HERITAGE WORKS

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

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FINANCIAL STATEMENTS
DECEMBER 31, 2024
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GREGORY TERRELL & COMPANY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Heritage Works

Opinion

We have audited the accompanying financial statements of Heritage Works (a nonprofit corporation)(the "Corporation"), which comprise the statement of financial position as of December 31, 2024, 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 the Corporation as of December 31, 2024, and the changes in 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 the Corporation 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 the Corporation's 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 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, including omissions, 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 the Corporation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

Report on Summarized Comparative Information

We have previously audited the Corporation’s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

GREGORY TERRELL & COMPANY
Certified Public Accountants
Detroit, Michigan

May 7, 2026

HERITAGE WORKS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

ASSETS

	2024	2023
ASSETS		
Cash	$ 144,610	$ 524,783
Grants and Contracts Receivable	183,450	58,750
Security Deposits	663	663
Property and Equipment (net)	44,844	59,103
Total Assets	$ 373,567	$ 643,299

LIABILITIES AND NET ASSETS

	2024	2023
LIABILITIES		
Accounts Payable	$ 9,911	$ 26,200
Accrued Expense - Other	-	5,324
Accrued Payroll	3,116	8,576
Total Liabilities	$ 13,027	$ 40,100
NET ASSETS		
Without Donor Restrictions	$ 183,456	$ 451,154
With Donor Restrictions	177,084	152,045
Total Net Assets	$ 360,540	$ 603,199
Total Liabilities and Net Assets	$ 373,567	$ 643,299

The accompanying notes are an integral part of this statement

HERITAGE WORKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
PUBLIC SUPPORT AND REVENUE				
Grants and Contributions	$ 186,167	$ 150,000	$ 336,167	$ 414,891
Contract Fees	-	-	-	9,050
Program Service Fees	29,363	-	29,363	6,101
Miscellaneous	27,838	-	27,838	38,522
Net Assets Released from Restrictions -				
Satisfaction of Program Restrictions	124,961	(124,961)	-	-
Total Public Support and Revenue	$ 368,329	$ 25,039	$ 393,368	$ 468,564
EXPENSES				
Program Services	$ 523,053	$ -	$ 523,053	$ 478,792
Management and General	72,701	-	72,701	65,672
Fundraising	40,273	-	40,273	36,523
Total Expenses	$ 636,027	$ -	$ 636,027	$ 580,987
Change in Net Assets	$ (267,698)	$ 25,039	$ (242,659)	$ (112,423)
NET ASSETS, Beginning of Year	451,154	152,045	603,199	715,622
NET ASSETS, End of Year	$ 183,456	$ 177,084	$ 360,540	$ 603,199

The accompanying notes are an integral part of this statement.

HERITAGE WORKS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Program Services	Management and General	Fundraising	2024 Total	2023 Total
Salaries, Wages and Fringes	$ 100,527	$ 11,827	$ 5,913	$ 118,267	$ 105,271
Payroll Taxes	8,190	964	481	9,635	9,737
Consultants and Professional Fees	225,603	37,124	22,847	285,574	252,350
Payroll Processing Fees	2,681	315	158	3,154	5,430
Computer and Technology	8,486	1,591	531	10,608	12,254
Supplies	16,643	1,946	872	19,461	11,514
Telephone	3,656	430	216	4,302	3,665
Occupancy	30,967	3,643	1,822	36,432	32,931
Postage and Delivery	1,169	138	69	1,376	1,267
Printing and Copying	7,069	832	415	8,316	24,195
Bank Service Charges	499	59	29	587	366
Advertising	1,549	182	91	1,822	12,498
Travel and Meetings	71,164	8,372	4,186	83,722	65,438
Insurance	4,748	559	280	5,587	3,686
Membership Dues	4,146	488	244	4,878	2,439
Staff Development	17,842	2,099	1,051	20,992	24,217
Books and Subscriptions	576	68	34	678	300
Miscellaneous	5,418	638	321	6,377	2,053
Subtotal	$ 510,933	$ 71,275	$ 39,560	$ 621,768	$ 569,611
Depreciation and Amortization	12,120	1,426	713	14,259	11,376
Total Expenses	$ 523,053	$ 72,701	$ 40,273	$ 636,027	$ 580,987

The accompanying notes are an integral part of this statement.

HERITAGE WORKS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

CASH FLOWS FROM OPERATING ACTIVITIES	2024	2023
Change in Net Assets	$ (242,659)	$ (112,423)
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used for) Operating Activities:		
Depreciation and Amortization	14,259	11,376
Change in Grants and Contracts Receivable	(124,700)	387,500
Change in Accounts Payable	(16,289)	24,456
Change in Accrued Payroll Payable	(5,324)	-
Change in Accrued Expense - Other	(5,460)	-
Net Cash Provided by (Used for) Operating Activities	$ (380,173)	$ 310,909
Increase (Decrease) in Cash	$ (380,173)	$ 310,909
CASH, Beginning of Year	524,783	213,874
CASH, End of Year	$ 144,610	$ 524,783

The accompanying notes are an integral part of this statement.

(1) ORGANIZATION

Heritage Works is a Michigan nonprofit corporation, organized exclusively for charitable and educational purposes more specifically to promote youth and community development through cultural traditions, arts, and education. The program and supporting services rendered by the Corporation are described below:

Program Services

The Corporation's major programs are Youth Works and Community Works. Descriptions and specific program activities are:

Youth Works: The Corporation serves the metro Detroit area by providing activities that use expressive traditions to promote youth and academic development and success. Youth Works includes:

I. **Heritage In School:** Is an arts education and cultural enrichment program for youth in grades Kindergarten though 12th grade. Through dance, music, visual arts, and folklore activies as well as field trips and culminating events, participating youth explore the expressive traditions of different ethnic groups, and consider the practices and traditions that shape their own lives as well. The goal of Heritage School is to promote positive academic and youth development through cultural exploration and enrichment, arts skills, knowledge development, and intercultural understanding.

II. **Work Arts:** An outgrowth of our ensemble program, provides work experiences to youth and young adults interested in creative careers. This program provides work experience, network development, skill and tool development and wages. The primary goals are to promote job readiness as well as knowledge, skills and tools central to career success.

Community Works: The Corporation serves the metro Detroit area by providing activies that use cultural arts in innovative ways to address the needs of our communities. Community Works meets the demand for experiences that ignite the spirit, promote a fuller sense of culture, and inspire joy and understanding. Community Works includes:

(1) **ORGANIZATION** (cont'd)

I. **Visiting Artists and Tradition Bearers (VATB)** engages visiting tradition bearers and master artist with local residents, artists and/or educators. Through residencies, workshops, salons, festival areas, and performances, this programming provides access to experiences that promote cultural insight, cross-cultural exchange, and professional development. These activities also provide a venue for local artists to share and create work with visiting tradition bearers.

II. **Storyscaping**, a creative engagement and place making initiative, uses arts and culture-based methodologies to engage residents and stakeholders in transforming their communities. This initiative has engaged residents in the development of a community garden, a pocket park at the corner of Rosa Parks and M.L. Junior Boulevard, resident-driven design guidelines, a feasibility study, and a neighborhood cultural amenities plan.

Supporting Services

Management and General encompass all activities necessary for overall planning, direction and management of the Corporation. Fundraising expense is a subgroup of a nonprofit's supporting activities expenses. This functional expense classification is used for fundraising activities including fundraising campaigns, mailings for funds from supporters, and other solicitations for contributions.

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements were prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Credit Losses on Financial Instruments

The Corporation has adopted ASU 2016-13, Measurement of Credit Losses on Financial Instruments. This standard provides new methodology for measuring the impact of financial instruments, including accounts and notes receivable. This standard had no impact on the Corporation for the year ended December 31, 2024.

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue Recognition

The Corporation recognizes revenue based on the existence or absence of an exchange transaction. The Corporation recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member.

Revenue from non-exchange transactions consist of the following:

- Contributions of cash and promises to give – gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- Special event revenue – recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of Expenses

In the Statement of Functional Expenses, directly identifiable expenses are charged to program and supporting services based on specific identification. Indirect expenses have been allocated between various program and supporting services on the basis of periodic expense studies.

Advertising

Advertising costs are expensed as incurred.

Property and Equipment

Property and equipment are stated at cost or fair value at the date the items were donated. Depreciation and amortization of property and equipment is provided over the estimated useful lives of the assets on the straight-line basis. Property and equipment that have a cost of $1,000 or greater are capitalized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(3) TAX-EXEMPT STATUS

The Corporation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(4) AVAILABILITY AND LIQUIDITY

The following represents the Corporation's financial assets at December 31, 2024:

Financial Assets at Year End:	
Cash	$ 144,610
Grants and Contracts Receivable	183,450
Total Financial Assets	$ 328,060
Less Amounts not available to be used within one year:	
Net Assets with Program Restrictions	131,250
Financial Assets available to meet general expenditures over the next twelve months	$ 196,810

(5) CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist of cash deposits in a checking account.

The bank balance at December 31, 2024 was $140,561 all of which was fully insured by the FDIC.

(6) GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at December 31, 2024 consist of the following:

NEA	$	92,950
Max & Majorie Fisher Foundatiom		75,000
Kresge Culture Source		15,500
Total	$	183,450

An allowance for uncollectible accounts was not considered necessary at December 31, 2024.

(7) PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2024 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 1,924	$ -	$ -	$ 1,924
Computers	5,690	-	-	5,690
Leasehold Improvements	4,734	-	-	4,734
Vehicle	67,721	-	-	67,721
Furniture, Fixtures & Equipment	19,287	-	-	19,287
Subtotal	$ 99,356	$ -	$ -	$ 99,356
Less: Accumulated Depreciation and Amortization	(40,253)	(14,259)	-	(54,512)
Property and Equipment, Net of Accumulated Depreciation and Amortization	$ 59,103	$ (14,259)	$ -	$ 44,844

(8) NET ASSETS WITH DONOR RESTRICTIONS

The following Net Assets With Donor Restrictions are net assets that contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by Heritage Works:

Program Restrictions	$ 131,250
Time Restrictions	45,834
	$ 177,084

(9) NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The following Net Assets Without Donor Restrictions are net assets that were released during the year ended December 31, 2024, by incurring expenses satisfying the restricted or time purposes or by occurrence of events specified by grantor:

Program Restrictions	$ 74,961
Time Restrictions	50,000
Total	$ 124,961

(10) LEASES

The Corporation signed a month to month sub-lease agreement for office space. The lease requires monthly payments of $1,778. Rent expense at year end December 31, 2024 was $23,373 which also included storage.

(11) RETIREMENT 401K SAVINGS PLAN

The Corporation participates in a 401K Profit Sharing Retirement Savings Plan. Any employee meeting the age requirements and completed one year of service is eligible to participate in the plan. The Corporation may contribute a discretionary matching amount on behalf of each participant.

(12) COMPARATIVE TOTALS

The financial statements include certain prior period summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2023. Certain 2023 amounts have been reclassified to conform to the 2024 presentation.

(13) SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 7, 2026, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.