

NEW DETROIT, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NEW DETROIT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

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**GREGORY
TERRELL
& COMPANY**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
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, 2020, 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.

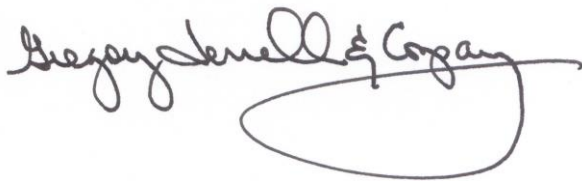
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020, 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, 2019 financial statements, and our report dated August 5, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gregory Terrell & Company". The signature is written in dark ink and includes a large, stylized flourish at the end.

GREGORY TERRELL & COMPANY

Certified Public Accountants
Detroit, Michigan

May 18, 2021

NEW DETROIT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	ASSETS	
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,264,601	\$ 700,615
Grants and Accounts Receivable	208,374	205,865
Prepaid Expenses	<u>1,684</u>	<u>9,957</u>
Total Current Assets	\$ 1,474,659	\$ 916,437
Property and Equipment (Net)	2,086	3,539
Investment-Endowment Fund	<u>69,705</u>	<u>62,250</u>
Total Assets	<u>\$ 1,546,450</u>	<u>\$ 982,226</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 40,847	\$ 23,906
Notes Payable	73,800	-
Fiduciary Deposits Payable	<u>80,133</u>	<u>30,133</u>
Total Current Liabilities	\$ <u>194,780</u>	\$ <u>54,039</u>
Total Liabilities	\$ <u>194,780</u>	\$ <u>54,039</u>
Net Assets		
Without Donor Restrictions	\$ 1,109,083	\$ 735,295
With Donor Restrictions	<u>242,587</u>	<u>192,892</u>
Total Net Assets	\$ <u>1,351,670</u>	\$ <u>928,187</u>
Total Liabilities and Net Assets	<u>\$ 1,546,450</u>	<u>\$ 982,226</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>Without Donor</u>	<u>With Donor</u>	<u>2020 Total</u>	<u>2019 Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
PUBLIC SUPPORT AND REVENUE				
Contributions and Grants	\$ 958,556	\$ 200,000	\$ 1,158,556	\$ 702,517
Annual Dinner (Net of expenses of \$0 in 2020 and \$123,598 in 2019)	-	-	-	387,432
Investment Income	127	-	127	154
Other Income	201	-	201	12,332
Net Assets Released from Restrictions	<u>150,305</u>	<u>(150,305)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>\$ 1,109,189</u>	<u>\$ 49,695</u>	<u>\$ 1,158,884</u>	<u>\$ 1,102,435</u>
EXPENSES				
Program Services:				
Improving Educational Opportunity	\$ -	\$ -	\$ -	\$ 21,733
Racial Understanding/Racial Equity	<u>287,495</u>	<u>-</u>	<u>287,495</u>	<u>619,945</u>
Total Program Services	<u>\$ 287,495</u>	<u>\$ -</u>	<u>\$ 287,495</u>	<u>\$ 641,678</u>
Supporting Services:				
Management and General	\$ 228,331	\$ -	\$ 228,331	\$ 181,993
Fundraising	107,772	-	107,772	97,509
Communications	<u>119,555</u>	<u>-</u>	<u>119,555</u>	<u>38,813</u>
Total Supporting Services	<u>\$ 455,658</u>	<u>\$ -</u>	<u>\$ 455,658</u>	<u>\$ 318,315</u>
Total Operating Expenses	<u>\$ 743,153</u>	<u>\$ -</u>	<u>\$ 743,153</u>	<u>\$ 959,993</u>
Change in Net Assets, Before Net Realized and Unrealized Gains and (Losses) on Investments	\$ 366,036	\$ 49,695	\$ 415,731	\$ 142,442
Net Realized and Unrealized Gains and (Losses) on Investments	<u>7,752</u>	<u>-</u>	<u>7,752</u>	<u>10,077</u>
Change in Net Assets	<u>\$ 373,788</u>	<u>\$ 49,695</u>	<u>\$ 423,483</u>	<u>\$ 152,519</u>
NET ASSETS , Beginning of Year	<u>735,295</u>	<u>192,892</u>	<u>928,187</u>	<u>775,668</u>
NET ASSETS , End of Year	<u>\$ 1,109,083</u>	<u>\$ 242,587</u>	<u>\$ 1,351,670</u>	<u>\$ 928,187</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	Program Services	Supporting Services		2020 Total	2019 Total	
	Racial Understanding/ Racial Equity	Management and General	Fundraising	Communications		
Employee Compensation:						
Salaries	\$ 148,192	\$ 130,069	\$ 64,741	\$ 54,802	\$ 397,804	\$ 337,763
Fringe Benefits	21,222	18,625	10,837	8,449	59,133	44,738
Payroll Taxes	12,151	8,754	4,956	4,090	29,951	26,930
Total Employee Compensation	\$ 181,565	\$ 157,448	\$ 80,534	\$ 67,341	\$ 486,888	\$ 409,431
Other Expenses:						
Program Initiatives	15,702	-	-	-	15,702	20,403
Community Support	900	-	-	-	900	360
Occupancy	13,467	5,926	4,040	3,501	26,934	103,696
Professional and Consulting Fees	43,379	27,401	16,247	42,531	129,558	150,834
Program Grants	14,705	-	-	-	14,705	199,031
Office Supplies	8,783	4,307	3,422	3,032	19,544	30,047
Conferences	270	270	143	143	826	11,343
Telephone	1,066	521	415	367	2,369	3,450
Meetings and Committee Expenses	695	84	270	239	1,288	4,552
Insurance	5,342	2,612	2,077	1,840	11,871	11,524
Repairs and Maintenance	196	96	76	68	436	32
Dues and Subscriptions	96	192	96	96	480	867
Moving Costs	603	295	234	208	1,340	2,780
Loss on Disposal of Fixed Assets	-	-	-	-	-	1,448
Uncollectible Accounts Receivable	-	25,550	-	-	25,550	-
Miscellaneous	-	3,309	-	-	3,309	7,438
Total Expenses Before Depreciation	\$ 286,769	\$ 228,011	\$ 107,554	\$ 119,366	\$ 741,700	\$ 957,236
Depreciation	726	320	218	189	1,453	2,757
Total Expenses	<u>\$ 287,495</u>	<u>\$ 228,331</u>	<u>\$ 107,772</u>	<u>\$ 119,555</u>	<u>\$ 743,153</u>	<u>\$ 959,993</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 423,483	\$ 152,519
Adjustments to Reconcile Change in Net Assets to net Cash Provided by (Used for) Operating Activities		
Depreciation	1,453	2,757
Loss on Disposal of Fixed Assets	-	1,448
Net Realized and Unrealized (Gains) and Losses on Investments	(7,752)	(10,077)
Change in Grants and Accounts Receivable	(2,509)	(157,655)
Change in Prepaid Expenses	8,273	4,718
Change in Accounts Payable and Accrued Expenses	16,941	(56,356)
Change in Fiduciary Deposits Payable	<u>50,000</u>	<u>(150,000)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 489,889</u>	<u>\$ (212,646)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases, Issuances and Settlements	<u>\$ 297</u>	<u>\$ 2,880</u>
Net Cash Provided by (Used for) Investing Activities	<u>\$ 297</u>	<u>\$ 2,880</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable - PPP Loans	<u>\$ 73,800</u>	<u>\$ -</u>
Net Cash Used for Financing Activities	<u>\$ 73,800</u>	<u>\$ -</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 563,986</u>	<u>\$ (209,766)</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>700,615</u>	<u>910,381</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,264,601</u>	<u>\$ 700,615</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(1) NATURE OF OPERATIONS

New Detroit, Inc. (the “Corporation”) is a coalition of leaders working to achieve racial understanding and racial equity in Metropolitan Detroit. The Corporation’s principal source of revenue is from grants and contributions.

The Corporation provides the following program services to communities:

Racial Understanding – 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.

Racial Equity – To provide leadership and direction for achieving equity among all races in the areas of income, quality education & health and safety in Detroit.

(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.

Principles of Reporting

The Corporation adopted FASB issued ASU 2018-08, Not-for Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update was issued to clarify and improve the scope and accounting for contributions received and contributions made, to assist organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional.

Net Assets Presentation

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation’s management and the board of directors.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions by the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Contributions

Contributions received are recorded as with donor restrictions and without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in 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, net assets with donor restrictions are reclassified as net assets without donor restrictions 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

In the Statement of Functional Expenses, salaries and both direct and indirect expenses are allocated to program services and management and general services based on the employee’s time devoted to those programs. The percentage of employee’s time devoted to those programs are then multiplied by the square footage of the employee’s office floor space.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (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 in two different banking institutions. At December 31, 2020, the carrying balance is \$1,264,601 and the bank balance is \$1,263,965, which exceeded the FDIC limit by \$886,192. 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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Grants Receivable	\$ 200,000	\$ 150,000
Accounts Receivable	<u>8,374</u>	<u>55,865</u>
Total Grants and Accounts Receivable	<u>\$ 208,374</u>	<u>\$ 205,865</u>

During 2020, \$25,550 in accounts receivable were written off as uncollectible.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(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, 2020 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>2020</u>	<u>2019</u>
Investment in					
Endowment Fund	\$ -	\$ -	\$ 69,705	\$ 69,705	\$ 62,250
Cash and					
Cash Equivalents	<u>1,264,601</u>	<u>-</u>	<u>-</u>	<u>1,264,601</u>	<u>700,615</u>
Total	<u>\$ 1,264,601</u>	<u>\$ -</u>	<u>\$ 69,705</u>	<u>\$ 1,334,306</u>	<u>\$ 762,865</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, 2020 is as follows:

	<u>Endowment Fund</u>
Beginning Balance January 1, 2020	\$ 62,250
Net Gains and (Losses) Realized/Unrealized included in the Statement of Activities	7,752
Purchases, Issuances and Settlements	<u>(297)</u>
Ending Balance December 31, 2020	<u>\$ 69,705</u>
Unrealized Gains and (Losses) on Assets held at December 31, 2020	<u>\$ 7,752</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(6) AVAILABILITY AND LIQUIDITY

The following represents the Corporation's financial assets at December 31, 2020:

Financial Assets at Year End:	
Cash	\$ 1,264,601
Grants and Contracts Receivable	<u>208,374</u>
Total Financial Assets	\$ 1,472,975
Less amounts not available to be used within one year:	
Net Assets with Donor Restrictions	<u>242,587</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 1,230,388</u>

(7) PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2020 is presented below:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Furniture and Equipment	\$ 42,224	\$ -	\$ -	\$ 42,224
Less: Accumulated Depreciation	<u>(38,685)</u>	<u>(1,453)</u>	<u>-</u>	<u>(40,138)</u>
Net Total	<u>\$ 3,539</u>	<u>\$ (1,453)</u>	<u>\$ -</u>	<u>\$ 2,086</u>

(8) NOTES PAYABLE

On May 6, 2020, the Corporation obtained a Paycheck Protection Program loan (PPP) through Flagstar Bank for \$73,800 at 1% interest, to be paid over 5 years, that was recorded as a current liability at December 31, 2020. The PPP loan is subject to partial or full forgiveness, the terms of which are dictated by the Small Business Act (SBA).

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(9) 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, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	\$ 30,133	\$ 180,133
Funds Received as a Fiduciary	50,000	-
Funds Disbursed as a Fiduciary	<u>-</u>	<u>(150,000)</u>
Balance, End of Year	<u>\$ 80,133</u>	<u>\$ 30,133</u>

(10) 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, 2020 and 2019, and the portion included in the Corporation's investments, are as follows:

	<u>2020</u>	<u>2019</u>
Fair Value of the Endowment Fund		
	<u>\$ 109,061</u>	<u>\$ 97,396</u>
Portion of Endowment Fund included in the Financial Statements:		
Without Donor Restrictions	<u>\$ 69,705</u>	<u>\$ 62,250</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(11) CHARITABLE ENDOWMENT FUND (CONTINUED)

Reconciliations of the fair value of Endowment Fund assets included in the Corporation's financial statements as of December 31, 2020 and 2019 are as follows:

	<u>Without Donor Restrictions</u>	
	<u>2020</u>	<u>2019</u>
Changes in Endowment Fund Assets:		
Net Realized and Unrealized (Loss)/Gain	\$ 7,752	\$ 10,077
Less: Administrative Expenses	<u>(297)</u>	<u>(2,880)</u>
Net (Decrease)/Increase in Endowment Fund Assets	\$ 7,455	\$ 7,197
Endowment Fund Assets, Beginning of Year	<u>62,250</u>	<u>55,053</u>
Endowment Fund Assets, End of Year	<u>\$ 69,705</u>	<u>\$ 62,250</u>

(12) NET ASSETS WITH DONOR RESTRICTIONS

Net Assets With Donor Restrictions are available as of December 31, 2020 and 2019 for the following purposes and periods:

	<u>2020</u>	<u>2019</u>
Net Assets With Donor Restrictions-Program Activities		
Racial Understanding	\$ 14,300	\$ 15,900
Improving Educational Opportunity	24,468	23,173
Community Engagement	<u>3,819</u>	<u>3,819</u>
Total Net Assets With Donor Restrictions Programs-Program Activities	\$ 42,587	\$ 42,892
Net Assets With Donor Restrictions for use in Future Periods	<u>200,000</u>	<u>150,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 242,587</u>	<u>\$ 192,892</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(13) RELEASED NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Net Assets With Donor Restrictions whose restrictions were accomplished for the following programs:		
Racial Understanding	\$ 305	\$ 318,482
Improving Educational Opportunity	<u>-</u>	<u>15,976</u>
Total Restricted for Programs	\$ 305	\$ 334,458
Net Assets With Donor Restrictions for use in Future Periods	<u>150,000</u>	<u>-</u>
Total Net Assets With Donor Restrictions Released from Restrictions	<u>\$ 150,305</u>	<u>\$ 334,458</u>

(14) LEASES

The Corporation leases office space and copier equipment under non-cancelable operating leases. A lease agreement for office space with New Center Building was entered into on December 1, 2019 that provided for no lease payments from January to April of 2020. Total rental expense was \$38,726 and \$124,011 in 2020 and 2019, respectively.

Future minimum lease payments are as follow:

2021	\$ 44,568
2022	43,651
2023	35,218
2024	36,179
2025	<u>12,167</u>
Total	<u>\$ 171,783</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

(15) 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, 2020, from which the summarized information was derived.

(16) SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 18, 2021, 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.

On April 13, 2021, the Corporation's forgiveness application was approved for full forgiveness for their PPP \$73,800 loan and no interest or principal payments are required as the SBA has paid the loan in full.

On April 22, 2021, the Corporation obtained a second Paycheck Protection Program loan (PPP) through Northeast Bank for \$81,425 at 1% interest, to be paid over 5 years. The PPP loan is subject to partial or full forgiveness, the terms of which are dictated by the Small Business Act.

(17) COVID-19 PANDEMIC

The COVID-19 Pandemic whose effects first became known in January 2020 is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Corporation operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Corporation's customers, employees, and vendors all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Corporation's financial position and changes in net assets and cash flow is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic