

Airline Ambassadors International, Inc.

Financial Statements

Year Ended December 31, 2013

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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, 2013, 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, 2013, 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.

Chevy Chase, Maryland

May 8, 2014

Airline Ambassadors International, Inc.
Statement of Financial Position
Year ended December 31, 2013

12/31/2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 155,417
Accounts Receivable	2,286
Prepaid expenses	<u>210</u>
Total Current Assets	<u>157,913</u>

Furniture and equipment, net 622

Other Assets

Deposit 2,000

TOTAL ASSETS \$ 160,535

LIABILITIES and NET ASSETS

Current Liabilities

Accounts payable	\$ 643
Accrued expenses	664
Current maturities of long term debt	28,824
Deposit	<u>2,000</u>
Total Current Liabilities	<u>32,131</u>

Net Assets

Unrestricted	(7,674)
Increase in Net Assets	<u>136,078</u>
Total Net Assets	<u>128,404</u>

TOTAL LIABILITIES and NET ASSETS \$ 160,535

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Cash Flows
Year ended December 31, 2013

12/31/2013

Cash flows from operating activities	
Net income	\$ 136,078
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	415
Decrease in accounts receivable	575
Increase in prepaid expenses	(210)
Increase in accounts payable	415
Increase in accrued expenses	664
Decrease in payroll taxes payable	<u>(1,198)</u>
Net cash provided by operating activities	<u>136,738</u>
Cash flows from financing activities	
Payment of long term note installments	<u>(9,265)</u>
Net cash used by financing activities	<u>(9,265)</u>
Net increase in cash	127,473
Cash, beginning of period	<u>27,944</u>
Cash, ending of period	<u>\$ 155,417</u>

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Activities
Year ended December 31, 2013

12/31/2013

REVENUES		
Dues and sponsorships	\$	15,817
Direct public support		252,499
In-kind donations		<u>93,328</u>
Total revenues		<u>361,643</u>
EXPENSES		
Program		185,139
Management and general		<u>40,426</u>
Total expenses		<u>225,565</u>
Increase in net assets		136,078
Net Assets, beginning of the year		<u>(7,674)</u>
Net assets, end of the year	\$	<u><u>128,404</u></u>

See accompanying notes

Airline Ambassadors International, Inc.
Statement of Functional Expenses
Year ended December 31, 2013

	Program Expenses	Management and General Expenses	Fundraising	Total
Salaries and wages, officer	\$ 18,000	\$ 6,000	\$ -	\$ 24,000
Payroll taxes		2,097	-	2,097
Mission Expenses	87,789	-	-	87,789
Contract services	16,908	-	-	16,908
Occupancy	-	11,854	-	11,854
Travel	13,606	-	-	13,606
Professional fees	30,371	-	-	30,371
Advertising	6,707	4,969	-	11,676
Office supplies	7,568	5,800	-	13,368
Telephone and internet	1,105	5,288	-	6,393
Conferences, conventions and meetings	631	-	-	631
Depreciation	-	415	-	415
Memberships and dues	2,009	-	-	2,009
Interest expense	-	1,045	-	1,045
Bank and finance charges	264	1,786	-	2,050
Insurance	-	1,000	-	1,000
Licenses and permits	-	172	-	172
Miscellaneous	181	-	-	181
	<u>185,139</u>	<u>40,426</u>	<u>-</u>	<u>\$ 225,565</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 \$11,962 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 was scheduled to be repaid over five years by monthly payments in the amount of \$858. Assets were not pledged and there were no guarantees for the loan. Total principal paid during 2012 was \$9,265.

On April 28, 2014 the Board of Directors of the Organization approved to pay off the loan.

Leases of Facilities

The organization operates in leased facilities accounted for under operating leases. Rent expense for the year ended December 31, 2012 was \$9,513.

Advertising Expense

Advertising expense for the year ended December 31, 2013 was \$11,676.

Related Party Transactions

During 2011 the Organization entered into a rent reimbursement agreement with the president of the Organization. During 2013 the president reimbursed the Organization \$16,011 on account of her personal use of a portion of the leased facility. Also, during 2013 the Organization entered into transactions totaling \$7,041 with other related parties.