

Airline Ambassadors International, Inc.

Financial Statements

Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Airline Ambassadors International, Inc.

I have audited the accompanying financial statements of Airline Ambassadors International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Airline Ambassadors International, Inc. as of December 31, 2014, 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.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 6 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ali Amini, CMA, CPA

Handwritten signature of Ali Amini in cursive script.

Chevy Chase, Maryland, May 25, 2015

Airline Ambassadors International, Inc.
Statement of Financial Position
Year ended December 31, 2014

12/31/2014

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 139,972
Accounts Receivable	713
Prepaid expenses	<u>252</u>
Total Current Assets	<u>140,938</u>

Furniture and equipment, net 373

Other Assets

Deposit 2,000

TOTAL ASSETS \$ 143,311

LIABILITIES and NET ASSETS

Current Liabilities

Accounts payable	\$ 250
Deposit	<u>2,000</u>
Total Current Liabilities	<u>2,250</u>

Net Assets

Unrestricted	128,404
Net income	<u>12,657</u>
Total Net Assets	<u>141,061</u>

TOTAL LIABILITIES and NET ASSETS \$ 143,311

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Activities
Year ended December 31, 2014

12/31/2014

REVENUES

Dues and sponsorships	\$ 15,400
Direct public support	151,338
In-kind donations	691,828
Interest income	<u>82</u>
Total revenues	<u>858,648</u>

EXPENSES

Program	797,956
Management and general	<u>48,035</u>
Total expenses	<u>845,991</u>

Increase in net assets	12,657
Net assets, beginning of the year	<u>128,404</u>
Net assets, end of the year	<u>141,061</u>

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Cash Flows
Year ended December 31, 2014

12/31/2014

Cash flows from operating activities	
Net income	\$ 12,657
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	249
Decrease in accounts receivable	1,572
Increase in prepaid expenses	(42)
Decrease in accounts payable	(393)
Decrease in accrued expenses	<u>(664)</u>
Net cash provided by operating activities	<u>13,379</u>
Cash flows from financing activities	
Repayment of long term note	(30,565)
Adjustment to net assets balance at 1/1/2014	<u>1,741</u>
Net cash used by financing activities	<u>(28,824)</u>
Net decrease in cash and cash equivalents	(15,445)
Cash and cash equivalents, beginning of period	<u>155,417</u>
Cash and cash equivalents, ending of period	<u>\$ 139,972</u>

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Functional Expenses
Year ended December 31, 2014

	Program Expenses	Management and General Expenses	Fundraising	Total
Salaries and wages, officer	\$ 21,600	\$ 2,400	\$ -	\$ 24,000
Contract services	681,350	-	-	681,350
Mission expenses	64,976	-	-	64,976
Advertising	11,046	5,258	-	16,304
Professional fees	-	14,433	-	14,433
Occupancy	-	13,603	-	13,603
Travel	9,988	371	-	10,359
Office supplies	5,005	1,108	-	6,113
Telephone and internet	537	3,746	-	4,283
Bank and finance charges	594	2,231	-	2,825
Payroll taxes	1,887	210	-	2,097
Conferences, conventions and meetings	350	1,018	-	1,368
Insurance	-	1,168	-	1,168
Memberships and dues	623	-	-	623
Interest expense	-	357	-	357
Depreciation	-	249	-	249
Miscellaneous	-	1,883	-	1,883
	<u>\$ 797,956</u>	<u>\$ 48,035</u>	<u>\$ -</u>	<u>\$ 845,991</u>

See accompanying notes

contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports the expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight line method over estimated useful lives.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity. For federal tax purposes the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Accounting Basis

The change in net assets is determined on accrual basis. Accrual basis of accounting recognizes revenue when earned rather than when cash is received, and recognizes expenses when incurred rather than when paid.

Cash and Cash Equivalents

Cash and cash equivalents is the unrestricted cash at the bank. All liquid investments available for current use with initial maturity of three months or less are considered cash equivalents.

Accounts Receivable

Accounts Receivable consists of the donations to the Organization held by third parties and not yet transferred to the Organization's bank account. Accounts receivable determined to be uncollectible are written off as bad debt expense.

Leases of Facilities

The organization operates in leased facilities accounted for under operating leases. Rent expense for the year ended December 31, 2014 was \$11,153.

Advertising Expense

Advertising expense for the year ended December 31, 2014 was \$16,304.

Related Party Transactions

During 2011 the Organization entered into a rent reimbursement agreement with the president of the Organization. During 2014 the president reimbursed the Organization \$15,411 on account of her personal use of a portion of the leased facility. Also, for the year ended December 31, 2014 the president of the Organization donated \$1,824 of cash and \$1,755 of debt forgiven to the Organization.

Also, during 2014 the Organization entered into transactions totaling \$3,350 with other related parties.

Subsequent Events

Management has reviewed the financial statements as of May 25, 2015, which is the date the financial statements were available to be issued and no events occurred that required recording or disclosure in the 2014 financial statements.