

INTERNATIONAL DARK-SKY
ASSOCIATION, INC.

Reviewed Financial Statements

For the year ended December 31, 2015

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
International Dark-Sky Association, Inc.

We have reviewed the accompanying financial statements of International Dark-Sky Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

LUDWIG KLEWER & CO. PLLC

October 21, 2016

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS

Current assets:	
Cash	\$ 222,087
Prepaid expenses	6,633
Total current assets	<u>228,720</u>
Furniture and equipment, net	9,534
Total assets	<u>\$ 238,254</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 2,865
Accrued payroll and related expenses	20,644
Other accrued expenses	1,063
Deferred membership revenue	68,792
Total liabilities	<u>93,364</u>
Net assets, unrestricted	144,890
Total liabilities and net assets	<u>\$ 238,254</u>

See independent accountants' review report and
accompanying notes to financial statements.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF ACTIVITIES
For the year ended December 31, 2015

Revenues and support:	
Contributions	\$ 293,891
Membership dues	194,685
Grants	30,000
Other income	16,530
FSA fees	10,000
Special events, net	5,718
Interest income	149
Loss on disposal of furniture and equipment	(327)
Total revenues and support	<u>550,646</u>
Expenses:	
Program services	457,966
Management and general	47,744
Fund-raising	12,531
Total expenses	<u>518,241</u>
Change in net assets	32,405
Net assets, unrestricted, beginning of year	<u>112,485</u>
Net assets, unrestricted, end of year	<u>\$ 144,890</u>

See independent accountants' review report and
accompanying notes to financial statements.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2015

	Program Services	Management and General	Fund-raising	Total
Salaries and wages	\$ 267,489	\$ 21,013	\$ 4,740	\$ 293,242
Payroll taxes	21,246	1,669	376	23,291
Employee benefits	13,714	978	243	14,935
Total payroll expenses	<u>302,449</u>	<u>23,660</u>	<u>5,359</u>	<u>331,468</u>
Professional fees	43,771	8,380	112	52,263
Printing and publication	20,336	-	3,741	24,077
Rent	18,608	3,874	1,142	23,624
Repairs and maintenance	14,384	3,297	89	17,770
Travel	16,514	-	-	16,514
Postage	10,811	302	1,464	12,577
Miscellaneous	7,954	863	-	8,817
Bank fees	2,715	2,803	-	5,518
Utilities	4,556	712	217	5,485
Chapter expenses	5,296	(382)	-	4,914
Depreciation	3,856	723	241	4,820
Office supplies	1,935	1,589	58	3,582
Telephone	1,757	475	108	2,340
Dues and subscriptions	1,668	122	-	1,790
Insurance	330	1,277	-	1,607
Consulting	1,026	49	-	1,075
Total expenses	<u>\$ 457,966</u>	<u>\$ 47,744</u>	<u>\$ 12,531</u>	<u>\$ 518,241</u>

See independent accountants' review report and accompanying notes to financial statements.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ 32,405
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,820
Loss on disposal of furniture and equipment	327
Changes in operating assets and liabilities:	
Accounts receivable	17,797
Prepaid expenses	(2,364)
Accounts payable	(8,842)
Accrued payroll and related expenses	6,004
Other accrued expenses	(2,038)
Deferred membership revenue	(41,792)
Total adjustments	(26,088)
Net cash provided by operating activities	6,317
Cash flows from investing activities:	
Purchases of property and equipment	(5,888)
Net cash used in investing activities	(5,888)
Cash flows from financing activities	-
Change in cash	429
Cash, beginning of year	221,658
Cash, end of year	\$ 222,087

See independent accountants' review report and
accompanying notes to financial statements.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2015

1. Organization

International Dark-Sky Association, Inc. (the Association) was organized as a non-profit corporation in 1988. The purpose of the Association is to eliminate the negative effects of light pollution through increased awareness of the issue and education on the means appropriate to achieve quality outdoor lighting. The Association receives most of its funding through membership and contributions as well as grants from various sources.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting. The Association reports information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted and permanently restricted) based upon the existence or absence of donor-imposed restrictions.

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There are no temporarily restricted net assets at December 31, 2015.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted net assets at December 31, 2015.

During the year ended December 31, 2015, the Association converted the accounting for membership revenue from the cash basis to the accrual basis of accounting in order to meet the revenue recognition requirements as promulgated by accounting principles generally accepted in the United States of America. As a result, net assets were decreased by \$110,584 as of December 31, 2014.

Contributions

Contributions are recognized as revenue when received or unconditionally promised. The Association reports gifts of cash and other assets as temporarily or permanently restricted support if such gifts are received with donor stipulations that limit the use of the donated assets as to either purpose or time period. When a donor restriction expires, either through the passage of time or use of the monies for the purpose intended by the donor, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Temporarily restricted contributions are reported as unrestricted net assets when the restriction is met in the same period as the contribution is received.

Membership Dues

Membership revenue represents amounts collected for annual memberships to the Association. Membership revenue is recognized in the financial statements during the month earned. Deferred membership revenue in the amount of \$68,792 at December 31, 2015 represents amounts collected but unearned.

See independent accountants' review report.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2015

2. Summary of Significant Accounting Policies, Continued

Cash

For the purposes of the statement of cash flows, the Association considers all cash and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There are no cash equivalents at December 31, 2015. Cash balances are maintained at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts up to \$250,000 per institution. The National Credit Union Administration (NCUA) insures all cash accounts at credit unions up to \$250,000 per institution. At December 31, 2015, the Association had no cash on deposit in excess of FDIC and NCUA limitations.

Furniture and Equipment

Purchases of furniture and equipment having a unit cost of \$1,000 or more and an estimated useful life of more than one year are capitalized at cost. Donated property and equipment meeting the same criteria is recorded at estimated fair market value on the date of the donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from five to ten years.

Income Taxes

The Association is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). However, net income from advertising activities not directly related to the Association's tax-exempt purpose may be subject to taxation as unrelated business income. There was no income tax expense for such unrelated business income for the year ended December 31, 2015. The Association is classified as other than a private foundation under Section 509(a) of the IRC.

The Association's policy is to disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax positions. As of December 31, 2015, there were no uncertain tax positions that are potentially material. In addition, management is not aware of any matters which would cause the Association to lose its tax-exempt status.

The Association's federal Form 990, *Return of Organization Exempt from Income Tax* and Form 990T, *Exempt Organization Business Income Tax Return*, are generally subject to examination by the Internal Revenue Service (IRS) for three years after the date they were filed. The Association's Arizona Form 99, *Arizona Exempt Organization Annual Information Return* and Arizona Form 99T, *Arizona Exempt Organization Business Income Tax Return*, are generally subject to examination by the Arizona Department of Revenue for four years after the date the returns were filed.

Use of Estimates

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

Functional Allocation of Expenses

The Association allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by other reasonable methods.

See independent accountants' review report.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

3. Furniture and Equipment

Furniture and equipment at December 31, 2015 consists of:

Furniture and equipment	\$	38,613
Less accumulated depreciation		<u>(29,079)</u>
Furniture and equipment, net	\$	<u>9,534</u>

4. Operating Leases

The Association leases office space under a non-cancelable operating lease that will expire during May 2019. The Association also leases office equipment under a non-cancelable operating lease that will expire during November 2020. Total rent expense for the year ended December 31, 2015 was \$23,624. Future minimum lease payments due under the leases are:

Year ended <u>December 31,</u>		
2016	\$	26,147
2017		25,908
2018		25,908
2019		12,559
2020		<u>2,772</u>
	\$	<u>93,294</u>

5. Subsequent Events

The Association was unaware of any subsequent events as of October 21, 2016, the date the financial statements were available to be issued.

See independent accountants' review report.