

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

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

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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.

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, 2017 and 2016, 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. The word "Rubins" is written in a large, rounded script, followed by an ampersand "&" and the word "Company" in a similar but slightly smaller script.

January 17, 2020
Bethesda, Maryland

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 584,627	\$ 637,972
Prepaid expenses and other current assets	68,105	4,241
Contributions receivable, net	113,156	151,196
Investments	2,751	22,271
Advances	12,108	22,994
Total current assets	780,747	838,674
Non-current assets		
Investments	13,905,071	12,727,040
Deposits	13,795	13,795
Property and equipment, net	278,845	3,325,738
Total non-current assets	14,197,711	16,066,573
Total assets	\$ 14,978,458	\$ 16,905,247

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 57,431	\$ 83,182
Accrued salaries and related expenses	141,282	112,294
Related party payable, net	169,966	169,966
Deferred revenue	164,713	72,985
Line of credit	-	836,741
Board member notes payable	130,000	60,000
Total current liabilities	663,392	1,335,168
Deferred rent	71,334	83,334
Other liabilities	-	12,882
Total liabilities	734,726	1,431,384
Net assets		
Unrestricted	(2,838,983)	(1,308,546)
Temporarily restricted	3,176,084	2,878,978
Permanently restricted	13,906,631	13,903,431
Total net assets	14,243,732	15,473,863
Total liabilities and net assets	\$ 14,978,458	\$ 16,905,247

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, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue and support				
Contributions	\$ 238,508	\$ 1,530,126	\$ -	\$ 1,768,634
Trustees	140,630	-	3,200	143,830
Rental income	25,502	-	-	25,502
Other	229,754	-	-	229,754
Investment income	-	1,126,603	-	1,126,603
Net assets released from restrictions	<u>2,359,623</u>	<u>(2,359,623)</u>	-	-
Total revenue and support	<u>2,994,017</u>	<u>297,106</u>	<u>3,200</u>	<u>3,294,323</u>
Program services				
Armenian tree project	1,733,023	-	-	1,733,023
Armenian Genocide Museum and Memorial	56,199	-	-	56,199
Public affairs	24,088	-	-	24,088
Government lobbying	21,839	-	-	21,839
Grassroots lobbying	23,182	-	-	23,182
Intern - Washington	30,206	-	-	30,206
ANI - Research	37,933	-	-	37,933
ANI - Outreach	30,346	-	-	30,346
ANI - Education	15,173	-	-	15,173
Intern - Gala	55,096	-	-	55,096
ArmComm	<u>83,632</u>	-	-	<u>83,632</u>
Total program services	<u>2,110,717</u>	<u>-</u>	<u>-</u>	<u>2,110,717</u>
Supporting services				
Management & general	1,057,399	-	-	1,057,399
ANI - management & general	17,683	-	-	17,683
Yerevan central office	321,875	-	-	321,875
California office	189,190	-	-	189,190
Board of Trustees	3,629	-	-	3,629
Trustee affairs	6,543	-	-	6,543
Trustee development	<u>7,518</u>	-	-	<u>7,518</u>
Total supporting services	<u>1,603,837</u>	<u>-</u>	<u>-</u>	<u>1,603,837</u>
Total expenses	<u>3,714,554</u>	<u>-</u>	<u>-</u>	<u>3,714,554</u>
Change in net operating assets	(720,537)	297,106	3,200	(420,231)
Non-operating activity				
Gain on forgiveness of debt	847,408	-	-	847,408
Loss on disposal of building	<u>(1,657,308)</u>	-	-	<u>(1,657,308)</u>
Change in net assets	(1,530,437)	297,106	3,200	(1,230,131)
Net (deficit) assets, beginning of year	<u>(1,308,546)</u>	<u>2,878,978</u>	<u>13,903,431</u>	<u>15,473,863</u>
Net (deficit) assets, end of year	<u>\$ (2,838,983)</u>	<u>\$ 3,176,084</u>	<u>\$ 13,906,631</u>	<u>\$ 14,243,732</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>	<u>Temporarily Restricted</u>	<u>Permanently 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 assets, beginning of year	<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 STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ (1,230,131)	\$ (1,040,996)
Reconciling adjustments		
Depreciation and amortization	15,668	143,209
Loss on disposal of building	1,657,308	-
Gain on forgiveness of debt	(847,408)	-
Realized and unrealized gains	(960,076)	(266,133)
Pledge discount	(912)	8,888
Changes in operating assets and liabilities		
Contributions receivable	38,952	(157,443)
Advances	10,886	1,971
Prepaid expenses and other current assets	(63,864)	10,846
Deposits	-	23,189
Accounts payable	(25,751)	5,362
Accrued salaries and related expenses	28,988	61,648
Accrued interest	-	1,838
Deferred revenue	91,728	(38,039)
Deferred rent	(12,000)	83,334
Other liabilities	(2,215)	2,215
Net cash used by operating activities	<u>(1,298,827)</u>	<u>(1,160,111)</u>
Cash flows from investing activities		
Proceeds from sale of building	1,451,718	-
Purchase of property and equipment	(77,801)	(70,368)
Purchase of investments	(17,427,162)	(14,504,406)
Sales of investments	<u>17,228,727</u>	<u>16,100,357</u>
Net cash provided by investing activities	<u>1,175,482</u>	<u>1,525,583</u>
Cash flows from financing activities		
Issuance of board member note payable	<u>70,000</u>	<u>60,000</u>
Net cash provided by financing activities	<u>70,000</u>	<u>60,000</u>
Net change in cash and cash equivalents	(53,345)	425,472
Cash and cash equivalents, beginning of year	<u>637,972</u>	<u>212,500</u>
Cash and cash equivalents, end of year	<u>\$ 584,627</u>	<u>\$ 637,972</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, 2017 and 2016**

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, 2017 and 2016**

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, 2017 and 2016

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.

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.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

2. Summary of Significant Accounting Policies (continued)

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 2014.

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.

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.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

2. Summary of Significant Accounting Policies (continued)

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.

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.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

2. Summary of Significant Accounting Policies (continued)

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.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standard Board (FASB) issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which makes changes to the not-for-profit financial reporting model. The new standard clarifies net asset reporting, requires presentation of expenses in both natural and functional classifications, and provides for additional disclosure requirements related to an entity's liquidity, financial performance and availability of resources. The ASU is effective for the Assembly beginning January 1, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires a lessee to recognize a right-of-use ("ROU") assets and lease liability on the balance sheet for most lease contracts (which include those leases that are currently classified as operating leases under the current accounting standard). Additional disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from lease contracts. The standard will be effective for the Assembly beginning January 1, 2020.

The Assembly is currently evaluating the impact of the new standards on the consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through January 17, 2020, the date the consolidated financial statements were available for issue.

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, 2017 and 2016

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 2017 and 2016 is 1.96% and 1.68%, respectively. The discount is amortized to support over the pledge collection period.

The contribution receivable as of December 31, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Pledge receivable	\$ 121,198	\$ 160,150
Discount for present value	<u>(8,042)</u>	<u>(8,954)</u>
Net pledges receivable	<u>\$ 113,156</u>	<u>\$ 151,196</u>

The December 31, 2017, contribution receivables are expected to be collected as follows:

Year ending December 31, 2018	\$ 20,000
2019	20,000
2020	20,000
2021	20,000
2022 and thereafter	<u>41,198</u>
	<u>\$ 121,198</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, 2017 and 2016**

4. Investments (continued)

Unencumbered investments at fair value consist of the following:

	<u>2017</u>	<u>2016</u>
Cash and money market funds	\$ 1,758,964	\$ 555,901
Alternative investments	3,851,815	5,067,881
Common stocks	1,767,806	1,455,213
Corporate bonds	3,851,512	3,452,913
Mutual and exchange traded funds	2,645,751	2,187,819
Accrued interest	<u>31,974</u>	<u>29,584</u>
Total investments	<u>\$ 13,907,822</u>	<u>\$ 12,749,311</u>

Investment return consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 268,956	\$ 192,752
Net realized and unrealized gains	960,076	266,133
Investment fees	<u>(102,429)</u>	<u>(124,280)</u>
Total investment return, net	<u>\$ 1,126,603</u>	<u>\$ 334,605</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, 2017 and 2016**

5. Alternative Investments

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. This investment was liquidated during 2017.

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. This investment was liquidated during 2017.

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, 2017 and 2016

6. Fair Value of Investments (continued)

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

December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 1,758,964	\$ -	\$ -	\$ 1,758,964
Mutual funds				
Floating rate fund	261,262	-	-	261,262
Income	380,931	-	-	380,931
Unconstrained	364,489	-	-	364,489
S&P Index funds	1,639,069	-	-	1,639,069
Corporate bonds	-	3,851,512	-	3,851,512
Common stocks				
Consumer discretionary	358,857	-	-	358,857
Consumer staples	70,080	-	-	70,080
Energy	66,852	-	-	66,852
Financials	459,626	-	-	459,626
Health care	197,221	-	-	197,221
Industrials	97,823	-	-	97,823
Information technology	362,734	-	-	362,734
Materials	101,442	-	-	101,442
Real estate	12,667	-	-	12,667
Telecommunications services	28,149	-	-	28,149
Utilities	12,355	-	-	12,355
Alternative investments				
Structured U.S. equities	-	1,654,780	-	1,654,780
Structured international equities	-	2,197,035	-	2,197,035
Accrued interest	<u>31,974</u>	<u>-</u>	<u>-</u>	<u>31,974</u>
Total investments	<u>\$ 6,204,495</u>	<u>\$ 7,703,327</u>	<u>\$ -</u>	<u>\$ 13,907,822</u>

ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016

6. Fair Value of Investments (continued)

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 - bonds				
Floating rate	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	<u>29,584</u>	<u>-</u>	<u>-</u>	<u>29,584</u>
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, 2017 and 2016**

7. Property and Equipment

Property and equipment consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 532,452	\$ 489,235
Building	<u>-</u>	<u>3,880,893</u>
Total	532,452	4,370,128
Less: accumulated depreciation and amortization	<u>(253,607)</u>	<u>(1,044,390)</u>
Property and equipment, net	<u>\$ 278,845</u>	<u>\$ 3,325,738</u>

Depreciation expense for the year ended December 31, 2017 and 2016, was \$15,668 and \$143,209, respectively. During 2017, the building was sold to a related party (See note 11).

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Investment income (endowment)	\$ 2,429,538	\$ 1,922,935
Armenian Tree Project	<u>746,546</u>	<u>956,043</u>
Temporarily restricted net assets	<u>\$ 3,176,084</u>	<u>\$ 2,878,978</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 \$71,334 and \$83,334 at December 31, 2017 and 2016, respectively. Other office space in Los Angeles, California is currently on a month to month basis. Rent expense for the years ended December 31, 2017 and 2016, was \$240,774 and \$238,971, respectively.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

9. Lease Commitments (continued)

Future minimum lease commitments as of December 31, 2017, are as follows:

	<u>Washington, D.C.</u>	<u>Woburn, MA</u>	<u>Total</u>
Year ending December 31, 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	192,000	-	192,000
2023	114,800	-	114,800
	<u>\$ 1,029,000</u>	<u>\$ 156,600</u>	<u>\$ 1,185,600</u>

The Assembly also leased part of the building it owned in Yerevan, Armenia to other unrelated organizations. Rental income for the years ended December 31, 2017 and 2016 was \$25,502 and \$201,554, respectively. As a result of the sale of the Assembly's building (Note 14), all lease income ended 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, 2017, the Assembly contributed 6% of eligible salaries. Pension expense for 2017 and 2016 was \$75,209 and \$50,989 respectively.

11. Related Party Transactions

Line of credit

The Assembly 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 had accrued at the applicable federal rate in place at year end. The balance as of December 31, 2016 was \$836,741. The line initially matured in June 2013 and subsequent to December 31, 2014, no further interest was accrued. At part of the sale of the Assembly's building to its former chairman, the outstanding balance was forgiven.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

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 January 15, 2020.

The closing on the sale of the building in Armenia occurred on February 14, 2017.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

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, 2017 and 2016, \$56,199 and \$81,209, respectively were recorded as expenses. Prior to 2016, \$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, 2017 and 2016, 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 was due on November 28, 2017. During 2017, the President executed an additional loan of \$70,000 under similar terms and both loans mature in November 2018.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

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, 2017 and 2016, the Assembly's endowment fund principal is \$13,399,166 and \$13,395,966, respectively.

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.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

12. Endowment Funds (continued)

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.

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, 2017, there were no deficiencies 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.

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

12. Endowment Funds (continued)

The net composition of the endowment is as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment fund	\$ 2,429,538	\$ 12,116,189	\$ 1,922,935	\$ 12,112,989
The Edward and Grace Alexanian Fund	-	50,000	-	50,000
Terjenian-Thomas Family Internship Program	-	1,680,442	-	1,680,442
Armenian Renaissance Fund	-	60,000	-	60,000
Total	<u>\$ 2,429,538</u>	<u>\$ 13,906,631</u>	<u>\$ 1,922,935</u>	<u>\$ 13,903,431</u>

Endowment activity for the years ended December 31, 2017 and 2016 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</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	1,922,935	13,903,431	15,826,366
Investment return, net	1,126,603	-	1,126,603
Contributions	-	3,200	3,200
Amounts appropriated for expenditure	<u>(620,000)</u>	<u>-</u>	<u>(620,000)</u>
Endowment assets, December 31, 2017	<u>\$ 2,429,538</u>	<u>\$ 13,906,631</u>	<u>\$ 16,336,169</u>

**ARMENIAN ASSEMBLY OF AMERICA, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2017 and 2016**

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.
- The Edward and Grace Alexanian Fund was established in 1993. The yearly interest of the fund is used to lobby for the recognition of the Armenian Genocide of 1915, as well as the critical work of the Armenian National Institute.
- 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 Toumanyen School on an annual basis.

SUPPLEMENTAL INFORMATION

ARMENIAN ASSEMBLY OF AMERICAN, INC. AND AFFILIATE
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Program Services											
	Armenian Tree Project	Armenian Genocide Museum and Memorial	Public Affairs	Government Affairs & Lobbying	Grassroots Lobbying	Intern - Washington	ANI Research	ANI Outreach	ANI Education	Intern - GALA	ARM Comm	Subtotal
Salaries	\$ 880,470	32,725	\$ -	\$ -	\$ -	3,750	\$ 23,375	\$ 18,700	\$ 9,350	\$ -	\$ -	\$ 968,370
Consultants and temporary workers	89,805	-	7,000	-	-	-	-	-	-	-	10,000	106,805
Rent	43,579	-	-	-	-	-	-	-	-	-	-	43,579
Payroll taxes	200,182	2,560	-	-	-	354	1,829	1,463	731	-	-	207,119
Depreciation	15,668	-	-	-	-	-	-	-	-	-	-	15,668
Employee benefits	48,938	12,217	-	-	-	-	8,727	6,981	3,491	-	-	80,354
Accounting fees	-	608	-	-	-	-	-	-	-	-	-	608
Contributions	-	3,094	-	-	-	-	-	-	-	-	-	3,094
Supplies/small tools	58,167	1,864	-	-	-	-	-	-	-	-	-	60,031
Events	37,515	-	1,120	-	-	-	-	-	-	3,393	61,758	103,786
Travel	53,490	80	945	12	17,468	399	57	46	23	574	3,254	76,348
Insurance	15,251	-	-	-	-	-	-	-	-	-	-	15,251
Office supplies and materials	70,415	-	30	-	50	-	1,332	1,065	533	-	63	73,488
Printing and publications	63,907	-	-	-	115	-	-	-	-	-	-	64,022
Postage and shipping	18,143	5	-	-	83	1	3	3	1	61	1,000	19,300
Taxes & licenses	2,092	-	-	-	-	-	-	-	-	-	172	2,264
Housing	-	-	-	-	-	24,107	-	-	-	-	-	24,107
Telephone	20,899	294	-	918	-	270	210	168	84	-	-	22,843
Computer and related expenses	10,205	-	63	5,247	380	-	1,560	1,248	624	-	-	19,327
Equipment expense	17,156	-	-	-	-	-	-	-	-	-	-	17,156
Meals & entertainment	17,647	-	272	277	3,268	723	-	-	-	44,835	467	67,489
Legal fees	10	-	-	-	-	-	-	-	-	-	3,476	3,486
Fuel	17,890	-	-	-	-	-	-	-	-	-	-	17,890
Bank charges & fees	12,786	-	-	-	-	-	-	-	-	-	1,758	14,544
Congressional contact	-	-	-	40	-	-	-	-	-	-	-	40
Meetings	-	-	-	15,345	-	-	-	-	-	5,203	-	20,548
Photographs/film	1,170	-	-	-	-	-	-	-	-	-	-	1,170
Affirmations	-	-	12,486	-	1,818	-	-	-	-	-	-	14,304
Utilities	10,913	-	-	-	-	-	-	-	-	-	-	10,913
Procurement	5,922	-	-	-	-	-	-	-	-	-	-	5,922
Currency translation expense	4,295	-	-	-	-	-	-	-	-	-	-	4,295
Employee recruitment	2,260	-	-	-	-	481	-	-	-	180	-	2,921
Subscriptions & dues	2,673	568	-	-	-	-	406	325	162	-	-	4,134
Payroll service fees	-	-	-	-	-	-	-	-	-	-	-	-
Recognition	4,391	-	-	-	-	121	-	-	-	850	-	5,362
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-	1,500	1,500
Other professional fees	-	-	-	-	-	-	434	347	174	-	-	955
Public relations	-	-	-	-	-	-	-	-	-	-	-	-
Information services	-	2,184	2,172	-	-	-	-	-	-	-	-	4,356
Training	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	7,184	-	-	-	-	-	-	-	-	-	184	7,368
	<u>\$ 1,733,023</u>	<u>\$ 56,199</u>	<u>\$ 24,088</u>	<u>\$ 21,839</u>	<u>\$ 23,182</u>	<u>\$ 30,206</u>	<u>\$ 37,933</u>	<u>\$ 30,346</u>	<u>\$ 15,173</u>	<u>\$ 55,096</u>	<u>\$ 83,632</u>	<u>\$ 2,110,717</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, 2017

Supporting Services									
	Management & General	ANI-Management & General	Yerevan Central Office	California Office	Board of Trustees	Trustee Affairs	Trustee Development	Subtotal	Total All
Salaries	\$ 562,807	\$ 9,350	\$ 244,454	\$ 116,000	\$ -	\$ -	\$ -	\$ 932,611	\$ 1,900,981
Consultants and temporary workers	14,420	-	24,368	-	-	-	-	38,788	145,593
Rent	163,486	-	-	33,709	-	-	-	197,195	240,774
Payroll taxes	40,093	731	9,342	9,098	-	-	-	59,264	266,383
Depreciation	-	-	-	-	-	-	-	-	15,668
Employee benefits	89,746	3,491	21,693	8,757	-	-	-	123,687	204,041
Accounting fees	55,655	1,290	-	-	-	-	-	56,945	57,553
Contributions	-	-	-	-	-	-	-	-	3,094
Supplies/small tools	-	-	-	-	-	-	-	-	60,031
Events	-	-	3,350	470	-	150	-	3,970	107,756
Travel	13,330	23	9,371	9,700	666	1,152	2,336	36,578	112,926
Insurance	33,191	-	-	-	-	-	-	33,191	48,442
Office supplies and materials	4,965	533	2,911	2,300	-	63	-	10,772	84,260
Printing and publications	6,065	654	304	-	136	1,918	-	9,077	73,099
Postage and shipping	9,242	1	58	1,102	54	3,029	5,075	18,561	37,861
Taxes & licenses	1,604	-	(2,378)	-	-	-	-	(774)	1,490
Housing	-	-	-	-	-	-	-	-	24,107
Telephone	16,899	84	2,380	1,623	-	-	21	21,007	43,850
Computer and related expenses	13,960	-	999	55	-	-	-	15,014	34,341
Equipment expense	7,230	-	628	-	-	-	-	7,858	25,014
Meals & entertainment	2,951	-	1,120	945	213	97	36	5,362	72,851
Legal fees	(3,129)	-	710	-	-	-	-	(2,419)	1,067
Fuel	-	-	276	-	-	-	-	276	18,166
Bank charges & fees	11,882	-	281	-	-	-	-	12,163	26,707
Congressional contact	-	-	-	-	-	-	-	-	40
Meetings	368	-	-	1,556	2,560	-	-	4,484	25,032
Photographs/film	-	-	69	-	-	-	-	69	1,239
Affirmations	1,250	-	-	3,000	-	-	-	4,250	18,554
Utilities	-	-	-	-	-	-	-	-	10,913
Procurement	-	-	-	-	-	-	-	-	5,922
Currency translation expense	-	(20)	(1)	-	-	-	-	(21)	4,274
Employee recruitment	202	-	-	-	-	-	-	202	3,123
Subscriptions & dues	1,093	162	-	700	-	84	50	2,089	6,223
Payroll service fees	3,943	-	-	-	-	-	-	3,943	3,943
Recognition	-	-	124	-	-	40	-	164	5,526
Maintenance and repairs	2,095	-	1,224	40	-	-	-	3,359	4,859
Other professional fees	-	174	-	-	-	-	-	174	1,129
Public relations	-	-	277	-	-	-	-	277	277
Information services	82	786	73	-	-	-	-	941	5,297
Training	3,500	-	111	-	-	-	-	3,611	3,611
Miscellaneous	469	424	131	135	-	10	-	1,169	8,537
	<u>\$ 1,057,399</u>	<u>\$ 17,683</u>	<u>\$ 321,875</u>	<u>\$ 189,190</u>	<u>\$ 3,629</u>	<u>\$ 6,543</u>	<u>\$ 7,518</u>	<u>\$ 1,603,837</u>	<u>\$ 3,714,554</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

	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	\$ 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
Payroll taxes	174,643	-	-	-	-	-	-	731	731	1,829	177,934
Rent	35,060	-	-	-	-	-	-	-	-	-	35,060
Events	26,278	-	-	-	-	-	-	-	-	-	26,278
Depreciation	13,415	-	-	-	-	-	-	-	-	-	13,415
Contributions	-	81,209	-	-	-	-	-	-	-	-	81,209
Affirmation	-	-	3,610	-	-	-	-	-	-	-	3,610
Employee benefits	36,533	-	-	-	-	-	-	2,847	2,847	7,118	49,345
Travel	34,675	-	908	1,726	790	52	5,645	153	102	256	44,307
Accounting fees	1,339	-	-	-	-	-	-	423	423	1,057	3,242
Legal fees	1,875	-	-	-	-	-	86	-	-	-	1,961
Printing and publications	46,318	-	63	-	-	-	-	-	-	1	46,382
Supplies/small tools	75,501	-	-	-	-	-	-	-	-	-	75,501
Insurance	17,176	-	-	-	-	-	-	-	-	-	17,176
Office supplies and materials	32,412	-	-	-	-	-	-	523	523	1,307	34,765
Computer and related expenses	14,677	-	1,511	150	60	-	-	-	-	-	16,398
Equipment expense	13,763	-	-	-	-	-	-	-	-	-	13,763
Telephone	17,671	-	310	-	-	650	-	70	70	176	18,947
Fuel	17,453	-	-	-	-	-	-	-	-	-	17,453
Housing	-	-	-	-	-	41,544	-	-	-	-	41,544
Postage and shipping	22,159	-	340	-	2	115	-	5	5	12	22,638
Meals & entertainment	17,408	-	164	-	-	287	-	-	-	-	17,859
Meetings	-	-	153	-	-	75	-	-	-	-	228
Bank charges & fees	8,898	-	-	-	-	-	-	-	-	-	8,898
Media development	-	-	-	-	-	-	-	-	-	-	-
Subscriptions & dues	2,111	-	-	319	-	-	-	205	205	513	3,353
Taxes & licenses	40,882	-	-	-	-	-	-	-	-	-	40,882
Utilities	8,471	-	-	-	-	-	-	-	-	-	8,471
Procurement	7,558	-	-	-	-	-	-	-	-	-	7,558
Payroll service fees	-	-	-	-	-	-	-	-	-	-	-
Employee recruitment	3,936	-	249	-	-	-	-	-	-	-	4,185
Recognition	3,700	-	-	-	-	-	-	-	-	-	3,700
Maintenance and repairs	-	-	-	-	-	-	-	-	-	-	-
Other professional fees	-	-	-	-	-	-	-	172	172	430	774
Public relations	-	-	180	-	-	-	-	-	-	-	180
Training	-	-	-	-	-	-	-	-	-	-	-
Currency translation expense	5,739	-	-	-	-	-	-	-	-	-	5,739
Congressional contact	-	-	-	13,650	-	-	-	-	-	-	13,650
Miscellaneous	460	-	-	-	-	-	-	573	573	1,432	3,038
Information services	-	-	435	-	-	-	-	-	-	-	435
Photographs/film	8,613	-	-	-	-	-	-	-	-	-	8,613
	<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
Payroll taxes	32,740	366	9,249	7,989	-	-	-	50,344	228,278
Rent	166,858	-	-	37,053	-	-	-	203,911	238,971
Events	313	-	323	15,574	12,081	11,553	-	39,844	66,122
Depreciation	431	-	129,363	-	-	-	-	129,794	143,209
Contributions	-	-	-	-	-	-	-	-	81,209
Affirmation	-	-	-	5,000	-	-	-	5,000	8,610
Employee benefits	89,519	1,424	45	-	-	-	-	90,988	140,333
Travel	3,333	-	12,974	1,549	1,865	473	-	20,194	64,501
Accounting fees	78,381	211	-	-	-	-	-	78,592	81,834
Legal fees	15,931	-	1,998	-	-	-	-	17,929	19,890
Printing and publications	2,526	-	1,482	461	-	-	-	4,469	50,851
Supplies/small tools	-	-	-	-	-	-	-	-	75,501
Insurance	40,435	-	-	-	-	-	-	40,435	57,611
Office supplies and materials	12,495	261	5,503	1,040	-	928	-	20,227	54,992
Computer and related expenses	17,515	-	1,148	79	-	-	-	18,742	35,140
Equipment expense	11,473	-	1,062	-	-	-	-	12,535	26,298
Telephone	17,983	35	764	1,435	-	-	-	20,217	39,164
Fuel	-	-	1,035	-	-	-	-	1,035	18,488
Housing	-	-	-	-	-	-	-	-	41,544
Postage and shipping	16,870	2	834	1,892	500	1,463	1,807	23,368	46,006
Meals & entertainment	753	-	2,068	256	10	-	-	3,087	20,946
Meetings	7,759	-	433	256	964	-	-	9,412	9,640
Bank charges & fees	6,667	-	1,130	-	-	-	-	7,797	16,695
Media development	-	-	20	-	-	-	-	20	20
Subscriptions & dues	2,181	103	-	-	-	-	-	2,284	5,637
Taxes & licenses	3,688	-	393	59	-	-	-	4,140	45,022
Utilities	-	-	-	-	-	-	-	-	8,471
Procurement	-	-	6	-	-	-	-	6	7,564
Payroll service fees	4,017	-	-	-	-	-	-	4,017	4,017
Employee recruitment	1,695	-	-	-	-	-	-	1,695	5,880
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
Training	-	-	27	-	-	-	-	27	27
Currency translation expense	-	-	808	-	-	-	-	808	6,547
Congressional contact	-	-	-	-	-	-	-	-	13,650
Miscellaneous	(62)	284	(3,675)	-	-	-	-	(3,453)	(415)
Information services	116	-	62	-	-	-	-	178	613
Photographs/film	-	-	63	-	-	-	-	63	8,676
	<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>

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