

Airline Ambassadors International, Inc.

Financial Statements

Year Ended December 31, 2015

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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, 2015, 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, 2015, 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

A handwritten signature in cursive script that reads "Ali Amini".

Chevy Chase, Maryland, April 30, 2016

Airline Ambassadors International, Inc.  
Statement of Financial Position  
Year ended December 31, 2015

12/31/2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 132,280
Accounts Receivable	8,352
Prepaid expenses	<u>168</u>

Total Current Assets 140,800

Furniture and equipment, net -

Other Assets

Deposit	<u>2,000</u>
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TOTAL ASSETS \$ 142,800

LIABILITIES and NET ASSETS

Current Liabilities

Accounts payable	\$ 4,870
Payroll liabilities	434
Accrued expenses	766
Deposit	<u>2,000</u>

Total Current Liabilities 8,070

Net Assets

Unrestricted	141,061
Net loss	<u>(6,331)</u>

Total Net Assets 134,730

TOTAL LIABILITIES and NET ASSETS \$ 142,800

See accompanying notes

Airline Ambassadors International, Inc.  
Statement of Activities  
Year ended December 31, 2015

12/31/2015

REVENUES

Membership dues	\$ 27,734
Direct public support	145,211
In-kind donations	874,556
Fundraising Income	1,372
Loss on sale of equipment	(242)
Interest income	<u>89</u>
Total revenues	<u>1,048,720</u>

EXPENSES

Program	991,250
Management and general	60,171
Fundraising	<u>3,630</u>
Total expenses	<u>1,055,051</u>

Decrease in net assets	(6,331)
Net assets, beginning of the year	<u>141,061</u>
Net assets, end of the year	<u>\$ 134,730</u>

See accompanying notes

Airline Ambassadors International, Inc.  
Statement of Cash Flows  
Year ended December 31, 2015

12/31/2015

Cash flows from operating activities	
Net loss	\$ (6,331)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	131
Loss on sale of equipment	242
Increase in accounts receivable	(7,639)
Decrease in prepaid expenses	84
Increase in accounts payable	4,621
Increase in payroll liabilities	434
Increase in accrued expenses	<u>766</u>
Net cash used by operating activities	<u>(7,692)</u>
Net decrease in cash and cash equivalents	(7,692)
Cash and cash equivalents, beginning of period	<u>139,972</u>
Cash and cash equivalents, ending of period	<u>\$ 132,280</u>

See accompanying notes

Airline Ambassadors International, Inc.  
Statement of Functional Expenses  
Year ended December 31, 2015

	Program Expenses	Management and General Expenses	Fundraising	Total
Officer salaries	\$ 16,200	\$ 9,800	\$ -	\$ 26,000
Payroll taxes	-	2,287	-	2,287
Donated Goods and Services	711,173	-	-	711,173
Travel	183,540	72	-	183,612
Mission Expenses	67,200	1,391	3,630	72,221
Accounting	-	14,306	-	14,306
Advertising	6,244	7,720	-	13,964
Occupancy and facility use	-	12,989	-	12,989
Office expenses and supplies	3,073	2,710	-	5,783
Telephone, Telecommunications	547	3,873	-	4,420
Conferences and meetings	2,317	650	-	2,967
Interest and bank fees	374	2,539	-	2,913
Insurance	-	1,294	-	1,294
Memberships and Dues	582	159	-	741
Information technology	-	250	-	250
Depreciation	-	131	-	131
	<u>\$ 991,250</u>	<u>\$ 60,171</u>	<u>\$ 3,630</u>	<u>\$ 1,055,051</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 major programs of the organization are Children's Medical Escort, Human Trafficking Awareness and Training and Humanitarian Missions. 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.

## Donated Materials, Facilities and 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 \$674,829 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. 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, 2015 was \$12,989.

#### Advertising Expense

Advertising expense for the year ended December 31, 2015 was \$13,964.

### Related Party Transactions

During 2011 the Organization entered into a rent reimbursement agreement with the president of the Organization. During 2015 the president reimbursed the Organization \$16,800 on account of her personal use of a portion of the leased facility. Also, for the year ended December 31, 2015 the president of the Organization donated \$4,020 of cash to the Organization.

### Subsequent Events

Management has reviewed the financial statements as of April 30, 2016, which is the date the financial statements were available to be issued and no events occurred that required recording or disclosure in the 2015 financial statements.