

**ARMENIAN ASSEMBLY OF AMERICA, INC.
AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT**

December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Armenian Assembly of America

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Armenian Assembly of America, Inc. and Affiliate (collectively referred to as the Assembly), 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 do not express 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 Armenian Assembly of America, Inc. and Affiliate as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 14, during the current year management determined that the Board of Directors had authorized releases from restrictions certain net assets in the year ended December 31, 2015 and in years prior. These releases had not been recorded in the financial statements and hence in the financial statements. Accordingly, certain amounts previously reported in the statement of activities for the year ended December 31, 2015, have been restated in the accompanying statement of activities for the year then ended. Our opinion is not modified with respect to that matter.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information in the consolidated schedules of functional expenses for the years ended December 31, 2016 and 2015, are presented for purposes of additional analysis and is 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.

The image shows a handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

August 27, 2018
Bethesda, Maryland

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 637,972	\$ 212,500
Prepaid expenses and other current assets	4,241	15,087
Contributions receivable, net	151,196	2,641
Investments	22,271	668,144
Advances	22,994	24,965
	<u>838,674</u>	<u>923,337</u>
Non-current assets		
Investments	12,727,040	13,412,823
Deposits	13,795	36,984
Property and equipment, net	3,325,738	3,398,579
	<u>16,066,573</u>	<u>16,848,386</u>
Total non-current assets	<u>16,066,573</u>	<u>16,848,386</u>
Total assets	<u><u>\$ 16,905,247</u></u>	<u><u>\$ 17,771,723</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 83,182	\$ 77,820
Accrued salaries and related expenses	112,294	50,646
Related party payable, net	169,966	169,966
Deferred revenue	72,985	111,024
Line of credit	836,741	836,741
Board member note payable	60,000	-
	<u>1,335,168</u>	<u>1,246,197</u>
Total current liabilities	<u>1,335,168</u>	<u>1,246,197</u>
Deferred rent	83,334	-
Other liabilities	12,882	10,667
	<u>1,431,384</u>	<u>1,256,864</u>
Total liabilities	<u>1,431,384</u>	<u>1,256,864</u>
Net assets		
Unrestricted	(1,308,546)	(419,114)
Temporarily restricted	2,878,978	3,359,912
Permanently restricted	13,903,431	13,574,061
	<u>15,473,863</u>	<u>16,514,859</u>
Total net assets	<u>15,473,863</u>	<u>16,514,859</u>
Total liabilities and net assets	<u><u>\$ 16,905,247</u></u>	<u><u>\$ 17,771,723</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue and support				
Contributions	\$ 69,624	\$ 1,442,898	\$ -	\$ 1,512,522
Trustees	182,699	-	329,370	512,069
Rental income	201,554	-	-	201,554
Other	32,413	-	-	32,413
Investment income	-	334,605	-	334,605
Net assets released from restrictions	<u>2,258,437</u>	<u>(2,258,437)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,744,727</u>	<u>(480,934)</u>	<u>329,370</u>	<u>2,593,163</u>
Program services				
Armenian tree project	1,658,437	-	-	1,658,437
Armenian Genocide Museum and Memorial	81,209	-	-	81,209
Public affairs	139,615	-	-	139,615
Government lobbying	33,245	-	-	33,245
Grassroots lobbying	29,950	-	-	29,950
Intern - Washington	110,523	-	-	110,523
Special projects	5,731	-	-	5,731
ANI - Research	15,052	-	-	15,052
ANI - Outreach	15,001	-	-	15,001
ANI - Education	<u>37,506</u>	<u>-</u>	<u>-</u>	<u>37,506</u>
Total program services	<u>2,126,269</u>	<u>-</u>	<u>-</u>	<u>2,126,269</u>
Supporting services				
Management & general	696,558	-	-	696,558
ANI - management & general	7,447	-	-	7,447
Yerevan central office	532,138	-	-	532,138
California office	197,343	-	-	197,343
Board of Trustees	15,420	-	-	15,420
Trustee affairs	14,417	-	-	14,417
Trustee development	<u>44,567</u>	<u>-</u>	<u>-</u>	<u>44,567</u>
Total supporting services	<u>1,507,890</u>	<u>-</u>	<u>-</u>	<u>1,507,890</u>
Total expenses	<u>3,634,159</u>	<u>-</u>	<u>-</u>	<u>3,634,159</u>
Change in net assets	(889,432)	(480,934)	329,370	(1,040,996)
Net (deficit) assets, beginning of year, restated (Note 14)	<u>(419,114)</u>	<u>3,359,912</u>	<u>13,574,061</u>	<u>16,514,859</u>
Net (deficit) assets, end of year	<u>\$ (1,308,546)</u>	<u>\$ 2,878,978</u>	<u>\$ 13,903,431</u>	<u>\$ 15,473,863</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue and support				
Contributions	\$ 229,015	\$ 1,657,047	\$ -	\$ 1,886,062
Trustees	163,250	-	31,000	194,250
Rental income	193,726	-	-	193,726
Other	20,302	-	-	20,302
Investment income	-	43,440	-	43,440
Net assets released from restrictions	<u>3,238,383</u>	<u>(2,188,383)</u>	<u>(1,050,000)</u>	<u>-</u>
Total revenue and support	<u>3,844,676</u>	<u>(487,896)</u>	<u>(1,019,000)</u>	<u>2,337,780</u>
Program services				
Armenian tree project	1,538,383	-	-	1,538,383
Armenian Genocide Museum and Memorial	125,754	-	-	125,754
Public affairs	150,539	-	-	150,539
Government lobbying	37,480	-	-	37,480
Grassroots lobbying	31,305	-	-	31,305
Intern - Washington	69,823	-	-	69,823
Special projects	125,669	-	-	125,669
ANI - Research	27,685	-	-	27,685
ANI - Outreach	8,104	-	-	8,104
ANI - Education	<u>8,104</u>	<u>-</u>	<u>-</u>	<u>8,104</u>
Total program services	<u>2,122,846</u>	<u>-</u>	<u>-</u>	<u>2,122,846</u>
Supporting services				
Management & general	504,194	-	-	504,194
ANI - management & general	9,637	-	-	9,637
Yerevan central office	456,988	-	-	456,988
California office	76,843	-	-	76,843
Trustee affairs	71,189	-	-	71,189
Trustee development	<u>39,516</u>	<u>-</u>	<u>-</u>	<u>39,516</u>
Total supporting services	<u>1,158,367</u>	<u>-</u>	<u>-</u>	<u>1,158,367</u>
Total expenses	<u>3,281,213</u>	<u>-</u>	<u>-</u>	<u>3,281,213</u>
Change in net assets, restated (Note 14)	563,463	(487,896)	(1,019,000)	(943,433)
Net assets, beginning of year, as previously reported	(1,632,577)	4,497,808	14,593,061	17,458,292
Prior period adjustment (Note 14)	<u>650,000</u>	<u>(650,000)</u>	<u>-</u>	<u>-</u>
Net (deficit) assets, end of year, restated	<u>\$ (419,114)</u>	<u>\$ 3,359,912</u>	<u>\$ 13,574,061</u>	<u>\$ 16,514,859</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (1,040,996)	\$ (943,433)
Reconciling adjustments		
Depreciation and amortization	143,209	132,152
Realized and unrealized gains	(266,126)	92,369
Pledge discount	8,888	(5,385)
Changes in operating assets and liabilities		
Contributions receivable	(157,443)	17,350
Advances	1,971	15,846
Prepaid expenses and other current assets	10,846	(2,412)
Deposits	23,189	(27,591)
Accounts payable	5,362	77,820
Accrued salaries and related expenses	61,648	11,458
Accrued interest	1,838	(23,472)
Deferred revenue	(38,039)	(46,225)
Deferred rent	83,334	-
Other liabilities	2,215	-
	<hr/>	<hr/>
Net cash used by operating activities	(1,160,104)	(701,523)
Cash flows from investing activities		
Purchase of property & equipment	(70,368)	(103,610)
Purchase of investments	(14,504,413)	(20,772,469)
Sales of investments	16,100,357	21,453,231
	<hr/>	<hr/>
Net cash provided by investing activities	1,525,576	577,152
Cash flows from financing activities		
Issuance of board member note payable	60,000	-
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	425,472	(124,371)
Cash and cash equivalents, beginning of year	212,500	336,871
	<hr/>	<hr/>
Cash and cash equivalents, end of year	<u>\$ 637,972</u>	<u>\$ 212,500</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

1. Organization

The Armenian Assembly of America was initially founded as a charitable trust in 1972, and organized in 1989 under the District of Columbia Nonprofit Corporation Act as the Armenian Assembly of America Relief Fund (the Fund). In 1994, the Fund legally changed its name to the Armenian Assembly of America (the Assembly). The Assembly is organized exclusively for charitable and educational purposes, including, but not limited to providing aid, relief, and humanitarian assistance to alleviate human suffering in Armenia and Armenians worldwide, educating the public about Armenian culture and history, and other issues of concern to the Armenian community. The Assembly's programs include the Armenian Tree Project (ATP), which since its beginning in 1994, has planted more than 5.2 million trees, established four nurseries and two environmental education centers, and has greened villages, churches, parks, and open spaces throughout Armenia. In the process, the organization has provided employment for hundreds of people and provided vital resources to thousands of villagers.

During 1996, the Board of the Assembly approved the creation of the Armenian National Institute (ANI) a non-profit, non-partisan organization related to the Assembly through certain common Board members. ANI is dedicated to the study, research, affirmation and worldwide recognition of the Armenian Genocide. The Assembly receives contributions on behalf of ANI and deposits the funds in its investment account. Investment return is allocated proportionately, based on the percentage of ANI contributions to total portfolio value.

"ATP" Charitable Foundation was founded in 2003 in accordance with the Legislation of the Republic of Armenia. The aim of the Foundation is to promote development of agriculture, perception of nature protection importance, development of policy, improvement of nature of the country. The Foundation has four nurseries, where seedlings are cultivated and then distributed freely for community tree planting and reforestation projects. The ATP charitable foundation is audited separately in the Republic of Armenia.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Assembly and ANI. All significant intercompany transactions have been eliminated.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of interest checking and money market accounts held with federally-insured financial institutions. Account balances often exceed insured limits. However, management does not consider this to be a significant concentration of credit risk.

Money market funds and other cash included as part of the investment pool (see Note 4) are excluded from cash equivalents and reported separately.

Investments

The Assembly reports investments at estimated fair values based on quoted market prices provided by investment managers. Investment transactions are recorded on a trade-date basis. All of the Assembly's investment income or loss, including unrealized holding gains and losses, is included in the Statement of Activities as increases or decreases in restricted net assets, due to the restrictions determined by donors.

Endowments

Endowment gifts are recognized as support when received. The principal amount of the gift is maintained intact while the income earned is used for the purpose(s) stated by the donor. The remaining investment income on endowments is recognized as an increase in restricted net assets, unless the income is restricted by donor or law and such restrictions have not been met in the same fiscal year. The Assembly follows the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) reporting. The required expanded disclosures are included in Note 12.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Amortization of the discount is included in donation revenue. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible contributions receivable at year-end. Management has determined that all remaining receivables are collectible and no year-end allowance is considered necessary.

Property and Equipment

Property and equipment is stated at cost. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, ranging from 5 to 30 years. Leasehold improvements are amortized over the life of the lease or the estimated useful life of the asset, whichever is less. The cost and related accumulated depreciation are removed from the accounts when assets are disposed of, with any gain or loss recognized in the current period. The cost of maintenance and repairs is recorded as expenses are incurred. The Assembly's policy is to capitalize property and equipment with costs exceeding \$1,000.

Advances

Advances consist of amounts paid to foreign offices to fund operations. The Assembly recognizes all revenue and expenses, and related receivables and payables, arising from overseas activities in U.S. dollars, its functional currency. The Assembly recognizes all transactional gains or losses arising from foreign currency transactions in accordance with U.S. generally accepted accounting principles, and they are included in consolidated net income and cash flows for the period in which they arise.

Deferred Dues

Dues revenue is recognized in the applicable membership period. Amounts received prior to the applicable period are classified as deferred revenue.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

2. Summary of Significant Accounting Policies (continued)

Functional Expenses

The cost of providing programs and other activities has been summarized on a functional basis, that is, by program or activity, in the Statement of Activities. The costs of providing the programs and other activities are allocated based upon the functions they directly benefit or upon management's estimate of the proportion of costs applicable to each function.

Income Taxes

The Assembly and ANI are subject to income tax regulations dependent on their respective tax status as determined by the Internal Revenue Code (IRC) or applicable foreign authority.

Organizations exempt from income tax pursuant to IRC Section 501(c)(3) are subject to income tax only on unrelated business income. The financial statement impact of a tax position is recognized when it is more-likely-than-not that the position will be sustained upon examination.

Management has performed an evaluation of uncertain tax positions and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The tax returns of the Assembly and ANI are subject to periodic examination by taxing authorities; however there are currently no examinations in progress. Management believes the Assembly and ANI are no longer subject to income tax examinations for years prior to 2013.

Net Assets

Unrestricted - Consists of assets and public support revenue which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor

Temporarily restricted - Includes contributions for which donor-imposed restrictions as to timing or purpose have not been met. Contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When donor restrictions have been met, temporarily restricted net assets are reclassified as unrestricted and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted - Includes gifts, trusts and pledges received with the stipulation that the corpus be invested in perpetuity and income generated be made available for program or general operations in accordance with donor restrictions.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Certain assets are recorded based on fair value on a recurring basis. Accounting and reporting standards establish a framework for measuring fair value and define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standards emphasize that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standard establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified as Level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified as Level 3 of the hierarchy).

The fair value levels are as follows:

- Level 1: Inputs that utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Assembly has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Inputs that are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets or liabilities.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Investments are reported at the fair values provided by the investment managers or other third-party service providers using various methods dependent upon the specific type of investment. Where quoted prices are available in an active market, securities are classified as Level 1 of the valuation hierarchy. Where significant inputs, including benchmarks, yields, broker-dealer quotes, issuer spreads, bids, offers, the LIBOR curve, and measures of volatility, are used by these third-party dealers or independent pricing services to determine fair values, the securities are classified as Level 2. Where significant inputs are unobservable because investments do not trade in an active market, securities are classified as Level 3.

The Assembly also follows the measurement provisions of ASU No 2009-12, *Investment in certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, which permits fair value of investments to be estimated using net asset value (NAV) or equivalent. NAV is the value per share provided by the funds, whose financial statements are prepared in a manner consistent with the measurement principles of an investment company or that have the attributes of an investment company. The provision permits classifying investments that can be redeemed at NAV at the measurement date or in the near term as Level 2 within the fair value hierarchy. Those investments, for which the redemption period does not coincide with the measurement date, may be classified as Level 2 or Level 3 after considering the length of time until the investment becomes redeemable.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent Events

Management has evaluated subsequent events through August 27, 2018, the date the consolidated financial statements were available for issue. The accompanying consolidated financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing consolidated financial statements. The accompanying consolidated financial statements do not recognize the effect of subsequent events that did not exist at the balance sheet date, but disclosures of such events, if any, are included in the accompanying notes.

At its December 2017 Board meeting, the Assembly established that the ANI allocation held within the Assembly's endowment fund is \$622,406 effective January 1, 2018.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

3. Contributions Receivable

Contributions receivable expected to be collected more than one year from the date of the pledge are discounted to present value using a risk-free rate of return, which is the applicable federal rate at the time the unconditional promise is received. The discount rate for 2016 and 2015 is 1.68% and 2.83%, respectively. The discount is amortized to support over the pledge collection period.

The contribution receivable as of December 31, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
Pledge receivable	\$ 160,150	\$ 2,707
Discount for present value	<u>(8,954)</u>	<u>(66)</u>
Net pledges receivable	<u>\$ 151,196</u>	<u>\$ 2,641</u>

The December 31, 2016, contributions receivable are expected to be collected as follows:

Year ending June 30, 2017	\$ 20,150
2018	20,000
2019	20,000
2020	20,000
2021	20,000
2022 and thereafter	<u>60,000</u>
	<u>\$ 160,150</u>

4. Investments

Investment securities are exposed to market risks and fluctuations. The values of investment securities will, therefore, change in the near term, and such changes could materially affect amounts reported in the financial statements. Additionally, the fair value method described in Note 2 may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

While the Assembly believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The Assembly has a diversified investment allocation policy to minimize effects caused by undue concentrations of risk.

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015

4. Investments (continued)

Unencumbered investments at fair value consist of the following:

	<u>2016</u>	<u>2015</u>
Cash and money market funds	\$ 555,901	\$ 191,430
Alternative investments	5,067,881	4,526,644
Common stocks	1,455,213	3,784,578
Corporate bonds	3,452,913	3,479,938
Mutual and exchange traded funds	2,187,819	2,066,648
Accrued interest	<u>29,584</u>	<u>31,729</u>
Total investments	<u>\$ 12,749,311</u>	<u>\$ 14,080,967</u>

Investment return consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 192,752	\$ 231,763
Net realized and unrealized (losses) gains	266,133	(92,369)
Investment fees	<u>(124,280)</u>	<u>(95,954)</u>
Total investment return, net	<u>\$ 334,605</u>	<u>\$ 43,440</u>

5. Alternative Investments

Included in investments are structured investments, a hedge fund and an offshore limited partnership. These investments do not trade in an active market, but are carried at the estimated market value of their underlying assets. The following are additional disclosures for investments that do not have a readily determinable fair value and are in certain entities that calculate net asset value per share:

Structured Investments - Structured investments are debt instruments whose return is tied to the performance of an underlier, such as an equity index or a foreign exchange rate. Depending upon how the investment is structured, the investment may or may not pay a coupon. The overall return earned on a structured investment, regardless of how the investment is structured, may be less than the return an investor would have earned by investing directly in a non-structured debt security of comparable maturity that bears interest at a prevailing rate. Structured investments are used to implement an overall investment objective through a diversified portfolio of actively managed positions which have exposure to the equity markets. A structured investment is a single security and a single investment. While the mark to market value of the investment can be thought of as a sum of its parts, the investment cannot be broken apart. Structured investments are typically held until their maturity date, but have an underlying market price and as such are considered level 2 investments.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

5. Alternative Investments (continued)

Hedge Funds: The Funds allocate its assets to entities that employ a wide range of alternative investment strategies, with emphasis on four hedge fund sectors: the equity long/short sector, the relative value sector, the event driven sector and the tactical trading sector. The Assembly has the right to redeem its investment by providing written notice 91 days prior to the quarterly valuation date. This investment has been classified as a level 2 investment.

Office Shore Limited Partnership: The limited partnership invests principally in securities of companies domiciled or with significant business or contacts in countries included in the Morgan Stanley Capital International All Country World Index Ex-US. The Assembly has the right to redeem its investment by providing written notice no later than 10 business days prior to the last day of each calendar month. The investment has been classified as a level 2 investment.

6. Fair Value of Investments

Financial instruments are classified within Level 1 of the valuation hierarchy if quoted prices are available in an active market.

If quoted market prices are not available, then an investment's fair value is estimated using pricing models, such as matrix pricing, quoted prices of securities with similar characteristics, or discounted cash flows. These instruments are generally classified within Level 2 of the valuation hierarchy.

Alternative investments include investments in hedge funds, which are evaluated using significant unobservable inputs, and are subject to certain liquidity restrictions and generally have no established trading market. Fair value is generally determined based on the fund's NAV or its equivalent, as provided by the fund's management using a variety of market data. These investments are classified within Level 2.

Investment classes are categorized on the basis of their nature and risk, and their classification in the fair value hierarchy.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

6. Fair Value of Investments (continued)

The following summarizes investments, measured at fair value, by hierarchy (see Note 2):

December 31, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 555,901	\$ -	\$ -	\$ 555,901
Mutual funds				
Floating rate fund	97,103	-	-	97,103
Income	350,774	-	-	350,774
Unconstrained	351,625	-	-	351,625
S&P Index funds	1,388,317	-	-	1,388,317
Corporate bonds	-	3,452,913	-	3,452,913
Common stocks				
Consumer discretionary	183,937	-	-	183,937
Consumer staples	77,367	-	-	77,367
Energy	84,901	-	-	84,901
Financials	384,339	-	-	384,339
Health care	142,087	-	-	142,087
Industrials	96,115	-	-	96,115
Information technology	325,724	-	-	325,724
Materials	65,641	-	-	65,641
Miscellaneous	60,347	-	-	60,347
Real estate	3,734	-	-	3,734
Telecommunications services	22,953	-	-	22,953
Utilities	8,068	-	-	8,068
Alternative investments				
Structured U.S. equities	-	1,081,658	-	1,081,658
Structured international equities	-	1,509,185	-	1,509,185
Hedge funds	-	1,517,985	-	1,517,985
Offshore limited partnership	-	959,053	-	959,053
Accrued interest	29,584	-	-	29,584
Total investments	<u>\$ 4,228,517</u>	<u>\$ 8,520,794</u>	<u>\$ -</u>	<u>\$ 12,749,311</u>

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

6. Fair Value of Investments (continued)

December 31, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 191,430	\$ -	\$ -	\$ 191,430
Mutual funds - bonds				
Floating rate	193,137	-	-	193,137
Intermediate income	124,209	-	-	124,209
Short-term	124,712	-	-	124,712
Income	650,170	-	-	650,170
Unconstrained	799,223	-	-	799,223
Mutual funds - equities				
Tax managed fund	98,000	-	-	98,000
High yield	77,197	-	-	77,197
Corporate bonds	-	3,479,938	-	3,479,938
Common stocks				
Consumer discretionary	657,062	-	-	657,062
Consumer staples	297,759	-	-	297,759
Energy	88,118	-	-	88,118
Financials	740,542	-	-	740,542
Health Care	628,516	-	-	628,516
Industrials	251,514	-	-	251,514
Information technology	871,295	-	-	871,295
Materials	98,705	-	-	98,705
Miscellaneous	94,881	-	-	94,881
Telecommunications services	28,960	-	-	28,960
Utilities	27,226	-	-	27,226
Alternative investments				
Structured U.S. equities	-	1,004,759	-	1,004,759
Structured international equities	-	1,011,379	-	1,011,379
Hedge funds	-	1,515,447	-	1,515,447
Offshore limited partnership	-	995,059	-	995,059
Accrued interest	<u>31,729</u>	<u>-</u>	<u>-</u>	<u>31,729</u>
Total investments	<u>\$ 6,074,385</u>	<u>\$ 8,006,582</u>	<u>\$ -</u>	<u>\$ 14,080,967</u>

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

7. Property and Equipment

Property and equipment consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Building	3,880,893	3,880,893
Furniture and equipment	<u>489,235</u>	<u>418,867</u>
Total	4,370,128	4,299,760
Less: accumulated depreciation and amortization	<u>(1,044,390)</u>	<u>(901,181)</u>
Property and equipment, net	<u>\$ 3,325,738</u>	<u>\$ 3,398,579</u>

Depreciation expense for the year ended December 31, 2016 and 2015, was \$143,209 and \$132,152, respectively. Subsequent to year end, the building was sold to a related party (See note 14).

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Investment income (endowment)	\$ 1,922,935	\$ 2,188,330
Armenian Tree Project	<u>956,043</u>	<u>1,171,582</u>
Temporarily restricted net assets	<u>\$ 2,878,978</u>	<u>\$ 3,359,912</u>

Investment income represents earnings from permanently restricted net assets, and is to be used to fund program activities as determined by the Board of Trustees. Amounts are released for use in years subsequent to when the income is earned.

9. Lease Commitments

The Assembly current leases office space in Washington, D.C. and Woburn, Massachusetts, through long term leases, both of which commenced during 2016. The leases include both rent abatements and stepped increases in the base rent. Rent expense is recognized on a straight line basis over the life of the leases resulting in a deferred rent liability of \$83,334 at December 31, 2016. Other office space in Los Angeles, California is currently on a month to month basis. Rent expense for the years ended December 31, 2016 and 2015, was \$238,971 and \$169,313, respectively.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

9. Lease Commitments (continued)

Future minimum lease commitments as of December 31, 2016, are as follows:

	<u>Washington, D.C.</u>	<u>Woburn, MA</u>	<u>Total</u>
Year ending December 31, 2017	\$ 169,700	\$ 42,700	\$ 212,400
2018	173,900	42,700	216,600
2019	178,300	42,700	221,000
2020	182,700	42,700	225,400
2021	187,300	28,500	215,800
2022 and thereafter	<u>306,800</u>	<u>-</u>	<u>306,800</u>
	<u>\$ 1,198,700</u>	<u>\$ 199,300</u>	<u>\$ 1,398,000</u>

The Assembly also leases part of the building it owns in Yerevan, Armenia to other unrelated organizations. Rental income for the years ended December 31, 2016 and 2015 was \$201,554 and \$193,726, respectively. As a result of the sale of the Assembly's building in 2017 (Note 14), all lease income will end during 2017.

10. Pension Plan

The Assembly has a 403(b) pension plan in effect for eligible employees who have completed a year of employment and have been credited with at least 1,000 hours of service. Each eligible participant can defer a portion of their salary in accordance with IRS guidelines. The Assembly may contribute matching non-elective contributions at its discretion. For the year ended December 31, 2016, the Assembly contributed 6% of eligible salaries. Pension expense for 2016 and 2015 was \$50,989 and \$1,503 respectively.

11. Related Party Transactions

Line of credit

The Assembly has had a line of credit agreement with its former Chairman of the Board used for litigation and AGMM purposes. The line had maximum borrowings of \$2,500,000. Interest accrues at the applicable federal rate in place at year end. The balance as of December 31, 2016 and 2015 was \$836,741 for each year which includes accrued interest of \$137,608. The line initially matured in June 2013 and subsequent to December 31, 2014, no further interest was accrued.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

11. Related Party Transactions (continued)

Sale of Building

In November of 2016, the Assembly entered into an agreement to sell its building to a Foundation that has been organized by the Assembly's former Chairman. This former Chairman had also extended a line of credit to the Assembly. The Assembly's interest in the building was transferred to the Assembly pursuant to a 2008 agreement between the Foundation and the Assembly.

The sales price for the property is \$2,450,000 and includes the following components:

- Cancellation of the line of credit, including accrued interest and any other associated costs upon the signing of the agreement.
- Transfer of \$500,000 to the Assembly in Washington, DC on the date of closing.
- Transfer of One Million Two Hundred Thousand dollars (\$1.2 million) less any taxes or transaction fees into an interest bearing account in Armenia shall be placed in an attorney escrow account, mutually agreed to by the parties, and released to the Assembly upon proof that the title has been properly transferred and recorded in accordance with Armenia Law. In the spirit of the 2008 Agreement, the amount of \$1.2 million less any taxes or transaction fees and all interest earned thereon shall be used solely for direct costs incurred for office, staff and operations of the Assembly in Armenia and Nagorno Karabakh.

In addition, The Assembly shall retain office space within the building (the Office) with the right of quiet enjoyment and other customary rights within the property. The approximate value of the Office is \$600,000. The Assembly shall only be responsible for the costs associated with maintaining its own office (e.g. telephone, internet, and electricity) within the four walls of its office. The Foundation shall be responsible for all other costs, including but not limited to management fees, building operational costs, common areas and any taxes, excluding taxes directly related to the Assembly's operations within the Office. As part of the agreement the Foundation grants the Assembly a 99-year lease for the Office. The lease shall be renewable at the Assembly's option for an additional 99-year term upon the same terms and costs as in the first 99-year lease. A lease agreement to comply with Armenian law has been prepared and has been forwarded to The Foundation. Although currently under negotiation, it has not yet been finalized as of August 2018.

The closing on the sale of the building in Armenia occurred on February 14, 2017; finalization of the 99-year lease has not yet been completed.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

11. Related Party Transactions (continued)

Armenian Genocide Museum and Memorial Project (AGMM)

At December 31, 2003, the Armenian Assembly of America, Inc., spun off its Armenian Genocide Museum and Memorial project. AGMM commenced operations as a separate entity with its own tax-exempt status. As part of its ongoing commitment to facilitate an Armenian Genocide museum in Washington, DC, the Assembly has provided support to AGMM, both by paying expenses on behalf of AGMM and providing advances to support AGMM's operations. The Assembly expenses these support amounts as incurred but AGMM is liable for their repayment. During the years ended December 31, 2016 and 2015, \$81,209 and \$125,754, respectively were recorded as expenses. Prior to 2015, \$2,947,666 of expenses incurred on behalf of AGMM were deemed uncollectible and expensed in accordance with generally accepted accounting principles.

The Assembly will continue to pursue collection of these amounts to the fullest extent possible, as a portion of the amounts is secured by the non-building assets and intellectual property of AGMM.

The Assembly also holds investments on behalf of AGMM. At December 31, 2016 and 2015, the Assembly held \$169,966 of investments.

Note Payable

During 2016, a promissory note in the amount of \$60,000 was executed to a current board President in connection with the activities of the Armenian Tree Project program of the Assembly. The note is interest free, with the full balance due on November 28, 2017.

12. Endowment fund

The Assembly may from time to time establish, hold, invest and administer such endowment fund or funds to be collectively designated the "Armenian Assembly of America Endowment Fund," upon such terms and conditions as the Board of Trustees may from time to time deem advisable. Except as otherwise required under the Internal Revenue Code as amended, only the "net income" therefrom as hereafter defined shall be applied to the programs and activities of the Assembly and the principal of such funds shall be preserved. As used herein, "net income" shall mean net income as determined by sound accounting principles then generally applied. Any such endowment fund or funds may be given such designations as the Board of Trustees may from time to time determine, including, without implied limitation, a designation which will commemorate any donor or person, place, event, or entity designated by any donor. As of December 31, 2016 and 2015, the Assembly's endowment fund principal is \$13,395,966 and \$13,066,596, respectively.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

12. Endowment Funds (continued)

Interpretation of Relevant Law

The Assembly has interpreted the State Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Assembly classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Assembly in a manner consistent with the standard of prudence described by the Act.

In accordance with the Act, the Assembly 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 Assembly's 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 the investments;
- (6) Other resources of the Assembly; and
- (7) The investment policies of the Assembly.

Investment Policy

The Assembly has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of the donor-restricted funds that the Assembly must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Trustees, the endowment assets are invested in a manner that is intended to provide growth and to preserve or increase the real value of the endowment to meet the future needs of the Assembly. Investments are made with the objective of selecting investment vehicles that are at an appropriate level of risk for a non-profit organization. Actual returns in any given year may vary.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

12. Endowment Funds (continued)

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 the Act requires the Assembly to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. At December 31, 2016, there was a deficiency of \$668,926 in the Assembly's funds.

Spending Policy

Investment income from the endowment fund is used for restricted and unrestricted activities in accordance with donor stipulations based upon the demand for these purposes and on the availability of funds during the particular year. Five percent of the average fair market value of the prior year of the unrestricted portion of the Endowment Fund as long as at no time is the fair market value of the fund, after distributions, to drop below the total initial principal of unrestricted contributions within the Fund. Restricted funds shall continue to be distributed as directed by the donors in writing.

The net composition of the endowment is as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment fund	\$ 1,922,935	\$ 12,162,989	\$ 2,188,330	\$ 11,833,619
Terjenian-Thomas Family				
Internship Program	-	1,680,442	-	1,680,442
Armenian Renaissance Fund	-	60,000	-	60,000
	<u>\$ 1,922,935</u>	<u>\$ 13,903,431</u>	<u>\$ 2,188,330</u>	<u>\$ 13,574,061</u>
Total				

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

12. Endowment Funds (continued)

Endowment activity for the years ended December 31, 2016 and 2015 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, December 31, 2014	\$ 2,794,890	\$ 14,593,061	\$ 17,387,951
Investment return, net	43,440	-	43,440
Contributions	-	31,000	31,000
Amounts appropriated for expenditure	<u>(650,000)</u>	<u>(1,050,000)</u>	<u>(1,700,000)</u>
Endowment assets, December 31, 2015	2,188,330	13,574,061	15,762,391
Investment return, net	334,605	-	334,605
Contributions	-	329,370	329,370
Amounts appropriated for expenditure	<u>(600,000)</u>	<u>-</u>	<u>(600,000)</u>
Endowment assets, December 31, 2016	<u>\$ 1,922,935</u>	<u>\$ 13,903,431</u>	<u>\$ 15,826,366</u>

13. Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

- An endowment fund was established to provide resources for the Assembly to use to mobilize its efforts as an advocacy group, create new programs and projects, such as ANI, and provide assistance to the citizens of Armenia and Nagorno-Karabakh. Assembly endowment contributions are invested in perpetuity, and income generated by the endowment is to be used for programs so designated by the Board, in accordance with the bylaws. As a result of a lawsuit settlement (Note 11), the Board of Trustees authorized a release of \$1,050,000 from the endowment fund.
- Contributions to The Terjenian-Thomas Family Internship Program that are to be invested in perpetuity. The investment income earned on these funds is to be used to support the internship program. In addition to the Terjenian-Thomas funds, restricted funds also include The Richard Tufenkian Memorial Fund, The John Hanessian Scholarship Fund, The Armen Astarjian Scholarship Fund, The Ohanian Memorial Fund, and major gifts from Ann Hintlian, Ann Nahigian, James and Connie Melikian, The Knights of Vartan, The Estate of Haig J. Boyadjian, and The Estate of George Judge Karabedian, as well as generous contributions in memory of Dr. Lionel Galstaun, Peter Kezirian, and John O'Connor.
- The Armenian Renaissance Fund was established in 1999 to help the children in Armenia by supplementing the salaries of school teachers. The interest earned on the original contribution is distributed to the teachers of the Toumanyanyan School on an annual basis.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2016 and 2015**

14. Prior Period Adjustment

During the current year, management determined that releases of endowment fund temporarily restricted net assets approved by the Board of Directors for the years 2012 - 2015 had not been recorded correctly during those years. In each of the years ending December 31, 2012, 2013, 2014 and 2015, the Board of Directors had authorized annual releases of accumulated investment income from the endowment fund to support general operations of the Assembly in the amounts of \$150,000, \$250,000, \$250,000, and \$650,000 respectively. The restated changes in net assets reported in the Statement of Activities for the year ended December 31, 2015, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Change in net assets released from restrictions	\$ 650,000	\$ (650,000)	\$ -	\$ -
Change in net assets previously reported	<u>(86,537)</u>	<u>162,104</u>	<u>(1,019,000)</u>	<u>(943,433)</u>
Change in net assets, restated	<u>\$ 563,463</u>	<u>\$ (487,896)</u>	<u>\$(1,019,000)</u>	<u>\$ (943,433)</u>

There was no effect on the statement of activities for the year ended December 31, 2016, or on the statements of cash flows for the years ended December 31, 2016 and 2015.

SUPPLEMENTAL INFORMATION

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	Program Services										Subtotal
	Armenian Tree Project	Armenian Genocide Museum and Memorial	Public Affairs	Government Lobbying	Grassroots Lobbying	Intern - Washington	Special Projects	ANI Research	ANI Outreach	ANI Education	
Salaries	\$ 811,707	\$ -	\$ 125,692	\$ 17,400	\$ 29,098	\$ 67,800	\$ -	\$ 9,350	\$ 9,350	\$ 23,375	\$ 1,093,772
Consultants and temporary workers	158,006	-	6,000	-	-	-	-	-	-	-	164,006
Rent	35,060	-	-	-	-	-	-	-	-	-	35,060
Payroll taxes	174,643	-	-	-	-	-	-	731	731	1,829	177,934
Depreciation	13,415	-	-	-	-	-	-	-	-	-	13,415
Employee benefits	36,533	-	-	-	-	-	-	2,847	2,847	7,118	49,345
Accounting fees	1,339	-	-	-	-	-	-	423	423	1,057	3,242
Contributions	-	81,209	-	-	-	-	-	-	-	-	81,209
Supplies/small tools	75,501	-	-	-	-	-	-	-	-	-	75,501
Events	26,278	-	-	-	-	-	-	-	-	-	26,278
Travel	34,675	-	908	1,726	790	52	5,645	153	102	256	44,307
Insurance	17,176	-	-	-	-	-	-	-	-	-	17,176
Office supplies and materials	32,412	-	-	-	-	-	-	523	523	1,307	34,765
Printing and publications	46,318	-	63	-	-	-	-	-	-	1	46,382
Postage and shipping	22,159	-	340	-	2	115	-	5	5	12	22,638
Taxes & licenses	40,882	-	-	-	-	-	-	-	-	-	40,882
Housing	-	-	-	-	-	41,544	-	-	-	-	41,544
Telephone	17,671	-	310	-	-	650	-	70	70	176	18,947
Computer and related expenses	14,677	-	1,511	150	60	-	-	-	-	-	16,398
Equipment expense	13,763	-	-	-	-	-	-	-	-	-	13,763
Meals & entertainment	17,408	-	164	-	-	287	-	-	-	-	17,859
Legal fees	1,875	-	-	-	-	-	86	-	-	-	1,961
Fuel	17,453	-	-	-	-	-	-	-	-	-	17,453
Bank charges & fees	8,898	-	-	-	-	-	-	-	-	-	8,898
Congressional contact	-	-	-	13,650	-	-	-	-	-	-	13,650
Meetings	-	-	153	-	-	75	-	-	-	-	228
Photographs/film	8,613	-	-	-	-	-	-	-	-	-	8,613
Affirmations	-	-	3,610	-	-	-	-	-	-	-	3,610
Utilities	8,471	-	-	-	-	-	-	-	-	-	8,471
Procurement	7,558	-	-	-	-	-	-	-	-	-	7,558
Currency translation expense	5,739	-	-	-	-	-	-	-	-	-	5,739
Employee recruitment	3,936	-	249	-	-	-	-	-	-	-	4,185
Subscriptions & dues	2,111	-	-	319	-	-	-	205	205	513	3,353
Payroll service fees	-	-	-	-	-	-	-	-	-	-	-
Recognition	3,700	-	-	-	-	-	-	-	-	-	3,700
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-	-
Other professional fees	-	-	-	-	-	-	-	172	172	430	774
Public relations	-	-	180	-	-	-	-	-	-	-	180
Information services	-	-	435	-	-	-	-	-	-	-	435
Training	-	-	-	-	-	-	-	-	-	-	-
Media development	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	460	-	-	-	-	-	-	573	573	1,432	3,038
	<u>\$ 1,658,437</u>	<u>\$ 81,209</u>	<u>\$ 139,615</u>	<u>\$ 33,245</u>	<u>\$ 29,950</u>	<u>\$ 110,523</u>	<u>\$ 5,731</u>	<u>\$ 15,052</u>	<u>\$ 15,001</u>	<u>\$ 37,506</u>	<u>\$ 2,126,269</u>

See Independent Auditors' Report on Supplementary Information.

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

Supporting Services									
	Management & General	ANI-Management & General	Yerevan Central Office	California Office	Board of Trustees	Trustee Affairs	Trustee Development	Subtotal	Total All
Salaries	\$ 148,688	\$ 4,675	\$ 249,827	\$ 124,700	\$ -	\$ -	\$ 42,760	\$ 570,650	\$ 1,664,422
Consultants and temporary workers	13,502	-	112,446	-	-	-	-	125,948	289,954
Rent	166,858	-	-	37,053	-	-	-	203,911	238,971
Payroll taxes	32,740	366	9,249	7,989	-	-	-	50,344	228,278
Depreciation	431	-	129,363	-	-	-	-	129,794	143,209
Employee benefits	89,519	1,424	45	-	-	-	-	90,988	140,333
Accounting fees	78,381	211	-	-	-	-	-	78,592	81,834
Contributions	-	-	-	-	-	-	-	-	81,209
Supplies/small tools	-	-	-	-	-	-	-	-	75,501
Events	313	-	323	15,574	12,081	11,553	-	39,844	66,122
Travel	3,333	-	12,974	1,549	1,865	473	-	20,194	64,501
Insurance	40,435	-	-	-	-	-	-	40,435	57,611
Office supplies and materials	12,495	261	5,503	1,040	-	928	-	20,227	54,992
Printing and publications	2,526	-	1,482	461	-	-	-	4,469	50,851
Postage and shipping	16,870	2	834	1,892	500	1,463	1,807	23,368	46,006
Taxes & licenses	3,688	-	393	59	-	-	-	4,140	45,022
Housing	-	-	-	-	-	-	-	-	41,544
Telephone	17,983	35	764	1,435	-	-	-	20,217	39,164
Computer and related expenses	17,515	-	1,148	79	-	-	-	18,742	35,140
Equipment expense	11,473	-	1,062	-	-	-	-	12,535	26,298
Meals & entertainment	753	-	2,068	256	10	-	-	3,087	20,946
Legal fees	15,931	-	1,998	-	-	-	-	17,929	19,890
Fuel	-	-	1,035	-	-	-	-	1,035	18,488
Bank charges & fees	6,667	-	1,130	-	-	-	-	7,797	16,695
Congressional contact	-	-	-	-	-	-	-	-	13,650
Meetings	7,759	-	433	256	964	-	-	9,412	9,640
Photographs/film	-	-	63	-	-	-	-	63	8,676
Affirmations	-	-	-	5,000	-	-	-	5,000	8,610
Utilities	-	-	-	-	-	-	-	-	8,471
Procurement	-	-	6	-	-	-	-	6	7,564
Currency translation expense	-	-	808	-	-	-	-	808	6,547
Employee recruitment	1,695	-	-	-	-	-	-	1,695	5,880
Subscriptions & dues	2,181	103	-	-	-	-	-	2,284	5,637
Payroll service fees	4,017	-	-	-	-	-	-	4,017	4,017
Recognition	-	-	128	-	-	-	-	128	3,828
Maintenance and repairs	751	-	2,218	-	-	-	-	2,969	2,969
Other professional fees	-	86	-	-	-	-	-	86	860
Public relations	-	-	404	-	-	-	-	404	584
Information services	116	-	27	-	-	-	-	143	578
Training	-	-	62	-	-	-	-	62	62
Media development	-	-	20	-	-	-	-	20	20
Miscellaneous	(62)	284	(3,675)	-	-	-	-	(3,453)	(415)
	<u>\$ 696,558</u>	<u>\$ 7,447</u>	<u>\$ 532,138</u>	<u>\$ 197,343</u>	<u>\$ 15,420</u>	<u>\$ 14,417</u>	<u>\$ 44,567</u>	<u>\$ 1,507,890</u>	<u>\$ 3,634,159</u>

See Independent Auditors' Report on Supplementary Information.

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	Program Services										
	Armenian Tree Project	Armenian Genocide Museum and Memorial	Public Affairs	Government Lobbying	Grassroots Lobbying	Intern - Washington	Special Projects	ANI Research	ANI Outreach	ANI Education	Subtotal
Salaries	\$ 682,788	\$ -	\$ 138,537	\$ 30,430	\$ 17,980	\$ 44,483	\$ -	\$ 9,550	\$ 4,775	\$ 4,775	\$ 933,318
Consultants and temporary workers	287,080	-	5,000	-	-	-	-	-	-	-	292,080
Payroll taxes	145,740	-	-	-	-	-	-	747	373	373	147,233
Rent	23,196	-	-	-	-	-	-	-	-	-	23,196
Events	73,207	-	-	-	-	-	-	-	-	-	73,207
Depreciation	2,080	-	-	-	-	-	-	-	-	-	2,080
Contributions	-	125,754	-	-	-	-	-	-	-	-	125,754
Affirmation	-	-	-	-	-	-	112,860	-	-	-	112,860
Employee benefits	22,598	-	-	-	-	-	-	1,912	956	956	26,422
Travel	52,036	-	88	-	-	101	-	3,353	419	419	56,416
Accounting fees	-	-	-	-	-	-	-	-	-	-	-
Legal fees	318	-	-	-	-	-	1,446	-	-	-	1,764
Printing and publications	45,998	-	259	-	-	-	-	368	49	49	46,723
Supplies/small tools	46,096	-	-	-	-	-	-	-	-	-	46,096
Insurance	3,741	-	-	-	-	-	-	-	-	-	3,741
Office supplies and materials	17,904	-	150	-	-	-	-	6,610	881	881	26,426
Computer and related expenses	11,478	-	192	-	-	-	-	2,328	291	291	14,580
Equipment expense	22,823	-	-	-	-	-	-	-	-	-	22,823
Telephone	13,096	-	319	-	-	650	-	749	100	100	15,014
Fuel	24,737	-	-	-	-	-	-	-	-	-	24,737
Housing	-	-	-	-	-	24,028	-	-	-	-	24,028
Postage and shipping	12,527	-	217	-	-	12	-	102	14	14	12,886
Meals & entertainment	16,707	-	-	-	-	513	-	-	-	-	17,220
Meetings	-	-	-	-	-	-	-	-	-	-	-
Bank charges & fees	4,177	-	-	-	-	-	45	-	-	-	4,222
Media development	-	-	-	-	-	-	10,215	-	-	-	10,215
Subscriptions & dues	3,625	-	-	225	-	36	-	1,966	246	246	6,344
Taxes & licenses	5,417	-	-	-	-	-	-	-	-	-	5,417
Utilities	6,422	-	-	-	-	-	-	-	-	-	6,422
Procurement	4,726	-	-	-	-	-	-	-	-	-	4,726
Payroll service fees	-	-	-	-	-	-	-	-	-	-	-
Employee recruitment	2,612	-	-	-	-	-	-	-	-	-	2,612
Recognition	3,153	-	-	-	-	-	-	-	-	-	3,153
Maintenance and repairs	1,753	-	-	-	-	-	-	-	-	-	1,753
Public relations	-	-	4,272	-	-	-	-	-	-	-	4,272
Honoraria	-	-	1,500	-	-	-	-	-	-	-	1,500
Currency translation expense	2,229	-	-	-	-	-	-	-	-	-	2,229
Congressional contact	-	-	-	6,825	13,325	-	-	-	-	-	20,150
Miscellaneous	119	-	-	-	-	-	1,000	-	-	-	1,119
Information services	-	-	5	-	-	-	103	-	-	-	108
Seminars and conferences	-	-	-	-	-	-	-	-	-	-	-
Other professional fees	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,538,383</u>	<u>\$ 125,754</u>	<u>\$ 150,539</u>	<u>\$ 37,480</u>	<u>\$ 31,305</u>	<u>\$ 69,823</u>	<u>\$ 125,669</u>	<u>\$ 27,685</u>	<u>\$ 8,104</u>	<u>\$ 8,104</u>	<u>\$ 2,122,846</u>

See Independent Auditors' Report on Supplementary Information.

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

Supporting Services								
	Management & General	ANI-Management & General	Yerevan Central Office	California Office	Trustee Affairs	Trustee Development	Subtotal	Total All
Salaries	\$ 59,185	\$ 4,775	\$ 176,112	\$ 48,000	\$ -	\$ 35,800	\$ 323,872	\$ 1,257,190
Consultants and temporary workers	4,661	-	128,635	-	10,000	2,500	145,796	437,876
Payroll taxes	22,942	374	4,752	3,784	-	-	31,852	179,085
Rent	127,250	-	-	18,867	-	-	146,117	169,313
Events	2,247	-	4,885	259	53,716	-	61,107	134,314
Depreciation	710	-	129,362	-	-	-	130,072	132,152
Contributions	-	-	-	-	-	-	-	125,754
Affirmation	400	-	-	-	(400)	-	-	112,860
Employee benefits	44,162	957	3,472	3,173	-	-	51,764	78,186
Travel	9,795	-	1,204	523	2,862	-	14,384	70,800
Accounting fees	66,292	1,250	-	-	-	-	67,542	67,542
Legal fees	50,000	-	-	-	-	-	50,000	51,764
Printing and publications	139	25	1,145	-	-	-	1,309	48,032
Supplies/small tools	-	-	-	-	-	-	-	46,096
Insurance	36,463	-	-	-	-	-	36,463	40,204
Office supplies and materials	8,185	441	1,472	-	-	-	10,098	36,524
Computer and related expenses	19,153	-	591	-	-	-	19,744	34,324
Equipment expense	10,000	-	1,090	-	-	-	11,090	33,913
Telephone	15,061	49	236	1,845	-	-	17,191	32,205
Fuel	-	-	-	-	-	-	-	24,737
Housing	-	-	-	-	-	-	-	24,028
Postage and shipping	5,113	6	9	-	265	496	5,889	18,775
Meals & entertainment	1,102	-	10	-	-	-	1,112	18,332
Meetings	8,610	-	204	392	4,746	-	13,952	13,952
Bank charges & fees	8,276	-	595	-	-	-	8,871	13,093
Media development	-	-	-	-	-	-	-	10,215
Subscriptions & dues	1,250	-	-	-	-	-	1,250	7,594
Taxes & licenses	502	-	345	-	-	220	1,067	6,484
Utilities	-	-	-	-	-	-	-	6,422
Procurement	-	-	-	-	-	-	-	4,726
Payroll service fees	3,529	-	940	-	-	-	4,469	4,469
Employee recruitment	1,040	-	-	-	-	-	1,040	3,652
Recognition	-	-	-	-	-	-	-	3,153
Maintenance and repairs	210	-	42	-	-	-	252	2,005
Public relations	250	-	735	-	-	-	985	5,257
Honoraria	-	-	-	-	-	-	-	1,500
Currency translation expense	-	-	(866)	-	-	-	(866)	1,363
Congressional contact	-	-	-	-	-	-	-	20,150
Miscellaneous	(2,558)	181	1,286	-	-	500	(591)	528
Information services	189	-	-	-	-	-	189	297
Seminars and conferences	36	-	-	-	-	-	36	36
Other professional fees	-	1,579	732	-	-	-	2,311	2,311
	<u>\$ 504,194</u>	<u>\$ 9,637</u>	<u>\$ 456,988</u>	<u>\$ 76,843</u>	<u>\$ 71,189</u>	<u>\$ 39,516</u>	<u>\$ 1,158,367</u>	<u>\$ 3,281,213</u>

See Independent Auditors' Report on Supplementary Information.