

NEW DETROIT, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

NEW DETROIT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

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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, 2016, 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.

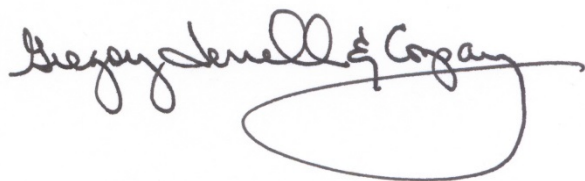
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, 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, 2015 financial statements, and our report dated May 12, 2016, 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, 2015, 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 black ink and includes a large, stylized flourish at the end.**GREGORY TERRELL & COMPANY**

Certified Public Accountants

May 19, 2017

NEW DETROIT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets		
Cash and Cash Equivalents (Note 2, 3 and 6)	\$ 1,260,607	\$ 1,533,503
Pledges and Accounts Receivable (Net) (Note 4)	67,476	156,977
Prepaid Expenses	<u>11,954</u>	<u>22,141</u>
Total Current Assets	\$ 1,340,037	\$ 1,712,621
Property and Equipment (Net) (Note 5)	6,088	7,868
Investment-Endowment Fund (Note 6 and 7)	<u>55,358</u>	<u>54,351</u>
Total Assets	<u>\$ 1,401,483</u>	<u>\$ 1,774,840</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 62,742	\$ 69,795
Fiduciary Deposits Payable (Note 8)	<u>32,140</u>	<u>30,132</u>
Total Current Liabilities	\$ 94,882	\$ 99,927
Total Liabilities	<u>\$ 94,882</u>	<u>\$ 99,927</u>
Net Assets		
Unrestricted	\$ 793,189	\$ 1,110,785
Temporarily Restricted (Note 9)	<u>513,412</u>	<u>564,128</u>
Total Net Assets	\$ 1,306,601	\$ 1,674,913
Total Liabilities and Net Assets	<u>\$ 1,401,483</u>	<u>\$ 1,774,840</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
PUBLIC SUPPORT AND REVENUE				
Contributions and Grants	\$ 462,245	\$ 866,687	\$ 1,328,932	\$ 1,701,838
Annual Dinner (Net of expenses of \$60,961 in 2016 and \$61,496 in 2015)	201,345	-	201,345	176,304
Investment Income	755	-	755	878
Net Realized and Unrealized Gains and (Losses) on Investments	1,600	-	1,600	(4,341)
Other Income	5,149	-	5,149	11,587
In-Kind Contributions	-	-	-	4,500
Net Assets Released from Restrictions (Note 9)	<u>917,403</u>	<u>(917,403)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>\$ 1,588,497</u>	<u>\$ (50,716)</u>	<u>\$ 1,537,781</u>	<u>\$ 1,890,766</u>
EXPENSES				
Program Services:				
Enhancing Economic Opportunity	\$ 141,494	\$ -	\$ 141,494	\$ 132,740
Impact Institutional Practices	-	-	-	218,063
Improving Educational Opportunity	775,082	-	775,082	532,907
Civic Engagement	<u>362,686</u>	<u>-</u>	<u>362,686</u>	<u>104,893</u>
Total Program Services	<u>\$ 1,279,262</u>	<u>\$ -</u>	<u>\$ 1,279,262</u>	<u>\$ 988,603</u>
Supporting Services:				
Management and General	\$ 277,300	\$ -	\$ 277,300	\$ 376,545
Fundraising	239,030	-	239,030	249,846
Communications	<u>110,501</u>	<u>-</u>	<u>110,501</u>	<u>86,346</u>
Total Supporting Services	<u>\$ 626,831</u>	<u>\$ -</u>	<u>\$ 626,831</u>	<u>\$ 712,737</u>
Total Operating Expenses	<u>\$ 1,906,093</u>	<u>\$ -</u>	<u>\$ 1,906,093</u>	<u>\$ 1,701,340</u>
Other Expenses (Revenue):				
Pension Liability Write-off (Note 10)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,768,064)</u>
Total Other Expenses (Revenue)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,768,064)</u>
Change in Net Assets	\$ (317,596)	\$ (50,716)	\$ (368,312)	\$ 2,957,490
NET ASSETS , Beginning of Year	<u>1,110,785</u>	<u>564,128</u>	<u>1,674,913</u>	<u>(1,282,577)</u>
NET ASSETS , End of Year	<u>\$ 793,189</u>	<u>\$ 513,412</u>	<u>\$ 1,306,601</u>	<u>\$ 1,674,913</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	Program Services			Supporting Services			Total 2016	Total 2015
	<u>Economic Opportunity</u>	<u>Improving Educational Opportunity</u>	<u>Civic Engagement</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Communications</u>		
Employee Compensation:								
Salaries	\$ 86,906	\$ 155,938	\$ 146,881	\$ 152,129	\$ 144,224	\$ 37,288	\$ 723,366	\$ 813,808
Fringe Benefits	10,484	37,470	21,962	25,043	24,513	7,379	126,851	117,550
Payroll Taxes	6,492	11,367	11,020	10,268	9,215	2,908	51,270	60,805
Total Employee Compensation	\$ 103,882	\$ 204,775	\$ 179,863	\$ 187,440	\$ 177,952	\$ 47,575	\$ 901,487	\$ 992,163
Other Expenses:								
Program Initiatives	1,715	-	18,572	-	-	-	20,287	22,782
Community Support	300	3,850	2,070	3,785	-	-	10,005	12,997
Occupancy	15,323	21,890	24,998	33,930	16,418	-	112,559	58,922
Professional and Consulting Fees	8,302	386,917	98,247	22,642	17,990	50,886	584,984	187,820
Program Grants	-	101,150	15,258	-	-	-	116,408	196,653
Office Supplies	7,893	16,608	13,303	17,819	16,662	9,250	81,535	89,035
Conferences	546	1,603	4,934	2,767	1,564	288	11,702	10,416
Telephone	598	1,089	1,252	1,123	1,568	682	6,312	6,601
Meetings and Committee Expenses	1,092	1,920	1,402	2,225	2,369	1,488	10,496	9,226
Insurance	1,062	1,868	2,033	3,614	2,306	-	10,883	10,609
Repairs and Maintenance	1	3	2	3	3	1	13	1,133
Dues and Subscriptions	531	1,053	396	810	1,931	331	5,052	6,709
Moving Costs	-	-	-	-	-	-	-	14,939
Lobbying Expense	-	32,000	-	-	-	-	32,000	72,000
Miscellaneous	-	-	-	590	-	-	590	4,196
Total Expenses Before Depreciation	\$ 141,245	\$ 774,726	\$ 362,330	\$ 276,748	\$ 238,763	\$ 110,501	\$ 1,904,313	\$ 1,696,201
Depreciation (Note 5)	249	356	356	552	267	-	1,780	5,139
Total Expenses	\$ 141,494	\$ 775,082	\$ 362,686	\$ 277,300	\$ 239,030	\$ 110,501	\$ 1,906,093	\$ 1,701,340

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (368,312)	\$ 2,957,490
Adjustments to Reconcile Change in Net Assets to net Cash Provided (Used) by Operating Activities		
Depreciation	1,780	5,139
Net Unrealized (Gains) Losses on Investments	(1,007)	4,825
(Increase) Decrease in Pledges and Accounts Receivable	89,501	(31,995)
(Increase) Decrease in Prepaid Expenses	10,187	(11,855)
(Decrease) in Accounts Payable and Accrued Expenses	(7,053)	(39,431)
(Decrease) Increase in Fiduciary Deposits Payable	2,008	(136,033)
(Decrease) in Liabilities for Pension Benefits	<u>-</u>	<u>(3,068,068)</u>
Net Cash Used for Operating Activities	<u>\$ (272,896)</u>	<u>\$ (319,928)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>\$ -</u>	<u>\$ (5,290)</u>
Net Cash (Used for) Provided by Investing Activities	<u>\$ -</u>	<u>\$ (5,290)</u>
 Decrease in Cash and Cash Equivalents	 \$ (272,896)	 \$ (325,218)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,533,503</u>	<u>1,858,721</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,260,607</u>	<u>\$ 1,533,503</u>
 Supplemental Disclosure:		
Non-cash Transaction - Pension Liability Write-off	<u>\$ -</u>	<u>\$ 2,768,064</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(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:

Economic Opportunity – To provide leadership in the development of economic opportunity and economic equity in Detroit communities by offering training, education and access to resources that result in increased economic stability for neighborhoods and people of color.

Improving Educational Opportunity – To provide leadership and direction for improving educational outcomes for all Detroit youth in ways intended to ensure that youth are educated, exposed and empowered in experiences that help them succeed in school, work and life.

Civic Engagement – To provide leadership to advance race relations in all areas of our community by providing forums, information, advocacy and learning experiences that lead to more equitable outcomes for people of color.

(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, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(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, 2016 was \$0.

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, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(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, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(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 three institutions; the cash on deposit in two of these institutions exceeds the \$250,000 federally insured limit in the amount of \$722,693. 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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Pledges Receivable (Net)	\$ 62,500	\$ 130,000
Accounts Receivable	<u>4,976</u>	<u>26,977</u>
Total Pledges and Accounts Receivable	<u>\$ 67,476</u>	<u>\$ 156,977</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(5) PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2016 is presented below:

	Beginning of Year	Additions	Retirements	End of Year
Furniture and Equipment	\$ 60,507	\$ -	\$ -	\$ 60,507
Less: Accumulated Depreciation	<u>(52,639)</u>	<u>(1,780)</u>	<u>-</u>	<u>(54,419)</u>
Total Net	<u>\$ 7,868</u>	<u>\$ (1,780)</u>	<u>\$ -</u>	<u>\$ 6,088</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, 2016 and December 31, 2015, 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>2016</u>	<u>2015</u>
Investment in Endowment Fund	\$ -	\$ -	\$ 55,358	\$ 55,358	\$ 54,351
Cash and Cash Equivalents	<u>1,260,607</u>	<u>-</u>	<u>-</u>	<u>1,260,607</u>	<u>\$ 1,533,503</u>
Total	<u>\$ 1,260,607</u>	<u>\$ -</u>	<u>\$ 55,358</u>	<u>\$ 1,315,965</u>	<u>\$ 1,587,854</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(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, 2016 is as follows:

	Endowment Fund
Beginning Balance 1/01/2016	\$ 54,351
Total Gains and Losses (Realized/Unrealized) included in the Statement of Activities	1,600
Purchases, Issuances and Settlements	<u>(593)</u>
Ending Balance 12/31/2016	<u>\$ 55,358</u>
Unrealized Gain (Loss) from Assets still held at December 31, 2016	<u>\$ 1,600</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, 2016 and 2015, and the portion included in the Corporation's investments, are as follows:

	<u>2016</u>	<u>2015</u>
Fair Value of the Endowment Fund		
	<u>\$ 86,612</u>	<u>\$ 85,036</u>
Portion of Endowment Fund included in the Financial Statements:		
Unrestricted	<u>\$ 55,358</u>	<u>\$ 54,351</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(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, 2016 and for 2015 are as follows:

	<u>Unrestricted</u>	
	<u>2016</u>	<u>2015</u>
Changes in Endowment Fund Assets:		
Net Realized and Unrealized Gains(Losses)	\$ 1,600	\$ (4,341)
Less: Administrative Expenses	<u>(593)</u>	<u>(484)</u>
Net Increase(Decrease) in Endowment Fund Assets	\$ 1,007	\$ (4,825)
Endowment Fund Assets, Beginning of Year	<u>54,351</u>	<u>59,176</u>
Endowment Fund Assets, End of Year	<u>\$ 55,358</u>	<u>\$ 54,351</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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Balance, Beginning of Year	\$ 30,132	\$ 166,165
Funds Received as a Fiduciary	7,885	1,123,525
Funds Disbursed as a Fiduciary	<u>(5,877)</u>	<u>(1,259,558)</u>
Balance, End of Year	<u>\$ 32,140</u>	<u>\$ 30,132</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(9) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of December 31, 2016 and 2015 for the following purposes and periods:

	<u>2016</u>	<u>2015</u>
Restricted for program activities:		
Economic Opportunity	\$ -	\$ 2,654
Civic Engagement	252,139	-
Improving Educational Opportunity	149,954	439,785
Community Engagement	<u>3,819</u>	<u>2,829</u>
Total Restricted for Programs	\$ 405,912	\$ 445,268
Restricted for use in Future Periods	<u>107,500</u>	<u>118,860</u>
Total Temporarily Restricted Net Assets	<u>\$ 513,412</u>	<u>\$ 564,128</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>2016</u>	<u>2015</u>
Purpose Restrictions accomplished for the following programs:		
Civic Engagement	\$ 164,408	\$ -
Impact Institutional Practices	-	64,806
Improving Educational Opportunity	<u>508,831</u>	<u>260,558</u>
Total Restricted for Programs	\$ 673,239	\$ 325,364
Restricted for use in Future Periods	<u>244,164</u>	<u>175,000</u>
Total Released from Restrictions	<u>\$ 917,403</u>	<u>\$ 500,364</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(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 and copier equipment under a non-cancelable operating lease. Total rental expense was \$112,559 and \$58,922 in 2016 and 2015, respectively.

Future minimum lease payments are as follow:

	Operating Lease
2017	\$ 122,388
2018	125,595
2019	128,250
2020	<u>97,047</u>
Minimum Future Lease Payments	<u><u>\$ 473,280</u></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, 2015, from which the summarized information was derived. Reclassifications made in 2016 of certain expenses may not allow comparison from 2016 to 2015.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(13) SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 19, 2017, 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.

(14) NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU 2014-09, Revenue from Contracts with Customers, in May 2014. The objectives of this ASU are to improve upon revenue recognition requirements by providing a single comprehensive model to determine the measurement of revenue and timing of recognition. The core principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This ASU also requires expanded qualitative and quantitative disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 applies to financials for years ending after December 15, 2017 and is to be applied retrospectively. Early adoption is not permitted. The Corporation's management has not determined the impact on its financial statements as a result of implementing ASU 2014-09.

The FASB issued ASU 2016-02, Leases (topic 842), in February 2016. ASU 2016-02 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under ASU 2016-02 retains two types of leases: finance leases and operating leases. However, ASU 2016-02 requires both types of leases to be recognized on the Statement of Financial Position or Balance Sheet. The lessor accounting model under ASU 2016-02 is largely unchanged from the existing accounting for leases by lessors, but some technical changes have been made to conform to the updated revenue recognition guidance as a result of ASU 2014-09. ASU 2016-02 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 applies to financial statements for years beginning after December 15, 2019, with earlier implementation permitted.

The Corporation's management has not determined the impact on its financial statements as a result of implementing ASU 2016-02.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

(14) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, in August 2016. ASU 2016-14 modifies the requirements related to financial statement presentation for non-profit organizations. The major provisions of ASU 2016-14 are as follows:

- Information about net assets and changes in net assets will be reported for two classes if net assets: net assets with donor restrictions and net assets without donor restrictions.
- Reporting of expenses by both function and nature in one location will be required for all non-profit organizations.
- Either the direct method or the indirect method for presenting operating cash flows may continue to be used, but the requirement for those entities using the direct method to prepare reconciliation with the indirect method will be eliminated.
- Quantitative information that communicates the availability of the organization's financial assets as of the statement of financial position date to meet cash needs for general expenditures within one year will be required to be presented on the face of the financial statements or in the notes to the financial statements.
- Qualitative information on how the organization manages its liquid available resources and liquidity risks will be required to be disclosed in the notes to the financial statements.
- Reporting of the "underwater" amounts of donor-restricted endowment funds in net assets with donor restrictions and enhanced disclosures about "underwater" endowments will be required.
- Other enhanced disclosures regarding board designations and appropriations, the nature of net assets with donor restrictions, and functional expense allocation methods will also be required.

ASU 2016-14 applies to financial statements for years beginning after December 15, 2017, with earlier implementation permitted, and is to be applied retrospectively, with certain disclosure exceptions in the year of implementation. The Corporation's management has not determined the impact on its financial statements as a result of implementing ASU 2016-14.