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**HARRY S. TRUMAN LIBRARY  
INSTITUTE FOR NATIONAL AND  
INTERNATIONAL AFFAIRS**

*FINANCIAL STATEMENTS*

*SEPTEMBER 30, 2011*

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## Independent Auditors' Report

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, 2011, 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 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 Institute's 2010 financial statements, which were audited by other auditors whose report dated March 11, 2011, expressed an unqualified opinion on those 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the Institute as of September 30, 2011, and the changes in its net assets for the year then ended in conformity with the basis of accounting as described in Note 1.

Board of Directors  
Harry S. Truman Library Institute  
For National and International Affairs

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The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended September 30, 2010 from which the summarized information was derived.

The information marked "unaudited" on Pages 3 and 4 is not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information.

*RubinBrown LLP*

February 15, 2012

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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**STATEMENT OF CASH, INVESTMENTS AND NET ASSETS  
(MODIFIED CASH BASIS)**

	September 30,	
	2011	2010
<b>Cash</b>	\$ 42,017	\$ 25,257
<b>Investments</b>	<b>9,101,738</b>	<b>8,251,710</b>
<b>Total Cash And Investments</b>	<b>\$ 9,143,755</b>	<b>\$ 8,276,967</b>
<b>Net Assets</b>		
Unrestricted		
Board designated		
Endowment fund	\$ 1,158,848	\$ 1,162,374
Preventative maintenance fund	354,511	293,687
Undesignated	<b>2,564,148</b>	<b>2,707,213</b>
	<b>4,077,507</b>	<b>4,163,274</b>
Temporarily restricted	1,613,100	861,393
Permanently restricted	3,453,148	3,252,300
<b>Total Net Assets</b>	<b>\$ 9,143,755</b>	<b>\$ 8,276,967</b>

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

**STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
(MODIFIED CASH BASIS)**

For The Year Ended September 30, 2011  
(With Summarized Financial Information For The Year Ended September 30, 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011	Budget 2011 (Unaudited)	Comparative Totals For 2010
<b>Support And Revenues</b>						
Interest and dividends	\$ 184,550	\$ 29,035	\$ —	\$ 213,585	\$ 177,000	\$ 172,578
Contributions and grants	1,144	1,231,755	200,848	1,433,747	1,436,603	337,839
Annual memberships	241,638	—	—	241,638	235,000	248,063
Special event income, net of related expenses - \$74,364	263,428	—	—	263,428	337,812	211,963
White House Decision Center revenues	—	65,129	—	65,129	65,000	67,272
Other revenue	11,543	8,307	—	19,850	26,616	31,263
	702,303	1,334,226	200,848	2,237,377	2,278,031	1,068,978
Net assets released from restrictions	482,709	(482,709)	—	—	—	—
<b>Total Support And Revenues</b>	<b>1,185,012</b>	<b>851,517</b>	<b>200,848</b>	<b>2,237,377</b>	<b>2,278,031</b>	<b>1,068,978</b>
<b>Expenses</b>						
Program expenses	715,948	—	—	715,948	683,672	822,164
Management and general	220,461	—	—	220,461	201,800	204,751
Fundraising	222,329	—	—	222,329	430,000	226,000
<b>Total Expenses</b>	<b>1,158,738</b>	<b>—</b>	<b>—</b>	<b>1,158,738</b>	<b>1,315,472</b>	<b>1,252,915</b>
<b>Support And Revenues Over (Under) Expenses</b>	<b>26,274</b>	<b>851,517</b>	<b>200,848</b>	<b>1,078,639</b>	<b>\$ 962,559</b>	<b>(183,937)</b>
Net unrealized gains (losses) on investments	(210,069)	(239,556)	—	(449,625)		529,844
Net realized gains on investments	98,028	139,746	—	237,774		114,983
<b>Increase (Decrease) In Net Assets</b>	<b>(85,767)</b>	<b>751,707</b>	<b>200,848</b>	<b>866,788</b>		<b>460,890</b>
<b>Net Assets - Beginning Of Year</b>	<b>4,163,274</b>	<b>861,393</b>	<b>3,252,300</b>	<b>8,276,967</b>		<b>7,816,077</b>
<b>Net Assets - End Of Year</b>	<b>\$ 4,077,507</b>	<b>\$ 1,613,100</b>	<b>\$ 3,453,148</b>	<b>\$ 9,143,755</b>		<b>\$ 8,276,967</b>

See the accompanying notes to financial statements.

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

**STATEMENT OF FUNCTIONAL EXPENSES  
(MODIFIED CASH BASIS)**

**For The Year Ended September 30, 2011  
(With Summarized Financial Information For The Year Ended September 30, 2010)**

	Program Expenses	Management And General	Fundraising	Total 2011	Budget 2011 (Unaudited)	Comparative Totals For 2010
Grants and awards	\$ 91,388	\$ —	\$ —	\$ 91,388	\$ 91,500	\$ 60,680
Personnel	324,593	109,883	172,544	607,020	632,000	614,687
Volunteer/intern services	2,556	—	—	2,556	3,000	2,290
Office products and services	—	18,180	—	18,180	20,000	18,623
Fundraising products and services	—	—	32,885	32,885	42,000	41,221
Special events	—	—	74,384	74,384	75,000	77,187
Public programs	69,623	—	—	69,623	73,472	82,975
Meetings	—	15,056	—	15,056	15,000	6,883
Conferences	—	—	—	—	—	11,588
Education	27,972	—	—	27,972	35,000	40,970
Summer Teacher Institute	21,255	—	—	21,255	25,000	18,833
Exhibits	62,752	—	—	62,752	63,500	71,280
Annual membership programs	—	—	16,900	16,900	15,000	15,375
Professional fees	—	76,847	—	76,847	81,000	79,034
Public relations and advertising	43,659	—	—	43,659	55,000	52,716
White House Decision Center	13,899	—	—	13,899	15,000	14,495
Whistle Stop Newsletter	13,363	—	—	13,363	28,000	26,486
Website design and hosting	43,000	—	—	43,000	43,000	45,000
Contingency/other	1,888	495	—	2,383	3,000	8,951
Preventative maintenance	—	—	—	—	—	40,928
Total expenses	715,948	220,461	296,713	1,233,122	1,315,472	1,330,052
Less special event expenses netted with special event income	—	—	74,384	74,384	75,000	77,187
<b>Total Expenses, Net</b>	<b>\$ 715,948</b>	<b>\$ 220,461</b>	<b>\$ 222,329</b>	<b>\$ 1,158,738</b>	<b>\$ 1,240,472</b>	<b>\$ 1,252,915</b>

See the accompanying notes to financial statements.

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2011 And 2010**

**1. Nature Of Organization**

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 changes in net assets 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, including pledges receivable and payables 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 statement of cash, investments and net assets with unrealized gains (losses) recorded as increases or decreases to the net assets of the Institute.

**Basis Of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for Not-for Profit Organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility. As a result, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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Notes To Financial Statements (*Continued*)

**Estimates And Assumptions**

The preparation of financial statements 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 support and revenue received and expenses paid during the reported period. Actual results could differ from those estimates.

**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 securities having a readily determinable fair value 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 recorded as temporarily restricted and then released from restriction. Other investment return is reflected in the statement of support and revenue, expenses and changes in net assets 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 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 statement of support and revenue, expenses and changes in net assets as net assets released from restrictions.

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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Notes To Financial Statements (*Continued*)

**In-kind Contributions**

In addition to receiving cash contributions, the Institute received in-kind contributions of \$22,406 and \$33,160 for the years ended September 30, 2011 and 2010, respectively, from various donors. It is the policy of the Institute not to record the in-kind contributions on the financial statements.

**Community Foundation Funds**

The Institute has transferred assets to two Community Foundations (Funds). Under the Community Foundation agreements, 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.

It is the policy of the Institute not to record its beneficial interest in the assets of the Funds. Instead, contributions to the Funds are recorded as program expenses in the period in which the contributions are made. During the years ended September 30, 2011 and 2010, there were no contributions to or distributions from the Funds. As of September 30, 2011 and 2010, the fair value of the assets contributed to the Community Foundations available for distributions in support of Institute programs was \$78,530 and \$79,829, respectively.

**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. The Institute's federal tax returns for tax years 2008 and later are subject to examination by taxing authorities.

**Expenses Allocation**

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

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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Notes To Financial Statements (*Continued*)

**Subsequent Events**

Management has evaluated subsequent events through February 15, 2012, the date which the financial statements were available for issue.

**2. Investments And Investment Return**

**Investments**

Investments at September 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
Money market funds	\$ 716,533	\$ 921,250
Exchange traded funds	2,021,700	3,391,914
Mutual funds	6,363,505	3,938,546
	<u>\$ 9,101,738</u>	<u>\$ 8,251,710</u>

Total investment return is comprised of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 213,585	\$ 172,578
Net unrealized gains (losses)	(449,625)	529,844
Net realized gains	237,774	114,983
	<u>\$ 1,734</u>	<u>\$ 817,405</u>

**3. Fair Value Measurements**

The Institute follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under these rules are described below:

Level 1	Quoted prices in active markets for identical assets or liabilities
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**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

Notes To Financial Statements (*Continued*)

- 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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at September 30, 2011 or 2010.

The following table sets forth by level, within the fair value hierarchy, the Institute's assets at fair value as of September 30, 2011:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 716,533	\$ —	\$ —	\$ 716,533
Domestic equity exchange traded funds	1,685,279	—	—	1,685,279
International equity exchange traded funds	336,421	—	—	336,421
Domestic equity mutual funds	1,697,293	—	—	1,697,293
International equity mutual funds	600,141	—	—	600,141
Fixed income mutual funds	2,952,047	—	—	2,952,047
Hedge strategy mutual fund	880,972	—	—	880,972
Commodities mutual fund	233,052	—	—	233,052
	<u>\$ 9,101,738</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,101,738</u>

The following table sets forth by level, within the fair value hierarchy, the Institute's assets at fair value as of September 30, 2010:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 921,250	\$ —	\$ —	\$ 921,250
Exchange traded funds	3,391,914	—	—	3,391,914
Mutual funds	3,938,546	—	—	3,938,546
	<u>\$ 8,251,710</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,251,710</u>

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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Notes To Financial Statements (*Continued*)

**4. Net Assets**

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

	<u>2011</u>	<u>2010</u>
Endowment	\$ 766,618	\$ 861,393
Kauffman Foundation (Education, Speaker Series, Website, and Kansas City Library Truman Branch)	840,000	—
Other	6,482	—
	<u>\$ 1,613,100</u>	<u>\$ 861,393</u>

Permanently restricted net assets at September 30 are restricted to:

	<u>2011</u>	<u>2010</u>
Investment in perpetuity, the income of which is expendable to support certain activities of the Institute	\$ 3,453,148	\$ 3,252,300

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

	<u>2011</u>	<u>2010</u>
Endowment appropriations	\$ 24,000	\$ 72,402
Exhibits	49,000	—
Education	199,454	215,717
Korea60	—	112,035
Kemper document access	50,000	50,000
Speaker forum series	—	22,758
Books	—	12,406
Kauffman Foundation (Education, Speaker Series, Website, and Kansas City Library Truman Branch)	160,000	—
Other	255	10,454
	<u>\$ 482,709</u>	<u>\$ 495,772</u>

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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Notes To Financial Statements (*Continued*)

**5. Endowment Funds**

**Interpretation Of Relevant 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). 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 Uniform Prudent Management of Institutional Funds Act as adopted by the state of Missouri (UPMIFA) 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 that is not classified in permanently restricted net assets 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 UPMIFA. In accordance with UPMIFA, 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.

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

Notes To Financial Statements (*Continued*)

**Composition Of Endowment Net Assets**

The composition of net assets by type of endowment fund at September 30, 2011 and 2010 was:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ (31,490)	\$ 766,618	\$ 3,453,148	\$ 4,188,276
Board-designated endowment funds	1,158,848	—	—	1,158,848
	\$ 1,127,358	\$ 766,618	\$ 3,453,148	\$ 5,347,124

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ —	\$ 861,393	\$ 3,252,300	\$ 4,113,693
Board-designated endowment funds	1,162,374	—	—	1,162,374
	\$ 1,162,374	\$ 861,393	\$ 3,252,300	\$ 5,276,067

Changes in endowment net assets for the years ended September 30, 2011 and 2010 were:

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Beginning balance	\$ 1,162,374	\$ 861,393	\$ 3,252,300	\$ 5,276,067
Investment income	26,961	29,035	—	55,996
Net depreciation	(57,132)	(99,810)	—	(156,942)
Total investment return	(30,171)	(70,775)	—	(100,946)
Contributions	—	—	200,848	200,848
Appropriation of endowment assets for expenditure	(4,845)	(24,000)	—	(28,845)
Ending balance	\$ 1,127,358	\$ 766,618	\$ 3,453,148	\$ 5,347,124

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

Notes To Financial Statements (*Continued*)

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Beginning balance	\$ 1,072,904	\$ 552,118	\$ 3,252,300	\$ 4,877,322
Investment income	27,270	80,692	—	107,962
Net appreciation	69,734	300,985	—	370,719
Total investment return	97,004	381,677	—	478,681
Appropriation of endowment assets for expenditure	(7,534)	(72,402)	—	(79,936)
Ending balance	\$ 1,162,374	\$ 861,393	\$ 3,252,300	\$ 5,276,067

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30, 2011 and 2010 consisted of:

	2011	2010
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	\$ 3,453,148	\$ 3,252,300
Temporarily restricted net assets - portion of perpetual endowment funds subject to a restriction under UPMIFA		
With purpose restrictions	\$ 4,011	\$ 12,904
Without purpose restrictions	762,607	848,489
	\$ 766,618	\$ 861,393

**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 UPMIFA. Deficiencies of this nature are reported in unrestricted net assets and totaled \$31,490 at September 30, 2011. There were no such deficiencies at September 30, 2010.

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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Notes To Financial Statements (*Continued*)

The Institute 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 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.

## **6. Defined Contribution Plan**

The Institute has a defined contribution retirement 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. Contributions to the plan by the Institute totaled \$32,265 and \$32,042 for 2011 and 2010, respectively.

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

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Notes To Financial Statements (*Continued*)

**7. Concentrations**

During 2011, two donors individually contributed 84% of contributions and grants received. During 2010, no one donor individually contributed more than 10% of total contributions and grants. Contributions from Board members and/or entities closely related to Board members were approximately \$450,000 and \$187,000 in fiscal year 2011 and 2010, respectively, and are included in various captions in the statement of support and revenue, expenses and changes in net assets.



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## Independent Auditors' Report On Supplementary Information

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying summary of net assets and other resources, note to summary of net assets and other resources and summary of pledges receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*RubinBrown LLP*

February 15, 2012

**HARRY S. TRUMAN LIBRARY INSTITUTE  
FOR NATIONAL AND INTERNATIONAL AFFAIRS**

**SUMMARY OF NET ASSETS AND OTHER RESOURCES**

September 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Net Assets</b>				
General fund	\$ 2,564,148	\$ —	\$ —	\$ 2,564,148
Board designated				
Endowment fund	1,158,848	—	—	1,158,848
Preventative maintenance fund	354,511	—	—	354,511
Endowment fund	—	1,613,100	3,453,148	5,066,248
<b>Total Net Assets</b>	<b>4,077,507</b>	<b>1,613,100</b>	<b>3,453,148</b>	<b>9,143,755</b>
<b>Other Resources</b>				
Community foundations	—	78,530	—	78,530
Pledges receivable	—	221,000	—	221,000
<b>Total Net Assets And Other Resources</b>	<b>\$ 4,077,507</b>	<b>\$ 1,912,630</b>	<b>\$ 3,453,148</b>	<b>\$ 9,443,285</b>

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**NOTE TO SUMMARY OF NET ASSETS AND OTHER RESOURCES  
September 30, 2011**

**1. 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 related 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.

**Board Designated Preventative Maintenance Fund**

The Board Designated Preventative Maintenance Fund was created by 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 preventative maintenance needs.

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**SUMMARY OF PLEDGES RECEIVABLE  
September 30, 2011 And 2010**

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, 2011 and 2010.

Pledges Receivable, October 1, 2010	\$ 214,280
Grant promises and pledges received	193,545
Grant and pledge payments received	(100,779)
Write-offs	<u>(35)</u>
<b>Pledges Receivable, September 30, 2010</b>	<b>307,011</b>
Grant promises and pledges received	96,000
Grant and pledge payments received	(130,000)
Write-offs	<u>(52,011)</u>
<b>Pledges Receivable, September 30, 2011</b>	<b><u>\$ 221,000</u></b>

Scheduled payments on pledges receivable are due as follows:

<u>Year Ending September 30,</u>	
2012	\$ 148,000
2013	<u>73,000</u>
	<b><u>\$ 221,000</u></b>