

**ALLIED MEDIA PROJECTS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

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

ALLIED MEDIA PROJECTS, INC.

TABLE OF CONTENTS

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	PAGE
INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF FINANCIAL POSITION .....	2
STATEMENT OF ACTIVITIES .....	3
STATEMENT OF FUNCTIONAL EXPENSES .....	4
STATEMENT OF CASH FLOWS .....	5
NOTES TO FINANCIAL STATEMENTS .....	6

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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, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's December 31, 2011 financial statements and, in our report dated October 26, 2012, we expressed an unqualified opinion on those 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, 2012, 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.

*Boisvenu & Company, P.C.*

August 12, 2013

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012, WITH COMPARATIVE TOTALS FOR 2011

	Unrestricted	Temporarily Restricted	Total 2012	Total 2011
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 76,393	\$ 157,000	\$ 233,393	\$ 285,436
Accounts receivable	52,564	53,317	105,881	94,907
Prepaid expenses	7,334	-	7,334	-
Total Current Assets	<u>136,291</u>	<u>210,317</u>	<u>346,608</u>	<u>380,343</u>
Non-current Assets				
Equipment - net	132,899	-	132,899	104,642
Lease deposit	2,500	-	2,500	2,500
Total Non-current Assets	<u>135,399</u>	<u>-</u>	<u>135,399</u>	<u>107,142</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 271,690</u></u>	<u><u>\$ 210,317</u></u>	<u><u>\$ 482,007</u></u>	<u><u>\$ 487,485</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Accounts payable	\$ 13,699	\$ -	\$ 13,699	\$ 8,549
Accrued expenses	48,840	-	48,840	32,574
Deferred revenue	-	-	-	41,341
Total Liabilities	<u>62,539</u>	<u>-</u>	<u>62,539</u>	<u>82,464</u>
Net Assets				
Unrestricted	209,151	-	209,151	121,505
Temporarily restricted	-	210,317	210,317	283,516
Total Net Assets	<u>209,151</u>	<u>210,317</u>	<u>419,468</u>	<u>405,021</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 271,690</u></u>	<u><u>\$ 210,317</u></u>	<u><u>\$ 482,007</u></u>	<u><u>\$ 487,485</u></u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012, WITH COMPARATIVE TOTALS FOR 2011

	Unrestricted	Temporarily Restricted	Total 2012	Total 2011
<b>REVENUE AND SUPPORT</b>				
Grants and sponsorship	\$ 274,961	\$ 552,180	\$ 827,141	\$ 952,615
Contributions and support	6,108	7,805	13,913	29,525
Registration and program fees	233,849	-	233,849	146,450
Dividends and interest	821	-	821	153
	<u>515,739</u>	<u>559,985</u>	<u>1,075,724</u>	<u>1,128,743</u>
Net assets released from restrictions	<u>633,184</u>	<u>(633,184)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>1,148,923</u>	<u>(73,199)</u>	<u>1,075,724</u>	<u>1,128,743</u>
<b>EXPENSES</b>				
Program services	912,615	-	912,615	689,974
Management and general	69,632	-	69,632	77,683
Fund raising	79,030	-	79,030	51,748
<b>TOTAL EXPENSES</b>	<u>1,061,277</u>	<u>-</u>	<u>1,061,277</u>	<u>819,405</u>
<b>CHANGE IN NET ASSETS</b>	87,646	(73,199)	14,447	309,338
<b>NET ASSETS, beginning of year</b>	<u>121,505</u>	<u>283,516</u>	<u>405,021</u>	<u>95,683</u>
<b>NET ASSETS, end of year</b>	<u>\$ 209,151</u>	<u>\$ 210,317</u>	<u>\$ 419,468</u>	<u>\$ 405,021</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2012, WITH COMPARATIVE TOTALS FOR 2011

	Program Services	Management and General	Fund Raising	Total 2012	Total 2011
Salaries	\$ 403,381	\$ 50,865	\$ 58,505	\$ 512,751	\$ 321,964
Payroll taxes	34,905	4,401	5,063	44,369	27,932
Employee benefits	20,271	2,556	2,940	25,767	16,658
Outside services	94,540	4,659	4,657	103,856	112,830
Occupancy	40,103	2,241	2,464	44,808	39,974
Information technology	27,008	1,509	1,659	30,176	70,443
Office supplies and expenses	7,021	392	432	7,845	8,952
Conferences, training and meetings	70,102	-	-	70,102	34,311
Activities and materials	58,839	-	-	58,839	59,791
Printing	14,171	791	871	15,833	7,259
Travel and transportation	36,772	-	-	36,772	31,715
Awards and assistance	59,909	-	-	59,909	49,219
In-kind services	5,900	-	-	5,900	19,650
Total Functional Expenses					
Before Depreciation	872,922	67,414	76,591	1,016,927	800,698
Depreciation	39,693	2,218	2,439	44,350	18,707
Total Functional Expenses	<u>\$ 912,615</u>	<u>\$ 69,632</u>	<u>\$ 79,030</u>	<u>\$ 1,061,277</u>	<u>\$ 819,405</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012, WITH COMPARATIVE TOTALS FOR 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 14,447	\$ 309,338
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	44,350	18,707
Loss on stolen equipment	1,139	-
(Increase) decrease in operating assets		
Accounts receivable	(10,974)	(63,979)
Lease deposit	-	(2,500)
Prepaid expenses	(7,334)	545
Increase (decrease) in operating liabilities		
Accounts payable	5,150	6,342
Accrued expenses	16,266	32,574
Deferred revenue	(41,341)	38,841
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>21,703</u>	<u>339,868</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	<u>(73,746)</u>	<u>(108,629)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(73,746)</u>	<u>(108,629)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on loans	<u>-</u>	<u>(20,000)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>-</u>	<u>(20,000)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(52,043)	211,239
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>285,436</u>	<u>74,197</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 233,393</u>	<u>\$ 285,436</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 support the growth of media-based organizing models and disseminate them through the annual Allied Media Conference, an annual gathering of social justice organizers and alternative media makers in the Detroit area.

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.



ALLIED MEDIA PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Unrestricted Net Assets – net assets that are not subject to “donor-imposed” time or purpose restrictions.

Temporarily Restricted Net Assets – net assets subject to “donor-imposed” restrictions that may or will be met by actions of the Organization and/or the passage of time. Restrictions that expire with the passage of time or can be removed by accomplishing certain requirements are classified as temporarily restricted net assets.

Permanently Restricted Net Assets – net assets subject to “donor-imposed” restrictions that they be maintained in perpetuity. Restrictions that require an asset be invested and only allow the income to be used are classified as permanently restricted net assets. The Organization has no permanently restricted net assets at December 31, 2012.

Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

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.

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, 2012; 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)

Equipment

Equipment is 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 seven years. The Organization's policy is to capitalize acquisitions of \$1,000 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 unrestricted, temporarily restricted, or permanently restricted support, 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

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 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. 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.

Income Taxes

The Organization accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these standards, the Organization recognizes tax positions only to the extent that the Organization believes it is “more likely than not” that its tax positions will be sustained upon IRS examination. The Organization believes that it has no uncertain tax positions for the year ended December 31, 2012.

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s financial condition, change in net assets, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2012.

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, 2005.

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, 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. EQUIPMENT

At December 31, 2012, equipment consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Equipment	\$ 63,772	\$ 4,746	\$ 1,139	\$ 67,379
Furniture and fixtures	1,932	-	-	1,932
Website	<u>60,108</u>	<u>69,000</u>	-	<u>129,108</u>
	<u>\$ 125,812</u>	<u>\$ 73,746</u>	<u>\$ 1,139</u>	198,419
Less accumulated depreciation				<u>65,520</u>
				<u>\$ 132,899</u>

3. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2012, temporarily restricted net assets consist of cash and cash equivalents and accounts receivable and are available for the following:

Time restriction	
Kresge Foundation	\$ 15,000
Purpose restriction	
Media Collaborative	142,000
Allied Media Conference in 2013	44,317
Expose media skills to students	<u>9,000</u>
	<u>\$ 210,317</u>

ALLIED MEDIA PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS

4. NET ASSETS RELEASED FROM RESTRICTIONS

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

Time restriction	
Kresge Foundation	\$ 60,000
Purpose restriction accomplished	
Media Collaborative	339,822
2012 Allied Media Conference	165,182
Complex Movements program	42,180
Training website	20,000
Expose media skills to students	<u>6,000</u>
	<u>\$ 633,184</u>

5. OPERATING LEASES

The Organization is obligated under a lease for office space that expires February 1, 2015.

Future minimum lease payments are as follows for the years ending December 31:

2013	\$ 33,550
2014	33,600
2015	<u>2,800</u>
	<u>\$ 69,950</u>

For the year ended December 31, 2012, office rent expense was \$33,000.

6. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution in Michigan. The balances for interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA) up to \$250,000. At December 31, 2012, the cash balances are fully insured.

ALLIED MEDIA PROJECTS, INC.  
NOTES TO FINANCIAL STATEMENTS

7. IN-KIND DONATIONS

In-kind donations are valued at \$5,900 for the year ended December 31, 2012. The offsetting charge is to in-kind services.

8. 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, 2011, from which the summarized information was derived.

9. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2013, the date the financial statements were available to be issued.