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***OPTIMIST INTERNATIONAL  
FOUNDATION  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018***

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## Independent Auditors' Report

Board of Directors  
Optimist International Foundation  
St. Louis, Missouri

### Report On The Financial Statements

We have audited the accompanying financial statements of Optimist International Foundation, which comprise the statement of financial position as of September 30, 2018, and the related statements of activities 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 Optimist International Foundation as of September 30, 2018, 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.

**Report On Summarized Comparative Information**

We have previously audited Optimist International Foundation's 2017 financial statements, and our report dated February 8, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

January 28, 2019



# OPTIMIST INTERNATIONAL FOUNDATION

## STATEMENT OF ACTIVITIES For The Year Ended September 30, 2018 (With Summarized Financial Information For The Year Ended September 30, 2017)

	2018			2017	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>Support, Revenues And Gains (Losses)</b>					
Public Support:					
Contributions	\$ 579,413	\$ 122,147	\$ —	\$ 701,560	\$ 693,147
Endowments	—	—	45,363	45,363	37,171
Club grant program (Note 9)	—	366,399	—	366,399	303,158
Contributions restricted for scholarships	—	38,500	—	38,500	46,853
Other	460	6,350	—	6,810	19,575
<b>Total Public Support</b>	<b>579,873</b>	<b>533,396</b>	<b>45,363</b>	<b>1,158,632</b>	<b>1,099,904</b>
Revenues And Gains (Losses):					
Interest and dividends (Note 6)	108,630	45,656	—	154,286	146,225
Unrealized and realized gains on investments	430,252	232,459	—	662,711	840,538
Change in value of charitable gift annuities and beneficial interest in perpetual trust (Notes 7 and 10)	(12,592)	—	1,260	(11,332)	(6,797)
Other losses	(642)	—	—	(642)	(13,095)
<b>Total Revenues And Gains (Losses)</b>	<b>525,648</b>	<b>278,115</b>	<b>1,260</b>	<b>805,023</b>	<b>966,871</b>
Net assets released from restrictions (Note 8)	623,702	(623,702)	—	—	—
<b>Total Support, Revenues And Gains (Losses)</b>	<b>1,729,223</b>	<b>187,809</b>	<b>46,623</b>	<b>1,963,655</b>	<b>2,066,775</b>
<b>Expenses</b>					
Program Services:					
Oratorical contest scholarships program	253,000	—	—	253,000	240,980
CCDHH scholarships program	58,441	—	—	58,441	48,000
Essay contest scholarships program	91,100	—	—	91,100	94,250
Youth Club programs	87,900	—	—	87,900	86,997
Club grant program (Note 9)	366,399	—	—	366,399	303,158
Charitable, literary and educational programs	551,206	—	—	551,206	499,198
<b>Total Program Services</b>	<b>1,408,046</b>	<b>—</b>	<b>—</b>	<b>1,408,046</b>	<b>1,272,583</b>
Supporting Activities:					
Management and general	129,367	—	—	129,367	138,608
Fundraising	100,819	—	—	100,819	102,617
<b>Total Supporting Activities</b>	<b>230,186</b>	<b>—</b>	<b>—</b>	<b>230,186</b>	<b>241,225</b>
<b>Total Expenses</b>	<b>1,638,232</b>	<b>—</b>	<b>—</b>	<b>1,638,232</b>	<b>1,513,808</b>
<b>Increase In Net Assets</b>	<b>90,991</b>	<b>187,809</b>	<b>46,623</b>	<b>325,423</b>	<b>552,967</b>
<b>Net Assets - Beginning Of Year</b>	<b>874,969</b>	<b>1,641,271</b>	<b>2,368,146</b>	<b>4,884,386</b>	<b>4,331,419</b>
<b>Net Assets - End Of Year</b>	<b>\$ 965,960</b>	<b>\$ 1,829,080</b>	<b>\$ 2,414,769</b>	<b>\$ 5,209,809</b>	<b>\$ 4,884,386</b>

# OPTIMIST INTERNATIONAL FOUNDATION

## STATEMENT OF CASH FLOWS For The Year Ended September 30, 2018 (With Summarized Financial Information For The Year Ended September 30, 2017)

	2018	2017
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 325,423	\$ 552,967
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	645	1,098
Contributions restricted for endowment	(45,363)	(37,171)
Realized gains on investments	(339,405)	(171,684)
Unrealized gains on investments	(323,306)	(668,854)
Decrease in cash value of life insurance	641	13,620
Change in value of charitable gift annuity obligations and beneficial interest in perpetual trust	11,332	6,797
Changes in assets and liabilities:		
Promises to give	47,505	68,154
Prepaid expenses and other assets	(299)	(280)
Accounts payable and accrued expenses	(9,946)	75,062
Contests and scholarships payable	27,291	33,971
Due to Optimist International	(10,012)	29,079
Due to Member Clubs	136,461	87,673
Grants payable	13,032	4,872
<b>Net Cash Used In Operating Activities</b>	<b>(166,001)</b>	<b>(4,696)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	597,524	290,000
Purchases of investments	(671,452)	(424,129)
Payments on promissory note receivable	32,838	31,240
<b>Net Cash Used In Investing Activities</b>	<b>(41,090)</b>	<b>(102,889)</b>
<b>Cash Flows From Financing Activities</b>		
Payments on charitable gift annuity obligations	(22,246)	(22,245)
Proceeds from contributions restricted for investment in permanent endowment	57,664	61,507
<b>Net Cash Provided By Financing Activities</b>	<b>35,418</b>	<b>39,262</b>
<b>Net Decrease In Cash</b>	<b>(171,673)</b>	<b>(68,323)</b>
<b>Cash - Beginning Of Year</b>	<b>470,308</b>	<b>538,631</b>
<b>Cash - End Of Year</b>	<b>\$ 298,635</b>	<b>\$ 470,308</b>

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# OPTIMIST INTERNATIONAL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

September 30, 2018

### 1. **Organization and Operations**

Optimist International Foundation (the Foundation), incorporated in February 1971, is a foundation and charitable corporation established for the general purpose of soliciting and receiving gifts, donations and bequests of money and property to be used for the furtherance of the charitable and educational efforts and activities of Optimist International. The Foundation also acts as a custodian and investment manager for various funds that have been donated to or accumulated by Optimist International Clubs. The Foundation supports Optimist International programs.

### 2. **Summary Of Significant Accounting Policies**

#### **Basis Of Accounting**

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

#### **Basis Of Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements of Not-For-Profit-Organizations*. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

#### **Estimates And Assumptions**

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 amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.



## **OPTIMIST INTERNATIONAL FOUNDATION**

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### Notes To Financial Statements *(Continued)*

#### **Investments And Assets Restricted For Permanent Investment**

Investments are reported at fair value based on quoted market prices of major securities exchanges. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position. Gains and losses on investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Donated investments are recorded at their fair values (based upon quotations or appraisals) at the date of the gift.

#### **Promises To Give**

Unconditional promises to give are recognized as support in the period the promises are received. Conditional contributions are recognized as support when the conditions on which they depend have been substantially met.

The Foundation provides an allowance for uncollectible promises to give equal to the estimated collection losses that will be incurred in the collection of all unconditional promises to give. The estimated losses are based on a review of the current status of the existing promises to give.

#### **Property And Equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization computed using the straight-line method over the following useful lives:

Computer equipment and software	3 - 5 years
Furniture and fixtures	5 - 15 years
Leasehold improvements	5 - 15 years

Artwork is carried at cost.

#### **Restricted And Unrestricted Revenue And Support**

Gifts of cash and other assets are reported as temporarily restricted operating support if the gifts 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 accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## **OPTIMIST INTERNATIONAL FOUNDATION**

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### Notes To Financial Statements (*Continued*)

#### **Description Of Program Services And Supporting Activities**

The following program services and supporting activities are included in the accompanying financial statements:

##### **Oratorical Contest Scholarships Program**

An annual speech competition with approximately 18,000 entrants. Scholarships are awarded in district level contests in the United States.

##### **Communications Contest For The Deaf And Hard Of Hearing Scholarships Program (CCDHH)**

A program that awards scholarships to district winners. Scholarships are awarded to each individual winner and are payable upon receipt of the correct paperwork from an institution of higher learning.

##### **Essay Contest Scholarships Program**

An annual competition for high school students with over 7,700 entrants. Scholarships are awarded and attendance sponsored at seminars for district winners.

##### **Youth Club Programs**

Scholarships to support Youth Club activities.

##### **Club Grant Program**

Grants for member clubs utilized for charitable, literary and educational programs at the direction of the Foundation in conjunction with support from the member clubs.

##### **Charitable, Literary And Educational Programs**

Grants for magazine/articles, seminars/training, grant writing program, international initiatives and matching grants.

##### **Management And General**

Includes the functions necessary to maintain an adequate working environment, provide coordination of the Foundation's program strategy and manage the financial and budgetary responsibilities of the Foundation.

##### **Fundraising**

Provides the structure necessary to encourage and secure private financial support from individuals, clubs and other foundations.

## OPTIMIST INTERNATIONAL FOUNDATION

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### Notes To Financial Statements (Continued)

#### Expense Allocation

The costs associated with providing the Foundation activities have been summarized on a functional basis. Certain of these expenses represent costs associated with multiple activities and require allocation among the programs and supporting services benefited. Such allocations are based on relevant factors that represent management's best estimate of the costs of providing such activities.

#### Tax Status

The Foundation is a not-for-profit organization under Section 501(c)(3) and a qualified public charity under Section 509(a)(1) of the Internal Revenue Code and is, therefore, exempt from federal income taxes on related, exempt income. The Foundation's tax returns for tax years 2014 and later remain subject to examination by taxing authorities.

#### Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

### 3. Promises To Give

Promises to give that are unconditional are included in the financial statements as assets and support of the appropriate net asset category.

The promises to give consist of the following:

Scholarships and other	\$ 44,713
Unrestricted estate gift	344,630
Endowment	127,800
	<hr/>
	517,143
Less: Allowance	9,264
	<hr/>
	\$ 507,879
	<hr/>

The promises to give are presented in the statement of financial position as follows:

Promises to give - short term	\$ 374,079
Promises to give	6,000
Assets restricted for permanent investment (Note 4)	127,800
	<hr/>
	\$ 507,879
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## OPTIMIST INTERNATIONAL FOUNDATION

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### Notes To Financial Statements (Continued)

These promises to give, net of the allowance, are expected to be collected in the following periods:

In one year or less	\$ 384,779
Between one and five years	<u>123,100</u>
	<u>\$ 507,879</u>

#### 4. Investments

Investments are carried at fair value and consist of the following:

Mutual Funds:	
Growth	\$ 2,840,917
Growth and income	2,263,683
Equities - income	728,375
Balanced	713,004
Fixed income	1,933,224
Money market fund	<u>59,773</u>
	<u>\$ 8,538,976</u>

Investments are presented in the statement of financial position as follows:

Investments	\$ 6,432,239
Assets restricted for permanent investment (Note 8)	<u>2,106,737</u>
	<u>\$ 8,538,976</u>

Assets restricted for permanent endowment on the statement of financial position also include promises to give in the amount of \$127,800 (Note 3).

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America.

## OPTIMIST INTERNATIONAL FOUNDATION

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### Notes To Financial Statements (Continued)

The Foundation records certain assets and liabilities at fair value, pursuant to the provisions of ASC 820, *Fair Value Measurements and Disclosures*. In accordance with ASC 820, the major categories of financial assets and liabilities must be measured at fair value on a recurring basis during the year ended September 30, 2018 using quoted prices in active markets (Level 1); significant observable inputs for similar assets and liabilities (Level 2); and significant unobservable inputs (Level 3). The investments in money market funds and mutual funds held by the Foundation at September 30, 2018 and reported at their respective fair values above are all considered Level 1 investments.

### 5. Property And Equipment

Property and equipment consist of:

Computer equipment and software	\$ 121,702
Furniture and fixtures	23,188
Leasehold improvements	10,993
Artwork	26,750
	<hr/>
	182,633
Less: Accumulated depreciation and amortization	154,892
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	\$ 27,741
	<hr/>

Depreciation and amortization expense amounted to \$645 for the year ended September 30, 2018.

### 6. Promissory Note Receivable

On April 1, 2008, the Foundation entered into a promissory note agreement with Optimist International, a related party (Note 9), for the purpose of funding Optimist International's defined benefit pension plan. The promissory note, which is secured by a deed of trust and security agreement on Optimist International's office building in St. Louis, Missouri, had an original principal balance of \$730,000 and bears interest at a rate of 5%. The promissory note does not have a prepayment penalty. As of September 30, 2018, the promissory note has an outstanding balance of \$464,603 and is due in March 2029.

## OPTIMIST INTERNATIONAL FOUNDATION

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### Notes To Financial Statements (Continued)

The future minimum principal payments on the promissory note are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 34,518
2020	36,284
2021	38,141
2022	40,092
2023	42,143
Thereafter	273,425
	<u>\$ 464,603</u>

For the year ended September 30, 2018, total interest income related to the promissory note receivable amounted to \$24,126, which is included in interest and dividends on the statement of activities.

Given the nature of the related party relationship, management has been able to estimate at September 30, 2018 that this Promissory Note will be collected in full in the future. The Foundation does not anticipate that payments on this promissory note will be delinquent in the future, and therefore, does not have a policy on determining the past due status of the promissory note, nor does it have a policy on placing the promissory note on nonaccrual status.

## 7. Split Interest Agreements

The Foundation has been named as the sole beneficiary of a perpetual trust that was established in 1978. The trust assets are held and administered by an independent financial institution trustee, in accordance with the donor's intent. For the year ended September 30, 2018, the Foundation recorded an increase in the value of the beneficial interest in perpetual trust of \$1,260.

## 8. Net Assets And Endowments

Temporarily restricted net assets consist of the following:

Childhood Cancer Campaign	\$ 618,549
Scholarships and promises to give	7,500
Accumulated restricted endowment earnings	1,159,307
JOOI activities	34,133
Other	<u>9,591</u>
	<u>\$ 1,829,080</u>

## OPTIMIST INTERNATIONAL FOUNDATION

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### Notes To Financial Statements (*Continued*)

Net assets released from restrictions consist of the following:

Childhood Cancer Campaign	\$	114,396
Club Grant Program		366,399
Scholarships and promises to give		48,450
Appropriation of accumulated restricted endowment earnings		84,457
Other		10,000
		<hr/>
	\$	623,702
		<hr/>

The Foundation's endowments consist of approximately 50 donor-restricted endowments established for a variety of purposes and board-designated endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### **Interpretation Of Relevant Law**

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Missouri in August 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Foundation and the donor-restricted endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;

## OPTIMIST INTERNATIONAL FOUNDATION

### Notes To Financial Statements (Continued)

- (6) Other resources of the Foundation; and
- (7) The investment policies of the Foundation.

#### Endowment Asset Composition By Type Of Fund As Of September 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ (41,288)	\$ 1,159,307	\$ 2,106,737	\$ 3,224,756
Board-designated quasi-endowment funds	327,473	—	—	327,473
	<u>\$ 286,185</u>	<u>\$ 1,159,307</u>	<u>\$ 2,106,737</u>	<u>\$ 3,552,229</u>

#### Changes In Endowment Assets For The Fiscal Year Ended September 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	\$ 281,319	\$ 965,649	\$ 2,049,073	\$ 3,296,041
Investment return	60,362	278,115	—	338,477
Payments on promises to give	—	—	12,300	12,300
Contributions and transfers	—	—	45,364	45,364
Appropriations	(55,496)	(84,457)	—	(139,953)
Endowment assets, end of year	<u>\$ 286,185</u>	<u>\$ 1,159,307</u>	<u>\$ 2,106,737</u>	<u>\$ 3,552,229</u>

#### Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets are approximately \$41,000 as of September 30, 2018. These deficiencies resulted from historical market fluctuations and guaranteed payout rates on specific funds regardless of investment returns.



## **OPTIMIST INTERNATIONAL FOUNDATION**

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### Notes To Financial Statements (*Continued*)

#### **Return Objectives And Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results favorable to returns of benchmarks comparable for each particular investment vehicle. Examples of such benchmarks include:

- S&P 500
- Russell 2000
- MSCI EAFE
- Barclay's Aggregate Bond
- Blend of indices

#### **Strategies Employed For Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity and bond mutual funds to achieve its long-term return objectives within prudent risk constraints.

#### **Spending Policy And How The Investment Objectives Relate To Spending Policy**

The Foundation has a policy of appropriating for distribution each year five percent of each endowment fund's fair value (only for such funds for which the donor did not explicitly state a distribution percentage). In establishing this policy, the Foundation considered the long-term expected return on its endowments.

## **9. Related Party Transactions**

Payments for certain administrative and operating expenses of the Foundation are made by Optimist International on a fully reimbursed basis. Payments for program service expenses, including youth club, scholarship awards, grants for the Childhood Cancer Campaign and charitable programs of the Foundation are also made by Optimist International on a fully reimbursed basis. At September 30, 2018, the Foundation recorded a liability of \$157,449 related to amounts due to Optimist International.

The Foundation collects, holds and disburses funds on behalf of the Optimist International Member Clubs (the clubs). At September 30, 2018, there were 2,324 Optimist International Member Clubs. At September 30, 2018, the Foundation carried a liability of \$2,407,013, which represents the cumulative funds received in excess of disbursements for the Club Campaign Program. Earnings on the funds not yet disbursed to the clubs totaled \$583,450 at September 30, 2018 and are reported as a component of accounts payable and accrued expenses on the Foundation's statement of financial position.

Under the Club Grant Program, the Foundation collected \$366,399 and disbursed \$366,399 for the year ended September 30, 2018. These amounts are reported as support and program expenses in the statement of activities.

Two former employees of the Foundation are participants in Optimist International's defined benefit plan. In an agreement with Optimist International, the Foundation agreed to fund a pro-rata portion (for the former employees of the Foundation as a percentage of the total participants in the defined benefit plan) of the contributions made to the plan by Optimist International on an annual basis. Pursuant to the terms of the agreement, the Foundation is only liable for the portion of the annual contribution as calculated by Optimist International and does not have any obligation, guaranty or warranty to fund any current or future deficits or shortfalls in the Plan. Conversely, the Foundation does not retain any residual rights to receive any excess assets remaining in the plan upon liquidation. As such, neither an asset nor a liability is recorded on the Foundation's statement of financial position related to this agreement with Optimist International. There were no costs incurred for the year ended September 30, 2018 under this agreement.

**10. Gift Annuities Payable**

The Foundation maintains a charitable gift annuity program whereby individuals make gifts to the Foundation and receive an annuity payment for the remainder of their lives. At September 30, 2018, the Foundation had approximately \$497,000 of assets pursuant to charitable gift annuity agreements (which are included as a component of investments on the statement of financial position). Under the agreements, the Foundation pays the donors equal quarterly or monthly installments at an annual amount which approximated \$22,000 in 2018. The assets held for annuity are recorded by the Foundation at fair value. In calculating the present value of the payments to be made, discount rates ranging from 4.0% to 5.9% and life expectancies ranging from 10 to 25 years were assumed. At September 30, 2018, gift annuities payable totaled \$210,188.



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## Independent Auditors' Report On Supplementary Information

Board of Directors  
Optimist International Foundation  
St. Louis, Missouri

We have audited the financial statements of Optimist International Foundation as of and for the years ended September 30, 2018 and 2017, and our report thereon dated January 28, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services expenses, management and general expenses and fundraising expenses, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*RubinBrown LLP*

January 28, 2019

**OPTIMIST INTERNATIONAL FOUNDATION**  
**SCHEDULE OF PROGRAM SERVICES EXPENSES**

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	<b>For The Years</b>	
	<b>Ended September 30,</b>	
	<b>2018</b>	<b>2017</b>
<b>Oratorical Contest Scholarships Program</b>		
Scholarships	\$ 253,000	\$ 240,980
<b>CCDHH Scholarships Program</b>		
Scholarships	58,441	48,000
<b>Essay Contest Scholarships Program</b>		
Scholarships	91,100	94,250
<b>Youth Club Programs</b>		
Scholarships and programs	87,900	86,997
<b>Club Grant Program</b>		
Grants	366,399	303,158
<b>Charitable, Literary And Educational Programs</b>		
Childhood cancer grant	114,396	74,551
Club Campaign funds interest	70,961	68,394
Donor restricted grants	72,849	75,172
International convention	5,303	9,271
Magazine publication	10,000	10,000
Depreciation, amortization and software maintenance	9,618	9,223
Other programs	77,700	61,335
Volunteer activities	16,256	16,524
Planned giving	2,625	2,625
Allocated staff time and related costs	171,498	172,103
<b>Total Charitable, Literary And Educational Programs</b>	<b>551,206</b>	<b>499,198</b>
	<b>\$ 1,408,046</b>	<b>\$ 1,272,583</b>

**OPTIMIST INTERNATIONAL FOUNDATION**

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**SCHEDULE OF MANAGEMENT AND GENERAL EXPENSES**

	For The Years Ended September 30,	
	2018	2017
<b>Volunteer Activities</b>		
Special representatives seminar	\$ 3,274	\$ 6,960
Board of Directors	8,383	5,858
Executive Director	4,599	3,706
Allocated staff time and related costs	21,437	21,513
<b>Total Volunteer Activities</b>	<b>37,693</b>	<b>38,037</b>
<b>International Conventions</b>		
Convention operations	4,682	7,834
Staff travel and lodging	621	1,437
Allocated staff time and related costs	14,522	14,573
<b>Total International Conventions</b>	<b>19,825</b>	<b>23,844</b>
<b>Other Management And General</b>		
Allocated staff time and related costs	25,586	25,677
Bank charges	15,492	14,132
Depreciation, amortization and software maintenance	3,452	3,310
Dues, subscriptions and publications	2,178	2,099
Loss on foreign currency transactions	—	52
Filing fees - federal and state	5,083	4,480
Miscellaneous expense	2,430	9,722
Professional services	14,900	15,050
Staff training	74	149
Telephone	2,654	2,056
<b>Total Other Management And General</b>	<b>71,849</b>	<b>76,727</b>
	<b>\$ 129,367</b>	<b>\$ 138,608</b>

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# OPTIMIST INTERNATIONAL FOUNDATION

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## SCHEDULE OF FUNDRAISING EXPENSES

	For The Years	
	Ended September 30,	
	2018	2017
<b>Awards And Recognition</b>		
Donor awards	\$ 16,097	\$ 13,198
Engraving	495	499
Postage and shipping	8,942	6,503
Allocated staff time and related costs	17,288	17,349
<b>Total Awards And Recognition</b>	<b>42,822</b>	<b>37,549</b>
<b>Special Programs</b>		
Collectors' plates/prints	21,519	26,253
Planned Giving Programs	875	875
Allocated staff time and related costs	14,524	14,575
<b>Total Special Programs</b>	<b>36,918</b>	<b>41,703</b>
<b>Other Fundraising</b>		
Depreciation, amortization and software maintenance	2,443	2,343
Insurance premiums	—	508
Office supplies	3,579	2,561
Printing	3,302	6,157
Allocated staff time and related costs	11,755	11,796
<b>Total Other Fundraising</b>	<b>21,079</b>	<b>23,365</b>
	\$ 100,819	\$ 102,617

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