



THE ASIA SOCIETY

Financial Statements and Schedules

June 30, 2018 and 2017

(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, 2018 and 2017, 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, 2018 and 2017, 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 14, 2018

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Balance Sheets

June 30, 2018 and 2017

Assets	2018	2017
Cash and cash equivalents	\$ 5,316,302	4,326,698
Contributions and grants receivable, net (note 2)	16,985,079	13,781,838
Prepaid expenses and other assets	834,553	831,859
Investments (note 3)	75,208,552	69,883,647
Land, building, and equipment, net (note 4)	21,002,553	21,556,816
Collection (note 1(e))		
Total assets	\$ 119,347,039	110,380,858
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses, and other liabilities (note 9)	\$ 3,478,770	2,791,160
Interest rate swap liability (note 5)	534,173	1,125,506
Loans payable, net of deferred issuance costs (note 5)	16,482,761	17,092,588
Total liabilities	20,495,704	21,009,254
Commitments and contingencies (notes 5 and 8)		
Net assets (deficit):		
Unrestricted:		
Available for operations	(2,330,512)	(2,745,914)
Designated for investment (note 10)	2,482,212	1,816,100
Invested in and designated for fixed assets	4,069,092	4,069,665
Total unrestricted	4,220,792	3,139,851
Temporarily restricted (notes 6 and 10)	34,900,050	30,072,767
Permanently restricted (notes 6 and 10)	59,730,493	56,158,986
Total net assets	98,851,335	89,371,604
Total liabilities and net assets	\$ 119,347,039	110,380,858

See accompanying notes to financial statements.

THE ASIA SOCIETY

Statement of Activities

Year ended June 30, 2018

(With comparative summarized financial information for the year ended June 30, 2017)

	Available for operations	Designated for investment	Invested in and designated for fixed assets	Unrestricted total	Temporarily restricted	Permanently restricted	2018 Total	2017 Total
Revenue, gains, and other support:								
Contributions and grants	\$ 9,807,239	—	—	9,807,239	12,757,912	3,571,507	26,136,658	25,364,211
Membership	1,351,072	—	—	1,351,072	—	—	1,351,072	1,258,626
Special events, net of direct donor benefits of \$816,586 in 2018	3,042,489	—	—	3,042,489	—	—	3,042,489	2,177,937
Program service fees and store sales	1,929,225	—	—	1,929,225	—	—	1,929,225	2,416,945
Investment return, net (note 3)	3,397,929	595,483	—	3,993,412	2,545,226	—	6,538,638	10,216,073
Miscellaneous (note 9)	455,669	—	—	455,669	—	—	455,669	631,418
	19,983,623	595,483	—	20,579,106	15,303,138	3,571,507	39,453,751	42,065,210
Net assets released from restrictions and transfers	9,941,379	(353,371)	887,847	10,475,855	(10,475,855)	—	—	—
Total revenue, gains, and other support	29,925,002	242,112	887,847	31,054,961	4,827,283	3,571,507	39,453,751	42,065,210
Expenses:								
Program services:								
Arts and culture	5,108,019	—	593,601	5,701,620	—	—	5,701,620	5,543,321
Policy and business	7,008,112	—	249,850	7,257,962	—	—	7,257,962	6,864,249
Education	4,978,583	—	87,196	5,065,779	—	—	5,065,779	6,193,265
Communications	1,236,017	—	31,860	1,267,877	—	—	1,267,877	1,398,529
U.S. centers and Asian activities	1,845,794	—	5,349	1,851,143	—	—	1,851,143	1,724,211
Auxiliary services	1,276,243	—	303,508	1,579,751	—	—	1,579,751	1,709,792
Total program services	21,452,768	—	1,271,364	22,724,132	—	—	22,724,132	23,433,367
Supporting services:								
Management and general	4,308,046	—	228,762	4,536,808	—	—	4,536,808	4,633,228
Marketing	372,152	—	57,369	429,521	—	—	429,521	513,282
Fund-raising	2,748,416	—	126,476	2,874,892	—	—	2,874,892	3,221,398
Total supporting services	7,428,614	—	412,607	7,841,221	—	—	7,841,221	8,367,908
Total expenses	28,881,382	—	1,683,971	30,565,353	—	—	30,565,353	31,801,275
Increase (decrease) in net assets before other changes	1,043,620	242,112	(796,124)	489,608	4,827,283	3,571,507	8,888,398	10,263,935
Other changes:								
Change in fair value of interest rate swap (note 5)	—	—	591,333	591,333	—	—	591,333	1,409,801
Transfer of net assets	(424,000)	424,000	—	—	—	—	—	—
Loss on disposal of fixed assets	—	—	—	—	—	—	—	(500,000)
Transfer for acquisition of fixed assets	(204,218)	—	204,218	—	—	—	—	—
Increase (decrease) in net assets	415,402	666,112	(573)	1,080,941	4,827,283	3,571,507	9,479,731	11,173,736
Net assets (deficit) at beginning of year	(2,745,914)	1,816,100	4,069,665	3,139,851	30,072,767	56,158,986	89,371,604	78,197,868
Net assets (deficit) at end of year	\$ (2,330,512)	2,482,212	4,069,092	4,220,792	34,900,050	59,730,493	98,851,335	89,371,604

See accompanying notes to financial statements.

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Statement of Activities
Year ended June 30, 2017

	Available for operations	Designated for investment	Invested in and designated for fixed assets	Unrestricted total	Temporarily restricted	Permanently restricted	2017 Total
Revenue, gains, and other support:							
Contributions and grants	\$ 9,986,448	—	—	9,986,448	13,872,763	1,505,000	25,364,211
Membership	1,258,626	—	—	1,258,626	—	—	1,258,626
Special events, net of direct donor benefits of \$797,386 in 2017	2,177,937	—	—	2,177,937	—	—	2,177,937
Program service fees and store sales	2,416,945	—	—	2,416,945	—	—	2,416,945
Investment return (loss), net (note 3)	3,764,134	3,733,189	—	7,497,323	2,718,750	—	10,216,073
Miscellaneous (note 9)	631,418	—	—	631,418	—	—	631,418
	<u>20,235,508</u>	<u>3,733,189</u>	<u>—</u>	<u>23,968,697</u>	<u>16,591,513</u>	<u>1,505,000</u>	<u>42,065,210</u>
Net assets released from restrictions	<u>10,284,129</u>	<u>(50,000)</u>	<u>1,500,732</u>	<u>11,734,861</u>	<u>(11,734,861)</u>	<u>—</u>	<u>—</u>
Total revenue, gains, and other support	<u>30,519,637</u>	<u>3,683,189</u>	<u>1,500,732</u>	<u>35,703,558</u>	<u>4,856,652</u>	<u>1,505,000</u>	<u>42,065,210</u>
Expenses:							
Program services:							
Arts and culture	5,088,863	—	454,458	5,543,321	—	—	5,543,321
Policy and business	6,672,965	—	191,284	6,864,249	—	—	6,864,249
Education	6,126,508	—	66,757	6,193,265	—	—	6,193,265
Communications	1,374,137	—	24,392	1,398,529	—	—	1,398,529
U.S. centers and Asian activities	1,718,561	—	5,650	1,724,211	—	—	1,724,211
Auxiliary services	1,477,428	—	232,364	1,709,792	—	—	1,709,792
Total program services	<u>22,458,462</u>	<u>—</u>	<u>974,905</u>	<u>23,433,367</u>	<u>—</u>	<u>—</u>	<u>23,433,367</u>
Supporting services:							
Management and general	4,457,880	—	175,348	4,633,228	—	—	4,633,228
Marketing	469,257	—	44,025	513,282	—	—	513,282
Fund-raising	3,124,362	—	97,036	3,221,398	—	—	3,221,398
Total supporting services	<u>8,051,499</u>	<u>—</u>	<u>316,409</u>	<u>8,367,908</u>	<u>—</u>	<u>—</u>	<u>8,367,908</u>
Total expenses	<u>30,509,961</u>	<u>—</u>	<u>1,291,314</u>	<u>31,801,275</u>	<u>—</u>	<u>—</u>	<u>31,801,275</u>
Increase (decrease) in net assets before other changes	9,676	3,683,189	209,418	3,902,283	4,856,652	1,505,000	10,263,935
Other changes:							
Change in fair value of interest rate swap (note 5)	—	—	1,409,801	1,409,801	—	—	1,409,801
Loss on bond refunding	—	—	—	—	—	—	—
Loss on disposal of fixed assets	—	—	(500,000)	(500,000)	—	—	(500,000)
Change in donor intent	—	2,089,824	—	2,089,824	(4,197,347)	2,107,523	—
Transfer for acquisition of fixed assets	(170,917)	—	170,917	—	—	—	—
(Decrease) increase in net assets	<u>(161,241)</u>	<u>5,773,013</u>	<u>1,290,136</u>	<u>6,901,908</u>	<u>659,305</u>	<u>3,612,523</u>	<u>11,173,736</u>
Net assets (deficit) at beginning 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>
Net assets (deficit) at end of year	<u>\$ (2,745,914)</u>	<u>1,816,100</u>	<u>4,069,665</u>	<u>3,139,851</u>	<u>30,072,767</u>	<u>56,158,986</u>	<u>89,371,604</u>

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	\$ 9,479,731	11,173,736
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(6,312,869)	(9,814,240)
Change in fair value of interest rate swap	(591,333)	(1,409,801)
Depreciation and amortization	1,363,701	1,227,134
Loss on disposal of fixed assets	—	500,000
Contributions permanently restricted for endowment	(3,571,507)	(1,500,000)
Changes in operating assets and liabilities:		
Change in contributions and grants receivable, net of amounts classified as financing	(3,203,240)	(2,556,713)
Change in prepaid expenses and other assets	(2,694)	(11,675)
Change in accounts payable and accrued expenses	687,610	(314,697)
Net cash used in operating activities	(2,150,601)	(2,706,256)
Cash flows from investing activities:		
Proceeds from sales of investments	10,841,733	4,494,730
Investment purchases	(9,853,769)	(1,444,519)
Capital expenditures	(776,078)	(1,258,927)
Net cash provided by investing activities	211,886	1,791,284
Cash flows from financing activities:		
Loan principal payments	(643,187)	(637,437)
Proceeds from issuance of debt	—	1,000,000
Payments for bond issuance costs	—	(27,500)
Borrowings under line of credit	—	1,000,000
Repayments of line of credit	—	(1,000,000)
Cash contributions for endowment and capital projects	3,571,506	1,550,000
Net cash provided by financing activities	2,928,319	1,885,063
Net increase in cash and cash equivalents	989,604	970,091
Cash and cash equivalents at beginning of year	4,326,698	3,356,607
Cash and cash equivalents at end of year	\$ 5,316,302	4,326,698
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 368,547	349,883

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2018 and 2017

(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, and 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.

Additionally, the Society has affiliate offices in Houston, Texas; Hong Kong; Manila; Mumbai; Seoul; Sydney; Tokyo; 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 revenue, 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 Society'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.

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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. 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 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 revenue 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. 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 \$173,950 and \$151,200 in 2018 and 2017, 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 \$178,000 and \$250,232 in 2018 and 2017, 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 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

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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 2018, art was acquired with donor-restricted funds at a cost of \$305,606. During 2017, no art was acquired with donor restricted funds. 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 revenue 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, interest rate swaps, 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, 2018 and 2017, 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.

(j) Investments

Investments are stated at fair value based upon quoted market prices or published net asset value (NAV) 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.

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(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 or published 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 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.

(l) Upcoming Accounting Standards

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which among other things, changes how not-for-profit entities report net asset classes, expenses, and liquidity in their financial statements. The significant requirements of the new ASU include the reduction of the number of net asset classes from three to two: with donor restrictions and without donor restrictions; the presentation of expenses by their function and their natural classification in one location; quantitative and qualitative information about the management of liquid resources and availability of financial assets to meet cash needs within one year of the date of the statement of financial position; and retaining the option to present operating cash flows in the statements of cash flows using either the direct or indirect method. The Society plans to adopt ASU No. 2016-14 for the year ending June 30, 2019.

The FASB issued (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Society plans to adopt ASU No. 2018-08 for the year ending June 30, 2019. The Society is continuing to evaluate the impact of adopting this guidance on its financial statements

(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

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discount to reflect the present value of future cash flows and are expected to be collected as follows at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Amounts expected to be collected in:		
Less than one year	\$ 10,057,273	7,275,115
One to five years	<u>7,428,114</u>	<u>7,110,623</u>
Total	17,485,387	14,385,738
Less:		
Allowance for doubtful receivable	(130,308)	(256,900)
Discount to present value (at discount rates ranging from 2.08% to 4.24%)	<u>(370,000)</u>	<u>(347,000)</u>
	<u>\$ 16,985,079</u>	<u>13,781,838</u>

Included in contributions receivable at June 30, 2018 and 2017 are pledges of approximately \$5.2 million from two donors, and \$2.4 million from a single donor, respectively.

(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 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.

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Notes to Financial Statements
June 30, 2018 and 2017

Financial assets and liabilities at fair value consist of the following at June 30, 2018:

	<u>Level 1</u>	<u>Investments at net asset value</u>	<u>Total</u>
Cash and cash equivalents	\$ 754,068	—	754,068
Fixed income:			
Mutual funds	3,166,560	—	3,166,560
Domestic equities:			
Domestic equity securities	2,012,845	—	2,012,845
Domestic equity mutual funds	20,294,674	—	20,294,674
Total domestic equities	22,307,519	—	22,307,519
Global equities:			
Developed market mutual fund	2,676,374	—	2,676,374
Developed market equity trust (a)	5,399,658	—	5,399,658
Emerging markets equities (including Asia) (b)	5,319,744	5,285,957	10,605,701
Total global equities	13,395,776	5,285,957	18,681,733
Hedge funds:			
Long/short funds (c)	—	8,491,459	8,491,459
Absolute return funds (d)	—	18,812,730	18,812,730
Fund of funds (e)	—	228,563	228,563
Total hedge funds	—	27,532,752	27,532,752
Private equity (f)	—	2,765,920	2,765,920
Total investments	\$ 39,623,923	35,584,629	75,208,552

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Notes to Financial Statements
June 30, 2018 and 2017

Financial assets and liabilities at fair value consist of the following at June 30, 2017:

	<u>Level 1</u>	<u>Investments at net asset value</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,125,745	—	1,125,745
Fixed income:			
Mutual funds	2,430,871	—	2,430,871
Domestic equities:			
Domestic equity securities	2,823,611	—	2,823,611
Domestic equity mutual funds	18,864,511	—	18,864,511
Total domestic equities	<u>21,688,122</u>	<u>—</u>	<u>21,688,122</u>
Global equities:			
Developed market mutual fund	2,663,055	—	2,663,055
Developed market equity trust (a)	5,079,878	—	5,079,878
Emerging markets equities (including Asia) (b)	6,394,592	3,230,538	9,625,130
Total global equities	<u>14,137,525</u>	<u>3,230,538</u>	<u>17,368,063</u>
Hedge funds:			
Long/short funds (c)	—	5,762,296	5,762,296
Absolute return funds (d)	—	17,824,461	17,824,461
Fund of funds (e)	—	2,187,041	2,187,041
Total hedge funds	<u>—</u>	<u>25,773,798</u>	<u>25,773,798</u>
Private equity (f)	<u>—</u>	<u>1,497,048</u>	<u>1,497,048</u>
Total investments	<u>\$ 39,382,263</u>	<u>30,501,384</u>	<u>69,883,647</u>

(a) Invested in international equity securities

(b) Invested in international equity securities and debt securities

(c) Invested in U.S. publicly traded securities and offshore funds that invest in international publicly traded and nontraded equity and equity-related securities

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

(e) Invested in domestic and international hedge funds

(f) Invested in structured credit with an initial term of five years; at June 30, 2018, there were \$2,316,226 of unfunded commitments in relation to this fund.

THE ASIA SOCIETY

Notes to Financial Statements

June 30, 2018 and 2017

As of June 30, 2018, the Society had total investments with a fair value of \$75,208,552; of that value, \$63,620,100 can be redeemed in fiscal year 2019. The remainder represents investments that have an initial lock-up period that extends beyond June 30, 2018 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, 2018, the Society's investments can be redeemed or sold as follows:

	Investment fair values
Investment redemption or sale period:	
Daily	\$ 31,993,037
Monthly	17,407,686
Quarterly	6,459,994
Annually	7,759,383
Subject to rolling lock-ups	8,190,064
Illiquid	3,398,388
Total	\$ 75,208,552

The following table summarizes investment return components for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends	\$ 599,189	605,410
Net realized gains	4,105,171	1,258,267
Net unrealized gains	2,207,698	8,555,973
Total net gains	6,312,869	9,814,240
Net investment gains	6,912,058	10,419,650
Less investment advisory fees	(373,420)	(203,577)
Investment return, net	\$ 6,538,638	10,216,073

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Notes to Financial Statements
June 30, 2018 and 2017

(4) Land, Building, and Equipment

At June 30, 2018 and 2017, the cost and accumulated depreciation of land, building, and equipment were as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 2,032,010	2,032,010
Building and building improvements	39,113,478	38,682,192
Equipment and furniture	<u>13,132,843</u>	<u>12,788,854</u>
	54,278,331	53,503,056
Less accumulated depreciation	<u>33,275,778</u>	<u>31,946,240</u>
	<u>\$ 21,002,553</u>	<u>21,556,816</u>

(5) Loans 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, 2018, the interest rate varied from 0.74% to 1.80% and at June 30, 2018 and 2017 was 1.50% and 0.91%, respectively. Interest expense for the years ended June 30, 2018 and 2017 was approximately \$180,000 and \$112,000, respectively.

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. Three mechanic's liens totaling \$105,050 were outstanding as of June 30, 2018 against the Society's building at 725 Park Avenue, New York. The liens, which were filed by a sub-contractor who had worked on a renovation project in the building, were fully withdrawn by the sub-contractor in July 2018. Management believes the Society is in compliance with all other covenants of the L/C Agreement. 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 \$752,492 and \$780,356 at June 30, 2018 and 2017, respectively, is included as a reduction to loans payable.

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June 30, 2018 and 2017

In connection with 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 November 6, 2016, the Society entered into a term loan with a financial institution for \$1,000,000 to finance office building renovations. The term loan is secured by future payments against donor pledges. The interest rate is 2.99%. The issuance cost associated with the term loan of \$27,500 is being amortized over the term of the term loan. The unamortized balance of \$19,254 and \$24,750 at June 30, 2018 and 2017, respectively, is included as a reduction to loans payable.

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, 2018 and 2017, the estimated fair value of this agreement was \$(540,433) and \$(1,128,126), respectively.

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, 2018 and 2017, the estimated fair value of this agreement is \$6,260 and \$2,620, respectively.

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

	Bonds amount	Term loans amount	Total
2019	\$ 225,000	434,086	659,086
2020	225,000	440,131	665,131
2021	405,000	220,290	625,290
2022	420,000	—	420,000
2023	435,000	—	435,000
2024 and thereafter	14,450,000	—	14,450,000
	\$ 16,160,000	1,094,507	17,254,507
Deferred issuance costs			(771,746)
			\$ 16,482,761

The Society has a one-year line-of-credit agreement with a bank with a maximum line of \$1,500,000, which was renewed on March 30, 2018 for one-year period through April 30, 2019. During the year ended June 30, 2018, there were no borrowings under the line of credit and no outstanding balance.

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Notes to Financial Statements
June 30, 2018 and 2017

(6) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 were available for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Arts and culture	\$ 6,454,880	7,131,430
Policy and business	7,018,162	10,341,213
Education	3,112,811	3,345,577
U.S. centers and Asian activities	830,108	491,393
Art acquisitions	903,460	1,064,186
Building renovations	—	255,638
Multidisciplinary	1,520,216	517,821
Future strategic initiatives	14,278,268	5,907,364
Future periods	782,145	1,018,145
	<u>\$ 34,900,050</u>	<u>30,072,767</u>

The investment income earned on the balances of permanently restricted net assets is restricted to the following uses at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Arts and culture	\$ 19,559,925	18,996,924
Policy and business	24,639,945	21,694,439
Education	1,642,000	1,642,000
Multidisciplinary	4,887,818	4,312,167
Permanent collection	7,100,000	7,100,000
Art acquisitions	650,000	650,000
Unrestricted	1,250,805	1,763,456
	<u>\$ 59,730,493</u>	<u>56,158,986</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, 2018 and 2017 was approximately \$505,000 and \$495,000, respectively.

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Notes to Financial Statements

June 30, 2018 and 2017

(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 \$226,400 and \$215,119 in fiscal years 2018 and 2017, 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:	
2019	\$ 214,241
2020	40,444
2021	21,302
2022	2,820
2023	<u>1,410</u>
	<u>\$ 280,217</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 \$138,743 and \$130,525 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, the Society owed the affiliated offices \$335,874 and \$183,694, 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 35 individual donor-restricted funds 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.

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Notes to Financial Statements

June 30, 2018 and 2017

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 5.5% and 5.9% of the preceding 36-month average fair value of the portfolio for fiscal years 2018 and 2017, respectively. In fiscal years 2018 and 2017, the following amount and rates were allocated in accordance with this policy:

	<u>2018</u>	<u>2017</u>
Investment income allocated to:		
Unrestricted net assets for operations	\$ 751,382	1,905,777
Temporarily restricted net assets	<u>2,686,639</u>	<u>1,851,411</u>
	<u>\$ 3,438,021</u>	<u>3,757,188</u>
Representing a blended spending rate of	5.5 %	5.9 %

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 year 2019 is \$3,502,070.

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Notes to Financial Statements

June 30, 2018 and 2017

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 nature that are reported in unrestricted net assets totaled \$676,201 and \$1,033,816 as of June 30, 2018 and 2017, 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 \$42,999, consist of the following as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (676,201)	7,815,460	59,687,494	66,826,753
Long-term temporarily restricted funds	—	1,007,966	—	1,007,966
Board-designated endowment Building fund	2,017,032	—	—	2,017,032
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total endowment net assets	\$ <u>1,340,831</u>	<u>8,823,426</u>	<u>59,687,494</u>	<u>69,851,751</u>

Endowment net assets, exclusive of pledge receivables of \$42,998, consist of the following as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (1,033,816)	5,585,110	56,115,988	60,667,282
Long-term temporarily restricted funds	—	979,565	—	979,565
Board-designated endowment Building fund	1,960,398	—	—	1,960,398
	<u>(145,537)</u>	<u>255,638</u>	<u>—</u>	<u>110,101</u>
Total endowment net assets	\$ <u>781,045</u>	<u>6,820,313</u>	<u>56,115,988</u>	<u>63,717,346</u>

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Notes to Financial Statements
June 30, 2018 and 2017

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2017	\$ 781,045	6,820,313	56,115,988	63,717,346
Investment return:				
Interest and dividend income	119,772	439,174	—	558,946
Net appreciation in fair value	1,266,233	4,642,960	—	5,909,193
Management fees	<u>(74,837)</u>	<u>(274,408)</u>	<u>—</u>	<u>(349,245)</u>
Total investment return, net	1,311,168	4,807,726	—	6,118,894
Contributions cash basis	—	—	3,571,506	3,571,506
Appropriation of endowment assets for expenditure	(751,382)	(2,686,639)	—	(3,438,021)
Net asset release of building funds	<u>—</u>	<u>(117,974)</u>	<u>—</u>	<u>(117,974)</u>
Endowment net assets, June 30, 2018	<u>\$ 1,340,831</u>	<u>8,823,426</u>	<u>59,687,494</u>	<u>69,851,751</u>

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	\$ (5,041,969)	8,389,900	52,458,465	55,806,396
Investment return:				
Interest and dividend income	303,387	240,314	—	543,701
Net appreciation in fair value	5,449,177	4,316,311	—	9,765,488
Management fees	<u>(113,597)</u>	<u>(89,980)</u>	<u>—</u>	<u>(203,577)</u>
Total investment return, net	5,638,967	4,466,645	—	10,105,612
Contributions cash basis	—	—	1,550,000	1,550,000
Appropriation of endowment assets for expenditure	(1,905,777)	(1,851,411)	—	(3,757,188)
Net asset release of building funds	—	(162,634)	—	(162,634)
Change in donor intent	<u>2,089,824</u>	<u>(4,022,187)</u>	<u>2,107,523</u>	<u>175,160</u>
Endowment net assets, June 30, 2017	<u>\$ 781,045</u>	<u>6,820,313</u>	<u>56,115,988</u>	<u>63,717,346</u>

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Notes to Financial Statements
June 30, 2018 and 2017

(11) Subsequent Events

In July 2018 the Society received a restricted pledge of \$10 million. The pledge has subsequently been paid. In connection with the preparation of the financial statements, the Society evaluated events subsequent to the balance sheet date of June 30, 2018 and through November 14, 2018, the date on which the financial statements were available to be issued, and determined that there were no other matters for disclosure.

THE ASIA SOCIETY

Schedule of Functional Expenses

Year ended June 30, 2018

(with comparative summarized financial information for the year ended June 30, 2017)

	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	2018 Total expenses	2017 Total expenses
Unrestricted operating expenses:													
Salaries and wages	\$ 2,084,611	4,166,491	1,790,040	796,965	594,396	585,637	10,018,140	2,387,199	174,852	1,520,428	4,082,479	14,100,619	14,491,486
Benefits and payroll taxes	461,649	795,535	436,479	205,507	143,398	138,806	2,181,374	346,626	45,215	343,048	734,889	2,916,263	2,975,458
Total staff costs	2,546,260	4,962,026	2,226,519	1,002,472	737,794	724,443	12,199,514	2,733,825	220,067	1,863,476	4,817,368	17,016,882	17,466,944
Professional fees	726,938	620,025	652,566	90,840	357,961	28,449	2,476,779	596,942	50,432	311,841	959,215	3,435,994	4,139,210
Supplies and materials	152,200	204,643	113,193	6,641	114,387	(5,078)	585,986	117,796	22,564	109,338	249,698	835,684	731,701
Travel	309,511	685,630	412,412	7,080	46,794	2,265	1,463,692	101,513	3,381	174,264	279,158	1,742,850	2,134,781
Communications	248,898	67,830	35,699	40,772	13,696	3,478	410,373	57,185	13,411	34,350	104,946	515,319	401,997
Occupancy	324,985	176,191	33,793	11,171	94,669	106,431	747,240	136,596	27,271	58,660	222,527	969,767	1,001,475
Equipment rental and maintenance	109,164	48,373	23,791	10,831	16,980	48,846	257,985	232,687	8,919	98,214	339,820	597,805	640,957
Store inventory	—	—	—	—	—	248,963	248,963	—	—	—	—	248,963	361,514
Grants paid	250	35,400	1,255,366	—	440,950	—	1,731,966	—	—	250	250	1,732,216	1,525,785
Financing costs	184,353	77,595	27,080	9,895	—	94,259	393,182	70,825	17,706	39,058	127,589	520,771	518,712
Conferences, conventions, and meetings	31,165	64,657	144,356	57	416	185	240,836	28,093	1,228	3,532	32,853	273,689	345,655
Other	474,295	65,742	53,808	56,258	22,147	24,002	696,252	232,584	7,173	55,433	295,190	991,442	1,241,230
Total unrestricted operating expenses	5,108,019	7,008,112	4,978,583	1,236,017	1,845,794	1,276,243	21,452,768	4,308,046	372,152	2,748,416	7,428,614	28,881,382	30,509,961
Unrestricted fixed-asset expenses:													
Depreciation and amortization	480,225	202,129	70,542	25,775	5,349	245,539	1,029,559	185,206	46,480	102,456	334,142	1,363,701	1,227,134
Other	113,376	47,721	16,654	6,085	—	57,969	241,805	43,556	10,889	24,020	78,465	320,270	64,180
Total expenses	\$ 5,701,620	7,257,962	5,065,779	1,267,877	1,851,143	1,579,751	22,724,132	4,536,808	429,521	2,874,892	7,841,221	30,565,353	31,801,275

See accompanying independent auditors' report.

THE ASIA SOCIETY
Schedule of Functional Expenses
Year ended June 30, 2017

	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	2017 Total expenses
Unrestricted operating expenses:												
Salaries and wages	\$ 2,090,346	3,938,154	2,059,207	794,296	644,445	601,473	10,127,921	2,408,869	175,566	1,779,130	4,363,565	14,491,486
Benefits and payroll taxes	467,425	675,883	497,642	199,543	160,760	145,884	2,147,137	376,164	46,984	405,173	828,321	2,975,458
Total staff costs	2,557,771	4,614,037	2,556,849	993,839	805,205	747,357	12,275,058	2,785,033	222,550	2,184,303	5,191,886	17,466,944
Professional fees	823,219	763,968	1,053,825	232,552	232,538	45,967	3,152,069	591,091	138,523	257,527	987,141	4,139,210
Supplies and materials	190,210	97,163	63,116	6,085	105,791	19,154	481,519	94,557	22,792	132,833	250,182	731,701
Travel	328,045	594,878	783,193	8,166	67,065	7,550	1,788,897	89,676	5,513	250,695	345,884	2,134,781
Communications	139,670	54,924	43,382	45,023	15,823	2,932	301,754	61,616	9,958	28,669	100,243	401,997
Occupancy	340,941	195,455	65,222	11,973	64,478	114,073	792,142	125,773	26,382	57,178	209,333	1,001,475
Equipment rental and maintenance	144,608	50,328	19,138	11,128	3,594	55,864	284,660	240,980	8,212	107,105	356,297	640,957
Store inventory	—	—	—	—	—	361,514	361,514	—	—	—	—	361,514
Grants paid	—	25,000	1,220,525	—	280,260	—	1,525,785	—	—	—	—	1,525,785
Financing costs	182,826	76,953	26,856	9,813	—	93,479	389,927	72,492	17,559	38,734	128,785	518,712
Conferences, conventions, and meetings	7,848	131,841	174,323	290	801	244	315,347	27,859	1,251	1,198	30,308	345,655
Other	373,725	68,418	120,079	55,268	143,006	29,294	789,790	368,803	16,517	66,120	451,440	1,241,230
Total unrestricted operating expenses	5,088,863	6,672,965	6,126,508	1,374,137	1,718,561	1,477,428	22,458,462	4,457,880	469,257	3,124,362	8,051,499	30,509,961
Unrestricted fixed-asset expenses:												
Depreciation and amortization	431,739	181,721	63,419	23,172	5,650	220,748	926,449	166,619	41,843	92,223	300,685	1,227,134
Other	22,719	9,563	3,338	1,220	—	11,616	48,456	8,729	2,182	4,813	15,724	64,180
Total expenses	\$ 5,543,321	6,864,249	6,193,265	1,398,529	1,724,211	1,709,792	23,433,367	4,633,228	513,282	3,221,398	8,367,908	31,801,275

See accompanying independent auditors' report.