

**The Detroit Creativity Project**

**Financial Statements  
December 31, 2015  
And For the Year Then Ended**

**Together with Independent  
Accountants' Review Report**

# The Detroit Creativity Project

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of The Detroit Creativity Project ("DCP") which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and functional expenses for the year 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 review, 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, CA  
July 1, 2016



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**The Detroit Creativity Project  
Statement of Financial Position  
December 31, 2015**

**ASSETS**

Cash and cash equivalents	\$ 47,503
	<u>47,503</u>
Total assets	<u><u>\$ 47,503</u></u>

**LIABILITIES**

Accounts payable and accrued expenses	\$ 2,433
	<u>2,433</u>
Total liabilities	<u>2,433</u>

COMMITMENT (Note 4)

**NET ASSETS**

Unrestricted	40,070
Temporarily restricted (Note 3)	5,000
	<u>45,070</u>
Total net assets	<u>45,070</u>
Total liabilities and net assets	<u><u>\$ 47,503</u></u>

**The Detroit Creativity Project**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Grants and contribution revenue	\$ 50,040	\$ 5,000	\$ 55,040
Donated rent	2,400	-	2,400
Donated services	4,000	-	4,000
Special events, net of expenses	22,251	-	22,251
Interest income	4	-	4
Net assets released from restrictions	2,000	(2,000)	-
	<u>80,695</u>	<u>3,000</u>	<u>83,695</u>
Total revenue and support			
<b>EXPENSES</b>			
Program	61,797	-	61,797
Management and general	16,329	-	16,329
Fundraising	2,642	-	2,642
	<u>80,768</u>	<u>-</u>	<u>80,768</u>
Total expenses			
Change in net assets	(73)	3,000	2,927
<b>NET ASSETS - Beginning of year</b>	<u>40,143</u>	<u>2,000</u>	<u>42,143</u>
<b>NET ASSETS - End of year</b>	<u>\$ 40,070</u>	<u>\$ 5,000</u>	<u>\$ 45,070</u>

**The Detroit Creativity Project  
Statement of Cash Flows  
For the Year Ended December 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$	2,927
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts payable and accrued expenses		<u>2,034</u>
Net cash provided by operating activities		<u>4,961</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>		<u>42,542</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$</b>	<b><u><u>47,503</u></u></b>

**The Detroit Creativity Project**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**

	Program	Management and general	Fundraising	Total
Awards and grants	\$ 47,156	\$ -	\$ -	\$ 47,156
Insurance	-	1,986	-	1,986
Marketing expense	-	4,975	1,120	6,095
Office expenses and supplies	305	1,238	-	1,543
Other program expenses	5,302	-	-	5,302
Professional services (donated)	4,000	-	-	4,000
Professional services	1,719	7,238	-	8,957
Rent expense (donated)	2,400	-	-	2,400
Rent expense	-	240	795	1,035
Travel expense	915	652	727	2,294
<b>Total expenses</b>	<b>\$ 61,797</b>	<b>\$ 16,329</b>	<b>\$ 2,642</b>	<b>\$ 80,768</b>

**The Detroit Creativity Project**  
**Notes to Financial Statements**  
December 31, 2015

**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 at no charge during the fall and spring school semesters to teach middle and high school students in Detroit the art of improvisation. These students represent a broad cross section of ethnicities and incomes, and come from neighborhoods across Detroit. Since 2012, the program has trained over 1,600 students to improvise.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of DCP have been prepared on the accrual basis of accounting to 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 of DCP and changes therein have been classified and are reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations; donor-restricted contributions whose restrictions are met in the same reporting period; and net assets designated by the Board of Trustees or management for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of DCP and/or by the expiration of stipulated time. Currently, DCP has no temporarily restricted net assets.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by DCP. Generally, the donors of these assets permit DCP to use all or part of the income earned on related investments for general or specific purposes. Currently, DCP has no permanently restricted net assets.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash in checking and savings accounts.

**Revenue and Expense Recognition**

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

**The Detroit Creativity Project**  
**Notes to Financial Statements**  
December 31, 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants and Contributions**

Contributions that constitute unconditional promises to give are recorded as receivables and revenues. For financial reporting purposes, DCP distinguishes between contributions of unrestricted assets, temporarily restricted assets and permanently restricted assets. 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, temporarily restricted net assets are reclassified to unrestricted net assets 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 permanently restricted assets. Although restricted contributions typically are reported as support that increases restricted net assets, 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.

**Donated Services**

DCP recorded in-kind contributions of various services. Donated services are recognized at fair value if the services received (a) created 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. DCP received donated services from artists for performing in DCP's special events during the year ended December 31, 2015, with a fair value on the dates of donation of \$4,000.

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 year ended December 31, 2015, two organizations accounted for approximately 30% of the total contribution revenues.

**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 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 returns are subject to examination by federal and state taxing authorities generally three and four years, respectively, after they are filed.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**The Detroit Creativity Project**  
**Notes to Financial Statements**  
December 31, 2015

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

The costs of providing the program and supporting activities of DCP have been summarized on a functional basis in the statement 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 July 7, 2016, the date the financial statements were available to be issued.

**3. TEMPORARILY RESTRICTED NET ASSETS**

At December 31, 2015, temporarily restricted net assets of \$5,000 were available for the purposes of education workshops and new curriculum development. During the year ended December 31, 2015, \$2,000 was released from donor restrictions by incurring such expenses.

**4. COMMITMENT**

In July 2015, DCP entered into a twenty-four-month agreement with University of Michigan ("UM") to evaluate DCP's Improv Project. The agreement expires in July 2017 unless cancelled by either party with advance notice of at least ninety days. In the event of early termination by DCP, DCP shall pay all costs accrued by UM as of the date of termination and incurred prior to the effective date of termination. As of December 31, 2015, the total commitment of DCP for the year ending December 31, 2016 related to this agreement is \$6,090.