

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

Consolidated Financial Statements

December 31, 2021 and 2020

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

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Detroit Police Athletic League, Inc. and Detroit PAL Fundraising Foundation (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021 and 2020, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information identified in the table of contents 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 US, LLP

Southfield, Michigan
March 17, 2023

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

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 611,083	\$ 1,305,885
Accounts receivable, net	33,915	10,479
Interest receivable	7,130	7,130
Pledges receivable, net	108,932	11,132
Grants receivable	100,000	256,309
Prepaid expenses	<u>411</u>	<u>398</u>
Total current assets	<u>861,471</u>	<u>1,591,333</u>
Property and Equipment, Net	<u>14,935,029</u>	<u>15,323,938</u>
Other Assets		
Restricted cash	716,845	819,882
Notes receivable	7,516,400	7,516,400
Beneficial interest	<u>28,797</u>	<u>28,797</u>
Total other assets	<u>8,262,042</u>	<u>8,365,079</u>
Total assets	<u>\$ 24,058,542</u>	<u>\$ 25,280,350</u>
Liabilities and Net Assets		
Current Liabilities		
Line of credit	\$ 32,296	\$ 39,370
Accounts payable	55,608	95,045
Leases payable	178,309	244,483
Accrued payroll and other expenses	68,955	41,640
Deferred revenue	7,953	22,429
Related party note	<u>-</u>	<u>200,025</u>
Total current liabilities	343,121	642,992
Long-Term Debt, Net of Debt Issuance Costs	<u>11,861,369</u>	<u>12,153,738</u>
Total liabilities	<u>12,204,490</u>	<u>12,796,730</u>
Net Assets		
Without donor restrictions	11,780,409	10,778,849
With donor restrictions	<u>73,643</u>	<u>1,704,771</u>
Total net assets	<u>11,854,052</u>	<u>12,483,620</u>
Total liabilities and net assets	<u>\$ 24,058,542</u>	<u>\$ 25,280,350</u>

See notes to consolidated financial statements

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

Consolidated Statements of Activities
Years Ended December 31, 2021 and 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Total
Public Support						
Contributions and grants	\$ 2,245,297	\$ 73,643	\$ 2,318,940	\$ 1,815,200	\$ 941,856	\$ 2,757,056
In-kind contributions	-	-	-	135,601	-	135,601
Special events	17,041	-	17,041	154,228	-	154,228
Net assets released from restriction	1,704,771	(1,704,771)	-	338,873	(338,873)	-
Total public support	<u>3,967,109</u>	<u>(1,631,128)</u>	<u>2,335,981</u>	<u>2,443,902</u>	<u>602,983</u>	<u>3,046,885</u>
Revenue						
Program fees	137,450	-	137,450	35,630	-	35,630
Interest income	85,563	-	85,563	95,758	-	95,758
Rental income	297,301	-	297,301	260,548	-	260,548
Other	207,363	-	207,363	30,064	-	30,064
Total revenue	<u>727,677</u>	<u>-</u>	<u>727,677</u>	<u>422,000</u>	<u>-</u>	<u>422,000</u>
Total public support and revenue	<u>4,694,786</u>	<u>(1,631,128)</u>	<u>3,063,658</u>	<u>2,865,902</u>	<u>602,983</u>	<u>3,468,885</u>
Expenses						
Program services						
Athletic programs	1,127,989	-	1,127,989	1,285,492	-	1,285,492
Education and leadership programs	343,528	-	343,528	379,191	-	379,191
Kids at the Corner Redevelopment	194,293	-	194,293	45,312	-	45,312
Total program services	1,665,810	-	1,665,810	1,709,995	-	1,709,995
Management and general (other)	1,308,632	-	1,308,632	674,414	-	674,414
Event and sales management (management and general)	157,002	-	157,002	115,638	-	115,638
Fundraising	561,782	-	561,782	737,945	-	737,945
Total expenses	<u>3,693,226</u>	<u>-</u>	<u>3,693,226</u>	<u>3,237,992</u>	<u>-</u>	<u>3,237,992</u>
Change in net assets	1,001,560	(1,631,128)	(629,568)	(372,090)	602,983	230,893
Net Assets, Beginning	<u>10,778,849</u>	<u>1,704,771</u>	<u>12,483,620</u>	<u>11,150,939</u>	<u>1,101,788</u>	<u>12,252,727</u>
Net Assets, Ending	<u>\$ 11,780,409</u>	<u>\$ 73,643</u>	<u>\$ 11,854,052</u>	<u>\$ 10,778,849</u>	<u>\$ 1,704,771</u>	<u>\$ 12,483,620</u>

See notes to consolidated financial statements

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

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (629,568)	\$ 230,893
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	458,022	464,086
Amortization of debt issuance costs	94,997	94,997
Write-off (recovery) of bad debts for accounts receivable	71,353	(48,628)
Cash collections on contributions and grants pertaining to Kids at the Corner Redevelopment	-	(550,000)
In-kind contribution of debt forgiveness	(200,025)	-
Loss on disposal of property and equipment	-	210,318
Changes in assets and liabilities:		
Accounts receivable	(94,789)	60,484
Pledges receivable	(97,800)	813,871
Grants receivable	156,309	243,691
Prepaid expenses	(13)	7,410
Accounts payable	(39,437)	12,528
Accrued payroll and other expenses	27,315	158,424
Deferred revenue	(14,476)	(62,197)
Other current liabilities	-	(5,151)
Net cash flows from operating activities	<u>(268,112)</u>	<u>1,630,726</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(69,113)</u>	<u>(330,929)</u>
Net cash flows from investing activities	<u>(69,113)</u>	<u>(330,929)</u>
Cash Flows from Financing Activities		
Payments on line of credit, net	(7,074)	-
Principal payments on debt	(387,366)	(550,000)
Payments on capital lease	<u>(66,174)</u>	<u>-</u>
Net cash flows from financing activities	<u>(460,614)</u>	<u>(550,000)</u>
Net change in cash and cash equivalents and restricted cash	(797,839)	749,797
Total Cash and Cash Equivalents and Restricted Cash, Beginning	<u>2,125,767</u>	<u>1,375,970</u>
Total Cash and Cash Equivalents and Restricted Cash, Ending	<u>\$ 1,327,928</u>	<u>\$ 2,125,767</u>

See notes to consolidated financial statements

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

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

Total Cash and Cash Equivalents

Cash and cash equivalents	\$ 611,083	\$ 1,305,885
Restricted cash	<u>716,845</u>	<u>819,882</u>
Ending cash and cash equivalents and restricted cash	<u>\$ 1,327,928</u>	<u>\$ 2,125,767</u>

Supplemental Cash Flow Disclosures

Cash paid for interest	\$ 252,523	\$ 227,576
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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, 2021

	<u>Athletic Programs</u>	<u>Education and Leadership Programs</u>	<u>Kids at the Corner Redevelopment</u>	<u>Total Program</u>	<u>Management and General (Other)</u>	<u>Event and Sales Management (Management and General)</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, benefits and taxes	\$ 225,675	\$ 130,251	\$ -	\$ 355,926	\$ 546,486	\$ 59,126	\$ 285,345	\$ 1,246,883
Facility rental and maintenance	99,006	1,969	-	100,975	48,568	-	1,322	150,865
Supplies	99,997	113,812	-	213,809	34,428	-	58,476	306,713
Contractual services	107,798	60,095	-	167,893	138,923	34,703	74,135	415,654
Equipment rental and repairs	4,340	2,783	-	7,123	91,601	2,100	10,021	110,845
Insurance	14,551	8,398	-	22,949	35,236	3,687	18,398	80,270
Travel	47,321	9,701	-	57,022	4,501	-	-	61,523
Conferences	7,737	4,571	-	12,308	21,968	-	2,272	36,548
Occupancy and utilities	33,236	-	-	33,236	66,472	33,236	-	132,944
Printing and publications	73	14	-	87	7,953	-	618	8,658
Postage	-	48	-	48	1,062	-	-	1,110
Marketing	-	-	-	-	7,330	200	43,576	51,106
Interest	-	-	108,572	108,572	141,940	-	-	250,512
Miscellaneous	134,323	825	47,009	182,157	101,332	1,830	1,257	286,576
Depreciation	293,134	9,161	32,062	334,357	50,383	18,320	54,962	458,022
Amortization	60,798	1,900	6,650	69,348	10,449	3,800	11,400	94,997
Total expenses	<u>\$ 1,127,989</u>	<u>\$ 343,528</u>	<u>\$ 194,293</u>	<u>\$ 1,665,810</u>	<u>\$ 1,308,632</u>	<u>\$ 157,002</u>	<u>\$ 561,782</u>	<u>\$ 3,693,226</u>

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, 2020

	Athletic Programs	Education and Leadership Programs	Kids at the Corner Redevelopment	Total Program	Management and General (Other)	Events and Sales Management (Management and General)	Fundraising	Total	
Salaries and wages	\$ 424,233	\$ 136,227	\$ -	\$ 560,460	\$ 202,029	\$ 77,251	\$ 307,026	\$ 1,146,766	
In-kind	1,277	134,324	-	135,601	-	-	-	135,601	
Facility rental and maintenance	48,561	537	-	49,098	3,448	-	-	52,546	
Supplies	37,715	36,790	-	74,505	17,299	-	1,323	93,127	
Contractual services	306,288	37,550	5,175	349,013	130,960	10,365	96,447	586,785	
Equipment rental and repairs	4,745	10,496	-	15,241	40,003	2,409	15,843	73,496	
Insurance	-	-	-	-	99,480	-	-	99,480	
Travel	2,600	413	-	3,013	25	-	-	3,038	
Conferences	905	4,201	-	5,106	1,982	-	1,574	8,662	
Occupancy and utilities	98,907	-	-	98,907	14,149	-	-	113,056	
Printing and publications	1,783	480	780	3,043	3,798	-	844	7,685	
Postage	251	1	21	273	328	1	151	753	
Marketing	-	4,000	200	4,200	-	-	35,947	40,147	
Interest	-	-	-	-	22,122	-	193,492	215,614	
Miscellaneous	414	2,990	-	3,404	77,292	3,249	18,208	102,153	
Depreciation	297,015	9,282	32,486	338,783	51,050	18,563	55,690	464,086	
Amortization	60,798	1,900	6,650	69,348	10,449	3,800	11,400	94,997	
Total expenses	<u>\$ 1,285,492</u>	<u>\$ 379,191</u>	<u>\$ 45,312</u>	<u>\$ 1,709,995</u>	<u>\$ 674,414</u>	<u>\$ 115,638</u>	<u>\$ 737,945</u>	<u>\$ 3,237,992</u>	

See notes to consolidated financial statements

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

Notes to Financial Statements
December 31, 2021 and 2020

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. 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.

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

Notes to Financial Statements
December 31, 2021 and 2020

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 Corner 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 DPAL and the Foundation. Significant intercompany accounts and transactions have been eliminated.

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

Notes to Financial Statements
December 31, 2021 and 2020

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 \$5,936 and \$423 for the years ended December 31, 2021 and 2020, respectively. Management has determined an allowance for uncollectible grants receivable was not necessary for the years ended December 31, 2021 and 2020, 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 Community Foundation transfers earnings on the funds to the Organization periodically so long as the Organization continues to meet its tax-exempt purpose. The portion of the funds 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. The market value of the reciprocal transfer piece of the endowment fund was \$28,797 at December 31, 2021 and 2020.

The Organizations's policy is to spend assets from the funds as they are distributed by the Community Foundation. The Community Foundation invests the assets of the funds 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.

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

Notes to Financial Statements
December 31, 2021 and 2020

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 \$517,162 and \$422,166 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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.

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

Notes to Financial Statements
December 31, 2021 and 2020

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'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 distinct 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

These amounts represents payments received for events or programs prior to the event or program. As of December 31, 2021, all revenue received relating to 2022 sports programs and events are included in deferred revenue. Deferred revenue at December 31, 2021 and 2020 was \$7,953 and \$22,429, respectively.

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

Notes to Financial Statements

December 31, 2021 and 2020

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. 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 2021 and 2020.

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.

Subsequent Events

The Organization evaluates subsequent events through March 17, 2023, which is the date that the consolidated financial statements are approved and available to be issued.

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

Notes to Financial Statements
December 31, 2021 and 2020

2. Pledges Receivable

Pledges receivable are comprised of the following at December 31, 2021:

	Total	Current Portion	Noncurrent Portion
Receivable in less than one year	\$ 109,100	\$ 109,100	\$ -
Less allowance for uncollectible accounts	168	168	-
	\$ 108,932	\$ 108,932	\$ -

Pledges receivable are comprised of the following at December 31, 2020:

	Total	Current Portion	Noncurrent Portion
Receivable in less than one year	\$ 11,300	\$ 11,300	\$ -
	11,300	11,300	-
Less allowance for uncollectible accounts	168	168	-
	\$ 11,132	\$ 11,132	\$ -

The discount rate used was 5.50 percent for 2020.

3. Property and Equipment

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

	Depreciable Lives	2021	2020
Computer equipment	3 yrs.	\$ 40,919	\$ 40,919
Furniture and equipment	5 - 7 yrs.	331,010	331,010
Land improvements	3 - 7 yrs.	69,467	69,467
Vehicles	5 - 6 yrs.	90,864	90,864
Buildings	30 yrs.	16,249,364	15,526,942
Construction in progress	N/A	-	653,309
Total		16,781,624	16,712,511
Less accumulated depreciation		(1,846,595)	(1,388,573)
Property and equipment, net		\$ 14,935,029	\$ 15,323,938

Construction in progress relates to the Walk of Heroes renovation project and installation of a new scoreboard, which were both in progress at December 31, 2021. Depreciation expense amounted to \$458,022 and \$464,086 for the years ended December 31, 2021 and 2020, respectively.

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

Notes to Financial Statements
December 31, 2021 and 2020

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:

	<u>2021</u>	<u>2020</u>
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.	<u>5,499,200</u>	<u>5,499,200</u>
Total notes receivable	<u>\$ 7,516,400</u>	<u>\$ 7,516,400</u>

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

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

Notes to Financial Statements
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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 2021 and 2020 was \$85,563 and accrued interest was \$7,130 at December 31, 2021 and 2020.

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, 2021 and 2020, no such events have occurred.

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

Notes to Financial Statements
December 31, 2021 and 2020

6. Long-Term Debt

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

	<u>2021</u>	<u>2020</u>
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 be paid in arrears each month. The principal and unpaid interest is due on the maturity date of November 17, 2023.	800,000	1,550,000
Paycheck Protection Program funds, bank, interest rate of 1%, principal is payable in monthly installments, interest is payable monthly. See further information in Note 13.	<u>352,635</u>	<u>-</u>
Total	11,640,000	12,390,000
Less debt issuance costs, net	<u>141,266</u>	<u>236,262</u>
Long-term portion	<u>\$ 11,498,734</u>	<u>\$ 12,153,738</u>

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

Notes to Financial Statements
December 31, 2021 and 2020

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.

Total interest expense on all debt was \$236,937 and \$202,038 for the years ended December 31, 2021 and 2020, respectively.

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. Subsequent to year end, this loan was forgiven and cancelled by the board member who had provided it.

8. Line of Credit

Detroit PAL has a unsecured \$50,000 line of credit as of December 31, 2021 and 2020, which bears interest at 0.25 percent above the prime rate. (The effective rate as of December 31, 2021 and 2020 was 3.75) Total amount outstanding on the line of credit was \$39,603 and \$39,370 as of December 31, 2021 and 2020, respectively.

9. Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Kids at the Corner Campaign	\$ -	\$ 1,278,754
Youth sports programs	-	156,098
Workforce development	-	-
Youth enrichment	35,000	139,453
Other purpose restrictions	<u>38,643</u>	<u>130,466</u>
Total	<u>\$ 73,643</u>	<u>\$ 1,704,771</u>

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. During 2021 and 2020, 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.

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

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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, 2021 and 2020.

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, 2021				
	Total	Level 1	Level 2	Level 3
Assets:				
Beneficial Interest	\$ 28,797	\$ -	\$ -	\$ 28,797
December 30, 2020				
	Total	Level 1	Level 2	Level 3
Assets:				
Beneficial Interest	\$ 28,797	\$ -	\$ -	\$ 28,797

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

Notes to Financial Statements
December 31, 2021 and 2020

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:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 611,083	\$ 1,305,885
Accounts, grants, and pledges receivable, current	<u>242,847</u>	<u>277,920</u>
Financial assets, at year-end	853,930	1,583,805
Less those unavailable for general expenditures within one year, due to:		
Restricted for purpose by donor, less construction in progress related to donor restricted projects	<u>(73,643)</u>	<u>(1,051,462)</u>
Financial assets available for meet cash needs for general expenditures within one year	<u>\$ 780,287</u>	<u>\$ 532,343</u>

As of December 31, 2021 and 2020, 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. Paycheck Protection Program

On May 4, 2020, the Organization received proceeds in the amount of \$281,900 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Organization initially recorded the funds as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived.

As of December 31, 2020, the Organization had expended all of the PPP funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, therefore, the Organization has recorded grant revenue of \$281,900 within its statements of activities for the year-end December 31, 2020. Subsequent to December 31, 2021, the Organization received notification that the full amount had been forgiven by the SBA.

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

Notes to Financial Statements
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During 2021, the Organization applied for a second draw of PPP funds for \$352,635 and received those funds during 2021. The Organization has applied for forgiveness of the second draw with the SBA.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the legislation, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

14. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the CARES Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization has determined that it qualified for the ERC due to the impact of COVID-19 on operations.

The Organization recognized \$132,309 of ERC revenue within contributions and grants on the consolidated statements of activities during the year ended December 31, 2020, which is included within grants receivable at year-end.

15. 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. Management is working with current and new funding sources to continue to increase current lines of funding and create new funding sources and opportunities.

In 2020, the Organization was only able to serve approximately 3,000 youth due to restrictions from COVID-19. This was a substantial decrease from the 15,000 participants that the Organization served in 2019. The decrease in participants and the restrictions required the Organization to decrease operations by nearly 65% to stay sustainable. In 2021, the Organization began to increase web-infused programming and identity programs that would allow our participants to have safe play. In 2022, the Organization will be bringing back all of our traditional programs, along with the additional programs that were created during COVID-19. The challenges over the past two years have allowed the Organization to develop new and strengthen existing relationships.

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.

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

Notes to Financial Statements
December 31, 2021 and 2020

16. Future Accounting Pronouncements

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 (2022). The Organization is currently assessing the effect that ASU No. 2016-02 will have on its consolidated statements of activities, financial position and cash flows.

During September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). The Organization is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.

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

Consolidating Statement of Financial Position

December 31, 2021

	DPAL	Foundation	Total Consolidation Before Eliminations	Eliminations	Total Consolidated
Assets					
Current Assets					
Cash and cash equivalents	\$ 405,883	\$ 205,200	\$ 611,083	\$ -	\$ 611,083
Accounts receivable, net	33,915	-	33,915	-	33,915
Interest receivable	-	7,130	7,130	-	7,130
Pledges receivable, net	107,400	1,532	108,932	-	108,932
Grants receivable	-	100,000	100,000	-	100,000
Prepaid expenses	411	-	411	-	411
	547,609	313,862	861,471	-	861,471
Total current assets					
Property and Equipment, Net	14,935,029	-	-	-	14,935,029
Other Assets					
Restricted cash	527,799	189,046	716,845	-	716,845
Notes receivable	-	7,516,400	7,516,400	-	7,516,400
Beneficial interest	28,797	-	28,797	-	28,797
	556,596	7,705,446	8,262,042	-	8,262,042
Total other assets					
Total assets	\$ 16,039,234	\$ 8,019,308	\$ 24,058,542	\$ -	\$ 24,058,542

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

Consolidating Statement of Financial Position
December 31, 2021

	<u>DPAL</u>	<u>Foundation</u>	<u>Total Consolidation Before Eliminations</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Liabilities and Net Assets					
Current Liabilities					
Line of credit	\$ 32,296	\$ -	\$ 32,296	\$ -	\$ 32,296
Accounts payable	55,608	-	55,608	-	55,608
Leases payable	178,309	-	178,309	-	178,309
Accrued payroll and other expenses	68,955	-	68,955	-	68,955
Deferred revenue	7,953	-	7,953	-	7,953
Total current liabilities	343,121	-	343,121	-	343,121
Long-Term Debt, Net of Debt Issuance Costs	<u>11,861,369</u>	<u>-</u>	<u>11,861,369</u>	<u>-</u>	<u>11,861,369</u>
Total liabilities	<u>12,204,490</u>	<u>-</u>	<u>12,204,490</u>	<u>-</u>	<u>12,204,490</u>
Net Assets					
Net assets without donor restrictions	3,761,101	8,019,308	11,780,409	-	11,780,409
Net assets with donor restrictions	<u>73,643</u>	<u>-</u>	<u>73,643</u>	<u>-</u>	<u>73,643</u>
Total net assets	<u>3,834,744</u>	<u>8,019,308</u>	<u>11,854,052</u>	<u>-</u>	<u>11,854,052</u>
Total liabilities and net assets	<u>\$ 16,039,234</u>	<u>\$ 8,019,308</u>	<u>\$ 24,058,542</u>	<u>\$ -</u>	<u>\$ 24,058,542</u>

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

Consolidating Statement of Activities

Year Ended December 31, 2021

	<u>DPAL</u>	<u>Foundation</u>	<u>Total Consolidated Before Eliminations</u>	<u>Eliminations</u>	<u>Total Consolidated</u>
Change in Net Assets Without Donor Restrictions					
Public support	\$ 2,142,166	\$ 877,840	\$ 3,020,006	\$ (774,709)	\$ 2,245,297
In-kind contributions	-	-	-	-	-
Special events	17,041	-	17,041	-	17,041
Net assets released from restrictions	<u>426,017</u>	<u>1,278,754</u>	<u>1,704,771</u>	<u>-</u>	<u>1,704,771</u>
Total public support	<u>2,585,224</u>	<u>2,156,594</u>	<u>4,741,818</u>	<u>(774,709)</u>	<u>3,967,109</u>
Revenue					
Program fees	137,450	-	137,450	-	137,450
Interest income	-	85,563	85,563	-	85,563
Rental income	297,301	-	297,301	-	297,301
Other	<u>207,363</u>	<u>-</u>	<u>207,363</u>	<u>-</u>	<u>207,363</u>
Total revenue	<u>642,114</u>	<u>85,563</u>	<u>727,677</u>	<u>-</u>	<u>727,677</u>
Total public support and revenue	<u>3,227,338</u>	<u>2,242,157</u>	<u>5,469,495</u>	<u>(774,709)</u>	<u>4,694,786</u>
Expenses					
Program Services					
Athletic programs	1,127,989	-	1,127,989	-	1,127,989
Education and Leadership programs	343,528	-	343,528	-	343,528
Kids at the Corner Redevelopment	<u>194,292</u>	<u>774,710</u>	<u>969,002</u>	<u>(774,709)</u>	<u>194,293</u>
Total program services	1,665,809	774,710	2,440,519	(774,709)	1,665,810
Management and general (other)	1,282,812	25,820	1,308,632	-	1,308,632
Event and sales management (management and general)	157,002	-	157,002	-	157,002
Fundraising	<u>561,782</u>	<u>-</u>	<u>561,782</u>	<u>-</u>	<u>561,782</u>
Total expenses	<u>3,667,405</u>	<u>800,530</u>	<u>4,467,935</u>	<u>(774,709)</u>	<u>3,693,226</u>
Change in net assets without donor restrictions	<u>(440,067)</u>	<u>1,441,627</u>	<u>1,001,560</u>	<u>-</u>	<u>1,001,560</u>
Change in Net Assets with Donor Restrictions					
Contributions and grants	73,643	-	73,643	-	73,643
Net assets released from restrictions	<u>(426,017)</u>	<u>(1,278,754)</u>	<u>(1,704,771)</u>	<u>-</u>	<u>(1,704,771)</u>
Change in net assets with donor restrictions	<u>(352,374)</u>	<u>(1,278,754)</u>	<u>(1,631,128)</u>	<u>-</u>	<u>(1,631,128)</u>
Change in net assets	(792,441)	162,873	(629,568)	-	(629,568)
Net Assets, Beginning	<u>4,627,185</u>	<u>7,856,435</u>	<u>12,483,620</u>	<u>-</u>	<u>12,483,620</u>
Net Assets, Ending	<u>\$ 3,834,744</u>	<u>\$ 8,019,308</u>	<u>\$ 11,854,052</u>	<u>\$ -</u>	<u>\$ 11,854,052</u>