

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

FINANCIAL STATEMENTS

December 31, 2022 and 2021



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

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

May 12, 2023

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 statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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.

Bank America Tower
110 N. Wacker Drive
Suite 2500
Chicago, Illinois 60606
Tel: (872) 465-1330
Fax: (833) 452-2727

PNC Center
201 E. Fifth Street
Suite 1900-1239
Cincinnati, Ohio 45202
Tel: (513) 766-9415
Fax: (833) 452-2727

Buhl Building
535 Griswold Street
Suite 1200
Detroit, Michigan 48226
Tel: (313) 965-2655
Fax: (833) 452-2727

Board of Directors
The Detroit Creativity Project
May 12, 2023
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT (CONTINUED)

Accountant's Responsibility (continued)

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 reviews.

Accountant's 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 U.S. GAAP.

Emphasis of Matter — Adoption of New Accounting Pronouncements

As discussed in Note A, effective January 1, 2022, DCP has adopted the provisions contained in Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, and ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our conclusion is not modified with respect to that matter.

GJC CPAs & Advisors

Detroit, Michigan

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 103,921	\$ 122,489
Contributions receivable (no allowance considered necessary)	55,698	1,275
Prepaid expenses	4,889	3,891
	<u> </u>	<u> </u>
Total Assets	<u>\$ 164,508</u>	<u>\$ 127,655</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 1,800	\$ -0-
Accrued payroll and related liabilities	1,782	780
	<u> </u>	<u> </u>
Total Liabilities	<u>3,582</u>	<u>780</u>
Net Assets:		
Net assets without donor restrictions	108,841	109,789
Net assets with donor restrictions (Note B)	52,085	17,086
	<u> </u>	<u> </u>
Total Net Assets	<u>160,926</u>	<u>126,875</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 164,508</u>	<u>\$ 127,655</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, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Contributions and grants	\$ 154,754	\$ 65,000	\$ 219,754	\$ 111,928	\$ 47,800	\$ 159,728
Special events, net (Note A)	19,684		19,684	12,152		12,152
In-kind contributions (Note C)	20,875		20,875	594		594
Program income	5,582		5,582	6,920		6,920
Interest income	163		163	52		52
Other income			-0-	3,891		3,891
Net assets released from restrictions (Note B)	30,001	(30,001)	-0-	45,005	(45,005)	-0-
Total Revenue	231,059	34,999	266,058	180,542	2,795	183,337
Expenses:						
Program services	195,829		195,829	191,835		191,835
Supporting services:						
Management and general	28,250		28,250	18,138		18,138
Fundraising	7,928		7,928	3,366		3,366
Total Supporting Services	36,178	-0-	36,178	21,504	-0-	21,504
Total Expenses	232,007	-0-	232,007	213,339	-0-	213,339
Change in Net Assets	(948)	34,999	34,051	(32,797)	2,795	(30,002)
Net Assets, Beginning of Year	109,789	17,086	126,875	142,586	14,291	156,877
Net Assets, End of Year	\$ 108,841	\$ 52,085	\$ 160,926	\$ 109,789	\$ 17,086	\$ 126,875

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, 2022
(With Comparative Totals for the Year Ended December 31, 2021)**

	<u>2022</u>				<u>Total Expenses</u>	
	<u>Supporting Services</u>				<u>2022</u>	<u>2021</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>		
Salaries and wages	\$ 150,118	\$ 2,077	\$ -0-	\$ 2,077	\$ 152,195	\$ 31,335
Payroll taxes	14,317	87		87	14,404	3,599
Direct program support	18,633				18,633	132,021
Other program support	7,083				7,083	12,720
Professional services	1,250	19,257	6,753	26,010	27,260	24,297
Insurance	872	768	105	873	1,745	2,268
Office expenses	1,002	3,507	502	4,009	5,011	7,099
Travel	2,554	2,554	568	3,122	5,676	-0-
Total Expenses	\$ 195,829	\$ 28,250	\$ 7,928	\$ 36,178	\$ 232,007	\$ 213,339

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, 2021

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

See accountant's report and notes to financial statements.

THE DETROIT CREATIVITY PROJECT
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STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 34,051	\$ (30,002)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in:		
Contributions receivable	(54,423)	3,665
Prepaid expenses	(998)	(3,891)
Accounts payable	1,800	-0-
Accrued payroll and related liabilities	1,002	780
	<u>(18,568)</u>	<u>(29,448)</u>
Net Cash Flows from Operating Activities	(18,568)	(29,448)
Change in Cash and Cash Equivalents	(18,568)	(29,448)
Cash and Cash Equivalents, Beginning of Year	<u>122,489</u>	<u>151,937</u>
Cash and Cash Equivalents, End of Year	<u>\$ 103,921</u>	<u>\$ 122,489</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, 2022 and 2021

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.

Basis of Accounting

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

Adoption of New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a term of 12 months or less. The lessee accounting model under ASU 2016-02 retains two types of leases:

- Finance leases, which are accounted for in substantially the same manner as the accounting for capital leases under previous guidance
- Operating leases, which are accounted for (both in the statement of activities and in the statement of cash flows) in a manner consistent with the accounting for operating leases under previous guidance

ASU 2016-02 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. DCP adopted the provisions of ASU 2016-02 as of January 1, 2022, using the retrospective approach. DCP elected the package of practical expedients permitted under the transition guidance within this standard which, among other matters, allowed DCP to carry forward the historical lease classifications. The adoption of ASU 2016-02 did not have a material impact on DCP’s net assets or financial statements.

See accountant’s report.

THE DETROIT CREATIVITY PROJECT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022 and 2021

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

Adoption of New Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash and other financial assets in the statement of activities. ASU 2020-07 also requires expanded disclosures regarding the types, uses, policies, valuation techniques, and donor restrictions related to contributed nonfinancial assets. DCP adopted the provisions of ASU 2020-07 as of January 1, 2022. These provisions have been retroactively applied to the disclosures in the accompanying financial statements as of, and for the year ended, December 31, 2022. The adoption of this pronouncement did not impact DCP's net assets.

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, 2022 or 2021.

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

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.

See accountant's report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022 and 2021

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

In-Kind Contributions

Contributed services and 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.

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.

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.

See accountant's report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022 and 2021

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

Fair Value Measurements (continued)

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

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, 2022 and 2021, 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, 2022 and 2021, direct expenses were \$17,354 and \$442, respectively.

See accountant's report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022 and 2021

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

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.

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, 2022. Contributions receivable are due from various individuals and corporations, made primarily online.

Subsequent Events

DCP has evaluated subsequent events through May 12, 2023, the date that the accompanying financial statements were available to be issued.

See accountant's report.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022 and 2021

NOTE B — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as of December 31, 2022 and 2021 for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Restricted for specific purposes:		
The Improv Project programs	\$ 32,085	\$ -0-
Youth-Led Production Studio program	<u>-0-</u>	<u>17,086</u>
	32,085	17,086
Restricted for use in future periods	<u>20,000</u>	<u>-0-</u>
	<u>\$ 52,085</u>	<u>\$ 17,086</u>

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>2022</u>	<u>2021</u>
Purpose restrictions accomplished for the following purposes:		
Youth-Led Production Studio program	\$ 17,086	\$ 5,514
Integrated English Language Arts programs	12,375	24,351
The Improv Project programs	<u>540</u>	<u>10,200</u>
	30,001	40,065
Time restrictions expired by passage of specified time	<u>-0-</u>	<u>4,940</u>
	<u>\$ 30,001</u>	<u>\$ 45,005</u>

See accountant's report.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022 and 2021

NOTE C — IN-KIND CONTRIBUTIONS

In-kind contributions, including the usage of those contributions, are summarized as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Usage</u>
Services	\$ 15,906	\$ 495	Program and supporting services
Travel	4,193	-0-	Board retreat
Goods and materials	551	99	Special events
Facilities	225	-0-	Special events
	<u>\$ 20,875</u>	<u>\$ 594</u>	

In-kind contributions of services for the year ended December 31, 2022 include \$12,942 in consulting services donated by DCP's new provider of accounting services as part of the transition of those services in 2022.

In-kind contributions were valued using estimated average prices of identical or similar products, services, or facilities using pricing data of similar products, services, or facilities under a "like-kind" methodology, considering the utility of the services, travel, goods, and facilities at the time of the contribution. No in-kind contributions were received with donor restrictions. DCP does not sell donated gifts and only uses donated services, travel, goods, and facilities for its own program or supporting service activities.

See accountant's report.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2022 and 2021

NOTE D — LIQUIDITY AND AVAILABILITY OF RESOURCES

DCP has the following financial assets available for general expenditures within one year as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and cash equivalents	\$ 103,921	\$ 122,489
Contributions receivable	<u>55,698</u>	<u>1,275</u>
Total Financial Assets	159,619	123,764
Less:		
Assets with donor restrictions for specific purposes	<u>(32,085)</u>	<u>(17,086)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 127,534</u>	<u>\$ 106,678</u>

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.

See accountant's report.