

# **Kiwanis International and Affiliates**

Independent Auditor's Report and Consolidated Financial Statements

September 30, 2015 and 2014

# Kiwanis International and Affiliates

September 30, 2015 and 2014

## Contents

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

### **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 Revenues - Parent Only.....	30
Schedules of Operating Expenses - Parent Only .....	31
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, 2015 and 2014, 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 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, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. We previously expressed unmodified opinions on the 2011 to 2013 consolidated financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 2010 information presented in the Eliminate Project Statements of Activities - Project History has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide assurance on it. Except for the 2010 information previously noted, the information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BKD, LLP*

Indianapolis, Indiana  
January 5, 2016

**Kiwanis International and Affiliates**  
**Consolidated Statements of Financial Position**  
**September 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,637,194	\$ 5,902,207
Investments	35,233,473	38,159,760
Receivables	359,370	368,902
Contributions receivable	28,984,580	19,104,580
Merchandise inventory	584,106	543,649
Prepaid expenses and other	1,102,538	763,685
Cash value of life insurance contracts	247,503	234,311
Beneficial interest in assets held by others	136,850	296,838
Property and equipment, net	4,335,447	4,700,295
Total assets	\$ 77,621,061	\$ 70,074,227
<b>Liabilities</b>		
Accounts payable	\$ 673,771	\$ 1,171,406
Accounts payable - affiliates	77,485	65,822
Grants payable	-	112,979
Accrued liabilities and other	797,758	814,388
Liability insurance accrual	733,148	667,817
Annuities payable	156,439	163,194
Total liabilities	2,438,601	2,995,606
<b>Net Assets</b>		
Unrestricted	28,266,136	30,639,244
Temporarily restricted	34,990,301	24,685,909
Permanently restricted	11,926,023	11,753,468
Total net assets	75,182,460	67,078,621
Total liabilities and net assets	\$ 77,621,061	\$ 70,074,227

# Kiwanis International and Affiliates

## Consolidated Statement of Activities

### Year Ended September 30, 2015

	2015			Total	2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Revenue, Gains and Other Support</b>					
Membership dues and fees	\$ 11,526,787	\$ -	\$ -	\$ 11,526,787	\$ 11,321,920
Merchandise sales	1,805,567	-	-	1,805,567	1,493,341
Magazine subscription fees	1,063,865	-	-	1,063,865	1,103,117
Convention fees	2,049,285	-	-	2,049,285	941,703
Liability insurance fees	2,268,976	-	-	2,268,976	1,738,749
Contributions	845,170	22,873,230	172,555	23,890,955	22,083,150
Grants	-	1,500,000	-	1,500,000	-
Sponsorship income	270,381	-	-	270,381	214,073
Advertising	47,763	-	-	47,763	62,426
Investment income, net of fees	473,211	239,350	-	712,561	596,031
Service Leadership Programs	585,206	-	-	585,206	553,246
Other	218,416	-	-	218,416	145,753
	<u>21,154,627</u>	<u>24,612,580</u>	<u>172,555</u>	<u>45,939,762</u>	<u>40,253,509</u>
Net assets released from restrictions	12,627,169	(12,627,169)	-	-	-
Total revenue, gains and other support	<u>33,781,796</u>	<u>11,985,411</u>	<u>172,555</u>	<u>45,939,762</u>	<u>40,253,509</u>
<b>Expenses and Losses</b>					
Programs:					
Membership education	2,795,633	-	-	2,795,633	3,526,943
Communications	2,434,569	-	-	2,434,569	1,659,068
Corporate relations	366,977	-	-	366,977	306,276
Service Leadership Programs	1,503,727	-	-	1,503,727	1,476,925
Global Services	771,917	-	-	771,917	817,988
Merchandise, including cost of sales	1,225,559	-	-	1,225,559	1,394,773
Publications	1,448,156	-	-	1,448,156	1,714,643
International convention	1,854,899	-	-	1,854,899	1,661,419
Liability insurance	2,082,612	-	-	2,082,612	1,192,622
Grants	8,472,829	-	-	8,472,829	8,913,763
Other program expenses	703,544	-	-	703,544	648,009
Total program services	<u>23,660,422</u>	<u>-</u>	<u>-</u>	<u>23,660,422</u>	<u>23,312,429</u>
General and administrative	4,973,264	-	-	4,973,264	4,816,871
Membership services	1,825,306	-	-	1,825,306	1,735,869
Governance	1,604,885	-	-	1,604,885	1,584,579
Fundraising	2,494,598	-	-	2,494,598	2,700,616
Currency exchange and bad debt losses	442,200	1,111,820	-	1,554,020	875,503
Total expenses and losses	<u>35,000,675</u>	<u>1,111,820</u>	<u>-</u>	<u>36,112,495</u>	<u>35,025,867</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	(1,218,879)	10,873,591	172,555	9,827,267	5,227,642
Realized and unrealized losses on investments	(1,125,344)	(569,199)	-	(1,694,543)	3,135,354
Change in value of annuities payable	(28,885)	-	-	(28,885)	(17,566)
<b>Change in Net Assets</b>	(2,373,108)	10,304,392	172,555	8,103,839	8,345,430
<b>Net Assets, Beginning of Year</b>	<u>30,639,244</u>	<u>24,685,909</u>	<u>11,753,468</u>	<u>67,078,621</u>	<u>58,733,191</u>
<b>Net Assets, End of Year</b>	<u>\$ 28,266,136</u>	<u>\$ 34,990,301</u>	<u>\$ 11,926,023</u>	<u>\$ 75,182,460</u>	<u>\$ 67,078,621</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	\$ 11,321,920	\$ -	\$ -	\$ 11,321,920
Merchandise sales	1,493,341	-	-	1,493,341
Magazine subscription fees	1,103,117	-	-	1,103,117
Convention fees	941,703	-	-	941,703
Liability insurance fees	1,738,749	-	-	1,738,749
Contributions	755,917	21,057,298	269,935	22,083,150
Sponsorship income	214,073	-	-	214,073
Advertising	62,426	-	-	62,426
Investment income, net of fees	404,438	191,593	-	596,031
Service Leadership Programs	553,246	-	-	553,246
Other	145,753	-	-	145,753
	<u>18,734,683</u>	<u>21,248,891</u>	<u>269,935</u>	<u>40,253,509</u>
Net assets released from restrictions	12,588,596	(12,638,596)	50,000	-
Total revenue, gains and other support	<u>31,323,279</u>	<u>8,610,295</u>	<u>319,935</u>	<u>40,253,509</u>
<b>Expenses and Losses</b>				
Programs:				
Membership education	3,526,943	-	-	3,526,943
Communications	1,659,068	-	-	1,659,068
Corporate relations	306,276	-	-	306,276
Service Leadership Programs	1,476,925	-	-	1,476,925
Global Services	817,988	-	-	817,988
Merchandise, including cost of sales	1,394,773	-	-	1,394,773
Publications	1,714,643	-	-	1,714,643
International convention	1,661,419	-	-	1,661,419
Liability insurance	1,192,622	-	-	1,192,622
Grants	8,913,763	-	-	8,913,763
Other program expenses	648,009	-	-	648,009
Total program services	<u>23,312,429</u>	<u>-</u>	<u>-</u>	<u>23,312,429</u>
General and administrative	4,816,871	-	-	4,816,871
Membership services	1,735,869	-	-	1,735,869
Governance	1,584,579	-	-	1,584,579
Fundraising	2,700,616	-	-	2,700,616
Currency exchange and bad debt losses	178,915	706,998	(10,410)	875,503
Total expenses and losses	<u>34,329,279</u>	<u>706,998</u>	<u>(10,410)</u>	<u>35,025,867</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	(3,006,000)	7,903,297	330,345	5,227,642
Realized and unrealized gains on investments	2,251,968	883,386	-	3,135,354
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 Statements of Cash Flows**  
**Years Ended September 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Operating Activities</b>		
Change in net assets	\$ 8,103,839	\$ 8,345,430
Items not requiring (providing) cash		
Depreciation	590,335	727,194
Increase in cash value of life insurance contracts	(13,192)	(12,366)
Loss on disposals of property and equipment	20,585	20,360
Realized and unrealized (gains) losses on investments	1,694,543	(3,135,354)
Change in value of annuities payable	17,605	74,855
Provision for uncollectible contributions	1,109,500	707,090
Changes in		
Receivables	9,532	(171,766)
Contributions receivable	(10,989,500)	(8,480,440)
Merchandise inventory	(40,457)	26,553
Prepaid expenses and other	(338,853)	32,851
Beneficial interest in assets held by others	159,988	(68,953)
Accounts payable	(497,635)	81,051
Accounts payable - affiliates	11,663	(3,242)
Grants payable	(112,979)	(68,613)
Liability insurance accrual	65,331	(202,905)
Accrued liabilities and other	(16,630)	176,670
Net cash used in operating activities	(226,325)	(1,951,585)
<b>Investing Activities</b>		
Purchase of property and equipment	(246,072)	(370,670)
Purchase of investment securities	(14,564,402)	(44,379,145)
Sales and maturities of investment securities	15,796,146	47,941,224
Net cash provided by investing activities	985,672	3,191,409
<b>Financing Activity - net payments of annuities</b>	(24,360)	(23,932)
<b>Net Increase in Cash and Cash Equivalents</b>	734,987	1,215,892
<b>Cash and Cash Equivalents, Beginning of Year</b>	5,902,207	4,686,315
<b>Cash and Cash Equivalents, End of Year</b>	\$ 6,637,194	\$ 5,902,207



# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2015 and 2014

#### 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, 2015 and 2014**

- **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, 2015 and 2014, cash equivalents consisted primarily of money market accounts in both the United States and foreign countries.

At September 30, 2015, Kiwanis' cash accounts held in the United States exceeded federally insured limits by approximately \$3,688,000.

At September 30, 2015 and 2014, funds held outside the United States totaled approximately \$1,782,000 and \$835,000, respectively.

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2015 and 2014

#### ***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, 2015 and 2014.

#### ***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, 2015 and 2014**

#### ***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 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, 2015, approximately \$138,000 of conditional promises to give were available to the Foundation based on matching requirements by the donor.

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

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

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

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

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2015 and 2014**

#### ***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 \$47,763 and \$62,426 for the years ended September 30, 2015 and 2014, respectively.

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

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

#### ***Reclassifications***

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 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, 2015 and 2014**

**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, 2015</b>			
Money market funds	\$ 2,300,406	\$ 418,484	\$ 2,718,890
Fixed income securities and funds			
Long-term bonds	599,928	180,492	780,420
Intermediate-term bonds	1,766,904	1,036,710	2,803,614
Short-term bonds	1,542,549	1,005,148	2,547,697
Fixed income blend	268,272	680,607	948,879
Total fixed income securities	<u>4,177,653</u>	<u>2,902,957</u>	<u>7,080,610</u>
Equity securities and funds			
Large-cap stocks	7,491,257	6,633,825	14,125,082
Mid- and small-cap stocks	3,284,768	1,857,178	5,141,946
International stocks	3,086,208	1,532,616	4,618,824
Equities blend	176,853	165,283	342,136
Total equity securities and funds	<u>14,039,086</u>	<u>10,188,902</u>	<u>24,227,988</u>
Alternative investment strategies	-	1,205,985	1,205,985
Total investments	<u>\$ 20,517,145</u>	<u>\$ 14,716,328</u>	<u>\$ 35,233,473</u>
<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	474,232	717,262
Total fixed income securities	<u>5,848,492</u>	<u>2,442,160</u>	<u>8,290,652</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>
Alternative investment strategies	-	1,263,321	1,263,321
Total investments	<u>\$ 23,232,419</u>	<u>\$ 14,927,341</u>	<u>\$ 38,159,760</u>

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

**Note 3: Contributions Receivable**

Contributions receivable at September 30 consisted of the following:

	<u>2015</u>	<u>2014</u>
Due within one year	\$ 11,012,580	\$ 6,671,580
Due in one to five years	21,100,100	14,139,000
	<u>32,112,680</u>	<u>20,810,580</u>
Less:		
Allowance for uncollectible contributions	(2,667,500)	(1,558,000)
Unamortized discount	<u>(460,600)</u>	<u>(148,000)</u>
Net contributions receivable	<u>\$ 28,984,580</u>	<u>\$ 19,104,580</u>

The discount rates for 2015 and 2014 ranged from .14% to 1.4%.

**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, 2015 and 2014, the balance of the beneficial interest in assets held by others was \$136,850 and \$296,838, respectively.

**Note 5: Property and Equipment**

Property and equipment at September 30 consists of:

	<u>2015</u>	<u>2014</u>
Buildings and improvements	\$ 6,162,616	\$ 6,049,126
Furniture and equipment	5,370,204	5,300,622
	<u>11,532,820</u>	<u>11,349,748</u>
Less: Accumulated depreciation	<u>(7,908,996)</u>	<u>(7,361,076)</u>
	3,623,824	3,988,672
Land	<u>711,623</u>	<u>711,623</u>
	<u>\$ 4,335,447</u>	<u>\$ 4,700,295</u>

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2015 and 2014

#### **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, 2015 and 2014, Kiwanis accrued \$733,148 and \$667,817 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 director's and officer's (D&O) liability insurance program effective November 1, 2014. Each club in the U.S. and Canada is assessed \$4.00 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, 2015.

#### **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, 2015 and 2014, of \$156,439 and \$163,194, which represents the present value of the future annuity obligations. The liability has been determined using discount rates ranging from 1.2% to 9.0%.



**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

**Note 8: Temporarily Restricted Net Assets**

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

	<u>2015</u>	<u>2014</u>
Eliminate Project	\$ 31,312,561	\$ 21,108,914
Scholarships, awards, grants and other programs	3,501,863	2,384,651
Friend-a-Gorilla	-	7,274
Key Leader	-	270
Accumulated earnings on unrestricted endowments	<u>175,877</u>	<u>1,184,800</u>
	<u>\$ 34,990,301</u>	<u>\$ 24,685,909</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>2015</u>	<u>2014</u>
Eliminate Project	\$ 11,535,067	\$ 11,553,377
Scholarships, awards, grants and other programs	264,931	267,850
Other amounts appropriated for expenditure	827,171	766,019
Key Leader	<u>-</u>	<u>1,350</u>
	<u>\$ 12,627,169</u>	<u>\$ 12,588,596</u>

**Note 9: Permanently Restricted Net Assets**

Permanently restricted net assets at September 30 are restricted to:

	<u>2015</u>	<u>2014</u>
Investment in perpetuity, the income of which is expendable to support:		
USI Sustainability Fund	\$ 1,851,856	\$ 1,849,357
Youth Opportunities	1,549,241	1,549,241
Other	1,524,777	1,410,815
Any activity of the Foundation	<u>7,000,149</u>	<u>6,944,055</u>
	<u>\$ 11,926,023</u>	<u>\$ 11,753,468</u>

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

**Note 10: Endowment**

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

The Foundation's governing body has interpreted the State of Indiana's Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment plus the original value of subsequent gifts to the permanent endowment. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the 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, 2015 and 2014 was:

	<b>2015</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 1,498,183</u>	<u>\$ 11,926,023</u>	<u>\$ 13,424,206</u>
	<b>2014</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 2,866,516</u>	<u>\$ 11,753,468</u>	<u>\$ 14,619,984</u>

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

Changes in endowment net assets for the years ended September 30, 2015 and 2014 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2013	\$ (18,968)	\$ 2,702,698	\$ 11,423,123	\$ 14,106,853
Investment income	3,401	182,470	-	185,871
Net realized and unrealized gains	15,567	835,232	-	850,799
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	-	2,866,516	11,753,468	14,619,984
Investment income	-	263,848	-	263,848
Net realized and unrealized loss	-	(566,202)	-	(566,202)
Contributions	-	8,650	172,555	181,205
Appropriation of endowment assets for expenditure	-	(1,074,629)	-	(1,074,629)
Endowment net assets, September 30, 2015	<u>\$ -</u>	<u>\$ 1,498,183</u>	<u>\$ 11,926,023</u>	<u>\$ 13,424,206</u>

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

	<u>2015</u>	<u>2014</u>
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	<u>\$ 11,926,023</u>	<u>\$ 11,753,468</u>
Temporarily restricted net assets		
Portion of perpetual endowment funds subject to a time restriction under SPMIFA		
With purpose restrictions	\$ 1,322,306	\$ 1,681,716
Without purpose restrictions	<u>175,877</u>	<u>1,184,800</u>
	<u>\$ 1,498,183</u>	<u>\$ 2,866,516</u>

# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2015 and 2014**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, no deficiencies of this nature are reported in unrestricted net assets and aggregated at September 30, 2015 or 2014.

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 years 2015 and 2014, which amounted to \$613,431 and \$454,978, respectively. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2015 and 2014

#### **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, 2015 and 2014

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, 2015 and 2014:

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

# Kiwanis International and Affiliates

## Notes to Consolidated Financial Statements

### September 30, 2015 and 2014

	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	474,232	474,232	-	-
Total fixed income securities	<u>2,442,160</u>	<u>1,986,040</u>	<u>456,120</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>
Alternative investment strategies	1,263,321	1,263,321	-	-
Subtotal - Kiwanis International Foundation	<u>14,927,341</u>	<u>14,471,221</u>	<u>456,120</u>	<u>-</u>
Total investments	<u>\$ 38,159,760</u>	<u>\$ 35,514,992</u>	<u>\$ 2,644,768</u>	<u>\$ -</u>
<b>Beneficial interest in assets held by others</b>	<u>\$ 296,838</u>	<u>\$ -</u>	<u>\$ 296,838</u>	<u>\$ -</u>

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

**Kiwanis International and Affiliates**  
**Notes to Consolidated Financial Statements**  
**September 30, 2015 and 2014**

**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, 2015 and 2014, 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 expired in February 2015. Subsequent to the expiration of the line of credit, International established a secured uncommitted credit line in February 2015 for one year as a means of limiting monthly fees while preserving access to cash if necessary.

**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, 2015 and 2014, was approximately \$75,000 and \$71,000, respectively.

Minimum annual rental payments required under noncancellable operating leases, which have remaining terms in excess of one year as of September 30, 2015, were as follows:

2016	\$ 35,898
2017	34,220
2018	34,220
2019	34,220
2020	34,220
Thereafter	<u>14,372</u>
	<u>\$ 187,150</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 \$276,924 and \$241,270 for the years ended September 30, 2015 and 2014, respectively.



# **Kiwanis International and Affiliates**

## **Notes to Consolidated Financial Statements**

### **September 30, 2015 and 2014**

#### **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.

On October 26, 2015, Kiwanis entered into a \$1,000,000 promissory note due February 13, 2016, with interest at the bank's prime rate. As of the date of the Independent Auditor's Report, there were no borrowings against this promissory note.

## **Supplemental Information**

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

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis International Foundation			Eliminations	Total	2014 Total
				Operations	Eliminate Project	Total			
<b>Assets</b>									
Cash and cash equivalents	\$ 2,508,747	\$ 73,060	\$ 659,836	\$ 1,962,864	\$ 1,432,687	\$ 3,395,551	\$ -	\$ 6,637,194	\$ 5,902,207
Investments	20,517,145	-	2,007,286	14,716,328	-	14,716,328	(2,007,286)	35,233,473	38,159,760
Receivables	329,387	950	29,033	-	-	-	-	359,370	368,902
Contributions receivable	-	-	-	20,280	28,964,300	28,984,580	-	28,984,580	19,104,580
Merchandise inventory	584,106	-	-	-	-	-	-	584,106	543,649
Prepaid expenses and other	881,862	13,584	200,867	6,145	80	6,225	-	1,102,538	763,685
Cash value of life insurance contracts	-	-	-	247,503	-	247,503	-	247,503	234,311
Beneficial interest in assets held by others	-	-	-	76,773	60,077	136,850	-	136,850	296,838
Property and equipment, net	4,335,447	-	-	-	-	-	-	4,335,447	4,700,295
Advances to affiliates	733,422	-	-	-	-	-	(733,422)	-	-
Interfund receivable (payable)	-	-	-	(1,138,474)	1,138,474	-	-	-	-
Total assets	<u>\$ 29,890,116</u>	<u>\$ 87,594</u>	<u>\$ 2,897,022</u>	<u>\$ 15,891,419</u>	<u>\$ 31,595,618</u>	<u>\$ 47,487,037</u>	<u>\$ (2,740,708)</u>	<u>\$ 77,621,061</u>	<u>\$ 70,074,227</u>
<b>Liabilities</b>									
Accounts payable	\$ 668,350	\$ -	\$ -	\$ 732	\$ 4,689	\$ 5,421	\$ -	\$ 673,771	\$ 1,171,406
Accounts payable - affiliates	63,019	13,802	325,233	130,485	278,368	408,853	(733,422)	77,485	65,822
Funds invested for Kiwanis Youth Programs	2,007,286	-	-	-	-	-	(2,007,286)	-	-
Accrued liabilities and other	683,190	1,200	113,368	-	-	-	-	797,758	814,388
Liability insurance accrual	733,148	-	-	-	-	-	-	733,148	667,817
Annuities payable	-	-	-	156,439	-	156,439	-	156,439	163,194
Total liabilities	<u>4,154,993</u>	<u>15,002</u>	<u>438,601</u>	<u>287,656</u>	<u>283,057</u>	<u>570,713</u>	<u>(2,740,708)</u>	<u>2,438,601</u>	<u>2,995,606</u>
<b>Net Assets</b>									
Unrestricted									
Operating	18,126,033	72,592	2,458,421	-	-	-	-	20,657,046	22,810,856
Publications	2,609,090	-	-	-	-	-	-	2,609,090	2,828,388
Liability insurance	5,000,000	-	-	-	-	-	-	5,000,000	5,000,000
Total unrestricted net assets	<u>25,735,123</u>	<u>72,592</u>	<u>2,458,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,266,136</u>	<u>30,639,244</u>
Temporarily restricted	-	-	-	3,677,740	31,312,561	34,990,301	-	34,990,301	24,685,909
Permanently restricted	-	-	-	11,926,023	-	11,926,023	-	11,926,023	11,753,468
Total net assets	<u>25,735,123</u>	<u>72,592</u>	<u>2,458,421</u>	<u>15,603,763</u>	<u>31,312,561</u>	<u>46,916,324</u>	<u>-</u>	<u>75,182,460</u>	<u>67,078,621</u>
Total liabilities and net assets	<u>\$ 29,890,116</u>	<u>\$ 87,594</u>	<u>\$ 2,897,022</u>	<u>\$ 15,891,419</u>	<u>\$ 31,595,618</u>	<u>\$ 47,487,037</u>	<u>\$ (2,740,708)</u>	<u>\$ 77,621,061</u>	<u>\$ 70,074,227</u>

**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	\$ 2,681,288	\$ 90,383	\$ 626,800	\$ 664,190	\$ 1,839,546	\$ 2,503,736	\$ -	\$ 5,902,207
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	543,649	-	-	-	-	-	-	543,649
Prepaid expenses and other	646,996	5,122	93,894	15,215	2,458	17,673	-	763,685
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	-	-	-
<b>Total assets</b>	<b>\$ 32,857,083</b>	<b>\$ 95,829</b>	<b>\$ 2,838,618</b>	<b>\$ 15,782,588</b>	<b>\$ 21,301,891</b>	<b>\$ 37,084,479</b>	<b>\$ (2,801,782)</b>	<b>\$ 70,074,227</b>
<b>Liabilities</b>								
Accounts payable	\$ 1,153,585	\$ -	\$ -	\$ 5,343	\$ 12,478	\$ 17,821	\$ -	\$ 1,171,406
Accounts payable - affiliates	57,661	63,749	323,826	178,153	180,499	358,652	(738,066)	65,822
Grants payable	-	-	-	112,979	-	112,979	-	112,979
Funds invested for Kiwanis Youth Programs	2,063,716	-	-	-	-	-	(2,063,716)	-
Accrued liabilities and other	726,081	300	88,007	-	-	-	-	814,388
Liability insurance accrual	667,817	-	-	-	-	-	-	667,817
Annuities payable	-	-	-	163,194	-	163,194	-	163,194
<b>Total liabilities</b>	<b>4,668,860</b>	<b>64,049</b>	<b>411,833</b>	<b>459,669</b>	<b>192,977</b>	<b>652,646</b>	<b>(2,801,782)</b>	<b>2,995,606</b>
<b>Net Assets</b>								
Unrestricted								
Operating	20,359,835	31,780	2,419,241	-	-	-	-	22,810,856
Publications	2,828,388	-	-	-	-	-	-	2,828,388
Liability insurance	5,000,000	-	-	-	-	-	-	5,000,000
<b>Total unrestricted net assets</b>	<b>28,188,223</b>	<b>31,780</b>	<b>2,419,241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,639,244</b>
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
<b>Total net assets</b>	<b>28,188,223</b>	<b>31,780</b>	<b>2,426,785</b>	<b>15,322,919</b>	<b>21,108,914</b>	<b>36,431,833</b>	<b>-</b>	<b>67,078,621</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,857,083</b>	<b>\$ 95,829</b>	<b>\$ 2,838,618</b>	<b>\$ 15,782,588</b>	<b>\$ 21,301,891</b>	<b>\$ 37,084,479</b>	<b>\$ (2,801,782)</b>	<b>\$ 70,074,227</b>

# Kiwanis International and Affiliates

## Consolidating Schedule - Statement of Activities Information

### Year Ended September 30, 2015

	Kiwanis International	Circle K International	Kiwanis Youth Programs	Kiwanis International Foundation			Eliminations	Total	2014 Total
				Operations	Eliminate Project	Foundation Total			
<b>Revenue, Gains and Other Support</b>									
Membership dues and fees	\$ 8,908,943	\$ 231,928	\$ 2,385,916	\$ -	\$ -	\$ -	\$ -	\$ 11,526,787	\$ 11,321,920
Merchandise sales	1,805,567	-	-	-	-	-	-	1,805,567	1,493,341
Magazine subscription fees	1,063,865	-	-	-	-	-	-	1,063,865	1,103,117
Convention fees	1,746,418	90,967	211,900	-	-	-	-	2,049,285	941,703
Liability insurance fees	2,268,976	-	-	-	-	-	-	2,268,976	1,738,749
Contributions	-	-	-	1,039,391	22,851,564	23,890,955	-	23,890,955	22,083,150
Grants	182,134	20,000	25,000	1,500,000	-	1,500,000	(227,134)	1,500,000	-
Sponsorship income	270,381	-	-	-	-	-	-	270,381	214,073
Advertising	47,763	-	-	-	-	-	-	47,763	62,426
Investment income, net of fees	347,804	124	38,392	326,241	-	326,241	-	712,561	596,031
Service Leadership Programs	111,556	-	473,650	-	-	-	-	585,206	553,246
Other	207,266	3,490	7,660	-	-	-	-	218,416	145,753
Management fee - intercompany	1,882,980	-	-	-	-	-	(1,882,980)	-	-
Subsidies from Kiwanis International	-	391,432	280,736	-	-	-	(672,168)	-	-
<b>Total revenue, gains and other support</b>	<b>18,843,653</b>	<b>737,941</b>	<b>3,423,254</b>	<b>2,865,632</b>	<b>22,851,564</b>	<b>25,717,196</b>	<b>(2,782,282)</b>	<b>45,939,762</b>	<b>40,253,509</b>
<b>Expenses and Losses</b>									
Programs:									
Membership education	2,114,690	394,567	407,495	-	-	-	(121,119)	2,795,633	3,526,943
Communications	2,322,182	11,151	104,659	-	-	-	(3,423)	2,434,569	1,659,068
Corporate relations	366,977	-	-	-	-	-	-	366,977	306,276
Service Leadership Programs	1,087,971	-	1,447,912	-	-	-	(1,032,156)	1,503,727	1,476,925
Global Services	771,917	-	-	-	-	-	-	771,917	817,988
Merchandise, including cost of sales	1,225,559	-	-	-	-	-	-	1,225,559	1,394,773
Publications	1,331,918	4,578	113,065	-	-	-	(1,405)	1,448,156	1,714,643
International convention	1,661,009	79,076	189,092	-	-	-	(74,278)	1,854,899	1,661,419
Liability insurance	2,082,612	-	-	-	-	-	-	2,082,612	1,192,622
Grants	156,796	75,102	7,544	718,075	7,912,500	8,630,575	(397,188)	8,472,829	8,913,763
Other program expenses	-	-	-	340,769	362,775	703,544	-	703,544	648,009
<b>Total program services</b>	<b>13,121,631</b>	<b>564,474</b>	<b>2,269,767</b>	<b>1,058,844</b>	<b>8,275,275</b>	<b>9,334,119</b>	<b>(1,629,569)</b>	<b>23,660,422</b>	<b>23,312,429</b>
General and administrative	4,115,535	34,916	391,578	483,108	1,025,837	1,508,945	(1,077,710)	4,973,264	4,816,871
Membership services	1,120,899	97,739	636,671	-	-	-	(30,003)	1,825,306	1,735,869
Governance	1,604,885	-	-	-	-	-	-	1,604,885	1,584,579
Fundraising	-	-	-	305,640	2,233,958	2,539,598	(45,000)	2,494,598	2,700,616
Currency exchange and bad debt losses	434,402	-	-	8,218	1,111,400	1,119,618	-	1,554,020	875,503
<b>Total expenses and losses</b>	<b>20,397,352</b>	<b>697,129</b>	<b>3,298,016</b>	<b>1,855,810</b>	<b>12,646,470</b>	<b>14,502,280</b>	<b>(2,782,282)</b>	<b>36,112,495</b>	<b>35,025,867</b>
<b>Change in Net Assets Before Other Gains (Losses)</b>	<b>(1,553,699)</b>	<b>40,812</b>	<b>125,238</b>	<b>1,009,822</b>	<b>10,205,094</b>	<b>11,214,916</b>	<b>-</b>	<b>9,827,267</b>	<b>5,227,642</b>
Realized and unrealized losses on investments	(899,401)	-	(93,602)	(700,093)	(1,447)	(701,540)	-	(1,694,543)	3,135,354
Change in value of annuities payable	-	-	-	(28,885)	-	(28,885)	-	(28,885)	(17,566)
<b>Change in Net Assets</b>	<b>(2,453,100)</b>	<b>40,812</b>	<b>31,636</b>	<b>280,844</b>	<b>10,203,647</b>	<b>10,484,491</b>	<b>-</b>	<b>8,103,839</b>	<b>8,345,430</b>
<b>Net Assets, Beginning of Year</b>	<b>28,188,223</b>	<b>31,780</b>	<b>2,426,785</b>	<b>15,322,919</b>	<b>21,108,914</b>	<b>36,431,833</b>	<b>-</b>	<b>67,078,621</b>	<b>58,733,191</b>
<b>Net Assets, End of Year</b>	<b>\$ 25,735,123</b>	<b>\$ 72,592</b>	<b>\$ 2,458,421</b>	<b>\$ 15,603,763</b>	<b>\$ 31,312,561</b>	<b>\$ 46,916,324</b>	<b>\$ -</b>	<b>\$ 75,182,460</b>	<b>\$ 67,078,621</b>

# 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	\$ 8,880,362	\$ 224,566	\$ 2,216,992	\$ -	\$ -	\$ -	\$ -	\$ 11,321,920
Merchandise sales	1,493,341	-	-	-	-	-	-	1,493,341
Magazine subscription fees	1,103,117	-	-	-	-	-	-	1,103,117
Convention fees	573,123	95,665	272,915	-	-	-	-	941,703
Liability insurance fees	1,738,749	-	-	-	-	-	-	1,738,749
Contributions	-	-	-	1,325,936	20,894,698	22,220,634	(137,484)	22,083,150
Grants	192,000	16,000	195,000	-	-	-	(403,000)	-
Sponsorship income	214,073	-	-	-	-	-	-	214,073
Advertising	62,426	-	-	-	-	-	-	62,426
Investment income, net of fees	320,791	156	32,701	242,383	-	242,383	-	596,031
Service Leadership Programs	79,326	-	473,920	-	-	-	-	553,246
Other	120,906	1,333	14,459	9,055	-	9,055	-	145,753
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>16,138,222</u>	<u>628,698</u>	<u>3,671,042</u>	<u>1,917,370</u>	<u>20,894,698</u>	<u>22,812,068</u>	<u>(2,996,521)</u>	<u>40,253,509</u>
<b>Expenses and Losses</b>								
Programs:								
Membership education	2,810,719	328,908	463,586	-	-	-	(76,270)	3,526,943
Communications	1,581,558	20,648	61,650	-	-	-	(4,788)	1,659,068
Corporate relations	306,276	-	-	-	-	-	-	306,276
Service Leadership Programs	1,241,611	-	1,396,359	-	-	-	(1,161,045)	1,476,925
Global Services	817,988	-	-	-	-	-	-	817,988
Merchandise, including cost of sales	1,394,773	-	-	-	-	-	-	1,394,773
Publications	1,564,777	2,310	148,092	-	-	-	(536)	1,714,643
International convention	1,244,185	155,819	297,548	-	-	-	(36,133)	1,661,419
Liability insurance	1,192,622	-	-	-	-	-	-	1,192,622
Grants	525,458	60,597	135,141	1,132,576	8,049,515	9,182,091	(989,524)	8,913,763
Other program expenses	-	-	-	291,686	356,323	648,009	-	648,009
Total program services	<u>12,679,967</u>	<u>568,282</u>	<u>2,502,376</u>	<u>1,424,262</u>	<u>8,405,838</u>	<u>9,830,100</u>	<u>(2,268,296)</u>	<u>23,312,429</u>
General and administrative	3,737,255	31,742	444,910	570,659	639,973	1,210,632	(607,668)	4,816,871
Membership services	1,031,988	67,090	652,348	-	-	-	(15,557)	1,735,869
Governance	1,584,579	-	-	-	-	-	-	1,584,579
Fundraising	-	-	-	283,052	2,507,564	2,790,616	(90,000)	2,700,616
Currency exchange and bad debt losses	162,997	-	-	(4,994)	717,500	712,506	-	875,503
Total expenses and losses	<u>19,196,786</u>	<u>667,114</u>	<u>3,599,634</u>	<u>2,272,979</u>	<u>12,270,875</u>	<u>14,543,854</u>	<u>(2,981,521)</u>	<u>35,025,867</u>
<b>Change in Net Assets Before Other Gains (Losses)</b>	<u>(3,058,564)</u>	<u>(38,416)</u>	<u>71,408</u>	<u>(355,609)</u>	<u>8,623,823</u>	<u>8,268,214</u>	<u>(15,000)</u>	<u>5,227,642</u>
Realized and unrealized gains on investments	1,868,269	-	158,798	1,109,475	(1,188)	1,108,287	-	3,135,354
Change in value of annuities payable	-	-	-	(17,566)	-	(17,566)	-	(17,566)
<b>Change in Net Assets</b>	<u>(1,190,295)</u>	<u>(38,416)</u>	<u>230,206</u>	<u>736,300</u>	<u>8,622,635</u>	<u>9,358,935</u>	<u>(15,000)</u>	<u>8,345,430</u>
<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**  
**Schedule of Funds - Parent Only**  
**Year Ended September 30, 2015**

	2015				2014 Total
	Operating Fund	Publications Fund	Liability Insurance Fund	Total	
<b>Revenue, Gains and Other Support</b>					
Membership dues and fees	\$ 8,908,943	\$ -	\$ -	\$ 8,908,943	\$ 8,880,362
Merchandise sales	1,805,567	-	-	1,805,567	1,493,341
Magazine subscription fees	-	1,063,865	-	1,063,865	1,103,117
Convention fees	1,746,418	-	-	1,746,418	573,123
Liability insurance fees	-	-	2,268,976	2,268,976	1,738,749
Advertising	-	47,763	-	47,763	62,426
Investment income, net	348,177	-	(373)	347,804	320,791
Service Leadership Program fees	111,556	-	-	111,556	79,326
Sponsorship income	270,381	-	-	270,381	214,073
Management fees - intercompany	1,882,980	-	-	1,882,980	1,360,008
Grants	182,134	-	-	182,134	192,000
Other	204,620	992	1,654	207,266	120,906
Total revenue, gains and other support	<u>15,460,776</u>	<u>1,112,620</u>	<u>2,270,257</u>	<u>18,843,653</u>	<u>16,138,222</u>
<b>Expenses</b>					
Programs					
Membership education	2,114,690	-	-	2,114,690	2,810,719
Communications	2,322,182	-	-	2,322,182	1,581,558
Corporate relations	366,977	-	-	366,977	306,276
Service Leadership Programs	1,087,971	-	-	1,087,971	1,241,611
Global Services	771,917	-	-	771,917	817,988
Merchandise, including cost of sales	1,225,559	-	-	1,225,559	1,394,773
Publications	-	1,331,918	-	1,331,918	1,564,777
International convention	1,661,009	-	-	1,661,009	1,244,185
Liability insurance	-	-	2,082,612	2,082,612	1,192,622
Foundation subsidy	-	-	-	-	353,772
Grant expense	156,796	-	-	156,796	171,686
Total program services	<u>9,707,101</u>	<u>1,331,918</u>	<u>2,082,612</u>	<u>13,121,631</u>	<u>12,679,967</u>
General and administrative	4,115,535	-	-	4,115,535	3,737,255
Membership services	1,120,899	-	-	1,120,899	1,031,988
Governance	1,604,885	-	-	1,604,885	1,584,579
Currency exchange and bad debt losses	434,402	-	-	434,402	162,997
Total expenses	<u>16,982,822</u>	<u>1,331,918</u>	<u>2,082,612</u>	<u>20,397,352</u>	<u>19,196,786</u>
<b>Change in Net Assets Before Realized and Unrealized Gains (Losses) on Investments and Fund Transfers</b>					
	(1,522,046)	(219,298)	187,645	(1,553,699)	(3,058,564)
Realized and unrealized gains (losses) on investments	(899,401)	-	-	(899,401)	1,868,269
Fund transfers	187,645	-	(187,645)	-	-
<b>Change in Net Assets</b>	<u>(2,233,802)</u>	<u>(219,298)</u>	<u>-</u>	<u>(2,453,100)</u>	<u>(1,190,295)</u>
<b>Net Assets, Beginning of Year</b>	<u>20,359,835</u>	<u>2,828,388</u>	<u>5,000,000</u>	<u>28,188,223</u>	<u>29,378,518</u>
<b>Net Assets, End of Year</b>	<u>\$ 18,126,033</u>	<u>\$ 2,609,090</u>	<u>\$ 5,000,000</u>	<u>\$ 25,735,123</u>	<u>\$ 28,188,223</u>

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

	2014			Total
	Operating Fund	Publications Fund	Liability Insurance Fund	
<b>Revenue, Gains and Other Support</b>				
Membership dues and fees	\$ 8,880,362	\$ -	\$ -	\$ 8,880,362
Merchandise sales	1,493,341	-	-	1,493,341
Magazine subscription fees	-	1,103,117	-	1,103,117
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	214,073	-	-	214,073
Management fees - intercompany	1,360,008	-	-	1,360,008
Grants	192,000	-	-	192,000
Other	98,389	22,517	-	120,906
Total revenue, gains and other support	<u>13,211,866</u>	<u>1,188,060</u>	<u>1,738,296</u>	<u>16,138,222</u>
<b>Expenses</b>				
Programs				
Membership education	2,810,719	-	-	2,810,719
Communications	1,581,558	-	-	1,581,558
Corporate relations	306,276	-	-	306,276
Service Leadership Programs	1,241,611	-	-	1,241,611
Global Services	817,988	-	-	817,988
Merchandise, including cost of sales	1,394,773	-	-	1,394,773
Publications	-	1,564,777	-	1,564,777
International convention	1,244,185	-	-	1,244,185
Liability insurance	-	-	1,192,622	1,192,622
Foundation subsidy	353,772	-	-	353,772
Grant expense	171,686	-	-	171,686
Total program services	<u>9,922,568</u>	<u>1,564,777</u>	<u>1,192,622</u>	<u>12,679,967</u>
General and administrative	3,737,255	-	-	3,737,255
Membership services	1,031,988	-	-	1,031,988
Governance	1,584,579	-	-	1,584,579
Currency exchange and bad debts losses	162,997	-	-	162,997
Total expenses	<u>16,439,387</u>	<u>1,564,777</u>	<u>1,192,622</u>	<u>19,196,786</u>
<b>Change in Net Assets Before Realized and Unrealized Gains (Losses) on Investments and Fund Transfers</b>				
	(3,227,521)	(376,717)	545,674	(3,058,564)
Realized and unrealized gains on investments	1,868,269	-	-	1,868,269
Fund transfers	5,914,630	-	(5,914,630)	-
<b>Change in Net Assets</b>	4,555,378	(376,717)	(5,368,956)	(1,190,295)
<b>Net Assets, Beginning of Year</b>	<u>15,804,457</u>	<u>3,205,105</u>	<u>10,368,956</u>	<u>29,378,518</u>
<b>Net Assets, End of Year</b>	<u>\$ 20,359,835</u>	<u>\$ 2,828,388</u>	<u>\$ 5,000,000</u>	<u>\$ 28,188,223</u>



**Kiwanis International and Affiliates**  
**Schedules of Operating Revenues - Parent Only**  
**Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Membership Dues and Fees</b>		
Membership dues and fees	\$ 7,736,330	\$ 7,750,470
Life member fees	112,176	59,040
New club fees	151,152	111,788
New member fees	<u>909,285</u>	<u>959,064</u>
Total Membership Dues and Fees	<u>\$ 8,908,943</u>	<u>\$ 8,880,362</u>
<b>Insurance Fees</b>		
Liability insurance fees	\$ 1,685,000	\$ 1,738,749
Directors and officers insurance fees	<u>583,976</u>	<u>-</u>
Total Insurance Fees	<u>\$ 2,268,976</u>	<u>\$ 1,738,749</u>
<b>Merchandise Sales and Expense</b>		
Merchandise sales	\$ 1,805,567	\$ 1,493,341
Cost of goods sold	(1,052,539)	(1,141,619)
Shipping costs, net	<u>(20,343)</u>	<u>(20,978)</u>
Gross Margin	732,685	330,744
Other merchandise expenses	(115,970)	(177,861)
Depreciation allocation	<u>(36,707)</u>	<u>(54,315)</u>
Total Merchandise Net Income	<u>\$ 580,008</u>	<u>\$ 98,568</u>
<b>Convention Income</b>		
Registration fees	\$ 1,208,540	\$ 421,439
Ticket fees	432,087	79,445
Other	<u>105,791</u>	<u>72,239</u>
Total Convention Income	<u>\$ 1,746,418</u>	<u>\$ 573,123</u>
<b>Investment Income</b>		
Interest and dividends	\$ 480,125	\$ 485,231
Investment fees	(132,321)	(164,440)
Realized gain	155,625	3,875,548
Unrealized loss	<u>(1,055,026)</u>	<u>(2,007,279)</u>
Total Investment Income	<u>\$ (551,597)</u>	<u>\$ 2,189,060</u>
<b>Other Income</b>		
100th anniversary	\$ 81,582	\$ -
Credit card rebate	12,890	9,232
Registration fees	45,748	21,221
Other	8,486	56,804
Building rental	<u>58,560</u>	<u>33,649</u>
Total Other Income	<u>\$ 207,266</u>	<u>\$ 120,906</u>

**Kiwanis International and Affiliates**  
**Schedules of Operating Expenses - Parent Only**  
**Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Membership Education</b>		
Growth and education	\$ 1,518,544	\$ 1,408,078
The Formula	532,809	1,293,187
Subtotal	<u>2,051,353</u>	<u>2,701,265</u>
Depreciation allocation	<u>63,337</u>	<u>109,454</u>
Total Membership Education	<u><u>\$ 2,114,690</u></u>	<u><u>\$ 2,810,719</u></u>
<b>Communications</b>		
100th anniversary tour	\$ 112,728	\$ -
Communications	1,541,957	1,324,370
100th anniversary celebration	597,945	195,599
Subtotal	<u>2,252,630</u>	<u>1,519,969</u>
Depreciation allocation	<u>69,552</u>	<u>61,589</u>
Total Communications	<u><u>\$ 2,322,182</u></u>	<u><u>\$ 1,581,558</u></u>
<b>Service Leadership Programs</b>		
Aktion Club	\$ 277,402	\$ 197,872
Kiwanis programs	105,815	239,356
Circle K International	391,432	290,978
Kiwanis Youth Programs - Key Leader	280,736	465,055
Subtotal	<u>1,055,385</u>	<u>1,193,261</u>
Depreciation allocation	<u>32,586</u>	<u>48,350</u>
Total Service Leadership Programs	<u><u>\$ 1,087,971</u></u>	<u><u>\$ 1,241,611</u></u>
<b>Global Services</b>		
Europe	\$ 536,367	\$ 553,297
Asia-Pacific	212,430	232,837
Subtotal	<u>748,797</u>	<u>786,134</u>
Depreciation allocation	<u>23,120</u>	<u>31,854</u>
Total Global Services	<u><u>\$ 771,917</u></u>	<u><u>\$ 817,988</u></u>
<b>Publications</b>		
Magazine	\$ 1,181,496	\$ 1,388,230
Advertising	110,530	115,612
Subtotal	<u>1,292,026</u>	<u>1,503,842</u>
Depreciation allocation	<u>39,892</u>	<u>60,935</u>
Total Publications	<u><u>\$ 1,331,918</u></u>	<u><u>\$ 1,564,777</u></u>

**Kiwanis International and Affiliates**  
**Schedules of Operating Expenses - Parent Only (Continued)**  
**Years Ended September 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Insurance Expenses</b>		
Insurance premiums	\$ 1,425,367	\$ 917,103
Insurance claims and adjustments	339,822	(55,689)
Insurance other	255,047	284,765
Subtotal	<u>2,020,236</u>	<u>1,146,179</u>
Depreciation allocation	<u>62,376</u>	<u>46,443</u>
Total Insurance Expenses	<u>\$ 2,082,612</u>	<u>\$ 1,192,622</u>
<b>General and Administrative</b>		
Building services and human services	\$ 1,232,711	\$ 1,135,718
Information technology	1,496,823	1,516,956
Finance	1,081,683	1,034,685
Meetings	573,056	554,353
Indirect allocations	<u>(392,002)</u>	<u>(649,992)</u>
Subtotal	<u>3,992,271</u>	<u>3,591,720</u>
Depreciation allocation	<u>123,264</u>	<u>145,535</u>
Total General and Administrative	<u>\$ 4,115,535</u>	<u>\$ 3,737,255</u>
<b>Governance</b>		
Board and executive services	\$ 1,371,988	\$ 1,522,873
International Council	184,829	-
Subtotal	<u>1,556,817</u>	<u>1,522,873</u>
Depreciation allocation	<u>48,068</u>	<u>61,706</u>
Total Governance	<u>\$ 1,604,885</u>	<u>\$ 1,584,579</u>
<b>Other Expenses</b>		
Bad debts expense (recoveries)	\$ (39,971)	\$ 13,732
Business innovation	216,730	43,000
Currency exchange loss	243,299	99,918
Interest expense	1,333	-
Subtotal	<u>421,391</u>	<u>156,650</u>
Depreciation allocation	<u>13,011</u>	<u>6,347</u>
Total Other Expenses	<u>\$ 434,402</u>	<u>\$ 162,997</u>

**Kiwanis International and Affiliates**  
**Eliminate Project Statements of Activities - Project History - Kiwanis International Foundation**  
**Years Ended September 30, 2010 Through 2015**

	Total Eliminate Project	September 30					
		2015	2014	2013	2012	2011	2010
<b>Revenues and Support</b>							
Contributions	\$ 76,129,600	\$ 22,851,564	\$ 20,894,698	\$ 15,732,471	\$ 11,868,318	\$ 4,717,879	\$ 64,670
Investment income (loss), net of fees	(2,600)	(1,447)	(1,188)	(693)	(464)	1,173	19
Total revenue and gains	<u>76,127,000</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	25,266,991	7,912,500	8,049,515	6,244,393	2,310,583	750,000	-
Other program expenses	1,940,022	362,775	356,323	362,528	413,331	445,065	-
General and administrative	2,836,722	1,025,837	639,973	604,170	340,455	220,973	5,314
Fundraising	12,098,804	2,233,958	2,507,564	2,941,684	2,916,519	1,499,079	-
Bad debts - uncollectible pledges	2,671,900	1,111,400	717,500	467,000	297,554	78,446	-
Total expenses	<u>44,814,439</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>	31,312,561	10,203,647	8,622,635	5,112,003	5,589,412	1,725,489	59,375
<b>Net Assets, Beginning of Year</b>	<u>-</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>	<u>-</u>
<b>Net Assets, End of Year</b>	<u>\$ 31,312,561</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>