

ALLIED MEDIA PROJECTS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

BOISVENU & COMPANY, P.C.
Certified Public Accountants
Bingham Farms, Michigan

ALLIED MEDIA PROJECTS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Allied Media Projects, Inc.

We have audited the accompanying financial statements of Allied Media Projects, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allied Media Projects, Inc. as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Allied Media Projects, Inc.'s December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisvenu & Company, P.C.

May 31, 2019

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018, WITH COMPARATIVE TOTALS FOR 2017

	Without Donor Restrictions	With Donor Restrictions	Total	
			2018	2017
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,470,526	\$ 3,464,399	\$ 4,934,925	\$ 2,332,877
Accounts receivable	125,392	-	125,392	56,721
Prepaid expenses	17,832	-	17,832	13,063
Total Current Assets	<u>1,613,750</u>	<u>3,464,399</u>	<u>5,078,149</u>	<u>2,402,661</u>
Non-current Assets				
Property and equipment - net	1,077,642	-	1,077,642	9,495
Security deposit	3,265	-	3,265	3,265
Total Non-current Assets	<u>1,080,907</u>	<u>-</u>	<u>1,080,907</u>	<u>12,760</u>
TOTAL ASSETS	<u>\$ 2,694,657</u>	<u>\$ 3,464,399</u>	<u>\$ 6,159,056</u>	<u>\$ 2,415,421</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 158,889	\$ -	\$ 158,889	\$ 64,975
Accrued expenses	156,530	-	156,530	121,623
Security deposits payable	8,405	-	8,405	-
Mortgage payable, current portion	83,712	-	83,712	-
Total Current Liabilities	<u>407,536</u>	<u>-</u>	<u>407,536</u>	<u>186,598</u>
Long-term Liabilities				
Mortgage payable, net of current portion	941,288	-	941,288	-
Total Liabilities	<u>1,348,824</u>	<u>-</u>	<u>1,348,824</u>	<u>186,598</u>
Net Assets				
Without donor restrictions				
Undesignated	1,285,833	-	1,285,833	623,906
Board designated	60,000	-	60,000	-
With donor restrictions	-	3,464,399	3,464,399	1,604,917
Total Net Assets	<u>1,345,833</u>	<u>3,464,399</u>	<u>4,810,232</u>	<u>2,228,823</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,694,657</u>	<u>\$ 3,464,399</u>	<u>\$ 6,159,056</u>	<u>\$ 2,415,421</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018, WITH COMPARATIVE TOTALS FOR 2017

	Without Donor Restrictions	With Donor Restrictions	Total	
			2018	2017
REVENUE AND SUPPORT				
Contributions and donations	\$ 2,431,006	\$ 4,392,831	\$ 6,823,837	\$ 3,518,985
Program income	1,234,293	-	1,234,293	602,483
Dividends and interest	7,717	-	7,717	3,809
	<u>3,673,016</u>	<u>4,392,831</u>	<u>8,065,847</u>	<u>4,125,277</u>
Net assets released from restrictions	<u>2,533,349</u>	<u>(2,533,349)</u>	-	-
TOTAL REVENUE AND SUPPORT	<u>6,206,365</u>	<u>1,859,482</u>	<u>8,065,847</u>	<u>4,125,277</u>
EXPENSES				
Program services	4,549,925	-	4,549,925	3,060,435
Management and general	435,775	-	435,775	217,496
Fund raising	472,910	-	472,910	217,119
	<u>5,458,610</u>	<u>-</u>	<u>5,458,610</u>	<u>3,495,050</u>
EXCESS OF REVENUE AND SUPPORT OVER EXPENSES	747,755	1,859,482	2,607,237	630,227
OTHER CHANGE				
Building rental income - net	<u>(25,828)</u>	<u>-</u>	<u>(25,828)</u>	<u>-</u>
CHANGE IN NET ASSETS	721,927	1,859,482	2,581,409	630,227
NET ASSETS, beginning of year	<u>623,906</u>	<u>1,604,917</u>	<u>2,228,823</u>	<u>1,598,596</u>
NET ASSETS, end of year	<u>\$ 1,345,833</u>	<u>\$ 3,464,399</u>	<u>\$ 4,810,232</u>	<u>\$ 2,228,823</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018, WITH COMPARATIVE TOTALS FOR 2017

	Program Services	Management and General	Fund Raising	Total 2018	Total 2017
Salaries	\$ 818,022	\$ 276,294	\$ 280,280	\$ 1,374,596	\$ 845,880
Payroll taxes	67,019	22,636	22,963	112,618	77,034
Employee benefits	85,205	28,779	29,194	143,178	97,566
Outside services	1,915,257	38,036	68,071	2,021,364	1,103,760
Occupancy	88,368	4,937	5,430	98,735	65,715
Information technology	192,730	10,767	11,844	215,341	183,337
Office supplies and expenses	133,227	44,999	45,648	223,874	38,719
Conferences, training and meetings	405,473	-	-	405,473	184,956
Activities and materials	105,499	-	-	105,499	174,273
Printing	26,946	9,101	9,232	45,279	38,180
Travel and transportation	424,366	-	-	424,366	286,889
Awards and assistance	282,966	-	-	282,966	384,303
Bad debt	808	-	-	808	-
Total Functional Expenses Before Depreciation	4,545,886	435,549	472,662	5,454,097	3,480,612
Depreciation	4,039	226	248	4,513	14,438
Total Functional Expenses	<u>\$ 4,549,925</u>	<u>\$ 435,775</u>	<u>\$ 472,910</u>	<u>\$ 5,458,610</u>	<u>\$ 3,495,050</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018, WITH COMPARATIVE TOTALS FOR 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,581,409	\$ 630,227
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,058	14,438
(Increase) decrease in operating assets		
Accounts receivable	(68,671)	121,838
Prepaid expenses	(4,769)	3,845
Increase (decrease) in operating liabilities		
Accounts payable	93,914	7,968
Accrued expenses	34,907	36,464
Security deposits payable	8,405	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,665,253</u>	<u>814,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(63,205)</u>	<u>(2,469)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(63,205)</u>	<u>(2,469)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,602,048	812,311
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,332,877</u>	<u>1,520,566</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 4,934,925</u>	<u>\$ 2,332,877</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 25,928</u>	<u>\$ -</u>
Note payable for acquisition of property and equipment	<u>\$ 1,025,000</u>	<u>\$ -</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Allied Media Projects, Inc. (the Organization) is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation. The mission of the Organization is to cultivate media strategies for a more just and creative world.

The Organization was founded in 2002 and incorporated in the State of Ohio with authority to transact business in Michigan.

The Organization's program and supporting services are as follows:

Program Services

The purpose of the Organization is to cultivate media strategies for a more just, creative and collaborative world, serving a network of media makers, artists, educators, and technologists working for social justice. Its programs include the annual Allied Media Conference, a gathering of social justice organizers and alternative media makers in the Detroit area, as well as sponsored projects and other activities to assist and support various other organizations and social justice art, media, and technology projects.

Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's programs, and manage the financial and budgeting responsibilities of the Organization.

Fund Raising

This provides the structure necessary to encourage and secure support from individuals, foundations and government agencies.

Use of Estimates

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

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at December 31, 2018; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of three to thirty-nine. The Organization's policy is to capitalize acquisitions of \$2,000 or more. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Revenue and Support

Revenue from grant awards under expense reimbursement programs is recognized in the period during which the related expenses are incurred. In cases where expenses are incurred in advance of receiving the grant, revenue and accounts receivable are recorded in the period during which the expenses are incurred. In cases where grants are received in advance of incurring the expenses, deferred revenue is recorded in the period during which the advance is received and recognized as income when the related expenses are incurred.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If the contribution and use of purpose-restricted donation occurs in the same period, then the support will be recorded as without donor restrictions.

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support (continued)

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated services that create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program activities.

Functional Classification of Expenses

Direct expenses, which can be clearly defined as incurred for a specific program, are charged to that program. The Organization allocates common expenses to program and supporting services based on time studies by management.

Tax Positions

The Organization is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2011.

Fair Value Disclosure

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$ 5,060,317
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor-imposed restrictions	(3,464,399)
Board designations:	
Reserve funds	<u>(60,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,535,918</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. PROPERTY AND EQUIPMENT

At December 31, 2018, property and equipment consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equipment	\$ 65,441	\$ -	\$ -	\$ 65,441
Furniture	1,932	5,405	-	7,337
Website	90,766	-	-	90,766
Building	-	777,900	-	777,900
Land improvements	-	60,000	-	60,000
Fixtures	-	50,000	-	50,000
Land	-	194,900	-	194,900
	<u>\$ 158,139</u>	<u>\$ 1,088,205</u>	<u>\$ -</u>	1,246,344
Less accumulated depreciation				<u>168,702</u>
				<u>\$ 1,077,642</u>

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

4. CONSTRUCTION LOAN COMMITMENT

The Organization has a commitment to borrow from a third party up to \$975,000 for capital renovation to its building.

5. MORTGAGE PAYABLE

The Organization executed a loan commitment of \$2,000,000. During the year, the Organization used \$1,025,000 for the purchase of land and building. Terms of the loan commitment agreement are for the Organization to pay interest only of 5.875% for the first 12 months followed by the amortization period; whereby, the Organization pays monthly principal and interest over the next 15 years of \$16,742.37. The loan is collateralized by the real estate property at 4731 Grand River, Detroit, Michigan.

Future maturities on the \$2,000,000 commitment are as follows for the years ending December 31:

2019	\$ 83,712
2020	200,908
2021	200,908
2022	200,908
2023	200,908
Thereafter	<u>2,126,282</u>
Total minimum payments	3,013,626
Less amount representing interest	<u>1,013,626</u>
Present value of minimum payments	2,000,000
Less commitment to borrow for capital renovations	975,000
Less current portion	<u>83,712</u>
Long-term portion	<u><u>\$ 941,288</u></u>

6. BOARD DESIGNATED NET ASSETS

Net assets designated for working capital needs. These designations are based on actions by the Board of Directors, which can be altered or revoked at a future time by a majority vote of the Board.

ALLIED MEDIA PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS

7. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018, net assets with donor restrictions are available for the following:

Subject to expenditure for specified purpose:	
Sponsored projects	\$ 3,401,066
Subject to the passage of time:	
Appropriated for current period	<u>63,333</u>
	<u>\$ 3,464,399</u>

8. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Subject to expenditure for specified purpose:	
Sponsored projects	\$ 2,248,632
Allied Media Conference	98,050
Subject to the passage of time:	
Appropriated for current period	<u>186,667</u>
	<u>\$ 2,533,349</u>

9. CONTINGENCY

In the normal course of operations, there could be outstanding contingent liabilities resulting from lawsuits, governmental agency assessments, etc., which are not known to the Organization and therefore have not been reflected in the accompanying financial statements. The Organization's management is of the opinion that such liabilities, if any, will be either immaterial or the Organization's insurance coverage is adequate to cover any potential losses.

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

10. RETIREMENT PLAN

The Organization participates in a retirement plan established under Revenue Code Section 403(b) covering all eligible employees. The plan allows employees to make elective deferrals. Under the plan, the Organization contributes a percentage of a qualifying employee's salary to the purchase of individual account balances. Retirement plan expense was approximately \$27,200 for the year ended December 31, 2018.

11. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution in Michigan. The balances are insured by the National Credit Union Administration (NCUA) up to \$250,000. At December 31, 2018, the uninsured cash balances totaled approximately \$4,611,000.

12. COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 31, 2019, the date the financial statements were available to be issued.