

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2016 AND 2015

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENTS OF ACTIVITIES	3
CONSOLIDATED STATEMENTS OF CASH FLOWS	4
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	5
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	17
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - 2016	18
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - 2015	19
CONSOLIDATING STATEMENT OF ACTIVITIES - 2016	20
CONSOLIDATING STATEMENT OF ACTIVITIES - 2015	22



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INDEPENDENT AUDITORS' REPORT

Governing Board
American Foreign Service Association
and Related Organizations
Washington, DC

We have audited the accompanying consolidated financial statements of the American Foreign Service Association and Related Organizations (the "Association"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association as of December 31, 2016 and 2015, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Arlington, Virginia
October 19, 2017

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 927,971	\$ 453,528
Short-Term Investments	260,687	370,690
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$14,000 and \$10,000 at December 31, 2016 and 2015	318,562	246,983
Prepaid Expenses	162,505	230,680
Inventory	12,428	18,636
Total Current Assets	1,682,153	1,320,517
NON-CURRENT ASSETS		
Investments	10,582,126	9,589,810
Beneficial Interest in Perpetual Trusts	721,267	687,382
Property and Equipment, Net of Accumulated Depreciation	2,207,428	2,312,053
Deferred Compensation Plan Investments	305,216	268,312
Total Non-current Assets	13,816,037	12,857,557
Total Assets	\$ 15,498,190	\$ 14,178,074
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,943	\$ 19,523
Accrued Expenses	292,605	398,553
Capital Lease Payable, Current Portion	5,003	4,781
Deferred Revenue	602,406	499,195
Total Current Liabilities	911,957	922,052
NON-CURRENT LIABILITIES		
Capital Lease Payable	8,400	13,404
Deferred Compensation Plan Obligations	305,216	268,312
Total Non-current Liabilities	313,616	281,716
Total Liabilities	1,225,573	1,203,768
NET ASSETS		
Unrestricted	5,303,392	5,136,578
Temporarily Restricted	8,079,405	6,981,793
Permanently Restricted	889,820	855,935
Total Net Assets	14,272,617	12,974,306
Total Liabilities and Net Assets	\$ 15,498,190	\$ 14,178,074

See accompanying Notes to the Consolidated Financial Statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT								
Member Dues	\$ 3,792,470	\$ -	\$ -	\$ 3,792,470	\$ 3,698,165	\$ -	\$ -	\$ 3,698,165
Advertising Sales, Net of Discounts	547,425	-	-	547,425	559,526	-	-	559,526
Contributions	141,386	1,137,557	-	1,278,943	102,423	1,162,461	-	1,264,884
Dividends and Interest	99,507	205,228	-	304,735	91,703	167,097	-	258,800
Registration Fees	10,000	-	-	10,000	10,000	-	-	10,000
Book Sales	28,947	-	-	28,947	36,033	-	-	36,033
Other	6,156	-	-	6,156	10,361	-	-	10,361
Subscriptions	8,759	-	-	8,759	10,007	-	-	10,007
Change in Beneficial Interest in Perpetual Trusts	-	-	33,885	33,885	-	-	(38,666)	(38,666)
Net Realized and Unrealized Gain (Loss) on Investments	152,577	306,754	-	459,331	(80,919)	(179,946)	-	(260,865)
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	551,927	(551,927)	-	-	546,931	(546,931)	-	-
Total Revenue, Gains, and Other Support	5,339,154	1,097,612	33,885	6,470,651	4,984,230	602,681	(38,666)	5,548,245
EXPENSES								
Program Services:								
Journal	1,088,550	-	-	1,088,550	1,029,195	-	-	1,029,195
Labor Relations	1,128,620	-	-	1,128,620	1,202,112	-	-	1,202,112
Scholarships	480,847	-	-	480,847	479,851	-	-	479,851
Congressional Affairs	99,785	-	-	99,785	317,723	-	-	317,723
Public Education and Outreach	287,383	-	-	287,383	194,041	-	-	194,041
Road Scholar	8,313	-	-	8,313	7,542	-	-	7,542
Membership Services	164,342	-	-	164,342	199,363	-	-	199,363
Professional Issues	100,995	-	-	100,995	138,730	-	-	138,730
Political Action Committee	29,041	-	-	29,041	25,631	-	-	25,631
Public Affairs	291,276	-	-	291,276	344,916	-	-	344,916
Essay Contest	61,047	-	-	61,047	62,043	-	-	62,043
Total Program Services	3,740,199	-	-	3,740,199	4,001,147	-	-	4,001,147
Supporting Services:								
Management and General	838,748	-	-	838,748	708,055	-	-	708,055
Member Support	365,912	-	-	365,912	368,856	-	-	368,856
Board and President	217,052	-	-	217,052	118,117	-	-	118,117
Fundraising	8,780	-	-	8,780	16,297	-	-	16,297
Election	1,649	-	-	1,649	50,728	-	-	50,728
Total Supporting Services	1,432,141	-	-	1,432,141	1,262,053	-	-	1,262,053
Total Expenses	5,172,340	-	-	5,172,340	5,263,200	-	-	5,263,200
CHANGE IN NET ASSETS	166,814	1,097,612	33,885	1,298,311	(278,970)	602,681	(38,666)	285,045
Net Assets, Beginning of Year	5,136,578	6,981,793	855,935	12,974,306	5,415,548	6,379,112	894,601	12,689,261
NET ASSETS, END OF YEAR	<u>\$ 5,303,392</u>	<u>\$ 8,079,405</u>	<u>\$ 889,820</u>	<u>\$ 14,272,617</u>	<u>\$ 5,136,578</u>	<u>\$ 6,981,793</u>	<u>\$ 855,935</u>	<u>\$ 12,974,306</u>

See accompanying Notes to the Consolidated Financial Statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,298,311	\$ 285,045
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	215,874	199,473
Net Unrealized and Realized (Gain) Loss on Investments	(459,331)	260,865
Change in Beneficial Interest in Perpetual Trusts	(33,885)	38,666
Changes in Assets and Liabilities:		
Accounts Receivable, Net	(71,579)	9,774
Prepaid Expenses	68,175	(87,633)
Inventory	6,208	609
Accounts Payable	(7,580)	(100,730)
Accrued Expenses	(105,948)	(1,288)
Deferred Revenue	103,211	(2,887)
Net Cash Provided by Operating Activities	1,013,456	601,894
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,578,768)	(1,876,085)
Proceeds from Sales of Investments	1,155,786	1,368,234
Purchases of Property and Equipment	(111,249)	(65,116)
Net Cash Used by Investing Activities	(534,231)	(572,967)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease	8,622	(7,667)
Proceeds/Payment to/from Loan	(13,404)	(2,465)
Net Cash Used by Financing Activities	(4,782)	(10,132)
NET INCREASE IN CASH AND CASH EQUIVALENTS	474,443	18,795
Cash and Cash Equivalents - Beginning of Year	453,528	434,733
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 927,971	\$ 453,528
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 4,668	\$ 3,652
Assets Acquired through Capital Lease	\$ -	\$ 20,114

See accompanying Notes to the Consolidated Financial Statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

The American Foreign Service Association (AFSA), which began operations in 1924, is the professional association of the Foreign Affairs agencies and, as of 1972, is the official employee representative of all Foreign Service employees in the Department of State, the United States Agency for International Development, the Foreign Commercial Service, the Foreign Agriculture Service, and the International Broadcasting Bureau. The Association derives its revenue principally from member dues, advertising sales, contributions, investment income, and subscriptions.

AFSA has three related organizations, the American Foreign Service Association Scholarship Fund (Scholarship Fund), the Fund for American Diplomacy (Fund), and the AFSA-Political Action Committee (PAC). These are organizations that are operated, supervised, and controlled by AFSA. These organizations may receive contributions that are restricted by their donors.

The Scholarship Fund was established to award financial and merit scholarship to dependents of Foreign Service employees. The Scholarship Fund's major sources of revenue are contributions and investment income. The Scholarship Fund is doing business as Foreign Service Youth Scholarship - AFSA.

The Fund was established to award individuals for their achievements in the Foreign Service, to enhance the professional development of the Foreign Service, and to increase the public understanding of the Foreign Service. The latter objectives are achieved by sponsoring a speaker series, lecture series, and other educational forums that focus on topical issues related to the Foreign Affairs Community. The Fund's major sources of revenue are contributions, registration fees, book sales, and investment income. The Fund is doing business as Diplomacy Matters - AFSA.

The PAC was created in 2002 to further AFSA's goal of making the U.S. Foreign Service a more effective agent of United States international leadership. The PAC does this by helping to reelect Senators and Representatives who support a strong, effective Foreign Service.

The organizations are collectively referred to as the Association.

Program and Supporting Services

The following provides a description of the program and supporting services operated by the Association:

Journal

Writing, editing, design, artwork, printing, postage, and promotion of the *Foreign Service Journal*.

Labor Relations

All activities related to the Association's role as a labor union including collective bargaining, informal negotiations, and individual legal and grievance counseling.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Scholarships

Financial aid and merit scholarships awarded to dependents of Foreign Service employees and the administration of this program.

Congressional Affairs

Representing the Association's views on legislation impacting the foreign affairs agencies and individual active duty and retired Foreign Service employees.

Public Education and Outreach

Programs and activities designated to educate the American public on the role of the Foreign Service. Programs include a speaker's bureau, the Coalition for American Leadership Abroad, and a minority intern program. AFSA's speaker's bureau consists of retired Foreign Service personnel speaking to groups of students and adults around the country on foreign affairs and the importance of the Foreign Service.

Road Scholar

A series of one-week workshops for older Americans sponsored by the Fund as part of the Road Scholar program. The workshops provide an in-depth look at how U.S. foreign policy is made and the role of the Foreign Service. The Fund sponsors four to five one-week sessions (participants range between 40 to 55 each) in the Fall and the Spring.

Membership Services

Regular communications with members and provision of services as requested.

Professional Awards

Programs that honor and support members of the Foreign Service as a profession including the AFSA awards program, the Memorial Plaque, Foreign Affairs Day, and various special events.

Political Action Committee

Represents the Association's contributions to political candidates through PAC and related internal PAC costs.

Public Affairs

Promotion of the Association, its activities, and views through the media.

Essay Contest

The Foreign Service National High School Essay contest began as a program of the 75th Anniversary celebration and has been continued by the Association due to its success. The contest is open to U.S. students in grades nine through twelve and includes cash prizes for the 1st, 2nd and 3rd place essays.

Management and General

Overall management and administration of the Association.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Member Support

All recruitment and retention programs for the Association's members including mailings, recruitment lunches, and maintenance of the membership database.

Board and President

The Association's Governing Board and Executive Committee's expense including meetings, travel, and staff support.

Fundraising

Fundraising relates to the Scholarship Fund and the Fund's appeals for support of its programs.

Election

Administration of the election and distribution of ballots for the election of the Association's Governing Board. Board elections are held every two years.

Principles of Consolidation

These financial statements consolidate the accounts of AFSA, the Scholarship Fund, the Fund, and PAC. Significant intercompany accounts and transactions have been eliminated in consolidation.

Income Taxes

Under the applicable provision of the Federal and District of Columbia tax regulations, the Association is exempt from taxes on income other than unrelated business income. AFSA is exempt under Section 501(c)(5) of the Internal Revenue Code, whereas the Fund and the Scholarship Fund are exempt under Section 501(c)(3) of the Internal Revenue Code. The Fund is not considered a private foundation by the Internal Revenue Service because it is an organization that is described in Section 509(a)(3). The Scholarship Fund is not considered a private foundation by the Internal Revenue Service because it is an organization that is described in Section 509(a)(1). The PAC is exempt under Section 527 of the Internal Revenue Code. Section 527 does not exempt taxation of investment income.

AFSA had approximately \$550,000 and \$560,000 in unrelated business income from advertising and other activities for the years ended December 31, 2016 and 2015, respectively. AFSA is subject to federal and state taxes on any net unrelated business income. The Scholarship Fund and the Fund did not have any unrelated business income in 2016 and 2015. The PAC did not have any taxable income in 2016 and 2015.

The Association adopted the income tax standard regarding the recognition and measurement of uncertain tax positions. The Association evaluated its tax positions and determined that its positions are more-likely-than-not to be sustained on examination.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

For consolidated financial statement purposes, the Association considers all highly liquid instruments that are to be used for current operations and which have an original maturity of three months or less to be cash and cash equivalents with the exception of money market funds that are classified as short-term investments.

Accounts Receivable

The receivables are stated at their net realizable value. Accounts receivable consist primarily of advertising receivables and allotment of dues receivable. Accounts past due are individually analyzed for collectability. When all collection efforts are exhausted, the account is written off against the allowance for doubtful accounts. Management estimates that all receivables are fully collectible with the exception of the amount that is included in the allowance for doubtful accounts.

Inventory

Inventory consists of costs incurred for the production of the book *Inside a U.S. Embassy* and the AFSA Memorial Marker for Foreign Service personnel and is stated at the lower of cost or market. Cost is determined using the first-in-first-out method.

Property and Equipment

Property and equipment is recorded at cost, or if donated, such assets are capitalized at the estimated fair market value at the date of receipt. The Association capitalizes all expenditures for property and equipment over \$2,000. Depreciation is computed using the straight-line basis over the useful lives of 15 to 30 years for building and building improvements, 5 to 10 years for furniture and equipment, and 3 years for software.

Impairment of Long-Lived Assets

The Association reviews long-lived asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the consolidated statements of activities, to its current fair value. There were no such impairments for the years ended December 31, 2016 and 2015.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue consists of annual member dues and International Associate dues received in advance, and life membership dues. Member dues received in advance and life membership dues are deferred when received and are recognized as revenue over the related membership period. Deferred revenue also includes payments for magazine advertisements that have not yet been printed.

Net Assets

Unrestricted Net Assets

Unrestricted net assets consist of funds that are currently available to support the Association's daily operations. Contributions received without restrictions are also reported as increases in unrestricted net assets.

Temporarily Restricted Net Assets

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. The Scholarship Fund considers all contributions to be temporarily restricted for use in the Scholarship program with the exception of contributions that are to be held in perpetuity. 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 accompanying consolidated statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Association. The restrictions stipulate that resources be maintained permanently. Permanently restricted net asset consist of the Scholarship Fund's beneficial interest in perpetual trusts and donor-imposed restrictions that the funds are to be held in perpetuity.

Revenue Recognition

Revenue from member dues, advertising sales, and registration fees is recognized in the year in which it is earned. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted revenue in the period promised or received at their fair values.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Fair Value Measurements

Fair value measurement of investments is determined using a framework for measuring fair value, establishing a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. The Association accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The Association accounts for certain financial assets and liabilities at fair value under various accounting literature.

Fair Value Hierarchy

The Association has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the consolidated statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1

Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Association has the ability to access.

Level 2

Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active markets or non-active markets.

Level 3

Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Reclassifications

Certain reclassifications of the 2015 consolidated financial statements have been made to conform to the 2016 presentation. Such reclassifications had no effect on previously reported change in net assets or net asset amounts.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these consolidated financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 19, 2017, the date the consolidated financial statements were available to be issued.

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

Financial instruments that subject the Association to a concentration of credit risk consist of demand deposits placed with financial institutions which may, at times, exceed federally insured limits.

Market Value Risk

The Association invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the accompanying consolidated financial statements.

NOTE 3 SHORT-TERM INVESTMENTS AND INVESTMENTS

Short-term investments and investments at fair value consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Money Market Funds	\$ 260,687	\$ 370,690
Equity Securities	3,214,504	3,142,994
Mutual Funds - Fixed Income	2,718,182	1,891,295
Mutual Funds - Equity	<u>4,649,440</u>	<u>4,555,521</u>
Total	<u>\$ 10,842,813</u>	<u>\$ 9,960,500</u>

Short-term investments and investments are presented on the accompanying consolidated statements of financial position at December 31 as follows:

	<u>2016</u>	<u>2015</u>
Short-Term Investments	\$ 260,687	\$ 370,690
Investments	<u>10,582,126</u>	<u>9,589,810</u>
Total	<u>\$ 10,842,813</u>	<u>\$ 9,960,500</u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 4 FAIR VALUE HIERARCHY

The following table presents the Association's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31:

	2016			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 260,687	\$ -	\$ -	\$ 260,687
Equity Securities	3,214,504	-	-	3,214,504
Mutual Funds - Fixed Income	2,718,182	-	-	2,718,182
Mutual Funds - Equity	4,649,440	-	-	4,649,440
Deferred Compensation Plan Investments - Mutual Funds - Equity	305,216	-	-	305,216
Beneficial Interest in Perpetual Trusts	-	-	721,267	721,267
Total	<u>\$ 11,148,029</u>	<u>\$ -</u>	<u>\$ 721,267</u>	<u>\$ 11,869,296</u>

	2015			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 370,690	\$ -	\$ -	\$ 370,690
Equity Securities	3,142,994	-	-	3,142,994
Mutual Funds - Fixed Income	1,891,295	-	-	1,891,295
Mutual Funds - Equity	4,555,521	-	-	4,555,521
Deferred Compensation Plan Investments - Mutual Funds - Equity	268,312	-	-	268,312
Beneficial Interest in Perpetual Trusts	-	-	687,382	687,382
Total	<u>\$ 10,228,812</u>	<u>\$ -</u>	<u>\$ 687,382</u>	<u>\$ 10,916,194</u>

The following table provides a summary of changes in fair value of the Association's Level 3 financial assets for the year ended December 31:

	2016	2015
Beginning Balance	\$ 687,382	\$ 726,045
Unrealized Gain (Loss)	<u>33,885</u>	<u>(38,663)</u>
Ending Balance	<u>\$ 721,267</u>	<u>\$ 687,382</u>

The beneficial interest in perpetual trusts valuation was calculated by taking the December 31, 2016 and 2015, fair value, as reported by third party investment statements.

NOTE 5 BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Scholarship Fund has received an interest in two irrevocable perpetual trusts. The principal is to be maintained in perpetuity. Distributions from the trustees are to be used to provide scholarships. The beneficial interest is reported at the fair value of the investments of the trust as reported by the trustees. The Scholarship Fund does not act as Trustee, and therefore does not have control over the related assets. As such, the beneficial interest is not subject to the Uniform Prudent Management of Institutional Funds Act. Accordingly, the beneficial interest is not included in Note 9.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 222,854	\$ 222,854
Building and Building Improvements	3,095,564	3,078,163
Furniture and Equipment	577,727	523,786
Software	452,793	412,887
Total	<u>4,348,938</u>	<u>4,237,690</u>
Less: Accumulated Depreciation	<u>(2,141,510)</u>	<u>(1,925,637)</u>
Total	<u><u>\$ 2,207,428</u></u>	<u><u>\$ 2,312,053</u></u>

NOTE 7 CAPITAL LEASE OBLIGATION

The Association entered into a capital lease totaling \$20,114 for a copier lease under a long term lease agreement placed in service in August 2015. As of December 31, 2016 and 2015, accumulated depreciation totaled \$5,699 and \$1,676, respectively. Future minimum commitments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 5,508
2018	5,508
2019	<u>3,214</u>
Total Minimum Lease Payments	14,230
Less: Amount Representing Interest	<u>827</u>
Present Value of Minimum Lease Payments	<u><u>\$ 13,403</u></u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the unexpended portion of contributions made to AFSA's Legal Defense Fund, the Scholarship Fund, the Fund, and the PAC. These temporarily restricted contributions are purpose-restricted by the contributor and are as follows:

	AFSA Legal Defense Fund	Scholarship Fund	Fund	PAC	Total
Net Assets, December 31, 2014	\$ 29,464	\$ 6,256,020	\$ 20,000	\$ 73,628	\$ 6,379,112
2015 Revenue	336	1,146,781	-	2,495	1,149,612
Less: 2015 Satisfaction of Program Restrictions	-	(521,300)	-	(25,631)	(546,931)
Net Assets, December 31, 2015	29,800	6,881,501	20,000	50,492	6,981,793
2016 Revenue	485	1,632,659	-	16,395	1,649,539
Less: 2016 Satisfaction of Program Restrictions	-	(522,886)	-	(29,041)	(551,927)
Net Assets, December 31, 2016	<u>\$ 30,285</u>	<u>\$ 7,991,274</u>	<u>\$ 20,000</u>	<u>\$ 37,846</u>	<u>\$ 8,079,405</u>

NOTE 9 ENDOWMENT

The Scholarship Fund's endowment includes donor-restricted endowment funds. 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 Scholarship Fund's Governing Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Scholarship Fund classifies as permanently restricted net assets the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. The remaining portion of donor-restricted endowment funds, if any, that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Scholarship Fund. In accordance with UPMIFA, the Scholarship fund 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 Scholarship Fund 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 Scholarship Fund
- (7) The investment policies of the Scholarship Fund

The Scholarship Fund's endowment investment policy objectives are to protect principal, earn a return, satisfy the payout requirement, and provide growth.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 9 ENDOWMENT (CONTINUED)

The following is a summary of endowment funds subject to UPMIFA for the years ended December 31, 2016 and 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, December 31, 2014	\$ -	\$ 19,873	\$ 168,553	\$ 188,426
Earnings:				
Investment Income	-	6,295	-	6,295
Endowment Net Assets, December 31, 2015	-	26,168	168,553	194,721
Earnings:				
Investment Income	-	6,931	-	6,931
Endowment Net Assets, December 31, 2016	<u>\$ -</u>	<u>\$ 33,099</u>	<u>\$ 168,553</u>	<u>\$ 201,652</u>
Endowment Net Assets, December 31, 2016			\$ 168,553	
Beneficial Interest in Perpetual Trusts, December 31, 2016			<u>721,267</u>	
Permanently Restricted Net Assets, December 31, 2016			<u>\$ 889,820</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 or UPMIFA requires the Scholarship Fund to retain as a fund of perpetual duration. The Scholarship fund did not have any funds with deficiencies as of December 31, 2016 and 2015.

NOTE 10 EMPLOYEE RETIREMENT PLAN

The Association has a voluntary contribution plan which qualifies under Section 401(k) of the Internal Revenue Code and covers substantially all employees. The Plan allows eligible employees to contribute a percentage of their compensation, with the Association matching 100% of the employees' contributions not to exceed 5% of employees' compensation. The Association made matching contributions of \$103,340 and \$100,674 for the years ended December 31, 2016 and 2015, respectively.

NOTE 11 DEFERRED COMPENSATION PLAN

The Association offers a deferred compensation plan that is created in accordance with Section 457(b) of the internal revenue code. The plan permits the participant to defer, on a pretax basis, a portion of their compensation for future years. The assets and liability associated with the plan are included as deferred compensation plan in the accompanying consolidated statements of financial position.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 12 COMMITMENTS

In December 2012, the Association signed a non-cancellable contract to purchase and implement a new association management software package, which would include a new donor and membership database. The agreement is for 48 months and shall automatically renew for 12 months unless either party gives notice of non-renewal at least 60 days prior to the expiration of the term or any renewal period. The agreement contains monthly service fees of \$6,050. Additionally, the agreement has one time fees of approximately \$240,000 - \$290,000.

The Association had a loan payable with the vendor. The original loan balance was \$204,390 and the term was for 24 months at an interest rate of 6%. The loan balance was paid off as of December 31, 2015.

Future minimum payments under the agreement for the year ending December 31, 2016, are \$72,600.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Governing Board
American Foreign Service Association and Related Organizations
Washington, DC

We have audited the consolidated financial statements of American Foreign Service Association and Related Organizations as of and for the years ended December 31, 2016 and 2015, and have issued our report thereon dated October 19, 2017, which contained an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
October 19, 2017

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(See Independent Auditors' Report on Supplementary Information)**

	Consolidating Information					Consolidated Total
	AFSA	Fund	Scholarship Fund	PAC	Eliminations	
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 41,660	\$ -	\$ 846,573	\$ 39,738	\$ -	\$ 927,971
Short-Term Investments	119,242	129,913	11,532	-	-	260,687
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$14,000	285,913	11,639	21,010	-	-	318,562
Prepaid Expenses	61,005	-	101,500	-	-	162,505
Inventory	9,977	2,451	-	-	-	12,428
Total Current Assets	<u>517,797</u>	<u>144,003</u>	<u>980,615</u>	<u>39,738</u>	<u>-</u>	<u>1,682,153</u>
NON-CURRENT ASSETS						
Investments	2,824,995	420,257	7,336,874	-	-	10,582,126
Beneficial Interest in Perpetual Trusts	-	-	721,267	-	-	721,267
Property and Equipment, Net of Accumulated Depreciation	2,207,428	-	-	-	-	2,207,428
Deferred Compensation Plan Investments	305,216	-	-	-	-	305,216
Total Non-current Assets	<u>5,337,639</u>	<u>420,257</u>	<u>8,058,141</u>	<u>-</u>	<u>-</u>	<u>13,816,037</u>
Total Assets	<u>\$ 5,855,436</u>	<u>\$ 564,260</u>	<u>\$ 9,038,756</u>	<u>\$ 39,738</u>	<u>\$ -</u>	<u>\$ 15,498,190</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 11,900	\$ -	\$ -	\$ 43	\$ -	\$ 11,943
Accrued Expenses	268,770	6,484	17,351	-	-	292,605
Capital Lease Payable, Current Portion	5,003	-	-	-	-	5,003
Deferred Revenue	495,214	107,192	-	-	-	602,406
Interfund (Receivable) Payable	(142,160)	-	140,311	1,849	-	-
Total Current Liabilities	<u>638,727</u>	<u>113,676</u>	<u>157,662</u>	<u>1,892</u>	<u>-</u>	<u>911,957</u>
NON-CURRENT LIABILITIES						
Capital Lease Payable	8,400	-	-	-	-	8,400
Deferred Compensation Plan Obligations	305,216	-	-	-	-	305,216
Total Non-current Liabilities	<u>313,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,616</u>
Total Liabilities	952,343	113,676	157,662	1,892	-	1,225,573
NET ASSETS						
Unrestricted	4,872,808	430,584	-	-	-	5,303,392
Temporarily Restricted	30,285	20,000	7,991,274	37,846	-	8,079,405
Permanently Restricted	-	-	889,820	-	-	889,820
Total Net Assets	<u>4,903,093</u>	<u>450,584</u>	<u>8,881,094</u>	<u>37,846</u>	<u>-</u>	<u>14,272,617</u>
Total Liabilities and Net Assets	<u>\$ 5,855,436</u>	<u>\$ 564,260</u>	<u>\$ 9,038,756</u>	<u>\$ 39,738</u>	<u>\$ -</u>	<u>\$ 15,498,190</u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(See Independent Auditors' Report on Supplementary Information)**

	Consolidating Information					Consolidated Total
	AFSA	Fund	Scholarship Fund	PAC	Eliminations	
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents, Including Restricted Cash	\$ 48,667	\$ -	\$ 352,568	\$ 52,293	\$ -	\$ 453,528
Short-Term Investments	337,812	21,581	11,297	-	-	370,690
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$10,000	220,609	5,374	21,000	-	-	246,983
Prepaid Expenses	120,430	-	110,250	-	-	230,680
Inventory	11,384	7,252	-	-	-	18,636
Total Current Assets	<u>738,902</u>	<u>34,207</u>	<u>495,115</u>	<u>52,293</u>	<u>-</u>	<u>1,320,517</u>
NON-CURRENT ASSETS						
Note Receivable	-	-	422,893	-	422,893	-
Investments	2,933,989	401,330	6,254,491	-	-	9,589,810
Beneficial Interest in Perpetual Trusts	-	-	687,382	-	-	687,382
Property and Equipment, Net of Accumulated Depreciation	2,312,053	-	-	-	-	2,312,053
Deferred Compensation Plan Investments	268,312	-	-	-	-	268,312
Total Non-current Assets	<u>5,514,354</u>	<u>401,330</u>	<u>7,364,766</u>	<u>-</u>	<u>422,893</u>	<u>12,857,557</u>
Total Assets	<u>\$ 6,253,256</u>	<u>\$ 435,537</u>	<u>\$ 7,859,881</u>	<u>\$ 52,293</u>	<u>\$ 422,893</u>	<u>\$ 14,178,074</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 19,480	\$ -	\$ -	\$ 43	\$ -	\$ 19,523
Accrued Expenses	369,573	10,091	18,889	-	-	398,553
Capital Lease Payable, Current Portion	4,781	-	-	-	-	4,781
Deferred Revenue	496,003	3,192	-	-	-	499,195
Interfund (Receivable) Payable	(105,314)	-	103,556	1,758	-	-
Total Current Liabilities	<u>784,523</u>	<u>13,283</u>	<u>122,445</u>	<u>1,801</u>	<u>-</u>	<u>922,052</u>
NON-CURRENT LIABILITIES						
Note Payable and Line of Credit	422,893	-	-	-	422,893	-
Capital Lease Payable	13,404	-	-	-	-	13,404
Deferred Compensation Plan Obligations	268,312	-	-	-	-	268,312
Total Non-current Liabilities	<u>704,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,893</u>	<u>281,716</u>
Total Liabilities	1,489,132	13,283	122,445	1,801	422,893	1,203,768
NET ASSETS						
Unrestricted	4,734,324	402,254	-	-	-	5,136,578
Temporarily Restricted	29,800	20,000	6,881,501	50,492	-	6,981,793
Permanently Restricted	-	-	855,935	-	-	855,935
Total Net Assets	<u>4,764,124</u>	<u>422,254</u>	<u>7,737,436</u>	<u>50,492</u>	<u>-</u>	<u>12,974,306</u>
Total Liabilities and Net Assets	<u>\$ 6,253,256</u>	<u>\$ 435,537</u>	<u>\$ 7,859,881</u>	<u>\$ 52,293</u>	<u>\$ 422,893</u>	<u>\$ 14,178,074</u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(See Independent Auditors' Report on Supplementary Information)**

	Unrestricted				Total Unrestricted
	AFSA	Fund	Scholarship Fund	PAC	
REVENUE, GAINS, AND OTHER SUPPORT					
Member Dues	\$ 3,792,470	\$ -	\$ -	\$ -	\$ 3,792,470
Advertising Sales, Net of Discounts	547,425	-	-	-	547,425
Contributions	2,729	200,126	-	-	202,855
Dividends and Interest	86,890	12,617	-	-	99,507
Registration Fees	-	10,000	-	-	10,000
Book Sales	-	28,947	-	-	28,947
Other	6,156	-	-	-	6,156
Subscriptions	8,759	-	-	-	8,759
Change in Beneficial Interest in Perpetual Trusts	-	-	-	-	-
Net Realized and Unrealized Gain on Investments	135,207	17,370	-	-	152,577
Net Assets Released from Restrictions -					
Satisfaction of Program Restrictions	-	-	522,886	29,041	551,927
Total Revenue, Gains, and Other Support	<u>4,579,636</u>	<u>269,060</u>	<u>522,886</u>	<u>29,041</u>	<u>5,400,623</u>
EXPENSES					
Program Services:					
Journal	1,088,550	-	-	-	1,088,550
Labor Relations	1,128,620	-	-	-	1,128,620
Scholarships	-	-	480,847	-	480,847
Congressional Affairs	99,785	-	-	-	99,785
Public Education and Outreach	229,641	57,742	-	-	287,383
Road Scholar	-	8,313	-	-	8,313
Membership Services	164,342	-	-	-	164,342
Professional Awards	-	100,995	-	-	100,995
Political Action Committee	-	-	-	29,041	29,041
Public Affairs	291,276	-	-	-	291,276
Essay Contest	-	61,047	-	-	61,047
Total Program Services	<u>3,002,214</u>	<u>228,097</u>	<u>480,847</u>	<u>29,041</u>	<u>3,740,199</u>
Supporting Services:					
Management and General	854,325	10,270	35,622	-	900,217
Member Support	365,912	-	-	-	365,912
Board and President	217,052	-	-	-	217,052
Fundraising	-	2,363	6,417	-	8,780
Election	1,649	-	-	-	1,649
Total Supporting Services	<u>1,438,938</u>	<u>12,633</u>	<u>42,039</u>	<u>-</u>	<u>1,493,610</u>
Total Expenses	<u>4,441,152</u>	<u>240,730</u>	<u>522,886</u>	<u>29,041</u>	<u>5,233,809</u>
CHANGE IN NET ASSETS	138,484	28,330	-	-	166,814
Net Assets, Beginning of Year	<u>4,734,324</u>	<u>402,254</u>	<u>-</u>	<u>-</u>	<u>5,136,578</u>
NET ASSETS, END OF YEAR	<u>\$ 4,872,808</u>	<u>\$ 430,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,303,392</u>

Temporarily Restricted					Permanently Restricted						
AFSA	Fund	Scholarship Fund	PAC	Total Temporarily Restricted	AFSA	Fund	Scholarship Fund	PAC	Total Permanently Restricted	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,792,470
-	-	-	-	-	-	-	-	-	-	-	547,425
485	-	1,120,677	16,395	1,137,557	-	-	-	-	-	61,469	1,278,943
-	-	205,228	-	205,228	-	-	-	-	-	-	304,735
-	-	-	-	-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	-	-	-	-	28,947
-	-	-	-	-	-	-	-	-	-	-	6,156
-	-	-	-	-	-	-	-	-	-	-	8,759
-	-	-	-	-	-	-	33,885	-	33,885	-	33,885
-	-	306,754	-	306,754	-	-	-	-	-	-	459,331
-	-	(522,886)	(29,041)	(551,927)	-	-	-	-	-	-	-
485	-	1,109,773	(12,646)	1,097,612	-	-	33,885	-	33,885	61,469	6,470,651
-	-	-	-	-	-	-	-	-	-	-	1,088,550
-	-	-	-	-	-	-	-	-	-	-	1,128,620
-	-	-	-	-	-	-	-	-	-	-	480,847
-	-	-	-	-	-	-	-	-	-	-	99,785
-	-	-	-	-	-	-	-	-	-	-	287,383
-	-	-	-	-	-	-	-	-	-	-	8,313
-	-	-	-	-	-	-	-	-	-	-	164,342
-	-	-	-	-	-	-	-	-	-	-	100,995
-	-	-	-	-	-	-	-	-	-	-	29,041
-	-	-	-	-	-	-	-	-	-	-	291,276
-	-	-	-	-	-	-	-	-	-	-	61,047
-	-	-	-	-	-	-	-	-	-	-	3,740,199
-	-	-	-	-	-	-	-	-	-	61,469	838,748
-	-	-	-	-	-	-	-	-	-	-	365,912
-	-	-	-	-	-	-	-	-	-	-	217,052
-	-	-	-	-	-	-	-	-	-	-	8,780
-	-	-	-	-	-	-	-	-	-	-	1,649
-	-	-	-	-	-	-	-	-	-	61,469	1,432,141
-	-	-	-	-	-	-	-	-	-	61,469	5,172,340
485	-	1,109,773	(12,646)	1,097,612	-	-	33,885	-	33,885	-	1,298,311
29,800	20,000	6,881,501	50,492	6,981,793	-	-	855,935	-	855,935	-	12,974,306
\$ 30,285	\$ 20,000	\$ 7,991,274	\$ 37,846	\$ 8,079,405	\$ -	\$ -	\$ 889,820	\$ -	\$ 889,820	\$ -	\$ 14,272,617

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(See Independent Auditors' Report on Supplementary Information)**

	Unrestricted				Total Unrestricted
	AFSA	Fund	Scholarship Fund	PAC	
REVENUE, GAINS, AND OTHER SUPPORT					
Member Dues	\$ 3,698,165	\$ -	\$ -	\$ -	\$ 3,698,165
Advertising Sales, Net of Discounts	559,526	-	-	-	559,526
Contributions	4,074	327,405	-	-	331,479
Dividends and Interest	80,021	11,682	-	-	91,703
Registration Fees	-	10,000	-	-	10,000
Book Sales	-	36,033	-	-	36,033
Other	10,361	-	-	-	10,361
Subscriptions	10,007	-	-	-	10,007
Change in Beneficial Interest in Perpetual Trusts	-	-	-	-	-
Net Realized and Unrealized Loss on Investments	(71,737)	(9,182)	-	-	(80,919)
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	-	-	521,300	25,631	546,931
Total Revenue, Gains, and Other Support	<u>4,290,417</u>	<u>375,938</u>	<u>521,300</u>	<u>25,631</u>	<u>5,213,286</u>
EXPENSES					
Program Services:					
Journal	1,029,195	-	-	-	1,029,195
Labor Relations	1,202,112	-	-	-	1,202,112
Scholarships	-	-	479,851	-	479,851
Congressional Affairs	317,723	-	-	-	317,723
Public Education and Outreach	18,590	175,451	-	-	194,041
Road Scholar	-	7,542	-	-	7,542
Membership Services	199,363	-	-	-	199,363
Professional Issues	-	138,730	-	-	138,730
Political Action Committee	-	-	-	25,631	25,631
Public Affairs	344,916	-	-	-	344,916
Essay Contest	-	62,043	-	-	62,043
Total Program Services	<u>3,111,899</u>	<u>383,766</u>	<u>479,851</u>	<u>25,631</u>	<u>4,001,147</u>
Supporting Services:					
Management and General	902,734	17	34,360	-	937,111
Member Support	368,856	-	-	-	368,856
Board and President	118,117	-	-	-	118,117
Fundraising	-	9,208	7,089	-	16,297
Election	50,728	-	-	-	50,728
Total Supporting Services	<u>1,440,435</u>	<u>9,225</u>	<u>41,449</u>	<u>-</u>	<u>1,491,109</u>
Total Expenses	<u>4,552,334</u>	<u>392,991</u>	<u>521,300</u>	<u>25,631</u>	<u>5,492,256</u>
CHANGE IN NET ASSETS	(261,917)	(17,053)	-	-	(278,970)
Net Assets, Beginning of Year	<u>4,996,241</u>	<u>419,307</u>	<u>-</u>	<u>-</u>	<u>5,415,548</u>
NET ASSETS, END OF YEAR	<u>\$ 4,734,324</u>	<u>\$ 402,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,136,578</u>

Temporarily Restricted					Permanently Restricted						
AFSA	Fund	Scholarship Fund	PAC	Total Temporarily Restricted	AFSA	Fund	Scholarship Fund	PAC	Total Permanently Restricted	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,698,165
-	-	-	-	-	-	-	-	-	-	-	559,526
336	-	1,159,630	2,495	1,162,461	-	-	-	-	-	229,056	1,264,884
-	-	167,097	-	167,097	-	-	-	-	-	-	258,800
-	-	-	-	-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	-	-	-	-	36,033
-	-	-	-	-	-	-	-	-	-	-	10,361
-	-	-	-	-	-	-	-	-	-	-	10,007
-	-	(179,946)	-	(179,946)	-	-	(38,666)	-	(38,666)	-	(38,666)
-	-	(521,300)	(25,631)	(546,931)	-	-	-	-	-	-	-
336	-	625,481	(23,136)	602,681	-	-	(38,666)	-	(38,666)	229,056	5,548,245
-	-	-	-	-	-	-	-	-	-	-	1,029,195
-	-	-	-	-	-	-	-	-	-	-	1,202,112
-	-	-	-	-	-	-	-	-	-	-	479,851
-	-	-	-	-	-	-	-	-	-	-	317,723
-	-	-	-	-	-	-	-	-	-	-	194,041
-	-	-	-	-	-	-	-	-	-	-	7,542
-	-	-	-	-	-	-	-	-	-	-	199,363
-	-	-	-	-	-	-	-	-	-	-	138,730
-	-	-	-	-	-	-	-	-	-	-	25,631
-	-	-	-	-	-	-	-	-	-	-	344,916
-	-	-	-	-	-	-	-	-	-	-	62,043
-	-	-	-	-	-	-	-	-	-	-	4,001,147
-	-	-	-	-	-	-	-	-	-	229,056	708,055
-	-	-	-	-	-	-	-	-	-	-	368,856
-	-	-	-	-	-	-	-	-	-	-	118,117
-	-	-	-	-	-	-	-	-	-	-	16,297
-	-	-	-	-	-	-	-	-	-	-	50,728
-	-	-	-	-	-	-	-	-	-	229,056	1,262,053
-	-	-	-	-	-	-	-	-	-	229,056	5,263,200
336	-	625,481	(23,136)	602,681	-	-	(38,666)	-	(38,666)	-	285,045
29,464	20,000	6,256,020	73,628	6,379,112	-	-	894,601	-	894,601	-	12,689,261
\$ 29,800	\$ 20,000	\$ 6,881,501	\$ 50,492	\$ 6,981,793	\$ -	\$ -	\$ 855,935	\$ -	\$ 855,935	\$ -	\$ 12,974,306