

**ALLIED MEDIA PROJECTS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**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, 2017, 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, 2017, 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, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Boisvenu & Company, P.C.*

June 21, 2018

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 727,960	\$ 1,604,917	\$ 2,332,877	\$ 1,520,566
Accounts receivable	56,721	-	56,721	178,559
Prepaid expenses	13,063	-	13,063	16,908
Total Current Assets	<u>797,744</u>	<u>1,604,917</u>	<u>2,402,661</u>	<u>1,716,033</u>
Non-current Assets				
Equipment - net	9,495	-	9,495	21,464
Security deposit	3,265	-	3,265	3,265
Total Non-current Assets	<u>12,760</u>	<u>-</u>	<u>12,760</u>	<u>24,729</u>
<b>TOTAL ASSETS</b>	<u>\$ 810,504</u>	<u>\$ 1,604,917</u>	<u>\$ 2,415,421</u>	<u>\$ 1,740,762</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Accounts payable	\$ 64,975	\$ -	\$ 64,975	\$ 57,007
Accrued expenses	121,623	-	121,623	85,159
Total Liabilities	<u>186,598</u>	<u>-</u>	<u>186,598</u>	<u>142,166</u>
Net Assets				
Unrestricted	623,906	-	623,906	418,746
Temporarily restricted	-	1,604,917	1,604,917	1,179,850
Total Net Assets	<u>623,906</u>	<u>1,604,917</u>	<u>2,228,823</u>	<u>1,598,596</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 810,504</u>	<u>\$ 1,604,917</u>	<u>\$ 2,415,421</u>	<u>\$ 1,740,762</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
<b>REVENUE AND SUPPORT</b>				
Sponsorship and support	\$ 850,765	\$ 2,391,234	\$ 3,241,999	\$ 2,036,721
Contributions and donations	260,552	16,434	276,986	141,350
Registration and program fees	602,483	-	602,483	512,739
Dividends and interest	<u>3,809</u>	<u>-</u>	<u>3,809</u>	<u>2,894</u>
	1,717,609	2,407,668	4,125,277	2,693,704
Net assets released from restrictions	<u>1,982,601</u>	<u>(1,982,601)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>3,700,210</u>	<u>425,067</u>	<u>4,125,277</u>	<u>2,693,704</u>
<b>EXPENSES</b>				
Program services	3,060,435	-	3,060,435	2,236,368
Management and general	217,496	-	217,496	155,535
Fund raising	<u>217,119</u>	<u>-</u>	<u>217,119</u>	<u>106,339</u>
<b>TOTAL EXPENSES</b>	<u>3,495,050</u>	<u>-</u>	<u>3,495,050</u>	<u>2,498,242</u>
<b>CHANGE IN NET ASSETS</b>	205,160	425,067	630,227	195,462
<b>NET ASSETS, beginning of year</b>	<u>418,746</u>	<u>1,179,850</u>	<u>1,598,596</u>	<u>1,403,134</u>
<b>NET ASSETS, end of year</b>	<u>\$ 623,906</u>	<u>\$ 1,604,917</u>	<u>\$ 2,228,823</u>	<u>\$ 1,598,596</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	Program Services	Management and General	Fund Raising	Total	
				2017	2016
Salaries	\$ 555,574	\$ 148,114	\$ 142,192	\$ 845,880	\$ 619,123
Payroll taxes	50,596	13,489	12,949	77,034	54,790
Employee benefits	64,081	17,084	16,401	97,566	69,807
Outside services	1,073,432	12,170	18,158	1,103,760	809,336
Occupancy	58,815	3,286	3,614	65,715	88,846
Information technology	164,087	9,166	10,084	183,337	103,971
Office supplies and expenses	25,430	6,780	6,509	38,719	21,849
Conferences, training and meetings	184,956	-	-	184,956	199,528
Activities and materials	174,273	-	-	174,273	157,344
Printing	25,077	6,685	6,418	38,180	32,349
Travel and transportation	286,889	-	-	286,889	80,755
Awards and assistance	384,303	-	-	384,303	228,291
Bad debt	-	-	-	-	160
Total Functional Expenses					
Before Depreciation	3,047,513	216,774	216,325	3,480,612	2,466,149
Depreciation	12,922	722	794	14,438	32,093
Total Functional Expenses	<u>\$ 3,060,435</u>	<u>\$ 217,496</u>	<u>\$ 217,119</u>	<u>\$ 3,495,050</u>	<u>\$ 2,498,242</u>

See accompanying notes to financial statements.

ALLIED MEDIA PROJECTS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE TOTALS FOR 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 630,227	\$ 195,462
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	14,438	32,093
(Increase) decrease in operating assets		
Accounts receivable	121,838	(148,574)
Prepaid expenses	3,845	(6,292)
Increase (decrease) in operating liabilities		
Accounts payable	7,968	25,654
Accrued expenses	<u>36,464</u>	<u>64,410</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>814,780</u>	<u>162,753</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(2,469)</u>	<u>(7,278)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,469)</u>	<u>(7,278)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	812,311	155,475
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,520,566</u>	<u>1,365,091</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,332,877</u>	<u>\$ 1,520,566</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.

##### 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, 2017.

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, 2017; 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 \$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 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. If the contribution and use of purpose-restricted donation occurs in the same period, then the support will be recorded as unrestricted.

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.

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2010.

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.

2. EQUIPMENT

At December 31, 2017, equipment consists of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Equipment	\$ 65,202	\$ 2,469	\$ 2,230	\$ 65,441
Furniture and fixtures	1,932	-	-	1,932
Website	90,766	-	-	90,766
	<u>\$ 157,900</u>	<u>\$ 2,469</u>	<u>\$ 2,230</u>	158,139
Less accumulated depreciation				<u>148,644</u>
				<u>\$ 9,495</u>

ALLIED MEDIA PROJECTS, INC.

NOTES TO FINANCIAL STATEMENTS

3. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017, temporarily restricted net assets consist of cash and cash equivalents and are available for the following:

Purpose restriction	
Sponsored Projects	<u>\$ 1,604,917</u>

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:

Purpose restrictions accomplished	
Sponsored Projects	\$ 1,802,406
Allied Media Conference	<u>180,195</u>
	<u>\$ 1,982,601</u>

5. OPERATING LEASES

The Organization is obligated under a lease for office space through February 2018, with an option to renew which was exercised to extend the lease for an additional six months through August 2018.

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

2018	<u>\$ 24,500</u>
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For the year ended December 31, 2017, office rent expense was \$42,000.

6. 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

7. 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 \$20,800 for the year ended December 31, 2017.

8. 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, 2017, the uninsured cash balances totaled approximately \$2,069,600.

9. 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, 2016, from which the summarized information was derived.

10. 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.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 21, 2018, the date the financial statements were available to be issued.

In May 2018, the Organization received preliminary approval for a loan of \$2,000,000 to be used for the purchase of a new office facility.