



THE ASIA SOCIETY

Financial Statements and Schedule

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

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, 2013 and 2012, 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, 2013 and 2012, 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 audit was 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 are 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 15, 2013

THE ASIA SOCIETY

Balance Sheets

June 30, 2013 and 2012

Assets	2013	2012
Cash and cash equivalents	\$ 6,625,232	4,185,226
Contributions and grants receivable, net (note 2)	5,514,329	7,777,117
Prepaid expenses and other assets (note 5)	1,261,403	1,503,341
Investments (note 3)	64,776,595	59,308,252
Land, building, and equipment (notes 4 and 5)	24,558,712	25,529,088
Collection (note 1(e))		
Total assets	<u>\$ 102,736,271</u>	<u>98,303,024</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accrued expenses, and other liabilities (note 9)	\$ 3,009,793	3,845,692
Interest rate swap liability (notes 3 and 5)	1,150,348	1,882,630
Loan payable (note 5)	18,065,000	18,800,000
Total liabilities	<u>22,225,141</u>	<u>24,528,322</u>
Net assets (deficit):		
Unrestricted:		
Available for operations	(2,614,967)	(2,620,274)
Designated for investment (note 10)	(4,880,306)	(8,715,526)
Invested in and designated for fixed assets	5,931,333	5,442,170
Total unrestricted	<u>(1,563,940)</u>	<u>(5,893,630)</u>
Temporarily restricted (notes 6 and 10)	31,487,218	28,388,540
Permanently restricted (notes 6 and 10)	50,587,852	51,279,792
Total net assets	<u>80,511,130</u>	<u>73,774,702</u>
Commitments and contingencies (notes 5 and 8)		
Total liabilities and net assets	<u>\$ 102,736,271</u>	<u>98,303,024</u>

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2013

(with comparative summarized financial information for the year ended June 30, 2012)

	<u>Available for operations</u>	<u>Designated for investment</u>	<u>Invested in and designated for fixed assets</u>	<u>Unrestricted total</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>	<u>2012 Total</u>
Revenue, gains, and other support:								
Contributions and grants	\$ 10,646,604	—	—	10,646,604	6,811,712	398,040	17,856,356	14,098,863
Membership	1,920,847	—	—	1,920,847	—	—	1,920,847	1,863,097
Special events, net of direct donor benefits of \$563,518	2,138,455	—	—	2,138,455	—	—	2,138,455	1,910,885
Program service fees and store sales	3,125,099	—	—	3,125,099	—	—	3,125,099	4,078,163
Investment return, net (note 3)	2,837,351	3,555,662	—	6,393,013	2,745,894	—	9,138,907	(1,824,995)
Miscellaneous	609,135	—	—	609,135	—	—	609,135	584,358
	<u>21,277,491</u>	<u>3,555,662</u>	<u>—</u>	<u>24,833,153</u>	<u>9,557,606</u>	<u>398,040</u>	<u>34,788,799</u>	<u>20,710,371</u>
Net assets released from restrictions	6,560,546	—	958,804	7,519,350	(7,519,350)	—	—	—
Total revenue, gains, and other support	<u>27,838,037</u>	<u>3,555,662</u>	<u>958,804</u>	<u>32,352,503</u>	<u>2,038,256</u>	<u>398,040</u>	<u>34,788,799</u>	<u>20,710,371</u>
Expenses:								
Program services:								
Cultural programs	4,856,553	—	423,772	5,280,325	—	—	5,280,325	6,611,250
Policy and business	3,762,490	—	178,368	3,940,858	—	—	3,940,858	4,224,590
Education and Leadership	7,775,425	—	62,248	7,837,673	—	—	7,837,673	8,539,304
Communications	757,344	—	22,745	780,089	—	—	780,089	754,447
U.S. regional centers	838,032	—	3,622	841,654	—	—	841,654	664,762
Asian activities	404,417	—	—	404,417	—	—	404,417	519,200
Auxiliary services	1,537,337	—	216,674	1,754,011	—	—	1,754,011	1,966,371
Total program services	<u>19,931,598</u>	<u>—</u>	<u>907,429</u>	<u>20,839,027</u>	<u>—</u>	<u>—</u>	<u>20,839,027</u>	<u>23,279,924</u>
Supporting services:								
Management and general	4,305,908	—	163,287	4,469,195	—	—	4,469,195	3,823,919
Marketing	707,473	—	40,943	748,416	—	—	748,416	759,951
Fund-raising	2,637,751	—	90,264	2,728,015	—	—	2,728,015	2,898,312
Total supporting services	<u>7,651,132</u>	<u>—</u>	<u>294,494</u>	<u>7,945,626</u>	<u>—</u>	<u>—</u>	<u>7,945,626</u>	<u>7,482,182</u>
Total expenses	<u>27,582,730</u>	<u>—</u>	<u>1,201,923</u>	<u>28,784,653</u>	<u>—</u>	<u>—</u>	<u>28,784,653</u>	<u>30,762,106</u>
Increase (decrease) in net assets before other changes	255,307	3,555,662	(243,119)	3,567,850	2,038,256	398,040	6,004,146	(10,051,735)
Other changes:								
Change in fair value of interest rate swap (note 5)	—	—	732,282	732,282	—	—	732,282	(545,739)
Transfer of net assets	(250,000)	250,000	—	—	—	—	—	—
Reclassification of net assets due to change in donor intent	—	29,558	—	29,558	1,060,422	(1,089,980)	—	—
Increase (decrease) in net assets	5,307	3,835,220	489,163	4,329,690	3,098,678	(691,940)	6,736,428	(10,597,474)
Net (deficit) assets at beginning of year	<u>(2,620,274)</u>	<u>(8,715,526)</u>	<u>5,442,170</u>	<u>(5,893,630)</u>	<u>28,388,540</u>	<u>51,279,792</u>	<u>73,774,702</u>	<u>84,372,176</u>
Net (deficit) assets at end of year	<u>\$ (2,614,967)</u>	<u>(4,880,306)</u>	<u>5,931,333</u>	<u>(1,563,940)</u>	<u>31,487,218</u>	<u>50,587,852</u>	<u>80,511,130</u>	<u>73,774,702</u>

See accompanying notes to financial statements.

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Statement of Activities
Year ended June 30, 2012

	Available for operations	Designated for investment	Invested in and designated for fixed assets	Unrestricted total	Temporarily restricted	Permanently restricted	Total
Revenue, gains, and other support:							
Contributions and grants	\$ 10,659,984	—	—	10,659,984	3,438,879	—	14,098,863
Membership	1,863,097	—	—	1,863,097	—	—	1,863,097
Special events, net of direct donor benefits of \$708,601	1,910,885	—	—	1,910,885	—	—	1,910,885
Program service fees and store sales	4,078,163	—	—	4,078,163	—	—	4,078,163
Investment return, net (note 3)	2,907,639	(2,708,125)	—	199,514	(2,024,509)	—	(1,824,995)
Miscellaneous	584,358	—	—	584,358	—	—	584,358
	<u>22,004,126</u>	<u>(2,708,125)</u>	<u>—</u>	<u>19,296,001</u>	<u>1,414,370</u>	<u>—</u>	<u>20,710,371</u>
Net assets released from restrictions	7,329,440	—	969,244	8,298,684	(8,298,684)	—	—
Total revenue, gains, and other support	<u>29,333,566</u>	<u>(2,708,125)</u>	<u>969,244</u>	<u>27,594,685</u>	<u>(6,884,314)</u>	<u>—</u>	<u>20,710,371</u>
Expenses:							
Program services:							
Cultural programs	6,105,740	—	505,510	6,611,250	—	—	6,611,250
Policy and business	4,011,819	—	212,771	4,224,590	—	—	4,224,590
Education and leadership	8,465,048	—	74,256	8,539,304	—	—	8,539,304
Communications	727,315	—	27,132	754,447	—	—	754,447
U.S. regional centers	663,557	—	1,205	664,762	—	—	664,762
Asian activities	519,200	—	—	519,200	—	—	519,200
Auxiliary services	1,707,904	—	258,467	1,966,371	—	—	1,966,371
Total program services	<u>22,200,583</u>	<u>—</u>	<u>1,079,341</u>	<u>23,279,924</u>	<u>—</u>	<u>—</u>	<u>23,279,924</u>
Supporting services:							
Management and general	3,629,551	—	194,368	3,823,919	—	—	3,823,919
Marketing	711,319	—	48,632	759,951	—	—	759,951
Fund-raising	2,791,052	—	107,260	2,898,312	—	—	2,898,312
Total supporting services	<u>7,131,922</u>	<u>—</u>	<u>350,260</u>	<u>7,482,182</u>	<u>—</u>	<u>—</u>	<u>7,482,182</u>
Total expenses	<u>29,332,505</u>	<u>—</u>	<u>1,429,601</u>	<u>30,762,106</u>	<u>—</u>	<u>—</u>	<u>30,762,106</u>
Increase (decrease) in net assets before other changes	1,061	(2,708,125)	(460,357)	(3,167,421)	(6,884,314)	—	(10,051,735)
Other changes:							
Change in fair value of interest rate swap (note 5)	—	—	(545,739)	(545,739)	—	—	(545,739)
Reclassification of net assets	—	(44,295)	—	(44,295)	—	44,295	—
Increase (decrease) in net assets	1,061	(2,752,420)	(1,006,096)	(3,757,455)	(6,884,314)	44,295	(10,597,474)
Net (deficit) assets at beginning of year	(2,621,335)	(5,963,106)	6,448,266	(2,136,175)	35,272,854	51,235,497	84,372,176
Net (deficit) assets at end of year	<u>\$ (2,620,274)</u>	<u>(8,715,526)</u>	<u>5,442,170</u>	<u>(5,893,630)</u>	<u>28,388,540</u>	<u>51,279,792</u>	<u>73,774,702</u>

See accompanying notes to financial statements.

THE ASIA SOCIETY

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 6,736,428	(10,597,474)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gains) losses on investments	(8,575,983)	2,102,116
Change in fair value of interest rate swap	(732,282)	545,739
Depreciation and amortization	1,201,923	1,429,601
Change in contributions and grants receivable, net of amounts classified as financing	2,341,788	2,079,748
Change in prepaid expenses and other assets	227,946	(255,234)
Change in accounts payable and accrued expenses	(835,899)	1,324,585
Net cash provided by (used in) operating activities	363,921	(3,370,919)
Cash flows from investing activities:		
Proceeds from sales of investments	8,250,309	11,227,068
Investment purchases	(5,142,669)	(6,732,350)
Capital expenditures	(217,555)	(256,743)
Net cash provided by investing activities	2,890,085	4,237,975
Cash flows from financing activities:		
Loan principal payments	(735,000)	(705,000)
Borrowings under line of credit	1,500,000	2,700,000
Repayments of line of credit	(1,500,000)	(2,700,000)
(Increase) decrease in contributions and grants receivable related to permanently restricted contributions and contributions restricted for capital projects	(79,000)	50,000
Net cash used in financing activities	(814,000)	(655,000)
Net increase in cash and cash equivalents	2,440,006	212,056
Cash and cash equivalents at beginning of year	4,185,226	3,973,170
Cash and cash equivalents at end of year	\$ 6,625,232	4,185,226
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 533,307	605,667

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2013 and 2012

(1) Organization and Summary of Significant Accounting Policies

Organization

The Asia Society (the Society) is a New York not-for-profit company chartered by State Education Department of New York. It was founded in 1956 by John D. Rockefeller III. 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, Sydney, Mumbai, and Seoul. 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.

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.

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Notes to Financial Statements

June 30, 2013 and 2012

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). These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. 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 \$129,453 and \$31,450 in 2013 and 2012, 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 \$85,950 and \$11,150 in 2013 and 2012, respectively, which is included in special events revenue in the statements of activities.

(e) Collection Items

The Asia Society Museum Collection is noted for both its large number of 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

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Mrs. Blanchette Rockefeller, a few notable works by 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 2013, no art was acquired with donor-restricted funds. During 2012, art was acquired with donor-restricted funds at a cost of \$150,000. This expenditure was included in cultural programs expenses in the statement 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, 2013 and 2012, 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

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June 30, 2013 and 2012

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 those 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. In addition, because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Society's interest therein, its classification in Level 2 or 3 is based on the Society's ability to redeem its interest at or near the date of the balance sheet. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment underlying assets and liabilities.

(l) Reclassifications

Certain reclassifications have been made to the June 30, 2012 financial statement information to conform to the June 30, 2013 financial statement presentation. There is no impact on the previously reported change in net assets of the Society.

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Notes to Financial Statements

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(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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Amounts expected to be collected in:		
Less than one year	\$ 4,665,329	6,429,638
One to five years	<u>1,260,000</u>	<u>1,656,479</u>
Total	5,925,329	8,086,117
Less:		
Allowance for doubtful receivable	(326,000)	(199,000)
Discount to present value (at discount rates ranging from 1.86% to 5.12%)	<u>(85,000)</u>	<u>(110,000)</u>
	<u>\$ 5,514,329</u>	<u>7,777,117</u>

Included in contributions receivable are pledges of approximately \$1.2 million from one donor and \$3.3 million from two donors at June 30, 2013 and 2012, 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, 2013 and 2012

Financial assets and liabilities, at fair value, consist of the following at June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,111,935	—	—	1,111,935
Fixed income:				
Mutual funds	3,459,805	—	—	3,459,805
Domestic equities:				
Domestic equity securities	15,207,266	—	—	15,207,266
Domestic equity mutual funds	12,467,292	—	—	12,467,292
Total domestic equities	<u>27,674,558</u>	<u>—</u>	<u>—</u>	<u>27,674,558</u>
Global equities:				
Developed market equity securities	494,020	—	—	494,020
Developed market mutual fund	2,733,876	—	—	2,733,876
Developed market equity trust (a)	—	4,025,226	—	4,025,226
Emerging markets equities (including Asia) (b)	3,162,640	4,621,245	—	7,783,885
Total global equities	<u>6,390,536</u>	<u>8,646,471</u>	<u>—</u>	<u>15,037,007</u>
Hedge funds:				
Long/short funds (c) (d)	—	2,580,538	1,385,926	3,966,464
Absolute return funds (e)	—	3,983,493	5,999,240	9,982,733
Fund of funds (f)	—	—	1,850,275	1,850,275
Total hedge funds	<u>—</u>	<u>6,564,031</u>	<u>9,235,441</u>	<u>15,799,472</u>
Private equity (g)	<u>—</u>	<u>—</u>	1,693,818	1,693,818
Total investments	<u>\$ 38,636,834</u>	<u>15,210,502</u>	<u>10,929,259</u>	<u>64,776,595</u>
Interest rate swap liability	\$ —	1,150,348	—	1,150,348

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Notes to Financial Statements

June 30, 2013 and 2012

Financial assets and liabilities, at fair value, consist of the following at June 30, 2012:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,111,673	—	—	1,111,673
Fixed income:				
Mutual funds	4,398,181	—	—	4,398,181
Domestic equities:				
Domestic equity securities	13,138,015	—	—	13,138,015
Domestic equity mutual funds	11,996,277	—	—	11,996,277
Total domestic equities	25,134,292	—	—	25,134,292
Global equities:				
Developed market equity securities	413,336	—	—	413,336
Developed market mutual fund	2,379,257	—	—	2,379,257
Developed market equity trust (a)	—	3,179,077	—	3,179,077
Emerging markets equities (including Asia) (b)	3,104,741	4,374,731	—	7,479,472
Total global equities	5,897,334	7,553,808	—	13,451,142
Hedge funds:				
Long/short funds (c) (d)	—	2,409,675	1,320,023	3,729,698
Absolute return funds (e)	—	4,028,876	5,792,647	9,821,523
Fund of funds (f)	—	—	1,661,743	1,661,743
Total hedge funds	—	6,438,551	8,774,413	15,212,964
Total investments	\$ 36,541,480	13,992,359	8,774,413	59,308,252
Interest rate swap liability	\$ —	1,882,630	—	1,882,630

- (a) Invested in international equity securities.
- (b) Invested in international equity securities and debt securities.
- (c) Level 2 funds are primarily invested in U.S. publicly traded securities.
- (d) Level 3 funds 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.

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Notes to Financial Statements

June 30, 2013 and 2012

The following table presents the Society's activity for 2013 and 2012 for the investments classified as Level 3 within the fair value hierarchy.

	2013				
	<u>Long/short funds</u>	<u>Absolute return funds</u>	<u>Fund of funds</u>	<u>Private equity</u>	<u>Total</u>
Fair value as of beginning of year	\$ 1,320,023	5,792,647	1,661,743	—	8,774,413
Dispositions	(60,675)	(600,000)	—	—	(660,675)
Acquisitions	—	—	—	1,550,000	1,550,000
Net appreciation in fair value of investments	126,578	806,593	188,532	143,818	1,265,521
Fair value as of end of the year	<u>\$ 1,385,926</u>	<u>5,999,240</u>	<u>1,850,275</u>	<u>1,693,818</u>	<u>10,929,259</u>

	2012			
	<u>Long/short funds</u>	<u>Long/short funds</u>	<u>Long/short funds</u>	<u>Long/short funds</u>
Fair value as of beginning of year	\$ 1,611,517	5,682,350	1,658,055	8,951,922
Dispositions	(138,000)	—	—	(138,000)
Net appreciation (depreciation) in fair value of investments	(153,494)	110,297	3,688	(39,509)
Fair value as of end of the year	<u>\$ 1,320,023</u>	<u>5,792,647</u>	<u>1,661,743</u>	<u>8,774,413</u>

As of June 30, 2013, the Society had total investments with a fair value of \$64,776,595; of that value, \$61,181,168 can be redeemed in fiscal year 2014. The remainder represents investments that have an initial lock-up period that extends beyond June 30, 2013 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, 2013, the Society's investments can be redeemed or sold as follows:

	<u>Investment fair values</u>	<u>Level 3</u>
Investment redemption or sale period:		
Daily	\$ 38,636,834	—
Semimonthly	2,225,222	—
Monthly	6,421,249	—
Quarterly	6,564,031	—
Annually	7,333,832	7,333,832
Subject to rolling lock-ups	1,143,335	1,143,335
Illiquid	2,452,092	2,452,092
Total	<u>\$ 64,776,595</u>	<u>10,929,259</u>

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Notes to Financial Statements
June 30, 2013 and 2012

The following summarizes investment return components for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 750,662	633,695
Net realized gains	2,486,659	1,528,860
Net unrealized gains (losses)	6,089,324	(3,630,976)
Total net gains (losses)	<u>8,575,983</u>	<u>(2,102,116)</u>
Net investment gains (losses)	9,326,645	(1,468,421)
Less investment advisory fees	<u>(187,738)</u>	<u>(356,574)</u>
Investment return, net	<u>\$ 9,138,907</u>	<u>(1,824,995)</u>

Investment returns are included in the statements of activities as follows for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Investment return:		
Operating:		
Investment earnings utilized in operations	\$ 2,837,351	2,907,639
Nonoperating activities:		
Investment return, net of amounts used in operations	3,555,662	(2,708,125)
Changes in temporarily restricted net assets:		
Investment return	<u>2,745,894</u>	<u>(2,024,509)</u>
Investment return, net	<u>\$ 9,138,907</u>	<u>(1,824,995)</u>

(4) Land, Building, and Equipment

At June 30, 2013 and 2012, the cost and accumulated depreciation of land, building, and equipment were as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 2,032,010	2,032,010
Building and building improvements	38,334,974	38,334,974
Equipment and furniture	11,659,633	11,442,078
	<u>52,026,617</u>	<u>51,809,062</u>
Less accumulated depreciation	<u>27,467,905</u>	<u>26,279,974</u>
	<u>\$ 24,558,712</u>	<u>25,529,088</u>

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Notes to Financial Statements

June 30, 2013 and 2012

(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 is payable annually beginning April 1, 2002 in increasing amounts through April 1, 2030. The loan can be prepaid, without penalty, at any time. Minimum principal payments are as follows:

	<u>Amount</u>
Year ending June 30:	
2014	\$ 760,000
2015	795,000
2016	825,000
2017	860,000
2018	890,000
2019 and thereafter	<u>13,935,000</u>
	<u>\$ 18,065,000</u>

The issuance costs associated with the Bonds are being amortized over the term of the Bonds. The unamortized balance of \$235,038 and \$249,030 at June 30, 2013 and 2012, respectively, is included in prepaid expenses and other assets.

The Bonds bear interest at a weekly rate, not to exceed 12.00% per annum. Interest is payable monthly. For the years ended June 30, 2013 and 2012, the interest rate varied from 0.08% to 0.24% and 0.04% to 0.25%, respectively, and at June 30, 2013 and 2012 was 0.10% and 0.18%, respectively. Interest expense for the years ended June 30, 2013 and 2012 was \$26,554 and \$26,243, 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 April 13, 2014, which may be extended indefinitely. In accordance with the L/C Agreement, the Society is required to meet certain reporting, insurance, and financial covenants. As of June 30, 2013, the Society is in compliance with all covenants.

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. It will decline to 40.00% in April 2018, and

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June 30, 2013 and 2012

expires in March 2023. As of June 30, 2013 and 2012, the total fair value of the swap agreement is a liability of \$1,150,348 and \$1,882,630, respectively. Net swap interest expense for the years ended June 30, 2013 and 2012 was \$498,264 and \$569,518, respectively.

The interest rate swap agreement requires that collateral be posted if the Society's liability in the swap exceeds a threshold of \$1,700,000. During 2013, the Society was not required to post collateral. During 2012, the Society was required to post a total of \$350,000 of collateral, \$150,000 of which had been returned to the Society at June 30, 2012, and \$200,000 of which was returned to the Society by June 30, 2013.

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 9, 2013, that agreement was renewed for another one-year period to finance cash flow needs at an annualized interest rate of 1.40% to 1.43%. All borrowings under the line of credit were repaid by June 30, 2013.

(6) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2013 and 2012 were available for the following purposes or periods:

	<u>2013</u>	<u>2012</u>
Education and leadership	\$ 6,272,929	6,038,456
Building renovations	2,152,066	3,904,321
Cultural programs	6,209,310	4,015,728
Policy and business	14,653,527	12,780,637
New media	15,903	57,452
Art acquisitions	1,499,561	1,330,692
U.S. centers	295,749	155,749
Future periods	388,173	105,505
	<u>\$ 31,487,218</u>	<u>28,388,540</u>

The investment income earned on the balances of permanently restricted net assets is restricted to the following uses at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Permanent collection	\$ 7,100,000	7,100,000
Cultural programs	15,496,924	16,586,904
Policy and business	19,586,916	19,586,916
Education and leadership	1,642,000	1,642,000
Art acquisitions	650,000	650,000
Country funds (a)	1,822,167	1,993,167
Internship funds	2,480,000	2,480,000
Unrestricted	1,809,845	1,240,805
	<u>\$ 50,587,852</u>	<u>51,279,792</u>

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Notes to Financial Statements

June 30, 2013 and 2012

- (a) Comprised of four separate funds to support programming of any discipline of the Society related to four Asian countries.

(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, 2013 and 2012 was approximately \$409,000 and \$339,000, 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 \$199,573 and \$183,604 in fiscal years 2013 and 2012, 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:	
2014	\$ 187,877
2015	173,279
2016	103,560
2017	89,188
2018	74,374
2019 and thereafter	<u>76,188</u>
	<u>\$ 704,466</u>

(9) Related-Party Transactions

The affiliated offices, described in note 1, pay the Society an annual participation fee in accordance with a Global Operating Agreement. The Society has recognized participation fee revenue of \$97,609 and \$75,864 for the years ended June 30, 2013 and 2012, 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, 2013 and 2012, the Society owed the affiliated offices \$379,141 and \$565,982, 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.

In 2006, the Uniform Law Commission approved the model act, Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline to states to use in enacting legislation.

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Notes to Financial Statements

June 30, 2013 and 2012

Among UPMIFA's most significant changes is the elimination of the Uniform Management of Institutional Funds Act (UMIFA) important concept of historic dollar value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

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).

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Notes to Financial Statements

June 30, 2013 and 2012

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 5.7% and 6.0% of the preceding 36-month average fair value of the portfolio for fiscal years 2013 and 2012, respectively. In fiscal years 2013 and 2012, the following amount and rates were allocated in accordance with this policy:

	<u>2013</u>	<u>2012</u>
Investment income allocated to:		
Unrestricted net assets for operations	\$ 1,817,968	1,914,328
Temporarily restricted net assets	<u>1,009,700</u>	<u>990,821</u>
	<u>\$ 2,827,668</u>	<u>2,905,149</u>
Representing a spending rate of	5.7%	6.0%

Furthermore, the policy of the Society is that the appropriated spending should not exceed 6.0% or be less than 4.5% of the 12-month average value through the fiscal year proceeding the fiscal year in which the distribution is planned. The approved appropriation of endowment assets for expenditure in fiscal 2014 is \$2,623,641.

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 \$5,017,481 and \$8,134,853 as of June 30, 2013 and 2012, 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 \$528,998, consist of the following as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (4,730,497)	3,738,834	50,058,854	49,067,191
Long-term temporarily restricted funds	—	907,535	—	907,535
Term endowment funds	(286,984)	4,000,000	—	3,713,016
Board-designated endowment	349,930	—	—	349,930
Building fund	<u>(462,755)</u>	<u>2,132,067</u>	<u>—</u>	<u>1,669,312</u>
Total endowment net assets	<u>\$ (5,130,306)</u>	<u>10,778,436</u>	<u>50,058,854</u>	<u>55,706,984</u>

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Notes to Financial Statements

June 30, 2013 and 2012

Endowment net assets, exclusive of pledge receivables of \$449,998, consist of the following as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (7,588,221)	2,292,206	50,829,794	45,533,779
Long-term temporarily restricted funds	(41,699)	880,800	—	839,101
Term endowment funds	(564,625)	4,000,000	—	3,435,375
Board-designated endowment	323,523	—	—	323,523
Building fund	(844,504)	3,884,322	—	3,039,818
Total endowment net assets	<u>\$ (8,715,526)</u>	<u>11,057,328</u>	<u>50,829,794</u>	<u>53,171,596</u>

Changes in endowment net assets for the year ended June 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2012	\$ (8,715,526)	11,057,328	50,829,794	53,171,596
Investment return:				
Interest and dividend income	440,780	204,017	—	644,797
Net appreciation in fair value	5,029,428	2,327,897	—	7,357,325
Management fees	(96,578)	(44,702)	—	(141,280)
Total investment return, net	5,373,630	2,487,212	—	7,860,842
Contributions cash basis	—	—	319,040	319,040
Appropriation of endowment assets for expenditure	(1,817,968)	(1,009,700)	—	(2,827,668)
Net asset release of building funds	—	(1,752,256)	—	(1,752,256)
Reclassification of net assets due to change in donor intent	29,558	(4,148)	(1,089,980)	(1,064,570)
Endowment net assets, June 30, 2013	<u>\$ (5,130,306)</u>	<u>10,778,436</u>	<u>50,058,854</u>	<u>55,706,984</u>

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Notes to Financial Statements

June 30, 2013 and 2012

Changes in endowment net assets for the year ended June 30, 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2011	\$ (5,963,107)	14,158,425	50,735,499	58,930,817
Investment return:				
Interest and dividend income	350,002	188,077	—	538,079
Net depreciation in fair value	(972,040)	(757,599)	—	(1,729,639)
Management fees	(171,758)	(92,296)	—	(264,054)
Total investment return, net	(793,796)	(661,818)	—	(1,455,614)
Contributions cash basis	—	—	50,000	50,000
Appropriation of endowment assets for expenditure	(1,914,328)	(990,821)	—	(2,905,149)
Net asset release of building funds	—	(1,448,458)	—	(1,448,458)
Reclassification of net assets	(44,295)	—	44,295	—
Endowment net assets, June 30, 2012	<u>\$ (8,715,526)</u>	<u>11,057,328</u>	<u>50,829,794</u>	<u>53,171,596</u>

(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, 2013 and through November 15, 2013, 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.

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Schedule of Functional Expenses

Year ended June 30, 2013

(with comparative summarized financial information for the year ended June 30, 2012)

	Cultural programs	Policy and business	Education and Leadership	Communications	U.S. regional centers	Asian activities	Auxiliary services	Total program services	Management and general	Marketing	Fund-raising	Total supporting services	2013 Total expenses	2012 Total expenses
Unrestricted operating expenses:														
Salaries and wages	\$ 1,746,346	1,799,397	1,766,054	459,458	396,489	43,311	557,418	6,768,473	1,771,170	395,993	1,491,651	3,658,814	10,427,287	10,217,545
Benefits and payroll taxes	378,903	418,751	415,006	112,598	114,976	10,611	119,619	1,570,464	332,394	94,558	355,801	782,753	2,353,217	2,134,442
Total staff costs	2,125,249	2,218,148	2,181,060	572,056	511,465	53,922	677,037	8,338,937	2,103,564	490,551	1,847,452	4,441,567	12,780,504	12,351,987
Professional fees	668,800	446,500	1,500,939	64,374	123,913	224,068	34,357	3,062,951	845,446	33,228	229,265	1,107,939	4,170,890	4,329,932
Supplies and materials	256,665	138,376	19,702	6,791	57,568	407	32,611	512,120	84,204	18,066	127,282	229,552	741,672	838,000
Travel	348,688	404,994	1,070,295	13,639	56,723	38,181	8,993	1,941,513	84,649	9,263	106,552	200,464	2,141,977	2,514,336
Communications	383,094	58,957	82,079	55,159	8,332	2,999	1,591	592,211	59,456	7,739	31,875	99,070	691,281	1,187,793
Occupancy	350,705	175,354	63,357	13,995	48,127	—	133,349	784,887	125,927	28,746	62,740	217,413	1,002,300	984,517
Equipment rental and maintenance	105,376	42,934	13,925	10,129	4,225	16	69,069	245,674	203,945	7,900	71,918	283,763	529,437	536,234
Store inventory	—	—	—	—	—	—	404,531	—	—	—	—	—	404,531	518,157
Grants paid	—	—	1,824,973	—	—	65,520	—	1,890,493	—	—	—	—	1,890,493	2,122,753
Financing costs	296,554	124,821	43,562	15,917	—	—	151,628	632,482	119,420	28,483	62,829	210,732	843,214	923,804
Conferences, conventions, and meetings	42,769	27,053	859,572	548	370	—	531	930,843	13,283	1,030	495	14,808	945,651	1,284,695
Other	278,653	125,353	115,961	4,736	27,309	19,304	23,640	594,956	666,014	82,467	97,343	845,824	1,440,780	1,740,297
Total unrestricted operating expenses	4,856,553	3,762,490	7,775,425	757,344	838,032	404,417	1,537,337	19,931,598	4,305,908	707,473	2,637,751	7,651,132	27,582,730	29,332,505
Unrestricted fixed-asset expenses:														
Depreciation and amortization	423,772	178,368	62,248	22,745	3,622	—	216,674	907,429	163,287	40,943	90,264	294,494	1,201,923	1,429,601
Total expenses	\$ 5,280,325	3,940,858	7,837,673	780,089	841,654	404,417	1,754,011	20,839,027	4,469,195	748,416	2,728,015	7,945,626	28,784,653	30,762,106

See accompanying independent auditors' report.

THE ASIA SOCIETY
Schedule of Functional Expenses
Year ended June 30, 2012

	<u>Cultural programs</u>	<u>Policy and business</u>	<u>Education and Leadership</u>	<u>Communications</u>	<u>U.S. regional centers</u>	<u>Asian activities</u>	<u>Auxiliary services</u>	<u>Total program services</u>	<u>Management and general</u>	<u>Marketing</u>	<u>Fund-raising</u>	<u>Total supporting services</u>	<u>2012 Total expenses</u>
Unrestricted operating expenses:													
Salaries and wages	\$ 1,648,837	1,633,357	1,536,462	426,428	345,069	15,767	592,779	6,198,699	1,866,887	426,408	1,725,551	4,018,846	10,217,545
Benefits and payroll taxes	341,300	339,802	362,088	97,423	84,174	3,785	124,590	1,353,162	308,534	90,276	382,470	781,280	2,134,442
Total staff costs	1,990,137	1,973,159	1,898,550	523,851	429,243	19,552	717,369	7,551,861	2,175,421	516,684	2,108,021	4,800,126	12,351,987
Professional fees	784,844	788,041	1,899,965	81,078	82,394	139,725	21,470	3,797,517	406,123	32,180	94,112	532,415	4,329,932
Supplies and materials	332,504	166,727	57,390	6,189	42,798	119	43,307	649,034	71,275	18,144	99,547	188,966	838,000
Travel	479,209	543,720	1,174,606	11,984	35,258	37,397	9,630	2,291,804	58,222	9,123	155,187	222,532	2,514,336
Communications	861,804	73,432	71,965	49,698	9,761	2,218	834	1,069,712	66,501	11,653	39,927	118,081	1,187,793
Occupancy	351,026	177,006	59,348	14,043	37,961	—	133,784	773,168	121,932	28,050	61,367	211,349	984,517
Equipment rental and maintenance	112,770	52,239	13,827	15,962	2,975	—	67,479	265,252	195,268	7,709	68,005	270,982	536,234
Store inventory	—	—	—	—	—	—	518,157	518,157	—	—	—	—	518,157
Grants paid	5,000	—	1,799,609	—	—	318,144	—	2,122,753	—	—	—	—	2,122,753
Financing costs	324,582	136,618	47,679	17,421	—	—	165,958	692,258	131,604	31,175	68,767	231,546	923,804
Conferences, conventions, and meetings	18,998	1,304	1,261,000	285	171	57	497	1,282,312	1,299	14	1,070	2,383	1,284,695
Other	844,866	99,573	181,109	6,804	22,996	1,988	29,419	1,186,755	401,906	56,587	95,049	553,542	1,740,297
Total unrestricted operating expenses	6,105,740	4,011,819	8,465,048	727,315	663,557	519,200	1,707,904	22,200,583	3,629,551	711,319	2,791,052	7,131,922	29,332,505
Unrestricted fixed-asset expenses:													
Depreciation and amortization	505,510	212,771	74,256	27,132	1,205	—	258,467	1,079,341	194,368	48,632	107,260	350,260	1,429,601
Total expenses	\$ 6,611,250	4,224,590	8,539,304	754,447	664,762	519,200	1,966,371	23,279,924	3,823,919	759,951	2,898,312	7,482,182	30,762,106

See accompanying independent auditors' report.