

NEW DETROIT, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

NEW DETROIT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-17



**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, 2010, 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, 2009 financial statements and, in our report dated April 30, 2010 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, 2010, 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.

GREGORY TERRELL & COMPANY

Certified Public Accountants

April 12, 2011

NEW DETROIT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

ASSETS

	<u>2010</u>	<u>2009</u>
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 2,752,155	\$ 2,679,779
Pledges and Accounts Receivable (Net) (Note 4)	256,563	334,052
Prepaid Expenses	<u>21,364</u>	<u>33,110</u>
Total Current Assets	\$ 3,030,082	\$ 3,046,941
Property and Equipment (Net) (Note 9)	117,937	212,023
Investment-Endowment Fund (Note 7)	<u>55,442</u>	<u>52,424</u>
Total Assets	<u>\$ 3,203,461</u>	<u>\$ 3,311,388</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Leases Payable, Current Portion (Note 6)	\$ 5,240	\$ 35,047
Accounts Payable and Accrued Expenses	65,337	78,418
Fiduciary Deposits Payable (Note 10)	678,645	36,491
Liability for Pension Benefits, Current Portion (Note 5)	<u>222,601</u>	<u>166,223</u>
Total Current Liabilities	<u>\$ 971,823</u>	<u>\$ 316,179</u>
Long-Term Liabilities		
Leases Payable, Net of Current Portion (Note 6)	\$ 10,062	\$ 47,639
Liability for Pension Benefits, Net of Current Portion (Note 5)	<u>837,041</u>	<u>881,560</u>
Total Long-Term Liabilities	<u>\$ 847,103</u>	<u>\$ 929,199</u>
Total Liabilities	<u>\$ 1,818,926</u>	<u>\$ 1,245,378</u>
Net Assets		
Unrestricted	\$ 1,167,757	\$ 1,540,011
Temporarily Restricted (Note 3)	<u>216,778</u>	<u>525,999</u>
Total Net Assets	<u>\$ 1,384,535</u>	<u>\$ 2,066,010</u>
Total Liabilities and Net Assets	<u>\$ 3,203,461</u>	<u>\$ 3,311,388</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2010</u>	<u>Total 2009</u>
PUBLIC SUPPORT AND REVENUE				
New Detroit Fund Pledges	\$ 691,400	\$ 215,000	\$ 906,400	\$ 452,000
Race Summit Contributions	-	-	-	2,500
Contributions and Grants	494,804	622,728	1,117,532	759,941
Annual Dinner	214,200	-	214,200	236,460
Investment Income	3,448	-	3,448	7,512
Net Realized and Unrealized Gains and (Losses) on Investments	3,592	-	3,592	6,093
Other income	5,312	-	5,312	2,980
Net Assets Released from Restrictions (Note 3)	<u>1,146,949</u>	<u>(1,146,949)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>\$ 2,559,704</u>	<u>\$ (309,221)</u>	<u>\$ 2,250,483</u>	<u>\$ 1,467,486</u>
EXPENSES				
Program Services:				
Economic Equity	\$ 249,312	\$ -	\$ 249,312	\$ 246,081
Racial Justice and Cultural Collaboration	367,409	-	367,409	390,991
Youth Development and Education	569,584	-	569,584	442,999
Community Capacity Building	<u>956,095</u>	<u>-</u>	<u>956,095</u>	<u>868,831</u>
Total Program Services	<u>\$ 2,142,400</u>	<u>\$ -</u>	<u>\$ 2,142,400</u>	<u>\$ 1,948,902</u>
Supporting Services:				
Management and General	\$ 488,240	\$ -	\$ 488,240	\$ 575,744
Fundraising	235,166	-	235,166	279,245
Communications	<u>74,043</u>	<u>-</u>	<u>74,043</u>	<u>91,396</u>
Total Supporting Services	<u>\$ 797,449</u>	<u>\$ -</u>	<u>\$ 797,449</u>	<u>\$ 946,385</u>
Total Operating Expenses	<u>\$ 2,939,849</u>	<u>\$ -</u>	<u>\$ 2,939,849</u>	<u>\$ 2,895,287</u>
Other Expenses (Revenue):				
Gain on Disposition of Fixed Assets	\$ (8,671)	\$ -	\$ (8,671)	\$ -
Gain (Loss) on Short-Term Securities	45,299	-	45,299	(45,299)
Pension-Related Changes Other than Net Periodic Pension Cost (Note 5)	<u>(44,519)</u>	<u>-</u>	<u>(44,519)</u>	<u>39,191</u>
Total Other Expenses (Revenue)	<u>\$ (7,891)</u>	<u>\$ -</u>	<u>\$ (7,891)</u>	<u>\$ (6,108)</u>
Change in Net Assets	\$ (372,254)	\$ (309,221)	\$ (681,475)	\$ (1,421,693)
NET ASSETS , Beginning of Year	<u>1,540,011</u>	<u>525,999</u>	<u>2,066,010</u>	<u>3,487,703</u>
NET ASSETS , End of Year	<u>\$ 1,167,757</u>	<u>\$ 216,778</u>	<u>\$ 1,384,535</u>	<u>\$ 2,066,010</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Program Services				Supporting Services			Total 2010	Total 2009
	Economic Equity	Racial Justice and Cultural Collaboration	Youth Development and Education	Community Capacity Building	Management and General	Fundraising	Communications		
Employee Compensation:									
Salaries	\$ 122,195	\$ 195,005	\$ 236,458	\$ 291,806	\$ 264,981	\$ 122,377	\$ 25,985	\$ 1,258,807	\$ 1,293,825
Fringe Benefits	39,359	50,736	65,941	69,773	74,961	12,912	2,044	315,726	332,260
Payroll Taxes	11,684	18,694	19,102	28,393	20,430	10,301	2,057	110,661	101,058
Total Employee Compensation	\$ 173,238	\$ 264,435	\$ 321,501	\$ 389,972	\$ 360,372	\$ 145,590	\$ 30,086	\$ 1,685,194	\$ 1,727,143
Other Expenses:									
Program Initiatives	3,493	23,096	59,881	37,460	-	-	-	123,930	85,710
Discretionary Grants	4,695	6,110	7,760	-	2,325	-	-	20,890	19,933
Occupancy	35,266	37,333	37,226	74,790	47,022	-	-	231,637	229,554
Professional Fees	4,353	4,902	107,157	160,234	25,903	-	-	302,549	224,221
Program Grants	-	-	-	236,971	-	-	-	236,971	218,547
Annual Dinner Expense	-	-	-	-	-	70,068	-	70,068	100,318
Publications and Promotions	-	-	-	-	-	3,695	43,112	46,807	54,703
Office Supplies	8,643	9,871	9,391	14,280	11,896	985	80	55,146	38,175
Conferences	1,249	2,220	2,513	2,718	4,490	1,285	340	14,815	13,880
Telephone	2,464	2,631	3,360	5,341	3,492	501	155	17,944	19,301
Meetings and Committee Expenses	1,920	2,047	2,253	4,885	2,588	62	21	13,776	14,692
United Way Fundraising Fee	-	-	-	-	-	12,180	-	12,180	19,570
Insurance	3,946	4,165	4,165	8,213	5,261	-	-	25,750	23,023
Repairs and Maintenance	1,211	1,278	1,278	3,157	1,614	-	-	8,538	7,792
Dues and Subscriptions	623	653	4,431	8,950	1,110	800	249	16,816	6,732
Interest Expense	-	-	-	-	1,049	-	-	1,049	4,890
Miscellaneous	-	-	-	-	10,169	-	-	10,169	9,392
Total Expenses Before Depreciation	\$ 241,101	\$ 358,741	\$ 560,916	\$ 946,971	\$ 477,291	\$ 235,166	\$ 74,043	\$ 2,894,229	\$ 2,817,576
Depreciation (Note 9)	8,211	8,668	8,668	9,124	10,949	-	-	45,619	77,711
Total Expenses	\$ 249,312	\$ 367,409	\$ 569,584	\$ 956,095	\$ 488,240	\$ 235,166	\$ 74,043	\$ 2,939,848	\$ 2,895,287

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (681,475)	\$ (1,421,693)
Adjustments to Reconcile Change in Net Assets to net Cash Provided (Used) by Operating Activities		
Depreciation	45,619	77,711
Gain on Disposition of Fixed Assets	(8,671)	-
Net Unrealized (Gains) Losses on Investments	(3,592)	(6,093)
Decrease in Pledges and Accounts Receivable	77,489	1,486,681
Decrease in Prepaid Expenses	11,746	2,992
(Decrease) in Accounts Payable and Accrued Expenses	(13,081)	(17,206)
Increase in (Decrease) in Fiduciary Deposits Payable	642,154	(47,265)
Increase in Liability for Pension Benefits	<u>11,859</u>	<u>138,691</u>
Net Cash Provided by Operating Activities	<u>\$ 82,048</u>	<u>\$ 213,818</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposition of Investments	\$ 574	\$ 418
Dispositions of Fixed Assets	59,988	-
Acquisitions of Fixed Assets	<u>(2,850)</u>	<u>(560)</u>
Net Cash Provided by (Used) for Investing Activities	<u>\$ 57,712</u>	<u>\$ (142)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Leases Payable	<u>\$ (67,384)</u>	<u>\$ (33,183)</u>
Net Cash Used by Financing Activities	<u>\$ (67,384)</u>	<u>\$ (33,183)</u>
Increase in Cash and Cash Equivalents	<u>\$ 72,376</u>	<u>\$ 180,493</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,679,779</u>	<u>2,499,286</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,752,155</u>	<u>\$ 2,679,779</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 1,049</u>	<u>\$ 4,890</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(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.

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

Youth Development 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, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(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, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(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, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(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, 2009, from which the summarized information was derived. Certain reclassifications have been made to the 2009 financial statements to conform to classifications in 2010.

(3) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of December 31, 2010 and 2009 for the following purposes and periods:

	<u>2010</u>	<u>2009</u>
Restricted for program activities:		
Economic Equity	\$ -	\$ 20,000
Race Summit	-	2,500
Youth Development	75	17,350
Community Capacity Building	1,703	217,649
Total Restricted for Programs	<u>\$ 1,778</u>	<u>\$ 257,499</u>
Restricted for use in future periods	<u>215,000</u>	<u>268,500</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 216,778</u></u>	<u><u>\$ 525,999</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	<u>2010</u>	<u>2009</u>
Purpose restrictions accomplished for the following programs:		
Economic Equity	\$ 60,000	\$ 41,837
Race Summit	2,500	-
Youth Development	167,275	26,574
Community Capacity Building	648,674	163,279
	<u>\$ 878,449</u>	<u>\$ 231,690</u>
Time restrictions expired by passage of specified time	<u>268,500</u>	<u>1,252,500</u>
Total released from restrictions	<u><u>\$ 1,146,949</u></u>	<u><u>\$ 1,484,190</u></u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(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, 2010 are pledges received but not collected as of December 31, 2010 for the fund year ended March 31, 2011.

	<u>2010</u>	<u>2009</u>
Pledges receivable:		
NDF pledges for March 31, 2010	\$ -	\$ 160,000
NDF pledges for March 31, 2011	170,000	-
Corporate pledges	-	9,600
Accounts receivable	<u>93,843</u>	<u>171,732</u>
 Total pledges and accounts receivable	 \$ 263,843	 \$ 341,332
 Less: Allowance for doubtful pledges and accounts	 (7,280)	 (7,280)
 Pledges and accounts receivable, net	 <u>\$ 256,563</u>	 <u>\$ 334,052</u>

Collections of NDF pledges during 2010 and 2009 were as follows:

	<u>Amount Collected</u>	
	<u>2010</u>	<u>2009</u>
Pledge year ended March 31:		
2009	\$ -	\$ 1,090,000
2010	844,000	108,500
2011	<u>-</u>	<u>-</u>
 Total Collected	 <u>\$ 844,000</u>	 <u>\$ 1,198,500</u>

(5) PENSION PLANS

The Corporation has a noncontributory defined benefit pension plan (“pension plan”) and a voluntary defined contribution retirement plan under IRC section 401(k) (“savings plan”). Under the savings plan, all employees are eligible to participate upon hire and are eligible for employer discretionary matching contributions after completing one year of service. The Corporation’s contributions to the savings plan for the period ended 2010 totaled \$ 38,731.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(5) PENSION PLANS (CONTINUED)

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

As of December 31, 2010 and 2009, the plan's funded status is as follows:

	<u>2010</u>	<u>2009</u>
Fair Value of Plan Assets	\$ 3,461,684	\$ 3,399,720
Projected Benefit Obligation	<u>4,521,326</u>	<u>4,447,503</u>
Overfunded/(Underfunded) Status	<u>\$ (1,059,642)</u>	<u>\$ (1,047,783)</u>
Accumulated Benefit Obligation	<u>\$ 4,521,326</u>	<u>\$ 4,447,503</u>

The amount of employer contributions and benefit payments:

	<u>2010</u>	<u>2009</u>
Employer Contributions	\$ 105,000	\$ 45,000
Benefit Payments	160,694	173,482

The amounts recognized in the statement of financial position as a liability as of December 31, 2010 and 2009 are \$ 1,059,642 and \$ 1,047,783, 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, 2010.

Future benefit payments are expected to be paid as follows:

2011	\$ 223,368
2012	255,765
2013	263,225
2014	284,759
2015	290,337
2016-2020	1,618,700

Contributions of \$ 100,000 are expected to be paid to the plan during 2011.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(5) PENSION PLANS (CONTINUED)

Amounts not yet recognized as components of net periodic benefit costs as of December 31, 2010 are as follows:

Net Loss	\$ 837,041
----------	------------

Amounts expected to be recognized in net periodic benefit cost during the year ending December 31, 2011 are as follows:

Amortization of Net Loss	\$ 29,085
--------------------------	-----------

Weighted-average assumptions used in the measurement of the Corporation's benefit obligation as of December 31, 2010 and 2009 are as follows:

	2010	2009
Discount rate	5.49%	5.54%
Expected return on plan assets	3.50%	3.50%
Rate of compensation increase	N/A	N/A

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

Pension-related costs other than net periodic pension cost consist of the following for the year ended December 31, 2010:

Actuarial gains	\$ (3,218)
Reclassifications to net periodic benefit cost of amounts previously recognized but not included in periodic benefit cost	(41,301)
	\$ (44,519)

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(6) LEASES (CONTINUED)

The Corporation leases office space under a noncancelable operating lease and certain equipment under noncancelable capital leases. Total rental expense was \$ 234,551 and \$ 114,664 in 2010 and 2009, respectively.

Future minimum lease payments are as follow:

	Capital Leases	Operating Lease
2011	\$ 5,748	218,310
2012	5,748	218,310
2013	4,516	218,310
2014		184,322
2015	-	-
	Minimum Lease Payments	\$ 839,252
	16,012	
Less: Amount representing interest	<u>(710)</u>	
	Present Value of Net Minimum Lease Payments	
	<u>\$ 15,302</u>	

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(7) CHARITABLE ENDOWMENT FUND (CONTINUED)

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, 2010 and 2009, and the portion included in the Corporation’s investments, are as follows:

	<u>2010</u>	<u>2009</u>
Fair Value of the Endowment Fund	<u>\$ 86,743</u>	<u>\$ 82,201</u>
Portion of Endowment Fund included in the financial statements:		
Unrestricted	<u>\$ 55,442</u>	<u>\$ 52,424</u>

Reconciliations of the fair value of Endowment Fund assets included in the Corporation’s financial statements as of December 31, 2010 and summarized for 2009 are as follows:

	<u>Unrestricted</u>	
	<u>2010</u>	<u>2009</u>
Changes in Endowment Fund Assets:		
Net realized and unrealized gains (losses)	\$ 3,592	\$ 6,093
Less: Administrative expenses	<u>(574)</u>	<u>(418)</u>
Net Increase (Decrease) in Endowment Fund Assets	3,018	5,675
Endowment Fund Assets, Beginning of Year	<u>52,424</u>	<u>46,749</u>
Endowment Fund Assets, End of Year	<u>\$ 55,442</u>	<u>\$ 52,424</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(8) INVESTMENTS

The Corporation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2010, and the Corporation's accounts as of December 31, 2009 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	
				2010	2009
Investment in Endowment Fund	\$ -	\$ -	\$ 55,442	\$ 55,442	\$ 52,424
Cash and cash equivalents	<u>2,752,155</u>	<u>-</u>	<u>-</u>	<u>2,752,155</u>	<u>2,679,779</u>
Total	<u>\$ 2,752,155</u>	<u>\$ -</u>	<u>\$ 55,442</u>	<u>\$ 2,807,597</u>	<u>\$ 2,732,203</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, 2010 is as follows:

	<u>Endowment Fund</u>
Beginning balance 1/01/2010	\$ 52,424
Total gains and losses (realized/unrealized) included in the statement of activities	3,592
Purchases, issuances and settlements	<u>(574)</u>
Ending balance 12/31/2010	<u>\$ 55,442</u>
Unrealized gain (loss) from assets still held at December 31, 2010	<u>\$ 3,592</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(9) PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2010 is presented below:

	Beginning of Year	Additions	Retirement/ Impairment	End of Year
Leasehold Improvements	\$ 112,037	\$ -	\$ -	\$ 112,037
Furniture and Equipment	245,997	2,850	-	248,847
Leased Equipment	<u>207,968</u>	<u>-</u>	<u>149,074</u>	<u>58,894</u>
Subtotal	\$ 566,002	\$ 2,850	\$ 149,074	\$ 419,778
Less Accumulated Depreciation	<u>353,979</u>	<u>45,619</u>	<u>97,757</u>	<u>301,841</u>
Total Net	<u>\$ 212,023</u>	<u>\$ 42,769</u>	<u>\$ 51,317</u>	<u>\$ 117,937</u>

(10) FIDUCIARY DEPOSITS

The Corporation acts as a fiduciary for several other non-profit organizations. As such, the Corporation receives contributions from various funding sources on behalf of its client organizations. These funds are held in a fiduciary capacity until they are disbursed. Under FASB ACS 958-605-50-4, the Corporation reports amounts received and not disbursed on the behalf of its clients as deposits payable. Activity in fiduciary deposits payable for the years ended December 31, 2010 and 2009 is as follows:

	2010	2009
Balance, beginning of year	\$ 36,491	\$ 83,756
Funds received as a fiduciary	652,017	15,638
Funds disbursed as a fiduciary	<u>(9,863)</u>	<u>(62,903)</u>
Balance, End of Year	<u>\$ 678,645</u>	<u>\$ 36,491</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

(11) CONCENTRATIONS OF RISK

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

(12) SUBSEQUENTS EVENTS

Subsequent events have been evaluated through April 12, 2011, 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.