

AMERICAN SMALL MANUFACTURERS COALITION

FINANCIAL REPORT

SEPTEMBER 30, 2018 AND 2017

AMERICAN SMALL MANUFACTURERS COALITION

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SEPTEMBER 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors of
American Small Manufacturers Coalition
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of the American Small Manufacturers Coalition (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, 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 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 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 of 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 the American Small Manufacturers Coalition as of September 30, 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.

Ours, Lawyer, Lewis & Company, PLLC

Martinsburg, West Virginia
February 8, 2019

AMERICAN SMALL MANUFACTURERS COALITION

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 212,491	\$ 174,197
Accounts Receivable, Net	10,666	17,006
Accounts Receivable, Related Party	30,000	5,259
Prepaid Expenses	<u>5,136</u>	<u>3,677</u>
TOTAL CURRENT ASSETS	<u>258,293</u>	<u>200,139</u>
PROPERTY AND EQUIPMENT		
Furniture and Equipment	8,636	8,636
Less: Accumulated Depreciation	<u>(6,065)</u>	<u>(5,263)</u>
PROPERTY AND EQUIPMENT, NET	<u>2,571</u>	<u>3,373</u>
TOTAL ASSETS	<u>\$ 260,864</u>	<u>\$ 203,512</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 23,110	\$ 33,066
Accrued Payroll	45,389	38,687
Deferred Revenue	<u>-</u>	<u>3,000</u>
TOTAL CURRENT LIABILITIES	<u>68,499</u>	<u>74,753</u>
NET ASSETS		
Unrestricted	<u>192,365</u>	<u>128,759</u>
TOTAL NET ASSETS	<u>192,365</u>	<u>128,759</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 260,864</u>	<u>\$ 203,512</u>

The accompanying notes are an integral part of these financial statements.

AMERICAN SMALL MANUFACTURERS COALITION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
SUPPORT AND REVENUE		
Administrative Services	\$ 120,000	\$ 47,201
Lobbying Services	359,760	374,321
Other Income	1,998	2,171
Interest Income	129	165
TOTAL SUPPORT	481,887	423,858
EXPENSES		
Lobbying Expenses	235,349	269,214
General and Administrative	182,931	152,540
TOTAL EXPENSES	418,280	421,754
CHANGE IN NET ASSETS	63,607	2,104
NET ASSETS		
Beginning of Year	128,758	126,655
End of Year	\$ 192,365	\$ 128,759

The accompanying notes are an integral part of these financial statements.

AMERICAN SMALL MANUFACTURERS COALITION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 63,607	\$ 2,104
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	802	639
Changes in Operating Assets and Liabilities		
Accounts Receivable, Net	6,340	(4,006)
Accounts Receivable, Related Party	(24,741)	20,760
Prepaid Expenses	(1,460)	(1,308)
Accounts Payable	(9,956)	207
Accrued Payroll	6,702	(3,070)
Deferred Revenue	(3,000)	3,000
Total Adjustments	(25,313)	16,222
Net Cash Provided by Operating Activities	38,294	18,326
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	-	(3,353)
Net Cash Used by Investing Activities	-	(3,353)
NET CHANGE IN CASH	38,294	14,973
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	174,197	159,224
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 212,491	\$ 174,197

The accompanying notes are an integral part of these financial statements.

AMERICAN SMALL MANUFACTURERS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies

Organization and Activity

American Small Manufacturers Coalition (ASMC) was incorporated on November 1, 2004 in the State of Michigan as a Not for Profit member organization. It is the association for America's manufacturing extension community. ASMC members work to improve the productivity and performance of America's small and midsize manufacturers and thereby enhance U.S. economic competitiveness.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Under this method, support is recognized in the period in which it is earned or committed to the Coalition while expenses are recognized in the period the liability is incurred.

Income Taxes

The Coalition is exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code, except on net income derived from unrelated business activities.

The Internal Revenue Service has not examined (audited) any income tax return of the Coalition thus the previous three (3) years are subject to examination. The Coalition has not taken any questionable tax positions with respect to unrelated business income tax or anything that would jeopardize its 501(c)(6) status.

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 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 expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Furniture and Equipment

Purchases of furniture and equipment having a unit cost of \$2,000 or more and an estimated useful life of more than one year are capitalized at cost. Donated assets are capitalized at the estimated fair market value at time of receipt. Certain donated services are capitalized as improvements when those services enhance the value of the assets. It is not the Coalition's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the assets, gifts of long lived assets are reported as unrestricted support.

AMERICAN SMALL MANUFACTURERS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Furniture and Equipment (Continued)

Depreciation is calculated on all furniture and equipment using straight line methods based upon the estimated useful lives of five to seven years. Depreciation expense for the years ended September 30, 2018 and 2017 was \$802 and \$639, respectively.

Accounts Receivable

The Coalition's accounts receivable are valued at their estimated collectible amounts. The Coalition's management provides for uncollectible amounts through a charge to support and a credit to a valuation allowance based on its assessments of the current status of specific accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to valuation allowance and a credit to accounts receivable. Management believes an allowance of \$11,152 and \$2,032, respectively are required at September 30, 2018 or 2017.

Compensated Absences

Employees of the Coalition are entitled to vacation and personal time off in accordance with their length of service. Vacation time cannot be carried over from calendar year to calendar year. Management has determined the liability at September 30, 2018 and 2017 is immaterial to the financial statements and accordingly, no liability has been recorded.

Basis of Presentation

The financial statement presentation follows the requirements of the *Not-for-Profit Presentation of Financial Statements* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Under these standards, net assets and revenues, expenses, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Coalition and changes therein are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. These are resources over which the Board of Directors has discretionary control.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Coalition and/or with the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Resources subject to a donor restriction that they be maintained permanently by the Coalition. There are no permanently restricted net assets as of September 30, 2018 or 2017.

AMERICAN SMALL MANUFACTURERS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

ASMC's support primarily consists of membership dues which are recognized when billed. Any unearned portion of the dues received is recorded as deferred revenue. Occasionally, ASMC receives contributions from members which are recognized when received. They are considered available for unrestricted use unless specifically restricted by the donor.

Pension and Retirement Plan

The Coalition established a 401(k) plan in December 2005. The plan covers full-time employees and provides a match of 100% of employee contributions up to 6% of the employee's base compensation. For the years ended September 30, 2018 and 2017 ASMC contributed \$7,200 and \$7,200 to the plan, respectively.

Fair Value of Financial Instruments

The Coalition's financial instruments consist primarily of cash and cash equivalents, accounts receivable and accounts payable. Management believes that the carrying amounts of these financial instruments approximate their fair values in accordance with FASB ASC 820, *Fair Value Measurements*, at September 30, 2018 and 2017, due to the short-term nature of these accounts or the market rate of interest. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between participants at the measurement date.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 2 - Concentration of Credit Risk

Financial instruments, which potentially subject the Coalition to concentrations of credit risk, consist principally of cash and cash equivalents. Management believes the financial risks associated with these financial instruments are minimal.

The Coalition maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Interest bearing accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of September 30, 2018. The Coalition's financial institution is participating in the FDIC's Transaction Guarantee Program. Under the program, all non-interest bearing transaction accounts are fully guaranteed by the FDIC. As of September 30, 2018, and 2017, the Coalition's cash balances did not exceed the insured limit.

AMERICAN SMALL MANUFACTURERS COALITION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Note 3 - Line of Credit

In October 2013, the Coalition obtained a \$50,000 line of credit. Advances on the line of credit bear interest at Prime plus 6.75%. No advances have been made on the line of credit as of September 30, 2018 or 2017.

Note 4 - Related Party Transactions

Accounts Receivable, Related Party

As of September 30, 2018, and 2017, the Coalition had invoiced \$30,000 and \$5,259 to the Foundation for Manufacturing Excellence (a 501(c)(3) nonprofit organization) for reimbursement under the services and use of facilities agreement. The invoices are due in the ordinary course of business and therefore the amounts have been reported as a current receivable in the statements of financial position.

Services and Use of Facilities Agreement

On June 25, 2015, the Coalition entered into a Services and Use of Facilities Agreement with the Foundation for Manufacturing Excellence (FME). The agreement details the services to be provided by ASMC and the office space and equipment to be furnished to FME. Reimbursements under this agreement amounted to \$120,000 and \$47,201 for the years ended September 30, 2018 and 2017 and are included with administrative services income.

Note 5 - Subsequent Events

U.S. Generally Accepted Accounting Principles (GAAP) requires organizations to evaluate events and transactions that occur after the statement of financial position date but before the date the financial statements are available to be issued. GAAP requires entities to recognize in the financial statements the effect of all events or transactions that provide additional evidence of conditions that existed at the statement of financial position date, including the estimates inherent in the financial preparation process. Subsequent events that provide evidence about conditions that arose after the statement of financial position date should be disclosed if the financial statements would otherwise be misleading. The Coalition has evaluated subsequent events through the date the financial statements were available to be issued on February 8, 2019, and determined no events required disclosure.