

AMPLIO NETWORK



FINANCIAL STATEMENTS

DECEMBER 31, 2021

With

INDEPENDENT AUDITOR'S REPORT

AMPLIO NETWORK

Financial Statements

December 31, 2021

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Hanlin
Moss
P.S.

*Certified Public Accountants
Valuation Analysts*

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Amplio Network

Seattle, Washington

Opinion

We have audited the accompanying financial statements of Amplio Network (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amplio Network as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Amplio Network and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Amplio Network's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

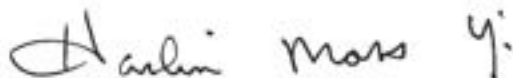
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes

our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Amplio Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Amplio Network's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Hanlin Moss Yi, P.S.
Seattle, Washington
June 28, 2022

Amplio Network

Statement of Financial Position

December 31, 2021

Assets

Current assets

Cash and cash equivalents	\$	533,878
Accounts receivable, net		37,636
Inventory		78,201
Total current assets		<u>649,715</u>

Security deposits

4,532

Unexpired lease

125,496

\$ 779,743

Liabilities

Current liabilities

Accounts payable	\$	17,756
Accrued payroll liabilities		11,788
Accrued interests		4,122
		<u>33,666</u>

SBA EIDL Loan

149,900

Unexpired lease obligation

125,496

309,062

Net Assets

470,681

\$ 779,743

Note: Some total many not equal due to rounding

Amplio Network

Statement of Activities

Year Ended December 31, 2021

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Events and programs	\$ 74,559	\$	\$	\$ 74,559
Talking books revenue	95,589			95,589
Contributions and grants	826,705			826,705
Other	374			374
	<u>997,227</u>			<u>997,227</u>
Program and Operating Expenses				
Cost of talking books	90,874			90,874
Program research and development	42,799			42,799
Affiliate program support	177,872			177,872
Business development	40,212			40,212
Occupancy expense	53,042			53,042
Personnel	900,335			900,335
Administrative expense	56,686			56,686
	<u>1,361,820</u>			<u>1,361,820</u>
Change in Net Assets from Operating Activities	<u>(364,593)</u>			<u>(364,593)</u>
Other Income and (Expenses)				
PPP Loan Forgiven	209,079			209,079
Interest expenses	(4,122)			
	<u>204,957</u>			<u>209,079</u>
Total change in Net Assets	<u>(159,636)</u>			<u>(159,636)</u>
Net Assets, Beginning of the Year	<u>600,317</u>	<u>30,000</u>		<u>630,317</u>
Net Assets, End of the Year	<u>\$ 440,681</u>	<u>\$ 30,000</u>	<u>\$</u>	<u>\$ 470,681</u>

Note: Some total many not equal due to rounding

See Accompanying Notes

Amplio Network

Statement of Functional Expense

Year Ended December 31, 2021

	Program Services		Total Functional Expenses
	Talking Book Program	Fund Raising	
Cost of talking books	\$ 90,874	\$	\$ 90,874
Program research and development	42,799		42,799
Affiliate program support	177,872		177,872
Business development	40,212		40,212
Occupancy expense	53,042		53,042
Personnel	871,431	28,904	900,335
Administrative expense	53,696	2,990	56,686
	<u>\$ 1,329,926</u>	<u>\$ 31,894</u>	<u>\$ 1,361,820</u>

Note: Some totals may not equal due to rounding

See Accompanying Notes

Amplio Network

Statement of Cash Flows

Year Ended December 31, 2021

Cash Flows from Operating Activities

Change in Net Assets	\$	(159,636)
Adjustment to Reconcile Changes in Net Assets to Net Cash Provided by Operations:		
Accounts Receivable increase		(22,676)
Inventory decrease		58,622
Receivable from Affiliates - decrease		50,098
Accounts Payable - increase		6,223
Accrued Liabilities - increase		4,994
Forgiveness of SBA PPP Loans		<u>(209,079)</u>
Net Cash Provided by (Used for) Operating Activities		<u>(271,455)</u>

Cash Flows from Financing Activities

Proceeds from SBA PPP Loans		<u>149,582</u>
Net Increase (Decrease) in Cash		(121,873)
Beginning of the Year		<u>655,750</u>
End of the Year	\$	<u><u>533,878</u></u>

Note: Some total many not equal due to rounding

See Accompanying Notes

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 ORGANIZATION AND OPERATION

Amplio was founded in 2007 to address global poverty by creating simple, cost-effective, technology-based solutions to empower low-literate people with access to knowledge. We focus on reaching the most marginalized and underserved populations in remote rural areas. Together with our partners and supporters, we deliver programs across many sectors, including agriculture, health, education, and women's empowerment.

Our solution is the Amplio Talking Book: a rugged, battery-powered audio device designed for people with low or zero literacy skills. It delivers hours of targeted content in any language. Users select and play messages on demand. They can also record their feedback. A built-in speaker allows families and groups to listen and learn together. Plus, there's no cost to the end-user.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Amplio Network has adopted the Financial Accounting Standards Board Codification 958-205-45-2, "Financial Statements of Not-for-Profit Organizations", where Amplio Network is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

It is Amplio's policy to report as unrestricted revenues those temporarily restricted contributions for which the restrictions are released during the same year.

Method of Accounting

Amplio uses the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred. Amplio has allocated a portion of the salary and benefits of the administrative staff to the Management and General column shown in the Statement of Functional Expenses.

Revenue Recognition

Revenue is recognized upon invoices of talking books or receipt of donations. We have analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to confirm with the new standard.

Property and Equipment

Property and equipment are carried at cost. Depreciation, including amortization of capital leases (if any) is computed using the straight-line method over estimated lives ranging from five to ten years.

Promises to Give

Contributions are recognized when the donor makes a promise to give to Amplio that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporary

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DECEMBER 31, 2021

or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Accounts receivable

Accounts receivable consist entirely of contributions. Management is of the opinion that no allowance for uncollectible accounts is necessary, and none has been included. This is consistent with generally accepted accounting principles.

Concentrations

Cash in bank as of December 31, 2021 is \$354,505.

Functional allocation of expenses

The allocated expenses are based upon purpose of use. The costs of fundraising include the compensations paid for the assigned employee devoted to fundraising events and administrative expenses related. The costs of providing the programs and the costs of fundraising have been summarized on a functional basis in the statement of functional expenses.

Investments

Amplio has adopted FASB ASC 958-320-50-1, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under this FASB standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the balance sheet. Unrealized gains and losses are included in the change of net assets. Investment income gains and losses restricted by a donor are reported as increases/decreases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income, gain or losses are recognized.

Federal Income Taxes

Amplio is a non-profit organization exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in these financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Amplio considers all highly liquid debt instruments purchased with a maturity of three months, or less, to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through May 31, 2022, the date on which the financial statements were available to be issued.

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NOTE 3 UNEXPIRED LEASES

In July 2014, the Organization agreed to a five-year lease for facilities in Seattle. The organization renewed the lease for another 5 years on August 1, 2019 and modified the lease on January 1, 2022.

The present value of the unexpired leases as of December 31, 2021 is \$125,496. Generally accepted accounting principles require that the Organization disclose on its statement of financial position the estimated value of the unexpired lease and the associated lease obligation.

The values of unexpired leases and unexpired leases obligation as of December 31, 2021 is as follows:

Unexpired leases	<u>2021</u> \$ 125,496
Unexpired leases obligation	(125,496)

NOTE 4 LONG-TERM LOANS:

In response to the coronavirus (Covid-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Small Business Administration (SBA) loans and the Paycheck Protection Program (PPP) to provide small business loans. In August 2020, the Organization obtained an SBA loan for \$149,900. Note payable consists of that SBA loan, payable monthly at \$641, including interest at 2.75% per annum; incurred by all costs, tangibles and intangibles. The note matures in thirty years. Based on the SBA procedural notice 5000-830558 effective on March 15 2022, this SBA loan now have a total deferment of 30 months from the date of the original Note August 27 2020, to start making payments. The ending balance and accrued interest of SBA loan on December 31, 2021 are \$149,900 and \$4,122.

The Organization obtained two PPP loans \$59,497 in 2020 and \$149,582 in 2021. The Organization has recognized a gain \$209,079 on forgiveness of the PPP loans and the two PPP loan forgiveness were granted in January and November 2021 respectively.