

THE DETROIT CREATIVITY PROJECT
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017



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**THE DETROIT CREATIVITY PROJECT
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DECEMBER 31, 2018 AND 2017**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
The Detroit Creativity Project
Venice, California

We have reviewed the accompanying financial statements of The Detroit Creativity Project ("DCP") which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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; 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 of the financial statements, in 2018, DCP adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
March 14, 2019

**THE DETROIT CREATIVITY PROJECT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

		2018	2017
	ASSETS		
Cash		\$ 42,156	\$ 31,912
Contributions receivable		20,782	5,065
		\$ 62,938	\$ 36,977
	NET ASSETS		
Net assets without donor restrictions		\$ 22,111	\$ 31,127
Net assets with donor restrictions		40,827	5,850
		\$ 62,938	\$ 36,977

**THE DETROIT CREATIVITY PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Grants and contribution revenue	\$ 101,788	\$ 40,827	\$ 142,615
Donated rent	3,000	-	3,000
Donated services	11,659	-	11,659
Donated goods	2,676	-	2,676
Special events	44,644	-	44,644
Program service fees	3,320	-	3,320
Interest income	1	-	1
Net assets released from restrictions	5,850	(5,850)	-
	<u>172,938</u>	<u>34,977</u>	<u>207,915</u>
Total revenue and support			
EXPENSES			
Program expenses:	141,757	-	141,757
Management and general expenses:	20,348	-	20,348
Fundraising expenses:	19,849	-	19,849
	<u>181,954</u>	<u>-</u>	<u>181,954</u>
Total expenses			
Change in net assets	(9,016)	34,977	25,961
NET ASSETS - Beginning of Year	<u>31,127</u>	<u>5,850</u>	<u>36,977</u>
NET ASSETS - End of Year	<u>\$ 22,111</u>	<u>\$ 40,827</u>	<u>\$ 62,938</u>

**THE DETROIT CREATIVITY PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Grants and contribution revenue	\$ 86,923	\$ 4,998	\$ 91,921
Donated rent	1,800	-	1,800
Donated services	1,800	2,490	4,290
Special events	17,794	-	17,794
Program service fees	2,700	-	2,700
Interest income	3	-	3
Net assets released from restrictions	21,123	(21,123)	-
	<u>132,143</u>	<u>(13,635)</u>	<u>118,508</u>
Total revenue and support			
EXPENSES			
Program expenses:	112,885	-	112,885
Management and general expenses:	18,674	-	18,674
Fundraising expenses:	3,190	-	3,190
	<u>134,749</u>	<u>-</u>	<u>134,749</u>
Total expenses			
Total change in net assets	(2,606)	(13,635)	(16,241)
NET ASSETS - Beginning of year	<u>33,733</u>	<u>19,485</u>	<u>53,218</u>
NET ASSETS - End of year	<u>\$ 31,127</u>	<u>\$ 5,850</u>	<u>\$ 36,977</u>

**THE DETROIT CREATIVITY PROJECT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 25,961	\$ (16,241)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Contributions receivable	(15,717)	12,260
Accounts receivable	-	3,035
	10,244	(946)
NET CHANGE IN CASH	10,244	(946)
CASH - Beginning of year	31,912	32,858
CASH - End of year	\$ 42,156	\$ 31,912

**THE DETROIT CREATIVITY PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018				2017			
	Program	Management and general	Fundraising	Total	Program	Management and general	Fundraising	Total
Awards and grants	\$ 122,480	\$ -	\$ -	\$ 122,480	\$ 104,398	\$ -	\$ -	\$ 104,398
Insurance	-	1,684	373	2,057	-	2,057	-	2,057
Marketing expense	35	603	3,868	4,506	-	127	1,220	1,347
Office expenses and supplies	-	2,352	167	2,519	1,082	4,518	-	5,600
Professional services (donated)	-	9,859	1,800	11,659	1,800	-	-	1,800
Professional services	3,500	5,850	1,000	10,350	1,200	11,521	-	12,721
Rent expense (donated)	3,000	-	-	3,000	1,800	-	-	1,800
Rent expense	-	-	11,061	11,061	-	319	-	319
Travel expense	3,432	-	1,580	5,012	-	132	1,970	2,102
Other program expenses	9,310	-	-	9,310	2,605	-	-	2,605
Total expenses	\$ 141,757	\$ 20,348	\$ 19,849	\$ 181,954	\$ 112,885	\$ 18,674	\$ 3,190	\$ 134,749

**THE DETROIT CREATIVITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 NATURE OF THE ORGANIZATION

The Detroit Creativity Project, ("DCP") was incorporated as a California non-profit organization with a mission to empower and inspire Detroit's young people through improvisation, an art form that helps students build confidence and develop a creative and collaborative approach to their lives. DCP created The Improv Project, a 10-week program offered during the fall and spring school semesters to teach middle and high school students in Detroit the art of improvisation. These students represent diverse ethnic and cultural groups, and come from neighborhoods across Detroit, Hamtramck, and River Rouge. The majority of those served are considered economically disadvantaged by federal measures. In 2017 and 2018 DCP contracted with YMCA of Metropolitan Detroit to administer The Improv Project at several schools and non-profit service organizations. Most of these programs were offered at no charge. There was a small portion of revenue attributed to paid programs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of DCP have been prepared on the accrual basis of accounting in conform to generally accepted accounting principles in the United States of America (US GAAP) as applicable to non-profit organizations. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions and donor restricted contributions whose restrictions are met in the same reporting period.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Expense Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

**THE DETROIT CREATIVITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contribution Revenue

Contributions that constitute unconditional promises to give are recorded as receivables and revenues. For financial reporting purposes, DCP distinguishes between contributions of net assets without donor restrictions and net assets with donor restrictions. Contributions on which donors have imposed restrictions which limit the use of the donated assets are reported as restricted. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributed assets which are subject to perpetual donor restrictions and from which only the current income may be used are classified as net assets with donor restrictions. Although restricted contributions typically are reported as support that increases net assets with donor restrictions, they may be reported as unrestricted support if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed.

In-Kind Donations

Donated services and donated rent are recognized at fair value. Donated services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2017 and 2018, DCP received donated services from artists for performance and donated rent for DCP's special events. In 2018, DCP received an in-kind donation of legal services.

Directors and officers have made a significant contribution of their time to develop DCP and its programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such efforts under US GAAP have not been satisfied.

Concentration of Credit Risk

DCP maintains cash balances and certificates of deposit in one bank. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to statutory limits. For the years ended December 31, 2018 and 2017, two donors accounted for approximately 29% and 37% of the total contribution revenues, respectively.

Income Taxes

DCP is a California nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes was included in these financial statements.

Generally accepted accounting principles in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by DCP are more likely than not to be sustained upon examination.

**THE DETROIT CREATIVITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America may require management to make estimates and assumptions regarding the reported amounts of assets, liabilities, contingent assets and liabilities at the date of the financial statements and those estimates also affect the amounts of revenues and expenses reported during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the program and supporting activities of DCP have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program, management and general and fundraising functions, based upon the estimated benefit received by each function.

Subsequent Events

In preparing these financial statements, DCP has evaluated events and transactions for potential recognition or disclosure through March 14, 2019, the date the financial statements were available to be issued.

New Accounting Pronouncement Adopted During the Year

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities. This standard was issued to improve the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal year beginning after December 15, 2017, with early adoption permitted.

NOTE 3 LIQUIDITY AND RESERVES

At December 31, 2018, DCP has the following financial assets available to meet cash needs for general expenditures within one year.

Cash	\$ 42,156
Contributions receivable within one year	<u>20,782</u>
Total	<u><u>\$ 62,938</u></u>

DCP has the ability to use all of its net assets without donor restrictions to meet its cash needs. During the year ended December 31, 2018, DCP was able to meet its cash needs utilizing its reserves.

NOTE 4 CONTRIBUTIONS RECEIVABLE

The entire contributions receivable of \$20,782 has been collected as of February 28, 2019.

**THE DETROIT CREATIVITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018 and 2017, net assets with donor restrictions are as follows:

	2018	2017
Time-restricted	\$ 40,827	\$ -
Professional development	-	1,000
Web-based fundraising software	-	2,490
Program evaluation	-	2,360
Total	\$ 40,827	\$ 5,850

During the years ended December 31, 2018 and 2017, the following were released from donor restrictions by incurring such expenses:

	2018	2017
Web-based fundraising software	\$ 2,490	\$ 498
Program evaluation	2,360	1,140
Professional development	1,000	-
Time-restricted	-	17,325
Education workshops and new curriculum development	-	2,160
Total	\$ 5,850	\$ 21,123

