ASSOCIATION FOR INFORMATION SCIENCE & TECHNOLOGY

FINANCIAL REPORT

SEPTEMBER 30, 2017

ASSOCIATION FOR INFORMATION SCIENCE & TECHNOLOGY

Table of Contents

Independent Auditors' Report

To the Board of Directors of
Association for Information Science & Technology
Silver Spring, Maryland

We have audited the accompanying financial statements of the Association for Information Science & Technology (a nonprofit organization), which comprise the statement of financial position as of September 30, 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.

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 auditor's 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 auditor considers 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 for Information Science & Technology as of September 30, 2017, 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.

Independent Auditors' Report (Continued)

Emphasis of Matter

As described in Note 11 to the financial statements, the Association for Information Science & Technology restated its beginning of year unrestricted net assets due to a change in accounting method. Our opinion is not modified with respect to that matter.

Dembo Jones, P.C.

Columbia, Maryland
April 25, 2018

ASSOCIATION FOR INFORMATION SCIENCE & TECHNOLOGY
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

Assets	
Current Assets	
Cash and Cash Equivalents - Headquarters	$ 1,230,809
Cash and Cash Equivalents - Local Chapters	65,762
Cash and Cash Equivalents- Dublin Core	49,588
Investments	1,442,070
Accounts Receivable	6,441
Inventory	3,875
Prepaid Expenses - General	27,963
Prepaid Expenses - Conferences	16,209
Postage Deposits	1,109
Total Current Assets	2,843,826
Property and Equipment, net	16,164
Other Assets	
Intangible Assets, net	20,517
Security Deposit	7,003
Total Other Assets	27,520
Total Assets	$ 2,887,510
Liabilities and Net Assets	
Liabilities	
Accounts Payable	$ 73,842
Accrued Expenses	60,027
Deferred Revenue	388,159
Total Liabilities	522,028
Net Assets	
Unrestricted, Undesignated, Restated	1,743,548
Unrestricted, Board Designated	621,934
Total Net Assets	2,365,482
Total Liabilities and Net Assets	$ 2,887,510

See Independent Auditors' Report and Notes to Financial Statements.

ASSOCIATION FOR INFORMATION SCIENCE & TECHNOLOGY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Support and Revenue	
Membership	$ 190,964
Conferences and Meetings	853,749
Publications	574,728
Continuing Education	156,844
Dublin Core	129,677
Investment Income (Loss)	98,967
Miscellaneous	986
Total Support and Revenue	2,005,915
Expenses	
Program Support	
Membership	256,497
Conferences and Meetings	761,125
Publications	122,715
Chapters	4,912
Continuing Education	120,707
Dublin Core	159,017
Total Program Support	1,424,973
Management and General	860,546
Total Expenses	2,285,519
Change in Unrestricted Net Assets	(279,604)
Unrestricted Net Assets, Beginning of Year, Restated	2,645,086
Unrestricted Net Assets, End of Year	$ 2,365,482

See Independent Auditors' Report and Notes to Financial Statements.

ASSOCIATION FOR INFORMATION SCIENCE & TECHNOLOGY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Membership	Conferences and Meetings	Publications	Chapters	Continuing Education	Dublin Core	Total Program Support	Management and General	Total Expenses
Awards and Honoraria	$ 24,522	$ -	$ -	$ -	$ -	$ -	$ 24,522	$ -	$ 24,522
Bank Fees	-	-	-	-	-	972	972	39,900	40,872
Banquet and Hospitality	184	362,362	-	-	69,716	-	432,262	7,258	439,520
Books and Products	-	-	2,809	-	-	-	2,809	-	2,809
Depreciation and Amortization	-	-	-	-	-	-	-	133,053	133,053
Duplicating	239	527	3	1	1	-	771	6,673	7,444
Editorial	-	10,000	33,725	-	-	-	43,725	-	43,725
Equipment Rental and Maintenance	-	-	5,669	-	700	-	6,369	43,019	49,388
Exhibits and Conference	13,633	66,954	-	-	5,086	59,159	144,832	3,268	148,100
Insurance	-	-	-	-	-	-	-	6,604	6,604
Legal and Professional	-	-	-	-	-	48,821	48,821	34,853	83,674
Other	4,661	9,709	5,193	4,911	8,043	15,396	47,913	100,273	148,186
Postage and Delivery	2,115	19,819	7	-	-	-	21,941	6,414	28,355
Printing and Related Expenses	559	19,100	14,200	-	-	-	33,859	222	34,081
Proceedings	-	8,549	-	-	-	-	8,549	-	8,549
Rent	-	-	-	-	-	-	-	65,560	65,560
Salaries, Benefits, and Taxes	204,259	184,293	61,014	-	34,621	34,669	518,856	319,457	838,313
Supplies and Materials	4,845	11,337	95	-	121	-	16,398	6,796	23,194
Tax	-	-	-	-	-	-	-	2,238	2,238
Telephone	1,480	10,230	-	-	-	-	11,710	5,916	17,626
Temporary Help	-	480	-	-	-	-	480	24,935	25,415
Travel and Related Expenses	-	57,765	-	-	2,419	-	60,184	54,107	114,291
Totals	$ 256,497	$ 761,125	$ 122,715	$ 4,912	$120,707	$ 159,017	$ 1,424,973	$ 860,546	$ 2,285,519

See Independent Auditors' Report and Notes to Financial Statements.

ASSOCIATION FOR INFORMATION SCIENCE & TECHNOLOGY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Cash Flows From Operating Activities	
Change in Net Assets	$ (279,604)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	133,053
Realized (Gain) Loss on Sale of Investments	(1,854)
Unrealized (Gain) Loss on Investments	(43,663)
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Accounts Receivable	7,367
Prepaid Expenses - General	(10,864)
Prepaid Expenses - Conferences	77,981
Prepaid Expenses - Taxes	860
Postage Deposits	(638)
Increase (Decrease) in Liabilities:	
Accounts Payable	36,272
Income Taxes Payable	(774)
Accrued Expenses	(32,358)
Deferred Revenue	(20,013)
Net Cash Used In Operating Activities	(134,235)
Cash Flows From Investing Activities	
Purchase of Investments	(192,417)
Proceeds from Sale of Investments	183,464
Purchase of Property and Equipment	(11,816)
Net Cash Used in Investing Activities	(20,769)
Net Decrease in Cash and Cash Equivalents	(155,004)
Cash and Cash Equivalents, Beginning of Year	1,501,163
Cash and Cash Equivalents, End of Year	$ 1,346,159
Supplemental Disclosure of Cash Flow Information:	
Cash Paid During the Year for Income Taxes, Net of Refunds	$ 1,378

See Independent Auditors' Report and Notes to Financial Statements.

Note 1: Association and Summary of Significant Accounting Policies

Association

The Association for Information Science & Technology (the Association) is a nonprofit (501)(c)(3) professional association organized for scientific, literary and educational purposes. The Association is dedicated to the creation, Association, dissemination and application of knowledge concerning information and its transfer. The mission of the Association is to foster and lead the advancement of information science and technology. The Association is headquartered in the Washington, DC area. The Association's membership base is primarily in North America, but it has members throughout the world.

Basis of Accounting

The Association's financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Association, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Association's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. As of September 30, 2017, there were no temporarily restricted net assets.

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. As of September 30, 2017, there were no permanently restricted net assets.

Note 1: Association and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. A significant estimate relates to the Association's royalty receivable from Wiley (See Note 9).

Cash and Cash Equivalents

Cash and cash equivalents includes all highly liquid investments with a maturity of three months or less when purchased.

Allowance for Doubtful Accounts

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivable that will actually be collected. Management's estimate is based on specific identification of uncollectible accounts and the Association's historical collection experience. There was no allowance for doubtful accounts at September 30, 2017.

Royalties Receivable

The Association receives royalties for publications sold during the year. The Association records the receivable and the related revenue for royalties earned but not yet received.

Prepaid Expenses

Prepaid expenses represent costs associated with Association activities paid prior to year-end whose benefit will be realized by the Association as expenses are incurred.

Inventory

Inventory, consisting of publications and other items for sale, is recorded at the lower of cost or market using the first-in, first-out (FIFO) method.

Property and Equipment

The Association follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of $500. Property and equipment are depreciated using the straight-line method over the useful lives of three to eight years. Leasehold improvements and digital library costs are amortized over ten years. The web redesign costs are amortized over seven years.

Note 1: Association and Summary of Significant Accounting Policies (Continued)

Intangible Assets

The Association's intangible assets, net on the statement of financial position include capitalized web design costs of $258,998, net of $238,481 in accumulated amortization. Amortization expense was $124,975 for the year ended September 30, 2017. The estimated amortization expense for 2018 is $20,517.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the Statement of Functional Expenses. Certain costs have been allocated among the programs and supporting services benefited.

Deferred Revenue

The Association's deferred revenue represents membership dues, conference registration fees and publication subscriptions for which services have not yet been provided.

Subsequent Events

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Association maintains its cash accounts at institutions with balances that may exceed $250,000, which is the amount insured by the Federal Deposit Insurance Corporation. The Association has not experienced any losses in such accounts and monitors the creditworthiness of the financial institutions with which it conducts business. Management believes that the Association is not exposed to any significant credit risk with respect to its cash balances.

Note 3: Fair Value Measurements

Financial Accounting Standards Board (FASB) provides a framework for measuring fair value. That framework 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 to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Note 3: Fair Value Measurements (Continued)

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. Valuation techniques used need to maximise the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for liabilities measured at fair value. There have been no changes in the methodologies used at September 30, 2017.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-ended and are registered with the SEC. The funds are required to publish their daily net asset value and to transact at that price. The mutual funds of the Association are considered actively traded.

Stocks, Corporate Bonds, US Treasury and Agency: Securities are actively traded and values quoted on exchanges at the closing price as of the last day of the year.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3: Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Association's total assets measured at fair value on a recurring basis as of September 30:

September 30, 2017	Total Fair Value	(Level 1)	(Level 2)	(Level 3)
Corporate Bonds	$ 435,950	$ 435,950	$ -	$ -
Mutual Funds				
Stock Index Funds	407,407	407,407		
Growth Funds	248,135	248,135		
Fixed Income Funds	39,920	39,920		
Stocks	199,211	199,211	-	-
U.S. Treasury and Agency	107,147	107,147	-	-
Accrued Interest Receivable	4,300	4,300	-	-
	$ 1,442,070	$ 1,442,070	$ -	$ -

Note 4: Property and Equipment

A summary of property and equipment at September 30, is as follows:

	2017
Furniture and Fixtures	$ 17,511
Computer and Office Equipment	145,354
Leasehold Improvements	11,283
Total Cost	174,148
Less: Accumulated Depreciation	(157,984)
	$ 16,164

Depreciation expense was $8,078 for the year ended September 30, 2017.

Note 5: Pension Plan

The Association sponsors a defined contribution retirement plan that operates under section 403(b) of the Internal Revenue Code. The Plan covers all full-time employees and part-time employees with more than 1,000 hours of service. Participation in the Plan begins after completion of twelve months of service. Employees may contribute to the Plan and the Association contributes 5% of the portion of an employees' salary within the Social Security wage base. The Association's contributions to the Plan totaled $24,799 for the year ended September 30, 2017.

Note 6: Board Designated Net Assets

The Board of Directors of the Association have designated net asset balances into the following funds as of September 30:

	2017
Reserve Fund	$ 233,931
Local Chapter Funds	143,428
Louis Lunin Fund	150,000
Special Interest Group Funds	60,000
SIGIII Digital Scholarship Fund	4,042
History for Information Science Fund	26,015
Scholarship Fund	4,518
	$ 621,934

Note 7: Commitments

Leases

In 2014, the Association began to lease an office with a term of ten years ending January 31, 2024. The lease payments are subject to increases based on a fixed 4% annual escalation. Additionally, the Association leases office equipment through August 2018.

The minimum future rental commitments through the remaining term of the leases for future fiscal years are as follows:

Fiscal Year-end	Amount
9/30/2018	$ 72,109
9/30/2019	70,909
9/29/2020	73,745
9/30/2021	76,695
9/30/2022	79,763
Thereafter	110,964
Total	$ 484,185

Rent and lease expense paid for all operating leases was $69,195 for the year ended September 30, 2017.

Note 7: Commitments

Contracts

The Association has entered into various contracts with hotels for meeting rooms and guest rooms for its meetings to be held in fiscal year ending September 30, 2018. The total values of the contracts are still to be determined. The Association, however, could be liable for a portion of the cost of the rooms not filled or if the event is cancelled.

Note 8: Income Taxes

The Association is exempt from federal and state income tax (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code. Although the Association is exempt from income tax, it has certain activities considered unrelated to its exempt status that are subject to income tax. The Association did not have any unrelated business income for the year ended September 30, 2017.

Accounting principles generally accepted in the United States of America require the Association to evaluate tax positions, which includes maintaining its tax exempt status and liability for any unrelated business income, and to recognize a tax liability if it is more likely than not that uncertain tax positions taken would not be sustained upon examination by the taxing authorities.

The Association has analyzed tax positions taken and has concluded that, as of September 30, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association had no interest or penalties related to income taxes for the years ended September 30, 2017. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Generally, the Association is subject to routine audits by taxing authorities generally for a period of three years after the returns are filed.

Note 9: Royalty Contract

The Association has a contract with Wiley – Blackwell (John Wiley and Sons, Inc.) in which the Association turned over the publication, distribution, and storage of the Association's journal. In addition, the Association gave Wiley rights to all gross revenues earned from the journal. In return, the Association will earn royalties from the journal based on a percentage of gross revenues from circulation. The Association is guaranteed a minimum annual royalty. Royalties are paid by Wiley in advance, on a quarterly basis. In addition, the Association's royalty true-up settlement is to be made by April of each year. During the fiscal year ended September 30, 2017, the Association received a true-up royalty payment of $25,740. Since Wiley reports on a calendar year basis, the royalty receivable at September 30 is a significant estimate. The royalty income from Wiley is included in publications revenue on the statement of activities and represented 98% of such revenue during the year ended September 30, 2017. The Association's contract with Wiley – Blackwell will expire in 2022.

Note 10: Risks and Uncertainties

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

Note 11: Change in Accounting Policy

During the fiscal year ended September 30, 2017, the Association changed its method of accounting for salaries and wages directly related to future meetings and conferences. In prior years, the Association recorded prepaid salaries and wages expense for time spent on meetings and conferences that did not occur until a subsequent period. Management reevaluated its policy and concluded it is impractical to continue to capitalize such costs. The restatements resulted in a decrease to beginning unrestricted net assets in the amount of $63,683.

Note 12: Changes in Presentation

The current year financial statements present a single year due to the change in accounting method described in Note 11, change in accounting estimate of intangibles, and reclassification of certain amounts. The reclassifications had no effect on the reported results of activities. The following schedule represents a comparative format of certain financial statement amounts that changed from the prior year due to reclassifications:

	9/30/2017	9/30/2016
Property and Equipment, net	$ 16,164	$ 12,427
Intangible Assets, net	$ 20,517	$ 145,491
Membership Revenue	$ 190,964	$ 206,970
Conferences and Meetings Revenue	$ 853,749	$ 830,777

Note 13: Change in Fiscal Year

The Association has changed its fiscal year end from September 30 to June 30. Next year's financial statement will reflect the transition.