

**Harry S. Truman Library Institute  
for National and International Affairs**  
Accountants' Report and Financial Statements  
September 30, 2008 and 2007





# Harry S. Truman Library Institute for National and International Affairs

September 30, 2008 and 2007

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## Independent Accountants' Report on Financial Statements

Board of Directors  
Harry S. Truman Library Institute  
for National and International Affairs  
Independence, Missouri

We have audited the accompanying modified cash basis statements of cash, investments and net assets of the Harry S. Truman Library Institute for National and International Affairs (the Institute) as of September 30, 2008 and 2007, and the related statements of support and revenue, expenses and changes in net assets and functional expenses for the years then ended. These financial statements and supplementary information are the responsibility of the Institute's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and net assets of Harry S. Truman Library Institute for National and International Affairs and the changes in its net assets for the years ended September 30, 2008 and 2007 on the basis of accounting as described in Note 1.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*BKD, LLP*

February 23, 2009

**Harry S. Truman Library Institute  
for National and International Affairs**  
**Statements of Cash, Investments and Net Assets**  
**(Modified Cash Basis)**  
**September 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Cash	\$ 12,392	\$ 44,070
Refund Receivable	7,411	-
Investments	<u>8,180,228</u>	<u>9,843,475</u>
Total cash and investments	<u>\$ 8,200,031</u>	<u>\$ 9,887,545</u>
<b>Net Assets</b>		
Unrestricted		
Board designated		
Endowment Fund	\$ 1,084,289	\$ 1,081,676
Preventative Maintenance Fund	207,407	179,508
Undesignated	<u>3,532,489</u>	<u>5,267,615</u>
	4,824,185	6,528,799
Temporarily restricted	398,506	386,431
Permanently restricted	<u>2,977,340</u>	<u>2,972,315</u>
Total net assets	<u>\$ 8,200,031</u>	<u>\$ 9,887,545</u>

**Harry S. Truman Library Institute**  
**for National and International Affairs**  
**Statements of Support and Revenue, Expenses and Changes in Net Assets**  
**(Modified Cash Basis)**  
**Year Ended September 30, 2008**  
**(with Comparative Total Information for 2007)**

	Year Ended September 30, 2008				Year Ended September 30, 2007	
	Actual				2008 Budget	2007 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total		
<b>Support and Revenues</b>						
Interest and dividends	\$ 256,567	\$ -	\$ -	\$ 256,567	\$ 400,000	\$ 300,393
Contributions and grants	84,683	517,393	5,025	607,101	589,834	1,184,824
Annual memberships	218,676	-	-	218,676	210,000	196,837
Special event income, net of related expenses - \$84,521	273,376	-	-	273,376	275,000	205,840
White House Decision Center revenues	-	63,070	-	63,070	85,000	58,423
Return of NARA funds	-	-	-	-	-	-
Exhibition surcharge fee	20,644	-	-	20,644	-	-
Other income	20,381	-	-	20,381	91,049	57,295
Net assets released from restrictions	874,327	580,463	5,025	1,459,815	1,650,883	2,003,612
	568,388	(568,388)	-	-	-	-
Total support and revenues	1,442,715	12,075	5,025	1,459,815	1,650,883	2,003,612
<b>Expenses</b>						
Program expenses	1,004,959	-	-	1,004,959	1,052,894	1,144,064
Management and general	200,969	-	-	200,969	210,555	167,329
Fundraising	259,466	-	-	259,466	360,395	254,608
Total expenses	1,465,394	-	-	1,465,394	1,623,844	1,566,001
<b>Support and Revenues Over (Under) Expenses</b>	(22,679)	12,075	5,025	(5,579)	\$ 27,039	437,611
Unrealized gain (loss) on investments	(2,755,933)	-	-	(2,755,933)		540,567
Realized gain on investments	1,073,998	-	-	1,073,998		284,437
<b>Increase (Decrease) in Net Assets</b>	(1,704,614)	12,075	5,025	(1,687,514)		1,262,615
<b>Net Assets, Beginning of Year</b>	6,528,799	386,431	2,972,315	9,887,545		8,624,930
<b>Net Assets, End of Year</b>	\$ 4,824,185	\$ 398,506	\$ 2,977,340	\$ 8,200,031		\$ 9,887,545

**Harry S. Truman Library Institute  
for National and International Affairs**  
**Statement of Support and Revenue, Expenses and Changes in Net Assets**  
**(Modified Cash Basis)**  
**Year Ended September 30, 2007**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>				
Interest and dividends	\$ 300,393	\$ -	\$ -	\$ 300,393
Contributions and grants	93,635	869,052	222,137	1,184,824
Annual memberships	196,837	-	-	196,837
Special event income, net of related expenses – \$60,986	205,840	-	-	205,840
White House Decision Center revenues	-	58,423	-	58,423
Return of NARA funds	-	-	-	-
Other income	57,295	-	-	57,295
	<u>854,000</u>	<u>927,475</u>	<u>222,137</u>	<u>2,003,612</u>
Net assets released from restrictions	649,570	(649,570)	-	-
	<u>1,503,570</u>	<u>277,905</u>	<u>222,137</u>	<u>2,003,612</u>
<b>Expenses</b>				
Program expenses	1,144,064	-	-	1,144,064
Management and general	167,329	-	-	167,329
Fundraising	254,608	-	-	254,608
	<u>1,566,001</u>	<u>-</u>	<u>-</u>	<u>1,566,001</u>
<b>Support and Revenues Over (Under) Expenses</b>	(62,431)	277,905	222,137	437,611
Unrealized gain on investments	540,567	-	-	540,567
Realized gain on investments	284,437	-	-	284,437
	<u>762,573</u>	<u>277,905</u>	<u>222,137</u>	<u>1,262,615</u>
<b>Increase in Net Assets</b>	762,573	277,905	222,137	1,262,615
<b>Net Assets, Beginning of Year</b>	5,766,226	108,526	2,750,178	8,624,930
<b>Net Assets, End of Year</b>	<u>\$ 6,528,799</u>	<u>\$ 386,431</u>	<u>\$ 2,972,315</u>	<u>\$ 9,887,545</u>

# Harry S. Truman Library Institute for National and International Affairs

## Statements of Functional Expenses (Modified Cash Basis)

Year Ended September 30, 2008  
(with Comparative Total Information for 2007)

	Year Ended September 30, 2008				Year Ended September 30, 2007
	Actual			2008 Budget	
	Program Services	Management and General	Fundraising		
	\$	\$	\$	\$	\$
Grants and awards	55,049	-	-	55,049	75,000
Personnel	365,384	80,563	200,370	646,317	682,000
Volunteer/intern services	3,753	-	-	3,753	5,000
Office products and services	-	21,510	-	21,510	25,000
Fundraising products and services	-	-	42,812	42,812	45,000
Special events	-	-	84,521	84,521	60,000
Public programs	76,035	-	-	76,035	72,225
Meetings	-	11,231	-	11,231	11,000
Conferences	46,995	-	-	46,995	30,000
Education	21,414	-	-	21,414	38,000
Summer Teacher Institute	26,987	-	-	26,987	50,000
Exhibits	144,176	-	-	144,176	170,000
Annual membership programs	-	-	16,284	16,284	20,000
Professional fees	-	78,258	-	78,258	60,000
Public relations and advertising	86,186	-	-	86,186	122,000
White House Decision Center	24,328	-	-	24,328	27,000
Whistle Stop Newsletter	27,986	-	-	27,986	25,000
Online document access	-	-	-	-	1,500
Online gift shop expense	-	1,174	-	1,174	619
Website design and hosting	86,149	-	-	86,149	85,732
Capital improvements	3,200	-	-	3,200	-
Contingency/other	12,373	8,233	-	20,606	20,000
Preventative maintenance	24,944	-	-	24,944	60,000
<b>Total expenses</b>	<b>1,004,959</b>	<b>200,969</b>	<b>343,987</b>	<b>1,549,915</b>	<b>1,683,844</b>
Less special event expenses netted with special event income	-	-	84,521	84,521	60,986
<b>Total expenses, net</b>	<b>\$ 1,004,959</b>	<b>\$ 200,969</b>	<b>\$ 259,466</b>	<b>\$ 1,465,394</b>	<b>\$ 1,623,844</b>
					<b>\$ 1,566,001</b>

# Harry S. Truman Library Institute for National and International Affairs

## Statement of Functional Expenses (Modified Cash Basis)

Year Ended September 30, 2007

	Year Ended September 30, 2007			
	Actual			
	Program Services	Management and General	Fundraising	2007 Total
				2007 Budget
Grants and awards	\$ 53,301	\$ -	\$ -	\$ 53,301
Personnel	364,872	64,073	197,273	626,218
Volunteer/intern services	4,691	-	-	4,691
Office products and services	-	21,662	-	21,662
Fundraising products and services	-	-	42,375	42,375
Special events	-	-	60,986	60,986
Public programs	81,121	-	-	81,121
Meetings	-	6,908	-	6,908
Conferences	28,203	-	-	28,203
Education	35,708	-	-	35,708
Summer Teacher Institute	28,812	-	-	28,812
Exhibits	195,700	-	-	195,700
Annual membership programs	-	-	14,960	14,960
Professional fees	-	60,436	-	60,436
Public relations and advertising	175,322	-	-	175,322
White House Decision Center	18,894	-	-	18,894
Whistle Stop Newsletter	22,794	-	-	22,794
Online document access	1,500	-	-	1,500
Online gift shop expense	-	7,486	-	7,486
Website design and hosting	85,732	-	-	85,732
Capital improvements	8,360	-	-	8,360
Contingency/other	7,442	6,764	-	14,206
Preventative maintenance	31,612	-	-	31,612
<b>Total expenses</b>	<b>1,144,064</b>	<b>167,329</b>	<b>315,594</b>	<b>1,626,987</b>
Less special event expenses netted with special event income	-	-	60,986	60,986
<b>Total expenses, net</b>	<b>\$ 1,144,064</b>	<b>\$ 167,329</b>	<b>\$ 254,608</b>	<b>\$ 1,566,001</b>

# **Harry S. Truman Library Institute for National and International Affairs**

**Notes to Financial Statements  
September 30, 2008 and 2007**

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

### ***Nature of Operations***

The Harry S. Truman Library Institute for National and International Affairs (the Institute) is a Missouri not-for-profit corporation whose purpose is to support and promote the Harry S. Truman Presidential Library in Independence, Missouri, as a major center for research and study. The Institute solicits public and private contributions to allocate among various programs and services.

Programs and services supported by the Institute include grants for research study at the Truman Library, education programs and renovations to the Truman Library.

### ***Basis of Accounting***

The Institute prepares its financial statements using the modified cash basis of accounting. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America.

Under the modified cash basis of accounting, revenues and the related assets are generally recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Thus, receivables and payables, including pledges receivable of approximately \$464,000 and \$337,000 at September 30, 2008 and 2007, respectively, are not recognized in the accompanying financial statements. Expenditures for property and equipment are expensed rather than capitalized and depreciated. Assets are reported at fair value on the statements of cash, investments and net assets with unrealized gains (losses) recorded as increases or decreases to the net assets of the Institute.

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

Temporarily restricted net assets are those whose use by the Institute 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 the Institute in perpetuity.

### ***Board Designated Endowment***

The Board of Directors has established a Board Designated Endowment Fund, which can only be used for specific purposes as determined by the Executive Committee or the Board of Directors.

# Harry S. Truman Library Institute for National and International Affairs

## Notes to Financial Statements September 30, 2008 and 2007

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

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income, including realized and unrealized gains and losses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

### ***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue. 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 statement of support and revenue, expenses and changes in net assets as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as unrestricted revenue.

### ***Community Foundations***

Contributions to Community Foundations (Funds) are recorded as program expenses in the period in which the contributions are made. The Institute made no contributions to Community Foundations during 2008 or 2007. Under the instruments of transfer, the net income and principal from the Funds are to be distributed to the Institute and/or designated payees in support of charitable programs as requested by the Funds' Advisory Committees. However, the Community Foundations reserve the right to make the final decision regarding the distribution of income and principal from the Funds.

During the years ended September 30, 2008 and 2007, there were no distributions made by the Community Foundations in support of the Institute's programs. As of September 30, 2008 and 2007, the market value of the assets contributed to the Community Foundations available for distributions in support of Institute programs was \$72,172 and \$63,831, respectively.

### ***Missouri Development Finance Board Contributions***

The Institute signed an agreement with the Missouri Development Finance Board (Board) whereby the Board accepts contributions from donors resulting in the potential issuance of tax credits to the donors and deposit of such contributions into the Board's infrastructure development fund. The funds are then disbursed on a reimbursement basis as the Institute incurs expenditures related to the Institute's program as stated in the agreement.

# Harry S. Truman Library Institute for National and International Affairs

## Notes to Financial Statements

September 30, 2008 and 2007

During the years ended September 30, 2008 and 2007, the Institute did not receive any reimbursement of expenditures. As of September 30, 2008, the Missouri Development Finance Board holds \$688,413 available for distribution to the Institute. There was no activity during the years ended September 30, 2008 and 2007.

### ***Income Taxes***

The Institute is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Institute is subject to federal income tax on any unrelated business taxable income.

### **Note 2: Investments and Investment Return**

Investments at September 30 consisted of the following:

	2008	2007
General Account		
Cash and cash equivalents	\$ 295,977	\$ 399,540
U.S. Government and agency bonds	296,182	1,974,767
Mutual funds	3,944,371	449,100
Common stocks	-	2,773,532
Endowment Account		
Cash and cash equivalents	504,706	197,312
U.S. Government and agency bonds	228,464	1,520,155
Mutual funds	1,991,752	421,659
Common stocks	523,817	1,695,808
American Funds		
Mutual funds	187,552	232,094
Preventative Maintenance		
Cash and cash equivalents	207,407	3,536
Mutual funds	-	175,972
	\$ 8,180,228	\$ 9,843,475

# Harry S. Truman Library Institute for National and International Affairs

## Notes to Financial Statements September 30, 2008 and 2007

Total investment return is comprised of the following for the years ended September 30:

	2008	2007
Interest and dividend income	\$ 256,567	\$ 300,393
Net unrealized gain (loss) on investments	(2,755,933)	540,567
Net realized gains on investments	1,073,998	284,437
	\$ (1,425,368)	\$ 1,125,397

Due to unfavorable market conditions, subsequent to September 30, 2008, the fair value of the Institute's investments has declined approximately 17% through December 31, 2008.

### Note 3: Net Assets

#### *Temporarily Restricted Net Assets*

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

	2008	2007
Education	\$ -	\$ 7,225
Exhibits	398,506	379,206
	\$ 398,506	\$ 386,431

#### *Permanently Restricted Net Assets*

Permanently restricted net assets at September 30, are restricted to:

	2008	2007
Investment in perpetuity, the income of which is expendable to support any activity of the Institute	\$ 2,977,340	\$ 2,972,315

# Harry S. Truman Library Institute for National and International Affairs

## Notes to Financial Statements September 30, 2008 and 2007

### ***Net Assets Released From Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2008	2007
Purpose restriction accomplished		
Education	\$ 424,430	\$ 403,556
Exhibits	58,429	132,011
Other	85,529	114,003
	\$ 568,388	\$ 649,570

### **Note 4: Defined Contribution Plan**

The Institute has a defined contribution pension plan covering substantially all employees. The Institute contributes 7% of each employee's salary to the Plan. In addition, employees may make voluntary contributions to the Plan. Pension expense was \$34,668 and \$33,694 for 2008 and 2007, respectively.

### **Note 5: Contributions and Grants**

Approximately 35% and 25% of all contributions and grants were received from two donors in 2008 and 2007, respectively. Contributions from Board members and/or entities closely related to Board members were approximately \$294,000 in fiscal year 2008 and are included in various captions in the Statement of Support and Revenue, Expenses and Changes in Net Assets.

### **Note 6: In-Kind Contributions**

In addition to receiving cash contributions, the Institute received in-kind contributions of \$44,675 and \$36,217 for the years ended September 30, 2008 and 2007, respectively (unaudited), from various donors. It is the policy of the Institute to not record the in-kind contributions on the financial statements.

## **Supplementary Information**

**Harry S. Truman Library Institute  
for National and International Affairs**  
Summary of Net Assets and Other Resources  
September 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Net Assets</b>				
General Fund	\$ 3,532,489	\$ 60,000	\$ -	\$ 3,592,489
Board Designated				
Endowment Fund	1,084,289	-	-	1,084,289
Preventative Maintenance Fund	207,407	-	-	207,407
Working Office Fund	-	338,506	-	338,506
Endowment Fund	-	-	2,977,340	2,977,340
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets as shown in the accompanying financial statements	4,824,185	398,506	2,977,340	8,200,031
<b>Other Resources</b>				
Missouri Development Finance Board	-	688,413	-	688,413
Community Foundations	-	72,172	-	72,172
Pledges receivable	-	463,742	-	463,742
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets and off-book resources	<u>\$ 4,824,185</u>	<u>\$ 1,622,833</u>	<u>\$ 2,977,340</u>	<u>\$ 9,424,358</u>

**Harry S. Truman Library Institute  
for National and International Affairs**  
**Note to Summary of Net Assets and Other Resources**  
**September 30, 2008 and 2007**

**Fund Accounting**

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Institute, the accounts are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. Separate accounts are maintained for each fund. The Institute maintains four funds as follows:

***General Fund***

The General Fund reports all revenues received and expenditures made not specifically allocated to the Institute's restricted purpose funds. Revenues consist primarily of investment income and annual giving. Expenses relate to scholarships, research grants and general operating expenses of the Institute.

***Endowment Fund***

The Endowment Fund was established in 1992 to account for endowment funds received by the Institute. Endowment funds are subject to restrictions of gift instruments requiring in perpetuity that all of the principal be invested and only the income be used for Institute expenditures.

***Board Designated Endowment Fund***

The Board Designated Endowment Fund was created by a vote of the Board of Directors, rather than a donor or other outside agency, to help ensure the future financial well-being of the Institute and maintain a pool of funds to absorb the realized and unrealized losses of the Endowment Fund. During the years ended September 30, 2008 and 2007, the Board Designated Endowment Fund was depleted entirely to compensate the Endowment Fund for market losses.

**Harry S. Truman Library Institute  
for National and International Affairs**  
Summary of Pledges Receivable  
September 30, 2008 and 2007

***Board Designated Preventive Maintenance Fund***

The Board Designated Preventive Maintenance Fund was created by of the Board of Directors, rather than a donor or other outside agency, to help ensure the financial well-being of the Institute and maintain a pool of funds available for preventive maintenance needs.

The Institute receives grant promises and pledges to be received (pledges receivable). Under the modified cash basis of accounting, these pledges receivable are not recognized in the accompanying financial statements until payment is received. The following is a summary of pledges receivable, undiscounted, for the years ended September 30, 2008 and 2007:

<b>Pledges Receivable, October 1, 2006</b>	\$ 536,680
Grant promises and pledges received	215,085
Grant and pledge payments received	(393,281)
Write-offs	(21,165)
	<hr/>
<b>Pledges Receivable, September 30, 2007</b>	337,319
Grant promises and pledges received	278,075
Grant and pledge payments received	(151,617)
Write-offs	(35)
	<hr/>
<b>Pledges Receivable, September 30, 2008</b>	<u><u>\$ 463,742</u></u>

Scheduled payments on pledges receivable are due as follows:

<b><u>Year Ending September 30,</u></b>	
2009	\$ 312,242
2010	101,500
2011	25,000
2012	25,000
	<hr/>
	<u><u>\$ 463,742</u></u>