

**Harry S. Truman Library Institute  
for National and International Affairs**  
Accountants' Report and Financial Statements  
September 30, 2009 and 2008



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

September 30, 2009 and 2008

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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 statement of cash, investments and net assets of the Harry S. Truman Library Institute for National and International Affairs (the Institute) as of September 30, 2009, and the related statements of support and revenue, expenses and changes in net assets and functional expenses for the year 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 audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and in our report dated February 23, 2009 we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 audit provides 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 as of September 30, 2009 and the changes in its net assets for the year ended in conformity with the basis of accounting as described in Note 1.

As discussed in Note 4, in 2009 the Institute changed its method of recognition of classifications of net assets comprising donor-restricted endowment funds. In addition, as discussed in Note 7, in 2009 the Institute changed its method of accounting for fair value measurements in accordance with FASB Accounting Standards Codification Topic 820 (formerly Statement of Financial Accounting Standards No. 157).

Our audit was 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 audit 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.

Kansas City, Missouri  
March 3, 2010

/s/ **BKD, LLP**

**Harry S. Truman Library Institute  
for National and International Affairs**  
**Statements of Cash, Investments and Net Assets**  
**(Modified Cash Basis)**  
**September 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash</b>	\$ 55,269	\$ 12,392
<b>Refund Receivable</b>	-	7,411
<b>Investments</b>	<u>7,760,808</u>	<u>8,180,228</u>
Total cash and investments	<u>\$ 7,816,077</u>	<u>\$ 8,200,031</u>
<b>Net Assets</b>		
Unrestricted		
Board designated		
Endowment Fund	\$ 1,085,583	\$ 1,084,289
Preventative Maintenance Fund	250,885	207,407
Undesignated	<u>2,662,211</u>	<u>3,532,489</u>
	3,998,679	4,824,185
Temporarily restricted	565,098	398,506
Permanently restricted	<u>3,252,300</u>	<u>2,977,340</u>
Total net assets	<u>\$ 7,816,077</u>	<u>\$ 8,200,031</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, 2009**  
**(with Comparative Totals for 2008)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	Budget 2009	Comparative Totals for 2008
<b>Support and Revenues</b>						
Interest and dividends	\$ 154,536	\$ -	\$ -	\$ 154,536	\$ 125,000	\$ 256,567
Contributions and grants	-	1,380,456	274,960	1,655,416	1,229,867	607,101
Annual memberships	232,544	-	-	232,544	235,000	218,676
Special event income, net of related expenses – \$75,437	254,733	-	-	254,733	300,000	273,376
White House Decision Center revenues	-	62,072	-	62,072	65,000	63,070
Exhibition surcharge fee	12,042	-	-	12,042	-	20,644
Other income	39,950	-	-	39,950	41,558	20,381
	<u>693,805</u>	<u>1,442,528</u>	<u>274,960</u>	<u>2,411,293</u>	<u>1,996,425</u>	<u>1,459,815</u>
Net assets released from restrictions	1,828,054	(1,828,054)	-	-	-	-
Total support and revenues	<u>2,521,859</u>	<u>(385,526)</u>	<u>274,960</u>	<u>2,411,293</u>	<u>1,996,425</u>	<u>1,459,815</u>
<b>Expenses</b>						
Program expenses	2,292,137	-	-	2,292,137	2,163,578	1,004,959
Management and general	206,348	-	-	206,348	194,775	200,969
Fundraising	270,387	-	-	270,387	326,428	259,466
Total expenses	<u>2,768,872</u>	<u>-</u>	<u>-</u>	<u>2,768,872</u>	<u>2,684,781</u>	<u>1,465,394</u>
<b>Support and Revenues Over (Under) Expenses</b>	(247,013)	(385,526)	274,960	(357,579)	<u>\$ (688,356)</u>	(5,579)
Unrealized gain on investments	804,285	-	-	804,285		(2,755,933)
Realized loss on investments	(830,660)	-	-	(830,660)		<u>1,073,998</u>
<b>Change in Net Assets Before Reclassification</b>	(273,388)	(385,526)	274,960	(383,954)		(1,687,514)
<b>Net Asset Reclassification Due to Change in Law</b>	(552,118)	552,118	-	-		-
<b>Change in Net Assets</b>	(825,506)	166,592	274,960	(383,954)		(1,687,514)
<b>Net Assets Beginning of Year</b>	4,824,185	398,506	2,977,340	8,200,031		9,887,545
<b>Net Assets, End of Year</b>	<u>\$ 3,998,679</u>	<u>\$ 565,098</u>	<u>\$ 3,252,300</u>	<u>\$ 7,816,077</u>		<u>\$ 8,200,031</u>

**Harry S. Truman Library Institute  
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**Statements of Functional Expenses**  
**(Modified Cash Basis)**  
**Year Ended September 30, 2009**  
**(with Comparative Totals for 2008)**

	<b>Actual Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2009</b>	<b>Budget 2009</b>	<b>Comparative Totals for 2008</b>
Grants and awards	\$ 67,520	\$ -	\$ -	\$ 67,520	\$ 70,000	\$ 55,049
Personnel	310,007	96,194	210,264	616,465	624,000	646,317
Volunteer/intern services	3,634	-	-	3,634	5,000	3,753
Office products and services	-	22,008	-	22,008	22,000	21,510
Fundraising products and services	-	-	44,062	44,062	45,000	42,812
Special events	-	-	75,437	75,437	75,000	84,521
Public programs	89,702	-	-	89,702	83,704	76,035
Meetings	-	11,486	-	11,486	11,000	11,231
Conferences	9,668	-	-	9,668	10,242	46,995
Education	42,096	-	-	42,096	30,000	21,414
Summer Teacher Institute	36,618	-	-	36,618	30,000	26,987
Exhibits	81,393	-	-	81,393	82,845	144,176
Annual membership programs	-	-	16,061	16,061	16,100	16,284
Professional fees	-	69,403	-	69,403	70,000	78,258
Public relations and advertising	71,315	-	-	71,315	72,000	86,186
White House Decision Center	19,612	-	-	19,612	20,000	24,328
Whistle Stop Newsletter	20,272	-	-	20,272	27,000	27,986
Online gift shop expense	-	-	-	-	-	1,174
Website design and hosting	92,053	-	-	92,053	85,000	86,149
Capital improvements	1,428,538	-	-	1,428,538	1,308,044	3,200
Contingency/other	4,254	7,257	-	11,511	57,390	20,606
Preventative maintenance	15,455	-	-	15,455	15,455	24,944
<b>Total expenses</b>	<b>2,292,137</b>	<b>206,348</b>	<b>345,824</b>	<b>2,844,309</b>	<b>2,759,780</b>	<b>1,549,915</b>
Less special event expenses netted with special event income	-	-	75,437	75,437	75,000	84,521
<b>Total expenses, net</b>	<b>\$ 2,292,137</b>	<b>\$ 206,348</b>	<b>\$ 270,387</b>	<b>\$ 2,768,872</b>	<b>\$ 2,684,780</b>	<b>\$ 1,465,394</b>

**Harry S. Truman Library Institute  
for National and International Affairs  
Notes to Financial Statements  
September 30, 2009 and 2008**

**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 \$214,300 and \$464,000 at September 30, 2009 and 2008, 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.

***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.

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Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as temporarily restricted and then released from restriction. 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 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 restrictions.

***In-kind Contributions***

In addition to receiving cash contributions, the Institute received in-kind contributions of \$53,850 and \$36,217 for the years ended September 30, 2009 and 2008, respectively, from various donors. It is the policy of the Institute not to record the in-kind contributions on the financial statements.

***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 2009 or 2008. 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, 2009 and 2008, there were no distributions made by the Community Foundations in support of the Institute's programs. As of September 30, 2009 and 2008, the market value of the assets contributed to the Community Foundations available for distributions in support of Institute programs was \$73,336 and \$72,172, 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 for the Truman Working Office project 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.

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During the years ended September 30, 2009 and 2008, the Institute received \$688,413 and \$0, respectively, as reimbursement of expenditures. As of September 30, 2009 and 2008, the Missouri Development Finance Board holds \$0 and \$688,413 available for distribution to the Institute.

***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.

In accordance with Financial Accounting Standards Board (FASB) Staff Position No. FIN 48-3, the Institute has elected to defer the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, until its fiscal year ending September 30, 2010. The Institute has continued to account for any uncertain tax positions in accordance with literature that was authoritative immediately prior to the effective date of FIN 48, such as FASB Statement No. 109, *Accounting for Income Taxes*, and FASB Statement No. 5, *Accounting for Contingencies*. At September 30, 2009, the Institute is not aware of any uncertain tax positions.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on management's estimates.

***Subsequent Events***

Subsequent events have been evaluated through March 3, 2010, which is the date the financial statements were available to be issued.

**Note 2: Investments and Investment Return**

Investments at September 30 consisted of the following:

	<b>2009</b>	<b>2008</b>
Money market mutual funds	\$ 181,010	\$ 1,008,090
Corporate Bonds	299,798	524,646
Mutual funds	7,002,473	6,123,675
Common stocks	277,527	523,817
	<u>\$ 7,760,808</u>	<u>\$ 8,180,228</u>

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Total investment return is comprised of the following:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 154,536	\$ 256,567
Net unrealized gain (loss) on investments	804,285	(2,755,933)
Net realized gain (loss) on investments	(830,660)	1,073,998
	<u>\$ 128,161</u>	<u>\$ (1,425,368)</u>

**Note 3: Net Assets**

***Temporarily Restricted Net Assets***

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

	<u>2009</u>	<u>2008</u>
Exhibits	\$ -	\$ 398,506
Endowment	552,118	-
Other	12,980	-
	<u>\$ 565,098</u>	<u>\$ 398,506</u>

***Permanently Restricted Net Assets***

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

	<u>2009</u>	<u>2008</u>
Investment in perpetuity, the income of which is expendable to support any activity of the Institute	\$ 3,252,300	\$ 2,977,340

***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.

	<u>2009</u>	<u>2008</u>
Purpose restriction accomplished		
Capital	\$ 1,145,144	\$ 424,430
Education	405,739	-
Harry Truman's 125th Birthday	110,000	-
KC Plaza Library	60,000	-
Kemper Document Access	50,000	-
Exhibits	5,075	58,429
Other	52,096	85,529
	<u>\$ 1,828,054</u>	<u>\$ 568,388</u>

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**Note 4: Endowment**

***Change in Accounting Principle***

In the year ended September 30, 2009, the Institute adopted the recognition and disclosure provisions of Financial Accounting Standards Board Staff Position FAS 117-1, *Endowments of Not-for-Profits Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP FAS 117-1), which was subsequently incorporated into the FASB Accounting Standards Codification (ASC) Topic 958. This new standard changes the method of classification of net assets comprising donor-restricted endowment funds when the Institute is subject to an enacted and effective version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Initial adoption of FSP FAS 117-1 by reclassification of net assets during the year ended September 30, 2009, resulted in an increase (decrease) in temporarily restricted and unrestricted net assets of \$552,118 and (\$552,118), respectively, and had no impact on previously reported total net assets.

***Interpretation of State Law***

The Institute's endowment consists of four individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Institute's governing body has interpreted the State of Missouri 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 Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Institute 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 Institute 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 Institute
7. Investment policies of the Institute

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**Composition of Endowment Net Assets**

The composition of net assets by type of endowment fund at September 30, 2009 was:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (12,679)	\$ 552,118	\$ 3,252,300	\$ 3,791,739
Board-designated endowment funds	1,085,583	-	-	1,085,583
Total endowment funds	<u>\$ 1,072,904</u>	<u>\$ 552,118</u>	<u>\$ 3,252,300</u>	<u>\$ 4,877,322</u>

**Changes in Endowment Net Assets**

Changes in endowment net assets for the year ended September 30, 2009 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,543,241	\$ -	\$ 2,977,340	\$ 4,520,581
Net asset reclassification due to change in law	(552,118)	552,118	-	-
Investment return				
Investment income	95,959	-	-	95,959
Net appreciation	64,978	-	-	64,978
Total investment return	160,937	-	-	160,937
Contributions	1,294	-	274,960	276,254
Appropriation of endowment assets for expenditure	(90,682)	-	-	(90,682)
Reallocation of investments	10,232	-	-	10,232
Endowment net assets, end of year	<u>\$ 1,072,904</u>	<u>\$ 552,118</u>	<u>\$ 3,252,300</u>	<u>\$ 4,877,322</u>

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***Investment and Spending Policies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Institute is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$12,679 at September 30, 2009.

The Institute has adopted investment and spending policies for endowment assets that attempt to preserve and enhance the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Institute must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Institute's policies, endowment assets are invested in a manner that is intended to produce a moderate return while assuming a minimal level of investment risk. The Institute expects its endowment funds to provide an average rate of return of no less than the rate of inflation as measured by the Consumer Price Index plus 4%. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Institute 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 Institute 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 Institute has a policy (the spending policy) of appropriating for expenditure each year the realized earnings and interest income for the board designated endowments. The policy allows up to 5% of board-designated endowment net assets to be expended on an annual basis. The investment income from the board designated endowment is unrestricted and may be fully expended as needed with prior approval by the board. Donor-restricted endowments are expended in accordance with the donor agreements.

**Note 5: 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 \$33,611 and \$34,668 for 2009 and 2008, respectively.

**Note 6: Contributions and Grants**

Approximately 43% and 35% of all contributions and grants were received from two donors in 2009 and 2008, respectively. Contributions from Board members and/or entities closely related to Board members were approximately \$629,200 and \$294,000 in fiscal year 2009 and 2008, respectively, and are included in various captions in the Statement of Support and Revenue, Expenses and Changes in Net Assets.

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**Note 7: Disclosures About Fair Value of Assets and Liabilities**

Effective October 1, 2008, the Institute adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, which was subsequently incorporated into the FASB Accounting Standards Codification (ASC) Topic 820. Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Topic 820 has been applied prospectively as of the beginning of the year.

Topic 820 defines fair value as 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. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of cash, investments and net assets, 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 mutual funds, common stock and publicly traded 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 corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Institute does not have Level 3 securities at September 30, 2009.

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The following table presents the fair value measurements of assets recognized in the accompanying statements of cash, investments and net assets measured at fair value on a recurring basis and the level within the FAS 157 fair value hierarchy in which the fair value measurements fall at September 30, 2009:

	<b>Fair Value Measurements Using</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
<b>Fair Value</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>	
Investments	\$ 7,760,808	\$ 7,461,010	\$ 299,798	\$ -

**Note 8: Significant Estimates and Concentrations**

***Current Economic Conditions***

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, and declines in contributions. The financial statements have been prepared using values and information currently available to the Institute.

In addition, given the volatility of current economic conditions, the values of assets recorded in the financial statements could change, resulting in material future adjustments in investment values that could negatively impact the Institute.

## **Supplementary Information**

**Harry S. Truman Library Institute  
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Summary of Net Assets and Other Resources  
September 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Net Assets</b>				
General fund	\$ 2,662,211	\$ 12,980	\$ -	\$ 2,675,191
Board designated				
Endowment fund	1,085,583	-	-	1,085,583
Preventative maintenance fund	250,885	-	-	250,885
Endowment fund	-	552,118	3,252,300	3,804,418
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets as shown in the accompanying financial statements	3,998,679	565,098	3,252,300	7,816,077
<b>Other Resources</b>				
Community foundations	-	73,336	-	73,336
Pledges receivable	-	214,280	-	214,280
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets and off-book resources	<u>\$ 3,998,679</u>	<u>\$ 852,714</u>	<u>\$ 3,252,300</u>	<u>\$ 8,103,693</u>

**Harry S. Truman Library Institute  
for National and International Affairs  
Note to Summary of Net Assets and Other Resources  
September 30, 2009 and 2008**

**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.

**Harry S. Truman Library Institute  
for National and International Affairs  
Summary of Pledges Receivable  
September 30, 2009 and 2008**

***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, 2009 and 2008:

Pledges Receivable, October 1, 2007	\$ 337,319
Grant promises and pledges received	278,075
Grant and pledge payments received	(151,617)
Write-offs	(35)
	463,742
Pledges Receivable, September 30, 2008	463,742
Grant promises and pledges received	145,150
Grant and pledge payments received	(390,342)
Write-offs	(4,270)
	214,280
Pledges Receivable, September 30, 2009	\$ 214,280

Scheduled payments on pledges receivable are due as follows:

Year Ending September 30,

2010	\$ 149,280
2011	40,000
2012	25,000
	214,280
	\$ 214,280