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**HARRY S. TRUMAN LIBRARY**  
**INSTITUTE FOR NATIONAL AND**  
**INTERNATIONAL AFFAIRS**  
**FINANCIAL STATEMENTS**  
*SEPTEMBER 30, 2014*

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## 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, 2014, 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, 2014, 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' 2013 financial statements, and our report dated January 31, 2014, 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, 2013, 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

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*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*

February 3, 2015

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

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

	September 30,	
	2014	2013
<b>Cash</b>	\$ 17,768	\$ 30,762
<b>Investments</b>	11,181,341	10,756,321
<b>Total Cash And Investments</b>	<b>\$ 11,199,109</b>	<b>\$ 10,787,083</b>
<b>Net Assets</b>		
Unrestricted		
Board designated		
Endowment fund	\$ 1,882,145	\$ 1,493,314
Reserve fund	108,019	155,001
Preventative maintenance fund	533,532	506,055
Undesignated	3,014,191	3,088,092
	5,537,887	5,242,462
Temporarily restricted	2,158,074	2,041,473
Permanently restricted	3,503,148	3,503,148
<b>Total Net Assets</b>	<b>\$ 11,199,109</b>	<b>\$ 10,787,083</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, 2014  
(With Summarized Financial Information For The Year Ended September 30, 2013)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Budget 2014 (Unaudited)	Comparative Totals For 2013
<b>Support And Revenues</b>						
Interest and dividends	\$ 96,950	\$ 105,157	\$ —	\$ 202,107	\$ 188,000	\$ 215,194
Contributions and grants	287,363	204,900	—	492,263	546,000	428,131
Annual memberships	224,080	—	—	224,080	220,000	257,629
Special event income, net of related expenses - \$80,104	322,181	—	—	322,181	321,000	241,702
White House Decision Center revenues	—	65,602	—	65,602	65,000	67,215
Other revenue	15,007	3,600	—	18,607	18,700	7,924
	945,581	379,259	—	1,324,840	1,358,700	1,217,795
Net assets released from restrictions	662,956	(662,956)	—	—	—	—
<b>Total Support And Revenues</b>	<b>1,608,537</b>	<b>(283,697)</b>	<b>—</b>	<b>1,324,840</b>	<b>1,358,700</b>	<b>1,217,795</b>
<b>Expenses</b>						
Program expenses	1,247,386	—	—	1,247,386	1,128,475	1,010,381
Management and general	277,366	—	—	277,366	535,000	240,637
Fundraising	216,088	—	—	216,088	149,000	264,491
<b>Total Expenses</b>	<b>1,740,840</b>	<b>—</b>	<b>—</b>	<b>1,740,840</b>	<b>1,812,475</b>	<b>1,515,509</b>
<b>Support And Revenues Under Expenses</b>	<b>(132,303)</b>	<b>(283,697)</b>	<b>—</b>	<b>(416,000)</b>	<b>\$ (453,775)</b>	<b>(297,714)</b>
Net unrealized gains on investments	178,201	246,210	—	424,411		755,454
Net realized gains on investments	249,527	154,088	—	403,615		281,892
<b>Increase In Net Assets</b>	<b>295,425</b>	<b>116,601</b>	<b>—</b>	<b>412,026</b>		<b>739,632</b>
<b>Net Assets - Beginning 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>
<b>Net Assets - End Of Year</b>	<b>\$ 5,537,887</b>	<b>\$ 2,158,074</b>	<b>\$ 3,503,148</b>	<b>\$ 11,199,109</b>		<b>\$ 10,787,083</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, 2014  
(With Summarized Financial Information For The Year Ended September 30, 2013)**

	Program Expenses	Management And General	Fundraising	Total 2014	Budget 2014 (Unaudited)	Comparative Totals For 2013
Grants and awards	\$ 145,124	—	\$ —	\$ 145,124	\$ 157,500	\$ 140,539
Personnel	446,303	157,357	163,978	767,638	776,500	725,977
Volunteer/intern services	3,008	—	—	3,008	3,000	3,009
Office products and services	—	20,347	—	20,347	20,000	19,640
Fundraising products and services	—	—	32,769	32,769	40,000	42,746
Special events	—	—	80,104	80,104	80,000	76,664
Public programs	202,686	—	—	202,686	196,975	172,362
Meetings	—	10,049	—	10,049	10,000	7,896
Education	43,893	—	—	43,893	55,000	38,159
Summer Teacher Institute	27,722	—	—	27,722	35,000	25,332
Exhibits	123,522	—	—	123,522	140,000	36,425
Annual membership programs	—	—	19,341	19,341	20,000	25,291
Professional fees	—	88,747	—	88,747	88,000	88,600
Public relations and advertising	65,502	—	—	65,502	70,000	66,143
White House Decision Center	19,937	—	—	19,937	20,000	12,553
TRU Magazine Publication	48,746	—	—	48,746	46,500	25,926
Website design and hosting	97,525	—	—	97,525	105,000	57,757
Contingency/other	15,256	866	—	16,122	21,000	19,831
Preventative maintenance	8,162	—	—	8,162	8,000	7,323
Total expenses	1,247,386	277,366	296,192	1,820,944	1,892,475	1,592,173
Less special event expenses netted with special event income	—	—	80,104	80,104	80,000	76,664
<b>Total Expenses, Net</b>	<b>\$ 1,247,386</b>	<b>\$ 277,366</b>	<b>\$ 216,088</b>	<b>\$ 1,740,840</b>	<b>\$ 1,812,475</b>	<b>\$ 1,515,509</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, 2014 And 2013

### 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**

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Notes To Financial Statements (*Continued*)

**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**

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Notes To Financial Statements (*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 \$88,218 and \$47,175 for the years ended September 30, 2014 and 2013, 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, 2014 and 2013, there were no contributions to the Funds. During the year ended September 30, 2014, there were distributions of \$4,335 from the Funds. There were no distributions during the year ended September 30, 2013. As of September 30, 2014 and 2013, the fair value of the assets contributed to the Community Foundations available for distributions in support of Institute programs was \$107,388 and \$102,775, 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 2010 and later are subject to examination by taxing authorities.

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

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Notes To Financial Statements (*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 February 3, 2015, 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>2014</u>	<u>2013</u>
Money market funds	\$ 713,235	\$ 769,315
Exchange traded funds	4,189,881	3,650,767
Mutual funds	6,067,568	6,143,599
Real estate funds	210,657	192,640
	<u>\$ 11,181,341</u>	<u>\$ 10,756,321</u>

Total investment return is comprised of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 202,107	\$ 212,494
Net unrealized gains	424,411	755,454
Net realized gains	403,615	281,892
	<u>\$ 1,030,133</u>	<u>\$ 1,249,840</u>

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

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Notes To Financial Statements (*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, 2014 and 2013.

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

Notes To Financial Statements (*Continued*)

The following table sets forth by level, within the fair value hierarchy, the Institute's assets at fair value as of September 30, 2014:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 713,235	\$ —	\$ —	\$ 713,235
Exchange traded funds				
Domestic equity	3,871,885	—	—	3,871,885
International equity	317,996	—	—	317,996
Mutual funds				
Domestic equity	1,784,722	—	—	1,784,722
International equity	827,475	—	—	827,475
Fixed income	2,597,381	—	—	2,597,381
Hedge strategy	568,439	—	—	568,439
Infrastructure fund	289,551	—	—	289,551
Real estate funds	210,657	—	—	210,657
	<u>\$ 11,181,341</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,181,341</u>

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>

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

Notes To Financial Statements (*Continued*)

**5. Net Assets**

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

	<u>2014</u>	<u>2013</u>
Endowment	\$ 2,037,951	\$ 1,732,215
Kauffman Foundation (Education, Speaker Series, Website, and Kansas City Library Truman Branch)	—	210,000
Truman and Israel Programs	118,000	90,000
Other	2,123	9,258
	<u>\$ 2,158,074</u>	<u>\$ 2,041,473</u>

Permanently restricted net assets at September 30 are restricted to:

	<u>2014</u>	<u>2013</u>
Investment in perpetuity, the income of which is expendable to support certain activities of the Institute	\$ 3,503,148	\$ 3,503,148

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

	<u>2014</u>	<u>2013</u>
Endowment appropriations	\$ 199,719	\$ 189,233
Exhibits	15,000	51,500
Education	142,102	207,261
Kemper document access	50,000	50,000
Veterans Day program	9,360	10,519
Book programs	—	10,000
Kauffman Foundation (Education, Speaker Series, Website, and Kansas City Library Truman Branch)	245,000	300,000
Other	1,775	20,000
	<u>\$ 662,956</u>	<u>\$ 838,513</u>

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

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Notes To Financial Statements (*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**

Notes To Financial Statements (*Continued*)

**Composition Of Endowment Net Assets**

The composition of net assets by type of endowment fund at September 30, 2014 and 2013 was:

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ —	\$ 2,037,951	\$ 3,503,148	\$ 5,541,099
Board-designated endowment funds	1,882,145	—	—	1,882,145
	\$ 1,882,145	\$ 2,037,951	\$ 3,503,148	\$ 7,423,244

	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

Changes in endowment net assets for the years ended September 30, 2014 and 2013 were:

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Beginning balance	\$ 1,493,061	\$ 1,732,215	\$ 3,503,148	\$ 6,728,424
Investment income	28,154	105,157	—	133,311
Net appreciation	116,038	400,298	—	516,335
Total investment return	144,192	505,455	—	649,647
Contributions	250,500	—	—	250,500
Appropriation of endowment assets for expenditure	(5,608)	(199,719)	—	(205,327)
Ending balance	\$ 1,882,145	\$ 2,037,951	\$ 3,503,148	\$ 7,423,244

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

Notes To Financial Statements (*Continued*)

	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	109,180	—	136,285
Net appreciation	148,254	513,641	—	661,895
Total investment return	175,359	622,821	—	798,180
Contributions	—	—	50,000	50,000
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

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30, 2014 and 2013 consisted of:

	2014	2013
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	\$ 3,503,148	\$ 3,503,148
Temporarily restricted net assets - portion of perpetual endowment funds subject to a restriction under UPMIFA		
With purpose restrictions	\$ 138,647	\$ 92,432
Without purpose restrictions	1,899,304	1,639,783
	\$ 2,037,951	\$ 1,732,215

**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, 2014.

**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.

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 (the 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 \$40,472 and \$38,561 for 2014 and 2013, respectively.

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

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Notes To Financial Statements (*Continued*)

**8. Concentrations**

During 2014, one donor individually contributed 36% of contributions and grants received. During 2013, one donor individually contributed 10% of contributions and grants received. Contributions from Board members and/or entities closely related to Board members were approximately \$212,876 and \$198,000 in fiscal year 2014 and 2013, respectively, and are included in various captions in the statement of support and revenues, expenses and changes in net assets.



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## Independent Auditors' Report On Supplementary Information

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

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, 2014, and our report thereon dated February 3, 2015, 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*

February 3, 2015

**HARRY S. TRUMAN LIBRARY INSTITUTE  
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**SUMMARY OF NET ASSETS AND OTHER RESOURCES  
September 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Net Assets</b>				
General fund	\$ 3,014,191	\$ —	\$ —	\$ 3,014,191
Board designated				
Endowment fund	1,882,145	—	—	1,882,145
Preventative maintenance fund	533,532	—	—	533,532
Reserve fund	108,019	—	—	108,019
Endowment fund	—	2,158,074	3,503,148	5,661,222
<b>Total Net Assets</b>	<b>5,537,887</b>	<b>2,158,074</b>	<b>3,503,148</b>	<b>11,199,109</b>
<b>Other Resources</b>				
Community foundations	—	107,388	—	107,388
Pledges receivable	—	192,000	—	192,000
<b>Total Other Resources</b>	<b>—</b>	<b>299,388</b>	<b>—</b>	<b>299,388</b>
<b>Total Net Assets And Other Resources</b>	<b>\$ 5,537,887</b>	<b>\$ 2,457,462</b>	<b>\$ 3,503,148</b>	<b>\$ 11,498,497</b>

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

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**NOTE TO SUMMARY OF NET ASSETS AND OTHER RESOURCES  
September 30, 2014**

**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**

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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**

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**SUMMARY OF PLEDGES RECEIVABLE  
September 30, 2014 And 2013**

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, 2014 and 2013.

<b>Pledges Receivable, October 1, 2012</b>	\$ 126,000
Grant promises and pledges received	100,000
Grant and pledge payments received	(108,500)
Write-offs	(5,000)
	112,500
<b>Pledges Receivable, September 30, 2013</b>	112,500
Grant promises and pledges received	216,000
Grant and pledge payments received	(136,500)
	192,000
<b>Pledges Receivable, September 30, 2014</b>	\$ 192,000

Scheduled payments on pledges receivable are due as follows:

<b><u>Year Ending September 30,</u></b>	
2015	\$ 85,000
2016	85,000
2017	20,000
2018	2,000
	192,000
	\$ 192,000