

**INTERNATIONAL DARK-SKY
ASSOCIATION, INC.**

Reviewed Financial Statements

For the year ended December 31, 2017

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANT'S 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, 2017, 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 & RUDNER, PLLC

November 13, 2018



INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS

Current assets:	
Cash	\$ 381,928
Prepaid expenses	5,931
Total current assets	<u>387,859</u>
Furniture and equipment, net	8,855
Total assets	<u>\$ 396,714</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 13,613
Accrued payroll and related expenses	14,568
Deferred membership revenue	103,231
Total liabilities	<u>131,412</u>
Net assets:	
Unrestricted	178,450
Temporarily restricted	85,352
Permanently restricted	1,500
Total net assets	<u>265,302</u>
Total liabilities and net assets	<u>\$ 396,714</u>

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

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:				
Contributions	\$ 390,618	\$ 42,000	\$ 1,500	\$ 434,118
Membership dues	211,874	-	-	211,874
Grants	50,000	-	-	50,000
FSA fees	37,750	-	-	37,750
Other income	19,466	-	-	19,466
Consulting	14,500	-	-	14,500
Interest income	76	-	-	76
Special events, net	(17,595)	-	-	(17,595)
Net assets released from restrictions:				
Satisfaction of donor restrictions	77,849	(77,849)	-	-
Total revenues and support	784,538	(35,849)	1,500	750,189
Expenses:				
Program services	585,157	-	-	585,157
Management and general	109,499	-	-	109,499
Fund-raising	86,808	-	-	86,808
Total expenses	781,464	-	-	781,464
Change in net assets	3,074	(35,849)	1,500	(31,275)
Net assets, beginning of year	175,376	121,201	-	296,577
Net assets, end of year	<u>\$ 178,450</u>	<u>\$ 85,352</u>	<u>\$ 1,500</u>	<u>\$ 265,302</u>

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

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017

	Program Services	Management and General	Fund-raising	Total
Payroll	\$ 244,363	\$ 43,203	\$ 64,758	\$ 352,324
Payroll taxes	23,820	4,383	1,461	29,664
Employee benefits	11,776	3,482	2,170	17,428
Total payroll expenses	279,959	51,068	68,389	399,416
Professional fees	63,430	13,489	3,925	80,844
Travel	43,906	8,131	2,676	54,713
Printing and publication	35,176	6,534	2,178	43,888
Chapter expenses	30,467	5,712	1,904	38,083
Occupancy	29,145	5,439	1,822	36,406
Returned donation	20,000	3,750	1,250	25,000
Outreach and education	18,624	3,492	1,164	23,280
Computer and software	14,046	2,800	773	17,619
Postage and shipping	11,200	2,181	727	14,108
Consulting	11,834	1,422	474	13,730
Miscellaneous	8,697	1,517	466	10,680
Bank fees	6,734	2,131	421	9,286
Office expenses	4,766	443	192	5,401
Insurance	3,985	747	249	4,981
Depreciation	2,875	539	180	3,594
Advertising	313	104	18	435
Total expenses	<u>\$ 585,157</u>	<u>\$ 109,499</u>	<u>\$ 86,808</u>	<u>\$ 781,464</u>

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

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2017

Cash flows from operating activities:	
Change in net assets	\$ (31,275)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,594
Changes in operating assets and liabilities:	
Prepaid expenses	(140)
Accounts payable and accrued expenses	8,614
Accrued payroll and related expenses	1,193
Deferred membership revenue	(812)
Total adjustments	<u>12,449</u>
Net cash used in operating activities	(18,826)
Cash flows from investing activities:	
Purchases of furniture and equipment	<u>(3,109)</u>
Net cash used in investing activities	(3,109)
Cash flows from financing activities	<u>-</u>
Change in cash	(21,935)
Cash, beginning of year	<u>403,863</u>
Cash, end of year	<u>\$ 381,928</u>
Supplemental schedule of cash flow information:	
Cash paid for income taxes	<u>\$ -</u>

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

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2017

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. The Association had \$85,352 in temporarily restricted net assets at December 31, 2017.
- 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. The Association had \$1,500 in permanently restricted net assets at December 31, 2017.

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 \$103,231 at December 31, 2017 represents amounts collected but unearned.

See independent accountant's review report.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2017

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, 2017. 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, 2017, the Association had \$53,304 on deposit with a financial institution 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, 2017. 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, 2017, 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.

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 accountant's review report.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2017

3. Furniture and Equipment

Furniture and equipment at December 31, 2017 consists of:

Furniture and equipment	\$ 44,587
Less accumulated depreciation	<u>(35,732)</u>
Furniture and equipment, net	<u>\$ 8,855</u>

4. Endowment Funds

The Organization's endowment includes donor restricted funds. As required by accounting principles generally accepted in the United States of America applicable to nonprofit organizations, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted Arizona's version (Titled the "Management of Charitable Funds Act" (the Act)) of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

The Board of Directors has appropriated 2017 earnings on unrestricted investments and on donor-restricted endowments, that are not subject to donor stipulation, for expenditure. The balance of donor-designated endowment net assets was \$1,500 at December 31, 2017.

5. 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, 2017 was \$27,014. Future minimum lease payments due under the leases are:

<u>Year ended December 31,</u>	
2018	\$ 30,575
2019	15,892
2020	<u>2,772</u>
	<u>\$ 49,239</u>

6. Subsequent Events

The Association was unaware of any subsequent events as of November 13, 2018, the date the financial statements were available to be issued.

See independent accountant's review report.