

ALLIED MEDIA PROJECTS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisvenu & Company, P.C.

September 23, 2020

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019, WITH COMPARATIVE TOTALS FOR 2018

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,010,365	\$ 7,129,671	\$ 10,140,036	\$ 4,934,925
Accounts receivable	101,039	321,964	423,003	125,392
Prepaid expenses	48,115	-	48,115	17,832
Total Current Assets	<u>3,159,519</u>	<u>7,451,635</u>	<u>10,611,154</u>	<u>5,078,149</u>
Non-current Assets				
Property and equipment - net	1,056,612	-	1,056,612	1,077,642
Security deposit	3,265	-	3,265	3,265
Total Non-current Assets	<u>1,059,877</u>	<u>-</u>	<u>1,059,877</u>	<u>1,080,907</u>
TOTAL ASSETS	<u>\$ 4,219,396</u>	<u>\$ 7,451,635</u>	<u>\$ 11,671,031</u>	<u>\$ 6,159,056</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 459,817	\$ -	\$ 459,817	\$ 158,889
Accrued expenses	385,686	-	385,686	156,530
Security deposits payable	-	-	-	8,405
Deferred revenue	6,050	-	6,050	-
Mortgage payable, current portion	184,166	-	184,166	83,712
Total Current Liabilities	<u>1,035,719</u>	<u>-</u>	<u>1,035,719</u>	<u>407,536</u>
Long-term Liabilities				
Mortgage payable, net of current portion	840,834	-	840,834	941,288
Total Liabilities	<u>1,876,553</u>	<u>-</u>	<u>1,876,553</u>	<u>1,348,824</u>
Net Assets				
Without donor restrictions				
Undesignated	2,282,843	-	2,282,843	1,285,833
Board designated	60,000	-	60,000	60,000
With donor restrictions	-	7,451,635	7,451,635	3,464,399
Total Net Assets	<u>2,342,843</u>	<u>7,451,635</u>	<u>9,794,478</u>	<u>4,810,232</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,219,396</u>	<u>\$ 7,451,635</u>	<u>\$ 11,671,031</u>	<u>\$ 6,159,056</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019, WITH COMPARATIVE TOTALS FOR 2018

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
REVENUE AND SUPPORT				
Contributions and donations	\$ 3,085,493	\$ 8,572,723	\$ 11,658,216	\$ 6,823,837
Program income	1,289,780	-	1,289,780	1,234,293
Dividends and interest	13,340	-	13,340	7,717
Loss on disposal of assets	(1,615)	-	(1,615)	-
	<u>4,386,998</u>	<u>8,572,723</u>	<u>12,959,721</u>	<u>8,065,847</u>
Net assets released from restrictions	<u>4,585,487</u>	<u>(4,585,487)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>8,972,485</u>	<u>3,987,236</u>	<u>12,959,721</u>	<u>8,065,847</u>
EXPENSES				
Program services	7,144,061	-	7,144,061	4,549,925
Management and general	501,954	-	501,954	435,775
Fund raising	<u>261,185</u>	<u>-</u>	<u>261,185</u>	<u>472,910</u>
TOTAL EXPENSES	<u>7,907,200</u>	<u>-</u>	<u>7,907,200</u>	<u>5,458,610</u>
EXCESS OF REVENUE AND SUPPORT OVER EXPENSES	1,065,285	3,987,236	5,052,521	2,607,237
OTHER CHANGE				
Building rental income - net	<u>(68,275)</u>	<u>-</u>	<u>(68,275)</u>	<u>(25,828)</u>
CHANGE IN NET ASSETS	997,010	3,987,236	4,984,246	2,581,409
NET ASSETS, beginning of year	<u>1,345,833</u>	<u>3,464,399</u>	<u>4,810,232</u>	<u>2,228,823</u>
NET ASSETS, end of year	<u>\$ 2,342,843</u>	<u>\$ 7,451,635</u>	<u>\$ 9,794,478</u>	<u>\$ 4,810,232</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019, WITH COMPARATIVE TOTALS FOR 2018

	Program Services	Management and General	Fund Raising	Total	
				2019	2018
Salaries	\$ 2,192,451	\$ 220,300	\$ 99,223	\$ 2,511,974	\$ 1,374,596
Payroll taxes	162,496	16,328	7,354	186,178	112,618
Employee benefits	203,168	20,414	9,195	232,777	143,178
Outside services	2,270,635	186,418	101,543	2,558,596	2,021,364
Occupancy	147,662	8,250	9,074	164,986	98,735
Information technology	332,027	18,549	20,404	370,980	215,341
Office supplies and expenses	278,676	28,002	12,612	319,290	223,874
Conferences, training and meetings	443,731	-	-	443,731	405,473
Activities and materials	92,942	-	-	92,942	105,499
Printing	34,966	3,513	1,582	40,061	45,279
Travel and transportation	422,317	-	-	422,317	424,366
Awards and assistance	559,764	-	-	559,764	282,966
Bad debt	-	-	-	-	808
Total Functional Expenses					
Before Depreciation	7,140,835	501,774	260,987	7,903,596	5,454,097
Depreciation	3,226	180	198	3,604	4,513
Total Functional Expenses	<u>\$ 7,144,061</u>	<u>\$ 501,954</u>	<u>\$ 261,185</u>	<u>\$ 7,907,200</u>	<u>\$ 5,458,610</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2019, WITH COMPARATIVE TOTALS FOR 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,984,246	\$ 2,581,409
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	34,692	20,058
Loss on disposal of equipment	1,615	-
(Increase) decrease in operating assets		
Accounts receivable	(297,611)	(68,671)
Prepaid expenses	(30,283)	(4,769)
Increase (decrease) in operating liabilities		
Accounts payable	300,928	93,914
Accrued expenses	229,156	34,907
Security deposits payable	(8,405)	8,405
Deferred revenue	6,050	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,220,388</u>	<u>2,665,253</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(15,277)</u>	<u>(63,205)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(15,277)</u>	<u>(63,205)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,205,111	2,602,048
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,934,925</u>	<u>2,332,877</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 10,140,036</u>	<u>\$ 4,934,925</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 61,403</u>	<u>\$ 25,928</u>
Note payable for acquisition of property and equipment	<u>\$ -</u>	<u>\$ 1,025,000</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 for liberation. Its programs include the biannual Allied Media Conference, a gathering of social justice organizers and alternative media makers; a Sponsored Projects Program to assist and support social justice art, media and technology projects; and a Speaker's Bureau offering public presentations and performances.

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.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donor: net assets without donor restrictions and net assets with donor restrictions.

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operation.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

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.

New Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for fiscal years beginning after December 15, 2018. There are no significant changes in any financial statement line item that resulted from adopting ASU 2018-08, in comparison with the prior period.

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, 2019; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of five 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 restriction.

With the implementation of ASU 2018-08, the Organization elects to report restricted contributions that were initially conditional and for which both the condition and the restriction simultaneously occur, as increases in net assets without donor restrictions.

The Organization reports gifts of property and equipment as support without donor restrictions 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.

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support (continued)

Contributions of donated services that create or enhance non-financial 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

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to the associated program and supporting services. Certain indirect costs have been allocated among the programs and supporting services benefited. Personnel and related costs are allocated based on estimates of time and effort. Other costs, such as occupancy, are allocated on a square footage basis.

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, 2012.

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, 2019, 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	\$ 10,563,039
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(7,451,635)
Board designations:	
Reserve funds	<u>(60,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,051,404</u>

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

3. PROPERTY AND EQUIPMENT

At December 31, 2019, property and equipment consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Equipment	\$ 65,441	\$ 15,277	\$ 3,229	\$ 77,489
Furniture	7,337	-	-	7,337
Website	90,766	-	-	90,766
Building	777,900	-	-	777,900
Land improvements	60,000	-	-	60,000
Fixtures	50,000	-	-	50,000
Land	<u>194,900</u>	<u>-</u>	<u>-</u>	<u>194,900</u>
	<u>\$ 1,246,344</u>	<u>\$ 15,277</u>	<u>\$ 3,229</u>	1,258,392
Less accumulated depreciation				<u>201,780</u>
				<u>\$ 1,056,612</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:

2020	\$ 184,166
2021	200,908
2022	200,908
2023	200,908
2024	200,908
Thereafter	<u>2,025,828</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>184,166</u>
Long-term portion	<u>\$ 840,834</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. COMMITTED FUNDS

The Organization has encumbered \$70,000 of funds with donor restrictions for future grants.

8. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019, net assets with donor restrictions consist of cash and cash equivalents and accounts receivable and are available for the following:

Subject to expenditure for specified purpose:	
Sponsored projects	<u>\$ 7,451,635</u>

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year are as follows:

Subject to expenditure for specified purpose:	
Allied Media Conference	\$ 3,727,437
Sponsored projects	794,717
Subject to the passage of time:	
Appropriated for current period	<u>63,333</u>
	<u>\$ 4,585,487</u>

10. 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

11. RETIREMENT PLAN

The Organization participates in a retirement plan established under Internal 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 \$40,000 for the year ended December 31, 2019.

12. 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, 2019, the uninsured cash balances totaled approximately \$10,021,900.

13. 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, 2018, from which the summarized information was derived.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 23, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen, which could affect the Organization's operations both directly and indirectly through its impact on funding sources, vendors, staff and contracted services. The financial effects on the Organization are not readily determinable. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Also, in April 2020, the Organization applied for and received a Paycheck Protection Program (PPP) loan in the amount of \$523,111. The Organization intends to apply for loan forgiveness for the entire loan balance.