

**SOROPTIMIST
INTERNATIONAL OF THE
AMERICAS, INC.**

**Financial Statements and
Supplementary Information**

August 31, 2019 and 2018

**Kreischer
Miller**

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SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

August 31, 2019 and 2018

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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., which comprises the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows 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 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 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 financial position of Soroptimist International of the Americas, Inc. as of August 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2019 supplementary information appearing on pages 20 through 21 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 2019 Schedule of Contributions and Sponsorships on page 21 has been subjected to the auditing procedures applied in the audit 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 information appearing in the 2019 Schedule of Agency Funds information on page 20. 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.

Prior Year Financial Statements

The financial statements of Soroptimist International of the Americas, Inc. for the year ended August 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on December 6, 2018. The same auditor subjected the 2018 Schedule of Contributions and Sponsorships on page 21 to the auditing procedures applied in the audit of the 2018 financial statements, and opined that the information was fairly stated in all material respects in relation to the 2018 financial statements as a whole. The 2018 Schedule of Agency Funds information on page 20 has not been subjected to any auditing procedures, and therefore, no opinion has been expressed on it.



Horsham, Pennsylvania
February 21, 2020

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Statements of Financial Position August 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 2,168,227	\$ 2,609,891
Accounts receivable	7,211	97,292
Inventory	101,324	52,334
Prepaid expenses	142,343	142,319
Pledges receivable, net	498,045	65,362
Investments	9,848,786	9,935,448
Beneficial interest in charitable remainder unitrust	14,648	14,648
Property and equipment, net	1,292,935	1,374,287
Total assets	\$ 14,073,519	\$ 14,291,581
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 507,812	\$ 448,839
Agency funds	4,684	18,245
Deferred revenue	2,002,297	1,917,899
Total liabilities	2,514,793	2,384,983
Net assets:		
Without donor restrictions	1,327,877	1,616,087
With donor restrictions	10,230,849	10,290,511
	11,558,726	11,906,598
Total liabilities and net assets	\$ 14,073,519	\$ 14,291,581

See accompanying notes to financial statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Statements of Activities Years Ended August 31, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Annual dues	\$ 2,566,609	\$ -	\$ 2,566,609
Convention and meetings	-	-	-
Sales, net of cost of sales of \$59,155 and \$133,661, respectively	129,571	-	129,571
Contributions	1,760,941	819,340	2,580,281
Convention sponsorships	-	-	-
Corporate and foundation philanthropy	11,000	95,000	106,000
In-kind contributions	439,865	-	439,865
Miscellaneous	91,375	-	91,375
Investment return, net	438,821	(500,039)	(61,218)
Net assets released from restrictions	473,963	(473,963)	-
Total revenue and support	5,912,145	(59,662)	5,852,483
Expenses:			
Personnel costs	3,082,403	-	3,082,403
Grants and other assistance	651,649	-	651,649
Convention	-	-	-
Travel, training and meetings	457,358	-	457,358
Translation and interpretation	268,074	-	268,074
Information technology	146,918	-	146,918
Promotion and in-kind advertising	484,576	-	484,576
Other professional services	438,026	-	438,026
Occupancy	90,553	-	90,553
Office expenses	130,342	-	130,342
Insurance	98,476	-	98,476
Soroptimist International dues	117,212	-	117,212
Depreciation	120,582	-	120,582
Fees and other	114,186	-	114,186
Total expenses	6,200,355	-	6,200,355
Change in net assets	(288,210)	(59,662)	(347,872)
Net assets, beginning of year	1,616,087	10,290,511	11,906,598
Net assets, end of year	\$ 1,327,877	\$ 10,230,849	\$ 11,558,726

See accompanying notes to financial statements.

2018		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,468,652	\$ -	\$ 2,468,652
1,865,692	-	1,865,692
164,568	-	164,568
1,714,277	399,635	2,113,912
81,236	-	81,236
80,375	100,000	180,375
452,578	-	452,578
-	-	-
(97,068)	959,409	862,341
492,454	(492,454)	-
7,222,764	966,590	8,189,354
2,934,840	-	2,934,840
675,060	-	675,060
1,176,094	-	1,176,094
684,551	-	684,551
464,705	-	464,705
139,043	-	139,043
501,788	-	501,788
345,600	-	345,600
81,227	-	81,227
138,783	-	138,783
115,514	-	115,514
123,198	-	123,198
139,279	-	139,279
128,501	-	128,501
7,648,183	-	7,648,183
(425,419)	966,590	541,171
2,041,506	9,323,921	11,365,427
\$ 1,616,087	\$ 10,290,511	\$ 11,906,598

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Statement of Functional Expenses
Year Ended August 31, 2019 (with Comparative Totals for 2018)

	2019										2018
	Program Activities							Supporting Activities			
	Program Services	Member Services	Governance	Soroptimist International	Convention	Product Sales	Total Programs	Administration	Fundraising	Total	Total
Personnel costs:											
Payroll and payroll taxes	\$ 605,403	\$ 633,282	\$ 188,591	\$ 38,811	\$ 118,074	\$ 69,970	\$ 1,654,131	\$ 350,669	\$ 728,397	\$ 2,733,197	\$ 2,586,129
Benefits	77,349	80,911	24,095	4,959	15,086	8,940	211,340	44,803	93,063	349,206	348,711
Total personnel costs:	682,752	714,193	212,686	43,770	133,160	78,910	1,865,471	395,472	821,460	3,082,403	2,934,840
Grants and other assistance	642,247	6,090	-	-	-	-	648,337	577	2,735	651,649	675,060
Convention	-	-	-	-	-	-	-	-	-	-	1,176,094
Travel, training and meetings	1,500	-	358,170	3,033	-	-	362,703	34,518	60,137	457,358	684,551
Translation and interpretation	42,597	51,578	151,061	480	617	366	246,699	8,600	12,775	268,074	464,705
Information technology	41,884	31,261	9,309	1,916	5,828	3,454	93,652	17,310	35,956	146,918	139,043
Promotion and in-kind advertising	159,065	96,718	2,689	553	1,683	998	261,706	79,536	143,334	484,576	501,788
Other professional services	64,753	105,606	22,999	2,725	8,290	4,913	209,286	99,186	129,554	438,026	345,600
Occupancy	20,058	20,981	6,248	1,286	3,912	2,318	54,803	11,618	24,132	90,553	81,227
Office expenses	20,829	51,756	7,344	869	2,643	1,566	85,007	15,435	29,900	130,342	138,783
Insurance	7,541	72,319	2,349	483	1,471	872	85,035	4,368	9,073	98,476	115,514
Soroptimist International dues	-	-	-	117,212	-	-	117,212	-	-	117,212	123,198
Depreciation	26,709	27,939	8,320	1,712	5,209	3,087	72,976	15,471	32,135	120,582	139,279
Cost of products sold	-	-	-	-	-	59,155	59,155	-	-	59,155	133,661
Fees and other	17,618	18,426	5,487	1,157	3,436	2,036	48,160	21,323	44,703	114,186	128,501
Total expenses by function	1,727,553	1,196,867	786,662	175,196	166,249	157,675	4,210,202	703,414	1,345,894	6,259,510	7,781,844
Less expenses included with revenues on the statement of activities	-	-	-	-	-	(59,155)	(59,155)	-	-	(59,155)	(133,661)
Total functional expenses	\$ 1,727,553	\$ 1,196,867	\$ 786,662	\$ 175,196	\$ 166,249	\$ 98,520	\$ 4,151,047	\$ 703,414	\$ 1,345,894	\$ 6,200,355	\$ 7,648,183

See accompanying notes to financial statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Statements of Cash Flows Years Ended August 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (347,872)	\$ 541,171
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	120,582	139,279
Discount on pledges receivable	26,503	-
Net realized and unrealized (gains) losses on investments	233,493	(741,466)
(Increase) decrease in:		
Accounts receivable	90,081	(73,085)
Pledges receivable	(459,186)	22,138
Inventory	(48,990)	27,522
Prepaid expenses	(24)	216,906
Accounts payable and accrued expenses	58,973	106,659
Agency funds	(13,561)	(10,967)
Deferred revenue	84,398	(4,559)
Net cash provided by (used in) by operating activities	(255,603)	223,598
Cash flows from investing activities:		
Purchases of property and equipment	(39,230)	(92,500)
Purchases of investments	(15,002,203)	(5,746,685)
Proceeds from sales of investments	14,855,372	4,524,723
Net cash used in investing activities	(186,061)	(1,314,462)
Net decrease in cash and cash equivalents	(441,664)	(1,090,864)
Cash and cash equivalents, beginning of year	2,609,891	3,700,755
Cash and cash equivalents, end of year	\$ 2,168,227	\$ 2,609,891

See accompanying notes to financial statements.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(1) Nature of Activities

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:

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. SIA 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.

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance 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.

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SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are recorded at net realizable value. Management estimates the accounts to be fully collectible and therefore, no allowance for bad debts has been recorded. Accounts receivable are written off when determined to be uncollectible based upon management's assessment of the individual accounts. 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 net realizable value; cost is determined on the average cost basis.

Pledges Receivable

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Promises to give are recorded at present value, which is estimated as net realizable value if expected to be collected in one year and discounted future cash flows if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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. Net investment return comprises interest, dividends, realized and unrealized gains and losses net of external investment expenses.

Continued...

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(2) Summary of Significant Accounting Policies, Continued

Property and Equipment

Property and equipment are stated at cost. Items over \$1,000 considered to have useful lives 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 a beneficial interest in a trust. SIA has recorded as contribution revenue with donor restrictions 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 net assets with donor restrictions.

Contributions

Contributions, promises to give, and grants, are recorded as support with donor restrictions or without donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor restricted contributions that are received and expended within the same fiscal year are reported as support with donor restrictions.

Continued...

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(2) Summary of Significant Accounting Policies, Continued

Net Assets

Net assets are categorized as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition/Deferred Revenue

Annual membership dues are recorded in the applicable membership period. Membership dues collected in advance are recorded as deferred revenue.

Convention and meetings revenue and convention sponsorships are recorded in the period when the convention or meeting is held.

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, 2019 and 2018, the Organization received \$438,450 and \$449,678, respectively, in donated services, all of which consisted of donated advertising services that directly benefited program activity. In addition, the Organization received \$1,415 and \$2,900 of in-kind gifts during the year ended August 31, 2019 and 2018, respectively.

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.

Continued...

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(2) 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) *Accounting Standards Codifications* (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, 2019, the Organization had no uncertain tax positions that qualify for either recognition or disclosure.

Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The 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 FASB ASC 820 are described 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.

Continued...

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(2) Summary of Significant Accounting Policies, Continued

Fair Value of Financial Instruments, Continued

The following tables represent the Organization's fair value hierarchy for those investments, excluding money market funds, measured at fair value on a recurring basis:

	Assets at Fair Value as of August 31, 2019			
	Level 1	Level 2	Level 3	Total
Equities	\$ 5,148,485	\$ -	\$ -	\$ 5,148,485
Mutual funds	149,697	-	-	149,697
Fixed income	4,550,604	-	-	4,550,604
Total assets at fair value	\$ 9,848,786	\$ -	\$ -	\$ 9,848,786

	Assets at Fair Value as of August 31, 2018			
	Level 1	Level 2	Level 3	Total
Equities	\$ 6,721,074	\$ -	\$ -	\$ 6,721,074
Mutual funds	137,199	-	-	137,199
Fixed income	3,077,175	-	-	3,077,175
Total assets at fair value	\$ 9,935,448	\$ -	\$ -	\$ 9,935,448

Functional Expenses

The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis as determined by management. The expenses that are allocated include personnel costs, depreciation, headquarters insurance, information technology, certain office and occupancy, professional services, and fees and other expenses, which are allocated on the basis of estimates of time and effort. Costs of the marketing and communications department are allocated based on estimates of the benefit received.

Reclassifications

Certain amounts for the year ended August 31, 2018 have been reclassified to conform to current year presentation.

Continued...

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(2) Summary of Significant Accounting Policies, Continued

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 21, 2020, the date the financial statements were available to be issued.

Accounting Pronouncements Adopted

Financial Statement Presentation

In 2019, the Organization implemented the requirements of FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ASU 2016-14. ASU 2016-14 requires certain changes to the presentation of financial statements of not-for-profit entities and additional new disclosures. There was no material impact on the Organization's reported total assets, liabilities, or net assets or changes in net assets upon adoption of the new standard. The Organization has elected to report fiscal year ended August 31, 2018 functional expenses in total by their natural classification and to report liquidity and availability disclosures as of August 31, 2019 only, as permitted by ASU 2016-14 in the year of adoption. All other provisions of ASU 2016-14 have been applied retrospectively to all periods presented.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which updates the accounting guidance on revenue recognition. This standard is intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices, and improve disclosure requirements.

On June 21, 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides guidance to not-for-profit entities as they adopt FASB ASU 2014-09, *Revenue from Contracts with Customers*, specifically as it relates to grants and contracts. The new guidance applies to all entities that receive or make contributions.

Both revenue recognition standards are effective for the Organization's fiscal year ending August 31, 2020. The Organization has not adopted this guidance for 2019 and is currently evaluating the potential impact on its financial statements.

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SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(2) Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 improves transparency and comparability among companies by requiring recognition of lease assets and lease liabilities on the statement of financial position, except for leases with lease terms of 12 months or less. Lease assets represent the right to use the underlying asset for the lease term, and lease liabilities represent the liability to make lease payments. Organizations are also required to disclose key information about leasing arrangements. ASU 2016-02 is effective for the Organization's fiscal year ending August 31, 2022, with early adoption permitted. The Organization is currently evaluating this guidance to determine the potential impact on its financial statements.

(3) Liquidity and Availability

Financial assets available for general expenditures, within one year of the statement of financial position date comprise the following at August 31, 2019:

Cash and cash equivalents	\$ 1,382,213
Accounts receivable	7,211
Investments	<u>2,568,190</u>
	<u>\$ 3,957,614</u>

The Organization's financial assets as of August 31, 2019 are reduced by amounts not available for general use within one year of the statement of financial position date because of donor imposed restrictions. The Organization's policy is to maintain a minimum cash and cash equivalent balance to cover three months of operating expenses. Operating cash in excess of this amount may be invested in money market, fixed income and equity investments, with a 70% target allocation to a diversified portfolio of investment grade fixed income securities.

SIA's endowment fund is subject to an annual spending rate of up to 10% (see Note 11) which may be used to supplement operating income.

(4) 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.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(5) Pledges Receivable

Pledges receivable due to be collected as of August 31, 2019 and 2018 were as follows:

	2019	2018
Receivables in less than one year	\$ 121,500	\$ 22,862
Receivables in one to five years	331,000	42,500
Receivables in greater than five years	72,048	-
	524,548	65,362
Discount to present value	(26,503)	-
	\$ 498,045	\$ 65,362

Discounting pledges is the process of determining the present value of an amount of cash to be received at some future date. As of August 31, 2019, SIA used a discount rate of 2%, to calculate the present value of pledges receivable due to be collected beyond one year. No discount was recorded as of August 31, 2018 as the Organization deemed the discount immaterial.

As of August 31, 2019, four donors, including one Board member, accounted for approximately 90% of gross pledges receivable.

(6) Investments

Investments are composed of the following as of August 31:

	2019	2018
Equities	\$ 5,148,485	\$ 6,721,074
Mutual funds	149,697	137,199
Fixed income	4,550,604	3,077,175
Total investments	\$ 9,848,786	\$ 9,935,448

Mutual funds of \$149,697 and \$137,199 as of August 31, 2019 and 2018, respectively, represent funds restricted for the executive director's pension (see Note 9). A corresponding liability is included in accounts payable and accrued expenses.

Continued...

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(6) Investments, Continued

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

	2019	2018
Net realized gain (loss) on sale of securities	\$ 386,724	\$ (241,381)
Net unrealized gain	(620,217)	982,847
Total	\$ (233,493)	\$ 741,466

(7) Property and Equipment

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

	2019	2018
Computer software	\$ 133,032	\$ 133,032
Computer hardware	153,121	126,557
Furniture and fixtures	54,538	41,629
Building and improvements	2,391,108	2,391,108
	2,731,799	2,692,326
Accumulated depreciation and amortization	(1,438,864)	(1,318,039)
	\$ 1,292,935	\$ 1,374,287

Depreciation expense for the years ended August 31, 2019 and 2018 was \$120,582 and \$139,279, respectively.

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(8) Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of August 31:

	2019	2018
Subject to expenditure for specified purpose:		
Charitable remainder unitrust	\$ 14,648	\$ 14,648
Disaster fund	275,506	274,919
Big Dream	452,545	-
Live Your Dream awards	-	12,755
Endowments subject to SIA's endowment spending policy and appropriation	9,488,150	9,988,189
	<u>\$ 10,230,849</u>	<u>\$ 10,290,511</u>

(9) 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, 2019 and 2018, employer contributions to the plan were \$126,282 and \$119,327, 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 \$8,000 and \$6,570 for the years ended August 31, 2019 and 2018, respectively. Funds are maintained in a separate investment account and are included within investments and cash and cash equivalents on the statements of financial position. The balance in the accounts at August 31, 2019 and 2018 was \$165,048 and \$147,061, respectively.

(10) Commitments

SIA leases certain office equipment under an operating lease expiring in 2023. Rent expense for the office equipment for the years ended August 31, 2019 and 2018 was \$28,102 and \$21,457, respectively.

Continued...

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(10) Commitments, Continued

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, 2019:

Year Ending August 31,	Amount
2020	\$ 17,813
2021	10,154
2022	9,504
2023	9,504
	<u>\$ 46,975</u>

(11) Endowment

SIA follows FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act* (UPMIFA) and *Enhanced Disclosures for All Endowment Funds* now incorporated in FASB ASC 958-205. The Commonwealth of Pennsylvania has not yet adopted the provisions of UPMIFA, but SIA is required by FASB ASC 958-205 to disclose certain matters associated with its endowment fund. Endowment funds subject to FASB ASC 958-205 include all net assets with donor restrictions to be held in perpetuity, excluding beneficial interests in perpetual trusts, and the income generated by these endowment funds held in perpetuity, subject to donor restrictions. Management of SIA does not consider any other funds, whether subject to expenditure for a specified purpose or board designated, to be subject to FASB ASC 958-205.

SIA's endowment, known as the Restricted Reserve Fund, consists of donor-restricted endowment funds from which income is available for the general benefit of SIA. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

SIA's Board of Directors has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, to the extent that there are no donor stipulations to the contrary. SIA classifies as donor restricted net assets the original value of gifts donated to the donor-restricted endowment and the original value of subsequent gifts made to the donor-restricted endowment.

Continued...

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(11) Endowment, Continued

Interest, dividends, and realized gains/losses earned on endowment funds with donor restrictions held in perpetuity are recorded as increases or decreases in net assets without donor restrictions. Unrealized gains/losses earned on endowment funds with donor restrictions held in perpetuity are recorded as increases or decreases in net assets with donor restrictions.

SIA has adopted investment and spending policies for the endowment funds that attempt to provide a predictable stream of funding to supplement operating income while maintaining the purchasing power of the endowment funds.

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 SIA's Board of Directors. Allocation provisions will be reviewed on a regular basis and may be changed from time to time by SIA's Board of Directors. 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 Investment Manager.

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 SIA's Board of Directors is willing to accept.

Spending Policy

In order to meet program and operating goals, SIA's 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 realized gains/losses. The frequency and amount of each withdrawal will be determined by SIA's Chief Operating and Finance Officer and communicated with the Investment Manager.

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SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Notes to Financial Statements August 31, 2019 and 2018

(11) Endowment, Continued

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

	2019		
	Unrestricted	Permanently Restricted	Total
Net assets - beginning of year	\$ (102,913)	\$ 9,988,189	\$ 9,885,276
Investment return:			
Investment income	193,652	-	193,652
Realized and unrealized gain/(loss)	341,875	(500,039)	(158,164)
	535,527	(500,039)	35,488
Appropriations for operating expenses	-	-	-
Net assets - end of year	\$ 432,614	\$ 9,488,150	\$ 9,920,764

	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
	(160,964)	959,409	798,445
Appropriations for operating expenses	-	-	-
Net assets (deficit) - end of year	\$ (102,913)	\$ 9,988,189	\$ 9,885,276

SUPPLEMENTARY INFORMATION

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

**Supplementary Information
Schedules of Agency Funds
Years Ended August 31, 2019 and 2018**

		2019			
		Beginning Balance	Contributions Received	Distributions	Ending Balance
Fund:					
	December 10th Appeal -				
	Women, Water, and Leadership	\$ 18,245	\$ 104,015	\$ (117,576)	\$ 4,684

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

SOROPTIMIST INTERNATIONAL OF THE AMERICAS, INC.

Supplementary Information Schedules of Contributions and Sponsorships Years Ended August 31, 2019 and 2018

	2019	2018
Contributions without donor restrictions:		
Founders Pennies	\$ 181,281	\$ 174,167
Region contributions	-	1,000
Club giving	765,330	748,304
Program support	262,572	664,972
Memorials/honorariums	-	170
Convention fundraising	-	22,163
Combined federal campaign	-	63
Bequests	56,723	12,599
Unrestricted support	495,035	89,309
Other contributions	-	1,530
	<u>1,760,941</u>	<u>1,714,277</u>
Contributions with donor restrictions:		
Big Dream	526,498	-
Dream It Be It	42,884	39,417
Live Your Dream awards	237,546	347,723
Live Your Dream.org	6,043	2,575
	<u>812,971</u>	<u>389,715</u>
Subtotal	<u>2,573,912</u>	<u>2,103,992</u>
Corporate and foundation philanthropy	<u>106,000</u>	<u>180,375</u>
Total contributions	<u>2,679,912</u>	<u>2,284,367</u>
Other:		
Convention sponsorship	-	81,236
Disaster fund contributions	6,369	9,920
In-kind revenue - development	1,415	2,900
In-kind revenue - marketing	438,450	449,678
Total contributions and sponsorships	<u>\$ 3,126,146</u>	<u>\$ 2,828,101</u>