Alliance of Information and Referral Systems, Inc.

Financial Statements

Year Ended December 31, 2017

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Board of Directors
Alliance of Information and Referral Systems, Inc.
Fairfax, Virginia

We have audited the accompanying financial statements of Alliance of Information and Referral Systems, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

Auditors' Responsibility

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance of Information and Referral Systems, Inc. as of December 31, 2017, 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.

Dixon Hughes Goodman LLP

Tysons, Virginia
May 17, 2018

Alliance of Information and Referral Systems, Inc.
Statement of Financial Position
December 31, 2017

ASSETS		
Current assets:		
Cash and cash equivalents	$	290,382
Certificates of deposit		167,541
Accounts receivable		7,331
Prepaid expenses		761
Total current assets		466,015
Intangible asset, net		4,934
Total assets	$	470,949
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$	26,848
Deferred revenue		228,853
Total current liabilities		255,701
Net assets:		
Unrestricted		174,917
Temporarily restricted		40,331
Total net assets		215,248
Total liabilities and net assets	$	470,949

See accompanying notes.

Alliance of Information and Referral Systems, Inc.
Statement of Activities
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue, support and other changes:			
Conference	$ 313,329	$ -	$ 313,329
Membership dues	335,595	-	335,595
Accreditation	76,500	-	76,500
Certification	142,299	-	142,299
Membership publications	1,265	-	1,265
Miscellaneous	15,287	20,000	35,287
Interest income	193	-	193
Training	65,171	-	65,171
Friends of AIRS income	-	1,744	1,744
Net assets released from restrictions	22,231	(22,231)	-
Total revenue, support and other changes	971,870	(487)	971,383
Expenses:			
Program services	769,338	-	769,338
Management and general	161,799	-	161,799
Total expenses	931,137	-	931,137
Change in net assets	40,733	(487)	40,246
Net assets, beginning of year	134,184	40,818	175,002
Net assets, end of year	$ 174,917	$ 40,331	$ 215,248

See accompanying notes.

Alliance of Information and Referral Systems, Inc.
Statement of Cash Flows
Year Ended December 31, 2017

Cash flows from operating activities:		
Change in net assets	$	40,246
Adjustments to reconcile to net cash from operating activities:		
Amortization		199
Change in:		
Accounts receivable		(1,331)
Prepaid expenses		7,000
Accounts payable		(11,818)
Deferred membership dues		2,176
Net cash provided by operating activities		36,472
Cash flows from investing activities:		
Reinvestment of certificates of deposit		(168)
Net cash used in investing activities		(168)
Net change in cash and cash equivalents		36,304
Cash and cash equivalents, beginning of year		254,078
Cash and cash equivalents, end of year	$	290,382

Notes to Financial Statements

1. Organization and Nature of Activities

Alliance of Information and Referral Systems, Inc. (AIRS or Organization) is an Arizona corporation organized in 1973 for the purpose of educating the public about the nature and purpose of information and referral agencies; producing publications that will serve the needs of the information and referral field such as the national directory, newsletters, and journal; providing technical assistance to AIRS members through the development of a national clearinghouse on information and referral; establishing guidelines and standards to be used by the information and referral field; and accrediting metropolitan, statewide, or local information and referral agencies by formal training and testing.

The Organization also sponsors an annual conference for its members that provides a promotional link of the Organization's activities to its members and is a significant source of revenue.

2. Summary of Significant Accounting Policies

Basis of presentation

The Organization classifies its resources for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions. The financial statements report separately by class of net assets as follows:

Unrestricted net assets

Include revenue and expenses associated with the principal mission of the Organization that are not restricted by donor stipulation.

Temporarily restricted net assets

Include grants or gifts for which donor imposed restrictions have not been met. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted if the donor-imposed restrictions are satisfied within the same year in which the contribution was received. Temporarily restricted net assets was $40,331 at December 31, 2017.

Permanently restricted net assets

Include gifts that require, by donor restriction, the corpus be invested in perpetuity and only the income is available for program operations in accordance with donor restriction. The Organization has no permanently restricted net assets.

Cash and cash equivalents

For purposes of reporting on the statements of cash flows, the Organization considers all highly liquid investments with purchased maturities of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable represents amounts due primarily from member organizations for accreditations. The organization classifies all accounts receivable as current assets. Accounts deemed uncollectible are charged off based on credit evaluation and specific circumstances of the parties involved. At December 31, 2017, management's assessment was that all accounts receivable were determined to be collectible; therefore, no provision for doubtful accounts has been established.

Certificates of deposit

The Organization reports its certificates of deposit at amortized cost.

Property and equipment

Property and equipment are stated at cost. Depreciation expense is computed using the straight-line method over estimated useful lives ranging from five to seven years. The Organization has furniture and equipment of $3,354 which is fully depreciated as of December 31, 2017.

The Organization capitalizes property and equipment acquired with a value greater than $1,000. When the assets are sold or disposed, the cost and corresponding accumulated depreciation are removed from the accounts with any gain or loss reflected in operations. Expenditures for maintenance and repairs are expensed as incurred.

Intangible asset

Trademark expenses are stated at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life of the asset which is 40 years.

Concentration of credit risk

The Organization maintains cash and certificates of deposit in bank accounts that may at times exceed the federally insured limit. The Organization has not experienced any losses as a result of the concentration, and management believes it is not exposed to any significant credit risk.

Contributions

The Organization receives contributions from the general public. Unless specifically restricted by the donor, all contributions are considered to be available for unrestricted use. The Organization also receives contributed services in various capacities from volunteers to help accomplish its program objectives. The estimated value of these donated, non-professional services are not reflected in the statement of activities as the services do not meet the criteria for recognition as contributed services.

Deferred revenue

Membership dues are recognized ratably over the applicable membership period. Dues received for future periods are classified as deferred revenue. The Organization also recognizes a portion of its accreditation fees as deferred revenue pending completion of the accreditation process. Deferred revenue was $228,853 as of December 31, 2017.

Income tax status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code on income other than unrelated business income. No provision for federal income taxes is required for 2017, as the Organization had no net unrelated business income. The organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2017.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Advertising

The Organization expenses advertising costs as they are incurred. There were no advertising expenses for 2017.

Subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 17, 2018, the date the financial statements were available to be issued.

3. Intangible Asset

The intangible asset consisted of the following at December 31, 2017:

Trademark	$	7,973
Less - accumulated amortization		(3,039)
	$	4,934

Amortization expense charged to operations was $199 for 2017.

4. Management Contract

The Organization contracts management services under an agreement with an initial two-year term ended December 31, 2005. The contract was extended through December 31, 2018. Management fees and related conference fees under this contract were $146,022 and $36,750 for 2017, respectively.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose at December 31, 2017:

Stanford Center on Philanthropy and Civil Society (API Project)	$	3,860
Friends of AIRS		36,471
	$	40,331

6. Commitments

AIRS typically signs contracts with venues and hotels for future events in advance of the event. It is also not unusual for a cancellation clause to be included in these contracts. At December 31, 2017, AIRS had contracts for four events in 2018 and 2019 that included cancellation clauses. These cancellation clauses require the payment of a cancellation fee if AIRS cancels the event. The potential cancellation liability range from $432,424 to $713,365 depending upon when the event is cancelled.