



THE ASIA SOCIETY

Financial Statements and Schedules

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
The Asia Society:

We have audited the accompanying financial statements of The Asia Society, which comprise the balance sheets as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of The Asia Society as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the schedules of functional expenses is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

KPMG LLP

November 18, 2016

THE ASIA SOCIETY

Balance Sheets

June 30, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 3,356,607	5,479,310
Contributions and grants receivable, net (note 2)	11,275,125	12,758,994
Prepaid expenses and other assets	820,184	1,924,414
Investments (note 3)	63,119,618	69,923,325
Land, building, and equipment, net (notes 4 and 5)	21,994,409	22,817,497
Collection (note 1(e))		
Total assets	<u>\$ 100,565,943</u>	<u>112,903,540</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses, and other liabilities (note 9)	\$ 3,105,857	3,884,060
Interest rate swap liability (note 5)	2,535,307	952,000
Loan payable, net of deferred issuance costs (note 5)	16,726,911	16,510,000
Total liabilities	<u>22,368,075</u>	<u>21,346,060</u>
Net assets (deficit):		
Unrestricted:		
Available for operations	(2,584,673)	(2,592,322)
Designated for investment (note 10)	(3,956,913)	(1,072,805)
Invested in and designated for fixed assets	2,779,529	5,921,120
Total unrestricted	<u>(3,762,057)</u>	<u>2,255,993</u>
Temporarily restricted (notes 6 and 10)	29,413,462	38,755,024
Permanently restricted (notes 6 and 10)	52,546,463	50,546,463
Total net assets	<u>78,197,868</u>	<u>91,557,480</u>
Commitments and contingencies (notes 5 and 8)		
Total liabilities and net assets	<u>\$ 100,565,943</u>	<u>112,903,540</u>

See accompanying notes to financial statements.

THE ASIA SOCIETY

Statement of Activities

Year ended June 30, 2016

(with comparative summarized financial information for the year ended June 30, 2015)

	<u>Available for operations</u>	<u>Designated for investment</u>	<u>Invested in and designated for fixed assets</u>	<u>Unrestricted total</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Revenue, gains, and other support:								
Contributions and grants	\$ 11,725,719	—	—	11,725,719	7,287,111	2,000,000	21,012,830	18,315,140
Membership	1,371,970	—	—	1,371,970	—	—	1,371,970	1,544,985
Special events, net of direct donor benefits of 841,631 in 2016	2,062,812	—	—	2,062,812	—	—	2,062,812	2,587,880
Program service fees and store sales	2,693,652	—	—	2,693,652	—	—	2,693,652	2,318,217
Investment return (loss), net (note 3)	3,395,845	(3,684,108)	—	(288,263)	(4,316,799)	—	(4,605,062)	694,727
Miscellaneous (note 9)	654,053	—	—	654,053	—	—	654,053	718,683
	<u>21,904,051</u>	<u>(3,684,108)</u>	<u>—</u>	<u>18,219,943</u>	<u>2,970,312</u>	<u>2,000,000</u>	<u>23,190,255</u>	<u>26,179,632</u>
Net assets released from restrictions	11,656,878	—	654,996	12,311,874	(12,311,874)	—	—	—
Total revenue, gains, and other support	<u>33,560,929</u>	<u>(3,684,108)</u>	<u>654,996</u>	<u>30,531,817</u>	<u>(9,341,562)</u>	<u>2,000,000</u>	<u>23,190,255</u>	<u>26,179,632</u>
Expenses:								
Program services:								
Arts and culture	5,440,029	—	453,384	5,893,413	—	—	5,893,413	6,561,947
Policy and business	7,347,473	—	190,831	7,538,304	—	—	7,538,304	5,925,005
Education	6,921,562	—	66,598	6,988,160	—	—	6,988,160	6,439,784
Communications	1,064,280	—	24,334	1,088,614	—	—	1,088,614	1,187,653
U.S. centers and Asian activities	2,194,056	—	6,229	2,200,285	—	—	2,200,285	1,774,671
Auxiliary services	1,471,549	—	231,815	1,703,364	—	—	1,703,364	1,743,038
Total program services	<u>24,438,949</u>	<u>—</u>	<u>973,191</u>	<u>25,412,140</u>	<u>—</u>	<u>—</u>	<u>25,412,140</u>	<u>23,632,098</u>
Supporting services:								
Management and general	4,446,627	—	175,011	4,621,638	—	—	4,621,638	4,208,636
Marketing	380,565	—	43,960	424,525	—	—	424,525	394,656
Fund-raising	3,252,317	—	96,886	3,349,203	—	—	3,349,203	3,072,642
Total supporting services	<u>8,079,509</u>	<u>—</u>	<u>315,857</u>	<u>8,395,366</u>	<u>—</u>	<u>—</u>	<u>8,395,366</u>	<u>7,675,934</u>
Total expenses	<u>32,518,458</u>	<u>—</u>	<u>1,289,048</u>	<u>33,807,506</u>	<u>—</u>	<u>—</u>	<u>33,807,506</u>	<u>31,308,032</u>
Increase (decrease) in net assets before other changes	1,042,471	(3,684,108)	(634,052)	(3,275,689)	(9,341,562)	2,000,000	(10,617,251)	(5,128,400)
Other changes:								
Change in fair value of interest rate swap (note 5)	—	—	(2,535,307)	(2,535,307)	—	—	(2,535,307)	88,875
Loss on bond refunding	—	—	(207,054)	(207,054)	—	—	(207,054)	—
Transfer for acquisition of fixed assets	(234,822)	—	234,822	—	—	—	—	—
Transfer of net assets	(800,000)	800,000	—	—	—	—	—	—
(Decrease) increase in net assets	7,649	(2,884,108)	(3,141,591)	(6,018,050)	(9,341,562)	2,000,000	(13,359,612)	(5,039,525)
Net assets (deficit) at beginning of year	<u>(2,592,322)</u>	<u>(1,072,805)</u>	<u>5,921,120</u>	<u>2,255,993</u>	<u>38,755,024</u>	<u>50,546,463</u>	<u>91,557,480</u>	<u>96,597,005</u>
Net assets (deficit) at end of year	\$ <u>(2,584,673)</u>	\$ <u>(3,956,913)</u>	\$ <u>2,779,529</u>	\$ <u>(3,762,057)</u>	\$ <u>29,413,462</u>	\$ <u>52,546,463</u>	\$ <u>78,197,868</u>	\$ <u>91,557,480</u>

See accompanying notes to financial statements.

THE ASIA SOCIETY
Statement of Activities
Year ended June 30, 2015

	Available for operations	Designated for investment	Invested in and designated for fixed assets	Unrestricted total	Temporarily restricted	Permanently restricted	Total
Revenue, gains, and other support:							
Contributions and grants	\$ 10,644,220	—	—	10,644,220	7,670,920	—	18,315,140
Membership	1,544,985	—	—	1,544,985	—	—	1,544,985
Special events, net of direct donor benefits of \$750,910 in 2015	2,587,880	—	—	2,587,880	—	—	2,587,880
Program service fees and store sales	2,318,217	—	—	2,318,217	—	—	2,318,217
Investment return (loss), net (note 3)	2,620,861	(757,721)	—	1,863,140	(1,168,413)	—	694,727
Miscellaneous (note 9)	718,683	—	—	718,683	—	—	718,683
	<u>20,434,846</u>	<u>(757,721)</u>	<u>—</u>	<u>19,677,125</u>	<u>6,502,507</u>	<u>—</u>	<u>26,179,632</u>
Net assets released from restrictions	9,965,176	—	942,500	10,907,676	(10,907,676)	—	—
Total revenue, gains, and other support	<u>30,400,022</u>	<u>(757,721)</u>	<u>942,500</u>	<u>30,584,801</u>	<u>(4,405,169)</u>	<u>—</u>	<u>26,179,632</u>
Expenses:							
Program services:							
Arts and culture	6,139,004	—	422,943	6,561,947	—	—	6,561,947
Policy and business	5,746,986	—	178,019	5,925,005	—	—	5,925,005
Education	6,377,657	—	62,127	6,439,784	—	—	6,439,784
Communications	1,164,953	—	22,700	1,187,653	—	—	1,187,653
U.S. centers and Asian activities	1,768,508	—	6,163	1,774,671	—	—	1,774,671
Auxiliary services	1,526,787	—	216,251	1,743,038	—	—	1,743,038
Total program services	<u>22,723,895</u>	<u>—</u>	<u>908,203</u>	<u>23,632,098</u>	<u>—</u>	<u>—</u>	<u>23,632,098</u>
Supporting services:							
Management and general	4,045,328	—	163,308	4,208,636	—	—	4,208,636
Marketing	353,623	—	41,033	394,656	—	—	394,656
Fund-raising	2,982,213	—	90,429	3,072,642	—	—	3,072,642
Total supporting services	<u>7,381,164</u>	<u>—</u>	<u>294,770</u>	<u>7,675,934</u>	<u>—</u>	<u>—</u>	<u>7,675,934</u>
Total expenses	<u>30,105,059</u>	<u>—</u>	<u>1,202,973</u>	<u>31,308,032</u>	<u>—</u>	<u>—</u>	<u>31,308,032</u>
Increase (decrease) in net assets before other changes	294,963	(757,721)	(260,473)	(723,231)	(4,405,169)	—	(5,128,400)
Other changes:							
Change in fair value of interest rate swap (note 5)	—	—	88,875	88,875	—	—	88,875
Transfer for acquisition of fixed assets	(242,412)	—	242,412	—	—	—	—
Transfer of net assets	(35,060)	35,060	—	—	—	—	—
(Decrease) increase in net assets	17,491	(722,661)	70,814	(634,356)	(4,405,169)	—	(5,039,525)
Net assets (deficit) at beginning of year	(2,609,813)	(350,144)	5,850,306	2,890,349	43,160,193	50,546,463	96,597,005
Net assets (deficit) at end of year	<u>\$ (2,592,322)</u>	<u>(1,072,805)</u>	<u>5,921,120</u>	<u>2,255,993</u>	<u>38,755,024</u>	<u>50,546,463</u>	<u>91,557,480</u>

See accompanying notes to financial statements.

THE ASIA SOCIETY

Statements of Cash Flows

Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Decrease in net assets	\$ (13,359,612)	(5,039,525)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	5,203,888	(216,828)
Change in fair value of interest rate swap	2,535,307	(88,875)
Depreciation and amortization	1,234,216	1,202,973
Loss on bond refunding	207,054	—
Contributions permanently restricted for endowment	(2,000,000)	—
Changes in operating assets and liabilities:		
Change in contributions and grants receivable, net of amounts classified as financing	1,393,869	543,850
Change in prepaid expenses and other assets	897,176	(949,665)
Change in accounts payable and accrued expenses	(778,203)	530,927
Net cash used in operating activities	(4,666,305)	(4,017,143)
Cash flows from investing activities:		
Proceeds from sales of investments	26,356,865	12,713,031
Investment purchases	(24,757,046)	(9,315,192)
Capital expenditures	(383,264)	(393,025)
Net cash provided by investing activities	1,216,555	3,004,814
Cash flows from financing activities:		
Loan principal payments	(16,913,869)	(795,000)
Proceeds from issuance of debt	17,939,000	—
Payments for bond issuance costs	(836,084)	—
Settlement of interest rate swap liability	(952,000)	—
Borrowings under line of credit	1,500,000	—
Repayments of line of credit	(1,500,000)	—
Cash contributions for endowment and capital projects	2,090,000	90,000
Net cash provided by (used in) financing activities	1,327,047	(705,000)
Net decrease in cash and cash equivalents	(2,122,703)	(1,717,329)
Cash and cash equivalents at beginning of year	5,479,310	7,196,639
Cash and cash equivalents at end of year	\$ 3,356,607	5,479,310
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 309,997	319,527

See accompanying notes to financial statements.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies

Organization

The Asia Society (the Society) is a New York not-for-profit company chartered by the State Education Department of New York. It was founded in 1956 by John D. Rockefeller 3rd. The Society is an international, nonprofit, nonpartisan organization dedicated to strengthening relationships and deepening understanding among the peoples of Asia and the United States. The Society's work spans the fields of arts and culture, policy and business, and education and leadership, and includes major art exhibitions, performances, lectures, international conferences and dialogues, task force reports, education initiatives and leadership development. Headquartered in New York City, the organization has centers in Los Angeles and San Francisco and an office in Washington, D.C. and a representative in Shanghai.

Additionally, the Society has affiliate offices in Houston – Texas, Hong Kong, Manila, Mumbai, Seoul, Sydney and Zurich. Each affiliate operates in concert with the Society based on a Global Operating Agreement and pays an annual participation fee to the Society in consideration of being part of the Society organization and the global services provided by the Society. In addition, the Society has entered into an agreement with each affiliate under which the Society has granted a royalty-free license to use the Society's trademark and related marks and trade names. The activities of the affiliate offices are not reflected in the accompanying financial statements.

Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(b) Basis of Presentation

The Society's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets – available for operations – Net assets that are not subject to donor-imposed stipulations and are available for the organization's ongoing operations.

Unrestricted net assets – designated for investment – Net assets that are not subject to donor-imposed stipulations but have been designated by the board for investment.

Unrestricted net assets – invested in and designated for fixed assets – Unrestricted net assets that are invested in or designated for the organization's long-lived assets.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met by either actions of the Society and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), except for those restrictions met in the same year as received, which are reported as revenues of the unrestricted net asset class, are reported as net assets released from restrictions. Contributions of cash or other assets that must be used to acquire long-lived assets are recorded as temporarily restricted net assets until the assets are placed in service.

(c) Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Contributions to be received after one year are discounted at an adjusted risk-free rate (after allowance is made for uncollectible contributions). In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions.

(d) Revenue Recognition

Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Society records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Society received goods and services valued at \$194,038 and \$59,000 in 2016 and 2015, respectively, for use at auctions held by the Society. These items included goods, services, and vacation packages. The auctions of these items yielded revenue of \$128,181 and \$99,250 in 2016 and 2015, respectively, which is included in special events revenue in the statements of activities.

(e) Collection Items

The Asia Society Museum Collection is noted for its masterpiece-quality objects and the scholarly import awarded to these pieces of traditional and contemporary art. The collection includes The Rockefeller Collection, which is pan-Asian and includes approximately 300 objects, ranging in date from the second millennium B.C.E. to the 18th century, from such diverse nations as India, Pakistan, Bangladesh, Nepal, Myanmar, Thailand, Cambodia, Vietnam, Indonesia, China, Korea, and Japan. It also includes a large number of bronze sculptures and ceramics, as well as paintings, wooden sculptures, and other decorative arts. Most of the Rockefeller Collection was donated to the Society in 1979. Additions since that time consist of donations from the estate of Mrs. Blanche Rockefeller, a

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

few notable works from other donors, and more recently, a collection of contemporary art focused on video art and photography.

In addition to frequent displays in the exhibition galleries at the Society, selected works from the Collection are also shown as part of special exhibitions either at the Society or in museums throughout the world. When not on display at the Society or on loan to museums for temporary exhibitions, the objects are maintained in climate-controlled storage. The Society maintains policies and procedures addressing the Rockefeller Collection's upkeep as well as other aspects of its management, including accession/deaccession policies. The Society has adopted the policy of not capitalizing its collection. During 2016 and 2015, art was acquired with donor-restricted funds at a cost of \$138,997 and \$120,023, respectively. These expenditures are included in arts and culture expenses in the statements of activities.

(f) Cash Equivalents

Cash equivalents represent debt instruments with original maturities of three months or less, except for those short-term investments managed by the Society's investment managers as part of their long-term investment strategies. Included in the cash balances are deposits that exceed the Federal Deposit Insurance Coverage (FDIC) of \$250,000.

(g) Depreciation

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Building is depreciated over a 40-year estimated useful life. Building improvements and other equipment are depreciated over a 10-year estimated useful life, and audio/video equipment is depreciated over a 5-year estimated useful life, and computer equipment is depreciated over a 3-year estimated useful life.

(h) Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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. Significant items subject to such estimates and assumptions include the useful lives of fixed assets; the valuation of investments and interest rate swap, inventory, fixed assets, and contributions receivable; and reserves for other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(i) Tax Status

The Society is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income activities. In addition, the Society is tax-exempt from state and local income tax for related activities, property taxes, and sales tax. During the years ended June 30, 2016 and 2015, the Society was not subject to unrelated business income taxes. The Society has evaluated its tax positions and has determined that it is more likely than not that there are no significant uncertain tax positions and that it will continue to be exempt from taxes.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

(j) **Investments**

Investments are stated at fair value based upon quoted market prices except for the fair values of alternative investments, primarily hedge and absolute return funds, which are based on net asset values provided by the fund managers based upon the underlying net assets of the funds. These values are reviewed and evaluated by management.

(k) **Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Financial Accounting Standards Board (FASB) guidance on fair value measurements establishes a hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable for the asset or liability.

The Society follows the provisions of Accounting Standards Update No. 2009-12, *Fair Value Measurements and Disclosures – Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which, as a practical expedient, allows for the estimation of fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent as reported by the investment managers.

The fair value of investments is discussed in note 3. The fair value of the interest rate swap liability is considered to be Level 2 in the fair value hierarchy. The carrying value of the Society's short-term financial instruments approximates fair value because of their short maturity. The carrying value of contributions receivable approximates its fair value.

In May 2015, the FASB issued Accounting Standards Update No. 2015-07 (Update No. 2015-07), *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The guidance removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Update No. 2015-07 is effective for fiscal years beginning after December 15, 2015. The Society elected to early adopt the provisions of Update No. 2015-07 in 2015.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

(1) Recently Issued Accounting Pronouncements

In 2015, the FASB issued Accounting Standards Update 2015-03 (Update 2015-03), *Simplifying the Presentation of Debt Issuance Cost*. Under the guidance in Update 2015-03, debt issuance costs are presented in the balance sheet as a reduction from the related debt. Update 2015-03 is effective for fiscal years beginning after December 15, 2015. The Society elected to early adopt is the provisions of Update 2015-07 in 2016.

(2) Contributions and Grants Receivable

Unconditional promises to give are reported in the financial statements as contributions and grants receivable and as revenue of the appropriate net asset class. These receivables are recorded net of a discount to reflect the present value of future cash flows and are expected to be collected as follows at June 30, 2016 and 2015:

	2016	2015
Amounts expected to be collected in:		
Less than one year	\$ 7,497,125	8,150,994
One to five years	4,300,000	5,260,000
Total	11,797,125	13,410,994
Less:		
Allowance for doubtful receivable	(292,000)	(342,000)
Discount to present value (at discount rates ranging from 1.95% to 5.12%)	(230,000)	(310,000)
	\$ 11,275,125	12,758,994

Included in contributions receivable at June 30, 2016 and 2015 are pledges of approximately \$1.5 million and \$1 million, respectively, from a single donor.

(3) Investments and Fair Value

The overall goal of the Society's investment policy is capital preservation through long-term asset appreciation combined with a reasonable level of liquidity to meet spending needs.

In addition to traditional stock, fixed-income, and mutual fund securities, the Society holds investments in alternative investments, consisting primarily of hedge and absolute return funds, which invest in long and short publicly traded equities, debt and credit related instruments, private equity situations, and real estate, for which no ready market exists. The Society's investments in alternative investments are recorded at fair values provided by the fund managers and general partners. The values assigned to the holdings do not necessarily represent amounts that might ultimately be realized upon the sale or other disposition since such amounts depend on future circumstances and cannot reasonably be determined until the actual liquidation occurs. The Society reviews the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the balance sheets.

Financial assets and liabilities, at fair value, consist of the following at June 30, 2016:

	Level 1	Investments at net asset value	Total
Cash and cash equivalents	\$ 1,123,118	—	1,123,118
Fixed income:			
Mutual funds	2,860,615	—	2,860,615
Domestic equities:			
Domestic equity securities	3,150,331	—	3,150,331
Domestic equity mutual funds	15,888,847	—	15,888,847
Total domestic equities	19,039,178	—	19,039,178
Global equities:			
Developed market mutual fund	2,042,632	—	2,042,632
Developed market equity trust (a)	4,100,234	—	4,100,234
Emerging markets equities (including Asia) (b)	5,713,758	2,619,128	8,332,886
Total global equities	11,856,624	2,619,128	14,475,752
Hedge funds:			
Long/short funds (c) (d)	—	5,057,600	5,057,600
Absolute return funds (e)	—	16,319,401	16,319,401
Fund of funds (f)	—	1,993,576	1,993,576
Total hedge funds	—	23,370,577	23,370,577
Private equity (g)	—	2,250,378	2,250,378
Total investments	\$ 34,879,535	28,240,083	63,119,618

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

Financial assets and liabilities, at fair value, consist of the following at June 30, 2015:

	Level 1	Investments at net asset value	Total
Cash and cash equivalents	\$ 812,394	—	812,394
Fixed income:			
Mutual funds	3,207,980	—	3,207,980
Domestic equities:			
Domestic equity securities	15,838,255	—	15,838,255
Domestic equity mutual funds	12,542,435	—	12,542,435
Total domestic equities	28,380,690	—	28,380,690
Global equities:			
Developed market equity securities	635,445	—	635,445
Developed market mutual fund	2,517,527	—	2,517,527
Developed market equity trust (a)	—	4,472,372	4,472,372
Emerging markets equities (including Asia) (b)	4,031,053	4,875,544	8,906,597
Total global equities	7,184,025	9,347,916	16,531,941
Hedge Funds:			
Long/short funds (c) (d)	—	5,493,303	5,493,303
Absolute return funds (e)	—	10,825,075	10,825,075
Fund of funds (f)	—	2,154,983	2,154,983
Total hedge funds	—	18,473,361	18,473,361
Private equity (g)	—	2,516,959	2,516,959
Total investments	\$ 39,585,089	30,338,236	69,923,325

(a) Invested in international equity securities.

(b) Invested in international equity securities and debt securities.

(c) Invested in U.S. publicly traded securities.

(d) Include offshore funds that invest in international publicly traded and nontraded equity, and equity-related securities.

(e) Funds primarily invested in long and short positions in securities and financial instruments.

(f) Invested in domestic and international hedge funds.

(g) Invested in structured credit with an initial term of five years. At June 30, 2016, there were \$1,600,000 of unfunded commitments in relation to this fund.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

As of June 30, 2016, the Society had total investments with a fair value of \$63,119,618; of that value, \$53,475,498 can be redeemed in fiscal year 2016. The remainder represents investments that have an initial lock-up period that extends beyond June 30, 2016 or private placement investments, which will be accessible to the Society as the investments are liquidated by the fund manager. The limitations and restrictions on the Society's ability to redeem or sell any of its investments vary by investment and ranges from daily access to required notice periods (generally, 30 to 90 days after initial lock-up periods) and specific redemption frequency. Based on the terms and conditions in effect at June 30, 2016, the Society's investments can be redeemed or sold as follows:

	Investment fair values
Investment redemption or sale period:	
Daily	\$ 28,246,922
Monthly	11,198,561
Quarterly	7,378,971
Annually	6,651,044
Subject to rolling lock-ups	6,746,400
Illiquid	2,897,720
Total	\$ 63,119,618

The following summarizes investment return components for the years ended June 30, 2016 and 2015:

	2016	2015
Interest and dividends	\$ 872,520	824,046
Net realized gains	2,911,770	3,335,973
Net unrealized losses	(8,115,658)	(3,119,145)
Total net (losses) gains	(5,203,888)	216,828
Net investment gains	(4,331,368)	1,040,874
Less investment advisory fees	(273,694)	(346,147)
Investment (loss) return, net	\$ (4,605,062)	694,727

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

(4) Land, Building, and Equipment

At June 30, 2016 and 2015, the cost and accumulated depreciation of land, building, and equipment were as follows:

	2016	2015
Land	\$ 2,032,010	2,032,010
Building and building improvements	38,627,159	38,433,789
Equipment and furniture	12,384,960	12,195,066
	53,044,129	52,660,865
Less accumulated depreciation	31,049,720	29,843,368
	\$ 21,994,409	22,817,497

(5) Loan Payable

On July 1, 2015, the Society entered into a loan agreement with Build NYC Resource Corporation (Build NYC) for the purpose of refinancing existing debt and to pay certain costs of issuance associated with the refinancing.

In connection with this loan agreement, on July 1, 2015, Build NYC issued \$16,795,000 of Revenue Bonds, Series 2015 (the Bonds), loaning the proceeds of the issuance to the Society. While the Bonds are not the debt of the Society, the loan agreement obligates the Society to make payments equal to the debt service (principal and interest) of the Bonds.

The Bonds bear interest at a weekly rate, not to exceed 10.00% per annum. Interest is payable monthly. For the year ended June 30, 2016, the interest rate varied from 0.01% to 0.47%, respectively, and at June 30, 2016 was 0.44%. Interest expense for the year ended June 30, 2016 was \$20,057.

The Society's payment obligation under the loan agreement is secured by a Letter of Credit and Reimbursement Agreement (the L/C Agreement) between the Society and a financial institution. The scheduled termination date of the L/C Agreement is July 1, 2020, which may be extended indefinitely. In accordance with the L/C Agreement, the Society is required to meet certain reporting, insurance, and financial covenants. As of June 30, 2016, management believes the Society is in compliance with all covenants. Under the agreement, the Society is required to make annual principal payments beginning on April 1, 2016 and increasing amounts through April 1, 2045. The loan can be prepaid without penalty at any time.

The issuance costs associated with the Bonds of \$836,084 are being amortized over the term of the Bonds. The unamortized balance of \$808,220 at June 30, 2016 is included as a reduction to loan payable. The unamortized issuance costs of \$207,054 associated with the retired debt was written off on July 1, 2015 and reported as a loss on refunding in the accompanying statement of activities.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

In connection retiring the debt on July 1, 2015, the Society terminated an interest rate swap at a settlement price of \$952,000. To finance this termination and related costs, the Society entered into a term loan (the Loan) with a financial institution for \$1,144,000. The interest rate on the Loan is variable, linked to the one month LIBOR.

On July 1, 2015, the Society entered into a new interest rate swap with an initial notional amount of \$11,252,650. The swap is intended to convert the variable interest rate on the Bonds to a fixed rate of 2.63%. At June 30, 2016, the estimated fair value of this agreement is (\$2,522,263).

Also on July 1, 2015, the Society entered into a separate interest rate swap with an initial notional amount of \$1,144,000. This swap is intended to convert the variable interest rate on the Loan to a fixed rate of 2.52%. At June 30, 2016, the estimated fair value of this agreement is (\$13,044).

Minimum principal payments on the Bonds and Loan are as follows:

	Bonds amount	Term loan amount	Total
2017	\$ 215,000	222,437	437,437
2018	215,000	228,187	443,187
2019	225,000	234,086	459,086
2020	225,000	240,131	465,131
2021	405,000	20,290	425,290
2022 and thereafter	15,305,000		15,305,000
	\$ 16,590,000	945,131	17,535,131
Bond issuance costs			(808,220)
			16,726,911

On July 1, 2015, the Society entered into an one-year line-of-credit agreement with a bank with a maximum line of \$1,500,000. On March 22, 2016, that agreement was renewed for another one-year period through July 1, 2017. During the year ended June 30, 2016, the Society borrowed \$1,500,000 to finance cash flow needs at an annualized interest rate of 1.53% to 1.56%. All borrowings under the line of credit were repaid by June 30, 2016.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

(6) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015 were available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Arts and culture	\$ 5,314,518	7,468,034
Policy and business	11,790,988	13,631,064
Education	4,629,344	7,014,872
U.S. centers and asian activities	420,504	616,552
Art acquisitions	899,432	964,300
Building renovations	418,272	560,816
Multidisciplinary	255,104	642,732
Future strategic initiatives	4,139,155	6,449,511
Future periods	1,546,145	1,407,143
	<u>\$ 29,413,462</u>	<u>38,755,024</u>

The investment income earned on the balances of permanently restricted net assets is restricted to the following uses at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Arts and culture	\$ 17,496,924	15,496,924
Policy and business	19,586,916	19,586,916
Education	1,642,000	1,642,000
Multidisciplinary	4,307,167	4,307,167
Permanent collection	7,100,000	7,100,000
Art acquisitions	650,000	650,000
Unrestricted	1,763,456	1,763,456
	<u>\$ 52,546,463</u>	<u>50,546,463</u>

(7) Pension Plan

The Society has a defined-contribution retirement plan covering substantially all employees. The plan is fully funded by the purchase of annuity contracts. Pension expense for the years ended June 30, 2016 and 2015 was approximately \$456,000 and \$428,000, respectively.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

(8) Operating Leases

The Society rents office space to house programming and Center employees outside of New York. Additionally, it leases copiers for its New York office. The total lease expense associated with these commitments was \$209,371 and \$200,274 in fiscal years 2016 and 2015, respectively. Future minimum lease payments under noncancelable operating leases with remaining lease terms in excess of one year are as follows:

	<u>Amount</u>
Year ending June 30:	
2017	\$ 196,992
2018	139,899
2019	<u>123,645</u>
	<u>\$ 460,536</u>

(9) Related-Party Transactions

The affiliated offices pay the Society an annual participation fee in accordance with a Global Operating Agreement. The Society has recognized participation fee revenue of \$117,091 and \$116,492 for the years ended June 30, 2016 and 2015, respectively, which is included in miscellaneous revenue in the accompanying statements of activities. In addition, the Society shares certain fees with and makes grants to the affiliated offices. At June 30, 2016 and 2015, the Society owed the affiliated offices \$86,848 and \$241,913, respectively, which is included in accounts payable, accrued expenses, and other liabilities in the accompanying balance sheets.

(10) Endowment Funds

The Society's endowment consists of 40 individual donor-restricted funds, 4 term endowments, and the building fund, which is temporarily restricted as to purpose, to support its operating and capital needs. Net assets associated with the endowment funds, including the term endowments and the building fund, are classified and reported based on the existence or absence of donor-imposed restrictions.

On September 17, 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), which imposes guidelines on the management and investment of endowment funds. The Society has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, when applicable. In accordance with the accounting guidance associated with the adoption of NYPMIFA, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted until those amounts are appropriated for expenditure.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

In accordance with NYPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Society and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Society
- Where appropriate and the circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect such alternatives may have on the Society
- The investment policies of the Society

The investment objective of the Society’s investment portfolio is to provide that future growth of the portfolio is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment fund with prudent level of risk. The assets are managed on a total-return basis. The Investment Committee of the Board of Trustees has adopted a long-term asset allocation policy with mid-range targets for equities, fixed-income, and alternative investments (which consist of hedge, equity, and absolute return funds).

To provide a predictable flow of funds to support operations, the Society’s Board of Trustees has authorized a general policy permitting the use of income from endowment investments to be used for operations at an approved blended spending rate of up to 6.0% and 5.0% of the preceding 36-month average fair value of the portfolio for fiscal years 2016 and 2015, respectively. In fiscal years 2016 and 2015, the following amount and rates were allocated in accordance with this policy:

	2016	2015
Investment income allocated to:		
Unrestricted net assets for operations	\$ 2,177,446	996,387
Temporarily restricted net assets	1,234,870	1,628,269
	\$ 3,412,316	2,624,656
Representing a spending rate of	6.0%	5.0%

Furthermore, the policy of the Society is that the appropriated spending should not exceed 6.0% or be less than 4.5% of the 12-month average value through the fiscal year proceeding the fiscal year in which the distribution is planned. The approved appropriation of endowment assets for expenditure in fiscal 2017 is \$3,158,473.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the law requires to retain as a fund of perpetual duration. Deficiencies of this

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

nature that are reported in unrestricted net assets totaled \$5,200,361 and \$1,591,467 as of June 30, 2016 and 2015, respectively. These deficiencies result from unfavorable market fluctuations subsequent to the investment of permanently restricted contributions. Subsequent gains that restore the fair value of the assets of the donor-restricted endowment fund to the required level will be classified as an increase in unrestricted net assets.

Endowment net assets, exclusive of pledge receivables of \$87,998, consist of the following as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (4,850,947)	3,079,146	52,458,465	50,686,664
Long-term temporarily restricted funds	—	892,482	—	892,482
Term endowment funds	(349,414)	4,000,000	—	3,650,586
Board-designated endowment	344,104	—	—	344,104
Building fund	<u>(185,712)</u>	<u>418,272</u>	<u>—</u>	<u>232,560</u>
Total endowment net assets	<u>\$ (5,041,969)</u>	<u>8,389,900</u>	<u>52,458,465</u>	<u>55,806,396</u>

Endowment net assets, exclusive of pledge receivables of \$177,998, consist of the following as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (1,591,467)	6,305,219	50,368,465	55,082,217
Long-term temporarily restricted funds	—	1,021,378	—	1,021,378
Term endowment funds	—	4,177,874	—	4,177,874
Board-designated endowment	393,802	—	—	393,802
Building fund	<u>(160,199)</u>	<u>560,817</u>	<u>—</u>	<u>400,618</u>
Total endowment net assets	<u>\$ (1,357,864)</u>	<u>12,065,288</u>	<u>50,368,465</u>	<u>61,075,889</u>

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ (1,357,865)	12,065,288	50,368,465	61,075,888
Investment return:				
Interest and dividend income	288,925	440,671	—	729,596
Net appreciation in fair value	(1,713,677)	(2,613,722)	—	(4,327,399)
Management fees	(81,906)	(124,923)	—	(206,829)
Total investment return, net	(1,506,658)	(2,297,974)	—	(3,804,632)
Contributions cash basis	—	—	2,090,000	2,090,000
Appropriation of endowment assets for expenditure	(2,177,446)	(1,234,870)	—	(3,412,316)
Net asset release of building funds	—	(142,544)	—	(142,544)
Endowment net assets, June 30, 2016	<u>\$ (5,041,969)</u>	<u>8,389,900</u>	<u>52,458,465</u>	<u>55,806,396</u>

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2014	\$ (600,144)	13,574,692	50,278,465	63,253,013
Investment return:				
Interest and dividend income	138,569	534,939	—	673,508
Net appreciation in fair value	147,874	570,866	—	718,740
Management fees	(47,777)	(184,440)	—	(232,217)
Total investment return, net	238,666	921,365	—	1,160,031
Contributions cash basis	—	—	90,000	90,000
Appropriation of endowment assets for expenditure	(996,387)	(1,628,269)	—	(2,624,656)
Net asset release of building funds	—	(802,500)	—	(802,500)
Endowment net assets, June 30, 2015	<u>\$ (1,357,865)</u>	<u>12,065,288</u>	<u>50,368,465</u>	<u>61,075,888</u>

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2016 and 2015

(11) Subsequent Events

In connection with the preparation of the financial statements, the Society evaluated events subsequent to the balance sheet date of June 30, 2016 and through November 18, 2016, the date on which the financial statements were available to be issued, and determined that there were no additional matters that are required to be disclosed.

THE ASIA SOCIETY

Schedule of Functional Expenses

Year ended June 30, 2016

(with comparative summarized financial information for the year ended June 30, 2015)

	Arts and culture	Policy and business	Education	Communications	U.S. Centers and Asian activities	Auxiliary services	Total program services	Management and general	Marketing	Fund-raising	Total supporting services	2016 Total expenses	2015 Total expenses
Unrestricted operating expenses:													
Salaries and wages	\$ 2,129,997	3,766,272	2,117,977	708,443	613,773	606,766	9,943,228	2,381,539	167,227	1,751,943	4,300,709	14,243,937	12,422,834
Benefits and payroll taxes	459,806	712,076	519,701	184,354	155,313	131,889	2,163,139	353,132	36,149	394,224	783,505	2,946,644	2,753,367
Total staff costs	2,589,803	4,478,348	2,637,678	892,797	769,086	738,655	12,106,367	2,734,671	203,376	2,146,167	5,084,214	17,190,581	15,176,201
Professional fees	950,006	1,054,391	1,234,770	16,411	288,936	38,080	3,582,594	507,459	60,820	453,442	1,021,721	4,604,315	4,339,606
Supplies and materials	197,391	166,590	85,045	5,608	111,032	13,017	578,683	95,039	33,461	176,194	304,694	883,377	808,673
Travel	393,303	1,000,601	1,002,635	18,982	93,011	9,282	2,517,814	177,546	6,316	166,346	350,208	2,868,022	2,550,479
Communications	175,761	51,104	46,305	44,766	20,588	3,543	342,067	44,143	9,940	36,833	90,916	432,983	647,225
Occupancy	315,865	164,247	62,662	11,644	62,199	110,923	727,540	123,054	25,621	55,532	204,207	931,747	1,130,880
Equipment rental and maintenance	130,858	56,771	27,966	8,183	1,704	81,441	306,923	288,734	9,839	103,365	401,938	708,861	690,745
Store inventory	—	—	—	—	—	357,559	357,559	—	—	—	—	357,559	354,703
Grants paid	—	20,000	1,372,060	—	794,913	—	2,186,973	10,000	—	6,000	16,000	2,202,973	2,172,771
Financing costs	181,754	76,501	26,698	9,755	—	92,931	387,639	74,973	17,457	38,507	130,937	518,576	645,121
Conferences, conventions, and meetings	5,533	225,855	304,793	812	234	189	537,416	34,775	1,320	3,607	39,702	577,118	327,094
Other	499,755	53,065	120,950	55,322	52,353	25,929	807,374	356,233	12,415	66,324	434,972	1,242,346	1,261,561
Total unrestricted operating expenses	5,440,029	7,347,473	6,921,562	1,064,280	2,194,056	1,471,549	24,438,949	4,446,627	380,565	3,252,317	8,079,509	32,518,458	30,105,059
Unrestricted fixed-asset expenses:													
Depreciation and amortization	433,973	182,661	63,747	23,292	6,229	221,890	931,792	167,554	42,096	92,774	302,424	1,234,216	1,202,973
Other	19,411	8,170	2,851	1,042	—	9,925	41,399	7,457	1,864	4,112	13,433	54,832	—
Total expenses	\$ 5,893,413	7,538,304	6,988,160	1,088,614	2,200,285	1,703,364	25,412,140	4,621,638	424,525	3,349,203	8,395,366	33,807,506	31,308,032

See accompanying independent auditors' report.

THE ASIA SOCIETY
Schedule of Functional Expenses
Year ended June 30, 2015

	Arts and culture	Policy and business	Education	Communications	U.S. Centers and Asian activities	Auxiliary services	Total program services	Management and general	Marketing	Fund-raising	Total supporting services	2015 Total expenses
Unrestricted operating expenses:												
Salaries and wages	\$ 2,094,677	2,771,651	1,796,844	692,835	589,903	584,083	8,529,993	2,154,621	172,266	1,565,954	3,892,841	12,422,834
Benefits and payroll taxes	504,771	606,943	461,590	179,726	128,345	142,465	2,023,840	323,271	44,838	361,418	729,527	2,753,367
Total staff costs	2,599,448	3,378,594	2,258,434	872,561	718,248	726,548	10,553,833	2,477,892	217,104	1,927,372	4,622,368	15,176,201
Professional fees	1,184,980	790,239	936,415	68,079	332,925	42,522	3,355,160	558,855	30,656	394,935	984,446	4,339,606
Supplies and materials	136,929	233,322	52,284	5,836	61,925	24,023	514,319	73,932	21,454	198,968	294,354	808,673
Travel	460,042	729,547	1,028,491	16,267	67,255	15,621	2,317,223	96,045	3,526	133,685	233,256	2,550,479
Communications	367,412	61,691	41,790	53,367	16,129	2,548	542,937	40,523	12,039	51,726	104,288	647,225
Occupancy	386,127	185,055	64,792	14,765	86,882	140,658	878,279	147,846	33,105	71,650	252,601	1,130,880
Equipment rental and maintenance	146,925	79,851	17,749	6,771	1,555	79,044	331,895	262,292	10,204	86,354	358,850	690,745
Store inventory	—	—	—	—	—	354,703	354,703	—	—	—	—	354,703
Grants paid	85,000	34,000	1,609,846	—	443,925	—	2,172,771	—	—	—	—	2,172,771
Financing costs	228,373	96,123	33,546	12,257	—	116,767	487,066	87,737	21,934	48,384	158,055	645,121
Conferences, conventions, and meetings	15,099	54,029	238,458	181	3,163	181	311,111	6,083	1,313	8,587	15,983	327,094
Other	528,669	104,535	95,852	114,869	36,501	24,172	904,598	294,123	2,288	60,552	356,963	1,261,561
Total unrestricted operating expenses	6,139,004	5,746,986	6,377,657	1,164,953	1,768,508	1,526,787	22,723,895	4,045,328	353,623	2,982,213	7,381,164	30,105,059
Unrestricted fixed-asset expenses:												
Depreciation and amortization	422,943	178,019	62,127	22,700	6,163	216,251	908,203	163,308	41,033	90,429	294,770	1,202,973
Total expenses	\$ 6,561,947	5,925,005	6,439,784	1,187,653	1,774,671	1,743,038	23,632,098	4,208,636	394,656	3,072,642	7,675,934	31,308,032

See accompanying independent auditors' report.