

**ASSOCIATION OF INSURANCE AND REINSURANCE
RUN-OFF COMPANIES, INC.**

FINANCIAL REPORT

DECEMBER 31, 2022



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Association of Insurance and Reinsurance
Run-Off Companies, Inc.

We have reviewed the accompanying statements of financial position of the Association of Insurance and Reinsurance Run-Off Companies, Inc. (the "Association") as of December 31, 2022 and 2021 and the related statements of activity and cash flows for the years then ended, and the related notes to the financial statements. A review involves primarily applying analytical procedures to management's financial data and making inquiries of Company 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 and for designing, implementing, and maintaining 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 the 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 that there are no 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.

We are required to be independent of the Association of Insurance and Reinsurance Companies, inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 conformity with accounting principles generally accepted in the United States of America.

Cunningham, Carey and Phillips

CUNNINGHAM, CAREY AND PHILLIPS, LLC
Certified Public Accountants

June 20, 2023

ASSOCIATION OF INSURANCE AND REINSURANCE
RUN-OFF COMPANIES, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

(See Accountants' Review Report)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 563,574	\$ 569,950
<u>TOTAL ASSETS</u>	<u>\$ 563,574</u>	<u>\$ 569,950</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 35,000	\$ -
Member and Partner Payables	-	19,375
Deferred Membership and Partner Dues	<u>47,000</u>	<u>80,000</u>
<u>TOTAL LIABILITIES</u>	82,000	99,375
<u>NET ASSETS - Unrestricted</u>	<u>481,574</u>	<u>470,575</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 563,574</u>	<u>\$ 569,950</u>

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

ASSOCIATION OF INSURANCE AND REINSURANCE
RUN-OFF COMPANIES, INC.

STATEMENTS OF ACTIVITY

FOR THE YEARS ENDED DECEMBER 31,

(See Accountants' Review Report)

	<u>2022</u>	<u>2021</u> (Restated)
<u>REVENUES</u>		
Membership Dues	\$ 213,400	\$ 180,250
Event Income	171,125	126,620
Investment Income	5,835	5,735
Advertising Revenues	2,650	-
Partner Fee Income	<u>110,000</u>	<u>82,360</u>
<u>TOTAL REVENUES</u>	503,010	394,965
<u>EXPENSES</u>		
Meeting and Event Expenses	166,840	102,138
Management Fees, Professional Fees and Payroll Related Costs	211,350	169,419
Newsletter and Yearbook	47,698	41,956
Other Operating and Administrative Expenses	<u>66,123</u>	<u>43,882</u>
<u>TOTAL EXPENSES</u>	<u>492,011</u>	<u>357,395</u>
<u>CHANGE IN NET ASSETS</u>	10,999	37,570
<u>NET ASSETS - Unrestricted - Beginning of Year</u>	<u>470,575</u>	<u>433,005</u>
<u>NET ASSETS - Unrestricted - End of Year</u>	<u>\$ 481,574</u>	<u>\$ 470,575</u>

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

ASSOCIATION OF INSURANCE AND REINSURANCE
RUN-OFF COMPANIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

(See Accountants' Review Report)

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets	\$ 10,999	\$ 37,570
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By (Used By) Operating Activities:		
(Increase) Decrease In:		
Prepaid Expenses	-	5,200
Increase (Decrease) In:		
Accounts Payable and Accrued Expenses	35,000	(35,000)
Member and Partner Payables	(19,375)	19,375
Deferred Revenue	(33,000)	(260)
	<u>(6,376)</u>	<u>26,885</u>
<u>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</u>	<u>(6,376)</u>	<u>26,885</u>
<u>CASH AT BEGINNING OF YEAR</u>	<u>569,950</u>	<u>543,065</u>
<u>CASH AT END OF YEAR</u>	<u>\$ 563,574</u>	<u>\$ 569,950</u>

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

ASSOCIATION OF INSURANCE AND REINSURANCE
RUN-OFF COMPANIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by the Association of Insurance and Reinsurance Run-Off Companies, Inc. (the "Association") are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The process of preparing financial statements on the accrual basis of accounting requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Flows

The Association presents its cash flows statement using the indirect method. For purposes of cash flow presentation, the Association considers currency on hand, demand deposits, certificate of deposits and savings accounts with financial institutions to be cash and cash equivalents.

Functional Allocation of Expenses

The Association allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification.

Advertising

The Association uses advertising to promote its programs among the audience it serves. It is the Association's policy to expense advertising costs as incurred.

Revenue Recognition

The Association adopted FASB ASC 606, Revenue from Contracts with Customers, which amended the existing accounting standards for revenue recognition. The adoption of this new revenue standard does not have a significant impact on the amount and timing of revenue recognized in the Association's financial statements. No changes were required to previously reported revenues as a result of the adoption.

2. ENTITY AND EXEMPT STATUS

Form of Entity

The Association of Insurance and Reinsurance Run-off Companies, Inc., was incorporated on December 14, 2004, under the nonprofit corporation law of the State of New York and was organized on a non-stock basis. The Association is a not-for-profit corporation as described in Section 501(c)(6) of the Internal Revenue Code (the "Code"). The Organization is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Mission of Association

AIRROC's mission is to promote and represent the interests of entities with legacy business by improving industry standards and enhancing knowledge and communications within and outside of the (re)insurance industry.

ASSOCIATION OF INSURANCE AND REINSURANCE
RUN-OFF COMPANIES, INC.

NOTES TO FINANCIAL STATEMENTS

3. SOURCES OF REVENUE

The Association receives the majority of its revenues from five major sources: membership dues, partner fee income, special events, advertising and investment income. The Association supports its mission for the insurance industry by hosting an annual Transactions and Networking Event as well as various regional education and networking events throughout the year. In addition, the Association issues a monthly electronic newsletter, and maintains an online resource of industry articles. In addition, in 2021 the Association claimed an Employee Retention Tax credit of \$21,000 based on wages paid to the Executive Director.

4. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS

The Association maintained cash balances at five financial institutions. Three of the Association's accounts are insured by the Federal Deposit Insurance Corporation to a maximum of \$250,000 at each institution. Two are insured by the National Credit Union Administration to a maximum of \$250,000. As of December 31, 2022, none of the accounts exceeded the insurance limits.

5. COVID-19

Management is currently evaluating the impact of the COVID-19 pandemic on the Association and has concluded that while it is reasonably possible that the virus could have a negative effect on the Association's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

6. PPP LOAN

The Association applied for a PPP loan in February of 2021. The Association applied for forgiveness in August of 2021 and the loan was formally forgiven in 2021 by the Small Business Administration. The forgiveness of \$20,834 was used to reduce professional fees and payroll related costs.

7. SUBSEQUENT EVENTS

Management evaluated subsequent events through June 20, 2023, the date on which the financial statements were available to be issued.