

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

FINANCIAL STATEMENTS

December 31, 2021 and 2020

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

CONTENTS

INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
NOTES TO FINANCIAL STATEMENTS	8



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

May 9, 2022

To the Board of Directors
The Detroit Creativity Project

Report on the Financial Statements

We have reviewed the accompanying financial statements of The Detroit Creativity Project ("DCP", a California non-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, as well as the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of DCP's 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

DCP's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"); 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.

Accountant's 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 U.S. GAAP. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of DCP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our review.

Board of Directors
The Detroit Creativity Project
May 9, 2022
Page Two

INDEPENDENT ACCOUNTANT'S REVIEW REPORT (CONTINUED)

Accountant's 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 U.S. GAAP.

Prior-Year Financial Statements

The financial statements of DCP as of, and for the year ended, December 31, 2020 were reviewed by other accountants whose report dated March 12, 2021 stated that, based on their procedures, they were not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with U.S. GAAP.

George Johnson & Company

CERTIFIED PUBLIC ACCOUNTANTS
Detroit, Michigan

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 122,489	\$ 151,937
Contributions receivable (no allowance considered necessary)	1,275	4,940
Prepaid expenses	3,891	-0-
	<u>3,891</u>	<u>-0-</u>
Total Assets	<u>\$ 127,655</u>	<u>\$ 156,877</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued payroll and related liabilities	\$ 780	\$ -0-
	<u>780</u>	<u>-0-</u>
Total Liabilities	<u>780</u>	<u>-0-</u>
Net Assets:		
Net assets without donor restrictions	109,789	142,586
Net assets with donor restrictions (Note B)	17,086	14,291
	<u>17,086</u>	<u>14,291</u>
Total Net Assets	<u>126,875</u>	<u>156,877</u>
Total Liabilities and Net Assets	<u>\$ 127,655</u>	<u>\$ 156,877</u>

See accountant's report and notes to financial statements.

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Gains:						
Contributions and grants	\$ 111,928	\$ 47,800	\$ 159,728	\$ 139,418	\$ 14,291	\$ 153,709
Special events, net (Note A)	12,152		12,152	28,690		28,690
In-kind contributions	594		594	5,199		5,199
Program income	6,920		6,920	685		685
Interest income	52		52	197		197
Other income	3,891		3,891			-0-
Gain on sale of donated stock			-0-	133		133
Net assets released from restrictions (Note B)	45,005	(45,005)	-0-	7,720	(7,720)	-0-
Total Revenue and Gains	180,542	2,795	183,337	182,042	6,571	188,613
Expenses:						
Program services	191,835		191,835	228,352		228,352
Supporting services:						
Management and general	18,138		18,138	23,134		23,134
Fund raising	3,366		3,366	4,328		4,328
Total Supporting Services	21,504	-0-	21,504	27,462	-0-	27,462
Total Expenses	213,339	-0-	213,339	255,814	-0-	255,814
Change in Net Assets	(32,797)	2,795	(30,002)	(73,772)	6,571	(67,201)
Net Assets, Beginning of Year	142,586	14,291	156,877	216,358	7,720	224,078
Net Assets, End of Year	\$ 109,789	\$ 17,086	\$ 126,875	\$ 142,586	\$ 14,291	\$ 156,877

See accountant's report and notes to financial statements.

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

**For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)**

	<u>2021</u>				<u>Total Expenses</u>	
	<u>Supporting Services</u>				<u>2021</u>	<u>2020</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>		
Salaries and wages	\$ 31,335	\$ -0-	\$ -0-	\$ -0-	\$ 31,335	\$ -0-
Payroll taxes	3,599				3,599	-0-
Direct program support	132,021				132,021	185,774
Other program support	12,720				12,720	26,758
Professional services	9,719	12,148	2,430	14,578	24,297	32,122
Insurance	1,021	1,021	226	1,247	2,268	1,942
Office expenses	1,420	4,969	710	5,679	7,099	8,204
Other expenses					-0-	1,014
Total Expenses	\$ 191,835	\$ 18,138	\$ 3,366	\$ 21,504	\$ 213,339	\$ 255,814

See accountant's report and notes to financial statements.

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	
Direct program support	\$ 185,774	\$ -0-	\$ -0-	\$ -0-	\$ 185,774
Other program support	26,758				26,758
Professional services	12,849	16,061	3,212	19,273	32,122
Insurance	874	874	194	1,068	1,942
Office expenses	1,641	5,743	820	6,563	8,204
Other expenses	456	456	102	558	1,014
Total Expenses	<u>\$ 228,352</u>	<u>\$ 23,134</u>	<u>\$ 4,328</u>	<u>\$ 27,462</u>	<u>\$ 255,814</u>

See accountant's report and notes to financial statements.

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (30,002)	\$ (67,201)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Gain on sale of donated stock	-0-	(133)
Donation of stock at fair value	-0-	(7,363)
Change in:		
Contributions receivable	3,665	60
Prepaid expenses	(3,891)	-0-
Accrued payroll and related liabilities	780	-0-
Net Cash Flows from Operating Activities	<u>(29,448)</u>	<u>(74,637)</u>
Cash Flows from Investing Activities:		
Proceeds on sale of donated stock	-0-	7,496
Net Cash Flows from Investing Activities	<u>-0-</u>	<u>7,496</u>
Change in Cash and Cash Equivalents	(29,448)	(67,141)
Cash and Cash Equivalents, Beginning of Year	<u>151,937</u>	<u>219,078</u>
Cash and Cash Equivalents, End of Year	<u>\$ 122,489</u>	<u>\$ 151,937</u>

See accountant's report and notes to financial statements.

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose

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 and educators 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 poverty measures.

In the fourth quarter of 2021, DCP began employing all of its program staff directly, rather than sharing staff as it had done in 2020 and all prior years.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

DCP reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Tax-Exempt Status

DCP has been classified by the Internal Revenue Service (“IRS”) as a non-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Additionally, DCP has been classified by the IRS as an organization that is not a private foundation. DCP’s management is not aware of any uncertain tax positions or unrecognized tax benefits as of December 31, 2021 or 2020.

DCP is registered as a foreign corporation and a charitable trust in the State of Michigan.

See accountant’s report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Contributions and Grants

Contributions and grants received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. DCP reports contributions and grants of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 are reported in the statements of activities as net assets released from restrictions. Conditional contributions and grants are not recorded as support until the condition is met, at which time they become unconditional.

In-Kind Contributions

Contributed services and contributed goods are recognized at their fair value. Contributed services are recognized if the services received create or enhance nonfinancial assets or involve specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed. During the years ended December 31, 2021 and 2020, DCP received contributed professional services and contributed services from artists for performances, as well as contributed goods.

Directors and officers have contributed significant amounts of time and services to develop DCP and its programs. These services have not been recognized in the financial statements because they do not create or enhance nonfinancial assets or involve specialized skills.

Revenue Recognition

Revenue is measured based upon the consideration specified in a contract with a customer at the time when the related performance obligation is satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service, or a series of distinct goods or services, to the customer. DCP recognizes revenue when a performance obligation is satisfied by transferring control over a product or service to a customer. For program and other income, DCP has determined control to be transferred at a point in time when the goods or services are provided to the customer.

See accountant's report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

DCP allocates its expenses on a functional basis to its program services and supporting services. The allocation is based on a reasonable and consistent basis upon the estimated benefit received by each function. Costs directly attributable to a program or supporting service are recorded in the appropriate function.

Fair Value Measurements

DCP 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. DCP utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, DCP applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy, based on the inputs to the valuation technique. 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 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 DCP 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

See accountant's report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

The use of observable market data, when available, is required 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.

As of December 31, 2021 and 2020, DCP does not have any financial assets or liabilities subject to being classified in any of the aforementioned categories.

Special Events

Special event revenue is reported net of direct expenses. For the years ended December 31, 2021 and 2020, direct expenses were \$442 and \$18,255, respectively.

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.

Cash Equivalents

For purposes of the statements of cash flows, DCP considers all short-term securities with original maturities of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject DCP to concentrations of credit risk consist principally of cash, cash equivalents, and contributions receivable.

See accountant's report.

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk (continued)

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed the federally insured limit of \$250,000 per depositor at each financial institution. Cash and cash equivalents on deposit did not exceed the federally insured limit as of December 31, 2021. Contributions receivable are due from various individuals and corporations, made primarily online.

Reclassifications

Certain reclassifications have been made to the accompanying financial statements as of, and for the year ended, December 31, 2020 to conform to classifications used as of, and for the year ended, December 31, 2021.

Subsequent Events

DCP has evaluated subsequent events through May 9, 2022, the date that the accompanying financial statements were available to be issued.

NOTE B — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as of December 31, 2021 and 2020 for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Restricted for specific purposes:		
The Improv Project programs	\$ -0-	\$ 5,000
Integrated English Language Arts programs	-0-	4,351
Youth-Led Production Studio program	17,086	-0-
	17,086	9,351
Restricted for use in future periods	-0-	4,940
	<u>\$ 17,086</u>	<u>\$ 14,291</u>

See accountant's report.

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

NOTE B — NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets 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>
Purpose restrictions accomplished for the following purposes:		
The Improv Project programs	\$ 10,200	\$ -0-
Integrated English Language Arts programs	24,351	2,720
Youth-Led Production Studio program	<u>5,514</u>	<u>-0-</u>
	40,065	2,720
Time restrictions expired by passage of specified time	<u>4,940</u>	<u>5,000</u>
	<u><u>\$ 45,005</u></u>	<u><u>\$ 7,720</u></u>

NOTE C — LIQUIDITY AND AVAILABILITY OF RESOURCES

DCP has the following financial assets available for general expenditures within one year as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 122,489	\$ 151,937
Contributions receivable	<u>1,275</u>	<u>4,940</u>
Total Financial Assets	123,764	156,877
Less:		
Assets with donor restrictions for specific purposes	<u>(17,086)</u>	<u>(9,351)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u><u>\$ 106,678</u></u>	<u><u>\$ 147,526</u></u>

See accountant's report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

NOTE C — LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

DCP has certain donor-restricted assets that are to be used for specific purposes. Therefore, these assets are not considered to be available for general expenditures within the next year. DCP has a policy to manage its liquidity following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. DCP works to structure its financial assets to be available as general expenditures and other obligations become due.

NOTE D — CONTINGENCIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date that the accompanying financial statements were available to be issued. As such, it is uncertain as to the full magnitude that the pandemic will have on DCP’s financial condition, liquidity, and future results of operations. DCP’s operations are dependent on private and public donations from individuals, foundations, and corporations. The COVID-19 outbreak may have a continued impact on economic and market conditions.

As of the date of issuance of the financial statements, DCP’s operations have not been significantly impacted, but DCP’s management continues to monitor the situation.

NOTE E — NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, in February 2016. ASU 2016-02 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under ASU 2016-02 retains two types of leases: finance leases, which are to be accounted for in substantially the same manner as the existing accounting for capital leases, and operating leases, which are to be accounted for (both in the statement of activities and the statement of cash flows) in a manner consistent with existing accounting for operating leases.

See accountant’s report.

THE DETROIT CREATIVITY PROJECT
(A California Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

NOTE E — NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

ASU 2016-02 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 applies to DCP's financial statements for the year ending December 31, 2022, with earlier implementation permitted. DCP's management has not determined the impact on its financial statements as a result of implementing ASU 2016-02.

The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in September 2020. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash and other financial assets in the statement of activities. This ASU also requires expanded disclosures regarding the types, uses, policies, valuation techniques, and donor restrictions related to contributed nonfinancial assets. ASU 2020-07 applies to DCP's financial statements for the year ending December 31, 2022, with earlier implementation permitted, and is to be applied retrospectively. DCP's management has not determined the impact on its financial statements as a result of implementing ASU 2020-07.

See accountant's report.