

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED AUGUST 31, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Soroptimist International of the Americas, Inc.
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Soroptimist International of the Americas, Inc. (a nonprofit corporation), which comprises the statements of financial position as of August 31, 2018 and 2017, 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 accounting principles generally accepted in the United States of America; 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 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

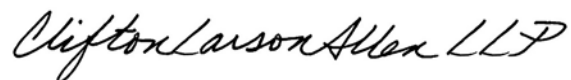
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Soroptimist International of the Americas, Inc. as of August 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information appearing on pages 18 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Schedules of Contributions and Sponsorships on page 19 has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We have not audited the supplementary Agency information on page 18. 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 6, 2018

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 2,502,245	\$ 3,700,755
Accounts Receivable	97,292	24,207
Pledges Receivable	65,362	87,500
Investments	10,043,094	7,972,020
Inventory	52,334	79,856
Prepaid Expenses	142,319	359,225
Beneficial Interest in Charitable Remainder Unitrust	14,648	14,648
Property and Equipment, Net	<u>1,374,287</u>	<u>1,421,066</u>
Total Assets	<u><u>\$ 14,291,581</u></u>	<u><u>\$ 13,659,277</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 448,839	\$ 342,180
Agency Funds	18,245	29,212
Deferred Revenue	<u>1,917,899</u>	<u>1,922,458</u>
Total Liabilities	<u>2,384,983</u>	<u>2,293,850</u>
NET ASSETS		
Unrestricted	1,616,087	2,041,506
Temporarily Restricted	302,322	295,141
Permanently Restricted	<u>9,988,189</u>	<u>9,028,780</u>
Total Net Assets	<u>11,906,598</u>	<u>11,365,427</u>
Total Liabilities and Net Assets	<u><u>\$ 14,291,581</u></u>	<u><u>\$ 13,659,277</u></u>

See accompanying Notes to Financial Statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Annual Dues	\$ 2,468,652	\$ -	\$ -	\$ 2,468,652
Convention and Meetings	1,865,692	-	-	1,865,692
Sales, Net of Cost of Sales \$133,637	164,592	-	-	164,592
Contributions	1,714,277	399,635	-	2,113,912
Convention Sponsorships	81,236	-	-	81,236
Corporation and Foundation Philanthropy	80,375	100,000	-	180,375
In-Kind Contributions	452,578	-	-	452,578
Investment Income	227,097	-	-	227,097
Realized Loss on Securities	(241,381)	-	-	(241,381)
Unrealized Gain on Securities	23,438	-	959,409	982,847
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	492,454	(492,454)	-	-
Total Revenue and Support	<u>7,329,010</u>	<u>7,181</u>	<u>959,409</u>	<u>8,295,600</u>
EXPENSES				
Membership Services	116,300	-	-	116,300
Soroptimist Magazine	54,946	-	-	54,946
Conventions and Meetings	1,687,822	-	-	1,687,822
Board and Committees	396,022	-	-	396,022
Fundraising	121,561	-	-	121,561
Governors Round Table	125,887	-	-	125,887
Soroptimist International	125,546	-	-	125,546
Public Relations	155,469	-	-	155,469
Personnel Costs	2,961,000	-	-	2,961,000
Office and Occupancy	440,131	-	-	440,131
In-Kind Expense	452,578	-	-	452,578
Depreciation	139,279	-	-	139,279
Professional Services	194,154	-	-	194,154
Miscellaneous	75,140	-	-	75,140
Program Expenses	708,594	-	-	708,594
Total Expenses	<u>7,754,429</u>	<u>-</u>	<u>-</u>	<u>7,754,429</u>
CHANGES IN NET ASSETS	(425,419)	7,181	959,409	541,171
Net Assets - Beginning of Year	<u>2,041,506</u>	<u>295,141</u>	<u>9,028,780</u>	<u>11,365,427</u>
NET ASSETS - END OF YEAR	<u>\$ 1,616,087</u>	<u>\$ 302,322</u>	<u>\$ 9,988,189</u>	<u>\$ 11,906,598</u>

See accompanying Notes to Financial Statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Annual Dues	\$ 2,376,396	\$ -	\$ -	\$ 2,376,396
Convention and Meetings	91,260	-	-	91,260
Sales, Net of Cost of Sales \$87,363	72,600	-	-	72,600
Contributions	1,496,573	377,087	-	1,873,660
Sponsorships	12,000	-	-	12,000
In-Kind Contributions	479,855	-	-	479,855
Investment Income	273,826	-	-	273,826
Realized Gain on Securities	267,460	-	-	267,460
Unrealized Gain Loss on Securities	78,199	-	45,684	123,883
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	362,672	(362,672)	-	-
Total Revenue and Support	<u>5,510,841</u>	<u>14,415</u>	<u>45,684</u>	<u>5,570,940</u>
EXPENSES				
Membership Services	240,191	-	-	240,191
Soroptimist Magazine	53,425	-	-	53,425
Conventions and Meetings	274	-	-	274
Board and Committees	277,941	-	-	277,941
Fundraising	156,936	-	-	156,936
Governors Round Table	155,896	-	-	155,896
Soroptimist International	140,355	-	-	140,355
Public Relations	47,428	-	-	47,428
Personnel Costs	2,735,259	-	-	2,735,259
Office and Occupancy	391,748	-	-	391,748
In-Kind Expense	479,855	-	-	479,855
Depreciation	136,068	-	-	136,068
Professional Services	202,695	-	-	202,695
Miscellaneous	68,058	-	-	68,058
Program Expenses	659,495	-	-	659,495
Total Expenses	<u>5,745,624</u>	<u>-</u>	<u>-</u>	<u>5,745,624</u>
CHANGES IN NET ASSETS	(234,783)	14,415	45,684	(174,684)
Net Assets - Beginning of Year	<u>2,276,289</u>	<u>280,726</u>	<u>8,983,096</u>	<u>11,540,111</u>
NET ASSETS - END OF YEAR	<u>\$ 2,041,506</u>	<u>\$ 295,141</u>	<u>\$ 9,028,780</u>	<u>\$ 11,365,427</u>

See accompanying Notes to Financial Statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 541,171	\$ (174,684)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	139,279	136,068
Bad Debt Expense	-	3,671
Net Realized and Unrealized Gain on Investments	(741,466)	(391,343)
Changes in:		
Accounts Receivable	(73,085)	31,207
Pledges Receivable	22,138	(87,500)
Inventory	27,522	24,211
Prepaid Expenses	216,906	(66,820)
Accounts Payable and Accrued Expenses	106,659	(715,190)
Agency Funds	(10,967)	25,814
Deferred Revenue	(4,559)	138,921
Net Cash Provided (Used) by Operating Activities	<u>223,598</u>	<u>(1,075,645)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(92,500)	(21,084)
Purchases of Investments	(5,854,331)	(4,530,340)
Proceeds from Sales of Investments	<u>4,524,723</u>	<u>4,948,807</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,422,108)</u>	<u>397,383</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,198,510)	(678,262)
Cash and Cash Equivalents - Beginning of Year	<u>3,700,755</u>	<u>4,379,017</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,502,245</u></u>	<u><u>\$ 3,700,755</u></u>

See accompanying Notes to Financial Statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Soroptimist International of the Americas, Inc. (SIA) (the Organization) is a global organization whose volunteer members empower women and girls through access to education. Since our founding in 1921, we have grown to include tens of thousands of Soroptimists in 21 countries and territories. Powered by our volunteer members, each of our nearly 1,300 clubs supports community-based and global projects benefiting women and girls. Since our signature Dream Programs began, we have helped more than 38,000 women and girls reach their goals.

Program projects of the Organization include:

The Live Your Dream: Education and Training Awards for Women have provided over \$30 million in education cash awards to more than 30,000 women since its inception in 1972. Soroptimist invests in women's education because education is the pathway to economic empowerment and it has the potential to transform lives and communities. The *Live Your Dream Awards* assist women who provide the primary financial support for their families and face obstacles including poverty, teen pregnancy, and drug or alcohol addiction. Annually, we provide over \$2.4 million in cash awards to more than 1,500 women across 21 countries and territories.

Dream It, Be It: Career Support for Girls has reached more than 35,000 girls across 14 countries and territories since the program launched in 2015. *Dream It, Be It* provides girls with access to professional role models, career education, and the resources to be happy, successful adults. Soroptimist clubs work with girls through a 7-session curriculum in small groups or a conference setting to give girls the tools they need to achieve their education and career goals and empowering girls to break cycles of poverty, violence, and abuse.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers short-term securities purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value which is determined by quoted market prices. Donated investments are recorded as contributions at fair value at the time of donation.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Receivables are estimated to be fully collectible by management and no allowance for bad debts has been recorded. If a receivable is determined to be uncollectible, it will be charged directly to operations in the year the determination is made. Receivables are considered to be delinquent when they are 90 days past their due date.

Inventory

Inventory consists of jewelry, supplies, and other items with the SIA insignia, and is stated at the lower of cost or market as determined on the average cost basis.

Property and Equipment

Property and equipment are stated at cost. Items over \$1,000 considered to have useful life of longer than one year are capitalized. Depreciation is provided over the estimated useful lives of the respective assets and is calculated on the straight-line basis over the following useful lives:

Computer Software	3 Years
Computer Hardware	3 to 5 Years
Furniture and Fixtures	5 to 10 Years
Building and Improvements	30 Years

Split-Interest Agreements

SIA has received a contribution in a charitable remainder unitrust.

Under the charitable remainder unitrust arrangement, SIA is not the trustee and does not exercise control over the assets contributed to the trust; therefore, SIA recognizes this arrangement as beneficial interest in a trust. SIA has recorded as temporarily restricted contribution revenue and as a beneficial interest, the fair value of the beneficial interest based on the present value of the estimated future benefits to be received when the trust assets are distributed. The discount rate used in calculating the present value of these future benefits was 5%. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as changes in the value of split-interest agreements in temporarily restricted net assets.

Contributions

Contributions, promises to give, and grants, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Donor restricted contributions that are received and expended within the same fiscal year are reported as restricted support.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Net assets are categorized as follows:

Unrestricted net assets are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.

Temporarily restricted net assets are subject to donor-imposed restrictions that permit SIA to use or expand the assets as specified. The restrictions will be met either by actions of SIA and/or the passage of time.

Permanently restricted net assets are subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by SIA. The related income and gains may be available for SIA's use as specified by the donor.

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In kind donations are recorded as contributions at their fair values at the date of donation. During the years ended August 31, 2018 and 2017, the Organization received \$449,678 and \$479,855, respectively, in donated services, all of which consisted of donated advertising services that directly benefited program activity. In addition, the Organization received \$2,900 in in-kind gifts during the year ended August 31, 2018.

Agency Funds

The Organization receives funds from member clubs on behalf of other organizations, which it holds, and, periodically makes remittances to them. These funds are not owned by the Organization nor does it exercise discretion over receipts or disbursements. Consequently, they are included as a liability on the statements of financial position. Receipts and disbursements of agency funds are not included in the statements of activities.

Deferred Revenue

Membership dues collected in advance of the period to which they relate are deferred to that period.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

SIA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization follows the accounting guidance for uncertainty in income taxes using the Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the position will be sustained upon examination of the tax authorities. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties.

The Organization's federal tax return is subject to audit by taxing authorities. As of August 31, 2018, the Organization had no uncertain tax positions that qualify for either recognition or disclosure.

Fair Value of Financial Instruments

The Organization follows Fair Value Measurements as required by the FASB Standards Codification, which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Codification emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumption that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

The Organization also adopted the Fair Value Option for Financial Assets and Liabilities under the FASB Standards Codification. This allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value, as permitted under the Codification. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

The following table represents the Organization's fair value hierarchy for those investments, excluding money market funds, measured at fair value on a recurring basis as of August 31:

	2018		
	Level 1	Level 2	Level 3
Equities	\$ 6,721,074	\$ -	\$ -
Mutual Funds	137,199	-	-
Fixed Income	3,184,821	-	-
Total Investments	<u>\$ 10,043,094</u>	<u>\$ -</u>	<u>\$ -</u>

	2017		
	Level 1	Level 2	Level 3
Equities	\$ 6,052,387	\$ -	\$ -
Mutual Funds	718,873	-	-
Fixed Income	1,200,760	-	-
Total Investments	<u>\$ 7,972,020</u>	<u>\$ -</u>	<u>\$ -</u>

Reclassifications

Certain amounts for the year ended August 31, 2017 have been reclassified to conform to current year presentation. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 6, 2018, the date the financial statements were available to be issued.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts that, at times, may exceed federally insured limits. SIA has not experienced any losses from maintaining cash accounts in excess of federally insured limits.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable due to be collected as of August 31, 2018 were as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2019	\$ 22,862
2020	22,500
2021	20,000
Total	<u>\$ 65,362</u>

The Organization does not record the long-term portion of pledges net of present value discount, as such a discount is deemed immaterial.

NOTE 4 INVESTMENTS

Investments are composed of the following as of August 31:

	<u>2018</u>	<u>2017</u>
Equities	\$ 6,721,074	\$ 6,052,387
Mutual Funds	137,199	718,873
Fixed Income	3,184,821	1,200,760
Total Investments	<u>\$ 10,043,094</u>	<u>\$ 7,972,020</u>

Mutual funds of \$147,061 and \$123,615 as of August 31, 2018 and 2017, respectively, represent funds restricted for the executive director's pension (see Note 8). A corresponding liability is included in accounts payable and accrued expenses.

The net realized and unrealized gains (losses) on investments are as follows for the years ended August 31:

	<u>2018</u>	<u>2017</u>
Net Realized Gain (Loss) on Sale of Securities	\$ (241,381)	\$ 267,460
Net Unrealized Gain	982,847	123,883
Total	<u>\$ 741,466</u>	<u>\$ 391,343</u>

Brokerage and investment fees for the years ended August 31, 2018 and 2017 amounted to \$106,222 and \$97,422, respectively, and are included in professional services expenses.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of August 31:

	2018	2017
Computer Software	\$ 133,032	\$ 237,826
Computer Hardware	126,557	112,257
Furniture and Fixtures	41,629	225,263
Building and Improvements	2,391,108	2,363,583
Total	2,692,326	2,938,929
Less: Accumulated Depreciation	(1,318,039)	(1,517,863)
Total Property and Equipment	<u>\$ 1,374,287</u>	<u>\$ 1,421,066</u>

Depreciation expense for the years ended August 31, 2018 and 2017 was \$139,279 and \$136,068, respectively.

NOTE 6 NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of August 31:

	2018	2017
Charitable Remainder Unitrust	\$ 14,647	\$ 14,647
Disaster Fund	274,920	280,494
Live Your Dream Awards	12,755	-
Total	<u>\$ 302,322</u>	<u>\$ 295,141</u>

Net assets during the years ended August 31, 2018 and 2017 were released from donor restrictions by incurring expenses satisfying the restricted purposes:

Purpose of Restriction:	2018	2017
Live Your Dream Contributions	\$ 2,575	\$ 83,292
Live Your Dream Awards	434,968	227,346
Dream It Be It	39,417	52,034
Disaster Fund Contributions	15,494	-
Total	<u>\$ 492,454</u>	<u>\$ 362,672</u>

Permanently Restricted Net Assets

Permanently restricted net assets are invested to earn income to support program projects. The principal is invested in government obligations, marketable debt securities, and marketable equity securities. Interest and dividend income from investments is recorded as revenue in the unrestricted funds. For the years ended August 31, 2018 and 2017, income earned on these investments amounted to \$177,135 and \$219,606, respectively. Unrealized gains and losses are recorded as revenue in the unrestricted funds on the statements of activities. Realized gains are recorded as permanently restricted.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 7 FUNCTIONAL EXPENSES

Functional expenses for the years ended August 31, 2018 and 2017 are as follows:

	2018	2017
Program Services:		
Membership	\$ 1,266,578	\$ 1,500,599
Governance	736,136	772,911
SI	176,680	-
Collective Impact (BG)	130,866	-
Live Your Dream Program Awards	1,112,563	839,464
Club Grants	130,423	279,174
Dream It Be It	317,844	267,180
Live Your Dream.org	-	836,083
Other Programs	50,451	46,614
Convention	1,969,428	63,353
Product Sales	92,188	102,919
Total Program Services	<u>5,983,157</u>	<u>4,708,297</u>
Fundraising	1,160,230	589,848
Administration	611,042	447,479
Total Functional Expenses	<u><u>\$ 7,754,429</u></u>	<u><u>\$ 5,745,624</u></u>

NOTE 8 RETIREMENT PLANS

The Organization provides a deferred contribution savings plan for its employees under Section 401(k) of the IRC. Employees may contribute a percentage of their salary, up to federal limits. The Organization matches employee contributions up to 3%. In addition, the Organization makes an additional contribution of 3% based on the employees' annual compensation. For the years ended August 31, 2018 and 2017, employer contributions to the plan were \$119,327 and \$119,098, respectively.

In addition, the Organization provides a supplemental pension plan for the executive director under Section 457 of the IRC. The Organization made contributions to the plan of \$6,570 and \$10,000 for the years ended August 31, 2018 and 2017, respectively. Funds are maintained in a separate investment account and are included within investments on the statements of financial position. The balance in the accounts at August 31, 2018 and 2017 was \$147,061 and \$123,615, respectively.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 9 COMMITMENTS

SIA leases certain office equipment under an operating lease expiring in 2020. Rent expense for the office equipment for the years ended August 31, 2018 and 2017 was \$21,457 and \$19,506, respectively.

The following is a schedule by year of future minimum rental payments required under the equipment operating lease that has a remaining noncancellable lease term in excess of one year as of August 31, 2018:

<u>Year Ending August 31,</u>	<u>Amount</u>
2019	\$ 14,807
2020	7,805
2021	7,805
Total	<u>\$ 30,417</u>

NOTE 10 ENDOWMENT

The Organization's endowment consist of individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors for the Organization has interpreted the law as requiring any donor-restricted contributions as being classified as unrestricted, temporarily restricted, or permanently restricted depending on the nature for the restriction. The Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purpose of the Organization and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Organization.
- 7) The investment policies of the Organization.

The Endowment Fund exists to provide a supplement to operating income, and for the purposes of long-term growth of assets for SIA. Meeting operating income targets and the preservation of principal are the primary investment objectives for the fund.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Interest, dividends, and capital gains from the Endowment help to fund Soroptimist projects such as the Dream Programs and to support operations. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Change in endowment net assets (deficit) for the fiscal years ended August 31:

	2018		
	Unrestricted	Permanently Restricted	Total
Net Assets - Beginning of Year	\$ 58,051	\$ 9,028,780	\$ 9,086,831
Investment Return:			
Investment Income	177,135	-	177,135
Realized and Unrealized Gain/(Loss)	(338,099)	959,409	621,310
Total Investment Return	(160,964)	959,409	798,445
Appropriations for Operating Expenses	-	-	-
Net Assets (Deficit) - End of Year	<u>\$ (102,913)</u>	<u>\$ 9,988,189</u>	<u>\$ 9,885,276</u>
	2017		
	Unrestricted	Permanently Restricted	Total
Net Assets - Beginning of Year	\$ 369,453	\$ 8,983,096	\$ 9,352,549
Investment Return:			
Investment Income	219,606	-	219,606
Realized and Unrealized Gain/(Loss)	211,422	45,684	257,106
Total Investment Return	431,028	45,684	476,712
Appropriations for Operating Expenses	(742,430)	-	(742,430)
Net Assets - End of Year	<u>\$ 58,051</u>	<u>\$ 9,028,780</u>	<u>\$ 9,086,831</u>

Return Objectives and Risk Parameters

The risk measure of the portfolio is to have no loss in any quarter or consecutive down quarters of more than 10% to 15%. This risk figure is measured continuously and not over a market cycle. For practical purposes, this will be measured as decline in value from the last positive quarter. The total return should meet or exceed the total of the revenue target including the rate of inflation and fees. The specific asset allocation for this portfolio will be set by the investment manager and the board of directors. Allocation provisions will be reviewed on a regular basis and may be changed from time to time by the board. In general, the ratio of stocks to bonds in the portfolio should approximate 60:40. These allocations may fluctuate within 10% at the discretion of the money manager.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 10 ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives

The Restricted Reserve shall be invested in a portfolio of quality bonds and stocks which shall provide safety through diversification of investments and may reflect varying rates of return provided the overall rate of return is consistent with the risk that the board is willing to accept.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In order to meet program and operating goals, the board of directors may authorize withdrawals from the restricted reserves of up to 10% on an annual basis. A three-year rolling average of the portfolio's market value, using no less than six observations, shall be used as the basis for this calculation. The source of these withdrawals will be dividends, interest, and capital gains. The frequency and amount of each withdrawal will be determined by the chief operating and finance officer and communicated with the investment manager.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
SCHEDULES OF AGENCY FUNDS
YEARS ENDED AUGUST 31, 2018 AND 2017

		2018		
<u>Fund</u>	<u>Beginning Balance</u>	<u>Contributions Received</u>	<u>Distributions</u>	<u>Ending Balance</u>
December 10th Appeal - Women, Water, and Leadership	<u>\$ 29,212</u>	<u>\$ 93,387</u>	<u>\$ (104,354)</u>	<u>\$ 18,245</u>

		2017		
<u>Fund</u>	<u>Beginning Balance</u>	<u>Contributions Received</u>	<u>Distributions</u>	<u>Ending Balance</u>
December 10th Appeal - Educate to Lead: Nepal	<u>\$ 3,398</u>	<u>\$ 99,267</u>	<u>\$ (73,453)</u>	<u>\$ 29,212</u>

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.
SCHEDULES OF CONTRIBUTIONS AND SPONSORSHIPS
YEARS ENDED AUGUST 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Unrestricted Contributions:		
Founders Pennies	\$ 174,167	\$ 181,871
Region Contributions	1,000	7,036
Club Giving	748,304	728,813
Program Support	664,971	548,340
Memorials/Honorariums	170	50
Convention Fundraising	22,163	-
Combined Federal Campaign	63	231
Major Gifts	-	10,000
Bequests	12,599	19,885
Unrestricted Support	89,309	-
Other Contributions	1,530	347
Total Unrestricted Contributions	<u>1,714,276</u>	<u>1,496,573</u>
Donor Restricted Contributions:		
Major Gifts	-	35,000
Dream It Be It	39,417	52,034
Live Your Dream Awards	347,723	192,346
Live Your Dream.org	2,575	83,292
Total Donor Restricted Contributions	<u>389,715</u>	<u>362,672</u>
Subtotal	2,103,991	1,859,245
Sponsorships	-	-
Corporation and Foundation Philanthropy	<u>180,375</u>	<u>12,000</u>
Total Contributions	2,284,366	1,871,245
Other:		
Convention Sponsorships	81,236	-
Disaster Fund Contributions	9,920	14,415
In-Kind Revenue - Development	2,900	-
In-Kind Revenue - Marketing	<u>449,678</u>	<u>479,855</u>
Total Contributions and Sponsorships	<u><u>\$ 2,828,100</u></u>	<u><u>\$ 2,365,515</u></u>



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.