THE ASIA SOCIETY

Financial Statements and Schedules

June 30, 2015 and 2014

(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, 2015 and 2014, 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, 2015 and 2014, 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

October 26, 2015

THE ASIA SOCIETY

Balance Sheets

June 30, 2015 and 2014

Assets		**2015**	**2014**
Cash and cash equivalents	$	5,479,310	7,196,639
Contributions and grants receivable, net (note 2)		12,758,994	13,392,844
Prepaid expenses and other assets (note 5)		1,924,414	988,741
Investments (note 3)		69,923,325	73,104,336
Land, building, and equipment, net (notes 4 and 5)		22,817,497	23,613,453
Collection (note 1(e))			
Total assets	$	112,903,540	118,296,013
Liabilities and Net Assets			
Liabilities:			
Accounts payable, accrued expenses, and other liabilities (note 9)	$	3,884,060	3,353,133
Interest rate swap liability (note 5)		952,000	1,040,875
Loan payable (note 5)		16,510,000	17,305,000
Total liabilities		21,346,060	21,699,008
Net assets (deficit):			
Unrestricted:			
Available for operations		(2,592,322)	(2,609,813)
Designated for investment (note 10)		(1,072,805)	(350,144)
Invested in and designated for fixed assets		5,921,120	5,850,306
Total unrestricted		2,255,993	2,890,349
Temporarily restricted (notes 6 and 10)		38,755,024	43,160,193
Permanently restricted (notes 6 and 10)		50,546,463	50,546,463
Total net assets		91,557,480	96,597,005
Commitments and contingencies (notes 5 and 8)			
Total liabilities and net assets	$	112,903,540	118,296,013

See accompanying notes to financial statements.

THE ASIA SOCIETY

Statement of Activities

Year ended June 30, 2015
(with comparative summarized financial information for the year ended June 30, 2014)

	Available for operations	Designated for investment	Invested in and designated for fixed assets	Unrestricted total	Temporarily restricted	Permanently restricted	Total	2014 Total
Revenue, gains, and other support:								
Contributions and grants	$ 10,644,220	—	—	10,644,220	7,670,920	—	18,315,140	25,856,954
Membership	1,544,985	—	—	1,544,985	—	—	1,544,985	1,611,655
Special events, net of direct donor benefits of $750,910 in 2015	2,587,880	—	—	2,587,880	—	—	2,587,880	1,838,466
Program service fees and store sales	2,318,217	—	—	2,318,217	—	—	2,318,217	2,732,789
Investment return, net (note 3)	2,620,861	(757,721)	—	1,863,140	(1,168,413)	—	694,727	12,771,672
Miscellaneous	718,683	—	—	718,683	—	—	718,683	789,724
	20,434,846	(757,721)	—	19,677,125	6,502,507	—	26,179,632	45,601,260
Net assets released from restrictions	9,965,176	—	942,500	10,907,676	(10,907,676)	—	—	—
Total revenue, gains, and other support	30,400,022	(757,721)	942,500	30,584,801	(4,405,169)	—	26,179,632	45,601,260
Expenses:								
Program services:								
Arts and culture	6,139,004	—	422,943	6,561,947	—	—	6,561,947	6,589,499
Policy and business	5,746,986	—	178,019	5,925,005	—	—	5,925,005	4,570,717
Education	6,377,657	—	62,127	6,439,784	—	—	6,439,784	6,809,473
Communications	1,164,953	—	22,700	1,187,653	—	—	1,187,653	1,166,398
U.S. centers and Asian activities	1,768,508	—	6,163	1,774,671	—	—	1,774,671	1,257,470
Auxiliary services	1,526,787	—	216,251	1,743,038	—	—	1,743,038	1,753,317
Total program services	22,723,895	—	908,203	23,632,098	—	—	23,632,098	22,146,874
Supporting services:								
Management and general	4,045,328	—	163,308	4,208,636	—	—	4,208,636	3,989,911
Marketing	353,623	—	41,033	394,656	—	—	394,656	471,788
Fund-raising	2,982,213	—	90,429	3,072,642	—	—	3,072,642	3,016,285
Total supporting services	7,381,164	—	294,770	7,675,934	—	—	7,675,934	7,477,984
Total expenses	30,105,059	—	1,202,973	31,308,032	—	—	31,308,032	29,624,858
Increase (decrease) in net assets before other changes	294,963	(757,721)	(260,473)	(723,231)	(4,405,169)	—	(5,128,400)	15,976,402
Other changes:								
Change in fair value of interest rate swap (note 5)	—	—	88,875	88,875	—	—	88,875	109,473
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)	16,085,875
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	80,511,130
Net assets (deficit) at end of year	$ (2,592,322)	(1,072,805)	5,921,120	2,255,993	38,755,024	50,546,463	91,557,480	96,597,005

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2014

	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	$ 11,760,608	—	—	11,760,608	14,037,735	58,611	25,856,954
Membership	1,611,655	—	—	1,611,655	—	—	1,611,655
Special events, net of direct donor benefits of $503,243	1,838,466	—	—	1,838,466	—	—	1,838,466
Program service fees and store sales	2,732,789	—	—	2,732,789	—	—	2,732,789
Investment return, net (note 3)	2,628,051	4,530,162	—	7,158,213	5,613,459	—	12,771,672
Miscellaneous	789,724	—	—	789,724	—	—	789,724
	21,361,293	4,530,162	—	25,891,455	19,651,194	58,611	45,601,260
Net assets released from restrictions	7,309,469	—	768,750	8,078,219	(8,078,219)	—	—
Total revenue, gains, and other support	28,670,762	4,530,162	768,750	33,969,674	11,572,975	58,611	45,601,260
Expenses:							
Program services:							
Arts and culture	6,167,241	—	422,258	6,589,499	—	—	6,589,499
Policy and business	4,392,988	—	177,729	4,570,717	—	—	4,570,717
Education	6,747,446	—	62,027	6,809,473	—	—	6,809,473
Communications	1,143,734	—	22,664	1,166,398	—	—	1,166,398
U.S. centers and asian activities	1,251,729	—	5,741	1,257,470	—	—	1,257,470
Auxiliary services	1,537,418	—	215,899	1,753,317	—	—	1,753,317
Total program services	21,240,556	—	906,318	22,146,874	—	—	22,146,874
Supporting services:							
Management and general	3,826,922	—	162,989	3,989,911	—	—	3,989,911
Marketing	430,849	—	40,939	471,788	—	—	471,788
Fund-raising	2,926,058	—	90,227	3,016,285	—	—	3,016,285
Total supporting services	7,183,829	—	294,155	7,477,984	—	—	7,477,984
Total expenses	28,424,385	—	1,200,473	29,624,858	—	—	29,624,858
Increase (decrease) in net assets before other changes	246,377	4,530,162	(431,723)	4,344,816	11,572,975	58,611	15,976,402
Other changes:							
Change in fair value of interest rate swap (note 5)	—	—	109,473	109,473	—	—	109,473
Transfer for acquisition of fixed assets	(241,223)	—	241,223	—	—	—	—
Reclassification of net assets due to change in donor intent	—	—	—	—	100,000	(100,000)	—
Increase (decrease) in net assets	5,154	4,530,162	(81,027)	4,454,289	11,672,975	(41,389)	16,085,875
Net assets (deficit) at beginning of year	(2,614,967)	(4,880,306)	5,931,333	(1,563,940)	31,487,218	50,587,852	80,511,130
Net assets (deficit) at end of year	$ (2,609,813)	(350,144)	5,850,306	2,890,349	43,160,193	50,546,463	96,597,005

See accompanying notes to financial statements.

THE ASIA SOCIETY

Statements of Cash Flows

Years ended June 30, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
(Decrease) increase in net assets	$	(5,039,525)	16,085,875
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:			
Net realized and unrealized gains on investments		(216,828)	(12,337,813)
Change in fair value of interest rate swap		(88,875)	(109,473)
Depreciation and amortization		1,202,973	1,200,473
Contributions permanently restricted for endowment		—	(58,611)
Changes in operating assets and liabilities:			
Change in contributions and grants receivable, net of amounts classified as financing		543,850	(8,039,515)
Change in prepaid expenses and other assets		(949,665)	258,671
Change in accounts payable and accrued expenses		530,927	343,340
Net cash used in operating activities		(4,017,143)	(2,657,053)
Cash flows from investing activities:			
Proceeds from sales of investments		12,713,031	6,224,294
Investment purchases		(9,315,192)	(2,214,222)
Capital expenditures		(393,025)	(241,223)
Net cash provided by investing activities		3,004,814	3,768,849
Cash flows from financing activities:			
Loan principal payments		(795,000)	(760,000)
Cash contributions for endowment and capital projects		90,000	219,611
Net cash used in financing activities		(705,000)	(540,389)
Net (decrease) increase in cash and cash equivalents		(1,717,329)	571,407
Cash and cash equivalents at beginning of year		7,196,639	6,625,232
Cash and cash equivalents at end of year	$	5,479,310	7,196,639
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$	319,527	337,117

See accompanying notes to financial statements.

(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, and Sydney. 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.

(Continued)

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 $59,000 and $249,500 in 2015 and 2014, 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 $99,250 and $277,650 in 2015 and 2014, 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. Blanchette 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 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 2015 and 2014, art was acquired with donor-restricted funds at a cost of $120,023 and $336,620, 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, 2015 and 2014, 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 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. These estimated fair values, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

(l) Recently Issued Accounting Pronouncements

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 and prior year disclosures have been restated to conform to the new guidance.

(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, 2015 and 2014:

	2015	2014
Amounts expected to be collected in:		
Less than one year	$ 8,150,994	7,574,844
One to five years	5,260,000	6,690,000
Total	13,410,994	14,264,844
Less:		
Allowance for doubtful receivable	(342,000)	(462,000)
Discount to present value (at discount rates ranging from 2.16% to 5.12%)	(310,000)	(410,000)
	$ 12,758,994	13,392,844

Included in contributions receivable at June 30, 2015 and 2014 are pledges of approximately $1 million and $2.3 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 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, 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

Financial assets and liabilities, at fair value, consist of the following at June 30, 2014:

		Level 1	Investments at net asset value	Total
Cash and cash equivalents	$	812,168	—	812,168
Fixed income:				
Mutual funds		3,649,793	—	3,649,793
Domestic equities:				
Domestic equity securities		18,246,759	—	18,246,759
Domestic equity mutual funds		13,321,254	—	13,321,254
Total domestic equities		31,568,013	—	31,568,013
Global equities:				
Developed market equity securities		472,345	—	472,345
Developed market mutual fund		3,535,214	—	3,535,214
Developed market equity trust (a)		—	4,476,049	4,476,049
Emerging markets equities (including Asia) (b)		3,684,545	5,207,446	8,891,991
Total global equities		7,692,104	9,683,495	17,375,599
Hedge funds:				
Long/short funds (c) (d)		—	4,543,623	4,543,623
Absolute return funds (e)		—	10,736,440	10,736,440
Fund of funds (f)		—	2,039,625	2,039,625
Total hedge funds		—	17,319,688	17,319,688
Private equity (g)		—	2,379,075	2,379,075
Total investments	$	43,722,078	29,382,258	73,104,336

(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.

As of June 30, 2015, the Society had total investments with a fair value of $69,923,325; of that value, $65,247,162 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, 2015, the Society's investments can be redeemed or sold as follows:

		Investment fair values
Investment redemption or sale period:		
Daily	$	41,549,555
Monthly		7,383,450
Quarterly		7,379,048
Annually		8,935,109
Subject to rolling lock-ups		1,493,479
Illiquid		3,182,684
Total	$	69,923,325

The following summarizes investment return components for the years ended June 30, 2015 and 2014:

		2015	2014
Interest and dividends	$	824,046	774,349
Net realized gains		3,335,973	2,130,254
Net unrealized (losses) gains		(3,119,145)	10,207,559
Total net gains		216,828	12,337,813
Net investment gains		1,040,874	13,112,162
Less investment advisory fees		(346,147)	(340,490)
Investment return, net	$	694,727	12,771,672

(Continued)

(4) Land, Building, and Equipment

At June 30, 2015 and 2014, the cost and accumulated depreciation of land, building, and equipment were as follows:

		2015	2014
Land	$	2,032,010	2,032,010
Building and building improvements		38,433,789	38,334,974
Equipment and furniture		12,195,066	11,900,856
		52,660,865	52,267,840
Less accumulated depreciation		29,843,368	28,654,387
	$	22,817,497	23,613,453

(5) Loan Payable

On March 1, 2000, the Society entered into a loan agreement with the Trust for Cultural Resources of the City of New York (the Trust), primarily to provide long-term financing of the cost of renovating and refurbishing the Society's headquarters building at 725 Park Avenue.

In connection with the loan agreement, on April 14, 2000, the Trust issued $25,000,000 of Revenue Bonds, Series 2000 (the Bonds), due 2030, 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 principal of the loan was payable annually beginning April 1, 2002 in increasing amounts through April 1, 2030. The loan could be prepaid, without penalty, at any time. On July 1, 2015, the Society issued $16,795,000 of Revenue Bonds with Build NYC Resource Corporation, Series 2015 and entered into a term loan with a financial institution for $1,144,000 to refinance their existing debt.

The issuance costs associated with the Trust loan are being amortized over the term of the Bonds. The unamortized balance of $207,055 and $221,047 at June 30, 2015 and 2014, respectively, is included in prepaid expenses and other assets. In connection with the refinancing in fiscal 2016, the issuance costs will be written off as part of the loss on refinancing. Approximately $843,000 of costs incurred in fiscal 2015 related to the refinancing are included in prepaid expenses and other assets.

The Trust loan bore interest at a weekly rate, not to exceed 12.00% per annum. Interest was payable monthly. For the years ended June 30, 2015 and 2014, the interest rate varied from 0.01% to 0.15% and 0.04% to 0.13%, respectively, and at June 30, 2015 and 2014 was 0.09% and 0.07%, respectively. Interest expense for the years ended June 30, 2015 and 2014 was $8,501 and $12,353, respectively.

Minimum principal payments on the new debt are as follows:

		Bonds amount	Term loan amount	Total
2016	$	205,000	198,869	403,869
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 and thereafter		15,710,000	20,290	15,730,290
	$	16,795,000	1,144,000	17,939,000

In April 2008, the Society entered into an interest rate swap with an initial notional amount of $21,465,000. The swap is intended to convert the variable interest rate on the Bonds to a fixed rate of 3.10%. Because the swap is based on a LIBOR, while the interest rate on the Bonds is determined by a weekly auction, the actual effective interest rate may vary from the swap rate of 3.10%. The notional amount declined to 60.00% of the outstanding Bond principal in April 2013. As of June 30, 2015 and 2014, the total fair value of the swap agreement is a liability of $952,000 and $1,040,875, respectively. Net swap interest expense for the years ended June 30, 2015 and 2014 was $308,026 and $321,765, respectively. In connection with the Series 2015 bonds, on July 1, 2015, the Society terminated the interest rate swap at a settlement price of $952,000. 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%.

On January 12, 2011, the Society entered into a one-year line-of-credit agreement with a bank with a maximum line of $1,500,000. On January 10, 2014, that agreement was renewed for another one-year period to finance cash flow needs at an annualized interest rate is based on the variable interest rate. During the year ended June 30, 2014, there were no borrowings under the line of credit and no outstanding balance.

(6) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2015 and 2014 were available for the following purposes or periods:

	2015	2014
Arts and culture	$ 7,468,034	8,605,124
Policy and business	13,631,064	15,189,121
Education	7,014,872	6,466,331
U.S. centers and Asian activities	616,552	560,749
Art acquisitions	964,300	935,618
Building renovations	560,816	1,383,315
Multidisciplinary	642,732	715,558
Future strategic initiatives	6,449,511	8,607,090
Future periods	1,407,143	697,287
	$ 38,755,024	43,160,193

The investment income earned on the balances of permanently restricted net assets is restricted to the following uses at June 30, 2015 and 2014:

	2015	2014
Arts and culture	$ 15,496,924	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
	$ 50,546,463	50,546,463

(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, 2015 and 2014 was approximately $428,000 and $442,000, respectively.

(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 $200,274 and $191,777 in fiscal years 2015 and 2014, respectively. Future minimum lease payments under noncancelable operating leases with remaining lease terms in excess of one year are as follows:

		Amount
Year ending June 30:		
2016	$	209,371
2017		142,471
2018		92,442
2019		76,188
	$	520,472

(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 $116,492 and $99,676 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, the Society owed the affiliated offices $241,913 and $90,539, 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 39 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.

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 5.0% and 5.2% of the preceding 36-month average fair value of the portfolio for fiscal years 2015 and 2014, respectively. In fiscal years 2015 and 2014, the following amount and rates were allocated in accordance with this policy:

		2015	2014
Investment income allocated to:			
Unrestricted net assets for operations	$	996,387	850,985
Temporarily restricted net assets		1,628,269	1,772,656
	$	2,624,656	2,623,641
Representing a spending rate of		5.0%	5.2%

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 2016 is $2,702,321.

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 $1,591,467 and $825,002 as of June 30, 2015 and 2014, 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 $177,998, consist of the following as of June 30, 2015:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (1,591,467)	6,305,219	50,368,465	55,082,218
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	(160,199)	560,817	—	400,617
Total endowment net assets	$ (1,357,865)	12,065,288	50,368,465	61,075,888

Endowment net assets, exclusive of pledge receivables of $267,998, consist of the following as of June 30, 2014:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ (825,002)	6,916,867	50,278,465	56,370,330
Long-term temporarily restricted funds	—	1,040,058	—	1,040,058
Term endowment funds	—	4,254,450	—	4,254,450
Board-designated endowment	401,006	—	—	401,006
Building fund	(176,148)	1,363,317	—	1,187,169
Total endowment net assets	$ (600,144)	13,574,692	50,278,465	63,253,013

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

		Unrestricted	Temporarily restricted	Permanently restricted	Total
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	$	(1,357,865)	12,065,288	50,368,465	61,075,888

Changes in endowment net assets for the year ended June 30, 2014 are as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2013	$	(5,130,306)	10,778,436	50,058,854	55,706,984
Investment return:					
Interest and dividend income		323,577	330,372	—	653,949
Net appreciation in fair value		5,171,851	5,123,972	—	10,295,823
Management fees		(114,281)	(116,682)	—	(230,963)
Total investment return, net		5,381,147	5,337,662	—	10,718,809
Contributions cash basis		—	—	219,611	219,611
Appropriation of endowment assets for expenditure		(850,985)	(1,772,656)	—	(2,623,641)
Net asset release of building funds		—	(768,750)	—	(768,750)
Endowment net assets, June 30, 2014	$	(600,144)	13,574,692	50,278,465	63,253,013

(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, 2015 and through October 26, 2015, 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.

Schedule 1

THE ASIA SOCIETY

Schedule of Functional Expenses

Year ended June 30, 2015
(with comparative summarized financial information for the year ended June 30, 2014)

	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	2014 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	11,698,855
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	2,277,964
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	13,976,819
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	4,036,682
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	745,701
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	2,411,306
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	789,499
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	1,068,935
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	606,797
Store inventory	—	—	—	—	—	354,703	354,703	—	—	—	—	354,703	420,566
Grants paid	85,000	34,000	1,609,846	—	443,925	—	2,172,771	—	—	—	—	2,172,771	1,811,429
Financing costs	228,373	96,123	33,546	12,257	—	116,767	487,066	87,737	21,934	48,384	158,055	645,121	650,195
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	445,636
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	1,460,820
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	28,424,385
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	1,200,473
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	29,624,858

See accompanying independent auditors' report.

THE ASIA SOCIETY

Schedule of Functional Expenses

Year ended June 30, 2014

	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	Total expenses
Unrestricted operating expenses:												
Salaries and wages	$ 1,924,633	2,026,070	1,971,844	709,021	491,595	560,680	7,683,843	2,043,657	229,127	1,742,228	4,015,012	11,698,855
Benefits and payroll taxes	365,585	454,144	429,916	160,963	121,723	111,894	1,644,225	242,908	50,738	340,093	633,739	2,277,964
Total staff costs	2,290,218	2,480,214	2,401,760	869,984	613,318	672,574	9,328,068	2,286,565	279,865	2,082,321	4,648,751	13,976,819
Professional fees	810,060	813,704	1,220,798	96,401	255,009	34,865	3,230,837	565,242	44,761	195,842	805,845	4,036,682
Supplies and materials	148,475	147,396	23,932	4,894	61,831	44,007	430,535	68,414	20,796	225,956	315,166	745,701
Travel	622,309	377,863	1,089,851	12,882	94,062	7,703	2,204,670	122,247	6,977	77,412	206,636	2,411,306
Communications	470,575	51,897	74,413	60,272	12,086	2,679	671,922	73,763	7,768	36,046	117,577	789,499
Occupancy	375,195	187,183	67,376	15,296	44,151	145,718	834,919	136,083	30,766	67,167	234,016	1,068,935
Equipment rental and maintenance	154,115	56,521	16,868	6,175	1,623	66,975	302,277	210,589	8,480	85,451	304,520	606,797
Store inventory	—	—	—	—	—	420,566	420,566	—	—	—	—	420,566
Grants paid	224,000	37,294	1,415,585	—	134,550	—	1,811,429	—	—	—	—	1,811,429
Financing costs	230,169	96,879	33,810	12,354	—	117,685	490,897	88,426	22,107	48,765	159,298	650,195
Conferences, conventions, and meetings	68,017	53,047	313,226	560	805	530	436,185	5,435	1,129	2,887	9,451	445,636
Other	774,108	90,990	89,827	64,916	34,294	24,116	1,078,251	270,158	8,200	104,211	382,569	1,460,820
Total unrestricted operating expenses	6,167,241	4,392,988	6,747,446	1,143,734	1,251,729	1,537,418	21,240,556	3,826,922	430,849	2,926,058	7,183,829	28,424,385
Unrestricted fixed-asset expenses:												
Depreciation and amortization	422,258	177,729	62,027	22,664	5,741	215,899	906,318	162,989	40,939	90,227	294,155	1,200,473
Total expenses	$ 6,589,499	4,570,717	6,809,473	1,166,398	1,257,470	1,753,317	22,146,874	3,989,911	471,788	3,016,285	7,477,984	29,624,858

See accompanying independent auditors' report.