

THE DETROIT CREATIVITY PROJECT

FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

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

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
The Detroit Creativity Project

We have reviewed the accompanying financial statements of The Detroit Creativity Project (a California nonprofit organization) (DCP), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flow 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 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

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; 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 AICPA. 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.

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

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 accounting principles generally accepted in the United States of America.

Report on 2022 Financial Statements

The financial statements of DCP as of December 31, 2022, were reviewed by other accountants whose report dated May 12, 2023 stated that based on their procedures they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Alan C. Young & Assoc.

Detroit, Michigan
May 21, 2024

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

Statements of Financial Position
December 31, 2023 and 2022

ASSETS	2023	2022
Current Assets		
Cash and Cash Equivalents (Note 3)	\$ 40,097	\$ 103,921
Pledges and Grants Receivable	43,131	55,698
Prepaid Expenses	5,312	4,889
Total Current Assets	<u>88,540</u>	<u>164,508</u>
 Total Assets	 <u>\$ 88,540</u>	 <u>\$ 164,508</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 403	\$ 1,800
Accrued Expenses	2,226	1,782
Total Current Liabilities	<u>2,629</u>	<u>3,582</u>
 Net Assets		
Without Donor Restrictions	36,833	108,841
With Donor Restrictions (Note 4)	49,078	52,085
Total Net Assets	<u>85,911</u>	<u>160,926</u>
 Total Liabilities and Net Assets	 <u>\$ 88,540</u>	 <u>\$ 164,508</u>

See accompanying notes and independent accountant's review report.

THE DETROIT CREATIVITY PROJECT

(A California Non-Profit Corporation)

Statements of Activities Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Operating Activities						
Contributions and Grants	\$ 130,741	\$ 44,500	\$ 175,241	\$ 154,754	\$ 65,000	\$ 219,754
Special Events (Note 2)	10,077	-	10,077	19,684	-	19,684
In-Kind Contributions (Note 5)	2,502	-	2,502	20,875	-	20,875
Program Income	9,710	-	9,710	5,582	-	5,582
Interest Income	583	-	583	163	-	163
Other Income	12	-	12	-	-	-
Net Assets Released from Restrictions (Note 4)	47,507	(47,507)	-	30,001	(30,001)	-
Total Support and Revenue	201,132	(3,007)	198,125	231,059	34,999	266,058
EXPENSES						
Program Services	185,451	-	185,451	195,829	-	195,829
Support Services						
Management and General	80,974	-	80,974	28,250	-	28,250
Fundraising	6,716	-	6,716	7,928	-	7,928
Total Support Services	87,689	-	87,689	36,178	-	36,178
Total Expenses	273,140	-	273,140	232,007	-	232,007
Change in Net Assets	(72,008)	(3,007)	(75,015)	(948)	34,999	34,051
Net Assets - Beginning of Year	108,841	52,085	160,926	109,789	17,086	126,875
Net Assets - End of Year	\$ 36,833	\$ 49,078	\$ 85,911	\$ 108,841	\$ 52,085	\$ 160,926

See accompanying notes and independent accountant's review report.

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

Statements of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	2023				Total Expenses	
	Supporting Services			Total Support Services	2023 Total	2022 Total
Program Services	Management and General	Fundraising				
Salaries and Wages	\$ 132,434	\$ 58,044	\$ -	\$ 58,044	\$ 190,478	\$ 152,195
Payroll Taxes	12,345	5,061	-	5,061	17,406	14,404
Direct Program Support	22,533	-	-	-	22,533	18,633
Other Program Support	11,927	-	-	-	11,927	7,083
Professional Services	1,352	5,900	5,039	10,939	12,291	27,260
Insurance	1,676	1,474	201	1,675	3,351	1,745
Office Expenses	2,952	10,332	1,476	11,808	14,760	5,011
Travel Expenses	232	162	-	162	394	5,676
Total Expenses	\$ 185,451	\$ 80,974	\$ 6,716	\$ 87,689	\$ 273,140	\$ 232,007

See accompanying notes and independent accountant's review report.

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

Statements of Cash Flows
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (75,015)	\$ 34,051
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Change in Operating Assets and Liabilities		
Change in Contributions Receivable	12,567	(54,423)
Change in Prepaid Expenses	(423)	(998)
Change in Accounts Payable	(1,397)	1,800
Change in Accrued Expenses	444	1,002
Net Cash Used in Operating Activities	<u>(63,824)</u>	<u>(18,568)</u>
Net Change in Cash and Cash Equivalents	(63,824)	(18,568)
Cash and Cash Equivalents, Beginning of Year	<u>103,921</u>	<u>122,489</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 40,097</u></u>	<u><u>\$ 103,921</u></u>

See accompanying notes and independent accountant's review report.

THE DETROIT CREATIVITY PROJECT

(A California Non-Profit Corporation)

Notes to the Financial Statements
December 31, 2023 and 2022

1) DESCRIPTION OF THE REPORTING ENTITY

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 classes in digital media, social/emotional learning, 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.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting

The financial statements of DCP have been prepared on the accrual basis of accounting and are in conformance with the American Institute of Certified Public Accountants' Audit Guide for Certain Nonprofit Organizations.

Contributions

In accordance with generally accepted accounting principles, contributions received are recorded according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of DCP. These net assets may be used at the discretion of DCP's governing board and be designated by the Board for specified purposes.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of DCP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions and grants of cash and other assets are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and 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.

THE DETROIT CREATIVITY PROJECT

(A California Non-Profit Corporation)

Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

2) 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.

Cash and 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.

Concentrations 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, 2023 and 2022. Contributions receivable are due from various individuals and corporations, made primarily online.

THE DETROIT CREATIVITY PROJECT

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Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Accounting standards establish a framework for measuring fair value, which includes a hierarchy based on the quality of inputs used to measure fair value and provides specific disclosure requirements based on the hierarchy. The standards also require the categorization of financial assets and liabilities, based on the inputs to valuation technique, into a three-level fair value hierarchy. 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 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.

Accounting Standards require the use of observable market data, when available, 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 falls is categorized.

As of December 31, 2023 and 2022, 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 year ended December 31, 2023 and 2022, direct expenses were \$2,111 and \$17,354, respectively.

THE DETROIT CREATIVITY PROJECT

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Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional 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.

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.

Taxes

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, 2023.

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

DCP's tax returns remain open for three years for Federal income tax examination.

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.

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Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption Of 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. 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.

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.

3) CASH AND CASH EQUIVALENTS

Financial instruments which potentially subject DCP to concentration of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are held with three commercial banks. The Organization's total bank deposits at December 31, 2023 and 2022 totaled \$37,522 and \$104,772, respectively, which were fully insured by FDIC.

4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as of December 31, 2023 and 2022 for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Restricted for Specific Purposes:		
The Improv Project Programs	\$ 17,828	\$ 32,085
	17,828	32,085
Restricted for use in Future Periods	31,250	20,000
	<u>\$ 49,078</u>	<u>\$ 52,085</u>

THE DETROIT CREATIVITY PROJECT

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Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

4) 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>2023</u>	<u>2022</u>
Purpose Restrictions Accomplished for the Following Purposes :		
Youth-Led Production Studio Program	\$ -	\$ 17,086
Integrated English Language Arts Programs	10,502	12,375
The Improv Project Programs	16,710	-
Improv-Integrated SEL Programs	<u>20,295</u>	<u>540</u>
	<u>\$ 47,507</u>	<u>\$ 30,001</u>

5) IN-KIND CONTRIBUTIONS

In-kind contributions, including the usage of those contributions, are summarized as follows for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Usage</u>
Services	\$ 515	\$ 15,906	Program and Supporting Services
Travel	-	4,193	Board Retreat
Goods and Materials	1,988	551	Special Events
Facilities	-	225	Special Events
	<u>\$ 2,503</u>	<u>\$ 20,875</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. There were no such contributions in fiscal year 2023.

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.

THE DETROIT CREATIVITY PROJECT

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Notes to the Financial Statements (Continued)
December 31, 2023 and 2022

6) AVAILABILITY AND LIQUIDITY

DCP has the following financial assets available for general expenditures within one year as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial Assets :		
Cash and Cash Equivalents	\$ 40,097	\$ 103,921
Contributions Receivable	<u>43,131</u>	<u>55,698</u>
Total Financial Assets	83,228	159,619
Less :		
Assets with Donor Restrictions for Specific Purposes	<u>(49,078)</u>	<u>(32,085)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 34,150</u></u>	<u><u>\$ 127,534</u></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.

7) SUBSEQUENT EVENTS

DCP has evaluated events through May 21, 2024, the date accompanying financial statements were available to be issued. No significant subsequent event was noted that required adjustment or disclosure in the financial statements.