

# **Kiwanis International and Affiliates**

Auditor's Report and Consolidated Financial Statements

September 30, 2014 and 2013

# Kiwanis International and Affiliates

September 30, 2014 and 2013

## Contents

<b>Independent Auditor's Report on Consolidated Financial Statements and Supplementary Information.....</b>	<b>1</b>
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### **Consolidated Financial Statements**

Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Cash Flows .....	6
Notes to Consolidated Financial Statements .....	7

### **Supplemental Information**

Consolidating Schedules - Statements of Financial Position Information .....	24
Consolidating Schedules - Statements of Activities Information.....	26
Schedules of Funds - Parent Only .....	28
Schedules of Operating Expenses - Parent Only .....	30
Schedules of Functional Expenses - Kiwanis International Foundation .....	32
Eliminate Project Statements of Activities - Project History - Kiwanis International Foundation .....	33

## 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, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 consolidated 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, 2014 and 2013, 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. 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 any 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BKD, LLP*

Indianapolis, Indiana  
January 13, 2015

**Kiwanis International and Affiliates**  
**Consolidated Statements of Financial Position**  
**September 30, 2014 and 2013**

**Assets**

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 5,913,782	\$ 4,686,315
Investments	38,159,760	38,586,485
Receivables	368,902	197,136
Contributions receivable	19,104,580	11,331,230
Merchandise inventory	559,635	586,188
Prepaid expenses and other	736,124	780,550
Cash value of life insurance contracts	234,311	221,945
Beneficial interest in assets held by others	296,838	227,885
Property and equipment, net	<u>4,700,295</u>	<u>5,077,179</u>
Total assets	<u>\$ 70,074,227</u>	<u>\$ 61,694,913</u>

**Liabilities**

Accounts payable and accrued expenses	\$ 1,713,665	\$ 1,632,614
Accounts payable - affiliates	57,660	60,902
Grants payable	112,979	181,592
Deferred revenue and other liabilities	280,291	103,621
Liability insurance accrual	667,817	870,722
Annuities payable	<u>163,194</u>	<u>112,271</u>
Total liabilities	<u>2,995,606</u>	<u>2,961,722</u>

**Net Assets**

Unrestricted	30,639,244	31,410,842
Temporarily restricted	24,685,909	15,899,226
Permanently restricted	<u>11,753,468</u>	<u>11,423,123</u>
Total net assets	<u>67,078,621</u>	<u>58,733,191</u>
Total liabilities and net assets	<u>\$ 70,074,227</u>	<u>\$ 61,694,913</u>

# Kiwanis International and Affiliates

## Consolidated Statement of Activities

### Year Ended September 30, 2014

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue, Gains and Other Support</b>				
Membership dues and fees	\$ 15,217,392	\$ -	\$ -	\$ 15,217,392
Contributions	750,524	21,057,298	269,935	22,077,757
Merchandise sales	1,506,264	-	-	1,506,264
Advertising	62,426	-	-	62,426
Investment income, net of fees	472,273	191,593	-	663,866
Service Leadership Programs	448,298	-	-	448,298
Grants and other	380,480	-	-	380,480
	<u>18,837,657</u>	<u>21,248,891</u>	<u>269,935</u>	<u>40,356,483</u>
Net assets released from restrictions	12,588,596	(12,638,596)	50,000	-
Total revenue, gains and other support	<u>31,426,253</u>	<u>8,610,295</u>	<u>319,935</u>	<u>40,356,483</u>
<b>Expenses and Losses</b>				
Programs:				
Membership education	4,271,377	-	-	4,271,377
Communications	1,412,469	-	-	1,412,469
Corporate relations	306,331	-	-	306,331
Service Leadership Programs	145,807	-	-	145,807
Global Services	818,135	-	-	818,135
Merchandise, including cost of sales	1,407,082	-	-	1,407,082
Magazine	1,716,931	-	-	1,716,931
International convention	1,747,614	-	-	1,747,614
Liability insurance	1,192,837	-	-	1,192,837
Grants, programs and education	9,885,225	-	-	9,885,225
Total program services	<u>22,903,808</u>	<u>-</u>	<u>-</u>	<u>22,903,808</u>
General and administrative	5,225,192	-	-	5,225,192
Membership services	1,774,519	-	-	1,774,519
Governance	1,629,616	-	-	1,629,616
Fundraising	2,700,616	-	-	2,700,616
Currency exchange and bad debt losses	124,060	706,998	(10,410)	820,648
Total expenses and losses	<u>34,357,811</u>	<u>706,998</u>	<u>(10,410)</u>	<u>35,054,399</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	(2,931,558)	7,903,297	330,345	5,302,084
Realized and unrealized gains on investments	2,177,526	883,386	-	3,060,912
Change in value of annuities payable	(17,566)	-	-	(17,566)
<b>Change in Net Assets</b>	(771,598)	8,786,683	330,345	8,345,430
<b>Net Assets, Beginning of Year</b>	<u>31,410,842</u>	<u>15,899,226</u>	<u>11,423,123</u>	<u>58,733,191</u>
<b>Net Assets, End of Year</b>	<u>\$ 30,639,244</u>	<u>\$ 24,685,909</u>	<u>\$ 11,753,468</u>	<u>\$ 67,078,621</u>

**Kiwanis International and Affiliates**  
**Consolidated Statement of Activities**  
**Year Ended September 30, 2013**

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue, Gains and Other Support</b>				
Membership dues and fees	\$ 15,636,137	\$ -	\$ -	\$ 15,636,137
Contributions	1,083,099	15,736,350	278,705	17,098,154
Merchandise sales	1,684,298	-	-	1,684,298
Advertising	50,661	-	-	50,661
Investment income, net of fees	496,763	135,072	-	631,835
Service Leadership Programs	455,890	-	-	455,890
Grants and other	359,607	-	-	359,607
	<u>19,766,455</u>	<u>15,871,422</u>	<u>278,705</u>	<u>35,916,582</u>
Net assets released from restrictions	10,903,028	(10,903,028)	-	-
Total revenue, gains and other support	<u>30,669,483</u>	<u>4,968,394</u>	<u>278,705</u>	<u>35,916,582</u>
<b>Expenses and Losses</b>				
Programs:				
Membership education	2,951,531	-	-	2,951,531
Communications	1,152,879	-	-	1,152,879
Corporate relations	285,964	-	-	285,964
Service Leadership Programs	356,249	-	-	356,249
Global Services	769,882	-	-	769,882
Merchandise, including cost of sales	1,525,325	-	-	1,525,325
Magazine	1,802,091	-	-	1,802,091
International convention	1,943,188	-	-	1,943,188
Liability insurance	1,580,089	-	-	1,580,089
Grants, programs and education	7,577,772	-	-	7,577,772
Total program services	<u>19,944,970</u>	<u>-</u>	<u>-</u>	<u>19,944,970</u>
General and administrative	4,909,596	-	-	4,909,596
Membership services	1,612,513	-	-	1,612,513
Governance	1,327,737	-	-	1,327,737
Fundraising	3,251,754	-	-	3,251,754
Currency exchange and bad debt losses	137,169	297,554	1,317	436,040
Total expenses and losses	<u>31,183,739</u>	<u>297,554</u>	<u>1,317</u>	<u>31,482,610</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	(514,256)	4,670,840	277,388	4,433,972
Realized and unrealized gains on investments	2,295,613	1,108,856	-	3,404,469
Change in value of annuities payable	68,389	-	-	68,389
<b>Change in Net Assets</b>	1,849,746	5,779,696	277,388	7,906,830
<b>Net Assets, Beginning of Year</b>	<u>29,561,096</u>	<u>10,119,530</u>	<u>11,145,735</u>	<u>50,826,361</u>
<b>Net Assets, End of Year</b>	<u>\$ 31,410,842</u>	<u>\$ 15,899,226</u>	<u>\$ 11,423,123</u>	<u>\$ 58,733,191</u>

**Kiwanis International and Affiliates**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
<b>Operating Activities</b>		
Change in net assets	\$ 8,345,430	\$ 7,906,830
Items not requiring (providing) cash		
Depreciation	727,194	756,928
Increase in cash value of life insurance contracts	(12,366)	(10,382)
Loss on disposals of property and equipment	20,360	-
Realized and unrealized gains on investments	(3,060,912)	(3,404,469)
Change in value of annuities payable	74,855	(3,325)
Bad debt losses	707,090	464,327
Changes in		
Receivables	(171,766)	115,505
Contributions receivable	(8,480,440)	(5,113,550)
Merchandise inventory	26,553	347,257
Prepaid expenses and other	44,426	108,178
Beneficial interest in assets held by others	(68,953)	(64,315)
Accounts payable and accrued expenses	81,051	(212,784)
Accounts payable - affiliates	(3,242)	(51,362)
Grants payable	(68,613)	119,371
Liability insurance accrual	(202,905)	(4,479)
Deferred revenue and other liabilities	176,670	51,671
Net cash provided by (used in) operating activities	(1,865,568)	1,005,401
<b>Investing Activities</b>		
Purchase of property and equipment	(370,670)	(524,092)
Purchase of investment securities	(44,379,145)	(34,303,248)
Sales and maturities of investment securities	47,866,782	33,553,672
Net cash provided by (used in) investing activities	3,116,967	(1,273,668)
<b>Financing Activity - net payments of annuities</b>	(23,932)	(20,280)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,227,467	(288,547)
<b>Cash and Cash Equivalents, Beginning of Year</b>	4,686,315	4,974,862
<b>Cash and Cash Equivalents, End of Year</b>	\$ 5,913,782	\$ 4,686,315



# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

#### 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.

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.

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

- **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 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, 2014 and 2013, cash equivalents consisted primarily of money market accounts in both the United States and foreign countries.

At September 30, 2014, Kiwanis' cash accounts held in the United States exceeded federally insured limits by approximately \$3,641,000.

At September 30, 2014 and 2013, funds held outside the United States totaled approximately \$835,000 and \$868,000, respectively.

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

#### ***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 are 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, 2014 and 2013.

#### ***Temporarily 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.

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

#### ***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 statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets. 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, 2014, approximately \$164,000 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, 2014 and 2013**

#### ***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 as a component of general and administrative expenses.

#### ***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 \$62,426 and \$50,661 for the years ended September 30, 2014 and 2013, respectively.

Kiwanis files tax returns in the U.S. federal jurisdiction. With a few exceptions, Kiwanis is no longer subject to U.S. federal examinations by tax authorities for years before 2011.

#### ***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 2013 financial statements to conform to the 2014 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, 2014 and 2013**

**Note 2: Investments**

Investments at September 30 consisted of the following:

	<b>Kiwanis International</b>	<b>Kiwanis International Foundation</b>	<b>Total</b>
<b>September 30, 2014</b>			
Money market funds	\$ 1,384,481	\$ 489,271	\$ 1,873,752
Fixed income securities and funds			
Long-term bonds	923,407	454,541	1,377,948
Intermediate-term bonds	1,905,349	504,313	2,409,662
Short-term bonds	2,776,706	1,009,074	3,785,780
Fixed income blend	243,030	1,737,553	1,980,583
Total fixed income securities	<u>5,848,492</u>	<u>3,705,481</u>	<u>9,553,973</u>
Equity securities and funds			
Large-cap stocks	8,502,202	6,749,076	15,251,278
Mid- and small-cap stocks	3,454,241	2,068,186	5,522,427
International stocks	3,885,791	1,914,512	5,800,303
Equities blend	157,212	815	158,027
Total equity securities and funds	<u>15,999,446</u>	<u>10,732,589</u>	<u>26,732,035</u>
Total investments	<u>\$ 23,232,419</u>	<u>\$ 14,927,341</u>	<u>\$ 38,159,760</u>
<b>September 30, 2013</b>			
Money market funds	\$ 1,245,483	\$ 952,471	\$ 2,197,954
Fixed income securities and funds			
Long-term bonds	1,143,070	397,482	1,540,552
Intermediate-term bonds	1,365,606	353,214	1,718,820
Short-term bonds	3,931,729	1,310,332	5,242,061
Fixed income blend	-	259,020	259,020
Total fixed income securities	<u>6,440,405</u>	<u>2,320,048</u>	<u>8,760,453</u>
Equity securities and funds			
Large-cap stocks	10,892,225	4,998,966	15,891,191
Mid- and small-cap stocks	3,205,999	2,662,916	5,868,915
International stocks	3,153,441	2,166,703	5,320,144
Equities blend	-	547,828	547,828
Total equity securities and funds	<u>17,251,665</u>	<u>10,376,413</u>	<u>27,628,078</u>
Total investments	<u>\$ 24,937,553</u>	<u>\$ 13,648,932</u>	<u>\$ 38,586,485</u>

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

**Note 3: Contributions Receivable**

Contributions receivable at September 30 consisted of the following:

	<b>2014</b>	<b>2013</b>
Due within one year	\$ 6,671,580	\$ 3,513,755
Due in one to five years	14,139,000	8,740,475
	<u>20,810,580</u>	<u>12,254,230</u>
Less:		
Allowance for uncollectible contributions	(1,558,000)	(843,000)
Unamortized discount	<u>(148,000)</u>	<u>(80,000)</u>
Net contributions receivable	<u>\$ 19,104,580</u>	<u>\$ 11,331,230</u>

The discount rates for 2014 and 2013 ranged from .04% to 1.42%.

**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, 2014 and 2013, the balance of the beneficial interest in assets held by others was \$296,838 and \$227,885, respectively.

**Note 5: Property and Equipment**

Property and equipment at September 30 consists of:

	<b>2014</b>	<b>2013</b>
Buildings and improvements	\$ 6,049,126	\$ 6,014,416
Furniture and equipment	5,300,622	5,146,611
	<u>11,349,748</u>	<u>11,161,027</u>
Less: Accumulated depreciation	<u>(7,361,076)</u>	<u>(6,795,471)</u>
	3,988,672	4,365,556
Land	<u>711,623</u>	<u>711,623</u>
	<u>\$ 4,700,295</u>	<u>\$ 5,077,179</u>

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

**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 \$12.00 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, 2014 and 2013, Kiwanis accrued \$667,817 and \$870,722 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.

**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, 2014 and 2013, of \$163,194 and \$112,271, 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%.

**Note 8: Temporarily Restricted Net Assets**

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

	<u>2014</u>	<u>2013</u>
Eliminate Project	\$ 21,108,914	\$ 12,486,279
Scholarships, awards, grants and other programs	3,569,451	3,404,323
Friend-a-Gorilla	7,274	7,274
Key Leader	<u>270</u>	<u>1,350</u>
	<u>\$ 24,685,909</u>	<u>\$ 15,899,226</u>



**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

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>2014</u>	<u>2013</u>
Eliminate Project	\$ 11,553,377	\$ 10,322,221
Scholarships, awards, grants and other programs	267,850	556,245
Trick-or-Treat	-	22,288
Other amounts appropriated for expenditure	766,019	-
Key Leader	<u>1,350</u>	<u>2,274</u>
	<u>\$ 12,588,596</u>	<u>\$ 10,903,028</u>

**Note 9: Permanently Restricted Net Assets**

Permanently restricted net assets at September 30 are restricted to:

	<u>2014</u>	<u>2013</u>
Investment in perpetuity, the income of which is expendable to support:		
USI Sustainability Fund	\$ 1,849,357	\$ 1,849,357
Youth Opportunities	1,549,241	1,412,129
Other	1,410,815	1,154,882
Any activity of the Foundation	<u>6,944,055</u>	<u>7,006,755</u>
	<u>\$ 11,753,468</u>	<u>\$ 11,423,123</u>

**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.

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

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 Organization 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, 2014 and 2013 was:

	<b>2014</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 2,866,516	\$ 11,753,468	\$ 14,619,984

  

	<b>2013</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ (18,968)	\$ 2,702,698	\$ 11,423,123	\$ 14,106,853

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

Changes in endowment net assets for the years ended September 30, 2014 and 2013 were:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, October 1, 2012	\$ (30,128)	\$ 1,792,006	\$ 11,145,735	\$ 12,907,613
Investment income	11,160	1,177,881	-	1,189,041
Contributions	-	-	278,705	278,705
Appropriation of endowment assets for expenditure	-	(267,189)	-	(267,189)
Other changes	-	-	(1,317)	(1,317)
Endowment net assets, September 30, 2013	(18,968)	2,702,698	11,423,123	14,106,853
Investment income	18,968	1,017,702	-	1,036,670
Contributions	-	-	269,935	269,935
Appropriation of endowment assets for expenditure	-	(853,884)	-	(853,884)
Other changes	-	-	60,410	60,410
Endowment net assets, September 30, 2014	<u>\$ -</u>	<u>\$ 2,866,516</u>	<u>\$ 11,753,468</u>	<u>\$ 14,619,984</u>

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

	<b>2014</b>	<b>2013</b>
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	<u>\$ 11,753,468</u>	<u>\$ 11,423,123</u>
Temporarily restricted net assets		
Portion of perpetual endowment funds subject to a time restriction under SPMIFA		
With purpose restrictions	\$ 1,681,716	\$ 1,350,845
Without purpose restrictions	1,184,800	1,351,853
	<u>\$ 2,866,516</u>	<u>\$ 2,702,698</u>

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

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, deficiencies of this nature are reported in unrestricted net assets and aggregated \$18,968 at September 30, 2013. This deficiency resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

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. 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 year 2014, which amounted to \$454,978. 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, 2014 and 2013

#### **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, 2014 and 2013

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, 2014 and 2013:

	2014			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
<i><b>Kiwanis International</b></i>				
Cash equivalents and money market funds	\$ 1,384,481	\$ 1,384,481	\$ -	\$ -
Fixed income securities and funds				
Long-term bonds	923,407	644,899	278,508	-
Intermediate-term bonds	1,905,349	1,428,513	476,836	-
Short-term bonds	2,776,706	1,343,402	1,433,304	-
Fixed income blend	243,030	243,030	-	-
Total fixed income securities	<u>5,848,492</u>	<u>3,659,844</u>	<u>2,188,648</u>	<u>-</u>
Common and preferred stocks:				
Large-cap stocks	8,502,202	8,502,202	-	-
Mid- and small-cap stocks	3,454,241	3,454,241	-	-
International stocks	3,885,791	3,885,791	-	-
Equities blend	157,212	157,212	-	-
Total common and preferred stocks	<u>15,999,446</u>	<u>15,999,446</u>	<u>-</u>	<u>-</u>
Subtotal - Kiwanis International	<u>23,232,419</u>	<u>21,043,771</u>	<u>2,188,648</u>	<u>-</u>
<i><b>Kiwanis International Foundation</b></i>				
Money market funds	489,271	489,271	-	-
Fixed income securities				
Long-term bonds	454,541	419,729	34,812	-
Intermediate-term bonds	504,313	504,313	-	-
Short-term bonds	1,009,074	587,766	421,308	-
Fixed income blend	1,737,553	474,232	1,263,321	-
Total fixed income securities	<u>3,705,481</u>	<u>1,986,040</u>	<u>1,719,441</u>	<u>-</u>
Common and preferred stocks				
Large-cap stocks	6,749,076	6,749,076	-	-
Mid- and small-cap stocks	2,068,186	2,068,186	-	-
International stocks	1,914,512	1,914,512	-	-
Equities blend	815	815	-	-
Total common and preferred stocks	<u>10,732,589</u>	<u>10,732,589</u>	<u>-</u>	<u>-</u>
Subtotal - Kiwanis International Foundation	<u>14,927,341</u>	<u>13,207,900</u>	<u>1,719,441</u>	<u>-</u>
Total investments	<u>\$ 38,159,760</u>	<u>\$ 34,251,671</u>	<u>\$ 3,908,089</u>	<u>\$ -</u>
<b>Beneficial interest in assets held by others</b>	<u>\$ 296,838</u>	<u>\$ -</u>	<u>\$ 296,838</u>	<u>\$ -</u>

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2014 and 2013

	2013			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments</b>				
<i><b>Kiwanis International</b></i>				
Cash equivalents and money market funds	\$ 1,245,483	\$ 1,245,483	\$ -	\$ -
Fixed income securities and funds				
Long-term bonds	1,143,070	-	1,143,070	-
Intermediate-term bonds	1,365,606	-	1,365,606	-
Short-term bonds	3,931,729	-	3,931,729	-
Total fixed income securities	<u>6,440,405</u>	<u>-</u>	<u>6,440,405</u>	<u>-</u>
Common and preferred stocks:				
Small Cap	10,892,225	10,892,225	-	-
Large Cap	3,205,999	3,205,999	-	-
Emerging	3,153,441	3,153,441	-	-
Total common and preferred stocks	<u>17,251,665</u>	<u>17,251,665</u>	<u>-</u>	<u>-</u>
Subtotal - Kiwanis International	<u>24,937,553</u>	<u>18,497,148</u>	<u>6,440,405</u>	<u>-</u>
<i><b>Kiwanis International Foundation</b></i>				
Money market funds	952,471	952,471	-	-
Fixed income securities				
Long-term bonds	397,482	366,617	30,865	-
Intermediate-term bonds	353,214	353,214	-	-
Short-term bonds	1,310,332	630,457	679,875	-
Fixed income blend	259,020	259,020	-	-
Total fixed income securities	<u>2,320,048</u>	<u>1,609,308</u>	<u>710,740</u>	<u>-</u>
Common and preferred stocks				
Large-cap stocks	4,998,966	4,998,966	-	-
Mid- and small-cap stocks	2,662,916	2,662,916	-	-
International stocks	2,166,703	2,166,703	-	-
Equities blend	547,828	547,828	-	-
Total common and preferred stocks	<u>10,376,413</u>	<u>10,376,413</u>	<u>-</u>	<u>-</u>
Subtotal - Kiwanis International Foundation	<u>13,648,932</u>	<u>12,938,192</u>	<u>710,740</u>	<u>-</u>
Total investments	<u>\$ 38,586,485</u>	<u>\$ 31,435,340</u>	<u>\$ 7,151,145</u>	<u>\$ -</u>
<b>Beneficial interest in assets held by others</b>	<u>\$ 227,885</u>	<u>\$ -</u>	<u>\$ 227,885</u>	<u>\$ -</u>

There have been no significant changes in the valuation techniques during the year ended September 30, 2014.

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2014 and 2013**

**Note 12: Line of Credit**

International has a bank loan agreement which provides an unsecured \$2,000,000 line of credit for short-term borrowings. At September 30, 2014 and 2013, there were no borrowings outstanding under the line of credit. Interest on line of credit borrowings is payable monthly at the greater of 3.00% or the Bank's prime interest rate less 1.0%. The line of credit expires on February 11, 2015. The line of credit agreement requires Kiwanis to maintain certain financial statement ratios. At September 30, 2014, Kiwanis was in compliance with these requirements.

**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 21, 2018. Rental expense for these leases included in the consolidated statements of activities for the years ended September 30, 2014 and 2013, was approximately \$71,000 and \$79,000, respectively.

Minimum annual rental payments required under noncancellable operating leases, which have remaining terms in excess of one year as of September 30, 2014, were as follows:

2015	\$ 24,529
2016	16,139
2017	14,461
2018	14,461
2019	14,461
Thereafter	<u>21,692</u>
	<u>\$ 105,743</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 \$241,270 and \$233,639 for the years ended September 30, 2014 and 2013, respectively.



# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2014 and 2013**

#### **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.

#### **Note 16: 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, 2014**

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis International Foundation			Eliminations	Total
				Operations	Eliminate Project	Total		
<b>Assets</b>								
Cash and cash equivalents	\$ 2,692,863	\$ 90,383	\$ 626,800	\$ 664,190	\$ 1,839,546	\$ 2,503,736	\$ -	\$ 5,913,782
Investments	23,232,419	-	2,063,716	14,927,341	-	14,927,341	(2,063,716)	38,159,760
Receivables	314,370	324	54,208	-	-	-	-	368,902
Contributions receivable	-	-	-	12,780	19,091,800	19,104,580	-	19,104,580
Merchandise inventory	559,635	-	-	-	-	-	-	559,635
Prepaid expenses and other	619,435	5,122	93,894	15,215	2,458	17,673	-	736,124
Cash value of life insurance contracts	-	-	-	234,311	-	234,311	-	234,311
Beneficial interest in assets held by others	-	-	-	79,178	217,660	296,838	-	296,838
Property and equipment, net	4,700,295	-	-	-	-	-	-	4,700,295
Advances to affiliates	738,066	-	-	-	-	-	(738,066)	-
Interfund receivable (payable)	-	-	-	(150,427)	150,427	-	-	-
Total assets	<u>\$ 32,857,083</u>	<u>\$ 95,829</u>	<u>\$ 2,838,618</u>	<u>\$ 15,782,588</u>	<u>\$ 21,301,891</u>	<u>\$ 37,084,479</u>	<u>\$ (2,801,782)</u>	<u>\$ 70,074,227</u>
<b>Liabilities</b>								
Accounts payable	\$ 1,695,844	\$ -	\$ -	\$ 5,343	\$ 12,478	\$ 17,821	\$ -	\$ 1,713,665
Accounts payable - affiliates	57,661	63,613	315,800	178,153	180,499	358,652	(738,066)	57,660
Grants payable	-	-	-	112,979	-	112,979	-	112,979
Funds invested for Kiwanis Youth Programs	2,063,716	-	-	-	-	-	(2,063,716)	-
Deferred revenue and other liabilities	183,822	436	96,033	-	-	-	-	280,291
Liability insurance accrual	667,817	-	-	-	-	-	-	667,817
Annuities payable	-	-	-	163,194	-	163,194	-	163,194
Total liabilities	<u>4,668,860</u>	<u>64,049</u>	<u>411,833</u>	<u>459,669</u>	<u>192,977</u>	<u>652,646</u>	<u>(2,801,782)</u>	<u>2,995,606</u>
<b>Net Assets</b>								
Unrestricted								
Operating	14,977,392	31,780	2,419,241	-	-	-	-	17,428,413
Publications	2,889,323	-	-	-	-	-	-	2,889,323
Liability insurance	5,000,001	-	-	-	-	-	-	5,000,001
Property	5,321,507	-	-	-	-	-	-	5,321,507
Total unrestricted net assets	<u>28,188,223</u>	<u>31,780</u>	<u>2,419,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,639,244</u>
Temporarily restricted	-	-	7,544	3,569,451	21,108,914	24,678,365	-	24,685,909
Permanently restricted	-	-	-	11,753,468	-	11,753,468	-	11,753,468
Total net assets	<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>
Total liabilities and net assets	<u>\$ 32,857,083</u>	<u>\$ 95,829</u>	<u>\$ 2,838,618</u>	<u>\$ 15,782,588</u>	<u>\$ 21,301,891</u>	<u>\$ 37,084,479</u>	<u>\$ (2,801,782)</u>	<u>\$ 70,074,227</u>

**Kiwanis International and Affiliates**  
**Consolidating Schedule - Statement of Financial Position Information**  
**September 30, 2013**

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis International Foundation				Eliminations	Total
				Operations	Eliminate Project	Total			
<b>Assets</b>									
Cash and cash equivalents	\$ 2,088,238	\$ 69,830	\$ 188,973	\$ 1,087,729	\$ 1,251,545	\$ 2,339,274	\$ -	\$ 4,686,315	
Investments	24,937,553	-	1,873,169	13,648,932	-	13,648,932	(1,873,169)	38,586,485	
Receivables	173,324	712	22,481	619	-	619	-	197,136	
Contributions receivable	-	-	-	2,230	11,329,000	11,331,230	-	11,331,230	
Merchandise inventory	586,188	-	-	-	-	-	-	586,188	
Prepaid expenses and other	616,002	12,083	133,161	13,306	5,998	19,304	-	780,550	
Cash value of life insurance contracts	-	-	-	221,945	-	221,945	-	221,945	
Beneficial interest in assets held by others	-	-	-	70,898	156,987	227,885	-	227,885	
Property and equipment, net	5,077,179	-	-	-	-	-	-	5,077,179	
Advances to affiliates	516,911	-	-	110,000	-	110,000	(626,911)	-	
Interfund receivable (payable)	-	-	-	(154,316)	154,316	-	-	-	
<b>Total assets</b>	<b>\$ 33,995,395</b>	<b>\$ 82,625</b>	<b>\$ 2,217,784</b>	<b>\$ 15,001,343</b>	<b>\$ 12,897,846</b>	<b>\$ 27,899,189</b>	<b>\$ (2,500,080)</b>	<b>\$ 61,694,913</b>	
<b>Liabilities</b>									
Accounts payable	\$ 1,604,958	\$ -	\$ -	\$ 14,675	\$ 12,981	\$ 27,656	\$ -	\$ 1,632,614	
Accounts payable - affiliates	170,903	12,138	-	106,186	398,586	504,772	(626,911)	60,902	
Grants payable	-	-	-	181,592	-	181,592	-	181,592	
Funds invested for Kiwanis Youth Programs	1,873,169	-	-	-	-	-	(1,873,169)	-	
Deferred revenue and other liabilities	97,125	291	21,205	-	-	-	(15,000)	103,621	
Liability insurance accrual	870,722	-	-	-	-	-	-	870,722	
Annuities payable	-	-	-	112,271	-	112,271	-	112,271	
<b>Total liabilities</b>	<b>4,616,877</b>	<b>12,429</b>	<b>21,205</b>	<b>414,724</b>	<b>411,567</b>	<b>826,291</b>	<b>(2,515,080)</b>	<b>2,961,722</b>	
<b>Net Assets</b>									
Unrestricted									
Operating	10,482,950	70,196	2,187,955	(240,827)	-	(240,827)	15,000	12,515,274	
Publications	3,205,105	-	-	-	-	-	-	3,205,105	
Liability insurance	10,368,956	-	-	-	-	-	-	10,368,956	
Property	5,321,507	-	-	-	-	-	-	5,321,507	
<b>Total unrestricted net assets</b>	<b>29,378,518</b>	<b>70,196</b>	<b>2,187,955</b>	<b>(240,827)</b>	<b>-</b>	<b>(240,827)</b>	<b>15,000</b>	<b>31,410,842</b>	
Temporarily restricted	-	-	8,624	3,404,323	12,486,279	15,899,226	-	15,899,226	
Permanently restricted	-	-	-	11,423,123	-	11,423,123	-	11,423,123	
<b>Total net assets</b>	<b>29,378,518</b>	<b>70,196</b>	<b>2,196,579</b>	<b>14,586,619</b>	<b>12,486,279</b>	<b>27,072,898</b>	<b>15,000</b>	<b>58,733,191</b>	
<b>Total liabilities and net assets</b>	<b>\$ 33,995,395</b>	<b>\$ 82,625</b>	<b>\$ 2,217,784</b>	<b>\$ 15,001,343</b>	<b>\$ 12,897,846</b>	<b>\$ 27,899,189</b>	<b>\$ (2,500,080)</b>	<b>\$ 61,694,913</b>	

**Kiwanis International and Affiliates**  
**Consolidating Schedule - Statement of Activities Information**  
**Year Ended September 30, 2014**

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis International Foundation			Eliminations	Total
				Operations	Eliminate Project	Foundation Total		
<b>Revenue, Gains and Other Support</b>								
Membership dues and fees	\$ 12,310,960	\$ 315,652	\$ 2,590,780	\$ -	\$ -	\$ -	\$ -	\$ 15,217,392
Contributions	-	-	-	1,332,542	20,894,699	22,227,241	(149,484)	22,077,757
Merchandise sales	1,506,264	-	-	-	-	-	-	1,506,264
Advertising	62,426	-	-	-	-	-	-	62,426
Investment income, net of fees	320,791	156	107,143	235,776	(1,188)	235,776	-	663,866
Service Leadership Programs	79,326	-	368,972	-	-	-	-	448,298
Grants and other	526,979	21,912	213,534	9,055	-	9,055	(391,000)	380,480
Management fee - intercompany	1,360,008	-	-	-	-	-	(1,360,008)	-
Subsidies from Kiwanis International	-	290,978	465,055	339,996	-	339,996	(1,096,029)	-
Total revenue, gains and other support	<u>16,166,754</u>	<u>628,698</u>	<u>3,745,484</u>	<u>1,917,369</u>	<u>20,893,511</u>	<u>22,812,068</u>	<u>(2,996,521)</u>	<u>40,356,483</u>
<b>Expenses and Losses</b>								
Programs:								
Membership education	2,811,226	229,676	1,230,475	-	-	-	-	4,271,377
Communications	1,378,282	14,418	19,769	-	-	-	-	1,412,469
Corporate relations	306,331	-	-	-	-	-	-	306,331
Service Leadership Programs	1,241,836	-	-	-	-	-	(1,096,029)	145,807
Global Services	818,135	-	-	-	-	-	-	818,135
Merchandise, including cost of sales	1,407,082	-	-	-	-	-	-	1,407,082
Magazine	1,581,304	1,613	134,014	-	-	-	-	1,716,931
International convention	1,245,801	108,809	393,004	-	-	-	-	1,747,614
Liability insurance	1,192,837	-	-	-	-	-	-	1,192,837
Grants, programs, education and subsidies	525,553	30,987	134,061	1,424,261	8,405,839	9,830,100	(635,476)	9,885,225
Total program services	<u>12,508,387</u>	<u>385,503</u>	<u>1,911,323</u>	<u>1,424,261</u>	<u>8,405,839</u>	<u>9,830,100</u>	<u>(1,731,505)</u>	<u>22,903,808</u>
General and administrative	3,941,490	234,762	992,816	576,167	639,973	1,216,140	(1,160,016)	5,225,192
Membership services	1,032,175	46,849	695,495	-	-	-	-	1,774,519
Governance	1,629,616	-	-	-	-	-	-	1,629,616
Fundraising	-	-	-	283,052	2,507,564	2,790,616	(90,000)	2,700,616
Currency exchange and bad debt losses	113,650	-	-	(10,502)	717,500	706,998	-	820,648
Total expenses and losses	<u>19,225,318</u>	<u>667,114</u>	<u>3,599,634</u>	<u>2,272,978</u>	<u>12,270,876</u>	<u>14,543,854</u>	<u>(2,981,521)</u>	<u>35,054,399</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	(3,058,564)	(38,416)	145,850	(355,609)	8,622,635	8,268,214	(15,000)	5,302,084
Realized and unrealized gains on investments	1,868,269	-	84,356	1,109,475	-	1,108,287	-	3,060,912
Change in value of annuities payable	-	-	-	(17,566)	-	(17,566)	-	(17,566)
<b>Change in Net Assets</b>	(1,190,295)	(38,416)	230,206	736,300	8,622,635	9,358,935	(15,000)	8,345,430
<b>Net Assets, Beginning of Year</b>	<u>29,378,518</u>	<u>70,196</u>	<u>2,196,579</u>	<u>14,586,619</u>	<u>12,486,279</u>	<u>27,072,898</u>	<u>15,000</u>	<u>58,733,191</u>
<b>Net Assets, End 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>

**Kiwanis International and Affiliates**  
**Consolidating Schedule - Statement of Activities Information**  
**Year Ended September 30, 2013**

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis International Foundation		Eliminations	Total
				Operations	Eliminate Project		
<b>Revenue, Gains and Other Support</b>							
Membership dues and fees	\$ 12,807,398	\$ 278,976	\$ 2,549,763	\$ -	\$ -	\$ -	\$ 15,636,137
Contributions	-	-	-	1,495,938	15,732,471	17,228,409	(130,255)
Merchandise sales	1,684,298	-	-	-	-	-	1,684,298
Advertising	50,661	-	-	-	-	-	50,661
Investment income, net of fees	282,465	167	34,000	315,896	(693)	315,203	-
Service Leadership Programs	88,289	-	367,601	-	-	-	455,890
Grants and other	456,025	41,262	84,970	-	-	-	(222,650)
Management fee - intercompany	877,116	-	-	-	-	-	(877,116)
Subsidies from Kiwanis International	-	282,230	223,602	326,976	-	326,976	(832,808)
Total revenue, gains and other support	<u>16,246,252</u>	<u>602,635</u>	<u>3,259,936</u>	<u>2,138,810</u>	<u>15,731,778</u>	<u>17,870,588</u>	<u>(2,062,829)</u>
<b>Expenses and Losses</b>							
Programs:							
Membership education	1,443,445	254,836	1,253,250	-	-	-	2,951,531
Communications	1,226,255	28,951	212,850	-	-	-	(315,177)
Corporate relations	285,964	-	-	-	-	-	285,964
Service Leadership Programs	1,208,926	-	-	-	-	-	(852,677)
Global Services	769,882	-	-	-	-	-	769,882
Merchandise, including cost of sales	1,525,325	-	-	-	-	-	1,525,325
Magazine	1,646,775	2,301	153,015	-	-	-	1,802,091
International convention	1,567,185	73,354	302,649	-	-	-	1,943,188
Liability insurance	1,580,089	-	-	-	-	-	1,580,089
Grants, programs, education and subsidies	343,112	21,126	149,205	1,152,289	6,606,921	7,759,210	(694,881)
Total program services	<u>11,596,958</u>	<u>380,568</u>	<u>2,070,969</u>	<u>1,152,289</u>	<u>6,606,921</u>	<u>7,759,210</u>	<u>(1,862,735)</u>
General and administrative	2,935,305	177,775	742,241	536,924	604,170	1,141,094	(86,819)
Membership services	1,046,675	50,840	643,273	-	-	-	(128,275)
Governance	1,327,737	-	-	-	-	-	1,327,737
Fundraising	-	-	-	310,070	2,941,684	3,251,754	-
Currency exchange and bad debt losses	(28,287)	-	-	(2,673)	467,000	464,327	-
Total expenses and losses	<u>16,878,388</u>	<u>609,183</u>	<u>3,456,483</u>	<u>1,996,610</u>	<u>10,619,775</u>	<u>12,616,385</u>	<u>(2,077,829)</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	(632,136)	(6,548)	(196,547)	142,200	5,112,003	5,254,203	15,000
Realized and unrealized gains on investments	2,209,385	-	239,217	955,867	-	955,867	-
Change in value of annuities payable	-	-	-	68,389	-	68,389	-
<b>Change in Net Assets</b>	1,577,249	(6,548)	42,670	1,166,456	5,112,003	6,278,459	15,000
<b>Net Assets, Beginning of Year</b>	<u>27,801,269</u>	<u>76,744</u>	<u>2,153,909</u>	<u>13,420,163</u>	<u>7,374,276</u>	<u>20,794,439</u>	<u>-</u>
<b>Net Assets, End of Year</b>	<u>\$ 29,378,518</u>	<u>\$ 70,196</u>	<u>\$ 2,196,579</u>	<u>\$ 14,586,619</u>	<u>\$ 12,486,279</u>	<u>\$ 27,072,898</u>	<u>\$ 15,000</u>

**Kiwanis International and Affiliates**  
**Schedule of Funds - Parent Only**  
**Year Ended September 30, 2014**

	2014				Total
	Operating/ SLP Fund	Publications Fund	Liability Insurance Fund	Property Fund	
<b>Revenue, Gains and Other Support</b>					
Membership dues and fees	\$ 8,880,362	\$ -	\$ -	\$ -	\$ 8,880,362
Merchandise sales	1,506,264	-	-	-	1,506,264
Magazine subscription fees	-	1,118,726	-	-	1,118,726
Convention fees	573,123	-	-	-	573,123
Liability insurance fees	-	-	1,738,749	-	1,738,749
Advertising	-	62,426	-	-	62,426
Investment income, net	321,244	-	(453)	-	320,791
Service Leadership Program fees	79,326	-	-	-	79,326
Sponsorship income	226,073	-	-	-	226,073
Management fees - intercompany	1,360,008	-	-	-	1,360,008
Grants	180,000	-	-	-	180,000
Other	97,389	22,517	-	1,000	120,906
	<u>13,223,789</u>	<u>1,203,669</u>	<u>1,738,296</u>	<u>1,000</u>	<u>16,166,754</u>
<b>Expenses</b>					
Programs					
Membership education	2,701,265	-	-	109,961	2,811,226
Communications	1,324,370	-	-	53,912	1,378,282
Corporate relations	294,349	-	-	11,982	306,331
Service Leadership Programs	1,193,261	-	-	48,575	1,241,836
Global Services	786,134	-	-	32,001	818,135
Merchandise, including cost of sales	1,352,044	-	-	55,038	1,407,082
Magazine	-	1,519,451	-	61,853	1,581,304
International convention	1,197,071	-	-	48,730	1,245,801
Liability insurance	-	-	1,146,179	46,658	1,192,837
Foundation subsidy	339,996	-	-	13,840	353,836
Grant expense	165,000	-	-	6,717	171,717
General and administrative	3,787,318	-	-	154,172	3,941,490
Membership services	991,801	-	-	40,374	1,032,175
Governance	1,565,874	-	-	63,742	1,629,616
Currency exchange and bad debt losses	113,650	-	-	-	113,650
	<u>15,812,133</u>	<u>1,519,451</u>	<u>1,146,179</u>	<u>747,555</u>	<u>19,225,318</u>
<b>Change in Net Assets Before Realized and Unrealized Gains (Losses) on Investments and Fund Transfers</b>					
	(2,588,344)	(315,782)	592,117	(746,555)	(3,058,564)
Realized and unrealized gains on investments					
Fund transfers	1,868,269	-	-	-	1,868,269
	<u>5,214,517</u>	<u>-</u>	<u>(5,961,072)</u>	<u>746,555</u>	<u>-</u>
<b>Change in Net Assets</b>	4,494,442	(315,782)	(5,368,955)	-	(1,190,295)
<b>Net Assets, Beginning of Year</b>	<u>10,482,950</u>	<u>3,205,105</u>	<u>10,368,956</u>	<u>5,321,507</u>	<u>29,378,518</u>
<b>Net Assets, End of Year</b>	<u>\$ 14,977,392</u>	<u>\$ 2,889,323</u>	<u>\$ 5,000,001</u>	<u>\$ 5,321,507</u>	<u>\$ 28,188,223</u>

**Kiwanis International and Affiliates**  
**Schedule of Funds - Parent Only**  
**Year Ended September 30, 2013**

	2013				Total
	Operating/ SLP Fund	Publications Fund	Liability Insurance Fund	Property Fund	
<b>Revenue, Gains and Other Support</b>					
Membership dues and fees	\$ 8,871,326	\$ -	\$ -	\$ -	\$ 8,871,326
Merchandise sales	1,684,299	-	-	-	1,684,299
Magazine subscription fees	-	1,161,311	-	-	1,161,311
Convention fees	943,512	-	-	-	943,512
Liability insurance fees	-	-	1,831,249	-	1,831,249
Advertising	-	50,661	-	-	50,661
Investment income, net	282,907	-	(442)	-	282,465
Service Leadership Program fees	88,289	-	-	-	88,289
Sponsorship income	302,111	-	-	-	302,111
Management fees - intercompany	877,116	-	-	-	877,116
Grants	121,588	-	-	-	121,588
Other	31,302	23	-	1,000	32,325
Total revenue, gains and other support	<u>13,202,450</u>	<u>1,211,995</u>	<u>1,830,807</u>	<u>1,000</u>	<u>16,246,252</u>
<b>Expenses</b>					
Programs					
Membership education	1,375,560	-	-	67,885	1,443,445
Communications	1,183,407	-	-	42,848	1,226,255
Corporate relations	272,515	-	-	13,449	285,964
Service Leadership Programs	1,168,383	-	-	40,543	1,208,926
Global Services	733,675	-	-	36,207	769,882
Merchandise, including cost of sales	1,453,589	-	-	71,736	1,525,325
Magazine	-	1,569,328	-	77,447	1,646,775
International convention	1,493,481	-	-	73,704	1,567,185
Liability insurance	-	-	1,505,778	74,311	1,580,089
Foundation subsidy	326,976	-	-	16,136	343,112
General and administrative	2,797,259	-	-	138,046	2,935,305
Membership services	1,003,483	-	-	43,192	1,046,675
Governance	1,265,292	-	-	62,445	1,327,737
Currency exchange and bad debts losses	(28,287)	-	-	-	(28,287)
Total expenses	<u>13,045,333</u>	<u>1,569,328</u>	<u>1,505,778</u>	<u>757,949</u>	<u>16,878,388</u>
<b>Change in Net Assets Before Realized and Unrealized Gains (Losses) on Investments and Fund Transfers</b>					
	157,117	(357,333)	325,029	(756,949)	(632,136)
Realized and unrealized gains on investments	2,209,385	-	-	-	2,209,385
Fund transfers	(756,949)	-	-	756,949	-
<b>Change in Net Assets</b>	1,609,553	(357,333)	325,029	-	1,577,249
<b>Net Assets, Beginning of Year</b>	<u>8,873,397</u>	<u>3,562,438</u>	<u>10,043,927</u>	<u>5,321,507</u>	<u>27,801,269</u>
<b>Net Assets, End of Year</b>	<u>\$ 10,482,950</u>	<u>\$ 3,205,105</u>	<u>\$ 10,368,956</u>	<u>\$ 5,321,507</u>	<u>\$ 29,378,518</u>



**Kiwanis International and Affiliates**  
**Schedules of Operating Expenses - Parent Only**  
**Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Membership Services and Membership Education</b>		
Membership education	\$ 2,701,265	\$ 1,375,560
Membership services	991,801	1,003,483
Subtotal	<u>3,693,066</u>	<u>2,379,043</u>
Depreciation allocation	<u>150,335</u>	<u>111,077</u>
Total Membership Services and Membership Education	<u><u>\$ 3,843,401</u></u>	<u><u>\$ 2,490,120</u></u>
<b>Service Leadership Programs</b>		
Kiwanis programs and Aktion Club	\$ 437,228	\$ 662,551
Circle K International	290,978	282,230
Kiwanis Youth Programs	465,055	223,602
Subtotal	<u>1,193,261</u>	<u>1,168,383</u>
Depreciation allocation	<u>48,575</u>	<u>40,543</u>
Total Service Leadership Programs	<u><u>\$ 1,241,836</u></u>	<u><u>\$ 1,208,926</u></u>
<b>Global Services</b>		
Europe	\$ 553,297	\$ 544,635
Asia-Pacific	232,837	189,040
Subtotal	<u>786,134</u>	<u>733,675</u>
Depreciation allocation	<u>32,001</u>	<u>36,207</u>
Total Global Services	<u><u>\$ 818,135</u></u>	<u><u>\$ 769,882</u></u>
<b>Merchandise</b>		
Cost of sales	\$ 924,403	\$ 1,119,579
Retail operations department	427,641	334,010
Subtotal	<u>1,352,044</u>	<u>1,453,589</u>
Depreciation allocation	<u>55,038</u>	<u>71,736</u>
Total Merchandise	<u><u>\$ 1,407,082</u></u>	<u><u>\$ 1,525,325</u></u>

**Kiwanis International and Affiliates**  
**Schedules of Operating Expenses - Parent Only (Continued)**  
**Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>General and Administrative</b>		
Building services and human services	\$ 1,135,717	\$ 609,294
Information technology	1,516,956	1,399,899
Finance	1,034,685	943,418
Meetings	749,952	522,504
Indirect allocations	(649,992)	(677,856)
Subtotal	<u>3,787,318</u>	<u>2,797,259</u>
Depreciation allocation	<u>154,172</u>	<u>138,046</u>
Total General and Administrative	<u><u>\$ 3,941,490</u></u>	<u><u>\$ 2,935,305</u></u>
<b>Governance</b>		
Board and executive services	\$ 1,565,873	\$ 1,265,039
International Council	-	255
Subtotal	<u>1,565,873</u>	<u>1,265,294</u>
Depreciation allocation	<u>63,743</u>	<u>62,443</u>
Total Governance	<u><u>\$ 1,629,616</u></u>	<u><u>\$ 1,327,737</u></u>
<b>Publications</b>		
Magazine	\$ 1,403,839	\$ 1,444,003
Advertising	115,612	125,325
Subtotal	<u>1,519,451</u>	<u>1,569,328</u>
Depreciation allocation	<u>61,853</u>	<u>77,447</u>
Total Publications	<u><u>\$ 1,581,304</u></u>	<u><u>\$ 1,646,775</u></u>

**Kiwanis International and Affiliates**  
**Schedules of Functional Expenses - Kiwanis International Foundation**  
**Years Ended September 30, 2014 and 2013**

	<b>2014</b>			
	<b>Grants, Program and Education</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Grants, scholarships and awards	\$ 9,182,091	\$ -	\$ -	\$ 9,182,091
Salaries and related benefits	280,419	417,499	773,423	1,471,341
Contract labor	31,227	1,952	16,154	49,333
Occupancy	-	8,128	5,990	14,118
Professional fees	22,921	30,267	1,025,533	1,078,721
Supplies	454	15,585	37,344	53,383
Licences and fees	-	77,647	5,625	83,272
Postage	292	4,804	52,672	57,768
Promotion	48,667	60,000	369,343	478,010
Training and meetings	62,564	14,584	78,316	155,464
Travel	82,825	136,658	277,831	497,314
Printing and publications	8,648	241	1	8,890
Management fee	109,992	395,004	90,000	594,996
Miscellaneous expense	-	53,771	58,384	112,155
	<u>\$ 9,830,100</u>	<u>\$ 1,216,140</u>	<u>\$ 2,790,616</u>	<u>\$ 13,836,856</u>

	<b>2013</b>			
	<b>Grants, Program and Education</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Grants, scholarships and awards	\$ 7,148,113	\$ -	\$ -	\$ 7,148,113
Salaries and related benefits	246,349	474,286	662,868	1,383,503
Contract labor	48,276	-	2,944	51,220
Occupancy	-	4,751	9,047	13,798
Professional fees	32,813	33,452	1,521,233	1,587,498
Supplies	20,908	17,033	40,899	78,840
Licences and fees	-	64,066	6,462	70,528
Postage	2,585	10,499	61,698	74,782
Promotion	44,531	60,000	476,807	581,338
Training and meetings	69,582	2,898	124,884	197,364
Travel	37,705	104,410	332,943	475,058
Printing and publications	4,920	-	-	4,920
Management fee	103,428	345,033	49,333	497,794
Miscellaneous expense	-	24,666	(37,364)	(12,698)
	<u>\$ 7,759,210</u>	<u>\$ 1,141,094</u>	<u>\$ 3,251,754</u>	<u>\$ 12,152,058</u>

## Kiwanis International and Affiliates

### Eliminate Project Statements of Activities - Project History - Kiwanis International Foundation Years Ended September 30, 2010 Through 2014

	Total Eliminate Project	September 30				
		2014	2013	2012	2011	2010
<b>Revenues and Support</b>						
Contributions	\$ 53,278,037	\$ 20,894,699	\$ 15,732,471	\$ 11,868,318	\$ 4,717,879	\$ 64,670
Investment income (loss), net of fees	(1,153)	(1,188)	(693)	(464)	1,173	19
Total revenue and gains	<u>53,276,884</u>	<u>20,893,511</u>	<u>15,731,778</u>	<u>11,867,854</u>	<u>4,719,052</u>	<u>64,689</u>
<b>Expenses</b>						
Program services	18,931,739	8,405,839	6,606,921	2,723,914	1,195,065	-
Management and general	1,810,885	639,973	604,170	340,455	220,973	5,314
Fundraising	9,864,846	2,507,564	2,941,684	2,916,519	1,499,079	-
Bad debts - uncollectible pledges	<u>1,560,500</u>	<u>717,500</u>	<u>467,000</u>	<u>297,554</u>	<u>78,446</u>	<u>-</u>
Total expenses	<u>32,167,970</u>	<u>12,270,876</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>	21,108,914	8,622,635	5,112,003	5,589,412	1,725,489	59,375
<b>Net Assets, Beginning of Year</b>	<u>-</u>	<u>12,486,279</u>	<u>7,374,276</u>	<u>1,784,864</u>	<u>59,375</u>	<u>-</u>
<b>Net Assets, End of Year</b>	<u>\$ 21,108,914</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>