

Airline Ambassadors International, Inc.

Financial Statements

Year Ended December 31, 2012

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INDEPENDENT Auditor's Report

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

I have audited the accompanying statement of financial position of Airline Ambassadors International, Inc. (a nonprofit organization) as of December 31, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 5 is presented for the purposes of additional analysis and is not a required part of 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 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

Chevy Chase, Maryland

April 29, 2013

Member of American Institute of Certified Public Accountants

Airline Ambassadors International, Inc.
Statement of Financial Position
Year ended December 31, 2012

12/31/2012

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 27,944
Accounts Receivable	<u>2,860</u>
Total Current Assets	<u>30,804</u>
Furniture and equipment, net	<u>1,037</u>
Other Assets	
Deposit on leased property	<u>2,000</u>
TOTAL ASSETS	<u>\$ 33,841</u>
LIABILITIES and NET ASSETS	
Current Liabilities	
Accounts payable	\$ 228
Payroll taxes	1,198
Current maturities of long term debt	9,772
Deposit	<u>2,000</u>
Total Current Liabilities	<u>13,199</u>
Long term Liabilities	
Note payable	<u>28,317</u>
Total liabilities	<u>41,515</u>
Net Assets	
Unrestricted	(21,917)
Increase in Net Assets	<u>14,243</u>
Total Net Assets	<u>(7,674)</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 33,841</u>

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Activities
Year ended December 31, 2012

12/31/2012

REVENUES

Grants	\$	294,038
Dues and sponsorships		28,696
Direct public support		60,475
In-kind donations		<u>24,000</u>
Total revenues		<u>407,209</u>

EXPENSES

Program		302,013
Management and general		84,211
Fundraising		<u>6,742</u>
Total expenses		<u>392,966</u>

Increase in net assets		14,243
Net Assets, beginning of the year		<u>(21,917)</u>
Net assets, end of the year	\$	<u><u>(7,674)</u></u>

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Cash Flows
Year ended December 31, 2012

12/31/2012

Cash flows from operating activities	
Net income	\$ 14,243
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	1,984
Increase in accounts receivable	(2,860)
Decrease in accounts payable	(21,309)
Decrease in accrued expenses	(229)
Net cash used by operating activities	<u>(8,171)</u>
Cash flows from investing activities	
Purchase of Computer	<u>(1,092)</u>
Net cash used by investing activities	<u>(1,092)</u>
Cash flows from financing activities	
Payment of long term note installments	<u>(11,911)</u>
Net cash used by financing activities	<u>(11,911)</u>
Net decrease in cash	(21,174)
Cash, beginning of period	49,118
Cash, ending of period	<u>\$ 27,944</u>

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Functional Expenses
Year ended December 31, 2012

	Program Expenses	Management and General Expenses	Fundraising	Total
Salaries and wages, officer	\$ 24,000	\$ 19,200	\$ 4,800	\$ 48,000
Salaries and wages, other		2,640		2,640
Payroll Taxes		4,918		4,918
Mission Expenses	196,780		1,103	197,883
Contract Services	64,100			64,100
Occupancy		17,333		17,333
Travel	13,901			13,901
Accounting		11,583		11,583
Office Supplies	839	9,207	839	10,885
Telephone and internet		9,196		9,196
Conference, convention and meetings	2,392	0		2,392
Depreciation		1,984		1,984
Memberships and dues		1,928		1,928
Interest expense		2,548		2,548
Bank and finance charges		1,435		1,435
Insurance		1,334		1,334
Payroll Service		416		416
Repairs and Maintenance		373		373
Miscellaneous		<u>117</u>		<u>117</u>
	<u>\$ 302,013</u>	<u>\$ 84,211</u>	<u>\$ 6,742</u>	<u>\$ 392,966</u>

See accompanying notes

Nature of Activities

Airline Ambassadors International, Inc. is a 501(c)(3) non-profit organization affiliated with the United Nations and recognized by the US Congress. It began as a network of airline employees using their pass privileges to help others and has expanded into a network of students, medical professionals, families and retirees who volunteer as "Ambassadors of Goodwill" in their home communities and abroad. The Organization provides humanitarian aid to children and families in need as well as relief and development to under-privileged communities worldwide. The Organization escorts children with medical needs, hand-deliver humanitarian aid to orphanages, clinics, and remote communities, raise public awareness and involve youth in humanitarian efforts around the world.

Promises to Give

Contributions and support are recognized when the donor/grantor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor/grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Contributed Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of services that assist the Organization, but not all of these services meet the criteria for recognition in the financial statements. The Organization recognized \$24,000 in the financial statements as donated services.

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.

Furniture and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with specific restrictions regarding their use and 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.

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.

Long term note payable

During 2011 the president of the Organization loaned \$50,000 to the Organization for operating expenses. The annual interest rate of the loan is three percent and it is scheduled to be repaid over five years by monthly payments in the amount of \$858. Assets are not pledged and there are no guarantees for the loan. Total principal paid during 2012 was \$11,911.

The maturities of the loan during the next four years is as follows:

2013	\$9,772
2014	10,069
2015	10,377
2016	7,872

Grants

The Organization has been awarded assistance from the international organizations to provide humanitarian aid and development projects in Haiti.

Leases of Facilities

The organization operates in leased facilities accounted for under operating leases. Rent expense for the year ended December 31, 2012 was \$15,188.

Related Party Transactions

During 2011 the Organization entered into a rent reimbursement agreement with the president of the Organization. During 2012 the president reimbursed the Organization \$13,536 on account of her personal use of a portion of the leased facility.