

# **Kiwanis International and Affiliates**

Independent Auditor's Report and Consolidated Financial Statements

September 30, 2016 and 2015

# Kiwanis International and Affiliates

September 30, 2016 and 2015

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## Independent Auditor's Report on Consolidated Financial Statements and Supplementary Information

Board of Trustees  
Kiwanis International  
Indianapolis, Indiana

We have audited the accompanying consolidated financial statements of Kiwanis International and its subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kiwanis International and its subsidiaries as of September 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. We previously expressed unmodified opinions on the 2011 to 2014 consolidated financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 2010 information presented in the Eliminate Project Statements of Activities - Project History has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide assurance on it. Except for the 2010 information previously noted, the information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 to 2016 information is fairly stated in all material respects in relation to the 2011 to 2016 consolidated financial statements as a whole.

*BKD, LLP*

Indianapolis, Indiana  
January 5, 2017

**Kiwanis International and Affiliates**  
**Consolidated Statements of Financial Position**  
**September 30, 2016 and 2015**

|  | <b>2016</b>   | <b>2015</b>   |
|--|---------------|---------------|
| <b>Assets</b>                                |               |               |
| Cash and cash equivalents                    | \$ 4,636,360  | \$ 6,637,194  |
| Investments                                  | 36,645,985    | 35,233,473    |
| Receivables                                  | 405,686       | 359,370       |
| Contributions receivable                     | 24,421,268    | 28,984,580    |
| Merchandise inventory                        | 454,540       | 584,106       |
| Prepaid expenses and other                   | 1,058,331     | 1,102,538     |
| Cash value of life insurance contracts       | 259,381       | 247,503       |
| Beneficial interest in assets held by others | 113,984       | 136,850       |
| Property and equipment, net                  | 4,327,724     | 4,335,447     |
| Total assets                                 | \$ 72,323,259 | \$ 77,621,061 |
| <b>Liabilities</b>                           |               |               |
| Accounts payable                             | \$ 530,535    | \$ 673,771    |
| Accounts payable - affiliates                | 85,494        | 77,485        |
| Accrued liabilities and other                | 858,567       | 797,758       |
| Liability insurance accrual                  | 582,961       | 733,148       |
| Annuities payable                            | 149,585       | 156,439       |
| Total liabilities                            | 2,207,142     | 2,438,601     |
| <b>Net Assets</b>                            |               |               |
| Unrestricted                                 | 29,318,425    | 28,266,136    |
| Temporarily restricted                       | 28,508,873    | 34,990,301    |
| Permanently restricted                       | 12,288,819    | 11,926,023    |
| Total net assets                             | 70,116,117    | 75,182,460    |
| Total liabilities and net assets             | \$ 72,323,259 | \$ 77,621,061 |

# Kiwanis International and Affiliates

## Consolidated Statement of Activities

### Year Ended September 30, 2016

|   | 2016                 |                           |                           | Total                | 2015<br>Total        |
|---|----------------------|---------------------------|---------------------------|----------------------|----------------------|
|   | Unrestricted         | Temporarily<br>Restricted | Permanently<br>Restricted |                      |                      |
| <b>Revenue, Gains and Other Support</b>                 |                      |                           |                           |                      |                      |
| Membership dues and fees                                | \$ 12,317,393        | \$ -                      | \$ -                      | \$ 12,317,393        | \$ 11,084,990        |
| Merchandise sales                                       | 1,565,538            | -                         | -                         | 1,565,538            | 1,805,567            |
| Magazine subscription fees                              | 1,032,291            | -                         | -                         | 1,032,291            | 1,063,865            |
| Convention fees   | 1,272,382            | -                         | -                         | 1,272,382            | 2,038,603            |
| Liability insurance fees                                | 2,335,952            | -                         | -                         | 2,335,952            | 2,268,976            |
| Contributions   | 820,790              | 4,122,186                 | 362,796                   | 5,305,772            | 23,890,955           |
| Grants  | 8,657                | -                         | -                         | 8,657                | 1,500,000            |
| Sponsorship income                                      | 407,010              | -                         | -                         | 407,010              | 270,381              |
| Advertising   | 33,601               | -                         | -                         | 33,601               | 47,763               |
| Investment income, net of fees                          | 491,773              | 233,084                   | -                         | 724,857              | 712,561              |
| Service Leadership Programs                             | 1,113,683            | -                         | -                         | 1,113,683            | 1,037,796            |
| Other   | 103,849              | -                         | -                         | 103,849              | 218,305              |
|   | <u>21,502,919</u>    | <u>4,355,270</u>          | <u>362,796</u>            | <u>26,220,985</u>    | <u>45,939,762</u>    |
| Net assets released from restrictions                   | 10,141,948           | (10,141,948)              | -                         | -                    | -                    |
| Total revenue, gains and other support                  | <u>31,644,867</u>    | <u>(5,786,678)</u>        | <u>362,796</u>            | <u>26,220,985</u>    | <u>45,939,762</u>    |
| <b>Expenses and Losses</b>                              |                      |                           |                           |                      |                      |
| Membership education                                    | 3,009,609            | -                         | -                         | 3,009,609            | 2,685,273            |
| Communications  | 2,284,463            | -                         | -                         | 2,284,463            | 2,349,465            |
| Corporate relations                                     | 538,033              | -                         | -                         | 538,033              | 355,986              |
| Service Leadership Programs                             | 1,693,207            | -                         | -                         | 1,693,207            | 1,694,457            |
| Global Services   | 714,904              | -                         | -                         | 714,904              | 748,797              |
| Merchandise, including cost of sales                    | 845,011              | -                         | -                         | 845,011              | 1,188,852            |
| Publications  | 1,372,467            | -                         | -                         | 1,372,467            | 1,391,175            |
| International convention                                | 1,721,295            | -                         | -                         | 1,721,295            | 1,837,362            |
| Liability insurance                                     | 1,881,718            | -                         | -                         | 1,881,718            | 2,020,236            |
| Grants  | 7,662,049            | -                         | -                         | 7,662,049            | 8,444,170            |
| Other program expenses                                  | 1,037,154            | -                         | -                         | 1,037,154            | 703,544              |
| Research and development                                | 419,187              | -                         | -                         | 419,187              | 216,730              |
| General and administrative                              | 4,553,862            | -                         | -                         | 4,553,862            | 4,791,552            |
| Membership services                                     | 1,479,234            | -                         | -                         | 1,479,234            | 1,698,281            |
| Governance  | 1,528,345            | -                         | -                         | 1,528,345            | 1,556,817            |
| Fundraising   | 1,103,192            | -                         | -                         | 1,103,192            | 2,295,191            |
| Depreciation and gain/loss on disposals                 | 440,425              | -                         | -                         | 440,425              | 610,921              |
| Currency exchange and bad debt losses                   | 162,342              | 1,248,716                 | -                         | 1,411,058            | 1,523,686            |
| Total expenses and losses                               | <u>32,446,497</u>    | <u>1,248,716</u>          | <u>-</u>                  | <u>33,695,213</u>    | <u>36,112,495</u>    |
| <b>Change in Net Assets Before Other Gains (Losses)</b> | (801,630)            | (7,035,394)               | 362,796                   | (7,474,228)          | 9,827,267            |
| Realized and unrealized gains (losses) on investments   | 1,637,531            | 776,134                   | -                         | 2,413,665            | (1,694,543)          |
| Change in value of annuities payable                    | 216,388              | (222,168)                 | -                         | (5,780)              | (28,885)             |
| <b>Change in Net Assets</b>                             | 1,052,289            | (6,481,428)               | 362,796                   | (5,066,343)          | 8,103,839            |
| <b>Net Assets, Beginning of Year</b>                    | <u>28,266,136</u>    | <u>34,990,301</u>         | <u>11,926,023</u>         | <u>75,182,460</u>    | <u>67,078,621</u>    |
| <b>Net Assets, End of Year</b>                          | <u>\$ 29,318,425</u> | <u>\$ 28,508,873</u>      | <u>\$ 12,288,819</u>      | <u>\$ 70,116,117</u> | <u>\$ 75,182,460</u> |

# Kiwanis International and Affiliates

## Consolidated Statement of Activities

### Year Ended September 30, 2015

|   | 2015                 |                           |                           | Total                |
|---|----------------------|---------------------------|---------------------------|----------------------|
|   | Unrestricted         | Temporarily<br>Restricted | Permanently<br>Restricted |                      |
| <b>Revenue, Gains and Other Support</b>         |                      |                           |                           |                      |
| Membership dues and fees                        | \$ 11,084,990        | \$ -                      | \$ -                      | \$ 11,084,990        |
| Merchandise sales                               | 1,805,567            | -                         | -                         | 1,805,567            |
| Magazine subscription fees                      | 1,063,865            | -                         | -                         | 1,063,865            |
| Convention fees                                 | 2,038,603            | -                         | -                         | 2,038,603            |
| Liability insurance fees                        | 2,268,976            | -                         | -                         | 2,268,976            |
| Contributions                                   | 845,170              | 22,873,230                | 172,555                   | 23,890,955           |
| Grants  | -                    | 1,500,000                 | -                         | 1,500,000            |
| Sponsorship income                              | 270,381              | -                         | -                         | 270,381              |
| Advertising                                     | 47,763               | -                         | -                         | 47,763               |
| Investment income, net of fees                  | 473,211              | 239,350                   | -                         | 712,561              |
| Service Leadership Programs                     | 1,037,796            | -                         | -                         | 1,037,796            |
| Other   | 218,305              | -                         | -                         | 218,305              |
|   | <u>21,154,627</u>    | <u>24,612,580</u>         | <u>172,555</u>            | <u>45,939,762</u>    |
| Net assets released from restrictions           | 12,627,169           | (12,627,169)              | -                         | -                    |
| Total revenue, gains and other support          | <u>33,781,796</u>    | <u>11,985,411</u>         | <u>172,555</u>            | <u>45,939,762</u>    |
| <b>Expenses and Losses</b>                      |                      |                           |                           |                      |
| Membership education                            | 2,685,273            | -                         | -                         | 2,685,273            |
| Communications                                  | 2,349,465            | -                         | -                         | 2,349,465            |
| Corporate relations                             | 355,986              | -                         | -                         | 355,986              |
| Service Leadership Programs                     | 1,694,457            | -                         | -                         | 1,694,457            |
| Global Services                                 | 748,797              | -                         | -                         | 748,797              |
| Merchandise, including cost of sales            | 1,188,852            | -                         | -                         | 1,188,852            |
| Publications                                    | 1,391,175            | -                         | -                         | 1,391,175            |
| International convention                        | 1,837,362            | -                         | -                         | 1,837,362            |
| Liability insurance                             | 2,020,236            | -                         | -                         | 2,020,236            |
| Grants  | 8,444,170            | -                         | -                         | 8,444,170            |
| Other program expenses                          | 703,544              | -                         | -                         | 703,544              |
| Research and development                        | 216,730              | -                         | -                         | 216,730              |
| General and administrative                      | 4,791,552            | -                         | -                         | 4,791,552            |
| Membership services                             | 1,698,281            | -                         | -                         | 1,698,281            |
| Governance                                      | 1,556,817            | -                         | -                         | 1,556,817            |
| Fundraising                                     | 2,295,191            | -                         | -                         | 2,295,191            |
| Depreciation and gain/loss on disposals         | 610,921              | -                         | -                         | 610,921              |
| Currency exchange and bad debt losses           | 411,866              | 1,111,820                 | -                         | 1,523,686            |
| Total expenses and losses                       | <u>35,000,675</u>    | <u>1,111,820</u>          | <u>-</u>                  | <u>36,112,495</u>    |
| <b>Change in Net Assets Before Other Losses</b> | (1,218,879)          | 10,873,591                | 172,555                   | 9,827,267            |
| Realized and unrealized losses on investments   | (1,125,344)          | (569,199)                 | -                         | (1,694,543)          |
| Change in value of annuities payable            | (28,885)             | -                         | -                         | (28,885)             |
| <b>Change in Net Assets</b>                     | (2,373,108)          | 10,304,392                | 172,555                   | 8,103,839            |
| <b>Net Assets, Beginning of Year</b>            | <u>30,639,244</u>    | <u>24,685,909</u>         | <u>11,753,468</u>         | <u>67,078,621</u>    |
| <b>Net Assets, End of Year</b>                  | <u>\$ 28,266,136</u> | <u>\$ 34,990,301</u>      | <u>\$ 11,926,023</u>      | <u>\$ 75,182,460</u> |

**Kiwanis International and Affiliates**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2016 and 2015**

|   | <b>2016</b>    | <b>2015</b>  |
|---|----------------|--------------|
| <b>Operating Activities</b>                                 |                |              |
| Change in net assets  | \$ (5,066,343) | \$ 8,103,839 |
| Items not requiring (providing) cash                        |                |              |
| Depreciation  | 440,580        | 590,336      |
| Increase in cash value of life insurance contracts          | (11,878)       | (13,192)     |
| (Gain) loss on disposals of property and equipment          | (155)          | 20,585       |
| Realized and unrealized (gains) losses on investments       | (2,413,665)    | 1,694,543    |
| Change in value of annuities payable                        | (6,854)        | 17,605       |
| Provision for uncollectible contributions                   | 1,248,749      | 1,109,500    |
| Changes in  |                |              |
| Receivables   | (46,316)       | 9,532        |
| Contributions receivable                                    | 3,314,563      | (10,989,500) |
| Merchandise inventory                                       | 129,566        | (40,457)     |
| Prepaid expenses and other                                  | 44,207         | (338,853)    |
| Beneficial interest in assets held by others                | 22,866         | 159,988      |
| Accounts payable  | (143,236)      | (497,635)    |
| Accounts payable - affiliates                               | 8,009          | 11,663       |
| Grants payable  | -              | (112,979)    |
| Liability insurance accrual                                 | (150,187)      | 65,331       |
| Accrued liabilities and other                               | 60,809         | (16,630)     |
| Net cash used in operating activities                       | (2,569,285)    | (226,324)    |
| <b>Investing Activities</b>                                 |                |              |
| Purchase of property and equipment                          | (432,702)      | (246,073)    |
| Purchase of investment securities                           | (15,043,601)   | (14,564,402) |
| Sales and maturities of investment securities               | 16,044,754     | 15,796,146   |
| Net cash provided by investing activities                   | 568,451        | 985,671      |
| <b>Financing Activity - net payments of annuities</b>       | -              | (24,360)     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b> | (2,000,834)    | 734,987      |
| <b>Cash and Cash Equivalents, Beginning of Year</b>         | 6,637,194      | 5,902,207    |
| <b>Cash and Cash Equivalents, End of Year</b>               | \$ 4,636,360   | \$ 6,637,194 |



# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2016 and 2015

#### Note 1: Nature of Operations and Summary of Significant Accounting Policies

##### *General*

Kiwanis International and Affiliates (Kiwanis) consists of the following four affiliated organizations:

- **Kiwanis International**

Kiwanis International (International) is the parent organization and was organized in January 1915 and incorporated as a not-for-profit organization in August 1918 under the laws of the State of Illinois. Subsequently, in November 1997, International was incorporated under the laws of the State of Indiana. International consists of all chartered Kiwanis clubs. Individuals are members of their local Kiwanis clubs.

International has six permanent objectives:

- To give primacy to the human and spiritual, rather than to the material values of life.
- To encourage the daily living of the Golden Rule in all human relationships.
- To promote the adoption and the application of higher social, business and professional standards.
- To develop, by precept and example, a more intelligent, aggressive and serviceable citizenship.
- To provide, through Kiwanis clubs, a practical means to form enduring friendships, to render altruistic service and to build better communities.
- To cooperate in creating and maintaining that sound public opinion and high idealism, which make possible the increase of righteousness, justice, patriotism and good will.

International has the power to direct, manage, supervise and control the business, property and funds of Kiwanis International, to create, supervise, and control Kiwanis districts, and to grant and revoke charters for Kiwanis International clubs. International's primary sources of revenue are membership dues and fees, magazine subscription fees, liability insurance fees, convention fees and merchandise sales.

- **Kiwanis International Foundation**

Kiwanis International Foundation (Foundation) was incorporated as a not-for-profit organization in April 1939, under the laws of the State of Illinois. Subsequently, in December 1997, Foundation was incorporated under the laws of the State of Indiana.

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2016 and 2015**

The Foundation was created to form, promote, sponsor or assist related and qualified charitable, benevolent, eleemosynary, educational, religious or scientific enterprises. The Foundation provides funding for scholarships, merit awards, disaster relief and other various needs for supporting young children.

Subsequent to year end, the Foundation began doing business as the Kiwanis Children's Fund.

- **Kiwanis Youth Programs (formerly Key Club International)**

Key Club International was organized in 1946 and was incorporated as a not-for-profit organization in August 1947 under the laws of the State of Illinois. Subsequently, in December 1997, Key Club International was incorporated under the laws of the State of Indiana. In 2014, Key Club International was renamed Kiwanis Youth Programs. It was established for the purpose of providing services to various youth.

- **Circle K International**

Circle K International (Circle K) was organized in October 1955 and incorporated as a not-for-profit organization in February 1957 under the laws of the State of Illinois. Subsequently, in February 2003, Circle K was incorporated under the laws of the State of Indiana. Circle K was established for the purpose of providing services to Circle K clubs.

The consolidated financial statements include the accounts of the above affiliated organizations. All material inter-organizational accounts and transactions have been eliminated in consolidation. The accounts of the member clubs or districts are not part of the consolidated financial statements.

#### ***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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

Kiwanis considers all liquid investments with original maturities of three months or less (excluding cash equivalents managed by outside investment firms) to be cash equivalents. At September 30, 2016 and 2015, cash equivalents consisted primarily of money market accounts in both the United States and foreign countries.

At September 30, 2016, Kiwanis' cash accounts held in the United States exceeded federally insured limits by approximately \$2,290,000.

At September 30, 2016 and 2015, funds held outside the United States totaled approximately \$1,286,663 and \$1,818,965, respectively.

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2016 and 2015

#### ***Investments and Investment Return***

Investments are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value.

#### ***Accounts Receivable***

Accounts receivable consist of dues and fees and other amounts billed to clubs, companies and individuals. Kiwanis provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and current economic conditions. Receivables are ordinarily due upon receipt of the invoice. Accounts unpaid for more than 90 days are considered past due. Past due receivables are written off based on individual credit evaluation and specific circumstances of the club. Clubs with past due balances may be considered for charter revocation by Kiwanis' Board of Trustees.

#### ***Property and Equipment***

Property and equipment is stated at cost. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

|                            | <u>Years</u>  |
|----------------------------|---------------|
| Buildings and improvements | 39 - 50 years |
| Furniture and equipment    | 3 - 20 years  |

#### ***Long-Lived Asset Impairment***

Kiwanis evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended September 30, 2016 and 2015.

#### ***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by Kiwanis has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Kiwanis in perpetuity.

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2016 and 2015**

#### ***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Contributions receivable are reduced by an allowance for uncollectible pledges based upon historical information for pledge performance and known uncollectible pledges.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. At September 30, 2016 and 2015, approximately \$131,000 and \$138,000 of conditional promises to give were available to the Foundation based on matching requirements by the donor.

#### ***Contributed Services***

No amounts have been included in the consolidated financial statements for contributed services. Kiwanis pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Kiwanis with specific assistance programs, campaign solicitations, and various committee assignments.

#### ***Dues and Service Fee Revenue***

Membership dues, fees and subscriptions are collected from clubs on a worldwide basis, and are recognized when earned. Clubs are billed annually and may pay a one-time life membership fee for certain members. Life member fees are recognized as revenue when received.

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2016 and 2015**

#### ***Merchandise Inventory***

Merchandise inventory consists primarily of Kiwanis logo merchandise. Inventories are stated at the lower of cost or market. Cost is determined using the weighted-average method.

#### ***Currency Exchange Transactions***

Gains and losses relating to currency exchange transactions are recorded in the consolidated statements of activities.

#### ***Self-Insured Medical Plan***

Kiwanis has elected to act as a self-insurer for certain costs related to employee health and accident benefits and has purchased stop loss insurance to limit the uninsured liability. Costs resulting from uninsured losses are recorded as expense when incurred.

#### ***Income Taxes***

Kiwanis is not subject to income taxes except on unrelated business income. Kiwanis International, Circle K, Kiwanis Youth Programs and the Foundation are exempt under Section 501 of the U.S. Internal Revenue Code. The Foundation is not considered to be a private foundation. Gross unrelated business revenues amounted to \$31,101 and \$47,763 for the years ended September 30, 2016 and 2015, respectively.

#### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the program services, general and administrative and fundraising categories based on cost allocations estimated by Kiwanis personnel.

#### ***Reclassifications***

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on the change in net assets.

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2016 and 2015**

**Note 2: Investments**

Investments at September 30 consisted of the following:

|                                   | <b>Kiwanis<br/>International</b> | <b>Kiwanis<br/>International<br/>Foundation</b> | <b>Total</b>         |
|-----------------------------------|----------------------------------|---|----------------------|
| <b>September 30, 2016</b>         |                                  |   |                      |
| Money market funds                | \$ 2,276,509                     | \$ 480,340                                      | \$ 2,756,849         |
| Fixed income securities and funds |                                  |   |                      |
| Long-term bonds                   | 907,333                          | 654,249   | 1,561,582            |
| Intermediate-term bonds           | 1,975,483                        | 502,625   | 2,478,108            |
| Short-term bonds                  | 1,670,180                        | 1,353,160                                       | 3,023,340            |
| Fixed income blend                | 164,066                          | 442,730   | 606,796              |
| Total fixed income securities     | <u>4,717,062</u>                 | <u>2,952,764</u>                                | <u>7,669,826</u>     |
| Equity securities and funds       |                                  |   |                      |
| Large-cap stocks                  | 7,724,310                        | 7,178,557                                       | 14,902,867           |
| Mid- and small-cap stocks         | 3,884,958                        | 1,843,471                                       | 5,728,429            |
| International stocks              | 2,690,786                        | 1,735,522                                       | 4,426,308            |
| Equities blend                    | 136,212                          | 50,346  | 186,558              |
| Total equity securities and funds | <u>14,436,266</u>                | <u>10,807,896</u>                               | <u>25,244,162</u>    |
| Alternative investment strategies | -                                | 975,148   | 975,148              |
| Total investments                 | <u>\$ 21,429,837</u>             | <u>\$ 15,216,148</u>                            | <u>\$ 36,645,985</u> |
| <b>September 30, 2015</b>         |                                  |   |                      |
| Money market funds                | \$ 2,300,406                     | \$ 418,484                                      | \$ 2,718,890         |
| Fixed income securities and funds |                                  |   |                      |
| Long-term bonds                   | 599,928                          | 180,492   | 780,420              |
| Intermediate-term bonds           | 1,766,904                        | 1,036,710                                       | 2,803,614            |
| Short-term bonds                  | 1,542,549                        | 1,005,148                                       | 2,547,697            |
| Fixed income blend                | 268,272                          | 680,607   | 948,879              |
| Total fixed income securities     | <u>4,177,653</u>                 | <u>2,902,957</u>                                | <u>7,080,610</u>     |
| Equity securities and funds       |                                  |   |                      |
| Large-cap stocks                  | 7,491,257                        | 6,633,825                                       | 14,125,082           |
| Mid- and small-cap stocks         | 3,284,768                        | 1,857,178                                       | 5,141,946            |
| International stocks              | 3,086,208                        | 1,532,616                                       | 4,618,824            |
| Equities blend                    | 176,853                          | 165,283   | 342,136              |
| Total equity securities and funds | <u>14,039,086</u>                | <u>10,188,902</u>                               | <u>24,227,988</u>    |
| Alternative investment strategies | -                                | 1,205,985                                       | 1,205,985            |
| Total investments                 | <u>\$ 20,517,145</u>             | <u>\$ 14,716,328</u>                            | <u>\$ 35,233,473</u> |

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2016 and 2015**

**Note 3: Contributions Receivable**

Contributions receivable at September 30 consisted of the following:

|   | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|
| Due within one year                       | \$ 13,048,294        | \$ 11,012,580        |
| Due in one to five years                  | 15,928,052           | 21,100,100           |
|   | <u>28,976,346</u>    | <u>32,112,680</u>    |
| Less:                                     |                      |                      |
| Allowance for uncollectible contributions | (3,920,616)          | (2,667,500)          |
| Unamortized discount                      | <u>(634,462)</u>     | <u>(460,600)</u>     |
| Net contributions receivable              | <u>\$ 24,421,268</u> | <u>\$ 28,984,580</u> |

The discount rates for 2016 and 2015 ranged from .62% to 1.78% and .14% to 1.4%, respectively.

**Note 4: Beneficial Interest in Assets Held by Others**

The Foundation has agreements with the Kiwanis Foundations of Canada, Jamaica and Japan that provide for contributions made to the Foundation to be held in those countries by the respective local foundations. The agreements also provide for the local foundations to recommend grants to be made from those funds that are ultimately approved by the Foundation. At September 30, 2016 and 2015, the balance of the beneficial interest in assets held by others was \$113,984 and \$136,850, respectively.

**Note 5: Property and Equipment**

Property and equipment at September 30 consists of:

|                                | <u>2016</u>         | <u>2015</u>         |
|--------------------------------|---------------------|---------------------|
| Buildings and improvements     | \$ 6,186,749        | \$ 6,162,616        |
| Furniture and equipment        | 5,748,143           | 5,370,204           |
|                                | <u>11,934,892</u>   | <u>11,532,820</u>   |
| Less: Accumulated depreciation | <u>(8,318,791)</u>  | <u>(7,908,996)</u>  |
|                                | 3,616,101           | 3,623,824           |
| Land                           | <u>711,623</u>      | <u>711,623</u>      |
|                                | <u>\$ 4,327,724</u> | <u>\$ 4,335,447</u> |

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2016 and 2015**

#### **Note 6: Liability Insurance Program**

Kiwanis maintains comprehensive general liability insurance for its members in the United States, Canada and the Caribbean. The policy is intended to provide legal liability insurance for sums which insureds may become legally obligated to pay as damages to third parties for bodily injury or property damage arising from a Kiwanis-sponsored function or activity. Each club in the U.S. and Canada is assessed \$13 per member annually. Caribbean clubs are assessed \$1.50 per member annually. Kiwanis is partially self-insured and pays the first \$75,000 per occurrence with a maximum annual self-insured aggregate exposure of \$1,000,000.

At September 30, 2016 and 2015, Kiwanis accrued \$582,961 and \$733,148 in relation to this program. The liability insurance accrual represents Kiwanis' best estimate of claims and fees that were incurred but unpaid as of the end of the fiscal year. Management believes that the provision for liability insurance will be adequate to cover the ultimate net cost of losses incurred to the statement of financial position date. The provision is an estimate and may ultimately be settled for a significantly greater or lesser amount and it is at least reasonably possible that management will revise the estimate in the near term. Any subsequent differences arising are recorded in the period in which they are determined.

Kiwanis introduced a directors and officers (D&O) liability insurance program effective November 1, 2014. Each club in the U.S. and Canada is assessed \$4 per member annually and each district in the U.S. and Canada \$800 on an annual basis. The D&O liability insurance program is designed to protect clubs, the districts and members against such matters as employment practices liability (including accusations of discrimination, sexual harassment and wrongful termination), allegations of mismanagement of funds, failure to enforce bylaws and violation of state/provincial and federal bylaws. No accrual was deemed necessary for the D&O liability insurance program at September 30, 2016.

#### **Note 7: Annuities Payable**

The Foundation has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The Foundation has recorded a liability at September 30, 2016 and 2015, of \$149,585 and \$156,439, which represents the present value of the future annuity obligations. The liability has been determined using discount rates ranging from 1.2% to 9.0%.



**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2016 and 2015**

**Note 8: Temporarily Restricted Net Assets**

Temporarily restricted net assets at September 30 are available for the following purposes or periods:

|   | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|
| Eliminate Project                               | \$ 25,104,707        | \$ 31,312,561        |
| Scholarships, awards, grants and other programs | 1,957,439            | 2,001,863            |
| Resource development program                    | 1,011,884            | 1,500,000            |
| Accumulated earnings on unrestricted endowments | <u>434,843</u>       | <u>175,877</u>       |
|   | <u>\$ 28,508,873</u> | <u>\$ 34,990,301</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as of September 30:

|   | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|
| Eliminate Project                               | \$ 8,838,651         | \$ 11,535,067        |
| Scholarships, awards, grants and other programs | 762,505              | 264,931              |
| Other amounts appropriated for expenditure      | <u>540,792</u>       | <u>827,171</u>       |
|   | <u>\$ 10,141,948</u> | <u>\$ 12,627,169</u> |

**Note 9: Permanently Restricted Net Assets**

Permanently restricted net assets at September 30 are restricted to:

|   | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|
| Investment in perpetuity, the income of which is expendable to support: |                      |                      |
| USI Sustainability Fund   | \$ 1,851,857         | \$ 1,851,856         |
| Key Club Youth Opportunities Fund                                       | 1,549,241            | 1,549,241            |
| Other   | 1,535,519            | 1,524,777            |
| Any activity of the Foundation  | <u>7,352,202</u>     | <u>7,000,149</u>     |
|   | <u>\$ 12,288,819</u> | <u>\$ 11,926,023</u> |

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2016 and 2015**

**Note 10: Endowment**

The Foundation's endowment consists of approximately 20 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the State of Indiana's Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment plus the original value of subsequent gifts to the permanent endowment. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The composition of net assets by type of endowment fund at September 30, 2016 and 2015 was:

|                                  | 2016         |                        |                        | Total         |
|----------------------------------|--------------|------------------------|------------------------|---------------|
|                                  | Unrestricted | Temporarily Restricted | Permanently Restricted |               |
| Donor-restricted endowment funds | \$ -         | \$ 1,982,157           | \$ 12,288,819          | \$ 14,270,976 |
|                                  | 2015         |                        |                        |               |
|                                  | Unrestricted | Temporarily Restricted | Permanently Restricted | Total         |
| Donor-restricted endowment funds | \$ -         | \$ 1,498,183           | \$ 11,926,023          | \$ 13,424,206 |

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2016 and 2015**

Changes in endowment net assets for the years ended September 30, 2016 and 2015 were:

|  | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>         |
|--|---------------------|-----------------------------------|-----------------------------------|----------------------|
| Endowment net assets, October 1, 2014                | \$ -                | \$ 2,866,516                      | \$ 11,753,468                     | \$ 14,619,984        |
| Investment income                                    | -                   | 263,848                           | -                                 | 263,848              |
| Net realized and unrealized losses                   | -                   | (566,202)                         | -                                 | (566,202)            |
| Contributions  | -                   | 8,650                             | 172,555                           | 181,205              |
| Appropriation of endowment assets<br>for expenditure | -                   | (1,074,629)                       | -                                 | (1,074,629)          |
| Endowment net assets, September 30, 2015             | -                   | 1,498,183                         | 11,926,023                        | 13,424,206           |
| Investment income                                    | -                   | 246,763                           | -                                 | 246,763              |
| Net realized and unrealized gains                    | -                   | 715,331                           | -                                 | 715,331              |
| Contributions  | -                   | 4,394                             | 362,796                           | 367,190              |
| Appropriation of endowment assets<br>for expenditure | -                   | (482,514)                         | -                                 | (482,514)            |
| Endowment net assets, September 30, 2016             | <u>\$ -</u>         | <u>\$ 1,982,157</u>               | <u>\$ 12,288,819</u>              | <u>\$ 14,270,976</u> |

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30 consisted of:

|  | <b>2016</b>          | <b>2015</b>          |
|--|----------------------|----------------------|
| Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA | <u>\$ 12,288,819</u> | <u>\$ 11,926,023</u> |
| Temporarily restricted net assets  |                      |                      |
| Portion of perpetual endowment funds subject to a time restriction under SPMIFA  |                      |                      |
| With purpose restrictions  | \$ 1,547,314         | \$ 1,322,306         |
| Without purpose restrictions   | 434,843              | 175,877              |
|  | <u>\$ 1,982,157</u>  | <u>\$ 1,498,183</u>  |

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2016 and 2015**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, no deficiencies of this nature are reported in unrestricted net assets and aggregated at September 30, 2016 or 2015.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Standard & Poors 500 index while assuming the lowest possible risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 10% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy of appropriating for distribution each year up to 4% of its endowment fund's average fair value over the prior 12 quarters through September 30, 2015. Effective October 1, 2015, the Foundation increased the appropriating for distribution each year up to 5% of its permanent fund balance at December 31, 2014. In addition to the calculated spendable distribution, the Board approved to appropriate for expenditure from the accumulated earnings on the general endowment any operating deficit and an amount equal to the deficit unrestricted net asset balance for fiscal years 2016 and 2015, which amounted to \$0 and \$613,431, respectively. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2016 and 2015

#### **Note 11: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

#### ***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, common and preferred stocks and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include U.S. Government and related agency securities, international bonds and corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

#### ***Beneficial Interest in Assets Held by Others***

Fair value is estimated using the values of the underlying assets, which represent cash accounts held in foreign countries. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2016 and 2015

The following tables present the fair value measurements of investments recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2016 and 2015:

|   | 2016  |   |  |             |
|---|---|---|--|-------------|
|   | Fair Value Measurements Using   |   |  |             |
| Fair Value  | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |             |
| <b>Investments</b>                                  |   |   |  |             |
| <i><b>Kiwanis International</b></i>                 |   |   |  |             |
| Cash equivalents and money market funds             | \$ 2,276,509  | \$ 2,276,509  | \$ -   | \$ -        |
| Fixed income securities and funds                   |   |   |  |             |
| Long-term bonds                                     | 907,333   | 887,376   | 19,957   | -           |
| Intermediate-term bonds                             | 1,975,483   | 1,637,795   | 337,688  | -           |
| Short-term bonds                                    | 1,670,180   | 1,034,735   | 635,445  | -           |
| Fixed income blend                                  | 164,066   | 164,066   | -  | -           |
| Total fixed income securities                       | <u>4,717,062</u>  | <u>3,723,972</u>  | <u>993,090</u>                                     | <u>-</u>    |
| Common and preferred stocks                         |   |   |  |             |
| Large-cap stocks                                    | 7,724,310   | 7,724,310   | -  | -           |
| Mid- and small-cap stocks                           | 3,884,958   | 3,884,958   | -  | -           |
| International stocks                                | 2,690,786   | 2,690,786   | -  | -           |
| Equities blend                                      | 136,212   | 136,212   | -  | -           |
| Total common and preferred stocks                   | <u>14,436,266</u>   | <u>14,436,266</u>   | <u>-</u>   | <u>-</u>    |
| Subtotal - Kiwanis International                    | <u>21,429,837</u>   | <u>20,436,747</u>   | <u>993,090</u>                                     | <u>-</u>    |
| <i><b>Kiwanis International Foundation</b></i>      |   |   |  |             |
| Money market funds                                  | 480,340   | 480,340   | -  | -           |
| Fixed income securities                             |   |   |  |             |
| Long-term bonds                                     | 654,249   | 635,634   | 18,615   | -           |
| Intermediate-term bonds                             | 502,625   | 502,625   | -  | -           |
| Short-term bonds                                    | 1,353,160   | 916,858   | 436,302  | -           |
| Fixed income blend                                  | 442,730   | 442,730   | -  | -           |
| Total fixed income securities                       | <u>2,952,764</u>  | <u>2,497,847</u>  | <u>454,917</u>                                     | <u>-</u>    |
| Common and preferred stocks                         |   |   |  |             |
| Large-cap stocks                                    | 7,178,557   | 7,178,557   | -  | -           |
| Mid- and small-cap stocks                           | 1,843,471   | 1,843,471   | -  | -           |
| International stocks                                | 1,735,522   | 1,735,522   | -  | -           |
| Equities blend                                      | 50,346  | 50,346  | -  | -           |
| Total common and preferred stocks                   | <u>10,807,896</u>   | <u>10,807,896</u>   | <u>-</u>   | <u>-</u>    |
| Alternative investment strategies                   | 975,148   | 975,148   | -  | -           |
| Subtotal - Kiwanis International Foundation         | <u>15,216,148</u>   | <u>14,761,231</u>   | <u>454,917</u>                                     | <u>-</u>    |
| Total investments                                   | <u>\$ 36,645,985</u>  | <u>\$ 35,197,978</u>                                      | <u>\$ 1,448,007</u>                                | <u>\$ -</u> |
| <b>Beneficial interest in assets held by others</b> | <u>\$ 113,984</u>   | <u>\$ -</u>   | <u>\$ 113,984</u>                                  | <u>\$ -</u> |

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2016 and 2015

|   | 2015  |   |  |             |
|---|---|---|--|-------------|
|   | Fair Value Measurements Using   |   |  |             |
| Fair Value  | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |             |
| <b>Investments</b>                                  |   |   |  |             |
| <i><b>Kiwanis International</b></i>                 |   |   |  |             |
| Cash equivalents and money market funds             | \$ 2,300,406  | \$ 2,300,406  | \$ -   | \$ -        |
| Fixed income securities and funds                   |   |   |  |             |
| Long-term bonds                                     | 599,928   | 587,287   | 12,641   | -           |
| Intermediate-term bonds                             | 1,766,904   | 1,627,837   | 139,067  | -           |
| Short-term bonds                                    | 1,542,549   | 1,234,182   | 308,367  | -           |
| Fixed income blend                                  | 268,272   | 268,272   | -  | -           |
| Total fixed income securities                       | <u>4,177,653</u>  | <u>3,717,578</u>  | <u>460,075</u>                                     | <u>-</u>    |
| Common and preferred stocks                         |   |   |  |             |
| Large-cap stocks                                    | 7,491,257   | 7,491,257   | -  | -           |
| Mid- and small-cap stocks                           | 3,284,768   | 3,284,768   | -  | -           |
| International stocks                                | 3,086,208   | 3,086,208   | -  | -           |
| Equities blend                                      | 176,853   | 176,853   | -  | -           |
| Total common and preferred stocks                   | <u>14,039,086</u>   | <u>14,039,086</u>   | <u>-</u>   | <u>-</u>    |
| Subtotal - Kiwanis International                    | <u>20,517,145</u>   | <u>20,057,070</u>   | <u>460,075</u>                                     | <u>-</u>    |
| <i><b>Kiwanis International Foundation</b></i>      |   |   |  |             |
| Money market funds                                  | 418,484   | 418,484   | -  | -           |
| Fixed income securities                             |   |   |  |             |
| Long-term bonds                                     | 180,492   | 176,366   | 4,126  | -           |
| Intermediate-term bonds                             | 1,036,710   | 1,036,710   | -  | -           |
| Short-term bonds                                    | 1,005,148   | 563,323   | 441,825  | -           |
| Fixed income blend                                  | 680,607   | 680,607   | -  | -           |
| Total fixed income securities                       | <u>2,902,957</u>  | <u>2,457,006</u>  | <u>445,951</u>                                     | <u>-</u>    |
| Common and preferred stocks                         |   |   |  |             |
| Large-cap stocks                                    | 6,633,825   | 6,633,825   | -  | -           |
| Mid- and small-cap stocks                           | 1,857,178   | 1,857,178   | -  | -           |
| International stocks                                | 1,532,616   | 1,532,616   | -  | -           |
| Equities blend                                      | 165,283   | 165,283   | -  | -           |
| Total common and preferred stocks                   | <u>10,188,902</u>   | <u>10,188,902</u>   | <u>-</u>   | <u>-</u>    |
| Alternative investment strategies                   | 1,205,985   | 1,205,985   | -  | -           |
| Subtotal - Kiwanis International Foundation         | <u>14,716,328</u>   | <u>14,270,377</u>   | <u>445,951</u>                                     | <u>-</u>    |
| Total investments                                   | <u>\$ 35,233,473</u>  | <u>\$ 34,327,447</u>                                      | <u>\$ 906,026</u>                                  | <u>\$ -</u> |
| <b>Beneficial interest in assets held by others</b> | <u>\$ 136,850</u>   | <u>\$ -</u>   | <u>\$ 136,850</u>                                  | <u>\$ -</u> |

There have been no significant changes in the valuation techniques during the year ended September 30, 2016. During 2015, Kiwanis reclassified the alternative investment strategies from Level 2 to Level 1 upon determining the fair value of these funds is based on quoted prices in active markets.

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2016 and 2015**

**Note 12: Line of Credit**

International established a secured uncommitted \$2,000,000 guidance line of credit in February 2015 as a means of limiting monthly fees while preserving access to cash if necessary. At September 30, 2016 and 2015, there were no borrowings outstanding under the guidance line of credit. Interest on line of credit borrowings is payable monthly at 3.5%. The guidance line of credit expires on February 15, 2017.

**Note 13: Operating Leases**

International rents various items of equipment and office space under long-term noncancellable operating leases, which expire at various dates through January 20, 2021. Rental expense for these leases included in the consolidated statements of activities for the years ended September 30, 2016 and 2015, was approximately \$65,000 and \$75,000, respectively.

Minimum annual rental payments required under noncancellable operating leases, which have remaining terms in excess of one year as of September 30, 2016, were as follows:

|      |                   |
|------|-------------------|
| 2017 | \$ 34,044         |
| 2018 | 34,044            |
| 2019 | 34,044            |
| 2020 | 34,044            |
| 2021 | 14,284            |
|      | <u>150,460</u>    |
|      | <u>\$ 150,460</u> |

**Note 14: Employee Benefit Plans**

International has a defined-contribution 401(k) retirement savings plan covering substantially all employees (including employees who provide services for Kiwanis Youth Programs, Circle K International and Kiwanis International Foundation). International makes matching contributions up to a maximum of 4% of the compensation that each employee contributes to the Plan. Kiwanis' contributions and administrative fees for the Plan were \$279,667 and \$276,924 for the years ended September 30, 2016 and 2015, respectively.



# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2016 and 2015**

#### **Note 15: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

##### ***Litigation***

International is a party to pending legal actions related to the liability insurance provided to its members and is vigorously contesting these legal matters in conjunction with its insurance carriers. While it is not feasible to predict or determine the outcome of such actions, it is the opinion of management that such actions will not ultimately result in liability that would have a material adverse effect on the consolidated financial position of Kiwanis. Management's best estimate of the future liability for these claims is included in the liability insurance accrual.

Kiwanis is subject to other claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets and cash flows of Kiwanis. Events could occur that would change this estimate materially in the near term.

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2016 and 2015**

**Note 16: Functional Expenses**

Total expenses by functional classifications are as follows:

|                                       | <b>2016</b>                     | <b>2015</b>                     |
|---------------------------------------|---------------------------------|---------------------------------|
| Programs:                             |                                 |                                 |
| Membership education                  | \$ 3,064,059                    | \$ 2,748,947                    |
| Communications                        | 2,335,883                       | 2,419,017                       |
| Corporate relations                   | 550,838                         | 366,977                         |
| Service Leadership Programs           | 1,711,702                       | 1,726,706                       |
| Global Services                       | 731,919                         | 771,917                         |
| Merchandise, including cost of sales  | 864,639                         | 1,225,559                       |
| Publications                          | 1,403,004                       | 1,431,067                       |
| International convention              | 1,751,679                       | 1,887,111                       |
| Liability insurance                   | 1,926,503                       | 2,082,612                       |
| Grants                                | 7,662,049                       | 8,448,866                       |
| Other program expenses                | 1,037,154                       | 703,544                         |
| Research and development              | 429,164                         | 223,422                         |
| Total program services                | <u>23,468,593</u>               | <u>24,035,745</u>               |
| General and administrative            | 4,641,985                       | 4,914,816                       |
| Membership services                   | 1,506,371                       | 1,731,853                       |
| Governance                            | 1,564,719                       | 1,604,885                       |
| Fundraising                           | 1,103,192                       | 2,295,191                       |
| Currency exchange and bad debt losses | <u>1,410,353</u>                | <u>1,530,005</u>                |
| <br>Total expenses and losses         | <br><u><u>\$ 33,695,213</u></u> | <br><u><u>\$ 36,112,495</u></u> |

**Note 17: Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.

## **Supplemental Information**

**Kiwanis International and Affiliates**  
**Consolidating Schedule - Statement of Financial Position Information**  
**September 30, 2016**

|  | Kiwanis<br>International | Circle K<br>International | Kiwanis Youth<br>Programs | Kiwanis International Foundation |                      |                      | Eliminations          | Total                | 2015<br>Total        |
|--|--------------------------|---------------------------|---------------------------|----------------------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
|  |                          |                           |                           | Operations                       | Eliminate<br>Project | Total                |                       |                      |                      |
| <b>Assets</b>                                |                          |                           |                           |                                  |                      |                      |                       |                      |                      |
| Cash and cash equivalents                    | \$ 2,774,253             | \$ 92,099                 | \$ 227,468                | \$ 1,055,580                     | \$ 486,960           | \$ 1,542,540         | \$ -                  | \$ 4,636,360         | \$ 6,637,194         |
| Investments                                  | 21,429,837               | -                         | 2,394,892                 | 15,216,148                       | -                    | 15,216,148           | (2,394,892)           | 36,645,985           | 35,233,473           |
| Receivables                                  | 379,190                  | 158                       | 11,413                    | -                                | 14,925               | 14,925               | -                     | 405,686              | 359,370              |
| Contributions receivable                     | -                        | -                         | -                         | 16,168                           | 24,405,100           | 24,421,268           | -                     | 24,421,268           | 28,984,580           |
| Merchandise inventory                        | 454,540                  | -                         | -                         | -                                | -                    | -                    | -                     | 454,540              | 584,106              |
| Prepaid expenses and other                   | 1,046,847                | 549                       | 3,827                     | 7,097                            | 11                   | 7,108                | -                     | 1,058,331            | 1,102,538            |
| Cash value of life insurance contracts       | -                        | -                         | -                         | 259,381                          | -                    | 259,381              | -                     | 259,381              | 247,503              |
| Beneficial interest in assets held by others | -                        | -                         | -                         | 82,481                           | 31,503               | 113,984              | -                     | 113,984              | 136,850              |
| Property and equipment, net                  | 4,327,724                | -                         | -                         | -                                | -                    | -                    | -                     | 4,327,724            | 4,335,447            |
| Advances to affiliates                       | 582,079                  | -                         | -                         | -                                | -                    | -                    | (582,079)             | -                    | -                    |
| Interfund receivable (payable)               | -                        | -                         | -                         | (289,293)                        | 289,293              | -                    | -                     | -                    | -                    |
| Total assets                                 | <u>\$ 30,994,470</u>     | <u>\$ 92,806</u>          | <u>\$ 2,637,600</u>       | <u>\$ 16,347,562</u>             | <u>\$ 25,227,792</u> | <u>\$ 41,575,354</u> | <u>\$ (2,976,971)</u> | <u>\$ 72,323,259</u> | <u>\$ 77,621,061</u> |
| <b>Liabilities</b>                           |                          |                           |                           |                                  |                      |                      |                       |                      |                      |
| Accounts payable                             | \$ 530,310               | \$ -                      | \$ -                      | \$ 225                           | \$ -                 | \$ 225               | \$ -                  | \$ 530,535           | \$ 673,771           |
| Accounts payable - affiliates                | 67,678                   | 14,266                    | 219,651                   | 242,893                          | 123,085              | 365,978              | (582,079)             | 85,494               | 77,485               |
| Funds invested for Kiwanis Youth Programs    | 2,394,892                | -                         | -                         | -                                | -                    | -                    | (2,394,892)           | -                    | -                    |
| Accrued liabilities and other                | 811,284                  | 1,500                     | 45,783                    | -                                | -                    | -                    | -                     | 858,567              | 797,758              |
| Liability insurance accrual                  | 582,961                  | -                         | -                         | -                                | -                    | -                    | -                     | 582,961              | 733,148              |
| Annuities payable                            | -                        | -                         | -                         | 149,585                          | -                    | 149,585              | -                     | 149,585              | 156,439              |
| Total liabilities                            | <u>4,387,125</u>         | <u>15,766</u>             | <u>265,434</u>            | <u>392,703</u>                   | <u>123,085</u>       | <u>515,788</u>       | <u>(2,976,971)</u>    | <u>2,207,142</u>     | <u>2,438,601</u>     |
| <b>Net Assets</b>                            |                          |                           |                           |                                  |                      |                      |                       |                      |                      |
| Unrestricted                                 |                          |                           |                           |                                  |                      |                      |                       |                      |                      |
| Operating                                    | 19,227,619               | 77,040                    | 2,372,166                 | 261,874                          | -                    | 261,874              | -                     | 21,938,699           | 20,657,046           |
| Publications                                 | 2,379,726                | -                         | -                         | -                                | -                    | -                    | -                     | 2,379,726            | 2,609,090            |
| Liability insurance                          | 5,000,000                | -                         | -                         | -                                | -                    | -                    | -                     | 5,000,000            | 5,000,000            |
| Total unrestricted net assets                | <u>26,607,345</u>        | <u>77,040</u>             | <u>2,372,166</u>          | <u>261,874</u>                   | <u>-</u>             | <u>261,874</u>       | <u>-</u>              | <u>29,318,425</u>    | <u>28,266,136</u>    |
| Temporarily restricted                       | -                        | -                         | -                         | 3,404,166                        | 25,104,707           | 28,508,873           | -                     | 28,508,873           | 34,990,301           |
| Permanently restricted                       | -                        | -                         | -                         | 12,288,819                       | -                    | 12,288,819           | -                     | 12,288,819           | 11,926,023           |
| Total net assets                             | <u>26,607,345</u>        | <u>77,040</u>             | <u>2,372,166</u>          | <u>15,954,859</u>                | <u>25,104,707</u>    | <u>41,059,566</u>    | <u>-</u>              | <u>70,116,117</u>    | <u>75,182,460</u>    |
| Total liabilities and net assets             | <u>\$ 30,994,470</u>     | <u>\$ 92,806</u>          | <u>\$ 2,637,600</u>       | <u>\$ 16,347,562</u>             | <u>\$ 25,227,792</u> | <u>\$ 41,575,354</u> | <u>\$ (2,976,971)</u> | <u>\$ 72,323,259</u> | <u>\$ 77,621,061</u> |

**Kiwanis International and Affiliates**  
**Consolidating Schedule - Statement of Financial Position Information**  
**September 30, 2015**

|  | Kiwanis<br>International | Circle K<br>International | Kiwanis Youth<br>Programs | Kiwanis International Foundation |                      |                      | Eliminations          | Total                |
|--|--------------------------|---------------------------|---------------------------|----------------------------------|----------------------|----------------------|-----------------------|----------------------|
|  |                          |                           |                           | Operations                       | Eliminate<br>Project | Total                |                       |                      |
| <b>Assets</b>                                |                          |                           |                           |                                  |                      |                      |                       |                      |
| Cash and cash equivalents                    | \$ 2,508,747             | \$ 73,060                 | \$ 659,836                | \$ 1,962,864                     | \$ 1,432,687         | \$ 3,395,551         | \$ -                  | \$ 6,637,194         |
| Investments                                  | 20,517,145               | -                         | 2,007,286                 | 14,716,328                       | -                    | 14,716,328           | (2,007,286)           | 35,233,473           |
| Receivables                                  | 329,387                  | 950                       | 29,033                    | -                                | -                    | -                    | -                     | 359,370              |
| Contributions receivable                     | -                        | -                         | -                         | 20,280                           | 28,964,300           | 28,984,580           | -                     | 28,984,580           |
| Merchandise inventory                        | 584,106                  | -                         | -                         | -                                | -                    | -                    | -                     | 584,106              |
| Prepaid expenses and other                   | 881,862                  | 13,584                    | 200,867                   | 6,145                            | 80                   | 6,225                | -                     | 1,102,538            |
| Cash value of life insurance contracts       | -                        | -                         | -                         | 247,503                          | -                    | 247,503              | -                     | 247,503              |
| Beneficial interest in assets held by others | -                        | -                         | -                         | 76,773                           | 60,077               | 136,850              | -                     | 136,850              |
| Property and equipment, net                  | 4,335,447                | -                         | -                         | -                                | -                    | -                    | -                     | 4,335,447            |
| Advances to affiliates                       | 733,422                  | -                         | -                         | -                                | -                    | -                    | (733,422)             | -                    |
| Interfund receivable (payable)               | -                        | -                         | -                         | (1,138,474)                      | 1,138,474            | -                    | -                     | -                    |
| <b>Total assets</b>                          | <b>\$ 29,890,116</b>     | <b>\$ 87,594</b>          | <b>\$ 2,897,022</b>       | <b>\$ 15,891,419</b>             | <b>\$ 31,595,618</b> | <b>\$ 47,487,037</b> | <b>\$ (2,740,708)</b> | <b>\$ 77,621,061</b> |
| <b>Liabilities</b>                           |                          |                           |                           |                                  |                      |                      |                       |                      |
| Accounts payable                             | \$ 668,350               | \$ -                      | \$ -                      | \$ 732                           | \$ 4,689             | \$ 5,421             | \$ -                  | \$ 673,771           |
| Accounts payable - affiliates                | 63,019                   | 13,802                    | 325,233                   | 130,485                          | 278,368              | 408,853              | (733,422)             | 77,485               |
| Funds invested for Kiwanis Youth Programs    | 2,007,286                | -                         | -                         | -                                | -                    | -                    | (2,007,286)           | -                    |
| Accrued liabilities and other                | 683,190                  | 1,200                     | 113,368                   | -                                | -                    | -                    | -                     | 797,758              |
| Liability insurance accrual                  | 733,148                  | -                         | -                         | -                                | -                    | -                    | -                     | 733,148              |
| Annuities payable                            | -                        | -                         | -                         | 156,439                          | -                    | 156,439              | -                     | 156,439              |
| <b>Total liabilities</b>                     | <b>4,154,993</b>         | <b>15,002</b>             | <b>438,601</b>            | <b>287,656</b>                   | <b>283,057</b>       | <b>570,713</b>       | <b>(2,740,708)</b>    | <b>2,438,601</b>     |
| <b>Net Assets</b>                            |                          |                           |                           |                                  |                      |                      |                       |                      |
| Unrestricted                                 |                          |                           |                           |                                  |                      |                      |                       |                      |
| Operating                                    | 18,126,033               | 72,592                    | 2,458,421                 | -                                | -                    | -                    | -                     | 20,657,046           |
| Publications                                 | 2,609,090                | -                         | -                         | -                                | -                    | -                    | -                     | 2,609,090            |
| Liability insurance                          | 5,000,000                | -                         | -                         | -                                | -                    | -                    | -                     | 5,000,000            |
| <b>Total unrestricted net assets</b>         | <b>25,735,123</b>        | <b>72,592</b>             | <b>2,458,421</b>          | <b>-</b>                         | <b>-</b>             | <b>-</b>             | <b>-</b>              | <b>28,266,136</b>    |
| Temporarily restricted                       | -                        | -                         | -                         | 3,677,740                        | 31,312,561           | 34,990,301           | -                     | 34,990,301           |
| Permanently restricted                       | -                        | -                         | -                         | 11,926,023                       | -                    | 11,926,023           | -                     | 11,926,023           |
| <b>Total net assets</b>                      | <b>25,735,123</b>        | <b>72,592</b>             | <b>2,458,421</b>          | <b>15,603,763</b>                | <b>31,312,561</b>    | <b>46,916,324</b>    | <b>-</b>              | <b>75,182,460</b>    |
| <b>Total liabilities and net assets</b>      | <b>\$ 29,890,116</b>     | <b>\$ 87,594</b>          | <b>\$ 2,897,022</b>       | <b>\$ 15,891,419</b>             | <b>\$ 31,595,618</b> | <b>\$ 47,487,037</b> | <b>\$ (2,740,708)</b> | <b>\$ 77,621,061</b> |

# Kiwanis International and Affiliates

## Consolidating Schedule - Statement of Activities Information

### Year Ended September 30, 2016

|   | Kiwanis<br>International | Circle K<br>International | Kiwanis Youth<br>Programs | Kiwanis International Foundation |                      |                      | Eliminations       | Total                | 2015<br>Total        |
|---|--------------------------|---------------------------|---------------------------|----------------------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
|   |                          |                           |                           | Operations                       | Eliminate<br>Project | Foundation<br>Total  |                    |                      |                      |
| <b>Revenue, Gains and Other Support</b>                 |                          |                           |                           |                                  |                      |                      |                    |                      |                      |
| Membership dues and fees                                | \$ 10,117,834            | \$ 238,952                | \$ 1,960,607              | \$ -                             | \$ -                 | \$ -                 | \$ -               | \$ 12,317,393        | \$ 11,084,990        |
| Merchandise sales                                       | 1,565,538                | -                         | -                         | -                                | -                    | -                    | -                  | 1,565,538            | 1,805,567            |
| Magazine subscription fees                              | 1,032,291                | -                         | -                         | -                                | -                    | -                    | -                  | 1,032,291            | 1,063,865            |
| Convention fees   | 966,715                  | 84,517                    | 221,150                   | -                                | -                    | -                    | -                  | 1,272,382            | 2,038,603            |
| Liability insurance fees                                | 2,335,952                | -                         | -                         | -                                | -                    | -                    | -                  | 2,335,952            | 2,268,976            |
| Contributions   | -                        | -                         | -                         | 1,424,581                        | 3,881,191            | 5,305,772            | -                  | 5,305,772            | 23,890,955           |
| Grants  | 15,000                   | 2,985                     | 55,672                    | -                                | -                    | -                    | (65,000)           | 8,657                | 1,500,000            |
| Sponsorship income                                      | 407,010                  | -                         | -                         | -                                | -                    | -                    | -                  | 407,010              | 270,381              |
| Advertising   | 31,101                   | -                         | 2,500                     | -                                | -                    | -                    | -                  | 33,601               | 47,763               |
| Investment income, net of fees                          | 364,176                  | 150                       | 45,989                    | 314,542                          | -                    | 314,542              | -                  | 724,857              | 712,561              |
| Service Leadership Programs                             | 114,670                  | -                         | 999,013                   | -                                | -                    | -                    | -                  | 1,113,683            | 1,037,796            |
| Other   | 53,184                   | 305                       | 9,930                     | 40,430                           | -                    | 40,430               | -                  | 103,849              | 218,305              |
| Management fee - intercompany                           | 1,443,756                | -                         | -                         | -                                | -                    | -                    | (1,443,756)        | -                    | -                    |
| Subsidies from Kiwanis International                    | -                        | 356,418                   | -                         | -                                | -                    | -                    | (356,418)          | -                    | -                    |
| <b>Total revenue, gains and other support</b>           | <b>18,447,227</b>        | <b>683,327</b>            | <b>3,294,861</b>          | <b>1,779,553</b>                 | <b>3,881,191</b>     | <b>5,660,744</b>     | <b>(1,865,174)</b> | <b>26,220,985</b>    | <b>45,939,762</b>    |
| <b>Expenses and Losses</b>                              |                          |                           |                           |                                  |                      |                      |                    |                      |                      |
| Membership education                                    | 2,296,980                | 278,195                   | 529,021                   | -                                | -                    | -                    | (94,587)           | 3,009,609            | 2,685,273            |
| Communications  | 2,160,509                | 68,170                    | 78,962                    | -                                | -                    | -                    | (23,178)           | 2,284,463            | 2,349,465            |
| Corporate relations                                     | 538,033                  | -                         | -                         | -                                | -                    | -                    | -                  | 538,033              | 355,986              |
| Service Leadership Programs                             | 768,033                  | -                         | 1,655,596                 | -                                | -                    | -                    | (730,422)          | 1,693,207            | 1,694,457            |
| Global Services   | 714,904                  | -                         | -                         | -                                | -                    | -                    | -                  | 714,904              | 748,797              |
| Merchandise, including cost of sales                    | 845,011                  | -                         | -                         | -                                | -                    | -                    | -                  | 845,011              | 1,188,852            |
| Publications  | 1,262,765                | -                         | 109,702                   | -                                | -                    | -                    | -                  | 1,372,467            | 1,391,175            |
| International convention                                | 1,276,660                | 203,487                   | 362,330                   | -                                | -                    | -                    | (121,182)          | 1,721,295            | 1,837,362            |
| Liability insurance                                     | 1,881,718                | -                         | -                         | -                                | -                    | -                    | -                  | 1,881,718            | 2,020,236            |
| Grants  | -                        | 23,015                    | -                         | 624,571                          | 7,232,463            | 7,857,034            | (218,000)          | 7,662,049            | 8,444,170            |
| Other program expenses                                  | -                        | -                         | -                         | 779,053                          | 258,101              | 1,037,154            | -                  | 1,037,154            | 703,544              |
| Research and development                                | 419,187                  | -                         | -                         | -                                | -                    | -                    | -                  | 419,187              | 216,730              |
| General and administrative                              | 3,702,676                | 65,311                    | 466,044                   | 477,920                          | 458,885              | 936,805              | (616,974)          | 4,553,862            | 4,791,552            |
| Membership services                                     | 1,140,206                | 40,701                    | 312,166                   | -                                | -                    | -                    | (13,839)           | 1,479,234            | 1,698,281            |
| Governance  | 1,528,345                | -                         | -                         | -                                | -                    | -                    | -                  | 1,528,345            | 1,556,817            |
| Fundraising   | -                        | -                         | -                         | 447,327                          | 702,857              | 1,150,184            | (46,992)           | 1,103,192            | 2,295,191            |
| Depreciation and gain/loss on disposals                 | 440,425                  | -                         | -                         | -                                | -                    | -                    | -                  | 440,425              | 610,921              |
| Currency exchange and bad debt losses                   | (29,617)                 | -                         | -                         | 5,618                            | 1,435,057            | 1,440,675            | -                  | 1,411,058            | 1,523,686            |
| <b>Total expenses and losses</b>                        | <b>18,945,835</b>        | <b>678,879</b>            | <b>3,513,821</b>          | <b>2,334,489</b>                 | <b>10,087,363</b>    | <b>12,421,852</b>    | <b>(1,865,174)</b> | <b>33,695,213</b>    | <b>36,112,495</b>    |
| <b>Change in Net Assets Before Other Gains (Losses)</b> | <b>(498,608)</b>         | <b>4,448</b>              | <b>(218,960)</b>          | <b>(554,936)</b>                 | <b>(6,206,172)</b>   | <b>(6,761,108)</b>   | <b>-</b>           | <b>(7,474,228)</b>   | <b>9,827,267</b>     |
| Realized and unrealized gains (losses) on investments   | 1,370,830                | -                         | 132,705                   | 911,812                          | (1,682)              | 910,130              | -                  | 2,413,665            | (1,694,543)          |
| Change in value of annuities payable                    | -                        | -                         | -                         | (5,780)                          | -                    | (5,780)              | -                  | (5,780)              | (28,885)             |
| <b>Change in Net Assets</b>                             | <b>872,222</b>           | <b>4,448</b>              | <b>(86,255)</b>           | <b>351,096</b>                   | <b>(6,207,854)</b>   | <b>(5,856,758)</b>   | <b>-</b>           | <b>(5,066,343)</b>   | <b>8,103,839</b>     |
| <b>Net Assets, Beginning of Year</b>                    | <b>25,735,123</b>        | <b>72,592</b>             | <b>2,458,421</b>          | <b>15,603,763</b>                | <b>31,312,561</b>    | <b>46,916,324</b>    | <b>-</b>           | <b>75,182,460</b>    | <b>67,078,621</b>    |
| <b>Net Assets, End of Year</b>                          | <b>\$ 26,607,345</b>     | <b>\$ 77,040</b>          | <b>\$ 2,372,166</b>       | <b>\$ 15,954,859</b>             | <b>\$ 25,104,707</b> | <b>\$ 41,059,566</b> | <b>\$ -</b>        | <b>\$ 70,116,117</b> | <b>\$ 75,182,460</b> |

# Kiwanis International and Affiliates

## Consolidating Schedule - Statement of Activities Information

### Year Ended September 30, 2015

|   | Kiwanis<br>International | Circle K<br>International | Kiwanis Youth<br>Programs | Kiwanis International Foundation |                      |                      | Eliminations       | Total                |
|---|--------------------------|---------------------------|---------------------------|----------------------------------|----------------------|----------------------|--------------------|----------------------|
|   |                          |                           |                           | Operations                       | Eliminate<br>Project | Foundation<br>Total  |                    |                      |
| <b>Revenue, Gains and Other Support</b>                 |                          |                           |                           |                                  |                      |                      |                    |                      |
| Membership dues and fees                                | \$ 8,908,943             | \$ 231,928                | \$ 1,944,119              | \$ -                             | \$ -                 | \$ -                 | \$ -               | \$ 11,084,990        |
| Merchandise sales                                       | 1,805,567                | -                         | -                         | -                                | -                    | -                    | -                  | 1,805,567            |
| Magazine subscription fees                              | 1,063,865                | -                         | -                         | -                                | -                    | -                    | -                  | 1,063,865            |
| Convention fees   | 1,746,418                | 80,285                    | 211,900                   | -                                | -                    | -                    | -                  | 2,038,603            |
| Liability insurance fees                                | 2,268,976                | -                         | -                         | -                                | -                    | -                    | -                  | 2,268,976            |
| Contributions   | -                        | -                         | -                         | 1,039,391                        | 22,851,564           | 23,890,955           | -                  | 23,890,955           |
| Grants  | 182,134                  | 20,000                    | 25,000                    | 1,500,000                        | -                    | 1,500,000            | (227,134)          | 1,500,000            |
| Sponsorship income                                      | 270,381                  | -                         | -                         | -                                | -                    | -                    | -                  | 270,381              |
| Advertising   | 47,763                   | -                         | -                         | -                                | -                    | -                    | -                  | 47,763               |
| Investment income, net of fees                          | 347,804                  | 124                       | 38,392                    | 326,241                          | -                    | 326,241              | -                  | 712,561              |
| Service Leadership Programs                             | 122,099                  | -                         | 915,697                   | -                                | -                    | -                    | -                  | 1,037,796            |
| Other   | 196,723                  | 14,172                    | 7,410                     | -                                | -                    | -                    | -                  | 218,305              |
| Management fee - intercompany                           | 1,882,980                | -                         | -                         | -                                | -                    | -                    | (1,882,980)        | -                    |
| Subsidies from Kiwanis International                    | -                        | 391,432                   | 280,736                   | -                                | -                    | -                    | (672,168)          | -                    |
| Total revenue, gains and other support                  | <u>18,843,653</u>        | <u>737,941</u>            | <u>3,423,254</u>          | <u>2,865,632</u>                 | <u>22,851,564</u>    | <u>25,717,196</u>    | <u>(2,782,282)</u> | <u>45,939,762</u>    |
| <b>Expenses and Losses</b>                              |                          |                           |                           |                                  |                      |                      |                    |                      |
| Membership education                                    | 2,051,353                | 424,391                   | 345,272                   | -                                | -                    | -                    | (135,743)          | 2,685,273            |
| Communications  | 2,252,630                | 11,994                    | 88,677                    | -                                | -                    | -                    | (3,836)            | 2,349,465            |
| Corporate relations                                     | 355,986                  | -                         | -                         | -                                | -                    | -                    | -                  | 355,986              |
| Service Leadership Programs                             | 1,055,385                | -                         | 1,671,228                 | -                                | -                    | -                    | (1,032,156)        | 1,694,457            |
| Global Services   | 748,797                  | -                         | -                         | -                                | -                    | -                    | -                  | 748,797              |
| Merchandise, including cost of sales                    | 1,188,852                | -                         | -                         | -                                | -                    | -                    | -                  | 1,188,852            |
| Publications  | 1,292,026                | 4,924                     | 95,800                    | -                                | -                    | -                    | (1,575)            | 1,391,175            |
| International convention                                | 1,611,260                | 85,054                    | 218,257                   | -                                | -                    | -                    | (77,209)           | 1,837,362            |
| Liability insurance                                     | 2,020,236                | -                         | -                         | -                                | -                    | -                    | -                  | 2,020,236            |
| Grants  | 152,100                  | 28,085                    | 7,544                     | 718,075                          | 7,912,500            | 8,630,575            | (374,134)          | 8,444,170            |
| Other program expenses                                  | -                        | -                         | -                         | 340,769                          | 362,775              | 703,544              | -                  | 703,544              |
| Research and development                                | 216,730                  | -                         | -                         | -                                | -                    | -                    | -                  | 216,730              |
| General and administrative                              | 3,992,271                | 37,555                    | 331,785                   | 483,108                          | 1,025,837            | 1,508,945            | (1,079,004)        | 4,791,552            |
| Membership services                                     | 1,087,327                | 105,126                   | 539,453                   | -                                | -                    | -                    | (33,625)           | 1,698,281            |
| Governance  | 1,556,817                | -                         | -                         | -                                | -                    | -                    | -                  | 1,556,817            |
| Fundraising   | -                        | -                         | -                         | 305,640                          | 2,034,551            | 2,340,191            | (45,000)           | 2,295,191            |
| Depreciation and gain/loss on disposals                 | 610,921                  | -                         | -                         | -                                | -                    | -                    | -                  | 610,921              |
| Currency exchange and bad debt losses                   | 204,661                  | -                         | -                         | 8,218                            | 1,310,807            | 1,319,025            | -                  | 1,523,686            |
| Total expenses and losses                               | <u>20,397,352</u>        | <u>697,129</u>            | <u>3,298,016</u>          | <u>1,855,810</u>                 | <u>12,646,470</u>    | <u>14,502,280</u>    | <u>(2,782,282)</u> | <u>36,112,495</u>    |
| <b>Change in Net Assets Before Other Gains (Losses)</b> | (1,553,699)              | 40,812                    | 125,238                   | 1,009,822                        | 10,205,094           | 11,214,916           | -                  | 9,827,267            |
| Realized and unrealized gains (losses) on investments   | (899,401)                | -                         | (93,602)                  | (700,093)                        | (1,447)              | (701,540)            | -                  | (1,694,543)          |
| Change in value of annuities payable                    | -                        | -                         | -                         | (28,885)                         | -                    | (28,885)             | -                  | (28,885)             |
| <b>Change in Net Assets</b>                             | (2,453,100)              | 40,812                    | 31,636                    | 280,844                          | 10,203,647           | 10,484,491           | -                  | 8,103,839            |
| <b>Net Assets, Beginning of Year</b>                    | <u>28,188,223</u>        | <u>31,780</u>             | <u>2,426,785</u>          | <u>15,322,919</u>                | <u>21,108,914</u>    | <u>36,431,833</u>    | <u>-</u>           | <u>67,078,621</u>    |
| <b>Net Assets, End of Year</b>                          | <u>\$ 25,735,123</u>     | <u>\$ 72,592</u>          | <u>\$ 2,458,421</u>       | <u>\$ 15,603,763</u>             | <u>\$ 31,312,561</u> | <u>\$ 46,916,324</u> | <u>\$ -</u>        | <u>\$ 75,182,460</u> |

**Kiwanis International and Affiliates**  
**Schedule of Funds - Parent Only**  
**Year Ended September 30, 2016**

|   | 2016                 |                      |                                |                      | 2015<br>Total        |
|---|----------------------|----------------------|--------------------------------|----------------------|----------------------|
|   | Operating<br>Fund    | Publications<br>Fund | Liability<br>Insurance<br>Fund | Total                |                      |
| <b>Revenue, Gains and Other Support</b>   |                      |                      |                                |                      |                      |
| Membership dues and fees  | \$ 10,117,834        | \$ -                 | \$ -                           | \$ 10,117,834        | \$ 8,908,943         |
| Merchandise sales   | 1,565,538            | -                    | -                              | 1,565,538            | 1,805,567            |
| Magazine subscription fees  | -                    | 1,032,291            | -                              | 1,032,291            | 1,063,865            |
| Convention fees   | 966,715              | -                    | -                              | 966,715              | 1,746,418            |
| Liability insurance fees  | -                    | -                    | 2,335,952                      | 2,335,952            | 2,268,976            |
| Advertising   | -                    | 31,101               | -                              | 31,101               | 47,763               |
| Investment income, net of fees  | 364,176              | -                    | -                              | 364,176              | 347,804              |
| Service Leadership Programs   | 114,670              | -                    | -                              | 114,670              | 122,099              |
| Sponsorship income  | 407,010              | -                    | -                              | 407,010              | 270,381              |
| Management fees - intercompany  | 1,443,756            | -                    | -                              | 1,443,756            | 1,882,980            |
| Grants  | 15,000               | -                    | -                              | 15,000               | 182,134              |
| Other   | 51,594               | 74                   | 1,516                          | 53,184               | 196,723              |
| Total revenue, gains<br>and other support   | <u>15,046,293</u>    | <u>1,063,466</u>     | <u>2,337,468</u>               | <u>18,447,227</u>    | <u>18,843,653</u>    |
| <b>Expenses</b>   |                      |                      |                                |                      |                      |
| Membership education  | 2,296,980            | -                    | -                              | 2,296,980            | 2,051,353            |
| Communications  | 2,160,509            | -                    | -                              | 2,160,509            | 2,252,630            |
| Corporate relations   | 538,033              | -                    | -                              | 538,033              | 355,986              |
| Service Leadership Programs   | 768,033              | -                    | -                              | 768,033              | 1,055,385            |
| Global Services   | 714,904              | -                    | -                              | 714,904              | 748,797              |
| Merchandise, including cost of sales  | 845,011              | -                    | -                              | 845,011              | 1,188,852            |
| Publications  | -                    | 1,262,765            | -                              | 1,262,765            | 1,292,026            |
| International convention  | 1,276,660            | -                    | -                              | 1,276,660            | 1,611,260            |
| Liability insurance   | -                    | -                    | 1,881,718                      | 1,881,718            | 2,020,236            |
| Grants  | -                    | -                    | -                              | -                    | 152,100              |
| Research and development  | 419,187              | -                    | -                              | 419,187              | 216,730              |
| General and administrative  | 3,702,676            | -                    | -                              | 3,702,676            | 3,992,271            |
| Membership services   | 1,140,206            | -                    | -                              | 1,140,206            | 1,087,327            |
| Governance  | 1,528,345            | -                    | -                              | 1,528,345            | 1,556,817            |
| Depreciation  | 365,575              | 30,065               | 44,785                         | 440,425              | 610,921              |
| Currency exchange and bad debt losses   | (29,617)             | -                    | -                              | (29,617)             | 204,661              |
| Total expenses  | <u>15,726,502</u>    | <u>1,292,830</u>     | <u>1,926,503</u>               | <u>18,945,835</u>    | <u>20,397,352</u>    |
| <b>Change in Net Assets Before Realized<br/>and Unrealized Gains (Losses)<br/>on Investments and Fund Transfers</b> |                      |                      |                                |                      |                      |
|   | (680,209)            | (229,364)            | 410,965                        | (498,608)            | (1,553,699)          |
| Realized and unrealized gains (losses) on investments   | 1,370,830            | -                    | -                              | 1,370,830            | (899,401)            |
| Fund transfers  | 410,965              | -                    | (410,965)                      | -                    | -                    |
| <b>Change in Net Assets</b>   | 1,101,586            | (229,364)            | -                              | 872,222              | (2,453,100)          |
| <b>Net Assets, Beginning of Year</b>  | <u>18,126,033</u>    | <u>2,609,090</u>     | <u>5,000,000</u>               | <u>25,735,123</u>    | <u>28,188,223</u>    |
| <b>Net Assets, End of Year</b>  | <u>\$ 19,227,619</u> | <u>\$ 2,379,726</u>  | <u>\$ 5,000,000</u>            | <u>\$ 26,607,345</u> | <u>\$ 25,735,123</u> |



# Kiwanis International and Affiliates

## Schedule of Funds - Parent Only Year Ended September 30, 2015

|   | 2015              |                      |                                | Total         |
|---|-------------------|----------------------|--------------------------------|---------------|
|   | Operating<br>Fund | Publications<br>Fund | Liability<br>Insurance<br>Fund |               |
| <b>Revenue, Gains and Other Support</b>   |                   |                      |                                |               |
| Membership dues and fees  | \$ 8,908,943      | \$ -                 | \$ -                           | \$ 8,908,943  |
| Merchandise sales   | 1,805,567         | -                    | -                              | 1,805,567     |
| Magazine subscription fees  | -                 | 1,063,865            | -                              | 1,063,865     |
| Convention fees   | 1,746,418         | -                    | -                              | 1,746,418     |
| Liability insurance fees  | -                 | -                    | 2,268,976                      | 2,268,976     |
| Advertising   | -                 | 47,763               | -                              | 47,763        |
| Investment income, net of fees  | 348,177           | -                    | (373)                          | 347,804       |
| Service Leadership Programs   | 122,099           | -                    | -                              | 122,099       |
| Sponsorship income  | 270,381           | -                    | -                              | 270,381       |
| Management fees - intercompany  | 1,882,980         | -                    | -                              | 1,882,980     |
| Grants  | 182,134           | -                    | -                              | 182,134       |
| Other   | 194,077           | 992                  | 1,654                          | 196,723       |
| Total revenue, gains<br>and other support   | 15,460,776        | 1,112,620            | 2,270,257                      | 18,843,653    |
| <b>Expenses</b>   |                   |                      |                                |               |
| Membership education  | 2,051,353         | -                    | -                              | 2,051,353     |
| Communications  | 2,252,630         | -                    | -                              | 2,252,630     |
| Corporate relations   | 355,986           | -                    | -                              | 355,986       |
| Service Leadership Programs   | 1,055,385         | -                    | -                              | 1,055,385     |
| Global Services   | 748,797           | -                    | -                              | 748,797       |
| Merchandise, including cost of sales  | 1,188,852         | -                    | -                              | 1,188,852     |
| Publications  | -                 | 1,292,026            | -                              | 1,292,026     |
| International convention  | 1,611,260         | -                    | -                              | 1,611,260     |
| Liability insurance   | -                 | -                    | 2,020,236                      | 2,020,236     |
| Grants  | 152,100           | -                    | -                              | 152,100       |
| Research and development  | 216,730           | -                    | -                              | 216,730       |
| General and administrative  | 3,992,271         | -                    | -                              | 3,992,271     |
| Membership services   | 1,087,327         | -                    | -                              | 1,087,327     |
| Governance  | 1,556,817         | -                    | -                              | 1,556,817     |
| Depreciation  | 508,653           | 39,892               | 62,376                         | 610,921       |
| Currency exchange and bad debts losses  | 204,661           | -                    | -                              | 204,661       |
| Total expenses  | 16,982,822        | 1,331,918            | 2,082,612                      | 20,397,352    |
| <b>Change in Net Assets Before Realized<br/>and Unrealized Losses on Investments and<br/>Fund Transfers</b> |                   |                      |                                |               |
|   | (1,522,046)       | (219,298)            | 187,645                        | (1,553,699)   |
| Realized and unrealized losses on investments   | (899,401)         | -                    | -                              | (899,401)     |
| Fund transfers  | 187,645           | -                    | (187,645)                      | -             |
|   | (2,233,802)       | (219,298)            | -                              | (2,453,100)   |
| <b>Change in Net Assets</b>   |                   |                      |                                |               |
| <b>Net Assets, Beginning of Year</b>  | 20,359,835        | 2,828,388            | 5,000,000                      | 28,188,223    |
| <b>Net Assets, End of Year</b>  | \$ 18,126,033     | \$ 2,609,090         | \$ 5,000,000                   | \$ 25,735,123 |

**Kiwanis International and Affiliates**  
**Schedules of Operating Revenues - Parent Only**  
**Years Ended September 30, 2016 and 2015**

|                                       | <b>2016</b>   | <b>2015</b>  |
|---------------------------------------|---------------|--------------|
| <b>Membership Dues and Fees</b>       |               |              |
| Membership dues                       | \$ 9,008,742  | \$ 7,736,330 |
| Life member fees                      | 44,969        | 112,176      |
| New club fees                         | 132,963       | 151,152      |
| New member fees                       | 931,160       | 909,285      |
| Total Membership Dues and Fees        | \$ 10,117,834 | \$ 8,908,943 |
| <b>Liability Insurance Fees</b>       |               |              |
| Liability insurance fees              | \$ 1,768,462  | \$ 1,685,000 |
| Directors and officers insurance fees | 567,490       | 583,976      |
| Total Liability Insurance Fees        | \$ 2,335,952  | \$ 2,268,976 |
| <b>Merchandise Sales and Expense</b>  |               |              |
| Merchandise sales                     | \$ 1,565,538  | \$ 1,805,567 |
| Cost of goods sold                    | (754,248)     | (1,052,539)  |
| Shipping costs, net                   | 16,373        | (20,343)     |
| Gross Margin                          | 827,663       | 732,685      |
| Other merchandise expenses            | (107,136)     | (115,970)    |
| Total Merchandise Net Income          | \$ 720,527    | \$ 616,715   |
| <b>Convention Fees</b>                |               |              |
| Registration fees                     | \$ 755,115    | \$ 1,208,540 |
| Ticket fees                           | 178,080       | 432,087      |
| Other                                 | 33,520        | 105,791      |
| Total Convention Fees                 | \$ 966,715    | \$ 1,746,418 |
| <b>Investment Income</b>              |               |              |
| Interest and dividends                | \$ 456,570    | \$ 480,125   |
| Investment fees                       | (92,394)      | (132,321)    |
| Realized gain (loss)                  | (359,588)     | 155,625      |
| Unrealized gain (loss)                | 1,730,418     | (1,055,026)  |
| Total Investment Income               | \$ 1,735,006  | \$ (551,597) |
| <b>Other Income</b>                   |               |              |
| 100th anniversary                     | \$ -          | \$ 81,582    |
| Credit card rebate                    | 11,870        | 12,890       |
| Registration fees                     | -             | 35,205       |
| Other                                 | 20,220        | 8,486        |
| Building rental                       | 21,094        | 58,560       |
| Total Other Income                    | \$ 53,184     | \$ 196,723   |

**Kiwanis International and Affiliates**  
**Schedules of Operating Expenses - Parent Only**  
**Years Ended September 30, 2016 and 2015**

|                                     | <u>2016</u>         | <u>2015</u>         |
|-------------------------------------|---------------------|---------------------|
| <b>Membership Education</b>         |                     |                     |
| Growth and education                | \$ 1,587,916        | \$ 1,518,544        |
| The Formula                         | <u>709,064</u>      | <u>532,809</u>      |
| Total Membership Education          | <u>\$ 2,296,980</u> | <u>\$ 2,051,353</u> |
| <b>Communications</b>               |                     |                     |
| 100th anniversary tour              | \$ 125              | \$ 112,728          |
| Communications and branding         | 2,148,579           | 1,541,957           |
| 100th anniversary celebration       | <u>11,805</u>       | <u>597,945</u>      |
| Total Communications                | <u>\$ 2,160,509</u> | <u>\$ 2,252,630</u> |
| <b>Service Leadership Programs</b>  |                     |                     |
| Aktion Club                         | \$ 308,689          | \$ 277,402          |
| Kiwanis programs                    | 102,926             | 105,815             |
| Circle K International              | 356,418             | 391,432             |
| Kiwanis Youth Programs - Key Leader | <u>-</u>            | <u>280,736</u>      |
| Total Service Leadership Programs   | <u>\$ 768,033</u>   | <u>\$ 1,055,385</u> |
| <b>Global Services</b>              |                     |                     |
| Europe                              | \$ 466,401          | \$ 536,367          |
| Asia-Pacific                        | <u>248,503</u>      | <u>212,430</u>      |
| Total Global Services               | <u>\$ 714,904</u>   | <u>\$ 748,797</u>   |
| <b>Publications</b>                 |                     |                     |
| Magazine                            | \$ 1,152,040        | \$ 1,181,496        |
| Advertising                         | <u>110,725</u>      | <u>110,530</u>      |
| Total Publications                  | <u>\$ 1,262,765</u> | <u>\$ 1,292,026</u> |

**Kiwanis International and Affiliates**  
**Schedules of Operating Expenses - Parent Only (Continued)**  
**Years Ended September 30, 2016 and 2015**

|                                      | <u>2016</u>         | <u>2015</u>         |
|--------------------------------------|---------------------|---------------------|
| <b>Liability Insurance</b>           |                     |                     |
| Insurance premiums                   | \$ 1,413,922        | \$ 1,425,367        |
| Insurance claims and adjustments     | 194,679             | 339,822             |
| Insurance other                      | <u>273,117</u>      | <u>255,047</u>      |
| Total Liability Insurance            | <u>\$ 1,881,718</u> | <u>\$ 2,020,236</u> |
| <b>Research and Development</b>      |                     |                     |
| Process innovation                   | \$ 311,011          | \$ -                |
| Product development                  | <u>108,176</u>      | <u>216,730</u>      |
| Total Research and Development       | <u>\$ 419,187</u>   | <u>\$ 216,730</u>   |
| <b>General and Administrative</b>    |                     |                     |
| Building services and human services | \$ 1,175,963        | \$ 1,232,711        |
| Information technology               | 1,315,268           | 1,496,823           |
| Finance                              | 1,171,206           | 1,081,683           |
| Meetings                             | 447,243             | 573,056             |
| Indirect allocations                 | <u>(407,004)</u>    | <u>(392,002)</u>    |
| Total General and Administrative     | <u>\$ 3,702,676</u> | <u>\$ 3,992,271</u> |
| <b>Governance</b>                    |                     |                     |
| Board and executive services         | \$ 1,528,345        | \$ 1,371,988        |
| International Council                | <u>-</u>            | <u>184,829</u>      |
| Total Governance                     | <u>\$ 1,528,345</u> | <u>\$ 1,556,817</u> |
| <b>Other Income (Expenses)</b>       |                     |                     |
| Bad debts expense (recoveries)       | \$ (8,246)          | \$ (39,971)         |
| Currency exchange (gain) loss        | (21,371)            | 243,299             |
| Interest expense                     | <u>-</u>            | <u>1,333</u>        |
| Total Other Income (Expenses)        | <u>\$ (29,617)</u>  | <u>\$ 204,661</u>   |

**Kiwanis International and Affiliates**  
**Schedule of Revenues and Expenses - Kiwanis Youth Programs**  
**Years Ended September 30, 2016 and 2015**

|                        | <b>2016</b>         | <b>2015</b>         |
|------------------------|---------------------|---------------------|
| <b>Revenues</b>        |                     |                     |
| Key Club               | \$ 2,199,859        | \$ 2,163,429        |
| Builders Club          | 293,801             | 255,201             |
| Key Leader             | 525,069             | 779,636             |
| K-Kids                 | 230,143             | 186,596             |
| Investment income, net | 45,989              | 38,392              |
|                        | <u>\$ 3,294,861</u> | <u>\$ 3,423,254</u> |
| Total Revenues         | <u>\$ 3,294,861</u> | <u>\$ 3,423,254</u> |
| <b>Expenses</b>        |                     |                     |
| Key Club               | \$ 2,085,990        | \$ 1,850,104        |
| Builders Club          | 379,424             | 368,083             |
| Key Leader             | 707,409             | 779,636             |
| K-Kids                 | 340,998             | 300,193             |
|                        | <u>\$ 3,513,821</u> | <u>\$ 3,298,016</u> |
| Total Expenses         | <u>\$ 3,513,821</u> | <u>\$ 3,298,016</u> |

**Kiwanis International and Affiliates**  
**Statements of Functional Expenses - Kiwanis International Foundation**  
**Years Ended September 30, 2016 and 2015**

|                                 | <b>2016</b>                                  |                                       |                     |                      |
|---------------------------------|--|---------------------------------------|---------------------|----------------------|
|                                 | <b>Grants,<br/>Program and<br/>Education</b> | <b>General and<br/>Administrative</b> | <b>Fundraising</b>  | <b>Total</b>         |
| Grants, scholarships and awards | \$ 7,857,034                                 | \$ -                                  | \$ -                | \$ 7,857,034         |
| Salaries and related benefits   | 614,112                                      | 290,900                               | 589,298             | 1,494,310            |
| Contract labor                  | 8,558  | 18,126                                | -                   | 26,684               |
| Occupancy                       | -  | 11,711                                | 774                 | 12,485               |
| Professional fees               | 75,774                                       | 12,440                                | 7,316               | 95,530               |
| Supplies                        | 6,618  | 24,172                                | 38,056              | 68,846               |
| Licenses and fees               | 1,596  | 72,528                                | 15,741              | 89,865               |
| Postage                         | 3,953  | 3,688                                 | 47,148              | 54,789               |
| Promotion                       | 23,439                                       | 60,000                                | 346,749             | 430,188              |
| Training and meetings           | 93,711                                       | (73)                                  | 4,817               | 98,455               |
| Travel                          | 56,393                                       | 90,361                                | 53,103              | 199,857              |
| Printing and publications       | -  | 1,546                                 | -                   | 1,546                |
| Management fee                  | 153,000                                      | 344,760                               | 46,992              | 544,752              |
| Miscellaneous expense           | -  | 6,646                                 | 190                 | 6,836                |
|                                 | <u>\$ 8,894,188</u>                          | <u>\$ 936,805</u>                     | <u>\$ 1,150,184</u> | <u>\$ 10,981,177</u> |

|                                 | <b>2015</b>                                  |                                       |                     |                      |
|---------------------------------|--|---------------------------------------|---------------------|----------------------|
|                                 | <b>Grants,<br/>Program and<br/>Education</b> | <b>General and<br/>Administrative</b> | <b>Fundraising</b>  | <b>Total</b>         |
| Grants, scholarships and awards | \$ 8,630,575                                 | \$ -                                  | \$ -                | \$ 8,630,575         |
| Salaries and related benefits   | 371,649                                      | 307,045                               | 964,436             | 1,643,130            |
| Contract labor                  | 3,608  | 61,134                                | 3,055               | 67,797               |
| Occupancy                       | 2,085  | 10,210                                | 5,435               | 17,730               |
| Professional fees               | 19,928                                       | 12,795                                | 432,059             | 464,782              |
| Supplies                        | 19,899                                       | 15,795                                | 32,838              | 68,532               |
| Licenses and fees               | -  | 113,770                               | 6,472               | 120,242              |
| Postage                         | 10,663                                       | 1,675                                 | 46,563              | 58,901               |
| Promotion                       | 20,314                                       | 60,152                                | 497,107             | 577,573              |
| Training and meetings           | 55,849                                       | 8,245                                 | 139,913             | 204,007              |
| Travel                          | 52,549                                       | 87,879                                | 166,885             | 307,313              |
| Printing and publications       | -  | -                                     | 177                 | 177                  |
| Management fee                  | 147,000                                      | 826,992                               | 45,000              | 1,018,992            |
| Miscellaneous expense           | -  | 3,253                                 | 251                 | 3,504                |
|                                 | <u>\$ 9,334,119</u>                          | <u>\$ 1,508,945</u>                   | <u>\$ 2,340,191</u> | <u>\$ 13,183,255</u> |

**Kiwanis International and Affiliates**  
**Eliminate Project Statements of Activities - Project History - Kiwanis International Foundation**  
**Years Ended September 30, 2010 Through 2016**

|                                       | Total Eliminate<br>Project | September 30         |                      |                      |                      |                     |                     |                  |
|---------------------------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|------------------|
|                                       |                            | 2016                 | 2015                 | 2014                 | 2013                 | 2012                | 2011                | 2010             |
| <b>Revenues and Support</b>           |                            |                      |                      |                      |                      |                     |                     |                  |
| Contributions                         | \$ 80,010,791              | \$ 3,881,191         | \$ 22,851,564        | \$ 20,894,698        | \$ 15,732,471        | \$ 11,868,318       | \$ 4,717,879        | \$ 64,670        |
| Investment income (loss), net of fees | (4,282)                    | (1,682)              | (1,447)              | (1,188)              | (693)                | (464)               | 1,173               | 19               |
| Total revenue and gains               | <u>80,006,509</u>          | <u>3,879,509</u>     | <u>22,850,117</u>    | <u>20,893,510</u>    | <u>15,731,778</u>    | <u>11,867,854</u>   | <u>4,719,052</u>    | <u>64,689</u>    |
| <b>Expenses</b>                       |                            |                      |                      |                      |                      |                     |                     |                  |
| Grants                                | 32,499,454                 | 7,232,463            | 7,912,500            | 8,049,515            | 6,244,393            | 2,310,583           | 750,000             | -                |
| Other program expenses                | 2,198,123                  | 258,101              | 362,775              | 356,323              | 362,528              | 413,331             | 445,065             | -                |
| General and administrative            | 3,295,607                  | 458,885              | 1,025,837            | 639,973              | 604,170              | 340,455             | 220,973             | 5,314            |
| Fundraising                           | 12,602,254                 | 702,857              | 2,034,551            | 2,507,564            | 2,941,684            | 2,916,519           | 1,499,079           | -                |
| Bad debts - uncollectible pledges     | 4,306,364                  | 1,435,057            | 1,310,807            | 717,500              | 467,000              | 297,554             | 78,446              | -                |
| Total expenses                        | <u>54,901,802</u>          | <u>10,087,363</u>    | <u>12,646,470</u>    | <u>12,270,875</u>    | <u>10,619,775</u>    | <u>6,278,442</u>    | <u>2,993,563</u>    | <u>5,314</u>     |
| <b>Change in Net Assets</b>           | 25,104,707                 | (6,207,854)          | 10,203,647           | 8,622,635            | 5,112,003            | 5,589,412           | 1,725,489           | 59,375           |
| <b>Net Assets, Beginning of Year</b>  | -                          | 31,312,561           | 21,108,914           | 12,486,279           | 7,374,276            | 1,784,864           | 59,375              | -                |
| <b>Net Assets, End of Year</b>        | <u>\$ 25,104,707</u>       | <u>\$ 25,104,707</u> | <u>\$ 31,312,561</u> | <u>\$ 21,108,914</u> | <u>\$ 12,486,279</u> | <u>\$ 7,374,276</u> | <u>\$ 1,784,864</u> | <u>\$ 59,375</u> |