Developing Kingdoms In Different Stages

Audited Financial Statements

For The Year Ended December 31, 2021

Developing Kingdoms In Different Stages
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For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Developing Kingdoms In Different Stages

Opinion

We have audited the accompanying financial statements of Developing Kingdoms In Different Stages (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Developing Kingdoms In Different Stages as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Developing Kingdoms In Different Stages and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards will always detect a material misstatement when it

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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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Developing Kingdoms In Different Stages' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Developing Kingdoms In Different Stages 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.

Totowa, New Jersey
August 8, 2022

Developing Kingdoms In Different Stages
Statement of Financial Position
December 31, 2021

Assets:

Cash 325,340 $ Accounts Receivable 137,950 Total Assets 463,290 $

Liabilities:

Accounts Payable $ 4,820 Accrued Wages and Taxes 4,439 Total Liabilities 9,259

Net Assets:

Without donors restriction 210,901 With donor restriction 243,130 Total Net Assets 454,031

Total Liabilities and Net Assets $ 463,290

See accompanying notes to financial statements

Developing Kingdoms In Different Stages
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and Contracts	125,000 $	475,735 $	600,735 $
Contributions	50,526	29,275	79,801
Fundraising Activities	24,960	-	24,960
Other Types of Income	1,014	45,000	46,014
Forgiveness of PPP Loans	95,800		95,800
Net Assets Released from Restrictions	420,339	(420,339)	-
Total Support and Revenue	717,640	129,671	847,311
Expenses:			
Program Expenses			
313 Reads	35,909	-	35,909
Aim High	20,120	-	20,120
Ballmer Group	22,601	-	22,601
CFSEM	8,250	-	8,250
Fisher Foundation	8,962	-	8,962
GDYT	45,000	-	45,000
Jacob Family Foundation	33,948	-	33,948
JLD	2,850	-	2,850
MEDF	733	-	733
Scholarships	4,049	-	4,049
Skillman	167,870	-	167,870
Skillman Foundation	49,452	-	49,452
UWSEM	15,634	-	15,634
Village Club Foundation	4,960	-	4,960
Total Program Expenses	-	420,339	420,339
Supporting Services			
Fundraising	4,211	-	4,211
Management and General	58,827	-	58,827
CFSEM	32,605	-	32,605
McGregor	134,586	-	134,586
Total Supporting Expenses	-	230,229	230,229
Total Expenses	-	650,568	650,568
Change in Net Assets	129,671	67,072	196,743
Net Assets, Beginning of Year	113,459	143,829	257,288
Net Assets, End of Year	$ 210,901	$ 243,130	$ 454,031

See accompanying notes to financial statements

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Developing Kingdoms In Different Stages
Statement of Functional Expenses For
the Year Ended December 31, 2021

		Supporting Services		
Total Without Restrictions TOTAL	**Expenses**	**McGregor Fund**	**Management and General**	**CFSEM Fundraising**
Business Expenses - $ -$ $ 114 -$ $ 114 $ 114				
Business Registration Fees - - 3,967 75 4,042 4,142				
Bank Charges - - 95 - 95 95				
Contract Services - - - - - 5,650				
Accounting Fees - - 7,538 324 7,861 8,669				
Auditing - - 9,500 - 9,500 12,500				
Consultation - - 375 - 375 375				
Fiduciary Fees - - 1,700 - 1,700 1,700				
Legal Fees - - 768 - 768 768				
Outside Contract Services - 1,375 2,868 500 4,743 10,373				
Stipends - - 500 - 500 41,901				
Machinery & Equipment - - 614 - 614 694				
Incentives - - - - - 1,638				
Furniture and Equipment - - 183 - 183 8,561				
Equip Rental and Maintenance - - 818 - 818 6,538				
Occupancy - - 11,092 5,611 16,703 29,647				
Awards & Honorariums - 235 - - 235 235				
Books, Subscriptions, Reference - 75 325 152 552 1,636				
Postage, Mailing Service - 55 319 - 374 738				
Printing and Copying - - - - - 900				
Program Supplies - 91 3,408 1,425 4,925 82,377				
Office Expense - - 1,031 88 1,120 2,456				
Office Expense-Equipment - - 1,070 - 1,070 3,844				
Telephone, Telecommunications 289 31 1,642 2,937 4,898 10,040				
Marketing Expense - 124 1,476 62 1,662 2,863				
Licenses & Fees - - 1,142 1,241 2,383 2,706				
Miscellaneous Expense - - 526 - 526 526				
Other Types of Expenses - 10 112 - 122 122				
Insurance - Liability, D and O - - 264 - 264 1,838				
Fundraising Expenses - 1,929 821 549 3,299 3,427				
Consumer Assistance - - 599 - 599 1,304				
HBCU Legacy Scholarships - - - - - 1,000				
General Scholarships - - - - - 3,000				
PayPal Fees - 263 - 24 288 308				
Payroll Fees 20 - 914 847 1,781 2,292				
Wages Expenses - - 32,125 35,478 67,603 244,467				
Salaries				

Expenses 28,652 - 29,213 6,414 64,280 92,284 FICA Expense 2,275 - 9,502 915 12,692 25,768 SUI Expense 175 - 242 111 528 1,600 Wages/Contractors - - 5,475 - 5,475 5,475 Retirement Expense 90 - 317 668 1,075 1,820 Professional Development - - 28 25 53 333 Board Development - 269 - 269 269 Staff Health & Wellness - - - - - 8,920 Donations-Charity 23 - 811 - 834 834 Meals - - 1,948 1,361 3,309 5,512 Conference, Convention, Meeting - - 860 20 880 1,569 Travel - 1,104 15 - 1,119 6,742

$ 32,605 $ 4,211 $ 134,586 $ 58,827 $ 230,229 $ 650,568

See Accompanying notes to financial statements

Developing Kingdoms In Different Stages
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows From Operating Activities:

Change in net assets 196,743 $

Adjustments to reconcile change in net assets to net cash provided by operating activities:
Forgiveness of PPP loans (95,800) Increase (decrease) in cash flows from:
Accounts Receivable 2,475 Accounts Payable 3,456 Accrued Expenses 954

Net Cash Provided by Operating Activities 107,828

Cash Flows From Financing Activities:
Proceeds from PPP loan 51,100 Net Change in Cash 158,928 Cash, Beginning of Year 166,412 **Cash, End of Year** $ 325,340

See accompanying notes to financial statements

Developing Kingdoms In Different Stages
Notes to Financial Statements
December 31, 2021

Note 1 Summary of Significant Accounting Policies

Organization

Developing Kingdoms In Different Stages (the "Organization") was incorporated in 2006 under laws of the State of Michigan. The Organization is committed to strengthening urban communities by guiding youth in their mental, and educational growth; helping to strengthen and empower young adults; and to encourage and provide opportunities for all to become strong contributors to their community.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial

statements of Not-for-Profit Organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net assets categories follows:

Net assets without donor restrictions: expendable funds that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions: stipulated by donors and grantors for specific program purposes or are restricted by time. This includes endowment funds in which the donor has stipulated that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Revenue Recognition

Contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, grants, or notification of a beneficial interest, is received and are recorded as net assets without donor restrictions or net assets with donor restricted, depending on the existence

Note 1 Summary of Significant Accounting Policies - *continued*

Revenue Recognition - *continued*

and/or nature of any donor restrictions. Contributions and grants that are restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions and when the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Cash and Cash Equivalents

Cash and equivalents include money market accounts and all other highly liquid short-term investments purchased with maturities of three months or less.

Contributed Services

In the normal course of business, the Organization receives contributed services from volunteers, including officers and directors, to support fundraising activities. In accordance with authoritative guidance, the value of these contributed services is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

All salaries and benefits expense allocations are driven by a time and effort allocation method Management considers this to be a reasonable basis due to the fact that salaries and benefits are the largest expense. Expenses directly attributable to specific functional areas of the Organization are reported as expenses of those functional areas while indirect cost that benefit multiple functional areas have been allocated amount the various functional areas based on the number of employees included or the amount of time and effort.

Grants and Accounts Receivable

The Organization generally considers all grants and accounts receivable to be fully collectible, however, allowances are made for any portion of such receivables that are considered uncollectible. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 each. At times, such balances may be in excess of the FDIC limit. Uninsured was $72,081 on December 31, 2021

Income Taxes

The Organization qualifies as a charitable organization as defined by Internal Revenue Code (the "Code") Section 501 (c) (3) and accordingly, is exempt from Federal Income taxes under Section 501 (a) of the Code. The Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the Code. Additionally, since the Organization is publicly supported, contributions to the Organization qualify for maximum charitable contribution deduction under the Code. The Organization is also exempt from Michigan State income tax.

Subsequent Events

Management has evaluated subsequent events through August 8, 2022, which is the date the financial statements were available for issuance.

Notes 2 Liquidity and Availability of Financial Assets

The Organization is primarily funded by program service revenues, contract and grant revenues, special events and contributions from donors, some of which may contain restrictions. Those restrictions require that resources be used in a certain manner or in a future time period. Therefore, the Organization maintains adequate resources to meet those responsibilities to its donors and certain assets may not be available for general expenditures. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

The below reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donors imposed restrictions within one year of the statement of financial position date:

Financial Assets, at year end $ 463,290 Less those unavailable for general expenditures within one year, due to:
Contractual or donor-imposed restrictions:
Restricted by donors for purpose restrictions - Contractual restriction for grantor advance funds

Financial assets available to meet cash needs for general expenditures within one year $ 463,290

Note 3 Grants Receivable and Other Receivable

At December 31, 2021, grants and other receivables consisted of following:

United Way	$ 12,500
AIM High	25,000
Impact100 Metro Detroit	100,000
Other	450
TOTAL	137,950$

Note 4 Payroll Taxes

As of date of this report, the Organization has paid and filed all city, state, and federal payroll tax returns pertaining to the years ended December 31, 2021.

Note 5 Paycheck Protection Program (PPP)

The Organization applied and received a loan from the U.S. Small Business Administration under the Payroll Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan amount received amounted to $44,700 at May 6, 2020. Interest is payable at 1% per annum from the date the loans were received and principal and interest payments starting ten months following the twenty-four-week period from the origination date, but a recent law change extended the repayment an additional one year.

The loan received in 2020 amounting to $44,700 from the U.S. Small Business Administration under the Payroll Protection Program was forgiven in 2021 and recorded as Forgiveness of PPP loans in the statement of activities.

The Organization applied and received a second loan from the U.S. Small Business Administration under the Payroll Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan received amount of $51,100 on April 7, 2021. Interest is payable at 1% per annum from the date the loans were received and principal and interest payments starting ten months following the twenty-four-week period from the origination date, but a recent law change extended the repayment an additional one year.

The second loan received in 2021 amounting to $51,100 from the U.S. Small Business Administration under the Payroll Protection Program was forgiven in 2021 and recorded as Forgiveness of PPP loans in the statement of activities.

Note 6 Special Events

The Organization held nonprofessional fundraising events throughout the year with the results as follows:

Income $ 24,960
Less: Events Costs 3,427
Net Events $ 21,533

Note 7 Net Assets With Donor Restrictions

As of December 31, 2021, net assets restricted by donors for purpose restrictions consisted of $243,130 for private foundation grants' program purposes.

Note 8 Operating Lease

The Organization rented space on an annual lease for its programs and office space purpose amounting to $29,647 for the year ended December 31, 2021.

Note 9 Retirement Plan

The Organization has a SIMPLE IRA plan with ADP, Inc. for eligible employees with net earned income and that satisfies the eligibility requirements of the plan. Generally, there is a 2% employer match. Refer to the plan document for specific information. The Organization is matching pension contribution amounted to $1,820 for the year ended December 31, 2021.

Note 10 COVID-19

The World Health Organization declared the COVID-19 outbreak a public health emergency on January 30, 2020 and its effects are ongoing. The subsequent year impact on program revenues, special events and contributions are currently unknown to the Organization: however, management is currently managing cash flow to mitigate losses and curbing expenses as necessary and has sought relief with governmental agencies as available.

Note 11 Recently Issued Accounting Standards

Accounting Standards Update (ASU) 2016-02, Leases

In February 2016, the FASB issued ASU 2016-02, Lease (topic 842), (ASU 2016-02), requiring all leases to be recognized on the Organization's balance sheet as a right-of-use asset and a lease liability, unless the lease is a short-term lease (generally a lease with a term of twelve months or less) at the commencement date of the lease, the Organization will recognize: 1) a lease liability for Organization's obligation to make payments under the lease agreement, measured on a discounted basis; and 2) a right-of-use asset that represents Organization's right to use, or control the use of, the specified asset for the lease term. Upon adopting ASU 2016-02, the Organization will be required to recognize and measure its lease at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 will be effective for The Organization for the year ending December 31, 2022, with early adoption permitted. The Organization is currently evaluating the effect that the new standard will have on its financial

statements.

Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, requiring an entity to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements for recognized contributed services. The standard will be applied on a retrospective basis and will be effective for the year ending December 31, 2022. The Organization does not expect the new standard will impact its financial statements other than a reclassification on the statement of activities and additional disclosures.