publications and Promotions	-	-	-	-	-	-	39,600	39,600	39,790
Office Supplies	13,239	12,998	15,644	11,258	16,330	11,082	8,484	89,035	80,352
Conferences	839	1,051	2,352	713	1,771	2,753	937	10,416	13,214
Telephone	815	916	1,410	750	1,215	1,296	199	6,601	8,480
Meetings and Committee Expenses	1,194	1,378	1,667	1,191	1,568	1,218	1,010	9,226	9,505
Insurance	1,379	1,591	1,910	1,379	2,971	1,379	-	10,609	44,934
Repairs and Maintenance	147	170	204	147	193	147	125	1,133	3,682
Dues and Subscriptions	440	411	1,777	172	1,148	2,428	333	6,709	6,340
Moving Costs	1,942	2,241	2,689	1,942	4,183	1,942	-	14,939	50,200
Lobbying Expense	-	-	-	-	72,000	-	-	72,000	-
Miscellaneous	-	-	-	-	4,196	-	-	4,196	2,965
Total Expenses Before Depreciation	\$ 132,072	\$ 217,292	\$ 531,982	\$ 104,225	\$ 375,106	\$ 249,178	\$ 86,346	\$ 1,696,201	\$ 1,952,817
Depreciation (Note 5)	668	771	925	668	1,439	668	-	5,139	10,386
Total Expenses	\$ 132,740	\$ 218,063	\$ 532,907	\$ 104,893	\$ 376,545	\$ 249,846	\$ 86,346	\$ 1,701,340	\$ 1,963,203

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,957,490	\$ (976,751)
Adjustments to Reconcile Change in Net Assets to net Cash Provided (Used) by Operating Activities		
Loss on Disposition of Fixed Assets	-	4,894
Depreciation	5,139	10,386
Net Unrealized (Gains) Losses on Investments	4,825	430
(Increase) Decrease in Pledges and Accounts Receivable	(31,995)	29,617
(Increase) Decrease in Prepaid Expenses	(11,855)	19,710
(Decrease) Increase in Accounts Payable and Accrued Expenses	(39,431)	60,249
Decrease in Fiduciary Deposits Payable	(136,033)	(81,433)
(Decrease) Increase in Liability for Pension Benefits	<u>(3,068,068)</u>	<u>760,398</u>
Net Cash Used for Operating Activities	<u>\$ (319,928)</u>	<u>\$ (172,500)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Disposition of Investments	\$ -	\$ 485
Purchase of Fixed Assets	<u>(5,290)</u>	<u>-</u>
Net Cash (Used for) Provided by Investing Activities	<u>\$ (5,290)</u>	<u>\$ 485</u>
 <b>Decrease in Cash and Cash Equivalents</b>	 <u>\$ (325,218)</u>	 <u>\$ (172,015)</u>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>1,858,721</u>	<u>2,030,736</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 1,533,503</u>	<u>\$ 1,858,721</u>
 <b>Supplemental Disclosure:</b>		
Non-cash Transaction - Pension Liability Write-off	<u>\$ 2,768,064</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.



NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

**(1) NATURE OF OPERATIONS**

New Detroit, Inc. (the “Corporation”) is a metropolitan Detroit leadership organization working to identify and eliminate racial disparities in the region by building economic equity, social justice, and racial understanding. The Corporation’s principal source of revenue is from grants and contributions.

The Corporation provides the following program services to communities:

Access to Economic Opportunity – To increase opportunities for people of color to gain financial stability; work to identify and eliminate institutional barriers to the growth and development of minority owned businesses.

Community/Civic Engagement – To develop a combination of knowledge, skills and actions leading to improved quality of life for people of color as well as the broader community.

Improve Educational Opportunity – To provide leadership and direction for improving educational outcomes for all Detroit children and provide opportunities that support the personal, social, and leadership development for young people.

Positively Impact Sociocultural and Institutional Practices – To Advocate and initiate actions to eliminate policies and practices that adversely affect people of color; provide guidance for interracial cooperation and unity.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and are in conformity with the industry audit guide for Audits of Not-for-Profit Entities published by the American Institute of Certified Public Accountants.

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.

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

**(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recognition of Contributions

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. 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.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2015 was \$39,600.

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 five 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 conducted 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, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

**(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 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. The FASB codification 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. The FASB codification 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 codification 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.

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS FOR 2014)

**(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The FASB Codification 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.

**(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 is located in two institutions; only the cash on deposit in one of these institutions exceeds the \$250,000 federally insured limit. The Corporation's pledges receivable are principally due from foundations and the general public.

**(4) PLEDGES AND ACCOUNTS RECEIVABLE**

Pledges and accounts receivable as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Pledges Receivable (Net)	\$ 130,000	\$ 130,000
Accounts Receivable	<u>26,977</u>	<u>1,049</u>
Total Pledges and Accounts Receivable	\$ 156,977	\$ 131,049
Less: Unamortized Discount on Pledges at 4.7%	<u>-</u>	<u>(6,067)</u>
Total Pledges and Accounts Receivable	<u>\$ 156,977</u>	<u>\$ 124,982</u>

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
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**(5) PROPERTY AND EQUIPMENT**

Property and equipment activity for the year ended December 31, 2015 is presented below:

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Retirements</b>	<b>End of Year</b>
Furniture and Equipment	\$ 70,229	\$ 5,290	\$ 15,012	\$ 60,507
Leased Equipment	<u>25,082</u>	<u>-</u>	<u>25,082</u>	<u>-</u>
Subtotal	\$ 95,311	\$ 5,290	\$ 40,094	\$ 60,507
Less: Accumulated Depreciation	<u>(87,598)</u>	<u>(5,139)</u>	<u>(40,098)</u>	<u>(52,639)</u>
Total Net	<u>\$ 7,713</u>	<u>\$ 151</u>	<u>\$ (4)</u>	<u>\$ 7,868</u>

**(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, 2015 and December 31, 2014, are summarized as follow:

<u>Description</u>	<u>Level 1: Quoted Prices in Active Markets for Identical Assets</u>	<u>Level 2: Significant Other Observable Inputs</u>	<u>Level 3: Significant Unobservable Inputs</u>	<u>Fair Value at Reporting Date</u>	
				<u>2015</u>	<u>2014</u>
Investment in Endowment Fund	\$ -	\$ -	\$ 54,351	\$ 54,351	\$ 59,176
Cash and Cash Equivalents	<u>1,533,503</u>	<u>-</u>	<u>-</u>	<u>1,533,503</u>	<u>\$ 1,858,721</u>
Total	<u>\$ 1,533,503</u>	<u>\$ -</u>	<u>\$ 54,351</u>	<u>\$ 1,587,854</u>	<u>\$ 1,917,897</u>

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**(6) INVESTMENTS (CONTINUED)**

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, 2015 is as follows:

	<b>Endowment Fund</b>
Beginning Balance 1/01/2015	\$ 59,176
Total Gains and Losses (Realized/Unrealized) included in the Statement of Activities	(4,341)
Purchases, Issuances and Settlements	<u>(484)</u>
Ending Balance 12/31/2015	<u>\$ 54,351</u>
Unrealized Gain (Loss) from Assets still held at December 31, 2015	<u>\$ (4,341)</u>

**(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 the FASB Codification, 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, 2015 and 2014, and the portion included in the Corporation's investments, are as follows:

	<b><u>2015</u></b>	<b><u>2014</u></b>
Fair Value of the Endowment Fund	<u>\$ 85,036</u>	<u>\$ 92,585</u>
Portion of Endowment Fund included in the Financial Statements:		
Unrestricted	<u>\$ 54,351</u>	<u>\$ 59,176</u>

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**(7) CHARITABLE ENDOWMENT FUND (CONTINUED)**

Reconciliations of the fair value of Endowment Fund assets included in the Corporation's financial statements as of December 31, 2015 and for 2014 are as follows:

	<u>Unrestricted</u>	
	<u>2015</u>	<u>2014</u>
Changes in Endowment Fund Assets:		
Net Realized and Unrealized Gains(Losses)	\$ (4,341)	\$ (430)
Less: Administrative Expenses	<u>(484)</u>	<u>(485)</u>
Net Increase(Decrease) in Endowment Fund Assets	\$ (4,825)	\$ (915)
Endowment Fund Assets, Beginning of Year	<u>59,176</u>	<u>60,091</u>
Endowment Fund Assets, End of Year	<u>\$ 54,351</u>	<u>\$ 59,176</u>

**(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 the FASB codification, the Corporation reports amounts received and not disbursed on behalf of its clients as Cash and Cash Equivalents and Fiduciary Deposits Payable. Activity in Fiduciary Deposits Payable for the years ended December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
<b>Balance, Beginning of Year</b>	\$ 166,165	\$ 247,598
Funds Received as a Fiduciary	1,123,525	1,149,195
Funds Disbursed as a Fiduciary	<u>(1,259,558)</u>	<u>(1,230,628)</u>
<b>Balance, End of Year</b>	<u>\$ 30,132</u>	<u>\$ 166,165</u>

NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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(WITH COMPARATIVE TOTALS FOR 2014)

**(9) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available as of December 31, 2015 and 2014 for the following purposes and periods:

	<u>2015</u>	<u>2014</u>
Restricted for program activities:		
Enhancing Economic Opportunity	\$ 2,654	\$ 2,654
Impact Institutional Practices	-	8,626
Improve Educational Opportunity	439,785	56,377
Community Engagement /Build Public Will	<u>2,829</u>	<u>2,829</u>
Total Restricted for Programs	\$ 445,268	\$ 70,486
Restricted for use in Future Periods	<u>118,860</u>	<u>175,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 564,128</u>	<u>\$ 245,486</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>2015</u>	<u>2014</u>
Purpose Restrictions accomplished for the following programs:		
Enhancing Economic Opportunity	\$ -	\$ 7,755
Impact Institutional Practices	64,806	6,549
Improve Educational Opportunity	<u>260,558</u>	<u>69,523</u>
Total Restricted for Programs	\$ 325,364	\$ 83,827
Restricted for use in Future Periods	<u>175,000</u>	<u>201,000</u>
Total Released from Restrictions	<u>\$ 500,364</u>	<u>\$ 284,827</u>



NEW DETROIT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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**(10) PENSION PLANS**

The Corporation has 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 six months of service. There were no contributions made to the pension plan during the year.

On July 31, 2015, the Pension Benefit Guaranty Corporation (PBGC) took over trusteeship of the New Detroit, Inc. defined benefit pension plan by agreement and a settlement was reached in which the Corporation paid \$300,000 to the PBGC and the remaining pension liability balance of approximately \$2.7 million was written off at December 31, 2015.

**(11) LEASES**

The Corporation leases office space under a non-cancelable operating lease. Total rental expense was \$58,922 and \$211,111 in 2015 and 2014, respectively.

Future minimum lease payments are as follow:

	<b>Operating Lease</b>
2016	\$ 106,084
2017	109,284
2018	112,491
2019	115,146
2020	<u>95,955</u>
Minimum Future Lease Payments	<u>\$ 538,960</u>

**(12) COMPARATIVE TOTALS**

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, 2014, from which the summarized information was derived.

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**(13) SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 12, 2016, 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.