

TRAVELERS AID INTERNATIONAL, INC.
JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Travelers Aid International, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Travelers Aid International, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 in the first paragraph present fairly, in all material respects, the financial position of Travelers Aid International, Inc., as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Barfins and Rhodes LLP

November 5, 2015

TRAVELERS AID INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION

	JUNE 30,	
ASSETS	2015	2014
Cash and cash equivalents (Notes 1, 2 and 9)	\$ 313,814	\$ 336,897
Accounts receivable (Note 1)	353,313	280,637
Investments (Notes 1 and 2)	184,906	151,274
Bequest receivable (Note 11)	-	75,000
Property and equipment, net of accumulated depreciation of \$23,410 and \$23,632, respectively (Note 1)	35,197	5,186
Prepaid expenses and other	9,987	350
TOTAL ASSETS	\$ 897,217	\$ 849,344
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 38,450	\$ 42,268
Accrued salaries and vacation	50,192	43,573
Accrued liability - Port Authority	-	6,035
Software note payable (Note 8)	29,503	-
TOTAL LIABILITIES	\$ 118,145	\$ 91,876
COMMITMENT (Note 7)		
NET ASSETS, UNRESTRICTED (Notes 1 and 11):	\$ 779,072	\$ 757,468
TOTAL LIABILITIES AND NET ASSETS	\$ 897,217	\$ 849,344

The accompanying notes are an integral part of these financial statements.

TRAVELERS AID INTERNATIONAL, INC.
STATEMENTS OF ACTIVITIES

	FOR THE YEARS ENDED	
	JUNE 30,	
	2015	2014
REVENUE (Notes 1 and 10):		
Contract services and grants	\$ 1,557,701	\$ 1,523,009
Bequest (Note 11)	2,900	75,000
Contributions	34,141	31,020
Grants	30,000	50,950
Member dues	25,812	22,210
Interest, dividends and other income	7,639	6,833
Annual meeting	2,115	6,071
Net realized and unrealized gains (losses) on investments	(5,900)	21,298
TOTAL REVENUE	\$ 1,654,408	\$ 1,736,391
EXPENSES:		
National Operations:		
Program services	\$ 499,712	\$ 556,717
Support services:		
Management and general	86,029	78,960
Fundraising	43,994	41,980
Total National Operations	\$ 629,735	\$ 677,657
Local Operations (Note 6):		
Program services	\$ 953,410	\$ 963,164
Support services:		
Management and general	8,971	8,288
Fundraising	40,688	3,381
Total Local Operations	\$ 1,003,069	\$ 974,833
TOTAL EXPENSES	\$ 1,632,804	\$ 1,652,490
CHANGES IN NET ASSETS	\$ 21,604	\$ 83,901
NET ASSETS, BEGINNING OF YEAR (Note 11)	757,468	673,567
NET ASSETS, END OF YEAR	\$ 779,072	\$ 757,468

The accompanying notes are an integral part of these financial statements.

TRAVELERS AID INTERNATIONAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	FOR THE YEARS ENDED JUNE 30,							
	2015				2014			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
NATIONAL OPERATIONS EXPENSES:								
Personnel costs:								
Salaries and wages	\$ 277,311	\$ 42,663	\$ 35,552	\$ 355,526	\$ 299,701	\$ 41,250	\$ 34,900	\$ 375,851
Payroll taxes	18,888	2,906	2,421	24,215	19,122	3,133	2,647	24,902
Employee benefits	12,185	1,874	1,562	15,621	14,690	2,023	1,712	18,425
Total personnel costs	\$ 308,384	\$ 47,443	\$ 39,535	\$ 395,362	\$ 333,513	\$ 46,406	\$ 39,259	\$ 419,178
Contracted services	101,037	-	-	101,037	141,482	-	-	141,482
Travel	26,503	1,435	-	27,938	21,505	-	-	21,505
Consulting and legal	10,502	10,503	-	21,005	2,179	8,717	-	10,896
Rent (Note 7)	13,567	2,087	1,739	17,393	10,730	2,146	1,430	14,306
Annual meeting	17,032	-	-	17,032	29,407	-	-	29,407
Auditing and accounting	-	8,550	-	8,550	-	8,287	-	8,287
Miscellaneous	4,197	4,196	-	8,393	2,332	3,499	-	5,831
Dues and subscriptions	7,012	-	1,237	8,249	4,115	726	-	4,841
Telephone and communications	5,569	857	714	7,140	3,614	723	482	4,819
Office supplies and postage	3,280	938	468	4,686	4,761	979	653	6,393
Insurance	-	3,733	-	3,733	-	3,988	-	3,988
Board of directors meetings	-	3,235	-	3,235	-	1,521	-	1,521
Program development	2,140	-	238	2,378	1,906	-	-	1,906
Depreciation	-	1,608	-	1,608	-	915	-	915
Bank charges	-	1,369	-	1,369	-	818	-	818
Printing and copying	489	75	63	627	1,173	235	156	1,564
TOTAL NATIONAL EXPENSES	\$ 499,712	\$ 86,029	\$ 43,994	\$ 629,735	\$ 556,717	\$ 78,960	\$ 41,980	\$ 677,657

The accompanying notes are an integral part of these financial statements.

TRAVELERS AID INTERNATIONAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30,

	2015				2014			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
LOCAL OPERATIONS EXPENSES:								
Personnel costs:								
Salaries and wages	\$ 613,333	\$ -	\$ 32,336	\$ 645,669	\$ 645,948	\$ -	\$ -	\$ 645,948
Employee benefits	77,895	-	4,100	81,995	59,591	-	-	59,591
Payroll taxes	53,145	-	2,797	55,942	51,646	-	-	51,646
Total personnel costs	\$ 744,373	\$ -	\$ 39,233	\$ 783,606	\$ 757,185	\$ -	\$ -	\$ 757,185
Volunteer expense	114,456	-	-	114,456	95,647	-	-	95,647
Transportation assistance	45,027	-	-	45,027	46,523	-	-	46,523
Office supplies and postage	14,597	-	768	15,365	13,841	-	-	13,841
Telephone and communications	11,149	-	587	11,736	11,905	-	-	11,905
Auditing and accounting	-	8,971	-	8,971	-	8,288	-	8,288
Insurance	5,369	-	-	5,369	5,926	-	-	5,926
Travel	4,419	-	-	4,419	8,356	-	-	8,356
Equipment rental and maintenance	4,015	-	-	4,015	361	-	-	361
Client assistance	3,080	-	-	3,080	2,583	-	-	2,583
Dues and subscriptions	2,353	-	-	2,353	1,535	-	-	1,535
Printing and copying	1,889	-	100	1,989	9,418	-	3,381	12,799
Payroll service	1,722	-	-	1,722	1,828	-	-	1,828
Miscellaneous	897	-	-	897	2,026	-	-	2,026
Incentive plan	64	-	-	64	6,030	-	-	6,030
TOTAL LOCAL EXPENSES	<u>\$ 953,410</u>	<u>\$ 8,971</u>	<u>\$ 40,688</u>	<u>\$ 1,003,069</u>	<u>\$ 963,164</u>	<u>\$ 8,288</u>	<u>\$ 3,381</u>	<u>\$ 974,833</u>

The accompanying notes are an integral part of these financial statements.

TRAVELERS AID INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED	
	JUNE 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from members, agencies and contributors	\$ 1,656,400	\$ 1,634,337
Cash paid to suppliers and employees	(1,629,048)	(1,673,971)
Interest and dividends received	6,232	3,024
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	\$ 33,584	\$ (36,610)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	\$ 22,965	\$ 236,339
Purchases of investments	(62,498)	(239,148)
Payments for purchases of property and equipment	(3,073)	(6,101)
Payments for security deposits	(1,080)	-
NET CASH USED IN INVESTING ACTIVITIES	\$ (43,686)	\$ (8,910)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on software note payable	\$ (12,981)	\$ -
NET CHANGE IN CASH	\$ (23,083)	\$ (45,520)
CASH, BEGINNING OF YEAR	336,897	382,417
CASH, END OF YEAR	\$ 313,814	\$ 336,897
RECONCILIATION OF CHANGES IN NET ASSETS TO		
NET CASH USED IN OPERATING ACTIVITIES:		
Changes in net assets	\$ 21,604	\$ 83,901
Reconciliation adjustments:		
Depreciation	1,608	915
Net realized and unrealized losses (gains) on investments	5,900	(21,298)
Software expense financed with note payable	6,730	-
Changes in operating assets and liabilities:		
Decrease (increase) in accounts and bequest receivable	2,324	(77,732)
Increase in prepaid expenses and other	(1,348)	-
Increase (decrease) in accounts payable and accrued expenses	(3,818)	12,738
Increase (decrease) in accrued salaries and vacation	6,619	(9,958)
Decrease in accrued liability - Port Authority	(6,035)	(25,176)
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	\$ 33,584	\$ (36,610)
NON-CASH ACTIVITY:		
Software financed through note payable	\$ 28,545	\$ -
Prepaid maintenance contract through note payable	\$ 7,209	\$ -

The accompanying notes are an integral part of these financial statements.

TRAVELERS AID INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1. **Organization and Summary of Significant Accounting Policies**

Organization - The purpose of Travelers Aid International, Inc. (the Organization) is to advance and support a national movement of human service provider organizations committed to individuals and families who are in crisis or transition and are disconnected from their support systems. Specific services provided include: monthly information memos, quarterly newsletters, annual leadership conference, a website for information exchange, technical assistance, and national program development on behalf of all the member agencies. The Organization is funded through membership dues from participating agencies and contributions from individuals, foundations and business organizations, and also performs services under grants from agencies.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation - The financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Currently, the Organization does not have any temporarily or permanently restricted net assets.

Revenue Recognition - Membership dues are recognized as revenue in the period received. Contract revenue is recognized when earned according to contracts with local governments or quasi-governmental agencies.

Contributions are recognized as revenue at the earlier of when they are received or when the Organization has received an unconditional promise from the donor to contribute a specific amount.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash.

Accounts Receivable - Receivables are due from organizations with which Travelers Aid International, Inc. has contractual relationships, primarily with the Port Authority of New York and New Jersey, the Metropolitan Washington Airports Authority and the Government of the District of Columbia. These receivables are uncollateralized. Based on management's assessment of the credit history with grantors, members and organizations having outstanding balances and current relationships with them, it has concluded that realization of losses on balances outstanding at year-end will be immaterial.

TRAVELERS AID INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1. **Organization and Summary of Significant Accounting Policies - (Continued)**

Investments - Investments in marketable securities with readily determinable values are stated at fair value at the statement of financial position date and are subject to change thereafter due to market conditions. The net realized and unrealized gains and losses on investments are reflected in the statements of activities.

Property and Equipment - Property and equipment exceeding \$750 is capitalized at cost. The Organization provides for depreciation using the straight-line method based on estimated useful lives of three to five years. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts with any resulting gain or loss reflected in income. Maintenance and repairs are expensed when incurred.

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 amount 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 those estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized by management on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2. **Fair Value Measurement** - The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows: level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets; level 2 inputs are observable market data, generally other than quoted prices; level 3 inputs are significant unobservable data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

TRAVELERS AID INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 2. **Fair Value Measurement** - (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds and alternative investment - Valued at the net asset value on the last business day of the year.

Money market funds - Valued by the institutional fund management at the stated price of the fund which generally approximates the original cost and the underlying values of the investment.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 200,756	\$ -	\$ 200,756
Mutual funds	175,764	-	-	175,764
Alternative investment	<u>9,142</u>	<u>-</u>	<u>-</u>	<u>9,142</u>
Totals	<u>\$ 184,906</u>	<u>\$ 200,756</u>	<u>\$ -</u>	<u>\$ 385,662</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ -	\$ 234,081	\$ -	\$ 234,081
Mutual funds	144,810	-	-	144,810
Alternative investment	<u>6,464</u>	<u>-</u>	<u>-</u>	<u>6,464</u>
Totals	<u>\$ 151,274</u>	<u>\$ 234,081</u>	<u>\$ -</u>	<u>\$ 385,355</u>

Investment fees netted against interest and dividend income for the years ended June 30, 2015 and 2014 were \$2,585 and \$2,366, respectively.

Note 3. **Donated Services** - The Organization receives donated services from unpaid volunteers who assist in carrying out the Organization's purpose. For the years ended June 30, 2015 and 2014, management has estimated the value of those services to be \$2,913,818 and \$3,131,798 based on its tabulation of 99,346 and 108,970 volunteer hours, respectively. Under accounting principles generally accepted in the United States of America, the value of non-specialty donated services is not generally recognized in the financial statements.

TRAVELERS AID INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 4. **Retirement Plan** - The Organization maintains a defined contribution plan (the Plan) under Internal Revenue Code subsection 401(k) covering all employees. The Plan provides for employee-only deferrals up to the maximum Internal Revenue Code limitations. All employees are eligible to make voluntary contributions to the Plan regardless of age or years of service.

Note 5. **Income Tax Status** - The Organization is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) except for income taxes on unrelated business income. The Organization had no unrelated business taxable income for the years ended June 30, 2015 and 2014. The Organization's federal information returns (Form 990, *Return of Organization Exempt from Income Tax*) generally are not subject to examination by the IRS for the years ended June 30, 2011 and prior.

Note 6. **Local Operations** - On August 1, 1997, the Organization assumed the operation of the programs and services formerly provided by the Travelers Aid Society of Washington DC, Inc., including the service contracts at Washington Reagan and Dulles airports.

On June 1, 2000, the Organization assumed the operation of the programs and services formerly provided by Victim Services of New York, including the service contracts at Newark and John F. Kennedy airports.

These programs are managed and accounted for as activities separate from the Organization's core services, but are included in these financial statements. The expenses of these programs are presented in the statements of activities as Local Operations.

Note 7. **Commitment** - The Organization entered into a lease agreement in September 2014 for office space in Greenbelt, Maryland. The lease commenced on November 1, 2014 and will expire on October 31, 2019.

The approximate future minimum lease payments under the office lease are as follows:

Year ending June 30,	Amount
2016	\$ 16,176
2017	16,496
2018	16,656
2019	16,656
2020	5,720
Total	<u>\$ 71,704</u>

TRAVELERS AID INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 7. **Commitment** - (Continued)

Rent expense for the years ended June 30, 2015 and 2014 was \$17,393 and \$14,306, respectively.

The Organization has also entered into certain agreements with facilities for its annual conference. Such agreements generally contain provisions which obligate the Organization to book a minimum number of room nights and to spend certain minimums for food and beverages. Should these minimums not be achieved, the agreements obligate the Organization to pay certain specified amounts.

Note 8. **Note Payable and Line of Credit** - The Organization entered into a non-interest bearing financing agreement for software with a net book value of \$28,545, payable in monthly installments of \$1,180, and due July 2017.

The approximate future maturities of long-term debt are as follows:

Year ending June 30,	Amount
2016	\$ 14,161
2017	15,342
Total	<u>\$ 29,503</u>

The Organization has a revolving line of credit in the amount of \$50,000. The line of credit bears an interest rate of prime plus 1.85% and expires in March 2016. As of June 30, 2015 and 2014, there were no amounts outstanding on the line of credit.

Note 9. **Concentration of Credit Risk** - Financial instruments, which potentially subject the Organization to concentrations of credit risk, include cash deposits with commercial banks and investment brokers. The Organization's cash management policies generally limit its exposure to concentrations of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. The Organization's cash accounts held by a brokerage firm were deposited in qualifying FDIC accounts with U.S. banks, subject to any limitations in coverage by FDIC.

TRAVELERS AID INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 10. **Concentration of Revenues** - Approximately 75% of the Organization's revenue each year is derived from contracts with two sources that likely would not be replaceable if they were discontinued. If the sources of revenue were lost and other sources could not be found, it could result in a significant change in the Organization's ongoing operations. The Organization, however, obtained a five-year contract with two option years with one source, and a three-year contract with two option years with the other source during the year ended June 30, 2012.

Note 11. **Net Asset Restatement** - The accompanying financial statements for the year ended June 30, 2014 have been restated to adjust for the effect of an unrecorded receivable from a bequest. The result of the restatement was an increase to bequest receivable, revenue and the change in net assets by \$75,000 for the year ended June 30, 2014.

Note 12. **Subsequent Events** - Subsequent events have been evaluated through November 5, 2015, which is the date the financial statements were available to be issued.