

FINANCIAL STATEMENTS

**INTERNATIONAL ASSOCIATION OF SCHOOLS
OF SOCIAL WORK, INC.**

FOR THE YEAR ENDED DECEMBER 31, 2017

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Association of Schools of Social Work, Inc.
Alexandria, Virginia

We have audited the accompanying financial statements of the International Association of Schools of Social Work, Inc. (IASSW), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and change in net assets, 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.

Auditor's 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IASSW as of December 31, 2017, and the change 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.

Gelman Rosenberg & Freedman

July 2, 2018

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 58,262
Accounts receivable	<u>13,620</u>
Total current assets	<u>71,882</u>

FIXED ASSETS

Website	3,442
Less: Accumulated amortization	<u>(2,244)</u>
Net fixed assets	<u>1,198</u>

OTHER ASSETS

Long-term investments	<u>283,641</u>
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TOTAL ASSETS **\$ 356,721**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Deferred revenue	\$ <u>32,463</u>
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NET ASSETS

Unrestricted	<u>324,258</u>
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TOTAL LIABILITIES AND NET ASSETS **\$ 356,721**

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>
REVENUE AND SUPPORT	
Membership	\$ 107,115
Investment income	31,939
Publication	20,446
Royalty income	19,622
Contributions and grants	18,000
Other revenue	<u>4,000</u>
Total revenue and support	<u>201,122</u>
EXPENSES	
Program Services	113,033
Supporting Services: Management and General	<u>38,195</u>
Total expenses	<u>151,228</u>
Change in net assets	49,894
Net assets at beginning of year	<u>274,364</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 324,258</u></u>

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
Committee expenses	\$ 53,765	\$ -	\$ 53,765
Office costs	42,212	-	42,212
Accounting fees	-	29,400	29,400
Projects	11,550	-	11,550
Bank fees	-	7,675	7,675
Solidarity funds	5,506	-	5,506
Amortization	-	1,120	1,120
TOTAL	<u>\$ 113,033</u>	<u>\$ 38,195</u>	<u>\$ 151,228</u>

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 49,894
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	1,120
Unrealized gain	(24,337)
(Increase) decrease in:	
Accounts receivable	(1,566)
Prepaid expenses	5,068
(Decrease) increase in:	
Accounts payable and accrued liabilities	(5,658)
Deferred revenue	<u>1,184</u>
Net cash provided by operating activities	<u>25,705</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	(331)
Purchase of investments	<u>(26,261)</u>
Net cash used by investing activities	<u>(26,592)</u>
Net decrease in cash and cash equivalents	(887)
Cash and cash equivalents at beginning of year	<u>59,149</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 58,262</u></u>

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The International Association of Schools of Social Work, Inc. (IASSW) is an international association of institutions of schools of social work, other tertiary level social work educational programs, and social work educators. IASSW's mission is to develop and promote excellence in social work education, research and scholarship globally in order to enhance human well being, to create and maintain a dynamic community of social work educators and their programs, to support and facilitate participation in mutual exchanges of information and expertise and to represent social work education at the international level.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

IASSW considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$2,360 for the year ended December 31, 2017.

Investments -

Investments are recorded at their readily determinable fair value. Interests, dividends realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Amortization expense for the year ended December 31, 2017 totaled \$1,120.

Income taxes -

IASSW is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. IASSW is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2017, IASSW has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Deferred revenue -

Deferred revenue consists of member dues. IASSW recognizes member dues on a pro-rata basis over the annual membership period.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of IASSW.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of IASSW 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 and Change in Net Assets as net assets released from donor restrictions. There were no temporarily restricted net assets as of December 31, 2017.

Publication and royalty income -

Publication is recognized as revenue when sold. Royalty income is recognized as revenues when amount can be measured reliably during the year when received.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

IASSW invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Risks and uncertainties (continued) -

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 accompanying financial statements.

Fair value measurement -

IASSW adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. IASSW accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

In accordance with FASB ASC 820, *Fair Value Measurement*, IASSW has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market IASSW has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For disclosure of inputs and valuation techniques, see Note 2.

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of IASSW's financial statements, it is not expected to alter IASSW's reported financial position.

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. IASSW has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

IASSW plans to adopt the new ASUs at the respective required implementation dates.

2. INVESTMENTS

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy. IASSW's investments as of December 31, 2017 were as follows:

	Level 1	Level 2	Level 3	Total December 31, 2017
Asset Class:				
Money market funds	\$ 2,360	\$ -	\$ -	\$ 2,360
Equities	164,620	-	-	164,620
Fixed income	116,661	-	-	116,661
TOTAL	\$ 283,641	\$ -	\$ -	\$ 283,641

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2017. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed income* - Valued at the daily closing price as reported by the fund. Mutual funds held by IASSW's are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by IASSW's are deemed to be actively traded.

INTERNATIONAL ASSOCIATION OF SCHOOLS OF SOCIAL WORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. INVESTMENTS (Continued)

Included in investment income at December 31, 2017 are the following:

Interest and dividends	\$	7,602
Unrealized gain		<u>24,337</u>
TOTAL INVESTMENT INCOME	\$	<u>31,939</u>

3. SUBSEQUENT EVENTS

In preparing these financial statements, IASSW has evaluated events and transactions for potential recognition or disclosure through July 2, 2018, the date the financial statements were issued.