LIFE REMODELED

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022

LIFE REMODELED

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Life Remodeled

Opinion

We have audited the accompanying financial statements of Life Remodeled (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 the Organization as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Life Remodeled
Page Two

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 the Organization'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 the Organization'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.

UHY LLP

Farmington Hills, Michigan
July 3, 2024

LIFE REMODELED
STATEMENTS OF FINANCIAL POSITION

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash	**$ 2,616,807**	$ 2,822,583
Accounts receivable, net	**9,911**	28,795
Pledge receivables, net	**706,351**	7,500
Prepaid expenses	**61,512**	9,959
Total current assets	**3,394,581**	2,868,837
PLEDGE RECEIVABLE, net of current portion	**833,677**	5,000
PROPERTY AND EQUIPMENT, net	**5,249,448**	3,335,680
Total assets	**$ 9,477,706**	$ 6,209,517
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	**$ 55,033**	$ 45,466
Accrued expenses	**39,558**	10,544
Deferred revenue	**93,879**	13,290
Security deposits	**76,496**	79,721
Total liabilities	**264,966**	149,021
NET ASSETS		
Without donor restrictions	**7,679,830**	5,839,059
With donor restrictions	**1,532,910**	221,437
Total net assets	**9,212,740**	6,060,496
Total liabilities and net assets	**$ 9,477,706**	$ 6,209,517

LIFE REMODELED
STATEMENTS OF ACTIVITIES

	Year ended December 31, 2023			Year ended December 31, 2022		
	Without donor Restrictions	**With donor Restrictions**	**Total**	Without donor Restrictions	With donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
In-kind contributions	**$ 1,574,458**	**$ -**	**$ 1,574,458**	$ 1,570,740	$ -	$ 1,570,740
Grants and contributions	**399,646**	**4,019,969**	**4,419,615**	1,166,438	503,650	1,670,088
Rental income	**1,128,776**	**-**	**1,128,776**	1,113,045	-	1,113,045
Interest income	**45,786**	**-**	**45,786**	10,356	-	10,356
Special events, net	**302,431**	**-**	**302,431**	-	-	-
Other income	**65,178**	**-**	**65,178**	32,500	-	32,500
Total revenues and other support	**3,516,275**	**4,019,969**	**7,536,244**	3,893,079	503,650	4,396,729
Net assets released from restrictions	**2,708,496**	**(2,708,496)**	**-**	432,437	(432,437)	-
EXPENSES						
Program services	**3,603,060**	**-**	**3,603,060**	3,171,575	-	3,171,575
Management and general	**222,162**	**-**	**222,162**	335,773	-	335,773
Fundraising	**558,778**	**-**	**558,778**	298,097	-	298,097
					-	
Total expenses	**4,384,000**	**-**	**4,384,000**	3,805,445	-	3,805,445
CHANGE IN NET ASSETS	**1,840,771**	**1,311,473**	**3,152,244**	520,071	71,213	591,284
NET ASSETS - Beginning of year	**5,839,059**	**221,437**	**6,060,496**	5,318,988	150,224	5,469,212
NET ASSETS - End of year	**$ 7,679,830**	**$ 1,532,910**	**$ 9,212,740**	$ 5,839,059	$ 221,437	$ 6,060,496

LIFE REMODELED
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2023				Year Ended December 31, 2022			
	Program Services	**Management and General**	**Fundraising**	**Total**	Program Services	Management and General	Fundraising	Total
Rent in-kind expense	**$ 1,438,020**	**$ 6,188**	**$ 6,188**	**$ 1,450,396**	$ 1,438,021	$ 6,188	$ 6,187	$ 1,450,396
Wages-staff	**738,096**	**63,029**	**349,746**	**1,150,871**	515,009	146,472	214,127	875,608
Program expense	**234,403**	**-**	**-**	**234,403**	215,480	-	-	215,480
Repairs and maintenance	**176,102**	**-**	**-**	**176,102**	136,893	-	-	136,893
Utilities	**316,869**	**1,787**	**-**	**318,656**	310,378	1,861	-	312,239
Depreciation and amortization	**136,054**	**-**	**-**	**136,054**	134,597	-	-	134,597
Community engagement	**25,468**	**-**	**-**	**25,468**	30,576	-	-	30,576
Events	**57,300**	**-**	**-**	**57,300**	-	-	-	-
In-kind expense	**75,229**	**6,834**	**42,000**	**124,063**	86,206	9,139	-	95,345
Bad debt	**(4,366)**	**-**	**-**	**(4,366)**	11,345	-	-	11,345
Insurance	**113,378**	**3,647**	**-**	**117,025**	87,623	2,795	-	90,418
Travel and meetings	**10,586**	**29,445**	**23,819**	**63,850**	2,869	23,937	18,717	45,523
Office expense	**12,143**	**34,464**	**204**	**46,811**	7,014	39,783	4,614	51,411
Marketing	**46,215**	**1,161**	**73,992**	**121,368**	17,562	19,748	44,030	81,340
Professional fees	**152,722**	**49,733**	**17,765**	**220,220**	115,723	42,859	-	158,582
Contract labor	**51,883**	**-**	**2,258**	**54,141**	60,444	-	-	60,444
Education	**13,902**	**22,392**	**17,897**	**54,191**	1,444	33,673	695	35,812
Dues and subscriptions	**9,015**	**3,108**	**21,578**	**33,701**	200	9,058	5,000	14,258
Bank fees	**41**	**374**	**3,331**	**3,746**	191	260	4,727	5,178
Total expenses	**$ 3,603,060**	**$ 222,162**	**$ 558,778**	**$ 4,384,000**	$ 3,171,575	$ 335,773	$ 298,097	$ 3,805,445

LIFE REMODELED
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2023	2022
OPERATING ACTIVITIES		
Change in net assets	**$ 3,152,244**	$ 591,284
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind donations	**-**	(25,000)
Depreciation and amortization	**136,054**	134,597
Bad debt expense	**(4,366)**	11,345
Changes in assets and liabilities:		
Pledges receivable	**(1,527,528)**	4,930
Accounts receivable	**23,250**	(28,726)
Prepaid expenses	**(51,553)**	(9,809)
Accounts payable	**9,567**	25,351
Fiduciary liabilities	**-**	(114,375)
Deferred revenue	**80,589**	(37,114)
Security deposits	**(3,225)**	(3,554)
Accrued expenses	**29,014**	(5,604)
Net cash provided by operating activities	**1,844,046**	543,325
INVESTING ACTIVITY		
Purchases of property and equipment	**(2,049,822)**	(38,331)
NET CHANGE IN CASH	**(205,776)**	504,994
CASH, beginning of year	**2,822,583**	2,317,589
CASH, end of year	**$ 2,616,807**	$ 2,822,583
Non-cash investing activities		
In-kind donations recorded in fixed assets	**$ -**	$ 25,000

See notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

There's a lot of talk but not enough walk when it comes to revitalizing Detroit neighborhoods. Life Remodeled ("Organization") believes Detroiters have all the talent they need, but many don't have access to all the opportunities they deserve. Therefore, we repurpose vacant properties into one stop hubs of opportunity for entire families to thrive. We fill these spaces with the best and brightest nonprofit organizations who are providing youth programs, workforce development, and human services to tens of thousands of students and community members each year. We help our nonprofit tenants collaborate and create far greater life transformation together than was previously possible alone. Together, we ensure three things:

1. Detroit students perform at or above grade level in math and reading
2. Families have access to essential health and wellness services
3. Community members obtain higher paying jobs and achieve economic self-sufficiency

In addition, each year we mobilize thousands of volunteers over six days to beautify Detroit neighborhoods, and we help guide nonprofits to increase lasting impact and build dream teams.

Basis of Presentation

The financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountant (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide").

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

> **Net assets without donor restrictions:** 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 Organization management and the board of directors.
>
> **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consists of those items attributable to the Organization's ongoing activities. The Organization operations are all classified as operating activities.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Concentration of Credit Risk

The Organization maintains, in certain financial institutions and with certain brokers throughout the year, cash balances which at times may exceed federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Management has deemed this as a normal business risk.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consists primarily of tenant rent and are stated net of the allowance for credit losses. The Organization does not require collateral for its accounts receivable and all accounts are expected to be received within one year. Accounts receivables are written off when they are determined to be uncollectible. The allowance for credit losses is estimated based on expected credit losses considering the Organization's historical losses, the existing economic conditions with the Organizations industry, and the financial stability of its customers. The Organization has recorded their allowance for credit losses of $5,364 and $11,345 as of December 31, 2023 and 2022, respectively.

Pledges Receivable

Pledges receivables consist of unconditional promises to give that are recognized as contributions when the promise is received. All pledges receivable is initially valued at the fair value using a probability-weighted, risk adjusted discount rate method. The carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Balances that are still outstanding after the management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. Management has determined that no valuation allowance is required at December 31, 2023 and 2022.

Property, Equipment, Depreciation and Amortization

Property and equipment are stated at cost, if purchased; or at fair value at the date of the gift, if donated. Expenditures for maintenance and repairs are charged to operating expenses. Any expenditures, including interest, are capitalized in connection with construction of qualified assets and recorded as construction-in-progress until the qualified assets are placed in service. Adjustments of the asset and the related accumulated depreciation and amortization accounts are made for property and equipment retirements and disposals, with the resulting gain or loss included in the Statement of Activities. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 39 years.

Revenue Recognition

Grants and Contribution

All contributions are considered to be for unrestricted use unless specifically restricted by the donor. Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grants and Contribution (Continued)

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions to which they depend on have been substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions.

Contributed Non-Financial Assets, Services and Facility

Businesses, individuals, and others contribute materials and services toward the fulfillment of programs, fundraising campaigns and general managerial administration. To the extent that contributions of material and services are objectively measurable and represent program or support expenditures that would otherwise be incurred by the Organization, they are reflected in program services, management and general, and fundraising expenses in the statement of activities. Donated materials and services are recorded at the fair market value upon receipt. Donated facility is based on current market rates for rental facilities. For contributed asset that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Organization also had 24,857 and 25,805 total hours from individuals who volunteer their time and perform a variety of tasks that assist with programs, fundraising and administrative support for the years ended December 31, 2023 and 2022, respectively. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition under ASC topic Contributions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue Recognition for Contracts with Customers

The Organization's revenue stream under contracts with customers is comprised of the revenue from the Next Level Nonprofit program and the ticket sales revenue received in conjunction with special events. The Organization performs an analysis to determine if the revenue from the Next Level Nonprofit program and ticket sales from special event constitute separate performance obligations. This is determined by when the customer can obtain substantial benefit from the service, or the performance of the service is complete. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled (such as fee for the Next Level Nonprofit and price of ticket for events). The following explains the performance obligations related to each revenue stream and how they are recognized.

> *Fee for Next Level Nonprofit program* – The Organization recognized the fee when all goods and services are transferred at a point in time as services are performed. For the years ended December 31, 2023 and 2022, fees were $63,523 and $25,000, respectively. The fee for the program is reported as part of the other income in the statements of activities.
>
> *Special Events* – The Organization recognized special event ticket sales at the time the event occurs. The exchange portion and contribution portion of the special event is reported as part of the grants and contribution in the statements of activities. For the years ended December 31, 2023 and 2022, special event revenues was reported net of direct expenses of $218,998 and $-0-, respectively.

The fee for Next Level Nonprofit program and special events do not contain variable consideration. In some situations, the Organization bills the customers and collects cash prior to the satisfaction of the performance obligation, which results in the Organization recognizing contract liabilities upon receipt of payment. There were no contract liabilities and receivables related to contracts with customers for the years ended December 31, 2023 and 2022.

Rental Revenue

The Organization recognizes rental revenues as they become due according to the lease. The Organization uses the straight-line method for recognizing rental revenue. Rental payments received in advance are deferred until earned. At December 31, 2023 and 2022, the Organization had $93,879 and $13,290 as deferred revenue, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). In addition, the Organization qualifies for charitable contribution deductions under IRC Section 170(b)(1)(A) and has been classified as a supporting organization other than a private foundation under Section 509(a)(2).

Although the Organization has been granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income" under IRC Section 513(a). The Organization believes that it has been operating within tax exempt status and has no unrelated business income.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2023 and 2022, there were no uncertain tax positions that require accrual.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses are allocated between program services, management and general, and fundraising activities based on the purpose of the expense. In addition, certain expenses are allocated between the functional expense classifications based on time or cost study of where efforts are made.

Adoption of New Accounting Pronouncement

In June 2016, the FASB issued accounting standards update ("ASU") 2016-13 "Financial Instruments – Credit Losses (Topic 326)", which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses, financial assets held by the Organization that are subject to ASC 326 were contract receivables. The Organization adopted the standard effective January 1, 2023 and determined there are no impact of the adoption to the financial statements after the assessment of its contract receivables.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has performed a review of events subsequent to the statement of financial position through July 3, 2024, the date the financials were available to be issued.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consists of the following:

	December 31, 2023	December 31, 2022
Pledges receivable	$ 1,540,028	$ 12,500
Amounts due in:		
Less than one year	$ 734,770	$ 7,500
One to five years	931,720	5,000
	1,666,490	12,500
Less: present value discount	126,462	-
Pledge receivable	1,540,028	12,500
Current portion of the pledge receivable	706,351	7,500
Long term portion of the pledge receivable	$ 833,677	$ 5,000

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate of 4.01% and -0-% for the years ended December 31, 2023 and 2022, respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2023	December 31, 2022
Leasehold improvements	$ 3,564,026	$ 3,492,465
Furniture and fixtures	267,887	237,587
Construction in progress	2,010,078	62,116
	5,841,991	3,792,168
Accumulated depreciation and amortization	(592,543)	(456,488)
Property and equipment, net	$ 5,249,448	$ 3,335,680

Depreciation and amortization expense was $136,054 and $134,597 for the years ended December 31, 2023 and 2022, respectively.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were comprised of the following:

	December 31, 2023	December 31, 2022
Denby Capital Campaign	$ 1,421,000	$ -
Dexter Façade	101,910	171,950
Outdoor Space	10,000	-
Peer Mentorship	-	16,837
Home Repairs	-	14,650
Youth Programming	-	8,000
Durfee Innovation Society	-	5,000
Next Level Nonprofit Workshop	-	5,000
	$ 1,532,910	$ 221,437

NOTE 5 – LEASE REVENUE

The lease revenue is included in the statement of activities as part of the operating income. Cash receipts from operating leases are classified within cash flows from operating activities. After its repurpose and rehabilitation, the Organization subleases the original vacate school building that is being leased with DPSCD as discussed in Notes 7 and 11. The Organization does not own the building.

The Organization rent office spaces under non-cancellable operating lease agreements to unrelated entities through January 2027. Tenant rent payments range from $546 to $17,106 per month, based on the size of the suites being rented. Rental income under these agreements totaled $1,128,776 and $1,113,045 for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, approximately 38% of base rents were provided from three tenants, and 18% of base rents were provided from one tenant, respectively.

The following is an analysis of the carrying amounts of the underlying assets related to the building lease revenue:

	December 31, 2023	December 31, 2022
Leasehold improvements	$ 3,564,026	$ 3,492,465
Furniture and fixtures	106,508	88,063
	3,670,534	3,580,528
Accumulated depreciation and amortization	478,191	367,539
Total cost, net	$ 3,192,343	$ 3,212,989

Future undiscounted minimum lease payments due under operating lease agreements for the next five years are as follows:

Year ending December 31,	Amount
2024	$ 734,161
2025	232,506
2026	35,115
2027	1,289
Total	$ 1,003,071

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations.

	December 31,	
	2023	2022
Financial assets		
Cash	$ 2,616,807	$ 2,822,583
Pledges receivable	1,540,028	12,500
Accounts receivable	9,911	28,795
Total financial assets	4,166,746	2,863,878
Amounts not available for general use		
Receivables to be collected in more than one year	-	(5,000)
Donor restricted funds	(1,532,910)	(221,437)
Total amounts not available for general use	(1,532,910)	(226,437)
Financial assets available to meet general expenditures within one year	$ 2,633,836	$ 2,637,441

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 7 – BUILDING LEASES

The Organization has a lease agreement with Detroit Public School Community District (DPSCD) to rent the Durfee Elementary-Middle School for $1 per year. The lease matures in June 2037 and includes three optional renewals for ten years each. The Organization records in-kind revenue and in-kind rent expense for the difference between the fair market value of the annual lease and the amount paid. The in-kind rent related to the Durfee Building was $1,450,395 for both years ended December 31, 2023 and 2022.

NOTE 8 - PROGRAM EXPENSES

Expenses for the Organization's major program activities are as follows:

	Years December 31,	
	2023	2022
Durfee Innovation Society	$ 2,471,489	$ 2,557,587
Six Day Beautification Project	276,684	261,670
Cooley	196,421	-
Youth	171,206	82,982
Next Level Nonprofit	169,331	-
Community Engagement	93,803	107,737
Opportunity Hub - Anchor Detroit	81,308	-
Dexter Façade	67,457	3,050
Prom Remodeled	58,883	-
Anchor - Operations	13,926	-
Other	2,555	423
Program Expansion	-	158,126
	$ 3,603,063	$ 3,171,575

NOTE 9 – EMPLOYEE RETENTION CREDIT

The CARES Act contains a business relief provision, known as the Employee Retention Credit Program (ERC) to encourage businesses to keep employees on their payroll. The ERC provides refundable credit to eligible employers, including tax-exempt organizations, that pay qualified wages, including certain health plan expenses, to some or all employees. The Organization qualified for these credits and earned approximately $-0- and $187,419 in payroll tax credits for the years ended December 31, 2023 and 2022, respectively.

NOTE 10 – CONDITIONAL PROMISE

During the year ended December 31, 2022, Invest Detroit Foundation (IDF) conditionally promised to give $350,000 to solely support the rehabilitation of eight (8) facades along the Dexter corridor, between Davidson and Webb, in Detroit, Michigan. IDF's condition that the amount will be disbursed in the following manner: a) $175,000 upon receipt of the full executed agreement and b) $175,000 upon Organization's request of the funds but only after IDF has had the opportunity to review and approve Organization's successful deployment of the first tranche of funding. As of December 31, 2023 and 2022, Organization received first $175,000 disbursement from IDF and recorded as contribution revenue for the year ended December 31, 2022. Since the remaining $175,000 payment represents conditional promise to give, it is not recorded as contribution revenue until donor conditions are met.

As discussed in Note 7, the Organization has an existing conditional promise to receive in-kind rent from DPSCD. A condition of the DPSCD lease is that the Organization must sub-lease the facility to organizations that provide benefits and opportunities in the community. If the Organization fails to use the facility for purposes required by the lease, an event of default on the lease will occur. The Organization recognizes the fair value of the in-kind use of facilities as both revenue and expense in the period it is received and used.

NOTE 11 – CONTRIBUTED NON-FINANCIAL ASSETS, SERVICES AND FACILITY

The Organization recognized contributed nonfinancial assets within revenue, including contributed leasehold improvements, equipment, food, fuel, office supplies, beautification supplies, waste removal and marketing services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions and able to be used by the Organization as determined by the board of directors and management.

The following table presents the contributed nonfinancial assets and services measured at fair value for the years ended December 31, 2023 and 2022:

NOTE 11 – CONTRIBUTED NON-FINANCIAL ASSETS, SERVICES AND FACILITY (Continued)

	December 31, 2023	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Rent	$ 1,450,395	General and Administrative and Durfee Innovation Society	No associated donor restrictions	Estimated the fair value based on usable square footage of the facility multiplied by the fair market value of the lease rate per square footage.
Marketing	42,000	General and Administrative and Community Engagement	No associated donor restrictions	Estimated the fair value based on retail prices of billboard time.
Waste Removal	40,146	Six Day Beautification Project	No associated donor restrictions	Estimated the fair value of waste removal services based on standard retail pricing of truck hours and roll-offs.
Food	35,083	Six Day Beautification Project	No associated donor restrictions	Estimated the fair value based on retail prices of contributed food.
Office Supplies	6,834	General and Administrative and Community Engagement	No associated donor restrictions	Estimated the fair value based on retail prices of contributed supplies.
	$ 1,574,458			

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS (Continued)

	December 31, 2022	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Rent	$ 1,450,395	General and Administrative and Durfee Innovation Society	No associated donor restrictions	Estimated the fair value based on usable square footage of the facility multiplied by the fair market value of the lease rate per square footage.
Waste Removal	39,679	Six Day Beautification Project	No associated donor restrictions	Estimated the fair value of waste removal services based on standard retail pricing of dumpster use and removal.
Professional Services	26,953	Program Expansion and General administrative	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Leasehold Improvements	25,000	Solar Panel for Durfee Innovation Society	No associated donor restrictions	Estimated the fair value of the solar panel installation based on labor and material rates for a similar installation.
Food	11,575	Six Day Beautification Project	No associated donor restrictions	Estimated the fair value based on retail prices of contributed food.
Equipment	10,588	General and Administrative and Community Engagement	No associated donor restrictions	Estimated the fair value based on retail prices of printer rental, printer services calls, toner cartridges, and refrigerators.
Fuel	6,550	Six Day Beautification Project	No associated donor restrictions	Estimated the fair value based on average gas and diesel price during the month of donation.
	$ 1,570,740			