

**Millennial Action Project**

Financial Statements  
and Independent Auditors' Report

December 31, 2019 and 2018

# Millennial Action Project

Financial Statements  
December 31, 2019 and 2018

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## 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, 2019 and 2018; 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, 2019 and 2018, 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.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, MAP adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 17-18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Vienna, Virginia  
September 25, 2020

## Millennial Action Project

### Statements of Financial Position December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash	\$ 593,331	\$ 837,693
Investments	455,049	-
Accounts receivable	28,516	-
Grants and contributions receivable	895	30,000
Prepaid expenses	413	-
Property and equipment, net	1,980	-
	<hr/>	<hr/>
Total assets	<u>\$ 1,080,184</u>	<u>\$ 867,693</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 20,053	\$ 12,360
	<hr/>	<hr/>
Total liabilities	<u>20,053</u>	<u>12,360</u>
<b>Net Assets</b>		
Without donor restrictions	1,060,131	794,163
With donor restrictions	-	61,170
	<hr/>	<hr/>
Total net assets	<u>1,060,131</u>	<u>855,333</u>
Total liabilities and net assets	<u>\$ 1,080,184</u>	<u>\$ 867,693</u>

## Millennial Action Project

Statement of Activities  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants	\$ 857,500	\$ -	\$ 857,500
Contributions	420,327	-	420,327
In-kind contributions	160,138	-	160,138
Investment return	2,188	-	2,188
Miscellaneous income	474	-	474
Released from restrictions	61,170	(61,170)	-
<b>Total revenue and support</b>	<u>1,501,797</u>	<u>(61,170)</u>	<u>1,440,627</u>
<b>Expenses</b>			
Program services	895,246	-	895,246
Supporting services:			
Management and general	163,619	-	163,619
Fundraising	176,964	-	176,964
<b>Total supporting services</b>	<u>340,583</u>	<u>-</u>	<u>340,583</u>
<b>Total expenses</b>	<u>1,235,829</u>	<u>-</u>	<u>1,235,829</u>
<b>Change in Net Assets</b>	265,968	(61,170)	204,798
<b>Net Assets, beginning of year</b>	<u>794,163</u>	<u>61,170</u>	<u>855,333</u>
<b>Net Assets, end of year</b>	<u>\$ 1,060,131</u>	<u>\$ -</u>	<u>\$ 1,060,131</u>

See accompanying notes.

## Millennial Action Project

Statement of Activities  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
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)	-
Total revenue and support	<u>1,099,697</u>	<u>(92,830)</u>	<u>1,006,867</u>
<b>Expenses</b>			
Program services	766,673	-	766,673
Supporting services:			
Management and general	73,033	-	73,033
Fundraising	184,494	-	184,494
Total supporting services	<u>257,527</u>	<u>-</u>	<u>257,527</u>
Total expenses	<u>1,024,200</u>	<u>-</u>	<u>1,024,200</u>
<b>Change in Net Assets</b>	75,497	(92,830)	(17,333)
<b>Net Assets, beginning of year</b>	<u>718,666</u>	<u>154,000</u>	<u>872,666</u>
<b>Net Assets, end of year</b>	<u>\$ 794,163</u>	<u>\$ 61,170</u>	<u>\$ 855,333</u>

## Millennial Action Project

### Statement of Functional Expenses For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 466,402	\$ 64,538	\$ 72,054	\$ 602,994
Employee benefits	35,796	9,465	4,694	49,955
Payroll taxes	42,901	6,605	6,624	56,130
Accounting fees	-	15,892	-	15,892
Professional fees	44,280	2,143	6,017	52,440
Advertising	7,566	27	61,088	68,681
Office expenses	22,903	965	3,195	27,063
Information technology	11,174	539	2,139	13,852
Occupancy	96,147	62,735	15,319	174,201
Travel	91,468	210	4,646	96,324
Meetings	76,609	280	1,188	78,077
Depreciation	-	220	-	220
<b>Total Expenses</b>	<b>\$ 895,246</b>	<b>\$ 163,619</b>	<b>\$ 176,964</b>	<b>\$ 1,235,829</b>

## 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
<b>Total Expenses</b>	<b>\$ 766,673</b>	<b>\$ 73,033</b>	<b>\$ 184,494</b>	<b>\$ 1,024,200</b>

## Millennial Action Project

### Statements of Cash Flows For the Years Ended December 31, 2019 and 2018

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 204,798	\$ (17,333)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized return on investments	(78)	-
Donated securities	(20,855)	-
Depreciation	220	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(28,516)	-
Grants and contributions receivable	29,105	124,000
Prepaid expenses	(413)	1,850
Increase (decrease) in:		
Accounts payable and accrued expenses	7,693	(13,273)
	191,954	95,244
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(2,200)	-
Purchases of investments	(599,116)	-
Proceeds from sales of investments	165,000	-
	(436,316)	-
Net cash used in investing activities	(436,316)	-
<b>Net (Decrease) Increase in Cash</b>	(244,362)	95,244
<b>Cash, beginning of year</b>	837,693	742,449
<b>Cash, end of year</b>	\$ 593,331	\$ 837,693

*See accompanying notes.*

# Millennial Action Project

Notes to Financial Statements  
December 31, 2019 and 2018

## 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, 21<sup>st</sup> 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, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Investments

Investments are stated at fair value based on quoted market prices. Investments are originally recorded at cost, and are adjusted to fair value at the end of each reporting period. Investment return is reported in the accompanying statements of activities.

#### Accounts Receivable

Accounts receivable are recorded at net realizable value and due within one year. MAP analyzes the collectability of individual receivables based on management's judgment considering historical information. No allowance for doubtful accounts is recorded at December 31, 2019 and 2018, as management believes that all amounts are fully collectible.

#### Grants and Contributions Receivable

Grants and contributions 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.

#### Property and Equipment

Equipment exceeding \$1,000 and with a projected useful life exceeding one year are reported at cost. Depreciation on all property and equipment is computed using the straight-line method over the estimated useful lives of the assets, currently estimated at five years. Repairs and maintenance costs are expensed as incurred.

#### 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.

## Millennial Action Project

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### In-Kind Contributions

Donated services meeting the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 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 \$113,245 and \$159,163 for the years ended December 31, 2019 and 2018, 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 \$46,893 and \$40,070 for the years ended December 31, 2019 and 2018, respectively.

#### 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.

#### 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.

#### Adopted Accounting Pronouncement

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. MAP has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

## Millennial Action Project

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### 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 2021.

#### Subsequent Events

In preparing these financial statements, MAP has evaluated events and transactions for potential recognition or disclosure through September 25, 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 that are likely to impact MAP. The extent of the impact of COVID-19 on MAP's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and its impact on MAP's clients and donors, all of which are uncertain and cannot be predicted. MAP has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. At this point, the extent to which COVID-19 may impact MAP's financial condition or results of operations is uncertain.

### 3. Liquidity and Availability

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. Amounts in excess of operating liquidity are invested in various short-term and highly liquid securities.

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.

## Millennial Action Project

Notes to Financial Statements  
December 31, 2019 and 2018

### 3. Liquidity and Availability (continued)

Financial assets that are available for general expenditures within one year of the statements of financial position date comprise the following at December 31:

	2019	2018
Cash	\$ 593,331	\$ 837,693
Investments	455,049	-
Accounts receivable	28,516	-
Grants and contributions receivable	895	30,000
Total available for general expenditures	<u>\$ 1,077,791</u>	<u>\$ 867,693</u>

### 4. Concentration of Credit Risk

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

### 5. Investments and Fair Value Measurements

MAP follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period.

## Millennial Action Project

Notes to Financial Statements  
December 31, 2019 and 2018

### 5. Investments and Fair Value Measurements (continued)

In general, and where applicable, MAP uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

Investments measured at fair value at December 31, 2019 were Level 1 investments, totaled \$455,049, and consisted of mutual funds. There were no investments measured at fair value at December 31, 2018.

Investment return consists of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 2,110	\$ 390
Realized and unrealized return	<u>78</u>	<u>-</u>
Total investment return	<u><u>\$ 2,188</u></u>	<u><u>\$ 390</u></u>

There were no investment management fees during the years ended December 31, 2019 and 2018.

### 6. Property and Equipment

Property and equipment consist of the following at December 31, 2019:

Computers	<u>\$ 2,200</u>
Total property and equipment	2,200
Less: accumulated depreciation	<u>(220)</u>
Property and equipment, net	<u><u>\$ 1,980</u></u>

There was no property and equipment at December 31, 2018.

### 7. Commitments and Contingencies

#### Operating Leases

Through August 31, 2019, MAP leased office space under an operating arrangement with a shared office space provider. The lease required fixed monthly payments for the term of the lease.

## Millennial Action Project

Notes to Financial Statements  
December 31, 2019 and 2018

### 7. Commitments and Contingencies (continued)

#### Operating Leases (continued)

On August 27, 2019, MAP signed a lease for a two-year commitment for office space in a shared working environment. This lease commenced on October 1, 2019 and is scheduled to expire 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, 2019 and 2018 totaled \$116,244 and \$75,908, respectively.

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

2020	\$	120,000
2021		<u>90,000</u>
Total future minimum lease payments	\$	<u><u>210,000</u></u>

#### Service Organization

On January 9, 2019, MAP began contracting with Justworks as their professional employer organization. Justworks 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 Justworks assumed the administrative functions of human resources and absorbed many employer-related liabilities.

#### 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.

### 8. Net Assets With Donor Restrictions

There were no net assets with donor restrictions at December 31, 2019.

## Millennial Action Project

Notes to Financial Statements  
December 31, 2019 and 2018

### 8. Net Assets With Donor Restrictions (continued)

Net assets with donor restrictions are available for the following at December 31, 2018:

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

### 9. Related Party Transactions

During the years ended December 31, 2019 and 2018, MAP received contributions from Board members in the amount of \$27,216 and \$27,329, respectively.

### 10. 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.

### 11. 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. Contributions to the plan totaled \$9,680 and \$0 for the years ended December 31, 2019 and 2018, respectively.

### 12. 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, 2019 and 2018, 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.

**SUPPLEMENTARY INFORMATION**

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## Millennial Action Project

### Comparative Statements of Activities December 31, 2019 and 2018

	2019	2018
<b>Revenue and Support</b>		
Grants	\$ 857,500	\$ 604,750
Contributions	420,327	202,494
In-kind contributions	160,138	199,233
Investment return	2,188	390
Miscellaneous income	474	-
	1,440,627	1,006,867
<b>Expenses</b>		
Program services	895,246	766,673
Supporting services:		
Management and general	163,619	73,033
Fundraising	176,964	184,494
	340,583	257,527
Total expenses	1,235,829	1,024,200
<b>Change in Net Assets</b>	204,798	(17,333)
<b>Net Assets, beginning of year</b>	855,333	872,666
<b>Net Assets, end of year</b>	\$ 1,060,131	\$ 855,333

## Millennial Action Project

### Comparative Statements of Functional Expenses December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Salaries	\$ 602,994	\$ 459,984
Employee benefits	49,955	23,146
Payroll taxes	56,130	37,322
Accounting fees	15,892	14,245
Professional fees	52,440	-
Other contract fees	-	86,613
Advertising	68,681	127,597
Office expenses	27,063	11,488
Information technology	13,852	23,001
Occupancy	174,201	116,949
Travel	96,324	79,150
Meetings	78,077	42,303
Insurance	-	2,402
Depreciation	220	-
<b>Total Expenses</b>	<u><u>\$ 1,235,829</u></u>	<u><u>\$ 1,024,200</u></u>