

THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2015

THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

Financial Statements

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Association of Volunteers in International Service, USA, Inc.

We have audited the accompanying financial statements of The Association of Volunteers in International Service, USA, Inc. (the 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.

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 auditors' 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 auditors consider 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 The Association of Volunteers in International Service, USA, 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.

HAN GROUP LLC

HAN GROUP LLC
McLean, Virginia
July 27, 2016

THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

Statement of Financial Position

December 31, 2015

Assets

Cash	\$	221,703
Grants and contributions receivable		10,000
Prepaid expenses		596
Security deposits		1,192
Property and equipment, net		<u>2,194</u>

Total assets	\$	<u>235,685</u>
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	<u>8,894</u>
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Total liabilities		<u>8,894</u>
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Net Assets

Unrestricted		73,532
Temporarily restricted		<u>153,259</u>

Total net assets		<u>226,791</u>
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Total liabilities and net assets	\$	<u>235,685</u>
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THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

Statement of Activities

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 128,912	\$ 413,263	\$ 542,175
Program service revenue	3,979	-	3,979
Interest income	103	-	103
Other income	19,470	-	19,470
Net assets released from restrictions:			
Satisfaction of purpose restrictions	289,400	(289,400)	-
Total revenue and support	<u>441,864</u>	<u>123,863</u>	<u>565,727</u>
Expenses			
Program services	472,202	-	472,202
Supporting services:			
General and administrative	27,786	-	27,786
Fundraising	7,931	-	7,931
Total supporting services	<u>35,717</u>	<u>-</u>	<u>35,717</u>
Total expenses	<u>507,919</u>	<u>-</u>	<u>507,919</u>
Change in Net Assets	(66,055)	123,863	57,808
Net Assets, beginning of year	<u>139,587</u>	<u>29,396</u>	<u>168,983</u>
Net Assets, end of year	<u>\$ 73,532</u>	<u>\$ 153,259</u>	<u>\$ 226,791</u>

See accompanying notes.

THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

Statement of Cash Flows

Year Ended December 31, 2015

Cash Flows from Operating Activities	
Change in net assets	\$ 57,808
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	732
Change in operating assets and liabilities:	
Decrease in grants and contributions receivable	44,000
Decrease in prepaid expenses	3,046
Decrease in other receivables	34
Decrease in security deposits	4,492
Decrease in accounts payable and accrued expenses	<u>(11,873)</u>
Net cash provided by operating activities	<u>98,239</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	<u>(1,283)</u>
Net cash used in investing activities	<u>(1,283)</u>
Net Increase in Cash	96,956
Cash, beginning of year	<u>124,747</u>
Cash, end of year	<u><u>\$ 221,703</u></u>

See accompanying notes.

THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

Notes to Financial Statements

December 31, 2015

1. Nature of Operations

The Association of Volunteers in International Service, USA, Inc. (the Organization), a not-for-profit organization, was organized to promote volunteer services and support population in serious social needs. The Organization has headquarters in New York with affiliate office in Maryland.

AVSI Foundation (AVSI) is an international, non-profit, non-governmental organization (NGO) founded in 1972, with headquarters in Milan, Italy. The Organization is part of the AVSI network and supports it by leveraging resources and contacts in the U.S. in order to enhance and broaden the achievements of member organizations. AVSI links together more than 60 organizations from various countries into a global network – the AVSI network – that benefits from the technical, financial and relational support of AVSI and the Organization.

The Organization funds its program and supporting services primarily through grants and contributions from international entities in the AVSI network and various other foundations, nonprofit organizations, corporations and individuals.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from the Organization's various revenue sources. The Organization uses the allowance method to determine uncollectible grants and contributions receivable. The allowance is based on management's analysis of specific receivables. As a result, it is possible that the Organization's estimate of the carrying amount of contributions receivable could change in the near term.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. There was no discount or allowance for doubtful accounts recorded at December 31, 2015 as the entire balance has been deemed by management to be collectible within one year.

THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

Notes to Financial Statements

December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment over \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for major repairs and improvements are capitalized.

Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or the passage of time.

Revenue Recognition

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Certain management and staff expenses have been allocated to program and supporting services on the basis of time spent.

Use of Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

Notes to Financial Statements

December 31, 2015

3. Property and Equipment

The Organization held the following property and equipment at December 31, 2015:

Office equipment	\$	10,596
Furniture and fixtures		<u>6,363</u>
Total property and equipment		16,959
Less: accumulated depreciation		<u>(14,765)</u>
Property and equipment, net	\$	<u><u>2,194</u></u>

4. Operating Leases

The Organization leased its office space under the terms of a non-cancellation operating lease that commenced in May 2007 and terminated in March 2015. On March 4, 2015, the Organization entered into a new non-cancellable lease agreement for office space commencing in April 2015 and terminating in March 2020. The terms of the lease require monthly payments of \$1,192 with a 5% annual escalation clause. Rent expense from these leases was \$16,755 for the year ended December 31, 2015.

At December 31, 2015, future minimum lease payments are as follows for the years ending December 31:

2016	\$	14,836
2017		15,578
2018		16,357
2019		17,175
2020		<u>4,345</u>
Total future minimum lease payments	\$	<u><u>68,291</u></u>

5. Related Party Transactions

The Organization granted \$130,668 of grants to international entities in the AVSI network during the year ended December 31, 2015. In addition, the Organization received \$127,224 of grants from AVSI during the year ended December 31, 2015.

THE ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE, USA, INC.

Notes to Financial Statements

December 31, 2015

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2015:

Luigi Giussani Institute of Higher Education	\$	112,783
University of Notre Dame Fellowship		14,419
Refugees		9,000
Education		8,550
Syrian Refugees Campaign		4,708
Mexico		3,799
		<hr/>
Total temporarily restricted net assets	\$	<u>153,259</u>

7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2015 as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2015, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. At December 31, 2015, the statute of limitations for tax years ended December 31, 2012 through 2014 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

8. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 27, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.