

Millennial Action Project

Financial Statements
and Independent Auditors' Report

December 31, 2018 and 2017

Millennial Action Project

Financial Statements
December 31, 2018 and 2017

Contents

Independent Auditors' Report.....	1-2
<i>Financial Statements</i>	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-14

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Millennial Action Project

We have audited the accompanying financial statements of Millennial Action Project (MAP), which comprise the statements of financial position as of December 31, 2018 and 2017; the related statements of activities, functional expenses, and cash flows for the years 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 controls 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

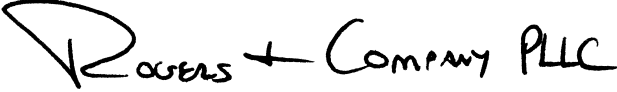
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 MAP as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, and the rest of the text is in a cursive-like script.

Vienna, Virginia
September 11, 2019

Millennial Action Project

Statements of Financial Position December 31, 2018 and 2017

	2018	2017
Assets		
Cash	\$ 837,693	\$ 742,449
Grants receivable	30,000	154,000
Prepaid expenses	-	1,850
	<hr/>	<hr/>
Total assets	<u>\$ 867,693</u>	<u>\$ 898,299</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 12,360	\$ 25,633
	<hr/>	<hr/>
Total liabilities	<u>12,360</u>	<u>25,633</u>
Net Assets		
Without donor restrictions	794,163	718,666
With donor restrictions	61,170	154,000
	<hr/>	<hr/>
Total net assets	<u>855,333</u>	<u>872,666</u>
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Total liabilities and net assets	<u>\$ 867,693</u>	<u>\$ 898,299</u>

Millennial Action Project

Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants	\$ 499,750	\$ 105,000	\$ 604,750
Contributions	202,494	-	202,494
In-kind contributions	199,233	-	199,233
Interest income	390	-	390
Released from restrictions	197,830	(197,830)	-
	1,099,697	(92,830)	1,006,867
Expenses			
Program services	766,673	-	766,673
Supporting services:			
Management and general	73,033	-	73,033
Fundraising	184,494	-	184,494
	257,527	-	257,527
Total supporting services	257,527	-	257,527
Total expenses	1,024,200	-	1,024,200
Change in Net Assets	75,497	(92,830)	(17,333)
Net Assets, beginning of year	718,666	154,000	872,666
Net Assets, end of year	\$ 794,163	\$ 61,170	\$ 855,333

See accompanying notes.

Millennial Action Project

Statement of Activities
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants	\$ 391,000	\$ 154,000	\$ 545,000
Contributions	163,428	-	163,428
In-kind contributions	160,200	-	160,200
Interest income	295	-	295
Miscellaneous income	259	-	259
Total revenue and support	<u>715,182</u>	<u>154,000</u>	<u>869,182</u>
Expenses			
Program services	746,202	-	746,202
Supporting services:			
Management and general	20,346	-	20,346
Fundraising	24,138	-	24,138
Total supporting services	<u>44,484</u>	<u>-</u>	<u>44,484</u>
Total expenses	<u>790,686</u>	<u>-</u>	<u>790,686</u>
Change in Net Assets	(75,504)	154,000	78,496
Net Assets, beginning of year	<u>794,170</u>	<u>-</u>	<u>794,170</u>
Net Assets, end of year	<u>\$ 718,666</u>	<u>\$ 154,000</u>	<u>\$ 872,666</u>

See accompanying notes.

Millennial Action Project

Statement of Functional Expenses For the Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 400,757	\$ 18,532	\$ 40,695	\$ 459,984
Employee benefits	22,030	593	523	23,146
Payroll taxes	32,507	1,057	3,758	37,322
Accounting fees	-	14,245	-	14,245
Other contract fees	85,476	775	362	86,613
Advertising	3,804	34	123,759	127,597
Office expenses	10,363	128	997	11,488
Information technology	22,460	349	192	23,001
Occupancy	78,214	37,096	1,639	116,949
Travel	67,791	61	11,298	79,150
Meetings	40,945	111	1,247	42,303
Insurance	2,326	52	24	2,402
Total Expenses	\$ 766,673	\$ 73,033	\$ 184,494	\$ 1,024,200

Millennial Action Project

Statement of Functional Expenses For the Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 350,660	\$ 13,236	\$ 6,310	\$ 370,206
Employee benefits	15,726	519	284	16,529
Payroll taxes	31,491	1,026	516	33,033
Accounting fees	10,983	243	113	11,339
Other contract fees	9,768	53	25	9,846
Advertising	124,804	2,612	3,439	130,855
Office expenses	10,676	175	321	11,172
Information technology	21,311	466	217	21,994
Occupancy	81,654	1,807	843	84,304
Travel	52,355	15	10,414	62,784
Meetings	33,971	132	1,627	35,730
Insurance	2,803	62	29	2,894
Total Expenses	\$ 746,202	\$ 20,346	\$ 24,138	\$ 790,686

Millennial Action Project

Statements of Cash Flows For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ (17,333)	\$ 78,496
Change in operating assets and liabilities:		
Decrease (increase) in:		
Grants receivable	124,000	(154,000)
Prepaid expenses	1,850	(1,850)
(Decrease) increase in:		
Accounts payable and accrued expenses	(13,273)	18,359
Net cash provided by (used in) operating activities	95,244	(58,995)
Net Increase (Decrease) in Cash	95,244	(58,995)
Cash, beginning of year	742,449	801,444
Cash, end of year	\$ 837,693	\$ 742,449

See accompanying notes.

Millennial Action Project

Notes to Financial Statements
December 31, 2018 and 2017

1. Nature of Operations

The Millennial Action Project (MAP) was incorporated under the laws of the District of Columbia in 2014, as a 501(c)(3) not-for-profit corporation dedicated to re-establish political cooperation across parties and defeat the polarization and gridlock that is holding back the government and country. Although incorporated in 2014, MAP's first full year of operations began in 2016. The current generation has a unique opportunity to forge a new path and lead the nation into the future, which is why MAP is committed to activating the nation's youngest generation of leaders and lawmakers.

MAP works directly with the nation's leading young policymakers on both a national and state level to spur bipartisan legislation and innovative policy solutions. As a national, nonpartisan, nonprofit dedicated to activating millennial policymakers, MAP gives the nation's young leaders the resources and support to create, introduce, and pass legislation and forge productive partnerships on the issues affecting the youngest generation of Americans. Working in concert with lawmakers, MAP has advanced legislation on issues including entrepreneurship, technology, 21st century skills training, veterans' employment, immigration, volunteerism, and more – including the introduction of the first bipartisan legislation on ridesharing and social impact bonds. MAP is primarily funded through grants and contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

MAP's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions in the following classes:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) 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, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Millennial Action Project

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Grants Receivable

Grants receivable are expected to be collected within one year, and are recorded at net realizable value. No allowance for doubtful accounts has been recorded, as management believes that all receivables are fully collectible.

Revenue Recognition

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. MAP reports grants and contributions as restricted support if they are received with donor or grantor 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 statements of activities as net assets released from restrictions.

Revenue from all other sources is recognized when earned.

In-Kind Contributions

Donated services meeting the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, *Revenue Recognition – Contributions Received*, are recognized at fair value at the time of receipt. These services benefit the general programs and consist primarily of public relations, consulting, legal, and professional services. The value of these donated services is included in the financial statements as both revenue and expense in the amounts of \$159,163 and \$160,200 for the years ended December 31, 2018 and 2017, respectively.

Additionally, MAP receives in-kind contributions of facilities and the use of office equipment from a shared office space provider. The value of these donated facilities is included in the financial statements as both revenue and expense in the amounts of \$40,070 and \$0 for the years ended December 31, 2018 and 2017, respectively.

Millennial Action Project

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Expenses

MAP expenses advertising costs as incurred. Advertising expenses were \$127,597 and \$130,855 for the years ended December 31, 2018 and 2017, respectively.

Adopted Accounting Pronouncement

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. MAP has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented except for the liquidity and availability footnote, which is allowed by the ASU in the year of adoption. The implementation had no impact on previously reported net assets.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2020.

Subsequent Events

In preparing these financial statements, MAP has evaluated events and transactions for potential recognition or disclosure through September 11, 2019, the date the financial statements were available to be issued.

Millennial Action Project

Notes to Financial Statements
December 31, 2018 and 2017

3. Liquidity and Availability

MAP has \$867,693 of financial assets available within one year of the statement of financial position date. MAP strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Management periodically reviews MAP's liquid asset needs and adjusts the cash balance as necessary.

Additionally, MAP considers net assets with donor restrictions for use in current programs, which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures.

The financial assets that are available for general expenditures within one year of the statement of financial position date comprise the following at December 31, 2018:

Cash and cash equivalents	\$	837,693
Grants receivable		<u>30,000</u>
Total available for general expenditures	\$	<u><u>867,693</u></u>

4. Concentration of Credit Risk

Financial instruments that potentially subject MAP to significant concentrations of credit risk consist of cash. MAP maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). MAP has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Commitments and Contingencies

Operating Leases

During the year ended December 31, 2016, MAP leased office space under a month-to-month arrangement with a shared office space provider. During 2017, MAP entered into an 11-month lease agreement, commencing on June 1, 2017 and expiring on April 30, 2018. On April 30, 2018, MAP extended the lease through April 30, 2019. The lease requires fixed monthly payments for the term of the lease. Subsequent to year end in May 2019, the lease was extended through August 31, 2019.

Millennial Action Project

Notes to Financial Statements
December 31, 2018 and 2017

5. Commitments and Contingencies (continued)

Operating Leases (continued)

Subsequent to year-end, on August 27, 2019, MAP signed a lease for a two-year commitment for office space in a shared working environment. This lease is scheduled to commence on October 1, 2019 and expires on September 30, 2021. The lease requires fixed monthly payments over the term of the lease, and includes incentives such as monthly discounts.

Rent expense for the years ended December 31, 2018 and 2017 totaled \$75,908 and \$51,489, respectively.

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

2019	\$	63,940
2020		120,000
2021		<u>90,000</u>
Total future minimum lease payments	\$	<u><u>273,940</u></u>

Service Organization

Through the end of 2018, MAP contracted with TriNet as their professional employer organization. TriNet was the employer of record for tax, benefits, and insurance purposes for MAP's employees. This co-employment relationship allowed MAP to maintain direct control of the day-to-day activities of employees, while TriNet assumed the administrative functions of human resources and absorbed many employer-related liabilities. Subsequent to year end, on January 9, 2019, MAP began contracting with Justworks as their new professional employer organization.

Venue Agreements

MAP has entered into agreements with various venues for future events. The agreements indicate that MAP can be held liable for certain cancellation fees and liquidated damages in the event of cancellation.

Millennial Action Project

Notes to Financial Statements
December 31, 2018 and 2017

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following at December 31:

	<u>2018</u>	<u>2017</u>
Program restricted	\$ 40,083	\$ -
Time restricted	<u>21,087</u>	<u>154,000</u>
Total net assets with donor restrictions	<u>\$ 61,170</u>	<u>\$ 154,000</u>

7. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The majority of the expenses are allocated using an indirect allocation methodology, which allocates expenses across program, administrative, and fundraising functions on the basis of estimates of time and effort spent by employees in those areas.

8. Retirement Plan

MAP maintains a 401(k) plan, which covers substantially all employees meeting certain age and service requirements. Participants may contribute a portion of their annual compensation on a pretax basis, subject to limitations established by the Internal Revenue Service. MAP may make discretionary contributions to the plan. MAP did not make any contributions to the plan for the years ended December 31, 2018 and 2017.

9. Income Taxes

MAP is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended December 31, 2018 and 2017, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to MAP are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated MAP's tax positions and concluded that MAP's financial statements do not include any uncertain tax positions.