

# **Kiwanis International and Subsidiaries**

Independent Auditor's Report and Consolidated Financial Statements

September 30, 2017 and 2016

# Kiwanis International and Subsidiaries

September 30, 2017 and 2016

## 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 .....	25
Consolidating Schedules - Statements of Activities Information.....	27
Schedules of Funds - Parent Only .....	29
Schedules of Operating Revenues - Parent Only.....	31
Schedules of Operating Expenses - Parent Only .....	32
Schedules of Revenues and Expenses - Kiwanis Youth Programs .....	34
Statements of Functional Expenses - Kiwanis Children's Fund .....	35
Eliminate Project Statements of Activities - Project History - Kiwanis Children's Fund.....	36

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

Board of Directors  
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, 2017 and 2016, 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, 2017 and 2016, 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.

## *Supplemental 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 2015 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 subject 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 2017 information is fairly stated in all material respects in relation to the 2011 to 2017 consolidated financial statements as a whole.

*BKD, LLP*

Indianapolis, Indiana  
January 4, 2018

**Kiwanis International and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**September 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,190,766	\$ 4,636,360
Investments	40,827,700	36,645,985
Receivables	472,201	405,686
Contributions receivable, net	20,038,042	24,421,268
Merchandise inventory	452,532	454,540
Prepaid expenses and other	620,973	1,058,331
Cash value of life insurance contracts	250,256	259,381
Beneficial interest in assets held by others	97,626	113,984
Property and equipment, net	4,102,331	4,327,724
Total assets	\$ 72,052,427	\$ 72,323,259
<b>Liabilities</b>		
Accounts payable	\$ 686,595	\$ 598,213
Accrued liabilities and other	841,984	876,383
Liability insurance accrual	494,343	582,961
Annuities payable	121,331	149,585
Total liabilities	2,144,253	2,207,142
<b>Net Assets</b>		
Unrestricted	32,490,649	29,318,425
Temporarily restricted	25,121,407	28,508,873
Permanently restricted	12,296,118	12,288,819
Total net assets	69,908,174	70,116,117
Total liabilities and net assets	\$ 72,052,427	\$ 72,323,259

**Kiwanis International and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended September 30, 2017**  
**(With Comparative Totals for 2016)**

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Revenue, Gains and Other Support</b>					
Membership dues and fees	\$ 12,431,720	\$ -	\$ -	\$ 12,431,720	\$ 12,317,393
Merchandise sales	1,564,708	-	-	1,564,708	1,565,538
Magazine subscription fees	993,876	-	-	993,876	1,032,365
Convention fees	813,683	-	-	813,683	1,272,382
Liability insurance fees	2,247,331	-	-	2,247,331	2,337,467
Contributions, net of \$1,964,000 of temporarily restricted credits applied to contributions receivable in 2017	1,189,169	754,129	7,299	1,950,597	5,305,772
Grants	17,000	-	-	17,000	8,657
Sponsorship income	502,425	-	-	502,425	407,010
Advertising	34,703	-	-	34,703	33,601
Investment income, net of fees	495,443	232,059	-	727,502	724,857
Service Leadership Programs	1,094,834	-	-	1,094,834	1,113,683
Other	49,858	-	-	49,858	102,260
	<u>21,434,750</u>	<u>986,188</u>	<u>7,299</u>	<u>22,428,237</u>	<u>26,220,985</u>
Net assets released from restrictions	5,538,635	(5,538,635)	-	-	-
Total revenue, gains and other support	<u>26,973,385</u>	<u>(4,552,447)</u>	<u>7,299</u>	<u>22,428,237</u>	<u>26,220,985</u>
<b>Expenses and Losses</b>					
Membership growth and education	2,614,768	-	-	2,614,768	3,089,037
Communications	1,825,809	-	-	1,825,809	2,287,573
Corporate relations	575,775	-	-	575,775	540,874
Service Leadership Programs	1,814,429	-	-	1,814,429	1,839,234
Global services	928,817	-	-	928,817	714,904
Merchandise, including cost of sales	881,071	-	-	881,071	845,011
Publications	1,373,212	-	-	1,373,212	1,382,331
International convention	1,601,724	-	-	1,601,724	1,754,386
Liability insurance	1,748,053	-	-	1,748,053	1,881,718
Grants	3,750,283	-	-	3,750,283	7,662,049
Other program expenses	953,932	-	-	953,932	1,037,154
Research and development	580,928	-	-	580,928	419,187
General and administrative	3,966,778	-	-	3,966,778	4,278,333
Membership services	1,475,931	-	-	1,475,931	1,480,402
Governance	1,386,430	-	-	1,386,430	1,528,345
Fundraising	801,362	-	-	801,362	1,103,192
Depreciation and gain/loss on disposals	444,966	-	-	444,966	440,425
Currency exchange and bad debt (gains) losses	(4,986)	198,120	-	193,134	1,411,058
Total expenses and losses	<u>26,719,282</u>	<u>198,120</u>	<u>-</u>	<u>26,917,402</u>	<u>33,695,213</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	254,103	(4,750,567)	7,299	(4,489,165)	(7,474,228)
Realized and unrealized gains (losses) on investments	2,910,202	1,363,101	-	4,273,303	2,413,665
Change in value of annuities payable	7,919	-	-	7,919	(5,780)
<b>Change in Net Assets</b>	3,172,224	(3,387,466)	7,299	(207,943)	(5,066,343)
<b>Net Assets, Beginning 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>
<b>Net Assets, End of Year</b>	<u>\$ 32,490,649</u>	<u>\$ 25,121,407</u>	<u>\$ 12,296,118</u>	<u>\$ 69,908,174</u>	<u>\$ 70,116,117</u>

**Kiwanis International and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended September 30, 2016**

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue, Gains and Other Support</b>				
Membership dues and fees	\$ 12,317,393	\$ -	\$ -	\$ 12,317,393
Merchandise sales	1,565,538	-	-	1,565,538
Magazine subscription fees	1,032,365	-	-	1,032,365
Convention fees	1,272,382	-	-	1,272,382
Liability insurance fees	2,337,467	-	-	2,337,467
Contributions	820,790	4,122,186	362,796	5,305,772
Grants	8,657	-	-	8,657
Sponsorship income	407,010	-	-	407,010
Advertising	33,601	-	-	33,601
Investment income, net of fees	491,773	233,084	-	724,857
Service Leadership Programs	1,113,683	-	-	1,113,683
Other	102,260	-	-	102,260
	<u>21,502,919</u>	<u>4,355,270</u>	<u>362,796</u>	<u>26,220,985</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>
<b>Expenses and Losses</b>				
Membership growth and education	3,089,037	-	-	3,089,037
Communications	2,287,573	-	-	2,287,573
Corporate relations	540,874	-	-	540,874
Service Leadership Programs	1,839,234	-	-	1,839,234
Global services	714,904	-	-	714,904
Merchandise, including cost of sales	845,011	-	-	845,011
Publications	1,382,331	-	-	1,382,331
International convention	1,754,386	-	-	1,754,386
Liability insurance	1,881,718	-	-	1,881,718
Grants	7,662,049	-	-	7,662,049
Other program expenses	1,037,154	-	-	1,037,154
Research and development	419,187	-	-	419,187
General and administrative	4,278,333	-	-	4,278,333
Membership services	1,480,402	-	-	1,480,402
Governance	1,528,345	-	-	1,528,345
Fundraising	1,103,192	-	-	1,103,192
Depreciation and gain/loss on disposals	440,425	-	-	440,425
Currency exchange and bad debt (gains) losses	162,342	1,248,716	-	1,411,058
Total expenses and losses	<u>32,446,497</u>	<u>1,248,716</u>	<u>-</u>	<u>33,695,213</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	(801,630)	(7,035,394)	362,796	(7,474,228)
Realized and unrealized gains (losses) on investments	1,637,531	776,134	-	2,413,665
Change in value of annuities payable	216,388	(222,168)	-	(5,780)
<b>Change in Net Assets</b>	1,052,289	(6,481,428)	362,796	(5,066,343)
<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>
<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>

**Kiwanis International and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended September 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Operating Activities</b>		
Change in net assets	\$ (207,943)	\$ (5,066,343)
Items not requiring (providing) cash		
Depreciation	444,966	440,580
(Increase) decrease in cash value of life insurance contracts	9,125	(11,878)
Gain on disposals of property and equipment	-	(155)
Realized and unrealized gains on investments	(4,273,303)	(2,413,665)
Change in value of annuities payable	(28,254)	(6,854)
Provision for uncollectible contributions	-	1,248,749
Changes in		
Receivables	(66,515)	(46,316)
Contributions receivable	4,383,226	3,314,563
Merchandise inventory	2,008	129,566
Prepaid expenses and other	437,358	44,207
Beneficial interest in assets held by others	16,358	22,866
Accounts payable	88,382	(143,236)
Accounts payable - subsidiaries	-	8,009
Liability insurance accrual	(88,618)	(150,187)
Accrued liabilities and other	(34,399)	60,809
Net cash provided by (used in) operating activities	682,391	(2,569,285)
<b>Investing Activities</b>		
Purchase of property and equipment	(219,573)	(432,702)
Purchase of investment securities	(18,162,955)	(15,043,601)
Sales and maturities of investment securities	18,254,543	16,044,754
Net cash provided by (used in) investing activities	(127,985)	568,451
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	554,406	(2,000,834)
<b>Cash and Cash Equivalents, Beginning of Year</b>	4,636,360	6,637,194
<b>Cash and Cash Equivalents, End of Year</b>	\$ 5,190,766	\$ 4,636,360



# Kiwanis International and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2017 and 2016

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

##### *General*

Kiwanis International and Subsidiaries (Kiwanis) consists of the following four related 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 Children's Fund (formerly Kiwanis International Foundation)**

Kiwanis Children's Fund (formerly Kiwanis International Foundation) was incorporated as a not-for-profit organization in April 1939, under the laws of the State of Illinois. Subsequently, in December 1997, Kiwanis International Foundation was incorporated under the laws of the State of Indiana. On October 27, 2016, Kiwanis International Foundation assumed the business name Kiwanis Children's Fund.

# Kiwanis International and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2017 and 2016

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

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

Kiwanis Youth Programs (formerly 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 related 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, 2017 and 2016, cash equivalents consisted primarily of money market accounts in both the United States and foreign countries.

At September 30, 2017, Kiwanis' cash accounts held in the United States exceeded federally insured limits by approximately \$2,136,000.

At September 30, 2017 and 2016, funds held outside the United States totaled \$1,974,965 and \$1,286,663, respectively.

# Kiwanis International and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2017 and 2016

#### ***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, 2017 and 2016.

#### ***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 Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2017 and 2016**

#### ***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, 2017 and 2016, approximately \$0 and \$131,000 of conditional promises to give were available to Kiwanis Children's Fund 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 Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **September 30, 2017 and 2016**

#### ***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 Kiwanis Children's Fund are exempt under Section 501 of the U.S. Internal Revenue Code. Kiwanis Children's Fund is not considered to be a private foundation. Gross unrelated business revenues amounted to \$537,128 and \$438,112 for the years ended September 30, 2017 and 2016, 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.

**Kiwanis International and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2017 and 2016**

**Note 2: Investments**

Investments at September 30 consisted of the following:

	<b>Kiwanis International</b>	<b>Kiwanis Children's Fund</b>	<b>Total</b>
<b>September 30, 2017</b>			
Money market funds	\$ 2,282,345	\$ 285,707	\$ 2,568,052
Fixed income securities and funds			
Long-term bonds	682,328	273,858	956,186
Intermediate-term bonds	1,051,404	772,391	1,823,795
Short-term bonds	1,667,592	1,039,288	2,706,880
Fixed income blend	88,383	594,483	682,866
Total fixed income securities	<u>3,489,707</u>	<u>2,680,020</u>	<u>6,169,727</u>
Equity securities and funds			
Large-cap stocks	8,028,864	7,408,518	15,437,382
Mid- and small-cap stocks	4,858,632	1,835,555	6,694,187
International stocks	5,393,367	2,999,174	8,392,541
Equities blend	329,783	110,688	440,471
Total equity securities and funds	<u>18,610,646</u>	<u>12,353,935</u>	<u>30,964,581</u>
Alternative investment strategies	<u>-</u>	<u>1,125,340</u>	<u>1,125,340</u>
Total investments	<u>\$ 24,382,698</u>	<u>\$ 16,445,002</u>	<u>\$ 40,827,700</u>
<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	<u>-</u>	<u>975,148</u>	<u>975,148</u>
Total investments	<u>\$ 21,429,837</u>	<u>\$ 15,216,148</u>	<u>\$ 36,645,985</u>

**Kiwanis International and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2017 and 2016**

**Note 3: Contributions Receivable**

Contributions receivable at September 30 consisted of the following:

	<b>2017</b>	<b>2016</b>
Due within one year	\$ 16,897,202	\$ 13,048,294
Due in one to five years	7,635,340	15,928,052
	24,532,542	28,976,346
Less:		
Allowance for uncollectible contributions	(4,118,736)	(3,920,616)
Unamortized discount	(375,764)	(634,462)
Net contributions receivable	\$ 20,038,042	\$ 24,421,268

The discount rates for 2017 and 2016 ranged from .62% to 1.92% and .62% to 1.78%, respectively.

During 2017, Kiwanis elected to reduce the contributions receivable due from districts for the Eliminate Project by the amount of contributions raised by the Service Leadership Clubs in previous years. This resulted in decreasing contributions receivable and temporarily restricted contribution revenue by \$1,964,000 for 2017.

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

Kiwanis Children's Fund has agreements with the Kiwanis Foundations of Canada, Jamaica and Japan that provide for contributions made to Kiwanis Children's Fund 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 Kiwanis Children's Fund. At September 30, 2017 and 2016, the balance of the beneficial interest in assets held by others was \$97,626 and \$113,984, respectively.

**Kiwanis International and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2017 and 2016**

**Note 5: Property and Equipment**

Property and equipment at September 30 consists of:

	<b>2017</b>	<b>2016</b>
Buildings and improvements	\$ 6,186,749	\$ 6,186,749
Furniture and equipment	5,967,713	5,748,143
	12,154,462	11,934,892
Less: Accumulated depreciation	(8,763,754)	(8,318,791)
	3,390,708	3,616,101
Land	711,623	711,623
	\$ 4,102,331	\$ 4,327,724

**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, 2017 and 2016, Kiwanis accrued \$494,343 and \$582,961 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, 2017 or 2016.



**Kiwanis International and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2017 and 2016**

**Note 7: Annuities Payable**

Kiwanis Children's Fund 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. Kiwanis Children's Fund has recorded a liability at September 30, 2017 and 2016, of \$121,331 and \$149,585, 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>2017</u>	<u>2016</u>
Eliminate Project	\$ 21,356,061	\$ 25,104,707
Scholarships, awards, grants and other programs	2,014,744	1,957,439
Resource development program	477,069	1,011,884
Accumulated earnings on unrestricted endowments	<u>1,273,533</u>	<u>434,843</u>
	<u>\$ 25,121,407</u>	<u>\$ 28,508,873</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>2017</u>	<u>2016</u>
Eliminate Project	\$ 4,256,485	\$ 8,838,651
Scholarships, awards, grants and other programs	1,282,150	762,505
Other amounts appropriated for expenditure	<u>-</u>	<u>540,792</u>
	<u>\$ 5,538,635</u>	<u>\$ 10,141,948</u>

**Kiwanis International and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2017 and 2016**

**Note 9: Permanently Restricted Net Assets**

Permanently restricted net assets at September 30 are restricted to:

	<b>2017</b>	<b>2016</b>
Investment in perpetuity, the income of which is expendable to support:		
USI Sustainability Fund	\$ 1,852,477	\$ 1,851,857
Key Club Youth Opportunities Fund	1,549,241	1,549,241
Other	1,542,198	1,535,519
Any activity of Kiwanis Children's Fund	7,352,202	7,352,202
	\$ 12,296,118	\$ 12,288,819

**Note 10: Endowment**

Kiwanis Children’s Fund 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 Children’s Fund 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, Kiwanis Children’s Fund 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 Kiwanis Children’s Fund in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Kiwanis Children’s Fund 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 Kiwanis Children’s 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 Kiwanis Children’s Fund
7. Investment policies of Kiwanis Children’s Fund

**Kiwanis International and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2017 and 2016**

The composition of net assets by type of endowment fund at September 30, 2017 and 2016 was:

	<b>2017</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 2,838,044	\$ 12,296,118	\$ 15,134,162

  

	<b>2016</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	\$ -	\$ 1,982,157	\$ 12,288,819	\$ 14,270,976

Changes in endowment net assets for the years ended September 30, 2017 and 2016 were:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, October 1, 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 for expenditure	-	(482,514)	-	(482,514)
Endowment net assets, September 30, 2016	-	1,982,157	12,288,819	14,270,976
Investment income	-	215,730	-	215,730
Net realized and unrealized gains	-	1,335,150	-	1,335,150
Contributions	-	10,201	7,299	17,500
Appropriation of endowment assets for expenditure	-	(705,194)	-	(705,194)
Endowment net assets, September 30, 2017	\$ -	\$ 2,838,044	\$ 12,296,118	\$ 15,134,162

# Kiwanis International and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2017 and 2016

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

	2017	2016
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	\$ 12,296,118	\$ 12,288,819
Temporarily restricted net assets		
Portion of perpetual endowment funds subject to a time restriction under SPMIFA		
With purpose restrictions	\$ 1,564,511	\$ 1,547,314
Without purpose restrictions	1,273,533	434,843
	\$ 2,838,044	\$ 1,982,157

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level Kiwanis Children's Fund 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, 2017 or 2016.

Kiwanis Children's Fund 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 Kiwanis Children's Fund must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under Kiwanis Children's Fund 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. Kiwanis Children's Fund expects its endowment funds to provide an average rate of return of approximately 7% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, Kiwanis Children's Fund 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). Kiwanis Children's Fund 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.

Kiwanis Children's Fund has a policy of appropriating for distribution each year up to 5% of its December 31 endowment fund's balance. 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 2017 and 2016, which amounted to \$0 in both years. In establishing this policy, Kiwanis Children's Fund considered the long-term expected return on its endowment. This is consistent with the Kiwanis Children's Fund 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 Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2017 and 2016

#### **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 Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2017 and 2016

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, 2017 and 2016:

	2017			
	Fair Value	Fair Value Measurements Using		
		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>Kiwanis International</i>				
Cash equivalents and money market funds	\$ 2,282,345	\$ 2,282,345	\$ -	\$ -
Fixed income securities and funds				
Long-term bonds	682,328	279,948	402,380	-
Intermediate-term bonds	1,051,404	871,613	179,791	-
Short-term bonds	1,667,592	1,496,507	171,085	-
Fixed income blend	88,383	88,383	-	-
Total fixed income securities	<u>3,489,707</u>	<u>2,736,451</u>	<u>753,256</u>	<u>-</u>
Common and preferred stocks				
Large-cap stocks	8,028,864	8,028,864	-	-
Mid- and small-cap stocks	4,858,632	4,858,632	-	-
International stocks	5,393,367	5,393,367	-	-
Equities blend	329,783	329,783	-	-
Total common and preferred stocks	<u>18,610,646</u>	<u>18,610,646</u>	<u>-</u>	<u>-</u>
Subtotal - Kiwanis International	<u>24,382,698</u>	<u>23,629,442</u>	<u>753,256</u>	<u>-</u>
<i>Kiwanis Children's Fund</i>				
Money market funds	285,707	285,707	-	-
Fixed income securities				
Long-term bonds	273,858	273,858	-	-
Intermediate-term bonds	772,391	772,391	-	-
Short-term bonds	1,039,288	795,497	243,791	-
Fixed income blend	594,483	594,483	-	-
Total fixed income securities	<u>2,680,020</u>	<u>2,436,229</u>	<u>243,791</u>	<u>-</u>
Common and preferred stocks				
Large-cap stocks	7,408,518	7,408,518	-	-
Mid- and small-cap stocks	1,835,555	1,835,555	-	-
International stocks	2,999,174	2,999,174	-	-
Equities blend	110,688	110,688	-	-
Total common and preferred stocks	<u>12,353,935</u>	<u>12,353,935</u>	<u>-</u>	<u>-</u>
Alternative investment strategies	1,125,340	1,125,340	-	-
Subtotal - Kiwanis Children's Fund	<u>16,445,002</u>	<u>16,201,211</u>	<u>243,791</u>	<u>-</u>
Total investments	<u>\$ 40,827,700</u>	<u>\$ 39,830,653</u>	<u>\$ 997,047</u>	<u>\$ -</u>
<b>Beneficial interest in assets held by others</b>	<u>\$ 97,626</u>	<u>\$ -</u>	<u>\$ 97,626</u>	<u>\$ -</u>

# Kiwanis International and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2017 and 2016

	2016			
	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>Kiwanis International</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>Kiwanis Children's Fund</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 Children's Fund	<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>

There have been no significant changes in the valuation techniques during the year ended September 30, 2017.

**Kiwanis International and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**September 30, 2017 and 2016**

**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. The guidance line of credit expired on February 15, 2017. At September 30, 2016, there were no borrowings outstanding under the guidance line of credit.

International established a bank loan agreement in September 2017 which provides an unsecured \$2,000,000 line of credit for short term borrowings to replace the guidance line of credit which expired in February 2017. At September 30, 2017, there were no borrowings outstanding under the line of credit. Interest on line of credit borrowings is payable monthly at 4.25%. The line of credit expires in March 2018.

**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, 2017 and 2016, was approximately \$72,000 and \$65,000, respectively.

Minimum annual rental payments required under noncancellable operating leases, which have remaining terms in excess of one year as of September 30, 2017, were as follows:

2018	\$ 39,822
2019	39,822
2020	<u>17,173</u>
	<u>\$ 96,817</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 Children's Fund). 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 \$286,907 and \$279,667 for the years ended September 30, 2017 and 2016, respectively.



# Kiwanis International and Subsidiaries

## Notes to Consolidated Financial Statements

### September 30, 2017 and 2016

#### 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: Functional Expenses

Total expenses by functional classifications are as follows:

	<b>2017</b>	<b>2016</b>
Programs:		
Membership growth and education	\$ 2,662,292	\$ 3,143,487
Communications	1,868,236	2,338,993
Corporate relations	590,531	553,747
Service Leadership Programs	1,831,291	1,857,661
Global services	952,621	731,919
Merchandise, including cost of sales	903,652	864,639
Publications	1,409,273	1,412,868
International convention	1,630,555	1,784,770
Liability insurance	1,792,853	1,926,503
Grants	3,750,283	7,662,049
Other program expenses	953,932	1,037,154
Research and development	595,816	429,164
Total program services	18,941,335	23,742,954
General and administrative	4,056,169	4,366,456
Membership services	1,503,854	1,507,539
Governance	1,421,962	1,564,719
Fundraising	801,362	1,103,192
Currency exchange, bad debt losses and other	192,720	1,410,353
	\$ 26,917,402	\$ 33,695,213

# **Kiwanis International and Subsidiaries**

## **Notes to Consolidated Financial Statements September 30, 2017 and 2016**

### **Note 17: Subsequent Events**

Subsequent events have been evaluated through January 4, 2018, which is the date the consolidated financial statements were available to be issued.

## **Supplemental Information**

**Kiwanis International and Subsidiaries**  
**Consolidating Schedule - Statement of Financial Position Information**  
**September 30, 2017**  
**(With Comparative Totals for 2016)**

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis Children's Fund			Eliminations	Total	2016 Total
				Operations	Eliminate Project	Total			
<b>Assets</b>									
Cash and cash equivalents	\$ 3,114,454	\$ 149,344	\$ 313,309	\$ 887,106	\$ 726,553	\$ 1,613,659	\$ -	\$ 5,190,766	\$ 4,636,360
Investments	24,382,698	-	2,246,554	16,445,002	-	16,445,002	(2,246,554)	40,827,700	36,645,985
Receivables	453,913	-	18,288	-	-	-	-	472,201	405,686
Contributions receivable, net	-	-	-	10,800	20,027,242	20,038,042	-	20,038,042	24,421,268
Merchandise inventory	452,532	-	-	-	-	-	-	452,532	454,540
Prepaid expenses and other	608,083	1,298	6,011	5,057	524	5,581	-	620,973	1,058,331
Cash value of life insurance contracts	-	-	-	250,256	-	250,256	-	250,256	259,381
Beneficial interest in assets held by others	-	-	-	91,651	5,975	97,626	-	97,626	113,984
Property and equipment, net	4,102,331	-	-	-	-	-	-	4,102,331	4,327,724
Advances to subsidiaries	330,916	-	-	-	-	-	(330,916)	-	-
Interfund receivable (payable)	-	-	-	(673,735)	673,735	-	-	-	-
Total assets	<u>\$ 33,444,927</u>	<u>\$ 150,642</u>	<u>\$ 2,584,162</u>	<u>\$ 17,016,137</u>	<u>\$ 21,434,029</u>	<u>\$ 38,450,166</u>	<u>\$ (2,577,470)</u>	<u>\$ 72,052,427</u>	<u>\$ 72,323,259</u>
<b>Liabilities</b>									
Accounts payable	\$ 687,181	\$ -	\$ -	\$ (586)	\$ -	\$ (586)	\$ -	\$ 686,595	\$ 598,213
Accounts payable - subsidiaries	-	28,709	94,601	129,638	77,968	207,606	(330,916)	-	-
Funds invested for Kiwanis Youth Programs	2,246,554	-	-	-	-	-	(2,246,554)	-	-
Accrued liabilities and other	795,138	2,899	43,947	-	-	-	-	841,984	876,383
Liability insurance accrual	494,343	-	-	-	-	-	-	494,343	582,961
Annuities payable	-	-	-	121,331	-	121,331	-	121,331	149,585
Total liabilities	<u>4,223,216</u>	<u>31,608</u>	<u>138,548</u>	<u>250,383</u>	<u>77,968</u>	<u>328,351</u>	<u>(2,577,470)</u>	<u>2,144,253</u>	<u>2,207,142</u>
<b>Net Assets</b>									
Unrestricted									
Operating	22,213,359	119,034	2,445,614	704,290	-	704,290	-	25,482,297	21,937,110
Publications	2,006,837	-	-	-	-	-	-	2,006,837	2,379,800
Liability insurance	5,001,515	-	-	-	-	-	-	5,001,515	5,001,515
Total unrestricted net assets	29,221,711	119,034	2,445,614	704,290	-	704,290	-	32,490,649	29,318,425
Temporarily restricted	-	-	-	3,765,346	21,356,061	25,121,407	-	25,121,407	28,508,873
Permanently restricted	-	-	-	12,296,118	-	12,296,118	-	12,296,118	12,288,819
Total net assets	<u>29,221,711</u>	<u>119,034</u>	<u>2,445,614</u>	<u>16,765,754</u>	<u>21,356,061</u>	<u>38,121,815</u>	<u>-</u>	<u>69,908,174</u>	<u>70,116,117</u>
Total liabilities and net assets	<u>\$ 33,444,927</u>	<u>\$ 150,642</u>	<u>\$ 2,584,162</u>	<u>\$ 17,016,137</u>	<u>\$ 21,434,029</u>	<u>\$ 38,450,166</u>	<u>\$ (2,577,470)</u>	<u>\$ 72,052,427</u>	<u>\$ 72,323,259</u>

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

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis Children's Fund			Eliminations	Total
				Operations	Eliminate 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
Investments	21,429,837	-	2,394,892	15,216,148	-	15,216,148	(2,394,892)	36,645,985
Receivables	379,190	158	11,413	-	14,925	14,925	-	405,686
Contributions receivable, net	-	-	-	16,168	24,405,100	24,421,268	-	24,421,268
Merchandise inventory	454,540	-	-	-	-	-	-	454,540
Prepaid expenses and other	1,046,847	549	3,827	7,097	11	7,108	-	1,058,331
Cash value of life insurance contracts	-	-	-	259,381	-	259,381	-	259,381
Beneficial interest in assets held by others	-	-	-	82,481	31,503	113,984	-	113,984
Property and equipment, net	4,327,724	-	-	-	-	-	-	4,327,724
Advances to subsidiaries	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>
<b>Liabilities</b>								
Accounts payable	\$ 597,988	\$ -	\$ -	\$ 225	\$ -	\$ 225	\$ -	\$ 598,213
Accounts payable - subsidiaries	-	13,560	202,541	242,893	123,085	365,978	(582,079)	-
Funds invested for Kiwanis Youth Programs	2,394,892	-	-	-	-	-	(2,394,892)	-
Accrued liabilities and other	811,284	2,206	62,893	-	-	-	-	876,383
Liability insurance accrual	582,961	-	-	-	-	-	-	582,961
Annuities payable	-	-	-	149,585	-	149,585	-	149,585
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>
<b>Net Assets</b>								
Unrestricted								
Operating	19,226,030	77,040	2,372,166	261,874	-	261,874	-	21,937,110
Publications	2,379,800	-	-	-	-	-	-	2,379,800
Liability insurance	5,001,515	-	-	-	-	-	-	5,001,515
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>
Temporarily restricted	-	-	-	3,404,166	25,104,707	28,508,873	-	28,508,873
Permanently restricted	-	-	-	12,288,819	-	12,288,819	-	12,288,819
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>
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>

**Kiwanis International and Subsidiaries**  
**Consolidating Schedule - Statement of Activities Information**  
**Year Ended September 30, 2017**  
**(With Comparative Totals for 2016)**

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis Children's Fund			Eliminations	Total	2016 Total
				Eliminate Operations	Children's Fund Project	Children's Fund Total			
<b>Revenue, Gains and Other Support</b>									
Membership dues and fees	\$ 10,262,895	\$ 234,482	\$ 1,934,343	\$ -	\$ -	\$ -	\$ -	\$ 12,431,720	\$ 12,317,393
Merchandise sales	1,564,708	-	-	-	-	-	-	1,564,708	1,565,538
Magazine subscription fees	993,876	-	-	-	-	-	-	993,876	1,032,365
Convention fees	563,712	63,175	186,796	-	-	-	-	813,683	1,272,382
Liability insurance fees	2,247,331	-	-	-	-	-	-	2,247,331	2,337,467
Contributions, net of \$1,964,000 of temporarily restricted credits applied to contributions receivable in 2017	-	-	-	1,244,315	706,282	1,950,597	-	1,950,597	5,305,772
Grants	10,000	5,000	28,000	-	-	-	(26,000)	17,000	8,657
Sponsorship income	502,425	-	-	-	-	-	-	502,425	407,010
Advertising	34,703	-	-	-	-	-	-	34,703	33,601
Investment income, net of fees	392,396	168	50,152	284,786	-	284,786	-	727,502	724,857
Service Leadership Programs	117,941	-	976,893	-	-	-	-	1,094,834	1,113,683
Other	29,024	1,100	5,333	14,401	-	14,401	-	49,858	102,260
Management fee - intercompany	1,472,090	-	-	-	-	-	(1,472,090)	-	-
Subsidies from Kiwanis International	-	303,135	-	-	-	-	(303,135)	-	-
<b>Total revenue, gains and other support</b>	<b>18,191,101</b>	<b>607,060</b>	<b>3,181,517</b>	<b>1,543,502</b>	<b>706,282</b>	<b>2,249,784</b>	<b>(1,801,225)</b>	<b>22,428,237</b>	<b>26,220,985</b>
<b>Expenses and Losses</b>									
Membership growth and education	1,854,379	333,573	524,227	-	-	-	(97,411)	2,614,768	3,089,037
Communications	1,655,447	60,745	127,356	-	-	-	(17,739)	1,825,809	2,287,573
Corporate relations	575,775	-	-	-	-	-	-	575,775	540,874
Service Leadership Programs	657,952	-	1,738,624	-	-	-	(582,147)	1,814,429	1,839,234
Global services	928,817	-	-	-	-	-	-	928,817	714,904
Merchandise, including cost of sales	881,071	-	-	-	-	-	-	881,071	845,011
Publications	1,366,520	3,557	4,174	-	-	-	(1,039)	1,373,212	1,382,331
International convention	1,124,974	32,267	469,421	-	-	-	(24,938)	1,601,724	1,754,386
Liability insurance	1,748,053	-	-	-	-	-	-	1,748,053	1,881,718
Grants	-	15,534	-	817,325	3,145,420	3,962,745	(227,996)	3,750,283	7,662,049
Other program expenses	-	-	-	727,981	225,951	953,932	-	953,932	1,037,154
Research and development	580,928	-	-	-	-	-	-	580,928	419,187
General and administrative	3,528,387	66,430	176,113	416,984	514,353	931,337	(735,489)	3,966,778	4,278,333
Membership services	1,089,526	52,960	348,911	-	-	-	(15,466)	1,475,931	1,480,402
Governance	1,386,430	-	-	-	-	-	-	1,386,430	1,528,345
Fundraising	-	-	-	534,521	365,841	900,362	(99,000)	801,362	1,103,192
Depreciation and gain/loss on disposals	444,966	-	-	-	-	-	-	444,966	440,425
Currency exchange and bad debt (gains) losses	(16,157)	-	-	6,247	203,044	209,291	-	193,134	1,411,058
<b>Total expenses and losses</b>	<b>17,807,068</b>	<b>565,066</b>	<b>3,388,826</b>	<b>2,503,058</b>	<b>4,454,609</b>	<b>6,957,667</b>	<b>(1,801,225)</b>	<b>26,917,402</b>	<b>33,695,213</b>
<b>Change in Net Assets Before Other Gains (Losses)</b>	<b>384,033</b>	<b>41,994</b>	<b>(207,309)</b>	<b>(959,556)</b>	<b>(3,748,327)</b>	<b>(4,707,883)</b>	<b>-</b>	<b>(4,489,165)</b>	<b>(7,474,228)</b>
Realized and unrealized gains (losses) on investments	2,230,333	-	280,757	1,762,532	(319)	1,762,213	-	4,273,303	2,413,665
Change in value of annuities payable	-	-	-	7,919	-	7,919	-	7,919	(5,780)
<b>Change in Net Assets</b>	<b>2,614,366</b>	<b>41,994</b>	<b>73,448</b>	<b>810,895</b>	<b>(3,748,646)</b>	<b>(2,937,751)</b>	<b>-</b>	<b>(207,943)</b>	<b>(5,066,343)</b>
<b>Net Assets, Beginning 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>
<b>Net Assets, End of Year</b>	<b>\$ 29,221,711</b>	<b>\$ 119,034</b>	<b>\$ 2,445,614</b>	<b>\$ 16,765,754</b>	<b>\$ 21,356,061</b>	<b>\$ 38,121,815</b>	<b>\$ -</b>	<b>\$ 69,908,174</b>	<b>\$ 70,116,117</b>

# Kiwanis International and Subsidiaries

## Consolidating Schedule - Statement of Activities Information

### Year Ended September 30, 2016

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis Children's Fund		Eliminations	Total
				Eliminate Operations	Children's Fund Project		
<b>Revenue, Gains and Other Support</b>							
Membership dues and fees	\$ 10,117,834	\$ 238,952	\$ 1,960,607	\$ -	\$ -	\$ -	\$ 12,317,393
Merchandise sales	1,565,538	-	-	-	-	-	1,565,538
Magazine subscription fees	1,032,365	-	-	-	-	-	1,032,365
Convention fees	966,715	84,517	221,150	-	-	-	1,272,382
Liability insurance fees	2,337,467	-	-	-	-	-	2,337,467
Contributions	-	-	-	1,424,581	3,881,191	5,305,772	5,305,772
Grants	15,000	2,985	55,672	-	-	-	8,657
Sponsorship income	407,010	-	-	-	-	-	407,010
Advertising	31,101	-	2,500	-	-	-	33,601
Investment income, net of fees	364,176	150	45,989	314,542	-	314,542	724,857
Service Leadership Programs	114,670	-	999,013	-	-	-	1,113,683
Other	51,595	305	9,930	40,430	-	40,430	102,260
Management fee - intercompany	1,443,756	-	-	-	-	-	(1,443,756)
Subsidies from Kiwanis International	-	356,418	-	-	-	-	(356,418)
Total revenue, gains and other support	<u>18,447,227</u>	<u>683,327</u>	<u>3,294,861</u>	<u>1,779,553</u>	<u>3,881,191</u>	<u>5,660,744</u>	<u>26,220,985</u>
<b>Expenses and Losses</b>							
Membership growth and education	2,296,980	279,250	607,755	-	-	-	(94,948)
Communications	2,160,509	68,428	81,902	-	-	-	(23,266)
Corporate relations	540,874	-	-	-	-	-	-
Service Leadership Programs	765,192	-	1,804,464	-	-	-	(730,422)
Global services	714,904	-	-	-	-	-	-
Merchandise, including cost of sales	845,011	-	-	-	-	-	-
Publications	1,262,765	-	119,566	-	-	-	-
International convention	1,276,660	204,261	394,910	-	-	-	(121,445)
Liability insurance	1,881,718	-	-	-	-	-	-
Grants	-	23,015	-	624,571	7,232,463	7,857,034	(218,000)
Other program expenses	-	-	-	779,053	258,101	1,037,154	-
Research and development	419,187	-	-	-	-	-	-
General and administrative	3,702,676	63,067	191,995	477,920	458,885	936,805	(616,210)
Membership services	1,140,206	40,858	313,229	-	-	-	(13,891)
Governance	1,528,345	-	-	-	-	-	-
Fundraising	-	-	-	447,327	702,857	1,150,184	(46,992)
Depreciation and gain/loss on disposals	440,425	-	-	-	-	-	-
Currency exchange and bad debt (gains) losses	(29,617)	-	-	5,618	1,435,057	1,440,675	-
Total expenses and losses	<u>18,945,835</u>	<u>678,879</u>	<u>3,513,821</u>	<u>2,334,489</u>	<u>10,087,363</u>	<u>12,421,852</u>	<u>(1,865,174)</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	(498,608)	4,448	(218,960)	(554,936)	(6,206,172)	(6,761,108)	-
Realized and unrealized gains (losses) on investments	1,370,830	-	132,705	911,812	(1,682)	910,130	-
Change in value of annuities payable	-	-	-	(5,780)	-	(5,780)	-
<b>Change in Net Assets</b>	872,222	4,448	(86,255)	351,096	(6,207,854)	(5,856,758)	-
<b>Net Assets, Beginning of Year</b>	25,735,123	72,592	2,458,421	15,603,763	31,312,561	46,916,324	-
<b>Net Assets, End of Year</b>	<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>

**Kiwanis International and Subsidiaries**  
**Schedule of Funds - Parent Only**  
**Year Ended September 30, 2017**

	2017				2016 Total
	Operating Fund	Publications Fund	Liability Insurance Fund	Total	
<b>Revenue, Gains and Other Support</b>					
Membership dues and fees	\$ 10,262,895	\$ -	\$ -	\$ 10,262,895	\$ 10,117,834
Merchandise sales	1,564,708	-	-	1,564,708	1,565,538
Magazine subscription fees	-	993,876	-	993,876	1,032,365
Convention fees	563,712	-	-	563,712	966,715
Liability insurance fees	-	-	2,247,331	2,247,331	2,337,467
Advertising	-	34,703	-	34,703	31,101
Investment income, net of fees	392,396	-	-	392,396	364,176
Service Leadership Programs	117,941	-	-	117,941	114,670
Sponsorship income	502,425	-	-	502,425	407,010
Management fees - intercompany	1,472,090	-	-	1,472,090	1,443,756
Grants	10,000	-	-	10,000	15,000
Other	29,024	-	-	29,024	51,595
Total revenue, gains and other support	<u>14,915,191</u>	<u>1,028,579</u>	<u>2,247,331</u>	<u>18,191,101</u>	<u>18,447,227</u>
<b>Expenses</b>					
Membership growth and education	1,854,379	-	-	1,854,379	2,296,980
Communications	1,655,447	-	-	1,655,447	2,160,509
Corporate relations	575,775	-	-	575,775	540,874
Service Leadership Programs	657,952	-	-	657,952	765,192
Global services	928,817	-	-	928,817	714,904
Merchandise, including cost of sales	881,071	-	-	881,071	845,011
Publications	-	1,366,520	-	1,366,520	1,262,765
International convention	1,124,974	-	-	1,124,974	1,276,660
Liability insurance	-	-	1,748,053	1,748,053	1,881,718
Research and development	580,928	-	-	580,928	419,187
General and administrative	3,528,387	-	-	3,528,387	3,702,676
Membership services	1,089,526	-	-	1,089,526	1,140,206
Governance	1,386,430	-	-	1,386,430	1,528,345
Depreciation and gain/loss on disposals	365,144	35,022	44,800	444,966	440,425
Currency exchange and bad debt gains	(16,157)	-	-	(16,157)	(29,617)
Total expenses	<u>14,612,673</u>	<u>1,401,542</u>	<u>1,792,853</u>	<u>17,807,068</u>	<u>18,945,835</u>
<b>Change in Net Assets Before Realized and Unrealized Gains (Losses) on Investments and Fund Transfers</b>	302,518	(372,963)	454,478	384,033	(498,608)
Realized and unrealized gains (losses) on investments	2,230,333	-	-	2,230,333	1,370,830
Fund transfers	454,478	-	(454,478)	-	-
<b>Change in Net Assets</b>	2,987,329	(372,963)	-	2,614,366	872,222
<b>Net Assets, Beginning of Year</b>	<u>19,226,030</u>	<u>2,379,800</u>	<u>5,001,515</u>	<u>26,607,345</u>	<u>25,735,123</u>
<b>Net Assets, End of Year</b>	<u>\$ 22,213,359</u>	<u>\$ 2,006,837</u>	<u>\$ 5,001,515</u>	<u>\$ 29,221,711</u>	<u>\$ 26,607,345</u>



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

	2016			Total
	Operating Fund	Publications Fund	Liability Insurance Fund	
<b>Revenue, Gains and Other Support</b>				
Membership dues and fees	\$ 10,117,834	\$ -	\$ -	\$ 10,117,834
Merchandise sales	1,565,538	-	-	1,565,538
Magazine subscription fees	-	1,032,365	-	1,032,365
Convention fees	966,715	-	-	966,715
Liability insurance fees	-	-	2,337,467	2,337,467
Advertising	-	31,101	-	31,101
Investment income, net of fees	364,176	-	-	364,176
Service Leadership Programs	114,670	-	-	114,670
Sponsorship income	407,010	-	-	407,010
Management fees - intercompany	1,443,756	-	-	1,443,756
Grants	15,000	-	-	15,000
Other	50,005	74	1,516	51,595
Total revenue, gains and other support	<u>15,044,704</u>	<u>1,063,540</u>	<u>2,338,983</u>	<u>18,447,227</u>
<b>Expenses</b>				
Membership growth and education	2,296,980	-	-	2,296,980
Communications	2,160,509	-	-	2,160,509
Corporate relations	540,874	-	-	540,874
Service Leadership Programs	765,192	-	-	765,192
Global services	714,904	-	-	714,904
Merchandise, including cost of sales	845,011	-	-	845,011
Publications	-	1,262,765	-	1,262,765
International convention	1,276,660	-	-	1,276,660
Liability insurance	-	-	1,881,718	1,881,718
Research and development	419,187	-	-	419,187
General and administrative	3,702,676	-	-	3,702,676
Membership services	1,140,206	-	-	1,140,206
Governance	1,528,345	-	-	1,528,345
Depreciation and gain/loss on disposals	365,575	30,065	44,785	440,425
Currency exchange and bad debts gains	(29,617)	-	-	(29,617)
Total expenses	<u>15,726,502</u>	<u>1,292,830</u>	<u>1,926,503</u>	<u>18,945,835</u>
<b>Change in Net Assets Before Realized and Unrealized Gains (Losses) on Investments and Fund Transfers</b>				
	(681,798)	(229,290)	412,480	(498,608)
Realized and unrealized gains (losses) on investments	1,370,830	-	-	1,370,830
Fund transfers	410,965	-	(410,965)	-
<b>Change in Net Assets</b>	<u>1,099,997</u>	<u>(229,290)</u>	<u>1,515</u>	<u>872,222</u>
<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>
<b>Net Assets, End of Year</b>	<u>\$ 19,226,030</u>	<u>\$ 2,379,800</u>	<u>\$ 5,001,515</u>	<u>\$ 26,607,345</u>

**Kiwanis International and Subsidiaries**  
**Schedules of Operating Revenues - Parent Only**  
**Years Ended September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Membership Dues and Fees</b>		
Membership dues	\$ 9,094,993	\$ 9,008,742
Life member fees	119,153	44,969
New club fees	136,914	132,963
New member fees	<u>911,835</u>	<u>931,160</u>
Total Membership Dues and Fees	<u>\$ 10,262,895</u>	<u>\$ 10,117,834</u>
<b>Liability Insurance Fees</b>		
Liability insurance fees	\$ 1,703,435	\$ 1,769,977
Directors and officers insurance fees	<u>543,896</u>	<u>567,490</u>
Total Liability Insurance Fees	<u>\$ 2,247,331</u>	<u>\$ 2,337,467</u>
<b>Merchandise Sales and Expense</b>		
Merchandise sales	\$ 1,564,708	\$ 1,565,538
Cost of goods sold	(798,286)	(754,248)
Shipping costs, net	<u>28,578</u>	<u>16,373</u>
Gross Margin	795,000	827,663
Other merchandise expenses	<u>(111,363)</u>	<u>(107,136)</u>
Total Merchandise Net Income	<u>\$ 683,637</u>	<u>\$ 720,527</u>
<b>Convention Fees</b>		
Registration fees	\$ 448,810	\$ 755,115
Ticket fees	16,500	178,080
Other	<u>98,402</u>	<u>33,520</u>
Total Convention Fees	<u>\$ 563,712</u>	<u>\$ 966,715</u>
<b>Investment Income</b>		
Interest and dividends	\$ 497,206	\$ 456,570
Investment fees	(104,810)	(92,394)
Realized gain (loss)	602,172	(359,588)
Unrealized gain	<u>1,628,161</u>	<u>1,730,418</u>
Total Investment Income	<u>\$ 2,622,729</u>	<u>\$ 1,735,006</u>

**Kiwanis International and Subsidiaries**  
**Schedules of Operating Expenses - Parent Only**  
**Years Ended September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Membership Growth and Education</b>		
Growth and education	\$ 1,397,342	\$ 1,587,916
The Formula	<u>457,037</u>	<u>709,064</u>
Total Membership Growth and Education	<u>\$ 1,854,379</u>	<u>\$ 2,296,980</u>
 <b>Communications</b>		
100th anniversary tour	\$ -	\$ 125
Communications and branding	1,655,447	2,148,579
100th anniversary celebration	<u>-</u>	<u>11,805</u>
Total Communications	<u>\$ 1,655,447</u>	<u>\$ 2,160,509</u>
 <b>Service Leadership Programs</b>		
Aktion Club	\$ 277,604	\$ 308,689
Kiwanis programs	77,213	100,085
Circle K International	<u>303,135</u>	<u>356,418</u>
Total Service Leadership Programs	<u>\$ 657,952</u>	<u>\$ 765,192</u>
 <b>Global Services</b>		
Europe	\$ 691,187	\$ 466,401
Asia-Pacific	<u>237,630</u>	<u>248,503</u>
Total Global Services	<u>\$ 928,817</u>	<u>\$ 714,904</u>
 <b>Publications</b>		
Magazine	\$ 1,266,330	\$ 1,152,040
Advertising	<u>100,190</u>	<u>110,725</u>
Total Publications	<u>\$ 1,366,520</u>	<u>\$ 1,262,765</u>
 <b>Liability Insurance</b>		
General liability insurance	\$ 1,229,493	\$ 1,297,718
Directors and officers insurance	505,855	584,000
Background checks - other	<u>12,705</u>	<u>-</u>
Total Liability Insurance	<u>\$ 1,748,053</u>	<u>\$ 1,881,718</u>

**Kiwanis International and Subsidiaries**  
**Schedules of Operating Expenses - Parent Only (Continued)**  
**Years Ended September 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Research and Development</b>		
Process innovation	\$ 469,401	\$ 311,011
Product development	111,527	108,176
Total Research and Development	\$ 580,928	\$ 419,187
<b>General and Administrative</b>		
Building services and human services	\$ 1,233,884	\$ 1,175,963
Information technology	1,274,774	1,315,268
Finance	1,142,487	1,171,206
Meetings	391,250	447,243
Indirect allocations	(514,008)	(407,004)
Total General and Administrative	\$ 3,528,387	\$ 3,702,676
<b>Governance</b>		
Board and executive services	\$ 1,386,430	\$ 1,528,345
International Council	-	-
Total Governance	\$ 1,386,430	\$ 1,528,345

**Kiwanis International and Subsidiaries**  
**Schedule of Revenues and Expenses - Kiwanis Youth Programs**  
**Years Ended September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Key Club	\$ 2,142,565	\$ 2,199,859
Builders Club	300,726	293,801
Key Leader	448,453	525,069
K-Kids	239,621	230,143
Investment income, net	<u>50,152</u>	<u>45,989</u>
Total Revenues	<u>\$ 3,181,517</u>	<u>\$ 3,294,861</u>
 <b>Expenses</b>		
Key Club	\$ 2,091,462	\$ 2,085,990
Builders Club	303,572	379,424
Key Leader	730,934	707,409
K-Kids	<u>262,858</u>	<u>340,998</u>
Total Expenses	<u>\$ 3,388,826</u>	<u>\$ 3,513,821</u>

**Kiwanis International and Subsidiaries**  
**Statements of Functional Expenses - Kiwanis Children's Fund**  
**Years Ended September 30, 2017 and 2016**

	<b>2017</b>			
	<b>Grants, Program and Education</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Grants, scholarships and awards	\$ 3,962,745	\$ -	\$ -	\$ 3,962,745
Salaries and related benefits	582,027	348,549	453,715	1,384,291
Contract labor	350	-	-	350
Occupancy	-	8,145	128	8,273
Professional fees	19,231	13,796	4,741	37,768
Supplies	133	16,230	236	16,599
Licenses and fees	13,734	44,289	53,723	111,746
Postage	574	3,452	17,140	21,166
Promotion	39,580	60,000	246,698	346,278
Training and meetings	53,578	4,997	22	58,597
Travel	42,725	81,792	24,959	149,476
Printing and publications	4	137	-	141
Management fee	201,996	341,004	99,000	642,000
Miscellaneous expense	-	8,946	-	8,946
	<u>\$ 4,916,677</u>	<u>\$ 931,337</u>	<u>\$ 900,362</u>	<u>\$ 6,748,376</u>

	<b>2016</b>			
	<b>Grants, Program and Education</b>	<b>General and 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	-	8,622	774	9,396
Professional fees	75,774	12,440	7,316	95,530
Supplies	93	24,172	1,030	25,295
Licenses and fees	8,121	75,617	52,767	136,505
Postage	3,953	3,688	47,148	54,789
Promotion	23,439	60,000	346,749	430,188
Training and meetings	93,711	4,103	4,817	102,631
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	-	2,470	190	2,660
	<u>\$ 8,894,188</u>	<u>\$ 936,805</u>	<u>\$ 1,150,184</u>	<u>\$ 10,981,177</u>

**Kiwanis International and Subsidiaries**  
**Eliminate Project Statements of Activities - Project History - Kiwanis Children's Fund**  
**Years Ended September 30, 2010 Through 2017**

	Total Eliminate Project	September 30							
		2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues and Support</b>									
Contributions, net of \$1,964,000 of temporarily restricted credits applied to contributions receivable in 2017	\$ 80,717,073	\$ 706,282	\$ 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	(4,601)	(319)	(1,682)	(1,447)	(1,188)	(693)	(464)	1,173	19
Total revenue and gains	<u>80,712,472</u>	<u>705,963</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	35,644,874	3,145,420	7,232,463	7,912,500	8,049,515	6,244,393	2,310,583	750,000	-
Other program expenses	2,424,074	225,951	258,101	362,775	356,323	362,528	413,331	445,065	-
General and administrative	3,809,960	514,353	458,885	1,025,837	639,973	604,170	340,455	220,973	5,314
Fundraising	12,968,095	365,841	702,857	2,034,551	2,507,564	2,941,684	2,916,519	1,499,079	-
Bad debts - uncollectible pledges	4,509,408	203,044	1,435,057	1,310,807	717,500	467,000	297,554	78,446	-
Total expenses	<u>59,356,411</u>	<u>4,454,609</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>	21,356,061	(3,748,646)	(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>	-	25,104,707	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>\$ 21,356,061</u>	<u>\$ 21,356,061</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>