

NEW DETROIT, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

NEW DETROIT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

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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, 2017, 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.

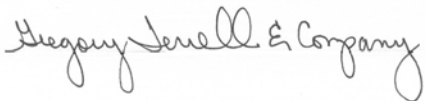
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, 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, 2016 financial statements, and our report dated May 19, 2017, 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, 2016, 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".

GREGORY TERRELL & COMPANY

Certified Public Accountants

May 23, 2018

NEW DETROIT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

ASSETS		
	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,021,479	\$ 1,260,607
Grants and Accounts Receivable	181,285	67,476
Prepaid Expenses	<u>19,613</u>	<u>11,954</u>
Total Current Assets	\$ 1,222,377	\$ 1,340,037
Property and Equipment (Net)	10,503	6,088
Investment-Endowment Fund	<u>60,842</u>	<u>55,358</u>
Total Assets	<u>\$ 1,293,722</u>	<u>\$ 1,401,483</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 44,777	\$ 62,742
Fiduciary Deposits Payable	<u>30,133</u>	<u>32,140</u>
Total Current Liabilities	<u>\$ 74,910</u>	<u>\$ 94,882</u>
Total Liabilities	<u>\$ 74,910</u>	<u>\$ 94,882</u>
Net Assets		
Unrestricted	\$ 654,596	\$ 793,189
Temporarily Restricted	<u>564,216</u>	<u>513,412</u>
Total Net Assets	<u>\$ 1,218,812</u>	<u>\$ 1,306,601</u>
Total Liabilities and Net Assets	<u>\$ 1,293,722</u>	<u>\$ 1,401,483</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
PUBLIC SUPPORT AND REVENUE				
Contributions and Grants	\$ 582,671	\$ 695,935	\$ 1,278,606	\$ 1,328,932
Annual Dinner (Net of expenses of \$67,457 in 2017 and \$60,961 in 2016)	192,731	-	192,731	201,345
Investment Income	553	-	553	755
Net Realized and Unrealized Gains on Investments	6,135	-	6,135	1,600
Other Income	5,218	-	5,218	5,149
Net Assets Released from Restrictions	<u>645,131</u>	<u>(645,131)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>\$ 1,432,439</u>	<u>\$ 50,804</u>	<u>\$ 1,483,243</u>	<u>\$ 1,537,781</u>
EXPENSES				
Program Services:				
Economic Opportunity	\$ 118,195	\$ -	\$ 118,195	\$ 141,494
Improving Educational Opportunity	453,827	-	453,827	775,082
Civic Engagement	<u>455,264</u>	<u>-</u>	<u>455,264</u>	<u>362,686</u>
Total Program Services	<u>\$ 1,027,286</u>	<u>\$ -</u>	<u>\$ 1,027,286</u>	<u>\$ 1,279,262</u>
Supporting Services:				
Management and General	\$ 221,002	\$ -	\$ 221,002	\$ 277,300
Fundraising	239,895	-	239,895	239,030
Communications	<u>82,849</u>	<u>-</u>	<u>82,849</u>	<u>110,501</u>
Total Supporting Services	<u>\$ 543,746</u>	<u>\$ -</u>	<u>\$ 543,746</u>	<u>\$ 626,831</u>
Total Operating Expenses	<u>\$ 1,571,032</u>	<u>\$ -</u>	<u>\$ 1,571,032</u>	<u>\$ 1,906,093</u>
Change in Net Assets	\$ (138,593)	\$ 50,804	\$ (87,789)	\$ (368,312)
NET ASSETS , Beginning of Year	<u>793,189</u>	<u>513,412</u>	<u>1,306,601</u>	<u>1,674,913</u>
NET ASSETS , End of Year	<u>\$ 654,596</u>	<u>\$ 564,216</u>	<u>\$ 1,218,812</u>	<u>\$ 1,306,601</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	Program Services			Supporting Services			2017	2016
	Economic Opportunity	Improving Educational Opportunity	Civic Engagement	Management and General	Fundraising	Communications	Total	Total
Employee Compensation:								
Salaries	\$ 70,185	\$ 198,222	\$ 197,279	\$ 114,336	\$ 112,385	\$ 21,377	\$ 713,784	\$ 723,366
Fringe Benefits	7,986	35,435	24,791	17,177	17,463	3,775	106,627	126,851
Payroll Taxes	5,426	16,013	15,996	8,151	7,211	1,415	54,212	51,270
Total Employee Compensation	\$ 83,597	\$ 249,670	\$ 238,066	\$ 139,664	\$ 137,059	\$ 26,567	\$ 874,623	\$ 901,487
Other Expenses:								
Program Initiatives	299	739	21,470	-	-	-	22,508	20,287
Community Support	1,500	1,100	960	10,355	-	-	13,915	10,005
Occupancy	16,649	22,198	28,402	29,690	16,649	-	113,588	112,559
Professional and Consulting Fees	7,267	84,931	41,900	18,532	66,797	48,814	268,241	584,984
Program Grants	-	59,824	106,441	-	-	-	166,265	116,408
Office Supplies	4,866	10,086	9,001	10,407	9,923	4,796	49,079	81,535
Conferences	420	18,007	3,363	2,753	1,176	300	26,019	11,702
Telephone	589	1,246	1,469	960	1,537	625	6,426	6,312
Meetings and Committee Expenses	1,109	2,269	1,228	3,382	2,365	1,407	11,760	10,496
Insurance	1,027	2,099	2,205	3,128	2,188	-	10,647	10,883
Repairs and Maintenance	24	49	26	49	51	30	229	13
Dues and Subscriptions	505	1,152	253	769	1,807	310	4,796	5,052
Lobbying Expense	-	-	-	-	-	-	-	32,000
Miscellaneous	-	-	-	651	-	-	651	590
Total Expenses Before Depreciation	\$ 117,852	\$ 453,370	\$ 454,784	\$ 220,340	\$ 239,552	\$ 82,849	\$ 1,568,747	\$ 1,904,313
Depreciation	343	457	480	662	343	-	2,285	1,780
Total Expenses	\$ 118,195	\$ 453,827	\$ 455,264	\$ 221,002	\$ 239,895	\$ 82,849	\$ 1,571,032	\$ 1,906,093

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (87,789)	\$ (368,312)
Adjustments to Reconcile Change in Net Assets to net Cash Provided by (Used for) Operating Activities		
Depreciation	2,285	1,780
Net Realized and Unrealized (Gains) on Investments	(6,135)	(1,600)
(Increase) Decrease in Grants and Accounts Receivable	(113,809)	89,501
(Increase) Decrease in Prepaid Expenses	(7,659)	10,187
(Decrease) in Accounts Payable and Accrued Expenses	(17,965)	(7,053)
(Decrease) Increase in Fiduciary Deposits Payable	<u>(2,007)</u>	<u>2,008</u>
Net Cash Used for Operating Activities	<u>\$ (233,079)</u>	<u>\$ (273,489)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ (6,700)	\$ -
Investment Purchases, Issuances and Settlements	<u>651</u>	<u>593</u>
Net Cash Used for Investing Activities	<u>\$ (6,049)</u>	<u>\$ 593</u>
Decrease in Cash and Cash Equivalents	\$ (239,128)	\$ (272,896)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,260,607</u>	<u>1,533,503</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 1,021,479</u></u>	<u><u>\$ 1,260,607</u></u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(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, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(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.

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, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(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, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(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, grants receivable 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 \$522,835. The Corporation's grants receivable and accounts receivable are principally due from foundations.

(4) GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable as of December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Grants Receivable	\$ 125,000	\$ 62,500
Accounts Receivable	<u>56,285</u>	<u>4,976</u>
Total Pledges and Accounts Receivable	<u>\$ 181,285</u>	<u>\$ 67,476</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(5) INVESTMENTS

The Corporation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 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>2017</u>	<u>2016</u>
Investment in Endowment Fund	\$ -	\$ -	\$ 60,842	\$ 60,842	\$ 55,358
Cash and Cash Equivalents	<u>1,021,479</u>	<u>-</u>	<u>-</u>	<u>1,021,479</u>	<u>\$ 1,260,607</u>
Total	<u>\$ 1,021,479</u>	<u>\$ -</u>	<u>\$ 60,842</u>	<u>\$ 1,082,321</u>	<u>\$ 1,315,965</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, 2017 is as follows:

	<u>Endowment Fund</u>
Beginning Balance January 1, 2017	\$ 55,358
Net Gains and Losses (Realized/Unrealized) included in the Statement of Activities	6,135
Purchases, Issuances and Settlements	<u>(651)</u>
Ending Balance December 31, 2017	<u>\$ 60,842</u>
Unrealized Gain on Assets held at December 31, 2017	<u>\$ 6,135</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(6) PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2017 is presented below:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Furniture and Equipment	\$ 60,507	\$ 6,700	\$ -	\$ 67,207
Less: Accumulated Depreciation	<u>(54,419)</u>	<u>(2,285)</u>	<u>-</u>	<u>(56,704)</u>
Net Total	<u>\$ 6,088</u>	<u>\$ 4,415</u>	<u>\$ -</u>	<u>\$ 10,503</u>

(7) FIDUCIARY DEPOSITS

The Corporation acts as a fiduciary for several 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, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Balance, Beginning of Year	\$ 32,140	\$ 30,132
Funds Received as a Fiduciary	-	7,885
Funds Disbursed as a Fiduciary	<u>(2,007)</u>	<u>(5,877)</u>
Balance, End of Year	<u>\$ 30,133</u>	<u>\$ 32,140</u>

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

(8) 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, 2017 and 2016, and the portion included in the Corporation's investments, are as follows:

	<u>2017</u>	<u>2016</u>
Fair Value of the Endowment Fund	<u>\$ 95,191</u>	<u>\$ 86,612</u>
Portion of Endowment Fund included in the Financial Statements:		
Unrestricted	<u>\$ 60,842</u>	<u>\$ 55,358</u>

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conciliations of the fair value of Endowment Fund assets included in the Corporation's financial statements as of December 31, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	
	<u>2017</u>	<u>2016</u>
Changes in Endowment Fund Assets:		
Net Realized and Unrealized Gains	\$ 6,135	\$ 1,600
Less: Administrative Expenses	<u>(651)</u>	<u>(593)</u>
Net Increase in Endowment Fund Assets	\$ 5,484	\$ 1,007
Endowment Fund Assets, Beginning of Year	<u>55,358</u>	<u>54,351</u>
Endowment Fund Assets, End of Year	<u>\$ 60,842</u>	<u>\$ 55,358</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(9) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of December 31, 2017 and 2016 for the following purposes and periods:

	<u>2017</u>	<u>2016</u>
Restricted for program activities:		
Civic Engagement	\$ 350,167	\$ 252,139
Improving Educational Opportunity	85,230	149,954
Community Engagement	<u>3,819</u>	<u>3,819</u>
Total Restricted for Programs	\$ 439,216	\$ 405,912
Restricted for use in Future Periods	<u>125,000</u>	<u>107,500</u>
Total Temporarily Restricted Net Assets	<u>\$ 564,216</u>	<u>\$ 513,412</u>

(10) NET ASSETS RELEASED FROM RESTRICTIONS

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>2017</u>	<u>2016</u>
Purpose Restrictions accomplished for the following programs:		
Civic Engagement	\$ 318,517	\$ 164,408
Improving Educational Opportunity	<u>219,114</u>	<u>508,831</u>
Total Restricted for Programs	\$ 537,631	\$ 673,239
Restricted for use in Future Periods	<u>107,500</u>	<u>244,164</u>
Total Released from Restrictions	<u>\$ 645,131</u>	<u>\$ 917,403</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(11) LEASES

The Corporation leases office space and copier equipment under non-cancelable operating leases. Total rental expense was \$153,219 and \$177,347 in 2017 and 2016, respectively.

Future minimum lease payments are as follow:

2018	\$	135,531
2019		138,186
2020		<u>97,875</u>
Total	\$	<u>371,592</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, 2016, from which the summarized information was derived.

(13) SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 23, 2018, 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.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

(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. ASU 2014-09 applies to financials effective for fiscal years beginning after December 15, 2018 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
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(WITH COMPARATIVE TOTALS FOR 2016)

(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 of 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, 2018, 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.