

THE DETROIT CREATIVITY PROJECT
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019



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**THE DETROIT CREATIVITY PROJECT
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors 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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
March 12, 2021

**THE DETROIT CREATIVITY PROJECT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|---------------------------------------|------------|------------|
| ASSETS | | |
| Cash | \$ 151,937 | \$ 219,078 |
| Contributions receivable | 4,940 | 5,000 |
| Total assets | \$ 156,877 | \$ 224,078 |
| NET ASSETS | | |
| Net assets without donor restrictions | \$ 142,586 | \$ 216,358 |
| Net assets with donor restrictions | 14,291 | 7,720 |
| Total net assets | \$ 156,877 | \$ 224,078 |

**THE DETROIT CREATIVITY PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

| | Without donor restrictions | With donor restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|--------------------------|
| REVENUE AND SUPPORT | | | |
| Grants and contribution revenue | \$ 139,418 | \$ 14,291 | \$ 153,709 |
| Donated services | 5,075 | - | 5,075 |
| Donated goods | 124 | - | 124 |
| Special events | 47,630 | - | 47,630 |
| Interest income | 197 | - | 197 |
| Gain from sales of donated stock | 133 | - | 133 |
| Net assets released from restrictions | 7,720 | (7,720) | - |
| | <u>200,297</u> | <u>6,571</u> | <u>206,868</u> |
| EXPENSES | | | |
| Program expenses | 221,773 | - | 221,773 |
| Management and general expenses | 22,757 | - | 22,757 |
| Fundraising expenses | 29,539 | - | 29,539 |
| | <u>274,069</u> | <u>-</u> | <u>274,069</u> |
| Change in net assets | (73,772) | 6,571 | (67,201) |
| NET ASSETS - Beginning of Year | <u>216,358</u> | <u>7,720</u> | <u>224,078</u> |
| NET ASSETS - End of Year | <u><u>\$ 142,586</u></u> | <u><u>\$ 14,291</u></u> | <u><u>\$ 156,877</u></u> |

**THE DETROIT CREATIVITY PROJECT
STATEMENT OF ACTIVITIES
YEAR ENDED December 31, 2019**

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|-----------------------|
| REVENUE AND SUPPORT | | | |
| Grants and contribution revenue | \$ 195,888 | \$ 7,720 | \$ 203,608 |
| Donated rent | 1,950 | - | 1,950 |
| Donated services | 9,100 | - | 9,100 |
| Donated goods | 4,414 | - | 4,414 |
| Special events | 160,704 | - | 160,704 |
| Program service fees | 2,575 | - | 2,575 |
| Interest income | 49 | - | 49 |
| Net assets released from restrictions | <u>40,827</u> | <u>(40,827)</u> | <u>-</u> |
| Total revenue and support | <u>415,507</u> | <u>(33,107)</u> | <u>382,400</u> |
| EXPENSES | | | |
| Program expenses | 157,180 | - | 157,180 |
| Management and general expenses | 18,090 | - | 18,090 |
| Fundraising expenses | <u>45,990</u> | <u>-</u> | <u>45,990</u> |
| Total expenses | <u>221,260</u> | <u>-</u> | <u>221,260</u> |
| Total change in net assets | 194,247 | (33,107) | 161,140 |
| NET ASSETS - Beginning of year | <u>22,111</u> | <u>40,827</u> | <u>62,938</u> |
| NET ASSETS - End of year | <u>\$ 216,358</u> | <u>\$ 7,720</u> | <u>\$ 224,078</u> |

**THE DETROIT CREATIVITY PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | | | | 2019 | | | |
|---------------------------------|-------------------|---------------------------|------------------|-------------------|-------------------|---------------------------|------------------|-------------------|
| | Program | Management and general | Fundraising | Total | Program | Management and general | Fundraising | Total |
| Awards and grants | \$ 185,774 | \$ - | \$ - | \$ 185,774 | \$ 137,449 | \$ - | \$ - | \$ 137,449 |
| Insurance | 1,217 | 626 | 100 | 1,943 | 1,217 | 626 | 100 | 1,943 |
| Marketing expense | - | 1,845 | - | 1,845 | - | 3,370 | - | 3,370 |
| Office expenses and supplies | 530 | 1,774 | 5,860 | 8,164 | 53 | 3,080 | 3,009 | 6,142 |
| Professional services (donated) | - | 245 | 4,830 | 5,075 | 500 | - | 8,600 | 9,100 |
| Professional services | 14,169 | 17,658 | 11,099 | 42,926 | 3,987 | 7,300 | 5,750 | 17,037 |
| Rent expense (donated) | - | - | - | - | 1,350 | - | 600 | 1,950 |
| Rent expense | 137 | - | 7,520 | 7,657 | - | 512 | 25,901 | 26,413 |
| Travel expense | 898 | 609 | 130 | 1,637 | 327 | 3,202 | 2,030 | 5,559 |
| Other program expenses | 19,048 | - | - | 19,048 | 12,297 | - | - | 12,297 |
| Total expenses | \$ 221,773 | \$ 22,757 | \$ 29,539 | \$ 274,069 | \$ 157,180 | \$ 18,090 | \$ 45,990 | \$ 221,260 |

**THE DETROIT CREATIVITY PROJECT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|--|-------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (67,201) | \$ 161,140 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Contributions receivable | 60 | 15,782 |
| Net cash provided (used) by operating activities | (67,141) | 176,922 |
| NET CHANGE IN CASH | (67,141) | 176,922 |
| CASH - Beginning of year | 219,078 | 42,156 |
| CASH - End of year | \$ 151,937 | \$ 219,078 |

**THE DETROIT CREATIVITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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 to deliver on this mission. The Improv Project offers year-round programming to Detroit-area youth through workshops, semester-long improv courses, and improv-integrated digital media and English Language Arts classes. The youth being served represent diverse ethnic and cultural groups and come from neighborhoods across Detroit, Hamtramck, and the Downriver area. Most are considered economically disadvantaged by federal measures. In 2019 and 2020 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 in 2019.

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 (U.S. 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. 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, 2020 AND 2019**

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. Conditional promises, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. During the years ended December 31, 2020 and 2019, DCP did not receive any conditional promises.

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 years ended December 31, 2019 and 2020, DCP received donated services from artists for performance and donated professional services for program evaluation, 1099 preparation and by-law revision. During the year ended December 31, 2019, DCP received donated rent for special events.

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 U.S. GAAP have not been satisfied.

Concentration of Credit Risk

DCP maintains cash balances and certificates of deposit in two bank accounts. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to statutory limits.

For the years ended December 31, 2020 and 2019, two and three donors accounted for approximately 22% and 35% 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.

U.S. GAAP 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, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP may require management to make estimates and assumptions that affect certain reported amount and disclosures. Actual results could differ from those estimates.

Functional Allocation of Expenses

The functional allocation of expenses shared between program, management and general, and fundraising are based on a reasonable and consistent basis upon the estimated benefit received by each function.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Risks and Uncertainties

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic, which continues subsequent to year-end. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to DCP, COVID-19 may impact various parts of its 2021 operations and financial results including but not limited to loss of contribution, program, and fundraising revenues, and costs for increased use of technology. Management believes DCP is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Subsequent Events

In preparing these financial statements, DCP has evaluated events and transactions for potential recognition or disclosure through March 12, 2021, the date the financial statements were available to be issued.

**THE DETROIT CREATIVITY PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 LIQUIDITY AND RESERVES

At December 31, 2020 and 2019, DCP has the following financial assets available to meet cash needs for general expenditures within one year.

| | 2020 | 2019 |
|--|--------------------------|--------------------------|
| Cash | \$ 151,937 | \$ 219,078 |
| Contributions receivable within one year | 4,940 | 5,000 |
| Total | <u>156,877</u> | <u>224,078</u> |
| Less: Restricted net assets for specific purpose | <u>-</u> | <u>(2,720)</u> |
| Total for general expenditures | <u><u>\$ 156,877</u></u> | <u><u>\$ 221,358</u></u> |

In addition to financial assets available to meet general expenditures over the next 12 months, DCP anticipates collecting sufficient contributions to cover general expenditures.

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$4,940 has been collected in January 2021.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020 and 2019, net assets with donor restrictions are as follows:

| | 2020 | 2019 |
|---|-------------------------|------------------------|
| Time-restricted | \$ 4,940 | \$ 5,000 |
| Improv-integrated English Language Arts | 8,300 | - |
| InsideOut Literary Arts | <u>1,051</u> | <u>2,720</u> |
| | <u><u>\$ 14,291</u></u> | <u><u>\$ 7,720</u></u> |

During the years ended December 31, 2020 and 2019, the following were released from donor restrictions by incurring such expenses:

| | 2020 | 2019 |
|-------------------------|------------------------|-------------------------|
| Time-restricted | \$ 5,000 | \$ 40,827 |
| InsideOut Literary Arts | <u>2,720</u> | <u>-</u> |
| Total | <u><u>\$ 7,720</u></u> | <u><u>\$ 40,827</u></u> |

