

NEW DETROIT, INC.
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NEW DETROIT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

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**GREGORY
TERRELL
& COMPANY**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Detroit, Inc.

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Detroit, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Detroit, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

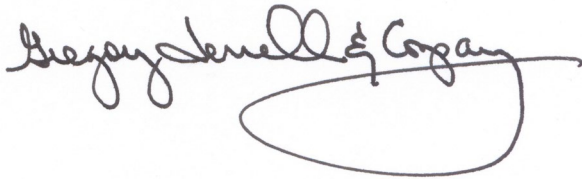
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New Detroit, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Detroit, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited New Detroit, Inc.'s December 31, 2020 financial statements, and our report dated May 18, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Gregory Terrell & Company". The signature is written in a cursive style and is positioned above a large, empty oval shape.

GREGORY TERRELL & COMPANY
Certified Public Accountants
Detroit, Michigan

May 11, 2022

NEW DETROIT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	ASSETS	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,357,983	\$ 1,264,601
Grants and Accounts Receivable	214,000	208,374
Prepaid Expenses	<u>5,000</u>	<u>1,684</u>
Total Current Assets	\$ 1,576,983	\$ 1,474,659
Property and Equipment (Net)	5,569	2,086
Investment-Endowment Fund	<u>82,486</u>	<u>69,705</u>
Total Assets	<u>\$ 1,665,038</u>	<u>\$ 1,546,450</u>
 LIABILITIES AND NET ASSETS 		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 67,737	\$ 40,847
Notes Payable	81,425	73,800
Fiduciary Deposits Payable	<u>32,635</u>	<u>80,133</u>
Total Current Liabilities	<u>\$ 181,797</u>	<u>\$ 194,780</u>
Total Liabilities	<u>\$ 181,797</u>	<u>\$ 194,780</u>
Net Assets		
Without Donor Restrictions	\$ 1,333,241	\$ 1,109,083
With Donor Restrictions	<u>150,000</u>	<u>242,587</u>
Total Net Assets	<u>\$ 1,483,241</u>	<u>\$ 1,351,670</u>
Total Liabilities and Net Assets	<u>\$ 1,665,038</u>	<u>\$ 1,546,450</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
PUBLIC SUPPORT AND REVENUE				
Contributions and Grants	\$ 707,806	\$ 150,000	\$ 857,806	\$ 1,158,556
Employee Retention Credit	92,534	-	92,534	-
Government Grants	73,800	-	73,800	-
Investment Income	68	-	68	127
Leadership Series on Race	40,200	-	40,200	-
Contract Service Income	46,000	-	46,000	-
Other Income	-	-	-	201
Net Assets Released from Restrictions	<u>242,587</u>	<u>(242,587)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>\$ 1,202,995</u>	<u>\$ (92,587)</u>	<u>\$ 1,110,408</u>	<u>\$ 1,158,884</u>
EXPENSES				
Program Services:				
Racial Understanding/Racial Equity	<u>\$ 482,537</u>	<u>\$ -</u>	<u>\$ 482,537</u>	<u>\$ 287,495</u>
Total Program Services	<u>\$ 482,537</u>	<u>\$ -</u>	<u>\$ 482,537</u>	<u>\$ 287,495</u>
Supporting Services:				
Management and General	<u>\$ 374,004</u>	<u>\$ -</u>	<u>\$ 374,004</u>	<u>\$ 228,331</u>
Fundraising	62,051	-	62,051	107,772
Communications	<u>73,026</u>	<u>-</u>	<u>73,026</u>	<u>119,555</u>
Total Supporting Services	<u>\$ 509,081</u>	<u>\$ -</u>	<u>\$ 509,081</u>	<u>\$ 455,658</u>
Total Expenses	<u>\$ 991,618</u>	<u>\$ -</u>	<u>\$ 991,618</u>	<u>\$ 743,153</u>
Change in Net Assets, Before Net Realized and Unrealized Gains and (Losses) on Investments	<u>\$ 211,377</u>	<u>\$ (92,587)</u>	<u>\$ 118,790</u>	<u>\$ 415,731</u>
Net Realized and Unrealized Gains and (Losses) on Investments	<u>12,781</u>	<u>-</u>	<u>12,781</u>	<u>7,752</u>
Change in Net Assets	<u>\$ 224,158</u>	<u>\$ (92,587)</u>	<u>\$ 131,571</u>	<u>\$ 423,483</u>
NET ASSETS , Beginning of Year	<u>1,109,083</u>	<u>242,587</u>	<u>1,351,670</u>	<u>928,187</u>
NET ASSETS , End of Year	<u>\$ 1,333,241</u>	<u>\$ 150,000</u>	<u>\$ 1,483,241</u>	<u>\$ 1,351,670</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program Services	Supporting Services			2021 Total	2020 Total
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Communi- cations</u>		
Employee Compensation:						
Salaries	\$ 221,102	\$ 206,617	\$ 43,046	\$ 21,523	\$ 492,288	\$ 397,804
Fringe Benefits	25,084	23,440	4,884	2,442	55,850	59,133
Payroll Taxes	<u>15,645</u>	<u>14,619</u>	<u>3,046</u>	<u>1,523</u>	<u>34,833</u>	<u>29,951</u>
Total Employee Compensation	\$ 261,831	\$ 244,676	\$ 50,976	\$ 25,488	\$ 582,971	\$ 486,888
Other Expenses:						
Program Initiatives	-	-	-	-	-	15,702
Community Support	-	-	-	-	-	900
Occupancy	14,630	18,979	3,954	1,977	39,540	26,934
Professional and Consulting Fees	35,329	46,545	5,075	44,538	131,487	129,558
Program Grants	149,000	-	-	-	149,000	14,705
Office Supplies	6,971	15,406	1,884	942	25,203	19,544
Conferences	-	2,300	-	-	2,300	826
Telephone	598	774	162	81	1,615	2,369
Meetings and Committee Expenses	-	23,000	-	-	23,000	1,288
Insurance	-	14,388	-	-	14,388	11,871
Repairs and Maintenance	-	273	-	-	273	436
Dues and Subscriptions	-	1,387	-	-	1,387	480
Moving Costs	-	-	-	-	-	1,340
Leadership on Series on Race	13,096	-	-	-	13,096	-
Staff Reimbursement Expense	-	750	-	-	750	-
Uncollectible Accounts Receivable	-	-	-	-	-	25,550
Miscellaneous	<u>1,082</u>	<u>2,839</u>	<u>-</u>	<u>-</u>	<u>3,921</u>	<u>3,309</u>
Total Expenses Before Depreciation	\$ 482,537	\$ 371,317	\$ 62,051	\$ 73,026	\$ 988,931	\$ 741,700
Depreciation	<u>-</u>	<u>2,687</u>	<u>-</u>	<u>-</u>	<u>2,687</u>	<u>1,453</u>
Total Expenses	<u>\$ 482,537</u>	<u>\$ 374,004</u>	<u>\$ 62,051</u>	<u>\$ 73,026</u>	<u>\$ 991,618</u>	<u>\$ 743,153</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 131,571	\$ 423,483
Adjustments to Reconcile Change in Net Assets to net Cash Provided by (Used for) Operating Activities		
Depreciation	2,687	1,453
PPP Loan Forgiveness	(73,800)	-
Net Realized and Unrealized (Gains) and Losses on Investments	(12,781)	(7,752)
Change in Grants and Accounts Receivable	(5,626)	(2,509)
Change in Prepaid Expenses	(3,316)	8,273
Change in Accounts Payable and Accrued Expenses	26,890	16,941
Change in Fiduciary Deposits Payable	<u>(47,498)</u>	<u>50,000</u>
Net Cash Provided by Operating Activities	<u>\$ 18,127</u>	<u>\$ 489,889</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	\$ (6,170)	\$ -
Investment Purchases, Issuances and Settlements	<u>-</u>	<u>297</u>
Net Cash Provided by (Used for) Investing Activities	<u>\$ (6,170)</u>	<u>\$ 297</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable - PPP Loans	<u>\$ 81,425</u>	<u>\$ 73,800</u>
Net Cash (Provided by) Used for Financing Activities	<u>\$ 81,425</u>	<u>\$ 73,800</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 93,382</u>	<u>\$ 563,986</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,264,601</u>	<u>700,615</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,357,983</u>	<u>\$ 1,264,601</u>

The accompanying notes are an integral part of this statement.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(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.

New Detroit, Inc. Service Accomplishments:

Thought Leadership

Brand Visibility – The Corporation was invited to host events as part of two locally originated nationally aired programs on race. It also developed a feature video, “Conversations on Race.”

Research – In the summer of 2020, the Corporation produced two reports: “Racial Equity Highlights” and “Examining and Addressing COVID Racial Disparities in Detroit.”

Town Halls – The Corporation offered a series of virtual panels comprising local and national leaders addressing topical issues, this year primarily related to the COVID pandemic. Attendance ranged from about 50 to more than 400 per event.

Trainings – The Corporation restructured its Multicultural Leadership Program into Leadership Series on R.A.C.E. as a mission-based fee service program, featuring local and national expert instructors educating participants on critical issues and helping them develop racial equity action plans.

The “Just Suite”

The Corporation developed a new line of services called The “Just Suite” including Just Place™, Just Care™, and Just Lead. Just Place™ services the hospitality industry, Just Care™ meets and exceeds the state of Michigan required anti bias training for licensed health care professionals, and Just Lead services leaders of all levels across sectors.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(1) NATURE OF OPERATIONS (CONTINUED)

Policy Advocacy:

A policy agenda was developed focusing on equity in childcare and K-12 education, employment, COVID vaccinations, and voters rights. Opinion pieces were published on the use of the social vulnerability index in vaccine distribution, Racism as a Public Health Crisis, Voting Rights and Asian Hate.

Collective Action:

As work on racial equity grows, there is a need to assure that these efforts are informed and aligned. The Corporation participates in various collective efforts and commissioned an environment scan of regional programs.

(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.

Change in Accounting Principle

Effective January 1, 2021, the Corporation adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Updated (“ASU”) 2016-14 Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or a point in time, and expand disclosures about revenue. Management has assessed the various revenue streams of the Corporation and determined that the new standard did not impact the amount or timing of revenue recognized.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Corporation recognizes revenue based on the existence or absence of an exchange transaction. The Corporation recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member.

Revenue from non-exchange transactions consist of the following:

- Contributions of cash and promises to give – gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Revenue Recognition (continue)

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- Special event revenue – recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. The total amount of bank deposits (checking and savings) are insured by the FDIC up to \$250,000.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Accounts Receivable

Awards of cash and other assets, including unconditional promises to give in the future, are reported as revenue when granted or received, measured at fair value. The Corporation has not recorded a provision for allowance for doubtful accounts and management considers those receivables are collectible at December 31, 2021

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.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2021 was \$0.

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.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(2) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

In the Statement of Functional Expenses, salaries and both direct and indirect expenses are allocated to program services and supporting 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.

(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, 2021, the carrying balance is \$1,357,983 and the bank balance is \$1,375,464, which exceeded the FDIC limit by \$968,271. 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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Grants Receivable	\$ 150,000	\$ 200,000
Accounts Receivable	<u>64,000</u>	<u>8,374</u>
Total Grants and Accounts Receivable	<u>\$ 214,000</u>	<u>\$ 208,374</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(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, 2021 are summarized as follow:

<u>Description</u>	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Reporting Date Fair Value at	
				<u>2021</u>	<u>2020</u>
Investment in					
Endowment Fund	\$ -	\$ -	\$ 82,486	\$ 82,486	\$ 69,705
Cash and					
Cash Equivalents	<u>1,357,983</u>	<u>-</u>	<u>-</u>	<u>1,357,983</u>	<u>1,264,601</u>
Total	<u>\$ 1,357,983</u>	<u>\$ -</u>	<u>\$ 82,486</u>	<u>\$ 1,440,469</u>	<u>\$ 1,334,306</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, 2021 is as follows:

	<u>Endowment Fund</u>
Beginning Balance January 1, 2021	\$ 69,705
Net Gains and (Losses) Realized/Unrealized included in the Statement of Activities	<u>12,781</u>
Ending Balance December 31, 2021	<u>\$ 82,486</u>
Unrealized Gains and (Losses) on Assets held at December 31, 2021	<u>\$ 12,781</u>

NEW DETROIT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

(6) AVAILABILITY AND LIQUIDITY

The following represents the Corporation's financial assets at December 31, 2021:

Financial Assets at Year End:	
Cash	\$ 1,357,983
Grants and Contracts Receivable	<u>214,000</u>
Total Financial Assets	\$ 1,571,983
Less amounts not available to be used within one year:	
Net Assets with Donor Restrictions	<u>150,000</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 1,421,983</u>

(7) PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2021 is presented below:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Furniture and Equipment	\$ 42,224	\$ 6,170	\$ -	\$ 48,394
Less: Accumulated Depreciation	<u>(40,138)</u>	<u>(2,687)</u>	<u>-</u>	<u>(42,825)</u>
Net Total	<u>\$ 2,086</u>	<u>\$ 3,483</u>	<u>\$ -</u>	<u>\$ 5,569</u>

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

(8) PAYCHECK PROTECTION PROGRAM

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.

On April 13, 2021, the Corporation obtained full forgiveness for the first PPP loan of \$73,800 received May 6, 2020. The PPP loan forgiveness is recorded as a government grant in the accompanying financial statements.

(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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	\$ 80,133	\$ 30,133
Funds Received as a Fiduciary	-	50,000
Funds Disbursed as a Fiduciary	<u>(47,498)</u>	<u>-</u>
Balance, End of Year	<u>\$ 32,635</u>	<u>\$ 80,133</u>

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(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, 2021 and 2020, and the portion included in the Corporation’s investments, are as follows:

	<u>2021</u>	<u>2020</u>
Fair Value of the Endowment Fund	<u>\$ 121,842</u>	<u>\$ 109,061</u>
Portion of Endowment Fund included in the Financial Statements: Without Donor Restrictions	<u>\$ 82,486</u>	<u>\$ 69,705</u>

Reconciliations of the fair value of Endowment Fund assets included in the Corporation’s financial statements as of December 31, 2021 and 2020 are as follows:

	<u>Without Donor Restrictions</u>	
	<u>2021</u>	<u>2020</u>
Changes in Endowment Fund Assets:		
Net Realized and Unrealized (Loss)/Gain	\$ 12,781	\$ 7,752
Less: Administrative Expenses	<u>-</u>	<u>(297)</u>
Net Increase in Endowment Fund Assets	\$ 12,781	\$ 7,455
Endowment Fund Assets, Beginning of Year	<u>69,705</u>	<u>62,250</u>
Endowment Fund Assets, End of Year	<u>\$ 82,486</u>	<u>\$ 69,705</u>

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(11) NET ASSETS WITH DONOR RESTRICTIONS

Net Assets With Donor Restrictions are available as of December 31, 2021 and 2020 for the following purposes and periods:

	<u>2021</u>	<u>2020</u>
Net Assets With Donor Restrictions-Program Activities		
Racial Understanding	\$ -	\$ 14,300
Improving Educational Opportunity	-	24,468
Community Engagement	-	<u>3,819</u>
Total Net Assets With Donor Restrictions Programs-Program Activities	\$ -	\$ 42,587
Net Assets With Donor Restrictions for use in Future Periods	<u>150,000</u>	<u>200,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 150,000</u>	<u>\$ 242,587</u>

(12) 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>2021</u>	<u>2020</u>
Net Assets With Donor Restrictions whose restrictions were accomplished for the following programs:		
Racial Understanding	\$ 14,300	\$ 305
Impact Institutional Practices	24,468	-
Community Engagement	3,819	-
Time Restriction Met	<u>50,000</u>	<u>-</u>
Total Restricted for Programs	\$ 92,587	\$ 305
Net Assets With Donor Restrictions for use in Future Periods	<u>150,000</u>	<u>150,000</u>
Total Net Assets With Donor Restrictions Released from Restrictions	<u>\$ 242,587</u>	<u>\$ 150,305</u>

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(13) 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, 2020. Total rental expense was \$51,228 and \$38,726 in 2021 and 2020, respectively.

Future minimum lease payments are as follow:

2022	\$	43,651
2023		35,218
2024		36,179
2025		<u>12,167</u>
Total	\$	<u>127,215</u>

(14) EMPLOYEE RETENTION CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020, and the subsequent extension of the CARES Act, the Corporation was eligible for a refundable employee retention credit subject to certain criteria. The Corporation recognized a \$92,534 employee retention credit during 2021 and is included in Employee Retention Credit on the Statements of Activities, of which \$29,534 has been received and the balance of \$63,000 is included in Accounts Receivables in the Statements of Financial Position. In 2022, the Corporation received refunds of the employee retention credit in the amount of \$63,000.

(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.

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(16) SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 11, 2022, 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 March 31, 2022, the Corporation obtained forgiveness for the PPP loan of \$81,425 and no interest or principal payments are required as the Corporation's forgiveness application was approved for full forgiveness.

(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.