Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Consolidated Financial Statements

December 31, 2019 and 2018

Independent Auditors' Report

To the Board of Directors of
Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation (the Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 25 through 27 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Southfield, Michigan
April 30, 2020

Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Consolidated Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 667,640	$ 806,272
Accounts receivable, net	22,448	44,929
Interest receivable	7,130	7,130
Pledges receivable, net of long-term portion	273,883	110,638
Grants receivable	500,000	1,059,243
Prepaid expenses	7,808	21,861
Total current assets	1,478,909	2,050,073
Property and Equipment, Net	15,667,413	15,815,137
Other Assets		
Restricted cash	708,330	2,489,305
Notes receivable	7,516,400	7,516,400
Pledges receivable, net of current portion and discount	1,120	10,178
Beneficial interest	28,797	25,468
Total other assets	8,254,647	10,041,351
Total assets	$ 25,400,969	$ 27,906,561
Liabilities and Net Assets		
Current Liabilities		
Line of credit	$ 39,370	$ 43,148
Accounts payable	82,630	1,381,010
Accrued payroll and other expenses	127,699	74,110
Deferred revenue	84,626	74,060
Related party note	200,025	200,025
Other current liabilities	5,151	-
Total current liabilities	539,501	1,772,353
Long-Term Debt, Net of Debt Issuance Costs	12,608,741	13,363,716
Total liabilities	13,148,242	15,136,069
Net Assets		
Without donor restrictions	11,150,939	11,377,374
With donor restrictions	1,101,788	1,393,118
Total net assets	12,252,727	12,770,492
Total liabilities and net assets	$ 25,400,969	$ 27,906,561

See notes to consolidated financial statements

Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Consolidated Statements of Activities
Years Ended December 31, 2019 and 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2019 Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2018 Total
Public Support						
Contributions and grants	$ 1,758,027	$ 694,217	$ 2,452,244	$ 981,753	$ 3,611,935	$ 4,593,688
In-kind contributions	323,470	-	323,470	331,343	-	331,343
Special events	769,991	-	769,991	994,956	-	994,956
Net assets released from restriction	985,547	(985,547)	-	6,417,682	(6,417,682)	-
Total public support	3,837,035	(291,330)	3,545,705	8,725,734	(2,805,747)	5,919,987
Revenue						
Program fees	204,592	-	204,592	236,495	-	236,495
Interest income	95,405	-	95,405	87,461	-	87,461
Net investment income	4,662	-	4,662	(1,228)	-	(1,228)
Rental income	223,387	-	223,387	97,924	-	97,924
Other	26,451	-	26,451	23,646	-	23,646
Total revenue	554,497	-	554,497	444,298	-	444,298
Total public support and revenue	4,391,532	(291,330)	4,100,202	9,170,032	(2,805,747)	6,364,285
Expenses						
Program services						
Athletic programs	2,928,891	-	2,928,891	3,684,077	-	3,684,077
Education and leadership programs	90,450	-	90,450	-	-	-
Kids at the Corner Redevelopment	327,877	-	327,877	231,772	-	231,772
Total program services	3,347,218	-	3,347,218	3,915,849	-	3,915,849
Management and general (other)	487,742	-	487,742	575,610	-	575,610
Event and sales management (management and general)	181,800	-	181,800	161,333	-	161,333
Fundraising	601,207	-	601,207	645,495	-	645,495
Total expenses	4,617,967	-	4,617,967	5,298,287	-	5,298,287
Change in net assets	(226,435)	(291,330)	(517,765)	3,871,745	(2,805,747)	1,065,998
Net Assets, Beginning	11,377,374	1,393,118	12,770,492	7,505,629	4,198,865	11,704,494
Net Assets, Ending	$ 11,150,939	$ 1,101,788	$ 12,252,727	$ 11,377,374	$ 1,393,118	$ 12,770,492

See notes to consolidated financial statements

Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	$ (517,765)	$ 1,065,998
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	465,310	355,264
Net unrealized loss (gain) on beneficial interest	(4,662)	1,228
Amortization of debt issuance costs included in interest expense	94,868	95,945
(Recovery of) Provision for bad debts for accounts receivable	(2,255)	37,842
Cash collections on contributions and grants pertaining to Kids at the Corner Redevelopment	(252,153)	(850,266)
Changes in assets and liabilities:		
Accounts receivable	(1,116,715)	1,562
Pledges receivable	97,966	(1,550,085)
Grants receivable	559,243	(1,216,229)
Prepaid expenses	14,053	6,462
Accounts payable	(1,298,380)	(3,195,447)
Other payables	-	(8,714)
Accrued payroll and other expenses	53,589	5,208
Deferred revenue	10,566	(332,945)
Other current liabilities	5,151	-
Net cash flows used in operating activities	(1,891,184)	(5,584,177)
Cash Flows from Investing Activities		
Purchase of property and equipment	(317,586)	(2,138,681)
Proceeds from disposition of beneficial interest	1,333	1,449
Net cash flows used in investing activities	(316,253)	(2,137,232)
Cash Flows from Financing Activities		
Proceeds from long-term debt	-	2,650,633
Principal payments on long-term debt	(849,843)	(800,000)
Proceeds from pledges receivable	300,000	1,788,030
Proceeds from grants receivable	841,451	2,362,461
Payments on line of credit, net	(3,778)	-
Net cash flows from financing activities	287,830	6,001,124
Net change in cash and cash equivalents	(1,919,607)	(1,720,285)
Total Cash and Cash Equivalents, Beginning	3,295,577	5,015,862
Total Cash and Cash Equivalents, Ending	$ 1,375,970	$ 3,295,577

See notes to consolidated financial statements

Total Cash and Cash Equivalents		
Cash and cash equivalents	$ 667,640	$ 806,272
Restricted cash	708,330	2,489,305
Ending cash and restricted cash	$ 1,375,970	$ 3,295,577
Supplemental Cash Flow Disclosures		
Cash paid for interest, including capitalized interest of $197,163 and $167,382, respectively	$ 274,919	$ 286,799
Noncash Investing and Financing Activities		
Purchase of property and equipment included in accounts payable	$ -	$ 1,298,591

Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Athletic Programs	Education and Leadership Programs	Kids at the Corner Redevelopment	Total Program	Management and General (Other)	Event and Sales Management (Management and General)	Fundraising	Total
Salaries and wages	$ 997,064	$ 49,892	$ -	$ 1,046,956	$ 350,998	$ 14,598	$ 289,546	$ 1,702,098
In-kind expenses	260,906	-	-	260,906	-	-	62,564	323,470
Facility rental and maintenance	137,241	638	-	137,879	2,553	10,211	1,915	152,558
Supplies	163,316	396	154	163,866	7,553	879	4,991	177,289
Contractual services	435,961	27,818	25,875	489,654	63,548	72,832	134,011	760,045
Equipment rental and repairs	90,970	1,875	3,083	95,928	6,028	6,202	22,115	130,273
Insurance	70,012	2,698	-	72,710	10,600	5,891	1,105	90,306
Travel	64,343	2,020	-	66,363	151	-	20	66,534
Conferences	28,224	-	9,898	38,122	2,258	31	29,388	69,799
Dues and league fees	45,134	-	1,090	46,224	2,413	-	175	48,812
Occupancy and utilities	88,332	625	-	88,957	2,502	10,007	1,903	103,369
Printing and publications	7,039	538	61	7,638	1,615	-	13,003	22,256
Bad debt expense	-	-	(26,088)	(26,088)	9,712	-	14,121	(2,255)
Postage	946	9	-	955	636	-	363	1,954
Marketing	44,728	41	9,750	54,519	165	660	7,590	62,934
Bank fees	9,351	333	46,302	55,986	3,634	4,990	4,022	68,632
Interest	-	-	257,752	257,752	5,204	-	-	262,956
Miscellaneous expenses	8,393	98	-	8,491	4,228	-	1,250	13,969
Depreciation	397,293	2,834	-	400,127	11,336	45,345	8,502	465,310
Amortization	79,638	635	-	80,273	2,539	10,154	1,902	94,868
Contingency	-	-	-	-	69	-	2,721	2,790
Total expenses	$ 2,928,891	$ 90,450	$ 327,877	$ 3,347,218	$ 487,742	$ 181,800	$ 601,207	$ 4,617,967

See notes to consolidated financial statements

Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Consolidated Statement of Functional Expenses
Year Ended December 31, 2018

	Athletic Programs	Kids at the Corner Redevelopment	Total Program	Management and General (Other)	Events and Sales Management (Management and General)	Fundraising	Total
Salaries and wages	$ 1,112,096	$ -	$ 1,112,096	$ 337,841	$ 39,901	$ 292,318	$ 1,782,156
In-kind expenses	309,731	-	309,731	1,312	-	-	311,043
Facility rental and maintenance	227,543	-	227,543	(4,508)	5,326	96,996	325,357
Supplies	186,302	-	186,302	4,062	1,708	8,804	200,876
Contractual services	529,171	-	529,171	104,850	39,930	62,608	736,559
Equipment rental and repairs	192,108	-	192,108	14,986	7,034	19,553	233,681
Insurance	86,596	-	86,596	8,327	9,517	4,181	108,621
Travel	69,147	-	69,147	6,526	-	444	76,117
Conferences	31,645	58	31,703	3,258	2,990	11,811	49,762
Dues and league fees	71,638	1,565	73,203	2,017	-	1,105	76,325
Occupancy and utilities	76,577	-	76,577	2,155	8,620	2,565	89,917
Printing and publications	7,172	-	7,172	8,854	673	10,316	27,015
Bad debt expense	21,524	11,369	32,893	2,666	-	2,283	37,842
Postage	358	-	358	1,139	-	160	1,657
Marketing	27,052	-	27,052	2,173	1,689	77,878	108,792
Bank fees	786	46,817	47,603	33,531	448	16	81,598
Interest	-	187,663	187,663	3,191	-	-	190,854
Miscellaneous expenses	344,741	(15,700)	329,041	11,101	150	43,128	383,420
Depreciation	303,572	-	303,572	9,009	33,753	8,930	355,264
Amortization	81,553	-	81,553	2,399	9,594	2,399	95,945
Contingency	4,765	-	4,765	20,721	-	-	25,486
Total expenses	$ 3,684,077	$ 231,772	$ 3,915,849	$ 575,610	$ 161,333	$ 645,495	$ 5,298,287

See notes to consolidated financial statements

1. Organization and Summary of Significant Accounting Policies

Nature of Activities

Detroit Police Athletic League, Inc. (DPAL) is a Michigan non-profit corporation which, in collaboration with the Detroit Police Department and community volunteers, builds character in young people through athletic, academic and leadership development programs.

DPAL helps children achieve their highest potential by putting volunteer role models, trained in youth development principles, in their lives as coaches of their youth sports teams, as well as by providing children with academic support and leadership training to assist them with the transitions to high school and college, and to ensure that they relentlessly set and pursue their goals for the rest of their lives.

Detroit PAL Fundraising Foundation (the Foundation) (collectively with DPAL, (the Organization) was created in June 2016 to provide philanthropic support for DPAL through solicitation, receipt, administration, and disbursement of charitable contributions for the Kids at the Corner Campaign, which is further described below. In addition, the Foundation worked with DPAL to obtain financing, including the New Market Tax Credits (NMTC). The Organization is constructing the new office and sporting facility with the financing. The business affairs of the Foundation are managed by its Board of Directors subject to and in compliance with the Articles of Incorporation and Bylaws.

Athletic Programs

The Organization operates some of the largest urban sports leagues in the nation. These programs serve more than 14,000 children each year. Studies prove that children who participate in a developmentally appropriate youth sports program, like the ones operated by the Organization:

- Are less likely to become or remain obese
- Perform better in school, are more likely to attend college, and are less likely to drop out of school or to be truant, and
- Are less likely to break the law, join gangs, or experiment with alcohol or drugs

The Organization engages in a number of other services designed to support program activities, including:

- Volunteer training and management
- Facility maintenance
- Sports registration data entry
- Communications

Seasonal sports leagues are currently offered in 12 different sports: baseball, softball, t-ball, flag football, basketball, soccer, tackle football, volleyball, track and field, golf, tennis, and cheerleading.

Academic and Leadership Development

The Organization trains all of its volunteers in appropriate techniques for using sports to teach young people leadership skills and to advocate for academic success.

The volunteer training program, called IMPACT Coaching, was designed by Organization staff and the nationally recognized Institute for the Study of Youth Sports out of Michigan State University. The Organization teaches volunteers to use "huddles" before and after games and find "coachable moments" to transfer lessons learned on the field to lessons about leadership, responsibility, and educational achievement.

Kids at the Corner Redevelopment and Campaign

The Organization has initiated the Kids at the Comer Campaign in an effort to:

> Expand its programs and organization into more Detroit communities
> Redevelop the historic Tiger Stadium into a safe and healthy playing field
> Build a prominent, permanent headquarters and training center for the Organization's 15,000 athletes, their families, and 2,000 volunteers
> Strengthen community neighborhoods by bridging the city's youths with dedicated public servants
> Positively influence and develop a new generation of leaders for Detroit, and
> Provide additional sustainable revenue from tournaments and special event space

Management and General

Supporting services consist primarily of administrative functions not directly associated with specific program activities, such as accounting, finance, human resources, and similar functions. The Organization also allocates management and general expenses related to event and sales management separately.

Fundraising

At the direction, and with the support, of the Board of Directors and its officers, two primary types of fundraising initiatives are conducted on behalf of the Organization:

> Direct solicitations of corporations, foundations, and individuals
> Special events from which the proceeds are contributed to the Organization

Principles of Presentation

The accompanying consolidated financial statements include the accounts of Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation, a subsidiary of DPAL. Significant intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

The Organization defines cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. The Organization maintains its cash in bank deposit accounts, which at times throughout the year, may exceed federally insured limits. The Organization has not experienced any losses on such accounts.

Restricted Cash

The Organization is required to maintain a separate account for funds relating to the NMTC construction project (the Project), which requires lender approval to be released. The Organization is also required to maintain separate accounts for repayment of the loan with Fifth Third Bank and payment of the management fees in accordance with bank requirements.

Pledges Receivable

Unconditional promises to give made to Organization are recorded in the year the pledge is made. Current pledges receivable are expected to be collected during the next year and are recorded at net realizable value. An allowance for uncollectible pledges receivable is determined based on experience.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restrictions.

Accounts and Grants Receivable

Accounts receivable and grants receivable are from private source grants and fees charged to athletic program participants. Accounts receivable are shown net of an allowance for doubtful accounts of $48,790 and $47,226 for the years ended December 31, 2019 and 2018, respectively. Management has determined an allowance for uncollectible grants receivable was not necessary for the years ended December 31, 2019 and 2018, respectively. An allowance for uncollectible accounts receivable and grants receivable is determined based on experience.

Beneficial Interest in Endowment Funds

The Organization is a designated beneficiary of trust funds held by the Community Foundation of Southeastern Michigan (the Community Foundation). The Organization's board of directors has interpreted existing law and the agreement with the Community Foundation as requiring the preservation of the fair value of the initial deposit to the Endowment Fund. As a result of this interpretation, the Organization classifies in net assets with donor restrictions the original value of the initial deposit to the Endowment Fund. Although the income generated by the Endowment Fund may be used to support the general charitable activities of the Organization, the remaining portion of the Endowment Fund is subject to a time restriction, and, therefore, is classified in net assets with donor restrictions. Any declines in the fair value of the Endowment Fund assets below the original value of the initial deposit were reported in net assets with donor restrictions. The fair value of the assets held at the Community Foundation were $238,065 and $210,470 at December 31, 2019 and 2018, respectively.

The Community Foundation transfers earnings on the Endowment Fund to the Organization periodically so long as the Organization continues to meet its tax-exempt purpose. The portion of the Endowment Fund that was funded by the Organization, plus net earnings on that balance, represent a reciprocal transfer and are therefore included in the Organization's consolidated financial statements. Distributions received totaled $1,333 and $1,450 during the years ended December 31, 2019 and 2018, respectively. The market value of the reciprocal transfer piece of the endowment fund was $28,797 and $25,468 at December 31, 2019 and 2018, respectively, and $209,268 was contributed from third party donors, plus net earnings each year.

The Organizations's policy is to spend assets from the Endowment Fund as they are distributed by the Community Foundation. The Community Foundation invests the assets of the Endowment Fund as part of a pooled endowment with similar funds held on behalf of other non-profit organizations. The assets of the Community Foundation's pooled endowment are invested in a manner intended to maximize investment returns over a diversified portfolio in order to achieve a moderate level of investment risk.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of $5,000 are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. The Organization reports expiration of donor restrictions when the invoices for assets constructed are paid.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Debt Issuance Costs

As required by Accounting Standards Update (ASU) No. 2015-03, the Organization presents debt issuance costs as a direct reduction of their long-term debt and related amortization expense as a component of interest expense. Debt issuance costs of $658,428 have been capitalized and are being amortized over the related debt term. Accumulated amortization of these costs is $327,169 and $232,301 for the years ended December 31, 2019 and 2018, respectively.

Notes Receivable

Notes receivable are collateralized by membership interests related to the NMTC transaction (see Note 5) and is stated at the principal amount. Payments on the notes receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. The Organization has one class of financing receivables from a highly credible institution. Management assesses the credit quality of the notes receivable based on indicators such as collateralization, collection experience, and management's internal metrics. As of December 31, 2019 and 2018, no allowance for loan losses has been recognized. Notes receivable are periodically assessed for impairment based on relevant facts and circumstances. Management reviews the collectibility of the notes receivable on an ongoing basis, and no reserve has been established.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or are required to be maintained permanently by the Organization.

Tax-Exempt Status

Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation have received notifications that they qualify as tax-exempt organizations under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, are not subject to federal or state income taxes. Net income from activities unrelated to the Organization's tax-exempt purpose is subject to taxation. Taxes on unrelated business income are not material to the consolidated financial statements.

Contributions

Contributions, including pledges and grants receivable, are recognized in the period received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Revenue Recognition

The Organization adopted the Financial Accounting Standards Board's (FASB) ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all related amendments during the year ending December 31, 2019, using the modified retrospective transition method. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements.

The Organization's revenues arise from the sale of goods and services under contract with customers. Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a district good, service, or bundle of goods or services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods and services to the customer. Contracts with customers do not include a significant financing component.

Program fees

The Organization generates revenue from fees for community programs. Fees are recorded using the portfolio approach since the contracts are uniform. Individuals that are charged for services participate in programs throughout the various athletic seasons. Fees are non-refundable and paid in full prior to participation in the program. To determine the transaction price, management assesses the costs to provide the program and the Board approves the fixed fee through the budget annually. The performance obligation is satisfied upon the completion of the respective program or in equal monthly amounts over the season.

The Organization recognizes program fee revenue when it is realized or realizable and has been earned.

Deferred Revenue

Deferred Revenue - These amounts represents payments received for events or programs prior to the event or program. As of December 31, 2019, all revenue received relating to 2020 sports programs and events are included in deferred revenue. Deferred revenue at December 31, 2019 and 2018 was $84,626 and $74,060, respectively.

Donated Services and Facilities

The Organization receives substantial amounts of donated services and use of facilities to help fund its operations and special events. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These donations include advertising, promotional services, athletic field rent, capitalized costs, and other items, which are valued at $323,470 and $331,343 for the years ended December 31, 2019 and 2018, respectively. The estimated fair value of these services and facilities is reflected in the accompanying consolidated financial statements.

The Organization also utilizes the services of many volunteers. The services provided do not meet the requirements to be recorded as in-kind revenue and expenses and are, therefore, not recorded in the accompanying consolidated financial statements for 2019 and 2018. The number of hours of service was approximately 256,000 and 242,000 for the years ended December 31, 2019 and 2018, respectively. The Organization estimates that it would pay approximately $6,517,000 and $6,165,000 for such services in 2019 and 2018, respectively.

Expense Allocation

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated by a weighted salary allocation or square footage. Expenses allocated based on a weighted salary allocation include salaries and wages, contractual services, insurance, and amortization. Expenses allocated by square footage include occupancy and utilities and depreciation.

Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Financial Accounting Standard Board's Accounting Standards Update

In 2019, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective approach. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition,* and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers (residents) in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements. Under the modified retrospective approach, the guidance is applied as of January 1 2019, recognizing a cumulative effect of the adoption change as an adjustment to beginning members capital. There was no cumulative effect related to the adoption of the standard.

In 2019, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in ASU No. 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Subsequent Events

The Organization evaluates subsequent events through April 30, 2020, which is the date that the financial statements are approved and available to be issued.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to geographic locations in which the Organization operates. As of the date above, the Organization's evaluation of the effects of these events is ongoing; however, in March 2020, the Organization decided to temporarily layoff the majority of their staff in an effort to mitigate the effect of the temporary halt to income. The duration and full extent of this disruption cannot be estimate.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on the future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

2. Pledges Receivable

Pledges receivable are comprised of the following at December 31, 2019:

	Total	Current Portion	Noncurrent Portion
Receivable in less than one year	$ 279,176	$ 279,176	$ -
Receivable in one to five years	6,993	-	6,993
	286,169	279,176	6,993
Less,			
Allowance for uncollectible accounts	11,015	5,293	5,722
Discount to net present value	151	-	151
	$ 275,003	$ 273,883	$ 1,120

Pledges receivable are comprised of the following at December 31, 2018:

	Total	Current Portion	Noncurrent Portion
Receivable in less than one year	$ 137,820	$ 137,820	$ -
Receivable in one to five years	15,157	-	15,157
	152,977	137,820	15,157
Less,			
Allowance for uncollectible accounts	30,632	27,182	3,450
Discount to net present value	1,529	-	1,529
	$ 120,816	$ 110,638	$ 10,178

The discount rate used was 5.50 percent for 2019 and 2018.

3. Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	2019	2018
Computer equipment	3 yrs.	$ 40,919	$ 40,919
Furniture and equipment	5 - 7 yrs.	331,010	321,404
Land improvements	3 - 7 yrs.	69,467	69,467
Vehicles	5 - 6 yrs.	90,864	90,864
Buildings	30 yrs.	15,526,942	15,526,942
Construction in progress	N/A	532,699	224,718
Total		16,591,901	16,274,314
Less accumulated depreciation		(924,488)	(459,177)
Property and equipment, net		$ 15,667,413	$ 15,815,137

Depreciation expense amounted to $465,310 and $355,264 for the years ended December 31, 2019 and 2018, respectively.

The Organization entered into a transaction whereby a third party transferred the possession of a deed for land (the land), within the City of Detroit, subject to terms and conditions of a restated and amended development agreement dated June 16, 2016 (the Agreement) to the Organization. The Agreement required the Organization to establish a reserve fund of $750,000 by the date of issuance of a final certificate of completion from the City of Detroit, which had been extended to June 30, 2019.

In December 2019, the third party concluded that the the Organization provided a financial sustainability plan for the facility that would allow for the agreed upon usage for the community while generating needed income, and it was no longer necessary to fund the required reserve related to the facility and the parking. The third party agreed to release the deed for the land to the Organization after the required administrative work is completed. As of April 27, 2020, the Organization expects to receive the deed within 30 days.

At December 31, 2019 and 2018, the Organization has not recorded land as an asset on the consolidated statements of financial position as conditions of the Agreement have yet to be satisfied.

4. Notes Receivable

Notes receivable obtained as part of the New Market Tax Credit Project (see Note 5) consists of the following at December 31:

	2019	2018
The Foundation:		
Note receivable with original principal of $2,017,200 due from BOA Investment Fund V, LLC (an unrelated entity), with quarterly interest only payments of 1 percent per annum until June 10, 2023; at which point interest and principal payments will be due annually until maturity on June 16, 2053; collateralized by a security interest in the membership interests of the Community Development Entity (Banc of America CDE V, LLC (BOA CDE); loan and regulatory agreement restricts the use of the funds to DPAL, who is a qualified active low-income community business for the term of the note.	$ 2,017,200	$ 2,017,200
Note receivable with original principal of $5,499,200 due from BOA DPAL Investment Fund, LLC (an unrelated entity), with quarterly interest only payments of 1.1891 percent per annum until June 10, 2023; at which point interest and principal payments will be due annually until maturity on June 16, 2053; collateralized by a security interest in the membership interests of Capfund CDE Nineteen, LLC (Cinnaire CDE); loan and regulatory agreement restricts the use of the funds to DPAL, who is a qualified active low-income community business for the term of the note.	5,499,200	5,499,200
Total notes receivable	$ 7,516,400	$ 7,516,400

All of the notes receivable above are collateralized by rights to borrower's present and future membership interest in the CDEs.

5. New Market Tax Credit Program and Project

The NMTC program was designed to stimulate investment and economic growth in low income communities by offering taxpayers a 39 percent tax credit against federal income taxes over a seven year period for Qualified Equity Investment (QEIs) in designated Community Development Entities (CDEs). CDEs receive NMTC allocations pursuant to Section 45D of the Internal Revenue Code. These designated CDEs must use substantially all (83 percent) of the proceeds to make Qualified Low Income Community Investments (QLICIs). To earn the tax credit, the QEI must remain invested in the CDE for a seven year period. Also, the entity receiving the loans needs to be treated as a Qualified Active Low Income Community Business (QALICB) for the duration of the seven year period. The QALICB requirements are outlined in Treasury Regulation Section 1.45D-1(d)(4)(i).

In June 2016, the Organization entered into multiple agreements, assisted by the NMTC program, to facilitate the construction of a new office space and sporting facility at the historic Tigers Stadium site. The Project is planned to redevelop the historic Tiger Stadium site into a safe and healthy playing field and permanent headquarters for the Organization.

The Foundation obtained a bridge loan from Fifth Third Bank and various contributions to assist in funding the NMTC financing. DPAL also obtained four separate loans from the BOA CDE and the Cinnaire CDE as well as a loan from a board member. (See Notes 6 and 7).

The Foundation used the loans and cash on hand to make two loans to BOA Investment Fund V, LLC and BOA DPAL Investment Fund, LLC (collectively, the NMTC Investment Funds) (see Note 4). The loans were made for $2,017,200 and $5,499,200, respectively. The loans bear interest at 1 percent and 1.1891 percent per annum, respectively. Interest only payments are received quarterly through June 2023. Principal and interest are due quarterly beginning July 2023 and continue thereafter until maturity, June 2053. The loans are secured by an interest in the borrower's ownership of the BOA CDE and Cinnaire CDE, respectively. Total interest earned in 2019 and 2018 was $85,563 and $73,056, respectively, and accrued interest was $7,130 at December 31, 2019 and 2018.

The proceeds from the loan to the NMTC Investment Funds, combined with equity contributions from other private investors, were passed through to the BOA CDE and the Cinnaire CDE. The CDEs used the equity contributions and loan proceeds to make loans to DPAL as the QALICB, totaling $10,840,000 (QLICI Loans) to finance redevelopment of the historic Tigers Stadium site. Each CDE made two notes to DPAL. The notes are interest only through June 2023, with principal and interest payable annually commencing July 2023 through June 2053. The details of these notes payable are disclosed in Note 6. As a condition of the agreements, the CDE's require that the Foundation guarantee the payment of the notes and certain performance requirements. The guarantee is in effect until maturity of the loans.

The transaction is subject to a put/call option. The NMTC Investment Funds have a put option whereby upon exercise of the option after the last day of the tax credit investment period, the Foundation is obligated to purchase the NMTC Investment Funds' 100 percent membership interest in the the BOA CDE and the Cinnaire CDE. At the end of the seven year tax credit investment period, the Foundation has a call option whereby if exercised, they have the right to purchase NMTC Investment Funds' 100 percent membership interest in the BOA CDE and Cinnaire CDE at fair value.

The tax credits associated with the transaction are contingent on the Organization maintaining compliance with applicable portions of Section 42 of the Internal Revenue Code. Failure to maintain compliance or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus penalties and interest. As of December 31, 2019 and 2018, no such events have occurred.

6. Long-Term Debt

Long-term debt consists of the following at December 31:

	2019	2018
DPAL		
BOA CDE Loan A1 with an original principal of $2,017,200: Bearing interest at 1 percent per annum; interest only payments due quarterly until June 2023; at which point interest and principal payments will be due quarterly until maturity on June 16, 2053.	$ 2,017,200	$ 2,017,200
Cinnaire CDE Loan A2 with an original principal of $5,499,200: Bearing interest at 1 percent per annum; interest only payments due quarterly until June 2023; at which point interest and principal payments will be due quarterly until maturity on June 16, 2053.	5,499,200	5,499,200
BOA CDE Loan B1 with an original principal of $982,800: Bearing interest at 1.0175 percent per annum; interest only payments due quarterly until June 2023; at which point interest and principal payments will be due quarterly until maturity on June 16, 2053.	982,800	982,800
Cinnaire CDE Loan B2 with an original principal of $2,340,800: Bearing interest at 1 percent per annum; interest only payments due quarterly until June 2023; at which point interest and principal payments will be due quarterly until maturity on June 16, 2053.	2,340,800	2,340,800
Fifth Third bridge loan (available principal of $3,400,000): This is a note under which advances and repayments, but not re-advances, may be made. Bearing interest at thirty day LIBOR plus 3.10 percent (effective rate 4.475 percent) per annum; collateralized by 2017 grants, certain pledged accounts, property in possession of lender, intangible assets, books and records, and additional property, as specified in the loan agreements. The loan stipulates payments of accrued and unpaid interest on the unpaid principal balance are to paid in arrears each month. The principal and unpaid interest is due on the maturity date of November 17, 2023.	2,100,000	2,750,000
DPAL Total	$ 12,940,000	$ 13,590,000

All loans payable above, unless noted otherwise, are collateralized by a mortgage conveying and encumbering certain real and personal property of the Kids at the Corner Redevelopment. The loans cannot be prepaid until June 2023. Each lender has the option to call the above loans within 120 days prior to the seventh anniversary of the loan to accelerate the maturity date.

	2019	2018
Foundation		
Fifth Third bridge loan (original principal of $5,000,000): Bearing interest at thirty day LIBOR plus 3 percent (effective rate 4.375 percent) per annum; collateralized by certain pledges, bank accounts, software, and intangibles as specified in the loan agreements. The loan stipulates payments of principal and interest are to paid from the cash then on deposit in the primary pledged account. Loan can be prepaid without penalty or premium. The loan matures June 16, 2021 and was paid in full during 2019.	$ -	$ 199,843

The above bridge loan was secured by DPAL's major grants, all property in possession of Fifth Third, a separate cash account to repay the above loan, all general intangibles, all books and records, and all property, rights, products or proceeds resulting from any sale or exchange thereof.

The Organization's total debt is summarized below at December 31:

	2019	2018
DPAL Total	$ 12,940,000	$ 13,590,000
Foundation Total	-	199,843
Organization total	12,940,000	13,789,843
Less debt issuance costs, net	331,259	426,127
Long-term portion	$ 12,608,741	$ 13,363,716

Total interest expense on all debt was $249,253 and $208,007 for the years ended December 31, 2019 and 2018, respectively.

The Organization is subject to certain requirements and covenants related to their debt. As of December 31, 2019, the Organization was in compliance with all established covenants.

7. Related Parties

During 2016, the Foundation received a loan of $200,025 from a board member to assist in funding and serve as collateral for the NMTC financing transaction. The loan bears interest at a rate of 0.77 percent per annum and is callable on demand.

For the year ended December 31, 2019 and 2018, contributions from the board of directors to the Organization were approximately $1,396,000 and $669,000, respectively.

8. Line of Credit

Detroit PAL has a unsecured $50,000 line of credit as of December 31, 2019 and 2018, which bears interest at 0.25 percent above the prime rate. (The effective rate as of December 31, 2019 and 2018 was 5.75 percent and 4.75 percent, respectively.) Total amount outstanding on the line of credit was $39,370 and $43,148 as of December 31, 2019 and 2018, respectively.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	2019	2018
Purpose restrictions:		
Kids at the Corner Campaign	$ 728,754	$ 476,601
Youth sports programs	48,830	279,370
Workforce development	217,931	536,213
Youth enrichment	41,630	21,332
Other purpose restrictions	64,643	79,602
Total	$ 1,101,788	$ 1,393,118

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:

	2019	2018
Purpose restrictions:		
Kids at the Corner Campaign	$ -	$ 4,419,362
Youth sports programs	525,816	1,111,857
Workforce development	324,613	295,897
Youth enrichment	55,287	48,668
Other programs	79,831	541,898
Total	$ 985,547	$ 6,417,682

10. Defined Contribution Plan

The Organization has a profit-sharing plan under section 401(k) of the Internal Revenue Code. Eligible employees of the Organization may elect to make contributions upon meeting eligibility requirements. The Organization may make discretionary matching contributions and contributed $0 and $63,751 to the plan during the years ended December 31, 2019 and 2018, respectively. During 2019, contributions to the Organization's defined contribution benefit plan were stopped due to cash flow restrictions.

11. Fair Value of Financial Instruments

The Organization follows current authoritative guidance, which provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. The guidance applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

As defined in the guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are unobservable and not corroborated by market data.

There have been no changes in the methodology used for the years ended December 31, 2019 and 2018.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The tables below presents information about the Organization's assets that are measured at fair value on a recurring basis by level within the three-tier hierarchy:

	December 31, 2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Beneficial Interest	$ 28,797	$ -	$ -	$ 28,797

	December 30, 2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Beneficial Interest	$ 25,468	$ -	$ -	$ 25,468

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at January 1	$ 25,468	$ 28,145
Grants paid to Detroit PAL	(1,199)	(1,184)
Administrative expenses	(134)	(265)
Net realized and unrealized gains/(losses)	4,662	(1,228)
Balance at December 31	$ 28,797	$ 25,468

12. Availability of Financial Assets

The Organization's financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses, scheduled principal payments on debt, and fixed asset additions not financed with debt are as follows:

	2018	2018
Financial Assets:		
Cash and cash equivalents	$ 667,640	$ 806,272
Accounts, grants, and pledges receivable, current	796,191	1,214,810
Financial assets, at year-end	1,463,831	2,021,082
Less those unavailable for general expenditures within one year, due to:		
Restricted for purpose by donor	(1,101,788)	(359,243)
Financial assets available for meet cash needs for general expenditures within one year	$ 362,043	$ 1,661,839

As of December 31, 2019, the Organization 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. The Organization 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 long-term obligations will be discharged. The Organization has a line of credit which is used to meet liquidity needs. The Organization is working to increase the borrowing availability by restructuring its line of credit with another financial institution. The Organization is also looking to build an endowment which will allow contributions from earnings to help meet liquidity needs.

13. Management Plans

As a result of the government mandated shutdowns for COVID 19 which are impacting the Organization's programs and related funding sources, management has adjusted operations and worked toward securing additional funding since mid-March, 2020. Additionally, in response to the crisis, the Organization furloughed 17 employees and reduced other related costs. Management is working with current and new funding sources to continue to increase current lines of funding and create new funding sources and opportunities.

Management believes that the revised funding plan, modification to operations and budget will allow the Organization to operate efficiently on a reduced basis during this unprecedented time. Management determined that it is probable that the effective implementation of the aforementioned plans will mitigate the relevant conditions so that Organization will be able to meet its obligations as they become due within one year after the financial statements are issued. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern. Management believes these actions will enable the Organization to continue as a going concern through one year from the date these financial statements are issued. Accordingly, these financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

14. Future Accounting Pronouncements

During February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 establishes principles that require a lessee to recognize a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021 (fiscal year 2022). The Club is currently assessing the effect that ASU No. 2016-02 will have on its statement of activities, financial position and cash flows.

Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Consolidating Statement of Financial Position
December 31, 2019

	DPAL	Foundation	Total Consolidation Before Eliminations	Eliminations	Total Consolidated
Assets					
Current Assets					
Cash and cash equivalents	$ 665,140	$ 2,500	$ 667,640	$ -	$ 667,640
Accounts receivable, net	22,311	250	22,561	(113)	22,448
Interest receivable	-	7,130	7,130	-	7,130
Pledges receivable, net of long-term portion	257,990	15,893	273,883	-	273,883
Grants receivable	100,000	400,000	500,000	-	500,000
Prepaid expenses	7,808	-	7,808	-	7,808
Total current assets	1,053,249	425,773	1,479,022	(113)	1,478,909
Property and Equipment, Net	15,667,413	-	-	-	15,667,413
Other Assets					
Restricted cash	612,936	95,394	708,330	-	708,330
Notes receivable	-	7,516,400	7,516,400	-	7,516,400
Pledges receivable, net of current portion	-	1,120	1,120	-	1,120
Beneficial interest	28,797	-	28,797	-	28,797
Total other assets	641,733	7,612,914	8,254,647	-	8,254,647
Total assets	$ 17,362,395	$ 8,038,687	$ 25,401,082	$ (113)	$ 25,400,969

Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Consolidating Statement of Financial Position
December 31, 2019

	DPAL	Foundation	Total Consolidation Before Eliminations	Eliminations	Total Consolidated
Liabilities and Net Assets					
Current Liabilities					
Line of credit	$ 39,370	$ -	$ 39,370	$ -	$ 39,370
Accounts payable	80,666	2,077	82,743	(113)	82,630
Accrued payroll and other expenses	127,699	-	127,699	-	127,699
Deferred revenue	84,626	-	84,626	-	84,626
Related party note	-	200,025	200,025	-	200,025
Other current liabilities	5,151	-	-	-	5,151
Total current liabilities	337,512	202,102	534,463	(113)	539,501
Long-Term Debt, Net of Debt Issuance Costs	12,608,741	-	-	-	12,608,741
Total liabilities	12,946,253	202,102	13,148,355	(113)	13,148,242
Net Assets					
Net assets without donor restrictions	4,043,108	7,107,831	11,150,939	-	11,150,939
Net assets with donor restrictions	373,034	728,754	1,101,788	-	1,101,788
Total net assets	4,416,142	7,836,585	12,252,727	-	12,252,727
Total liabilities and net assets	$ 17,362,395	$ 8,038,687	$ 25,401,082	$ (113)	$ 25,400,969

Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation

Consolidating Statement of Activities
Year Ended December 31, 2019

	DPAL	Foundation	Total Consolidated Before Eliminations	Eliminations	Total Consolidated
Change in Net Assets Without Donor Restrictions					
Public Support	$ 2,654,561	$ 434,300	$ 3,088,861	$ (1,330,834)	$ 1,758,027
In-kind contributions	323,470	-	323,470	-	323,470
Special events	769,991	-	769,991	-	769,991
Net assets released from restrictions	985,547	-	985,547	-	985,547
Total public support	4,733,569	434,300	5,167,869	(1,330,834)	3,837,035
Revenue					
Program fees	204,592	-	204,592	-	204,592
Interest income	9,842	85,563	95,405	-	95,405
Net investment income	4,662	-	4,662	-	4,662
Rental income	223,387	-	223,387	-	223,387
Other	26,451	-	26,451	-	26,451
Total revenue	468,934	85,563	554,497	-	554,497
Total public support and revenue	5,202,503	519,863	5,722,366	(1,330,834)	4,391,532
Expenses					
Program Services					
Athletic programs	2,928,891	-	2,928,891	-	2,928,891
Education and Leadership programs	90,450	-	90,450	-	90,450
Kids at the Corner Redevelopment	293,891	1,364,820	1,658,711	(1,330,834)	327,877
Total program services	3,313,232	1,364,820	4,678,052	(1,330,834)	3,347,218
Management and general (other)	487,742	-	487,742	-	487,742
Event and sales management (management and general)	181,800	-	181,800	-	181,800
Fundraising	601,207	-	601,207	-	601,207
Total expenses	4,583,981	1,364,820	5,948,801	(1,330,834)	4,617,967
Change in net assets without donor restrictions	618,522	(844,957)	(226,435)	-	(226,435)
Change in Net Assets with Donor Restrictions					
Contributions and grants	442,064	252,153	694,217	-	694,217
Net assets released from restrictions	(985,547)	-	(985,547)	-	(985,547)
Change in net assets with donor restrictions	(543,483)	252,153	(291,330)	-	(291,330)
Change in net assets	75,039	(592,804)	(517,765)	-	(517,765)
Net Assets, Beginning	4,341,103	8,429,389	12,770,492	-	12,770,492
Net Assets, Ending	$ 4,416,142	$ 7,836,585	$ 12,252,727	$ -	$ 12,252,727