

INTERNATIONAL DARK-SKY
ASSOCIATION, INC.

Reviewed Financial Statements

For the year ended December 31, 2016

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

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LUDWIG KLEWER & CO. PLLC

Certified Public Accountants & Consultants

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, 2016, 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

August 1, 2017

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2016

ASSETS

Current assets:	
Cash	\$ 403,863
Prepaid expenses	5,791
Total current assets	<u>409,654</u>
Furniture and equipment, net	9,340
Total assets	<u>\$ 418,994</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 4,999
Accrued payroll and related expenses	13,375
Deferred membership revenue	104,043
Total liabilities	<u>122,417</u>
Net assets:	
Unrestricted	175,376
Temporarily restricted	121,201
Total net assets	<u>296,577</u>
Total liabilities and net assets	<u>\$ 418,994</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, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Contributions	\$ 296,272	\$ 134,000	\$ 430,272
Membership dues	186,983	-	186,983
Consulting	12,389	-	12,389
Grants	75,000	-	75,000
FSA fees	19,300	-	19,300
Special events, net	(8,851)	-	(8,851)
Other income	3,711	-	3,711
Interest income	99	-	99
Net assets released from restrictions:			
Satisfaction of donor restrictions	12,799	(12,799)	-
Total revenues and support	<u>597,702</u>	<u>121,201</u>	<u>718,903</u>
Expenses:			
Program services	439,822	-	439,822
Management and general	79,220	-	79,220
Fund-raising	48,174	-	48,174
Total expenses	<u>567,216</u>	<u>-</u>	<u>567,216</u>
Change in net assets	30,486	121,201	151,687
Net assets, beginning of year	<u>144,890</u>	<u>-</u>	<u>144,890</u>
Net assets, end of year	<u>\$ 175,376</u>	<u>\$ 121,201</u>	<u>\$ 296,577</u>

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INTERNATIONAL DARK-SKY ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2016

	Program Services	Management and General	Fund-raising	Total
Payroll	\$ 239,982	\$ 32,037	\$ 30,872	\$ 302,891
Payroll taxes	14,179	10,879	827	25,885
Employee benefits	7,360	4,263	5,422	17,045
Total payroll expenses	261,521	47,179	37,121	345,821
Professional fees	33,420	9,269	1,572	44,261
Printing and publication	32,718	4,396	2,049	39,163
Occupancy	22,053	4,148	1,360	27,561
Travel	22,163	1,635	3,392	27,190
Computer and software	18,633	1,804	474	20,911
Chapter expenses	15,576	1,604	416	17,596
Postage and shipping	12,697	1,347	449	14,493
Bank fees	5,517	2,212	253	7,982
Miscellaneous	4,729	749	495	5,973
Office expenses	3,482	745	148	4,375
Depreciation	3,408	639	213	4,260
Telephone	2,395	740	152	3,287
Insurance	149	2,540	9	2,698
Advertising	881	123	41	1,045
Consulting	480	90	30	600
Total expenses	<u>\$ 439,822</u>	<u>\$ 79,220</u>	<u>\$ 48,174</u>	<u>\$ 567,216</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, 2016

Cash flows from operating activities:	
Change in net assets	\$ 151,687
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,260
Changes in operating assets and liabilities:	
Prepaid expenses	842
Accounts payable and accrued expenses	2,134
Accrued payroll and related expenses	(8,332)
Deferred membership revenue	35,251
Total adjustments	34,155
Net cash provided by operating activities	185,842
Cash flows from investing activities:	
Purchases of furniture and equipment	(4,066)
Net cash used in investing activities	(4,066)
Cash flows from financing activities	-
Change in cash	181,776
Cash, beginning of year	222,087
Cash, end of year	\$ 403,863
Supplemental schedule of cash flow information:	
Cash paid for income taxes	\$ -

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, 2016

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 \$121,201 in temporarily restricted net assets at December 31, 2016.
- 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, 2016.

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 \$104,043 at December 31, 2016 represents amounts collected but unearned.

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, 2016. 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, 2016, the Association had \$39,519 on deposit with a financial institution in excess of FDIC and NCUA limitations.

See independent accountant's review report.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2016

2. Summary of Significant Accounting Policies, Continued

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, 2016. 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, 2016, 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.

3. Furniture and Equipment

Furniture and equipment at December 31, 2016 consists of:

Furniture and equipment	\$ 41,479
Less accumulated depreciation	(32,139)
Furniture and equipment, net	<u>\$ 9,340</u>

See independent accountant's review report.

INTERNATIONAL DARK-SKY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2016

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, 2016 was \$24,044. Future minimum lease payments due under the leases are:

Year ended December 31,

2017	\$	25,908
2018		25,908
2019		12,559
2020		2,772
	\$	<u>67,147</u>

5. Subsequent Events

The Association was unaware of any subsequent events as of August 1, 2017, the date the financial statements were available to be issued.

See independent accountant's review report.