

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2018 AND 2017

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	21
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION—2018	22
CONSOLIDATING STATEMENT OF FINANCIAL POSITION—2017	23
CONSOLIDATING STATEMENT OF ACTIVITIES—2018	24
CONSOLIDATING STATEMENT OF ACTIVITIES—2017	25



INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

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, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended December 31, 2018, 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.


Governing Board
American Foreign Service Association
and Related Organizations

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, 2018 and 2017, 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.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the entity adopted new accounting guidance contained in Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Arlington, Virginia
August 23, 2019

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

ASSETS	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 753,922	\$ 585,061
Short-Term Investments	617,962	426,369
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$9,000 and \$15,000, for 2018 and 2017, Respectively	238,398	328,651
Prepaid Expenses	171,454	55,255
Inventory	13,312	11,544
Total Current Assets	1,795,048	1,406,880
NONCURRENT ASSETS		
Investments	11,826,084	12,818,124
Beneficial Interest in Perpetual Trusts	756,163	809,220
Property and Equipment, Net of Accumulated Depreciation and Amortization	2,010,326	2,087,569
Deferred Compensation Plan Investments	367,911	384,940
Total Noncurrent Assets	14,960,484	16,099,853
Total Assets	\$ 16,755,532	\$ 17,506,733
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 47,200	\$ 36,130
Accrued Expenses	225,824	240,235
Capital Lease Payable, Current Portion	3,165	5,235
Deferred Revenue	508,211	497,674
Total Current Liabilities	784,400	779,274
NONCURRENT LIABILITIES		
Capital Lease Payable	-	3,165
Deferred Compensation Plan Obligations	367,911	384,940
Total Noncurrent Liabilities	367,911	388,105
Total Liabilities	1,152,311	1,167,379
NET ASSETS		
Without Donor Restrictions	5,549,904	6,040,584
With Donor Restrictions:		
Time and Purpose	9,128,601	9,320,997
Perpetuity	924,716	977,773
Total With Donor Restrictions	10,053,317	10,298,770
Total Net Assets	15,603,221	16,339,354
Total Liabilities and Net Assets	\$ 16,755,532	\$ 17,506,733

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
WITHOUT DONOR RESTRICTIONS REVENUE, GAINS, AND OTHER SUPPORT		
Member Dues	\$ 4,033,604	\$ 3,931,091
Advertising Sales, Net of Discounts	439,354	581,282
Contributions	159,205	227,320
Dividends and Interest, Net of Fees	78,911	52,695
Book Sales	22,897	34,954
Other	48,539	60,941
Subscriptions	5,781	7,169
Net Realized and Unrealized (Losses) Gains on Investments	(258,346)	441,107
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	454,670	488,356
Total Without Donor Restrictions Revenue, Gains, and Other Support	4,984,615	5,824,915
EXPENSES		
Program Services:		
Journal	1,003,496	1,106,062
Labor Relations	1,295,698	1,171,131
Membership Services	67,317	120,711
Retirees	108,596	-
Public Affairs	341,782	308,161
Foreign Professional Services Policy Issues	474,386	288,628
Congressional Affairs	197,802	67,868
Public Education and Outreach	107,808	102,313
Professional Awards	118,976	123,157
Essay Contest	60,643	58,283
Scholarships	376,231	382,229
Political Action Committee	49,404	13,791
Total Program Services	4,202,139	3,742,334
Supporting Services:		
Management and General	966,588	804,664
Member Support	41,205	269,488
Board and President	262,485	216,757
Fundraising	1,895	7,201
Election	983	47,279
Total Supporting Services	1,273,156	1,345,389
Total Expenses	5,475,295	5,087,723
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(490,680)	737,192
WITH DONOR RESTRICTIONS REVENUE AND GAINS		
Contributions	717,154	459,452
Dividends and Interest, Net of Fees	171,591	123,019
Net Realized and Unrealized (Losses) Gains on Investments	(626,471)	1,147,477
Change in Beneficial Interest in Perpetual Trusts	(53,057)	87,953
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	(454,670)	(488,356)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(245,453)	1,329,545
CHANGE IN NET ASSETS	(736,133)	2,066,737
Net Assets - Beginning of Year	16,339,354	14,272,617
NET ASSETS - END OF YEAR	\$ 15,603,221	\$ 16,339,354

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services											Supporting Services								Total	
	Journal	Labor Relations	Membership Services	Retirees	Public Affairs	Foreign Professional Services Policy Issues	Congressional Affairs	Public Education and Outreach	Professional Awards	Essay Contest	Scholarships	Political Action Committee	Total Program Services	Management and General	Member Support	Board and President	Fundraising	Election	Total Supporting Services		Overhead Allocation
Salaries, Benefits, and Training	\$ 431,800	\$ 1,164,350	\$ 38,338	\$ 66,681	\$ 285,228	\$ 371,908	\$ 153,279	\$ 57,284	\$ 44,677	\$ 18,391	\$ 24,989	\$ -	\$ 2,656,925	\$ 624,071	\$ 8,245	\$ 152,682	\$ 40	\$ -	\$ 785,038	\$ -	\$ 3,441,963
Professional Fees	46,669	11,840	-	250	-	5,280	-	32,837	1,150	1,400	16,025	-	115,651	72,298	-	45,743	-	-	118,041	(41,441)	275,133
Information Technology	23,776	-	-	-	-	-	-	-	-	-	1,500	-	25,276	73,286	-	-	-	-	73,286	(69,083)	167,645
Publications	245,716	1,979	-	4,686	580	15,066	9,052	688	916	1,764	208	2,711	283,366	3,734	9,636	1,829	695	15,894	(276)	299,536	
Travel and Entertainment	1,563	2,626	64	-	131	5,762	481	1,373	4,066	3,465	255	-	19,786	1,414	78	8,033	-	-	9,525	-	29,311
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	5,612	-	-	-	-	5,612	(148,618)	154,230
Political Contributions	-	-	-	-	-	-	-	-	-	-	-	35,000	35,000	-	-	-	-	-	-	-	35,000
Bad Debt Expense	2,564	-	-	-	-	-	-	-	-	-	-	-	2,564	-	-	-	-	-	-	-	2,564
General Office Expenses	83,366	10,344	25,243	20,761	4,801	4,203	5,066	9,158	49,353	32,735	332,743	11,693	589,456	8,054	3,861	7,661	680	-	20,256	(419,170)	1,028,882
Board and Committees	2,485	-	-	-	-	1,321	384	-	172	-	511	-	4,873	674	241	7,337	-	141	8,393	-	13,266
Cost of Goods Sold	-	-	1,105	-	-	-	-	4,478	-	-	-	-	5,583	-	-	-	-	-	-	-	5,583
Advertising and Promotion	15,503	-	2,567	-	-	-	-	-	-	-	-	-	18,070	-	2,937	-	1,175	-	4,112	-	22,182
Overhead	149,864	104,559	-	16,218	51,042	70,846	29,540	1,990	18,642	2,888	-	-	445,589	177,445	16,207	39,200	-	147	232,999	678,588	-
Total Expenses	\$ 1,003,496	\$ 1,295,698	\$ 67,317	\$ 108,596	\$ 341,782	\$ 474,386	\$ 197,802	\$ 107,808	\$ 118,976	\$ 60,643	\$ 376,231	\$ 49,404	\$ 4,202,139	\$ 966,588	\$ 41,205	\$ 262,485	\$ 1,895	\$ 983	\$ 1,273,156	\$ -	\$ 5,475,295

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (736,133)	\$ 2,066,737
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	154,230	163,967
Net Unrealized and Realized Loss (Gain) on Investments	884,817	(1,588,584)
Bad Debt Expense	2,564	32,669
Change in Beneficial Interest in Perpetual Trusts	53,057	(87,953)
Changes in Assets and Liabilities:		
Accounts Receivable, Net	87,689	(42,758)
Prepaid Expenses	(116,199)	107,250
Inventory	(1,768)	884
Accounts Payable	11,070	24,187
Accrued Expenses	(14,411)	(52,370)
Deferred Revenue	10,537	(104,732)
Net Cash Provided by Operating Activities	335,453	519,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,155,166)	(2,317,688)
Proceeds from Sales of Investments	2,070,796	1,504,592
Purchases of Property and Equipment	(76,987)	(44,108)
Net Cash Used by Investing Activities	(161,357)	(857,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease	(5,235)	(5,003)
Net Cash Used by Financing Activities	(5,235)	(5,003)
NET CHANGE IN CASH AND CASH EQUIVALENTS	168,861	(342,910)
Cash and Cash Equivalents - Beginning of Year	585,061	927,971
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 753,922	\$ 585,061
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 273	\$ 506

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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 re-elect 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*.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

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.

Membership Services

Regular communications with members and provision of services as requested.

Retirees

Provide resources to retired members and counsel active members in preparation for retirement.

Public Affairs

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

Foreign Professional Services Policy Issues

Governmental policy issues impacting members.

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.

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.

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.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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.

Political Action Committee

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

Management and General

Overall management and administration of the Association.

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 (IRC), whereas the Fund and the Scholarship Fund are exempt under Section 501(c)(3) of the IRC. The Fund is not considered a private foundation by the Internal Revenue Service (IRS) because it is an organization that is described in Section 509(a)(3). The Scholarship Fund is not considered a private foundation by the IRS because it is an organization that is described in Section 509(a)(1). The PAC is exempt under Section 527 of the IRC. Section 527 does not exempt taxation of investment income.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

AFSA had approximately \$439,000 and \$580,000 in unrelated business income from advertising and other activities for the years ended December 31, 2018 and 2017, 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 2018 and 2017. The PAC did not have any taxable income in 2018 and 2017.

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.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 collectibility. 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 net realizable value. 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.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018 and 2017.

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

Net Assets Without Donor Restrictions

Consists of funds that are currently available to support the Association's daily operations and are not subject to donor restrictions.

Net Assets With Donor Restrictions – Time and Purpose

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 donor restricted – time and purpose for use in the Scholarship program with the exception of contributions that are to be held in perpetuity. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or the funds are used for their restricted purpose and are reported in the statements of activities as net assets released from restrictions.

Net Assets With Donor Restrictions – Perpetuity

Represents contributions to be held in perpetuity and consists of the Scholarship Fund's beneficial interest in perpetual trusts and donor-imposed restrictions that the funds are to be held in perpetuity. The investment earnings on the net assets with donor restrictions – perpetuity are reflected in the statements of activities as components of net assets with donor restrictions – time and purpose and released from restrictions as funds are expended for the restricted purposes.

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 with donor restrictions or without donor restrictions in the period promised or received at their fair values.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Most expenses are directly charged, however there is an overhead pool that includes depreciation and amortization, insurance, software hosting, real estate taxes, and office expenses that is used for expenses that cannot be directly charged. These expenses are then allocated out to the departments based on the departments' direct expenses as a percentage of total expenses. The only exception is that the Scholarship Fund is charged a flat three percent overhead percentage based on management's estimate.

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 nonactive markets.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Fair Value Hierarchy (Continued)

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 2017 consolidated financial statements have been made to conform to the 2018 presentation. Such reclassifications had no effect on previously reported change in net assets or net asset amounts.

Subsequent Events

In preparing these consolidated financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 23, 2019, the date the consolidated financial statements were available to be issued.

Upcoming Accounting Standards Update

Revenue from Contracts with Customers — In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard will be effective for the Association's consolidated financial statements for the year ending December 31, 2019. Management is evaluating the effect of this guidance on the Association's consolidated financial statements.

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made — In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The standard will be effective for the Association's consolidated financial statements for the year ending December 31, 2019. Management is evaluating the effect of this guidance on the Association's consolidated financial statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented (except for presentation of the consolidated statement of functional expenses) which resulted in no change to the previously reported net assets.

Liquidity

As part of the Association's liquidity management, it invests cash in excess of daily requirements in short-term investments. Some assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

The Association's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 753,922	\$ 585,061
Short-Term Investments	617,962	426,369
Long-Term Investments	11,826,084	12,818,124
Accounts Receivable, Net	238,398	328,651
Less: With Donor Restrictions Net Assets:		
Time or Purpose	(9,128,601)	(9,320,997)
Perpetuity	<u>(924,716)</u>	<u>(977,773)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,383,049</u>	<u>\$ 3,859,435</u>

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.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 2 CONCENTRATIONS OF RISK (CONTINUED)

Contributions

Approximately 46% and 39% of total contributions were received from one donor during the years ended December 31, 2018 and 2017, respectively.

NOTE 3 SHORT-TERM INVESTMENTS AND INVESTMENTS

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

	<u>2018</u>	<u>2017</u>
Money Market Funds	\$ 398,257	\$ 196,914
Equity Securities	3,522,674	4,095,574
Mutual Funds - Fixed Income	3,142,389	3,079,154
Mutual Funds - Equity	5,380,726	5,872,851
Total	<u>\$ 12,444,046</u>	<u>\$ 13,244,493</u>

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

	<u>2018</u>	<u>2017</u>
Short-Term Investments	\$ 617,962	\$ 426,369
Investments	11,826,084	12,818,124
Total	<u>\$ 12,444,046</u>	<u>\$ 13,244,493</u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 FAIR VALUE HIERARCHY

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

	2018			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 398,257	\$ -	\$ -	\$ 398,257
Equity Securities	3,522,674	-	-	3,522,674
Mutual Funds - Fixed Income	3,142,389	-	-	3,142,389
Mutual Funds - Equity	5,380,726	-	-	5,380,726
Deferred Compensation Plan				
Investments - Mutual Funds - Equity	367,911	-	-	367,911
Beneficial Interest in Perpetual Trusts	-	-	756,163	756,163
Total	<u>\$ 12,811,957</u>	<u>\$ -</u>	<u>\$ 756,163</u>	<u>\$ 13,568,120</u>
	2017			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 196,914	\$ -	\$ -	\$ 196,914
Equity Securities	4,095,574	-	-	4,095,574
Mutual Funds - Fixed Income	3,079,154	-	-	3,079,154
Mutual Funds - Equity	5,872,851	-	-	5,872,851
Deferred Compensation Plan				
Investments - Mutual Funds - Equity	384,940	-	-	384,940
Beneficial Interest in Perpetual Trusts	-	-	809,220	809,220
Total	<u>\$ 13,629,433</u>	<u>\$ -</u>	<u>\$ 809,220</u>	<u>\$ 14,438,653</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:

	2018	2017
Balance - Beginning of Year	\$ 809,220	\$ 721,267
Unrealized (Loss) Gain	(53,057)	87,953
Balance - End of Year	<u>\$ 756,163</u>	<u>\$ 809,220</u>

The beneficial interest in perpetual trusts valuation was calculated by taking the December 31, 2018 and 2017, fair value as reported by third party investment statements.

NOTE 5 BENEFICIAL INTERESTS IN PREPETUAL 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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2018	2017
Land	\$ 222,854	\$ 222,854
Building and Building Improvements	3,101,789	3,101,789
Furniture and Equipment	633,648	575,698
Software	487,073	468,035
Total	<u>4,445,364</u>	<u>4,368,376</u>
Less: Accumulated Depreciation	<u>(2,435,038)</u>	<u>(2,280,807)</u>
Total	<u><u>\$ 2,010,326</u></u>	<u><u>\$ 2,087,569</u></u>

NOTE 7 CAPITAL LEASE OBLIGATION

The Association entered into a 48-month 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, 2018 and 2017, accumulated depreciation totaled \$13,745 and \$9,722, respectively. The future minimum commitment as of December 31, 2018, is \$3,165.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS – TIME AND PURPOSE

Net assets with donor restrictions – time and purpose consist of the unexpended portion of contributions made to AFSA's Legal Defense Fund, the Scholarship Fund, the Fund, and the PAC. These contributions are purpose-restricted by the contributor and are as follows:

	AFSA Legal Defense Fund	Fund	Scholarship Fund	PAC	Total
Net Assets - December 31, 2016	\$ 30,285	\$ 20,000	\$ 7,991,274	\$ 37,846	\$ 8,079,405
2017 Revenue	16,616	34,000	1,671,435	7,897	1,729,948
Less: 2017 Satisfaction of Program Restrictions	<u>(4,157)</u>	<u>(34,000)</u>	<u>(436,408)</u>	<u>(13,791)</u>	<u>(488,356)</u>
Net Assets - December 31, 2017	42,744	20,000	9,226,301	31,952	9,320,997
2018 Revenue	-	-	228,869	33,405	262,274
Less: 2018 Satisfaction of Program Restrictions	<u>-</u>	<u>-</u>	<u>(405,266)</u>	<u>(49,404)</u>	<u>(454,670)</u>
Net Assets - December 31, 2018	<u><u>\$ 42,744</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 9,049,904</u></u>	<u><u>\$ 15,953</u></u>	<u><u>\$ 9,128,601</u></u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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 net assets with donor restrictions - perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 fund that is not classified in net assets with donor restrictions - perpetuity is classified as net assets with donor restrictions - time and purpose until those amounts are appropriated for expenditure by the Scholarship Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. The Scholarship Fund considered all amounts earned on the endowment fund to be appropriated for current use.

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

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 9 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

The Scholarship Fund's endowment investment policy objectives are to protect principal, earn a return, satisfy the payout requirement, and provide growth. The following is a summary of endowment funds subject to UPMIFA for the years ended December 31, 2018 and 2017:

	Without Donor Restrictions	With Donor Restrictions - Time and Purpose	With Donor Restrictions - Perpetuity	Total
Endowment Net Assets, December 31, 2016	\$ -	\$ 33,099	\$ 168,553	\$ 201,652
Earnings:				
Investment Income	-	11,095	-	11,095
Endowment Net Assets, December 31, 2017	-	44,194	168,553	212,747
Earnings:				
Investment Income	-	13,161	-	13,161
Endowment Net Assets, December 31, 2018	<u>\$ -</u>	<u>\$ 57,355</u>	<u>\$ 168,553</u>	<u>\$ 225,908</u>
Endowment Net Assets, December 31, 2018			\$ 168,553	
Beneficial Interest in Perpetual Trusts, December 31, 2018			<u>756,163</u>	
Net Assets With Donor Restrictions - Perpetuity December 31, 2018			<u>\$ 924,716</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, 2018 and 2017.

NOTE 10 EMPLOYEE RETIREMENT PLAN

The Association has a voluntary contribution plan which qualifies under Section 401(k) of the IRC 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 \$113,724 and \$98,309 for the years ended December 31, 2018 and 2017, respectively.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 11 DEFERRED COMPENSATION PLAN

The Association offers a deferred compensation plan that is created in accordance with Section 457(b) of the IRC. 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.



CliftonLarsonAllen LLP
CLAconnect.com

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, 2018 and 2017, and have issued our report thereon dated August 23, 2019, 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
August 23, 2019

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

ASSETS	AFSA	Fund	Scholarship Fund	PAC	Eliminations	Consolidated Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 105,057	\$ -	\$ 631,466	\$ 17,399	\$ -	\$ 753,922
Short-Term Investments	253,028	130,880	234,054	-	-	617,962
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$9,000	232,306	6,082	10	-	-	238,398
Prepaid Expenses	62,454	-	109,000	-	-	171,454
Interfund Receivable	281,110	-	-	(1,402)	(279,708)	-
Inventory	7,465	5,847	-	-	-	13,312
Total Current Assets	<u>941,420</u>	<u>142,809</u>	<u>974,530</u>	<u>15,997</u>	<u>(279,708)</u>	<u>1,795,048</u>
NONCURRENT ASSETS						
Investments	2,756,812	700,816	8,368,456	-	-	11,826,084
Beneficial Interest in Perpetual Trusts	-	-	756,163	-	-	756,163
Property and Equipment, Net of Accumulated Depreciation and Amortization	2,010,326	-	-	-	-	2,010,326
Deferred Compensation Plan Investments	367,911	-	-	-	-	367,911
Total Noncurrent Assets	<u>5,135,049</u>	<u>700,816</u>	<u>9,124,619</u>	<u>-</u>	<u>-</u>	<u>14,960,484</u>
Total Assets	<u>\$ 6,076,469</u>	<u>\$ 843,625</u>	<u>\$ 10,099,149</u>	<u>\$ 15,997</u>	<u>\$ (279,708)</u>	<u>\$ 16,755,532</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 47,156	\$ -	\$ -	\$ 44	\$ -	\$ 47,200
Accrued Expenses	218,695	6,466	663	-	-	225,824
Capital Lease Payable, Current Portion	3,165	-	-	-	-	3,165
Deferred Revenue	501,019	7,192	-	-	-	508,211
Interfund Payable	-	155,842	123,866	-	(279,708)	-
Total Current Liabilities	<u>770,035</u>	<u>169,500</u>	<u>124,529</u>	<u>44</u>	<u>(279,708)</u>	<u>784,400</u>
NONCURRENT LIABILITIES						
Deferred Compensation Plan Obligations	367,911	-	-	-	-	367,911
Total Noncurrent Liabilities	<u>367,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,911</u>
Total Liabilities	1,137,946	169,500	124,529	44	(279,708)	1,152,311
NET ASSETS						
Without Donor Restrictions	4,895,779	654,125	-	-	-	5,549,904
With Donor Restrictions						
Time and Purpose	42,744	20,000	9,049,904	15,953	-	9,128,601
Perpetuity	-	-	924,716	-	-	924,716
Total With Donor Restrictions	<u>42,744</u>	<u>20,000</u>	<u>9,974,620</u>	<u>15,953</u>	<u>-</u>	<u>10,053,317</u>
Total Net Assets	<u>4,938,523</u>	<u>674,125</u>	<u>9,974,620</u>	<u>15,953</u>	<u>-</u>	<u>15,603,221</u>
Total Liabilities and Net Assets	<u>\$ 6,076,469</u>	<u>\$ 843,625</u>	<u>\$ 10,099,149</u>	<u>\$ 15,997</u>	<u>\$ (279,708)</u>	<u>\$ 16,755,532</u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

ASSETS	AFSA	Fund	Scholarship Fund	PAC	Eliminations	Consolidated Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 342,110	\$ -	\$ 214,929	\$ 28,022	\$ -	\$ 585,061
Short-Term Investments	82,532	102,758	241,079	-	-	426,369
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$15,000	302,962	4,679	21,010	-	-	328,651
Prepaid Expenses	55,255	-	-	-	-	55,255
Interfund Receivable	218,743	-	-	3,973	(222,716)	-
Inventory	8,571	2,973	-	-	-	11,544
Total Current Assets	<u>1,010,173</u>	<u>110,410</u>	<u>477,018</u>	<u>31,995</u>	<u>(222,716)</u>	<u>1,406,880</u>
NONCURRENT ASSETS						
Investments	3,073,206	667,639	9,077,279	-	-	12,818,124
Beneficial Interest in Perpetual Trusts	-	-	809,220	-	-	809,220
Property and Equipment, Net of Accumulated Depreciation and Amortization	2,087,569	-	-	-	-	2,087,569
Deferred Compensation Plan Investments	384,940	-	-	-	-	384,940
Total Noncurrent Assets	<u>5,545,715</u>	<u>667,639</u>	<u>9,886,499</u>	<u>-</u>	<u>-</u>	<u>16,099,853</u>
Total Assets	<u>\$ 6,555,888</u>	<u>\$ 778,049</u>	<u>\$ 10,363,517</u>	<u>\$ 31,995</u>	<u>\$ (222,716)</u>	<u>\$ 17,506,733</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 36,087	\$ -	\$ -	\$ 43	\$ -	\$ 36,130
Accrued Expenses	232,190	4,904	3,141	-	-	240,235
Capital Lease Payable, Current Portion	5,235	-	-	-	-	5,235
Deferred Revenue	490,482	7,192	-	-	-	497,674
Interfund Payable	-	66,414	156,302	-	(222,716)	-
Total Current Liabilities	<u>763,994</u>	<u>78,510</u>	<u>159,443</u>	<u>43</u>	<u>(222,716)</u>	<u>779,274</u>
NONCURRENT LIABILITIES						
Capital Lease Payable	3,165	-	-	-	-	3,165
Deferred Compensation Plan Obligations	384,940	-	-	-	-	384,940
Total Noncurrent Liabilities	<u>388,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,105</u>
Total Liabilities	1,152,099	78,510	159,443	43	(222,716)	1,167,379
NET ASSETS						
Without Donor Restrictions	5,361,045	679,539	-	-	-	6,040,584
With Donor Restrictions						
Time and Purpose	42,744	20,000	9,226,301	31,952	-	9,320,997
Perpetuity	-	-	977,773	-	-	977,773
Total With Donor Restrictions	<u>42,744</u>	<u>20,000</u>	<u>10,204,074</u>	<u>31,952</u>	<u>-</u>	<u>10,298,770</u>
Total Net Assets	<u>5,403,789</u>	<u>699,539</u>	<u>10,204,074</u>	<u>31,952</u>	<u>-</u>	<u>16,339,354</u>
Total Liabilities and Net Assets	<u>\$ 6,555,888</u>	<u>\$ 778,049</u>	<u>\$ 10,363,517</u>	<u>\$ 31,995</u>	<u>\$ (222,716)</u>	<u>\$ 17,506,733</u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	AFSA	Fund	Scholarship Fund	PAC	Eliminations	Total
WITHOUT DONOR RESTRICTIONS REVENUE, GAINS, AND OTHER SUPPORT						
Member Dues	\$ 4,033,604	\$ -	\$ -	\$ -	\$ -	\$ 4,033,604
Advertising Sales, Net of Discounts	439,354	-	-	-	-	439,354
Contributions	61	274,144	-	-	(115,000)	159,205
Dividends and Interest, Net of Fees	55,271	23,640	-	-	-	78,911
Book Sales	-	22,897	-	-	-	22,897
Other	20,194	28,345	-	-	-	48,539
Subscriptions	5,781	-	-	-	-	5,781
Net Realized and Unrealized Losses on Investments	(200,273)	(58,073)	-	-	-	(258,346)
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	-	-	405,266	49,404	-	454,670
Total Without Donor Restrictions Revenue, Gains, and Other Support	4,353,992	290,953	405,266	49,404	(115,000)	4,984,615
EXPENSES						
Program Services:						
Journal	1,003,496	-	-	-	-	1,003,496
Labor Relations	1,295,698	-	-	-	-	1,295,698
Membership Services	67,317	-	-	-	-	67,317
Retirees	108,596	-	-	-	-	108,596
Public Affairs	341,782	-	-	-	-	341,782
Foreign Professional Services Policy Issues	474,386	-	-	-	-	474,386
Congressional Affairs	197,802	-	-	-	-	197,802
Public Education and Outreach	-	107,808	-	-	-	107,808
Professional Awards	-	118,976	-	-	-	118,976
Essay Contest	-	60,643	-	-	-	60,643
Scholarships	-	-	376,231	-	-	376,231
Political Action Committee	-	-	-	49,404	-	49,404
Total Program Services	3,489,077	287,427	376,231	49,404	-	4,202,139
Supporting Services:						
Management and General	1,025,508	27,045	29,035	-	(115,000)	966,588
Member Support	41,205	-	-	-	-	41,205
Board and President	262,485	-	-	-	-	262,485
Fundraising	-	1,895	-	-	-	1,895
Election	983	-	-	-	-	983
Total Supporting Services	1,330,181	28,940	29,035	-	(115,000)	1,273,156
Total Expenses	4,819,258	316,367	405,266	49,404	(115,000)	5,475,295
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(465,266)	(25,414)	-	-	-	(490,680)
WITH DONOR RESTRICTIONS REVENUE AND GAINS						
Contributions	-	-	683,749	33,405	-	717,154
Dividends and Interest, Net of Fees	-	-	171,591	-	-	171,591
Net Realized and Unrealized Losses on Investments	-	-	(626,471)	-	-	(626,471)
Change in Beneficial Interest in Perpetual Trusts	-	-	(53,057)	-	-	(53,057)
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	-	-	(405,266)	(49,404)	-	(454,670)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	(229,454)	(15,999)	-	(245,453)
CHANGE IN NET ASSETS	(465,266)	(25,414)	(229,454)	(15,999)	-	(736,133)
Net Assets - Beginning of Year	5,403,789	699,539	10,204,074	31,952	-	16,339,354
NET ASSETS - END OF YEAR	<u>\$ 4,938,523</u>	<u>\$ 674,125</u>	<u>\$ 9,974,620</u>	<u>\$ 15,953</u>	<u>\$ -</u>	<u>\$ 15,603,221</u>

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND RELATED ORGANIZATIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	AFSA	Fund	Scholarship Fund	PAC	Eliminations	Total
WITHOUT DONOR RESTRICTIONS REVENUE, GAINS, AND OTHER SUPPORT						
Member Dues	\$ 3,931,091	\$ -	\$ -	\$ -	\$ -	\$ 3,931,091
Advertising Sales, Net of Discounts	581,282	-	-	-	-	581,282
Contributions	51	402,775	-	-	(175,506)	227,320
Dividends and Interest, Net of Fees	41,172	11,523	-	-	-	52,695
Book Sales	-	34,954	-	-	-	34,954
Other	22,796	38,145	-	-	-	60,941
Subscriptions	7,169	-	-	-	-	7,169
Net Realized and Unrealized Gains on Investments	387,207	53,900	-	-	-	441,107
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	4,157	34,000	436,408	13,791	-	488,356
Total Without Donor Restrictions Revenue, Gains, and Other Support	4,974,925	575,297	436,408	13,791	(175,506)	5,824,915
EXPENSES						
Program Services:						
Journal	1,106,062	-	-	-	-	1,106,062
Labor Relations	1,171,131	-	-	-	-	1,171,131
Membership Services	120,711	-	-	-	-	120,711
Public Affairs	308,161	-	-	-	-	308,161
Foreign Professional Services Policy Issues	288,628	-	-	-	-	288,628
Congressional Affairs	67,868	-	-	-	-	67,868
Public Education and Outreach	-	102,313	-	-	-	102,313
Professional Awards	-	123,157	-	-	-	123,157
Essay Contest	-	58,283	-	-	-	58,283
Scholarships	-	-	382,229	-	-	382,229
Political Action Committee	-	-	-	13,791	-	13,791
Total Program Services	3,062,561	283,753	382,229	13,791	-	3,742,334
Supporting Services:						
Management and General	890,603	35,388	54,179	-	(175,506)	804,664
Member Support	269,488	-	-	-	-	269,488
Board and President	216,757	-	-	-	-	216,757
Fundraising	-	7,201	-	-	-	7,201
Election	47,279	-	-	-	-	47,279
Total Supporting Services	1,424,127	42,589	54,179	-	(175,506)	1,345,389
Total Expenses	4,486,688	326,342	436,408	13,791	(175,506)	5,087,723
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	488,237	248,955	-	-	-	737,192
WITH DONOR RESTRICTIONS REVENUE AND GAINS						
Contributions	16,616	34,000	400,939	7,897	-	459,452
Dividends and Interest, Net of Fees	-	-	123,019	-	-	123,019
Net Realized and Unrealized Gains on Investments	-	-	1,147,477	-	-	1,147,477
Change in Beneficial Interest in Perpetual Trusts	-	-	87,953	-	-	87,953
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	(4,157)	(34,000)	(436,408)	(13,791)	-	(488,356)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	12,459	-	1,322,980	(5,894)	-	1,329,545
CHANGE IN NET ASSETS	500,696	248,955	1,322,980	(5,894)	-	2,066,737
Net Assets - Beginning of Year	4,903,093	450,584	8,881,094	37,846	-	14,272,617
NET ASSETS - END OF YEAR	\$ 5,403,789	\$ 699,539	\$ 10,204,074	\$ 31,952	\$ -	\$ 16,339,354