

NEW DETROIT, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

NEW DETROIT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

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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, 2014, 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.

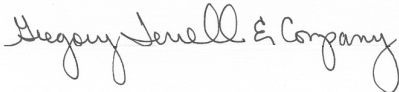
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, 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, 2013 financial statements, and our report dated May 22, 2014, 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, 2013, 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 on a light-colored background.

GREGORY TERRELL & COMPANY

Certified Public Accountants
July 22, 2015

NEW DETROIT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets		
Cash and Cash Equivalents (Note 2, 3 and 6)	\$ 1,858,721	\$ 2,030,736
Pledges and Accounts Receivable (Net) (Note 4)	124,982	154,599
Prepaid Expenses	<u>10,286</u>	<u>29,996</u>
 Total Current Assets	 \$ 1,993,989	 \$ 2,215,331
 Property and Equipment (Net) (Note 5)	 7,713	 22,993
Investment-Endowment Fund (Note 6 and 7)	<u>59,176</u>	<u>60,091</u>
 Total Assets	 <u>\$ 2,060,878</u>	 <u>\$ 2,298,415</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 109,226	\$ 48,977
Fiduciary Deposits Payable (Note 8)	166,165	247,598
Liability for Pension Benefits, Current Portion (Note 10)	<u>941,778</u>	<u>713,332</u>
 Total Current Liabilities	 <u>\$ 1,217,169</u>	 <u>\$ 1,009,907</u>
 Long-Term Liabilities		
Liability for Pension Benefits, Net of Current Portion (Note 10)	<u>\$ 2,126,286</u>	<u>\$ 1,594,334</u>
Total Long-Term Liabilities	<u>\$ 2,126,286</u>	<u>\$ 1,594,334</u>
 Total Liabilities	 <u>\$ 3,343,455</u>	 <u>\$ 2,604,241</u>
 Net Assets		
Unrestricted	\$ (1,528,063)	\$ (520,239)
Temporarily Restricted (Note 9)	<u>245,486</u>	<u>214,413</u>
 Total Net Assets	 <u>\$ (1,282,577)</u>	 <u>\$ (305,826)</u>
 Total Liabilities and Net Assets	 <u>\$ 2,060,878</u>	 <u>\$ 2,298,415</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
PUBLIC SUPPORT AND REVENUE				
New Detroit Fund Pledges	\$ 561,000	\$ 175,000	\$ 736,000	\$ 847,600
Contributions and Grants	462,180	140,900	603,080	539,480
Annual Dinner (Net of expenses of \$57,289 in 2014 and \$74,809 in 2013)	162,313	-	162,313	178,666
Investment Income	1,962	-	1,962	1,330
Net Realized and Unrealized Gains and (Losses) on Investments	(430)	-	(430)	4,551
Other income	20,373	-	20,373	19,202
Net Assets Released from Restrictions (Note 9)	<u>284,827</u>	<u>(284,827)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>\$ 1,492,225</u>	<u>\$ 31,073</u>	<u>\$ 1,523,298</u>	<u>\$ 1,590,829</u>
EXPENSES				
Program Services:				
Enhancing Economic Opportunity	\$ 225,695	\$ -	\$ 225,695	\$ 267,313
Impact Institutional Practices	185,375	-	185,375	262,949
Improve Educational Opportunity	473,124	-	473,124	250,478
Community Engagement/Build Public Will	<u>329,799</u>	<u>-</u>	<u>329,799</u>	<u>283,350</u>
Total Program Services	<u>\$ 1,213,993</u>	<u>\$ -</u>	<u>\$ 1,213,993</u>	<u>\$ 1,064,090</u>
Supporting Services:				
Management and General	\$ 494,364	\$ -	\$ 494,364	\$ 499,546
Fundraising	199,231	-	199,231	212,755
Communications	<u>55,615</u>	<u>-</u>	<u>55,615</u>	<u>56,171</u>
Total Supporting Services	<u>\$ 749,210</u>	<u>\$ -</u>	<u>\$ 749,210</u>	<u>\$ 768,472</u>
Total Operating Expenses	<u>\$ 1,963,203</u>	<u>\$ -</u>	<u>\$ 1,963,203</u>	<u>\$ 1,832,562</u>
Other Expenses (Revenue):				
Loss on Disposition of Fixed Assets	\$ 4,894	\$ -	\$ 4,894	\$ -
Pension-Related Charges (Credits) Other than Net Periodic Pension Cost (Note 10)	<u>531,952</u>	<u>-</u>	<u>531,952</u>	<u>(388,740)</u>
Total Other Expenses (Revenue)	<u>\$ 536,846</u>	<u>\$ -</u>	<u>\$ 536,846</u>	<u>\$ (388,740)</u>
Change in Net Assets	\$ (1,007,824)	\$ 31,073	\$ (976,751)	\$ 147,007
NET ASSETS , Beginning of Year	<u>(520,239)</u>	<u>214,413</u>	<u>(305,826)</u>	<u>(452,833)</u>
NET ASSETS , End of Year	<u>\$ (1,528,063)</u>	<u>\$ 245,486</u>	<u>\$ (1,282,577)</u>	<u>\$ (305,826)</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	Program Services				Supporting Services			Total 2014	Total 2013
	Enhancing Economic Opportunity	Impact Institutional Practices	Improve Educational Opportunity	Community Engagement/Build Public Will	Management and General	Fundraising	Communications		
Employee Compensation:									
Salaries	\$ 93,189	\$ 64,653	\$ 182,499	\$ 144,983	\$ 224,621	\$ 118,108	\$ 12,894	\$ 840,947	\$ 841,918
Fringe Benefits	44,410	30,235	85,935	65,469	107,663	39,736	1,521	374,969	348,575
Payroll Taxes	7,301	5,197	14,582	11,624	14,649	7,832	730	61,915	68,397
Total Employee Compensation	\$ 144,900	\$ 100,085	\$ 283,016	\$ 222,076	\$ 346,933	\$ 165,676	\$ 15,145	\$ 1,277,831	\$ 1,258,890
Other Expenses:									
Program Initiatives	1,244	20,073	-	724	-	-	-	22,041	24,053
Community Support	700	4,950	5,100	-	2,440	-	-	13,190	13,540
Occupancy	37,589	37,589	42,011	42,011	55,278	6,633	-	221,111	225,958
Professional Fees	9,756	1,681	19,971	14,011	26,898	7,238	-	79,555	81,098
Program Grants	-	6,516	65,356	7,755	-	-	-	79,627	15,673
Publications and Promotions	-	-	-	-	-	-	39,790	39,790	40,540
Office Supplies	10,408	1,753	23,638	14,540	22,439	7,503	71	80,352	60,455
Conferences	1,210	193	3,616	1,768	4,351	1,854	222	13,214	17,096
Telephone	1,074	181	2,188	1,535	2,191	1,220	91	8,480	7,844
Meetings and Committee Expenses	1,245	214	2,547	1,787	2,771	938	3	9,505	9,067
Insurance	7,132	5,676	9,605	10,427	9,841	2,253	-	44,934	33,862
Repairs and Maintenance	486	84	994	698	1,060	360	-	3,682	6,491
Dues and Subscriptions	691	105	1,382	970	1,017	1,882	293	6,340	6,344
Moving Costs	7,494	4,509	11,727	9,524	13,584	3,362	-	50,200	-
Miscellaneous	-	-	-	-	2,965	-	-	2,965	2,257
Total Expenses Before Depreciation	\$ 223,929	\$ 183,609	\$ 471,151	\$ 327,826	\$ 491,768	\$ 198,919	\$ 55,615	\$ 1,952,817	\$ 1,803,168
Depreciation (Note 5)	1,766	1,766	1,973	1,973	2,596	312	-	10,386	29,394
Total Expenses	\$ 225,695	\$ 185,375	\$ 473,124	\$ 329,799	\$ 494,364	\$ 199,231	\$ 55,615	\$ 1,963,203	\$ 1,832,562

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (976,751)	\$ 147,007
Adjustments to Reconcile Change in Net Assets to net Cash Provided (Used) by Operating Activities		
Loss on Disposition of Fixed Assets	4,894	-
Depreciation	10,386	29,394
Net Unrealized (Gains) Losses on Investments	430	(2,957)
Decrease in Pledges and Accounts Receivable	29,617	75,129
Decrease in Prepaid Expenses	19,710	1,364
Increase (Decrease) in Accounts Payable and Accrued Expenses	60,249	(10,372)
Decrease in Fiduciary Deposits Payable	(81,433)	(349,278)
Increase (Decrease) in Liability for Pension Benefits	<u>760,398</u>	<u>(158,733)</u>
Net Cash Used for Operating Activities	<u>\$ (172,500)</u>	<u>\$ (268,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposition of Investments	<u>\$ 485</u>	<u>\$ 476</u>
Net Cash Provided by Investing Activities	<u>\$ 485</u>	<u>\$ 476</u>
Decrease in Cash and Cash Equivalents	<u>\$ (172,015)</u>	<u>\$ (267,970)</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,030,736</u>	<u>2,298,706</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,858,721</u>	<u>\$ 2,030,736</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(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.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(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.

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, 2014 was \$39,790.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. 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:

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *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.

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 the general public through the New Detroit Fund Campaign.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(4) PLEDGES AND ACCOUNTS RECEIVABLE

The New Detroit Fund ("NDF") year begins on April 1 and ends on March 31 of the following calendar year. Therefore, included in pledges receivable as of December 31, 2014 are pledges received but not collected as of December 31, 2014 for the fund year ended March 31, 2015:

	<u>2014</u>	<u>2013</u>
Pledges Receivable:		
NDF Pledges for March 31, 2013	\$ -	\$ 156,000
NDF Pledges for March 31, 2014	130,000	-
Accounts Receivable	<u>1,049</u>	<u>5,879</u>
Total Pledges and Accounts Receivable	\$ 131,049	\$ 161,879
Less: Unamortized Discount on Pledges at 4.7%	<u>(6,067)</u>	<u>(7,280)</u>
Pledges and Accounts Receivable, Net	<u>\$ 124,982</u>	<u>\$ 154,599</u>

Collections of New Detroit Fund pledges during 2014 and 2013 were as follows:

	<u>Amount Collected</u>	
	<u>2014</u>	<u>2013</u>
Pledge year ended March 31:		
2013	\$ -	\$ 862,600
2014	<u>762,000</u>	<u>-</u>
Total	<u>\$ 762,000</u>	<u>\$ 862,600</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(5) PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2014 is presented below:

	Beginning of Year	Additions	Retirements	End of Year
Leasehold Improvements	\$ 112,037	\$ -	\$ 112,037	\$ -
Furniture and Equipment	258,069	-	187,840	70,229
Leased Equipment	<u>30,108</u>	<u>-</u>	<u>5,026</u>	<u>25,082</u>
Subtotal	\$ 400,214	\$ -	\$ 304,903	\$ 95,311
Less: Accumulated Depreciation	<u>(377,221)</u>	<u>(10,386)</u>	<u>(300,009)</u>	<u>(87,598)</u>
Total Net	<u>\$ 22,993</u>	<u>\$ (10,386)</u>	<u>\$ 4,894</u>	<u>\$ 7,713</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, 2014 and December 31, 2013, 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>2014</u>	<u>2013</u>
Investment in Endowment Fund	\$ -	\$ -	\$ 59,176	\$ 59,176	\$ 60,091
Cash and Cash Equivalents	<u>1,858,721</u>	<u>-</u>	<u>-</u>	<u>1,858,721</u>	<u>\$ 2,030,736</u>
Total	<u>\$ 1,858,721</u>	<u>\$ -</u>	<u>\$ 59,176</u>	<u>\$ 1,917,897</u>	<u>\$ 2,090,827</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(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, 2014 is as follows:

	Endowment Fund
Beginning Balance 1/01/2014	\$ 60,091
Total Gains and Losses (Realized/Unrealized) included in the Statement of Activities	(430)
Purchases, Issuances and Settlements	<u>(485)</u>
Ending Balance 12/31/2014	<u>\$ 59,176</u>
Unrealized Gain (Loss) from Assets still held at December 31, 2014	<u>\$ (430)</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, 2014 and 2013, and the portion included in the Corporation's investments, are as follows:

	<u>2014</u>	<u>2013</u>
Fair Value of the Endowment Fund	<u>\$ 92,585</u>	<u>\$ 94,017</u>
Portion of Endowment Fund included in the Financial Statements:		
Unrestricted	<u>\$ 59,176</u>	<u>\$ 60,091</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(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, 2014 and for 2013 are as follows:

	<u>Unrestricted</u>	
	<u>2014</u>	<u>2013</u>
Changes in Endowment Fund Assets:		
Net Realized and Unrealized Gains(Losses)	\$ (430)	\$ 2,957
Less: Administrative Expenses	<u>(485)</u>	<u>(476)</u>
Net Increase(Decrease) in Endowment Fund Assets	\$ (915)	\$ 2,481
Endowment Fund Assets, Beginning of Year	<u>60,091</u>	<u>57,610</u>
Endowment Fund Assets, End of Year	<u>\$ 59,176</u>	<u>\$ 60,091</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, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Balance, Beginning of Year	\$ 247,598	\$ 596,876
Funds Received as a Fiduciary	1,149,195	1,213,000
Funds Disbursed as a Fiduciary	<u>(1,230,628)</u>	<u>(1,562,278)</u>
Balance, End of Year	<u>\$ 166,165</u>	<u>\$ 247,598</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

(9) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of December 31, 2014 and 2013 for the following purposes and periods:

	<u>2014</u>	<u>2013</u>
Restricted for program activities:		
Enhancing Economic Opportunity	\$ 2,654	\$ 10,409
Impact Institutional Practices	8,626	175
Improve Educational Opportunity	56,377	-
Community Engagement /Build Public Will	<u>2,829</u>	<u>2,829</u>
Total Restricted for Programs	\$ 70,486	\$ 13,413
Restricted for use in Future Periods	<u>175,000</u>	<u>201,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 245,486</u>	<u>\$ 214,413</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>2014</u>	<u>2013</u>
Purpose Restrictions accomplished for the following programs:		
Enhancing Economic Opportunity	\$ 7,755	\$ 10
Impact Institutional Practices	6,549	9,825
Improve Educational Opportunity	<u>69,523</u>	<u>10,075</u>
Total Restricted for Programs	\$ 83,827	\$ 19,910
Restricted for use in Future Periods	<u>201,000</u>	<u>216,000</u>
Total Released from Restrictions	<u>\$ 284,827</u>	<u>\$ 235,910</u>

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(10) PENSION PLANS

The Corporation has a noncontributory defined benefit pension plan (“pension plan”) and a voluntary defined contribution retirement plan under IRC section 401(k) (“savings plan”). Under the savings plan, all employees are eligible to participate upon hire and are eligible for employer discretionary matching contributions after completing six months of service.

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

The pension plan, formerly pooled, was amended and restated effective January 1, 1980. On September 30, 2007, the plan was closed to new employees. FASB Codification 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, 2014 and 2013, the plan’s funded status is as follows:

	<u>2014</u>	<u>2013</u>
Fair Value of Plan Assets	\$ 2,928,517	\$ 3,118,124
Projected Benefit Obligation	<u>5,996,581</u>	<u>5,425,790</u>
Overfunded/(Underfunded) Status	<u>\$ (3,068,064)</u>	<u>\$ (2,307,666)</u>
Accumulated Benefit Obligation	<u>\$ 5,996,581</u>	<u>\$ 5,425,790</u>

The amount of employer contributions and benefit payments:

	<u>2014</u>	<u>2013</u>
Employer Contributions	\$ -	\$ -
Benefit Payments	293,605	283,629

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(10) PENSION PLANS (CONTINUED)

The amounts recognized in the statement of financial position as a liability as of December 31, 2014 and 2013 are \$3,068,064 and \$2,307,666, 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, 2014.

Future benefit payments are expected to be paid as follows:

2015	\$ 329,999
2016	331,003
2017	329,448
2018	339,112
2019	376,981
2020-2024	1,843,429

There will be no contributions made to the pension plan during 2014.

Amounts not yet recognized as components of net periodic benefit costs as of December 31, 2014, are as follows:

Net Loss	\$ 2,126,286
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Amounts expected to be recognized in net periodic benefit cost during the year ending December 31, 2015 is as follows:

Amortization of Net Loss	\$ -
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Weighted-average assumptions used in the measurement of the Corporation's benefit obligation as of December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Discount Rate	3.59%	4.47%
Expected Return on Plan Assets	3.90%	3.90%
Rate of Compensation Increase	N/A	N/A

As of December 31, 2014, the fair value of the plan's assets is 100% invested in a group annuity.

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(10) PENSION PLANS (CONTINUED)

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

Pension-related costs other than net periodic pension cost consist of the following for the year ended December 31, 2014:

Actuarial Loss	\$ 640,380
Reclassifications to Net Periodic Benefit Cost of amounts previously recognized but not included in: Periodic Benefit Cost	<u>(108,428)</u>
Total	<u>\$ 531,952</u>

(11) LEASES

The Corporation leases office space under a noncancelable operating lease. Total rental expense was \$221,111 and \$225,958 in 2014 and 2013, respectively.

Future minimum lease payments are as follow:

	Operating Lease
2015	\$ 68,768
2016	106,084
2017	109,284
2018	112,491
2019	115,146
2020	<u>95,955</u>
Minimum Future Lease Payments	<u>\$ 607,728</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, 2013, from which the summarized information was derived.

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(13) ONGOING OPERATIONS

For the year ended December 31, 2014, the Corporation's Statement of Financial Position reflects an accumulated net deficit of \$1,282,577 due to unfunded pension liabilities. The Corporation has filed a Distress Termination requesting that the Pension Benefit Guaranty Corporation (PBGC) take over its defined benefit pension plan (the "Plan"). If the Plan is accepted by the PBGC, the Corporation's accumulated net deficit will be eliminated. Adjustments have been made to reduce expenses which include salary reductions, staff layoffs, and organizational restructuring. However, due to the ongoing unfunded pension liability, the Corporation still had an accumulated net deficit at year end 2014. The Corporation will continue to look for opportunities to reduce expenses and attract funding sources for general operations.

(14) SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 22, 2015, 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.