

Altrusa International Foundation, Inc.

Financial Statements

Years Ended May 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Altrusa International Foundation, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of Altrusa International Foundation, Inc., a nonprofit organization, which comprise the statement of financial position as of May 31, 2017 and 2016, and the related statements of activities and cash flows for the years 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 U.S. generally accepted accounting principles; this includes 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 audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider 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.

INDEPENDENT AUDITORS' REPORT - Continued

Opinion

In our opinion, the financial statements referred on the previous page present fairly, in all material respects, the financial position of Altrusa International Foundation, Inc. as of May 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Mann Weitz & Associates LLC

MANN. WEITZ & ASSOCIATES L.L.C.

Deerfield, Illinois
September 29, 2017

ALTRUSA INTERNATIONAL FOUNDATION, INC.

**STATEMENT OF FINANCIAL POSITION
MAY 31, 2017 AND 2016**

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	\$ 89,033	\$ 109,838
Accounts receivable	40	
Contributions receivable	10,018	9,449
Prepaid expenses		785
	<u>99,091</u>	<u>120,072</u>
Total Current Assets		
	<u>99,091</u>	<u>120,072</u>
Other Assets		
Investments - Notes 2 and 3	3,258,821	3,046,406
Beneficial interest in assets held in trust by others - Note 2	408,787	394,761
	<u>3,667,608</u>	<u>3,441,167</u>
Total Other Assets		
	<u>3,667,608</u>	<u>3,441,167</u>
Total Assets	<u>\$ 3,766,699</u>	<u>\$ 3,561,239</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 18,538	\$ 8,506
	<u>18,538</u>	<u>8,506</u>
Net Assets - Note 11		
Unrestricted		
Board designated - Notes 6 and 7	2,359,683	2,200,374
Undesignated	1,669	37,462
	<u>2,361,352</u>	<u>2,237,836</u>
Total Unrestricted		
	<u>2,361,352</u>	<u>2,237,836</u>
Temporarily restricted - Notes 4 and 7	100,567	73,490
Permanently restricted - Notes 2, 7, and 8	1,286,242	1,241,407
	<u>1,386,809</u>	<u>1,314,897</u>
Total Net Assets		
	<u>3,748,161</u>	<u>3,552,733</u>
Total Liabilities and Net Assets	<u>\$ 3,766,699</u>	<u>\$ 3,561,239</u>

The accompanying notes are an integral part of this statement.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

STATEMENT OF ACTIVITIES
YEARS ENDED MAY 31, 2017 AND 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, and Other Support								
Contributions	\$ 59,281	\$ 45,297	\$ 30,809	\$ 135,387	\$ 68,187	\$ 58,740	\$ 13,342	\$ 140,269
Beneficial interest in assets held in trust by others:								
Trust distributions	31,183			31,183	21,318			21,318
Change in present value of beneficial interest in trust held by others - Note 2			14,026	14,026			(38,887)	(38,887)
Net realized and unrealized gains on investments	178,529	58,784		237,313	7,493	2,589		10,082
Dividends and interest, net of investment fees of \$19,864 and \$19,271 in 2017 and 2016, respectively	35,452	11,667		47,119	34,217	11,808		46,025
Other income	1,340			1,340	1,280			1,280
Total Revenues and Gains	305,785	115,748	44,835	466,368	132,495	73,137	(25,545)	180,087
Net assets released from restrictions - Note 4	88,671	(88,671)			142,585	(142,585)		
Total Revenues, Gains and Other Support	394,456	27,077	44,835	466,368	275,080	(69,448)	(25,545)	180,087
Expenses								
Program Services								
Grants and awards	155,797			155,797	170,167			170,167
Disaster relief	33,482			33,482	40,119			40,119
Club 21	58,007			58,007	54,576			54,576
Total Program Services	247,286			247,286	264,862			264,862
Supporting Services								
Management and general	17,041			17,041	18,185			18,185
Fundraising	6,613			6,613	8,811			8,811
Total Supporting Services	23,654			23,654	26,996			26,996
Total Expenses	270,940			270,940	291,858			291,858
Change in Net Assets	123,516	27,077	44,835	195,428	(16,778)	(69,448)	(25,545)	(111,771)
Net Assets - Note 11								
Beginning of year	2,237,836	73,490	1,241,407	3,552,733	2,254,614	142,938	1,266,952	3,664,504
End of year	\$ 2,361,352	\$ 100,567	\$ 1,286,242	\$ 3,748,161	\$ 2,237,836	\$ 73,490	\$ 1,241,407	\$ 3,552,733

The accompanying notes are an integral part of this statement.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

STATEMENT OF CASH FLOWS
YEARS ENDED MAY 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 195,428	\$ (111,771)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Net gain on investments	(237,313)	(10,082)
Change in present value of beneficial interest in assets held in trust by others	(14,026)	38,887
Net (increase) decrease in assets		
Accounts receivable	(40)	815
Contributions receivable	(569)	26,173
Prepaid expenses	785	(785)
Net increase in liabilities		
Accounts payable and accrued expenses	10,032	306
	<u> </u>	<u> </u>
Net Cash Used for Operating Activities	<u>(45,703)</u>	<u>(56,457)</u>
Cash Flows from Investing Activities		
Purchases of investments	(733,396)	(461,627)
Proceeds from sales of investments	758,294	517,198
	<u> </u>	<u> </u>
Net Cash Provided by Investing Activities	<u>24,898</u>	<u>55,571</u>
Net Decrease in Cash	(20,805)	(886)
Cash		
Beginning of year	<u>109,838</u>	<u>110,724</u>
End of year	<u>\$ 89,033</u>	<u>\$ 109,838</u>

The accompanying notes are an integral part of this statement.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Organization

Altrusa International Foundation, Inc. (Foundation) is a not-for-profit, philanthropic corporation established in 1962 by Altrusa International, Inc., a worldwide volunteer service organization, devoted to contributing to human well-being through the development and implementation of effective local community service programs. The Foundation is dedicated to improving economic well-being and quality of life through a commitment to community services and literacy. The Foundation, headquartered in Chicago, generates its revenue primarily through contributions and investment income.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Information regarding the financial position and activities of the Foundation are reported in three classes of net assets: unrestricted, temporarily restricted and permanently restricted. These classes of net assets are based on the existence or absence of externally (donor) imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted, undesignated net assets – Unrestricted, undesignated net assets are not subject to donor-imposed or Board designated stipulations and include all of the activities of the Foundation, except for amounts temporarily or permanently restricted by external donors or designated by the Board.
- Unrestricted, Board designated net assets – Unrestricted, Board designated net assets represent unrestricted amounts specifically designated by the Board for a certain purpose.
- Temporarily restricted net assets - Temporarily restricted net assets are subject to donor-imposed stipulations that can be removed through the passage of time (time restrictions) or actions of the Foundation (purpose restrictions).

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

- Permanently restricted net assets - Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended.

Investments and Earnings

Investments, excluding certificates of deposit, are carried at fair value. The fair value of investments is generally determined based on quoted market price. Interest and dividends, as well as realized and unrealized gains and losses on investments, are included in the statement of activities. Interest and dividends are reported as increases in unrestricted net assets unless their use is restricted by a donor. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by relevant state law.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Promises to give which are receivable over more than one year are recorded at present value. Contributions of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Uncollectible Accounts

The Organization considers its receivables to be fully collectible. Accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, they are charged to operations when that determination is made. This direct write-off method does not materially differ from the allowance method required by U.S. generally accepted accounting principles.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Beneficial Interest in Assets Held in Trust by Others

The beneficial interest in assets held in trust by others is recorded at the present value of the expected future cash flows from the trust, which is best estimated as the fair value of the underlying investments in the trust. These investments, which are not in the possession or under the control of the Foundation, are administered by outside fiscal agents, with the Foundation deriving distributions from the trust as stipulated by the gift instrument.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis on the statement of activities. Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Management and general costs are allocated to the various programs or supporting service based on staff hours worked on the functional areas.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reported period. Actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code for all business income related to its exempt purpose. The Foundation is subject to income taxes on its unrelated business income after related expenses. There was no unrelated business income for the years ended May 31, 2017 and 2016.

Evaluation of Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of May 31, 2017 and 2016, the Foundation had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Effect of Recently Issued Accounting Standards

In August 2016 the Financial Accounting Standards Board (FASB) issued new rules for nonprofit organizations under Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (NFP)*. This ASU changes the financial reporting format for NFP financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets. Some of the changes in ASU 2016-14 include:

- The existing three-class system of classifying net asset as unrestricted, temporarily restricted and permanently restricted will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restrictions and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.
- NFPs will be required to present an analysis of expenses by both function and natural classification on a separate statement, on the face of the statement of activities, or in the footnotes. Additional disclosures will also be required regarding specific methodologies used to allocate costs among program and support functions.
- The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards' policies or decisions to reduce or spend from these funds.
- NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Effect of Recently Issued Accounting Standards - Continued

ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments in this ASU is permitted. Management is currently evaluating the impact this change in accounting standards will have on the financial statements and related disclosures.

Subsequent Events

The Foundation has evaluated subsequent events for potential recognition and/or disclosures through September 29, 2017, the date the financial statements were available to be issued. No material subsequent events have occurred that require adjustments or disclosures.

2. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

FASB Accounting Standards Codification (ASC) 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's estimates about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

**2. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS -
Continued**

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The estimated fair values of financial assets measured on a recurring basis are as follows at May 31:

<u>Description</u>	<u>Fair Value at May 31, 2017</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$ 257,258	\$ 257,258	\$ -	\$ -
Marketable securities	2,057,524	2,057,524		
Beneficial interest in assets held in trust by others	408,787			408,787
Total Assets at Fair Value	<u>\$ 2,723,569</u>	<u>\$ 2,314,782</u>	<u>\$ -</u>	<u>\$ 408,787</u>

<u>Description</u>	<u>Fair Value at May 31, 2016</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$ 54,877	\$ 54,877	\$ -	\$ -
Marketable securities	1,847,636	1,847,636		
Beneficial interest in assets held in trust by others	394,761			394,761
Total Assets at Fair Value	<u>\$ 2,297,274</u>	<u>\$ 1,902,513</u>	<u>\$ -</u>	<u>\$ 394,761</u>

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS - Continued

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash: Cash held in the Foundation's investment accounts are considered investments and are valued at cost, which approximates fair value.

Fixed Income Securities: Shares held in fixed income securities are traded on national and international securities exchanges and are valued at closing prices on the last business day of the year.

Marketable Securities: Shares are traded in active markets and on national and international securities exchanges and are valued at closing prices on the last business day of the fiscal year.

Beneficial Interest in Assets Held in Trust by Others: The beneficial interest in trusts has been designated as Level 3 in the fair value hierarchy since the fair value of this trust is calculated based on the present value of the future expected cash flows related to the trust's investments.

The following sets forth the reconciliation of beginning and ending balances related to fair value measurements using significant unobservable inputs (Level 3) during the years ended May 31, 2017 and 2016:

Balance as of May 31, 2015	\$ 433,648
Change in present value of beneficial interest in trust held by others	<u>(38,887)</u>
Balances as of May 31, 2016	394,761
Change in present value of beneficial interest in trust held by others	<u>14,026</u>
Balance as of May 31, 2017	<u><u>\$ 408,787</u></u>

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

3. INVESTMENTS

Investments consist of the following at May 31:

	<u>2017</u>	<u>2016</u>
Cash	\$ 257,258	\$ 54,877
Certificates of deposit	944,039	1,143,893
Marketable securities	<u>2,057,524</u>	<u>1,847,636</u>
Total	<u>\$ 3,258,821</u>	<u>\$ 3,046,406</u>

4. TEMPORARILY RESTRICTED NET ASSETS AND RELEASES FROM RESTRICTIONS

Temporarily restricted net assets consist of the Disaster Relief Fund, the Club 21 Fund, contributions receivable, and accumulated earnings from the permanently restricted net assets of the Endowment Fund (Note 7). The Disaster Relief Fund provides funding for international disasters, and the Club 21 Fund supports summer camps for children who are HIV positive or who have other diseases and disabilities.

Temporarily restricted net assets consist of the following at May 31:

	<u>2017</u>	<u>2016</u>
Time restrictions	\$ -	\$ 3,013
Grants and awards - endowment	<u>100,567</u>	<u>70,477</u>
Total	<u>\$ 100,567</u>	<u>\$ 73,490</u>

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

4. TEMPORARILY RESTRICTED NET ASSETS AND RELEASES FROM RESTRICTIONS - Continued

Temporarily restricted net assets were released from restrictions as follows during the years ended May 31:

	<u>2017</u>	<u>2016</u>
Disaster Relief Fund	\$ 10,177	\$ 16,310
Club 21 Fund	25,961	48,333
Passage of time	3,013	21,596
Grants and awards		
Endowment	40,361	38,812
General	9,159	17,534
	<u> </u>	<u> </u>
Total	<u>\$ 88,671</u>	<u>\$ 142,585</u>

5. RELATED PARTY TRANSACTIONS

The Foundation cooperates closely with Altrusa International, Inc. (Association). The Association provides some personnel and the working space required for the Foundation to perform its mission. Amounts expended for these services under an agreement with the Association were \$66,267 and \$65,000 for the years ended May 31, 2017 and 2016, respectively. The Foundation Board of Trustees has approved this agreement for \$62,750 per fiscal year through May 31, 2019. Since neither organization controls the other, consolidated financial statements are not prepared.

6. BOARD DESIGNATED FUND

The Board Designated Fund is that portion of the Endowment Fund (Note 7) that results from Board Designated Fund earnings, half of the annual distributions from the beneficial interest in assets held in trust by others, and from various Board designated contributions that are not originally donor specified. Annually, the Board appropriates expenditure amounts as specified by Board policy.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENT FUND

The Endowment Fund was established from contributions received related to the 75th anniversary celebration of the Association in 1991. The Foundation has investment guidelines and limitations and all investments are made in accordance with the investment objectives of the Foundation. The Foundation has a basis for evaluating the portfolio's investment performance, and the Foundation's assets are protected by prudent management, defined procedures, and approved investment alternatives appropriate to the funds being invested.

In accordance with FASB ASC 958-205, donor contributions to this fund are reflected as permanently restricted net assets. The fund is subject to the Board designation (Note 6) that these contributions are invested and that income earned on the principal is used for funding literacy grants and other awards. It is Board policy that the Foundation spends an amount not to exceed five percent of the five year moving average of the endowment market value as calculated on December 31 during each fiscal year.

In the years when there is a deficit return on investments related to these permanently restricted endowment assets, the deficit is first allocated against accumulated earnings in the temporarily restricted funds and then reported in unrestricted net assets. In the years when there is a net surplus on the endowment's investments, such returns are included in temporarily restricted net assets (after offsetting any previous losses), and amounts are appropriated for expenditure by the Foundation from such temporarily restricted net assets.

Under the Uniform Prudent Management Institutional Funds Act (UPMIFA), the intentions of the donor as specified in the gift instrument always govern the spending from an endowment fund. The earnings on the endowment are all unrestricted to support the charitable activities of the Foundation.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENT FUND - Continued

Endowment net assets by type of fund consist of the following at May 31:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund	\$ -	\$ 100,567	\$ 877,455	\$ 978,022
Board designated	2,359,683			2,359,683
Total Funds	<u>\$2,359,683</u>	<u>\$ 100,567</u>	<u>\$ 877,455</u>	<u>\$3,337,705</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund	\$ -	\$ 70,477	\$ 846,646	\$ 917,123
Board designated	2,200,374			2,200,374
Total Funds	<u>\$2,200,374</u>	<u>\$ 70,477</u>	<u>\$ 846,646</u>	<u>\$3,117,497</u>

See Note 11 for a prior period restatement of both the temporarily and permanently restricted components of the endowment fund at May 31, 2016.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

7. ENDOWMENT FUND - Continued

Changes in endowment net assets for the years ended May 31, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beginning Balance -				
June 1, 2015	\$ 2,183,493	\$ 94,892	\$ 833,304	\$ 3,111,689
Gaedke Trust				
distributions	10,659			10,659
Contributions	25,740		13,342	39,082
Investment gains	7,493	2,589		10,082
Dividends and interest	34,177	11,808		45,985
Amounts appropriated for expenditure	<u>(61,188)</u>	<u>(38,812)</u>		<u>(100,000)</u>
Ending Balance -				
May 31, 2016	2,200,374	70,477	846,646	3,117,497
Gaedke Trust				
distributions	15,592			15,592
Contributions	31,392		30,809	62,201
Investment gains	178,529	58,784		237,313
Dividends and interest	35,435	11,667		47,102
Amounts appropriated for expenditure	<u>(101,639)</u>	<u>(40,361)</u>		<u>(142,000)</u>
Ending Balance -				
May 31, 2017	<u>\$ 2,359,683</u>	<u>\$ 100,567</u>	<u>\$ 877,455</u>	<u>\$ 3,337,705</u>

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at May 31:

	<u>2017</u>	<u>2016</u>
Beneficial interest in assets held in trust by others	\$ 408,787	\$ 394,761
Endowment fund	<u>877,455</u>	<u>846,646</u>
Total	<u>\$1,286,242</u>	<u>\$1,241,407</u>

9. VOLUNTEER SERVICES

A significant amount of volunteer services is contributed to the Foundation by various industry leaders and volunteers to support the Foundation's program and supporting services. These volunteer activities include participating on the Board of Trustees and numerous other committees. The value of these services has not been included in the financial statements.

10. RETIREMENT PLAN

During the year ended May 31, 2016, the Foundation established a 401(k) plan for its eligible employee by providing benefits through matching contributions as defined in the plan. Matching contributions for the years ended May 31, 2017 and 2016 were \$1,350 and \$894, respectively.

ALTRUSA INTERNATIONAL FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

11. PRIOR PERIOD NET ASSET RECLASSIFICATIONS

During the year ended May 31, 2017, management determined the proper classification of the certain net asset accounts according to donors' wishes related to the year ended May 31, 2016. The effect of the reclassifications on the various net asset accounts for the year ended May 31, 2016, is as follows:

	<u>As previously reported</u>	<u>As Restated</u>	<u>Increase (Decrease)</u>
Unrestricted			
Board designated	\$ 2,174,933	\$ 2,200,374	\$ 25,441
Undesignated	\$ 27,239	\$ 37,462	\$ 10,223
Temporarily restricted			
- endowment	\$ 70,178	\$ 70,477	\$ 299
Permanently restricted			
- endowment	\$ 882,609	\$ 846,646	\$ (35,963)

12. RECLASSIFICATIONS

Certain other reclassifications were made to the May 31, 2016 financial statements in order to conform to the May 31, 2017 presentation.

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