

THE DETROIT CREATIVITY PROJECT

FINANCIAL STATEMENTS

DECEMBER 31, 2024 and 2023

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 statements of financial position as of December 31, 2024 and 2023, 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 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 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.

Alan C. Young & Assoc.

Detroit, Michigan
June 26, 2025

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

Statements of Financial Position
December 31, 2024 and 2023

ASSETS	2024	2023
Current Assets		
Cash and Cash Equivalents (Note 3)	\$ 87,331	\$ 40,097
Pledges and Grants Receivable	23,955	43,131
Prepaid Expenses	22,341	5,312
Total Current Assets	<u>133,627</u>	<u>88,540</u>
Total Assets	<u>\$ 133,627</u>	<u>\$ 88,540</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 547	\$ 403
Accrued Expenses	3,577	2,226
Total Current Liabilities	<u>4,124</u>	<u>2,629</u>
Net Assets		
Without Donor Restrictions	83,413	36,833
With Donor Restrictions (Note 4)	46,090	49,078
Total Net Assets	<u>129,503</u>	<u>85,911</u>
Total Liabilities and Net Assets	<u>\$ 133,627</u>	<u>\$ 88,540</u>

See accompanying notes and independent accountant's review report.

THE DETROIT CREATIVITY PROJECT

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Statements of Activities

Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Operating Activities						
Contributions and Grants	\$ 246,185	\$ 68,240	\$ 314,425	\$ 130,741	\$ 44,500	\$ 175,241
Special Events (Note 2)	10,540	-	10,540	10,077	-	10,077
In-Kind Contributions (Note 5)	6,123	-	6,123	2,502	-	2,502
Program Income	6,910	-	6,910	9,710	-	9,710
Interest Income	344	-	344	583	-	583
Other Income	70	-	70	12	-	12
Net Assets Released from Restrictions (Note 4)	71,228	(71,228)	-	47,507	(47,507)	-
Total Support and Revenue	341,400	(2,988)	338,412	201,132	(3,007)	198,125
EXPENSES						
Program Services	183,273	-	183,273	185,451	-	185,451
Support Services						
Management and General	87,313	-	87,313	80,974	-	80,974
Fundraising	24,234	-	24,234	6,715	-	6,715
Total Support Services	111,547	-	111,547	87,689	-	87,689
Total Expenses	294,820	-	294,820	273,140	-	273,140
Change in Net Assets	46,580	(2,988)	43,592	(72,008)	(3,007)	(75,015)
Net Assets - Beginning of Year	36,833	49,078	85,911	108,841	52,085	160,926
Net Assets - End of Year	\$ 83,413	\$ 46,090	\$ 129,503	\$ 36,833	\$ 49,078	\$ 85,911

See accompanying notes and independent accountant's review report.

THE DETROIT CREATIVITY PROJECT

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Statement of Functional Expenses For the Year Ended December 31, 2024 (With Comparative Totals for the Year Ended December 31, 2023)

	2024			Total Support Services	2024 Total	2023 Total
	Program Services	Management and General	Fundraising			
Salaries and Wages	\$ 142,674	\$ 68,243	\$ -	\$ 68,243	\$ 210,917	\$ 190,478
Payroll Taxes	12,288	5,441	-	5,441	17,729	17,406
Direct Program Support	8,932	-	-	-	8,932	22,533
Other Program Support	12,200	-	-	-	12,200	11,927
Program Event Expense	3,942	-	642	642	4,584	-
Professional Services	973	9,241	14,105	23,346	24,319	12,291
Insurance	1,781	1,567	213	1,780	3,561	3,351
Office Expenses	355	2,721	8,756	11,477	11,832	14,760
Travel Expenses	128	100	518	618	746	394
Total Expenses	\$ 183,273	\$ 87,313	\$ 24,234	\$ 111,547	\$ 294,820	\$ 273,140

See accompanying notes and independent accountant's review report.

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

Statements of Cash Flows
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 43,592	\$ (75,015)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Change in Operating Assets and Liabilities		
Change in Contributions Receivable	19,176	12,567
Change in Prepaid Expenses	(17,029)	(423)
Change in Accounts Payable	144	(1,397)
Change in Accrued Expenses	1,351	444
Net Cash Used in (Provided by) Operating Activities	<u>47,234</u>	<u>(63,824)</u>
Net Change in Cash and Cash Equivalents	47,234	(63,824)
Cash and Cash Equivalents, Beginning of Year	<u>40,097</u>	<u>103,921</u>
Cash and Cash Equivalents, End of Year	<u>\$ 87,331</u>	<u>\$ 40,097</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, 2024 and 2023

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 Metro Detroit. 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 conditions are met, at which time they become unconditional.

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Notes to the Financial Statements (Continued)
December 31, 2024 and 2023

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, 2024, and 2023. Contributions receivable are due from various individuals and corporations, made primarily online.

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Notes to the Financial Statements (Continued)
December 31, 2024 and 2023

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, 2024, and 2023, 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, 2024, and 2023, direct expenses were \$4,584 and \$2,111, respectively.

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Notes to the Financial Statements (Continued)
December 31, 2024 and 2023

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, 2024.

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.

Leases

DCP accounts for leases in accordance with ASC 842, Leases, which requires lessees to recognize substantially all leases on the statements of financial position. A contract is assessed at inception to determine whether it is, or contains, a lease based on whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For all leases with a term of greater than 12 months, DCP recognizes a right-of-use (ROU) asset and a corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of future lease payments over the lease term, discounted using DCP's incremental borrowing rate unless the rate implicit in the lease is readily determinable. The ROU asset is initially measured at the amount of lease liability, adjusted for initial direct costs and any lease incentives received.

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Notes to the Financial Statements (Continued)
December 31, 2024 and 2023

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Leases are classified as finance leases or operating leases based on criteria defined in ASC 842. This classification affects the pattern of expense recognition in the income statement:

- Finance leases: Depreciation of the ROU asset and interest on the lease liability are recognized separately.
- Operating leases: A single lease expense is recognized on a straight-line basis over the lease term.

DCP has elected to exclude short-term leases (leases with a term of 12 months or less and no purchase option reasonably certain to be exercised) from statement of financial position recognition. Lease payments associated with these short-term leases are recognized on a straight-line basis as lease expense over the lease term.

DCP has also elected the practical expedient to not separate lease and non-lease components for all classes of underlying assets. Lease modifications are accounted for as new leases if they result in a change in the scope or consideration of the lease that was not originally contemplated. Lease terms and discount rates are reassessed when there is a significant event or change in circumstances.

Allowance for Credit losses

DCP accounts for its financial assets held at amortized cost, including pledges and grants receivable, in accordance with ASC 326, *Financial Instruments – Credit Losses*. DCP evaluates these assets collectively based on shared risk characteristics and estimates expected credit losses over the life of the assets using a historical loss rate method, adjusted for current conditions and reasonable and supportable forecasts.

Based on this evaluation, management has determined that an allowance for credit losses was not necessary as of December 31, 2024, as DCP has not experienced significant historical losses, and no forward-looking indicators suggest future losses are probable.

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, 2024 and 2023 totaled \$87,331 and \$37,522, respectively, which were fully insured by FDIC.

THE DETROIT CREATIVITY PROJECT

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Notes to the Financial Statements (Continued)
December 31, 2024 and 2023

4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available as of December 31, 2024 and 2023 for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Restricted for Specific Purposes:		
The Improv Project Programs	\$ 36,090	\$ 17,828
	<u>36,090</u>	<u>17,828</u>
Restricted for use in Future Periods	<u>10,000</u>	<u>31,250</u>
	<u>\$ 46,090</u>	<u>\$ 49,078</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors, as follows:

	<u>2024</u>	<u>2023</u>
Purpose Restrictions Accomplished for the Following Purposes :		
Time Restrictions	\$ 21,250	\$ -
Integrated English Language Arts Programs	10,238	10,502
The Improv Project Programs	19,240	16,710
Improv-Integrated SEL Programs	<u>20,500</u>	<u>20,295</u>
	<u>\$ 71,228</u>	<u>\$ 47,507</u>

5) IN-KIND CONTRIBUTIONS

In-kind contributions, including the usage of those contributions, are summarized as follows for the year ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>	<u>Usage</u>
Services	\$ 250	\$ 515	Program and Supporting Services
Goods and Materials	2,882	1,988	Special Events
Facilities	2,991	-	Special Events
	<u>\$ 6,123</u>	<u>\$ 2,503</u>	

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Notes to the Financial Statements (Continued)
December 31, 2024 and 2023

5) IN-KIND CONTRIBUTIONS (Continued)

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.

6) AVAILABILITY AND LIQUIDITY

DCP has the following financial assets available for general expenditures within one year as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 87,331	\$ 40,097
Contributions Receivable	<u>23,955</u>	<u>43,131</u>
Total Financial Assets	111,286	83,228
Less :		
Assets with Donor Restrictions for Specific Purposes	<u>(46,090)</u>	<u>(49,078)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 65,196</u></u>	<u><u>\$ 34,150</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

The Organization has evaluated subsequent events through June 26, 2025, the date the financial statements were available to be issued.

In April 2025, the Organization approved and implemented a change to its executive compensation structure. As part of this change, the Executive Director role transitioned from a compensated position to a volunteer, non-compensated position. This change is expected to result in a material reduction in administrative expenses and may have a significant impact on the Organization's financial position and results of operations for the third and fourth quarters of fiscal year 2025.