

---

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

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

---

## **Contents**

---

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1 - 3
 <b>Financial Statements (Modified Cash Basis)</b>	
Statement Of Cash, Investments And Net Assets .....	4
Statement Of Support And Revenues, Expenses And Changes In Net Assets.....	5
Statement Of Functional Expenses .....	6
Notes To Financial Statements.....	7 - 18
 <b>Supplementary Information</b>	
Independent Auditors' Report On Supplementary Information.....	19
Summary Of Net Assets And Other Resources .....	20
Note To Summary Of Net Assets And Other Resources .....	21 - 22
Summary Of Pledges Receivable.....	23



RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

10975 Grandview Drive  
Suite 600  
Overland Park, KS 66210

T 913.491.4144  
F 913.491.6821

W rubinbrown.com  
E info@rubinbrown.com

## Independent Auditors' Report

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

### Report On The Financial Statements

We have audited the accompanying financial statements of the Harry S. Truman Library Institute For National and International Affairs which comprise the modified cash basis statement of cash, investments and net assets as of September 30, 2013, and the related modified cash basis statements of support and revenues, expenses and changes in net assets and functional expenses for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility For The Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the cash, investments and net assets of the Harry S. Truman Library Institute For National and International Affairs as of September 30, 2013, and the changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

### ***Basis Of Accounting***

As described in Note 2, 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. Our opinion is not modified with respect to that matter.

### ***Other Matters***

#### ***Summarized Comparative Information***

We have previously audited the Harry S. Truman Library Institute For National and International Affairs' 2012 financial statements, and our report dated January 30, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012, is consistent in all material respects, with the audited financial statements from which it has been derived.

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

---

*Other Information*

The information marked "unaudited" on Pages 5 and 6 is not a required part of the basic financial statements, and we did not audit, and therefore, do not express an opinion on such information.

*RubinBrown LLP*

January 31, 2014

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

---

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

	<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash</b>	<b>\$ 30,762</b>	<b>\$ 87,078</b>
<b>Investments</b>	<b>10,756,321</b>	<b>9,960,373</b>
<b>Total Cash And Investments</b>	<b>\$ 10,787,083</b>	<b>\$ 10,047,451</b>
<b>Net Assets</b>		
Unrestricted		
Board designated		
Endowment fund	\$ 1,493,314	\$ 1,342,702
Reserve fund	155,001	—
Preventative maintenance fund	506,055	454,790
Undesignated	<b>3,088,092</b>	<b>2,987,798</b>
	<b>5,242,462</b>	<b>4,785,290</b>
Temporarily restricted	<b>2,041,473</b>	<b>1,809,013</b>
Permanently restricted	<b>3,503,148</b>	<b>3,453,148</b>
<b>Total Net Assets</b>	<b>\$ 10,787,083</b>	<b>\$ 10,047,451</b>

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

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

**For The Year Ended September 30, 2013  
(With Summarized Financial Information For The Year Ended September 30, 2012)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Budget 2013 (Unaudited)	Comparative Totals For 2012
<b>Support And Revenues</b>						
Interest and dividends	\$ 106,014	\$ 106,480	\$ —	212,494	\$ 231,000	\$ 222,190
Contributions and grants	1,854	378,977	50,000	480,831	484,700	326,560
Annual memberships	257,629	—	—	257,629	250,000	252,925
Special event income, net of related expenses - \$76,664	241,702	—	—	241,702	225,000	228,198
White House Decision Center revenues	—	67,215	—	67,215	65,000	68,487
Other revenue	3,264	4,660	—	7,924	7,660	22,806
	610,463	557,332	50,000	1,217,795	1,263,360	1,121,166
Net assets released from restrictions	838,513	(838,513)	—	—	—	—
<b>Total Support And Revenues</b>	<b>1,448,976</b>	<b>(281,181)</b>	<b>50,000</b>	<b>1,217,795</b>	<b>1,263,360</b>	<b>1,121,166</b>
<b>Expenses</b>						
Program expenses	1,010,381	—	—	1,010,381	994,981	978,468
Management and general	240,637	—	—	240,637	215,159	224,122
Fundraising	264,491	—	—	264,491	392,000	203,975
<b>Total Expenses</b>	<b>1,515,509</b>	<b>—</b>	<b>—</b>	<b>1,515,509</b>	<b>1,602,140</b>	<b>1,406,565</b>
<b>Support And Revenues Over (Under) Expenses</b>	<b>(66,533)</b>	<b>(281,181)</b>	<b>50,000</b>	<b>(297,714)</b>	<b>\$ (338,780)</b>	<b>(285,399)</b>
Net unrealized gains on investments	384,475	370,979	—	755,454		914,403
Net realized gains on investments	139,230	142,662	—	281,892		274,692
<b>Increase In Net Assets</b>	<b>457,172</b>	<b>232,460</b>	<b>50,000</b>	<b>739,632</b>		<b>903,696</b>
<b>Net Assets - Beginning Of Year</b>	<b>4,785,290</b>	<b>1,809,013</b>	<b>3,453,148</b>	<b>10,047,451</b>		<b>9,143,755</b>
<b>Net Assets - End Of Year</b>	<b>\$ 5,242,462</b>	<b>\$ 2,041,473</b>	<b>\$ 3,503,148</b>	<b>\$ 10,787,083</b>		<b>\$ 10,047,451</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, 2013**

**(With Summarized Financial Information For The Year Ended September 30, 2012)**

	Program Expenses	Management And General	Fundraising	Total 2013	Budget 2013 (Unaudited)	Comparative Totals For 2012
Grants and awards	\$ 140,539	\$ —	—	\$ 140,539	\$ 155,850	\$ 162,880
Personnel	405,331	124,192	196,454	725,977	742,500	613,399
Volunteer/intern services	3,009	—	—	3,009	3,000	2,875
Office products and services	—	19,640	—	19,640	20,000	19,430
Fundraising products and services	—	—	42,746	42,746	45,000	36,643
Special events	—	—	76,664	76,664	75,000	100,974
Public programs	172,362	—	—	172,362	164,519	138,627
Meetings	—	7,896	—	7,896	11,159	12,670
Education	38,159	—	—	38,159	45,000	49,073
Summer Teacher Institute	25,332	—	—	25,332	35,000	33,091
Exhibits	36,425	—	—	36,425	74,000	109,637
Annual membership programs	—	—	25,291	25,291	25,000	9,116
Professional fees	—	88,600	—	88,600	89,000	76,728
Public relations and advertising	66,143	—	—	66,143	65,000	49,235
White House Decision Center	12,553	—	—	12,553	15,000	15,000
Whistle Stop Newsletter	25,926	—	—	25,926	25,000	14,045
Website design and hosting	57,757	—	—	57,757	58,750	43,051
Contingency/other	19,522	309	—	19,831	20,362	1,101
Preventative maintenance	7,323	—	—	7,323	8,000	19,964
Total expenses	1,010,381	240,637	341,155	1,592,173	1,677,140	1,507,539
Less special event expenses netted with special event income	—	—	76,664	76,664	75,000	100,974
<b>Total Expenses, Net</b>	<b>\$ 1,010,381</b>	<b>\$ 240,637</b>	<b>\$ 264,491</b>	<b>\$ 1,515,509</b>	<b>\$ 1,602,140</b>	<b>\$ 1,406,565</b>

See the accompanying notes to financial statements.

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

---

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2013 And 2012**

**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.

**2. Summary Of Significant Accounting Policies**

**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.

**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 revenues received and expenses paid during the reported period. Actual results could differ from those estimates.

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

---

**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.

**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 revenues, 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.

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

---

Note To Summary Of Net Assets And Other Resources (*Continued*)

**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 revenues, expenses and changes in net assets as net assets released from restrictions.

**In-Kind Contributions**

In addition to receiving cash contributions, the Institute received in-kind contributions of \$47,175 and \$55,300 for the years ended September 30, 2013 and 2012, 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, 2013 and 2012, there were no contributions to or distributions from the Funds. As of September 30, 2013 and 2012, the fair value of the assets contributed to the Community Foundations available for distributions in support of Institute programs was \$102,775 and \$91,866, 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 2009 and later are subject to examination by taxing authorities.

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

---

Note To Summary Of Net Assets And Other Resources (*Continued*)

**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 revenues, expenses and changes in net assets. Certain costs have been allocated among the program, management and general and fundraising categories based on management's estimates.

**Subsequent Events**

Management has evaluated subsequent events through January 31, 2014, the date which the financial statements were available for issue.

**3. Investments And Investment Return**

**Investments**

Investments at September 30 consisted of the following:

	<u>2013</u>	<u>2012</u>
Money market funds	\$ 769,315	\$ 427,729
Exchange traded funds	3,650,767	2,168,312
Mutual funds	6,143,599	7,214,313
Real estate funds	192,640	150,019
	<u>\$ 10,756,321</u>	<u>\$ 9,960,373</u>

Total investment return is comprised of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 212,494	\$ 222,190
Net unrealized gains	755,454	914,403
Net realized gains	281,892	274,692
	<u>\$ 1,249,840</u>	<u>\$ 1,411,285</u>

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

---

Note To Summary Of Net Assets And Other Resources (*Continued*)

**4. 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
- 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, 2013 and 2012.

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

Note To Summary Of Net Assets And Other Resources (*Continued*)

The following table sets forth by level, within the fair value hierarchy, the Institute's assets at fair value as of September 30, 2013:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 769,315	\$ —	\$ —	\$ 769,315
Exchange traded funds				
Domestic equity	3,344,785	—	—	3,344,785
International equity	305,982	—	—	305,982
Mutual funds				
Domestic equity	2,238,660	—	—	2,238,660
International equity	1,129,761	—	—	1,129,761
Fixed income	2,237,352	—	—	2,237,352
Hedge strategy	537,826	—	—	537,826
Real estate funds	192,640	—	—	192,640
	<u>\$ 10,756,321</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,756,321</u>

The following table sets forth by level, within the fair value hierarchy, the Institute's assets at fair value as of September 30, 2012:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 427,729	\$ —	\$ —	\$ 427,729
Exchange traded funds				
Domestic equity	1,886,662	—	—	1,886,662
International equity	281,650	—	—	281,650
Mutual funds				
Domestic equity	2,423,890	—	—	2,423,890
International equity	898,070	—	—	898,070
Fixed income	2,783,722	—	—	2,783,722
Hedge strategy	944,413	—	—	944,413
Commodities	164,218	—	—	164,218
Real estate funds	150,019	—	—	150,019
	<u>\$ 9,960,373</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,960,373</u>

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

---

Note To Summary Of Net Assets And Other Resources (*Continued*)

**5. Net Assets**

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

	<u>2013</u>	<u>2012</u>
Endowment	\$ 1,732,215	\$ 1,298,627
Kauffman Foundation (Education, Speaker Series, Website, and Kansas City Library Truman Branch)	210,000	510,000
Truman and Israel Programs	90,000	—
Other	9,258	386
	<u>\$ 2,041,473</u>	<u>\$ 1,809,013</u>

Permanently restricted net assets at September 30 are restricted to:

	<u>2013</u>	<u>2012</u>
Investment in perpetuity, the income of which is expendable to support certain activities of the Institute	\$ 3,503,148	\$ 3,453,148

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

	<u>2013</u>	<u>2012</u>
Endowment appropriations	\$ 189,233	\$ 120,898
Exhibits	51,500	96,000
Education	207,261	237,861
Kemper document access	50,000	50,000
Veterans Day program	10,519	—
Book programs	10,000	9,157
Kauffman Foundation (Education, Speaker Series, Website, and Kansas City Library Truman Branch)	300,000	330,000
Other	20,000	17,100
	<u>\$ 838,513</u>	<u>\$ 861,016</u>

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

---

Note To Summary Of Net Assets And Other Resources (*Continued*)

**6. 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 (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**

Note To Summary Of Net Assets And Other Resources (*Continued*)

**Composition Of Endowment Net Assets**

The composition of net assets by type of endowment fund at September 30, 2013 and 2012 was:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ (253)	\$ 1,732,215	\$ 3,503,148	\$ 5,235,110
Board-designated endowment funds	1,493,314	—	—	1,493,314
	\$ 1,493,061	\$ 1,732,215	\$ 3,503,148	\$ 6,728,424

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ —	\$ 1,298,627	\$ 3,453,148	\$ 4,751,775
Board-designated endowment funds	1,342,702	—	—	1,342,702
	\$ 1,342,702	\$ 1,298,627	\$ 3,453,148	\$ 6,094,477

Changes in endowment net assets for the years ended September 30, 2013 and 2012 were:

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Beginning balance	\$ 1,342,702	\$ 1,298,627	\$ 3,453,148	\$ 6,094,477
Investment income	27,105	106,480	—	133,585
Net appreciation	148,254	513,641	—	661,895
Total investment return	175,359	620,121	—	795,480
Contributions	—	2,700	50,000	52,700
Appropriation of endowment assets for expenditure	(25,000)	(189,233)	—	(214,233)
Ending balance	\$ 1,493,061	\$ 1,732,215	\$ 3,503,148	\$ 6,728,424

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

Note To Summary Of Net Assets And Other Resources (*Continued*)

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Beginning balance	\$ 1,127,358	\$ 766,618	\$ 3,453,148	\$ 5,347,124
Investment income	25,722	101,373	—	127,095
Net appreciation	191,462	547,029	—	738,491
Total investment return	217,184	648,402	—	865,586
Contributions	3,021	4,505	—	7,526
Appropriation of endowment assets for expenditure	(4,861)	(120,898)	—	(125,759)
Ending balance	\$ 1,342,702	\$ 1,298,627	\$ 3,453,148	\$ 6,094,477

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30, 2013 and 2012 consisted of:

	2013	2012
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	\$ 3,503,148	\$ 3,453,148
Temporarily restricted net assets - portion of perpetual endowment funds subject to a restriction under UPMIFA		
With purpose restrictions	\$ 92,432	\$ 41,380
Without purpose restrictions	1,639,783	1,257,247
	\$ 1,732,215	\$ 1,298,627

**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 \$253 at September 30, 2013. There were no such deficiencies at September 30, 2012.

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

---

Note To Summary Of Net Assets And Other Resources (*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.

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) that states that an amount equal to 4% (inclusive of earned interest and dividend revenues) of the trailing 12-quarter average market value of the assets in the various endowment and other fund accounts that are subject to the Institute's Statement of Investment Policy and Objective will be distributed annually to support the Institute's budgeted expenditures. This distribution percentage will be applied pursuant to the above formula to each individual account not subject to income restrictions or other payout agreements, which would supersede the Distribution Policy (donor-restricted endowments are expended in accordance with the donor agreements). In the event that the annual distribution amount as calculated above is in excess of the amounts needed to fund the Institute's annual budgeted expenditures, the "excess" distribution amount will be added to a special reserve that can be used in future years at the discretion of the Institute's Board of Directors.

## **7. 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 \$38,561 and \$33,241 for 2013 and 2012, respectively.

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

---

Note To Summary Of Net Assets And Other Resources (*Continued*)

**8. Concentrations**

During 2013, one donor individually contributed 10% of contributions and grants received. During 2012, no donors individually contributed greater than 10% of contributions and grants received. Contributions from Board members and/or entities closely related to Board members were approximately \$198,000 and \$210,000 in fiscal year 2013 and 2012, respectively, and are included in various captions in the statement of support and revenues, expenses and changes in net assets.



RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

10975 Grandview Drive  
Suite 600  
Overland Park, KS 66210

T 913.491.4144  
F 913.491.6821

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

### **Independent Auditors' Report On Supplementary Information**

We have audited the financial statements of the Harry S. Truman Library Institute For National and International Affairs as of and for the year ended September 30, 2013, and our report thereon dated January 31, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the financial statements 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, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*RubinBrown LLP*

January 31, 2014

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

**SUMMARY OF NET ASSETS AND OTHER RESOURCES  
September 30, 2013**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Net Assets</b>				
General fund	\$ 3,088,092	\$ —	\$ —	\$ 3,088,092
Board designated				
Endowment fund	1,493,314	—	—	1,493,314
Preventative maintenance fund	506,055	—	—	506,055
Reserve fund	155,001	—	—	155,001
Endowment fund	—	2,041,473	3,503,148	5,544,621
<b>Total Net Assets</b>	<b>5,242,462</b>	<b>2,041,473</b>	<b>3,503,148</b>	<b>10,787,083</b>
<b>Other Resources</b>				
Community foundations	—	102,775	—	102,775
Pledges receivable	—	112,500	—	112,500
<b>Total Other Resources</b>	<b>—</b>	<b>215,275</b>	<b>—</b>	<b>215,275</b>
<b>Total Net Assets And Other Resources</b>	<b>\$ 5,242,462</b>	<b>\$ 2,256,748</b>	<b>\$ 3,503,148</b>	<b>\$ 11,002,358</b>

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

---

**NOTE TO SUMMARY OF NET ASSETS AND OTHER RESOURCES  
September 30, 2013**

**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 five 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.

**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.

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

---

Note To Summary Of Net Assets And Other Resources (*Continued*)

**Board Designated Reserve Fund**

The Board Designated Reserve Fund was created by the Board of Directors to help ensure the long-term financial stability of the Institute by providing certain financial reserves as a safeguard from cash flow interruptions caused by financial market downturns, fundraising decreases, unexpected events, large unbudgeted expenses, or as means to help fund major expenditures as approved by the Board of Directors.

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

---

**SUMMARY OF PLEDGES RECEIVABLE  
September 30, 2013 And 2012**

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, 2013 and 2012.

<b>Pledges Receivable, October 1, 2011</b>	\$ 221,000
Grant promises and pledges received	81,685
Grant and pledge payments received	<u>(176,685)</u>
 <b>Pledges Receivable, September 30, 2012</b>	 126,000
Grant promises and pledges received	100,000
Grant and pledge payments received	(108,500)
Write-offs	<u>(5,000)</u>
 <b>Pledges Receivable, September 30, 2013</b>	 <u><u>\$ 112,500</u></u>

Scheduled payments on pledges receivable are due as follows:

<u><b>Year Ending September 30,</b></u>	
2014	\$ 32,500
2015	30,000
2016	30,000
2017	<u>20,000</u>
	<u><u>\$ 112,500</u></u>