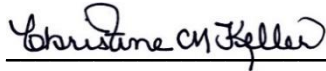


Monitoring Report V: Financial Conditions and Activities – 1st Quarter (2026)

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I certify that the information contained in this report is true.



Christine M Keller, Executive Director & CEO

6/30/2026

Date

Financial Oversight of Association: Context

To facilitate the Board's financial oversight of the Association, several reports are provided each year - including the results of the annual independent audits (financial audit and single audit) and six monitoring reports related to three executive limitations (Financial Planning, Protection of Assets, and Financial Conditions and Activities). A brief explanation of the purpose of each report is provided below.

Independent Audits. Each spring the Board-selected audit firm (auditors) performs a financial and a single audit. During the financial audit, the auditors examine the financial statements of the Association and provide an opinion on the truth and fairness of those statements in accordance with the applicable financial reporting framework. During a single audit, the auditors review the Association's internal processes and financial controls and opinion on the effectiveness of those processes and controls in ensuring compliance for federally funded work. The Board Treasurer oversees the audit, and the auditors present their findings to the full Board in May.

Policy IV. Financial Planning. This policy requires that the Association operates with a financial plan developed through a process that is sound and reasonable. The planning cannot materially deviate from the Ends or risk fiscal jeopardy to the Association. Moreover, the policy requires that financial planning be in line with the limitations of Policy VI. Financial Conditions and Activities and include projections of revenues and expenses, cash flow, separation of operations/capital, and clear assumptions. This policy is focused on ensuring that the processes, mechanisms, and assumptions used to create the financial plan are reasonable and complete, and less focused on the specific numbers. This monitoring report is created in February and discussed by the Board in March.

Policy V. Financial Conditions and Activities. This quarterly monitoring report provides information about financial operations from the previous quarter and allows the Board to review the status of year-to-date revenues and expenses, any borrowing or debt, the timeliness of important payments, and large commitments or purchases. The report is prepared at the end of each quarter and discussed by the Board the following month.

Policy VII. Protection of Assets. This monitoring report ensures that the Association's assets, including financial ones, are adequately protected, maintained, and not subject to unnecessary risk. It also describes the processes in place to avoid conflicts of interest when making purchases and provides the guidelines for managing working capital. The report is prepared in November and discussed by the Board in December.

The monitoring information provided below is the first of four reports on Policy V: Financial Conditions and Activities for 2026. AIR's fiscal year is from January 1 to December 31. The information contained in this report correspond to January 1 to March 31, 2026 - the "reporting quarter" unless otherwise noted.

Global Policy Language

With respect to the actual, ongoing financial condition and activities, the Executive Director will not cause or allow the development of fiscal jeopardy.

Interpretation

The interpretations and evidence for Policies A through K, reported quarterly, reasonably demonstrate that current, ongoing financial conditions and activities do not cause or allow the development of fiscal jeopardy.

Evidence

Evidence is provided within Policies A to K later in this report.

Compliance

I report compliance with the Global Policy.

A. Policy Language

The Executive Director will not: Expend more funds than have been received in the fiscal year to date unless the debt guideline (below) is met.

Interpretation

Fiscal year-to-date financial data will show that either revenues exceeded expenses, or the debt restriction outlined in Policy B has been met.

Rationale

In general, AIR will spend within its means as defined by revenues received but doing so without exception means that excess net revenues may build up and never be used to fund services that benefit members. When spending exceeds revenues, the standards of Policy B ensure that AIR does not overextend its financial resources.

Data

YTD Statement of Revenue & Expenses (January 1 to March 31, 2026)		
Revenue	\$1,277,140	From January 1 to March 31 of 2026, revenues exceeded expenses by \$404,554. Compliance was achieved for both this policy (Policy A) as well as the debt restriction in Policy B.
Expenses	(\$872,586)	
Profit (Loss)	\$404,554	

Compliance

I report compliance with Policy A and Policy B.

B. Policy Language

The Executive Director will not: Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues within 90 days.

Interpretation

- AIR will have no long-term debt obligations (payment period of 91 days or greater) that cannot be repaid in 90 days by unencumbered revenue.
- AIR will have no short-term debt obligations (payment period of 90 days or less) unless fully payable by unencumbered revenues anticipated to be earned within 90 days.

Data

AIR had no short-term or long-term debt during the reporting period that could not be repaid within 90 days.

Compliance

I report compliance with Policy B.

C. Policy Language

The Executive Director will not: Allow payroll and debts to be settled in an untimely manner.

Interpretation 1

Monthly payroll authorizations will be released to AIR's payroll management vendor no later than close of business, two business days prior to the last day of the month.

Data 1

All payroll files were submitted to the payroll processing company on time.

Compliance 1

I report compliance with Policy C, interpretation 1.

Interpretation 2

A random sample of expenses paid during the quarter will be reviewed to determine the proportion paid within 30 days of receipt of invoice or by the payment date stated on a fully executed contract, except for contested or incomplete invoices. Consistent with generally accepted auditing practices¹, this approach provides a reliable basis for assessing compliance. The acceptable threshold is 95%.

¹ AICPA, *AU Section 350: Audit Sampling*, which defines audit sampling as applying an audit procedure to less than 100 percent of items in an account balance or class of transactions for the purpose of evaluating a characteristic of that balance or class. See also the PCAOB archived version of AU 350, *Audit Sampling*.

Data 2

For this reporting period, AIR reviewed all invoices paid during the quarter rather than a random sample. All invoices reviewed were paid within 30 days of receipt or by the payment date stated in a fully executed contract, meeting the 95% threshold. AIR currently processes approximately 60 invoices per quarter.

Compliance 2

I report compliance with Policy C, interpretation 2.

D. Policy Language

The Executive Director will not: Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.

Interpretation

- All government-ordered payments and/or filings will be made on time.
- All government-ordered payments and/or filings will be prepared accurately and in accordance with reporting agencies' guidelines and regulations.

Data

- Verified that all fifteen government ordered payments and/or filings were made on time.
- Verified that all fifteen government required payments and/or filings were completed accurately.

Compliance

I report compliance with Policy D.

E. Policy Language

The Executive Director will not: Make a single purchase or commitment of greater than \$140,000 without notifying the Board within seven business days. Splitting orders to avoid this limit is not acceptable.

Interpretation

All contracts and commitments for purchases of \$140,000 or more will be reported to the Board within seven business days of signing by AIR.

Data

One commitment over \$140,000 occurred during the reporting period. On January 26, 2026, AIR entered into an agreement with AV Media for audiovisual and production services for the 2026 AIR Forum. The estimated cost of the agreement is \$238,000. The Board was notified by email on January 28, 2026, within seven business days of signing.

Compliance

I report compliance with Policy E.

F. Policy Language

The Executive Director will not: Make a single purchase or commitment of greater than \$350,000. Splitting orders to avoid this limit is not acceptable.

Interpretation

No purchases will be authorized in an amount greater than \$350,000 or will be combined from one vendor to equal this amount or greater.

Data

There was no single purchase or commitment of greater than \$350,000 during the reporting quarter.

Compliance

I report compliance with Policy F.

G. Policy Language

The Executive Director will not: Acquire, encumber, or dispose of real estate.

Interpretation

Each Financial Conditions and Activities Monitoring Report will include a written statement by the Executive Director affirming that no real estate has been purchased. Because any property acquisition would be reflected in the annual audit, this quarterly affirmation—validated through the Board’s audit review—provides a sufficient basis for monitoring that no change in property ownership has occurred between audits. The Association owns no real estate property as of October 27, 2022.

Data

Executive Director Statement: *I certify that no real estate has been acquired, encumbered, or disposed of in the period covered by this monitoring report.*

Compliance

I report compliance with Policy G.

H. Policy Language

The Executive Director will not: Allow receivables to be unpursued after a reasonable grace period.

Interpretation 1

Any contract or grant receivable outstanding for 61 days or more will be documented showing the trail of collection actions taken.

Data 1

Zero contract or grant receivables were outstanding for more than 61 days in the period.

Compliance 1

I report compliance with Policy H, interpretation 1.

Interpretation 2

Receivables are considered pursued within a reasonable grace period when AIR's average days sales outstanding for non-contract and grant receivables do not materially exceed a generally accepted benchmark for timely collection. Based on available cross-industry benchmark data, timely collection is interpreted as maintaining average days sales outstanding within a target range of 30 to 45 days.²

Data 2

AIR's accounts receivable turnover ratio, expressed as days sales outstanding, was 10 days for the reporting period.

Compliance 2

I report compliance with Policy H, interpretation 2.

I. Policy Language

The Executive Director will not: Allow net assets to fall below six months of operating expenses.

Interpretation

The balance of undesignated net assets will exceed six months of operating expenses.

Data

2026 Benchmark: 6-months of operating expenses	\$1,789,628	<i>The 2026 benchmark for 6 months of operating expenses is calculated from the 2025 audited financial statements.</i>
Undesignated net asset balance (as of 3/31/2026)	\$4,161,527	
Balance over (under) benchmark	\$2,371,899	

Compliance

I report compliance with Policy I.

² American Productivity & Quality Center (APQC), "What Is DSO in Finance?," APQC Open Standards Benchmarking, <https://www.apqc.org/resources/blog/what-dso-finance>.

J. Policy Language

The Executive Director will not: Accept gifts and endowments not in keeping with Ends, or that will cost more to administer than their worth.

Interpretation 1

- All non-cash gifts will be independently evaluated by an appropriate appraiser to establish their value and estimated costs for maintenance, upkeep, or disposal.
- All accepted non-cash gifts, endowments, or liquid assets will be judged by a panel of AIR members to be practically usable for educational purposes within the established Ends of AIR.

Data 1

There were no occurrences of non-cash gifts, endowments, or liquid assets during the reporting period.

Compliance 1

I report compliance with Policy J, interpretation 1.

Interpretation 2

100% of cash contributions to AIR scholarship funds will be accepted as in keeping with established Ends and being worth more than the cost of administering them.

Data 2

No cash contributions were made to scholarship funds during the reporting period.

Compliance 2

I report compliance with Policy J, interpretation 2.