

AFRICAN STUDIES ASSOCIATION, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5 - 12

O'CONNELL & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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June 10, 2016

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
African Studies Association, Inc.
Piscataway, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the African Studies Association, Inc. which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 positions of African Studies Association, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



AFRICAN STUDIES ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 182,844	\$ 217,060
Accounts receivable, net of allowance for doubtful accounts of \$-0- for each of the years 2015 and 2014	227,758	189,098
Investments	1,208,714	1,225,349
Prepaid expenses and other assets	9,766	10,722
Fixed assets, net	<u>12,414</u>	<u>20,408</u>
TOTAL ASSETS	<u>\$ 1,641,496</u>	<u>\$1,662,637</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 79,707	\$ 91,450
Deferred revenue	<u>70</u>	<u>-</u>
Total Liabilities	79,777	91,450
Net Assets		
Unrestricted	1,331,083	1,333,156
Temporarily restricted	98,584	97,469
Permanently restricted	<u>132,052</u>	<u>140,562</u>
Total Net Assets	<u>1,561,719</u>	<u>1,571,187</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,641,496</u>	<u>\$1,662,637</u>

The accompanying notes are an integral part of these financial statements.

AFRICAN STUDIES ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE							
Grants and contributions	\$ 61,250	\$ 50,000	-	\$ 69,916	-	-	\$ 69,916
Membership dues	212,157	-	-	219,783	-	-	219,783
Sale of publications	126,621	-	-	155,922	-	-	155,922
Annual meeting	284,128	-	-	280,259	-	-	280,259
Investment (loss) income	(14,695)	-	(1,921)	68,711	-	8,973	77,684
Miscellaneous income	1,985	-	-	100	-	-	100
In-kind contributions	87,773	-	-	79,296	-	-	79,296
Endowment transfer	-	6,589	(6,589)	-	5,967	(5,967)	-
Satisfaction of program restriction	55,474	(55,474)	-	19,623	(19,623)	-	-
TOTAL REVENUE	814,693	1,115	(8,510)	893,610	(13,656)	3,006	882,960
EXPENSES							
Payroll	183,989	-	-	230,278	-	-	230,278
Payroll taxes	17,758	-	-	22,470	-	-	22,470
Employee benefits	42,687	-	-	60,544	-	-	60,544
Annual meeting	184,864	-	-	176,113	-	-	176,113
Awards	31,494	-	-	32,925	-	-	32,925
Bad debt expense	4,450	-	-	-	-	-	-
Bank charges	3,304	-	-	2,898	-	-	2,898
Depreciation expense	8,321	-	-	8,757	-	-	8,757
Donations	1,000	-	-	3,350	-	-	3,350
Equipment rental and maintenance	6,943	-	-	6,587	-	-	6,587
Information technology	22,514	-	-	20,895	-	-	20,895
Insurance expense	5,744	-	-	4,839	-	-	4,839
Interest expense	-	-	-	-	-	-	-
Member publications	35,001	-	-	35,492	-	-	35,492
Miscellaneous	10,988	-	-	13,347	-	-	13,347
Occupancy	68,400	-	-	68,400	-	-	68,400
Office supplies	8,188	-	-	9,511	-	-	9,511
Postage	4,363	-	-	5,255	-	-	5,255
Professional fees	54,867	-	-	62,367	-	-	62,367
Telephone	3,735	-	-	2,902	-	-	2,902
Travel	110,860	-	-	58,722	-	-	58,722
Utilities	7,296	-	-	7,296	-	-	7,296
TOTAL EXPENSES	816,766	-	-	832,948	-	-	832,948
(DECREASE) INCREASE IN NET ASSETS	(2,073)	1,115	(8,510)	60,662	(13,656)	3,006	50,012
NET ASSETS - Beginning of Year	1,333,156	97,469	140,562	1,272,494	111,125	137,556	1,521,175
NET ASSETS - End of Year	\$ 1,331,083	\$ 98,584	\$ 132,052	\$ 1,333,156	\$ 97,469	\$ 140,562	\$ 1,571,187

The accompanying notes are an integral part of these financial statements.

AFRICAN STUDIES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (9,468)	\$ 50,012
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,321	8,757
Unrealized loss (gain) on investments	74,809	(33,163)
Permanently restricted income	(6,719)	(5,160)
Changes in operating assets and liabilities		
Decrease (Increase)		
Accounts receivable	(38,660)	(71,901)
Prepaid expenses and other assets	956	(5,646)
Increase (Decrease)		
Accounts payable	(11,743)	69,031
Deferred revenue	70	(7,318)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>17,566</u>	<u>4,612</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities	(58,175)	(44,244)
Purchase of fixed assets	<u>(326)</u>	<u>(3,147)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(58,501)</u>	<u>(47,391)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted income	<u>6,719</u>	<u>5,160</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>6,719</u>	<u>5,160</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,216)	(37,619)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>217,060</u>	<u>254,679</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 182,844</u>	<u>\$ 217,060</u>
SUPPLEMENTAL DATA		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

AFRICAN STUDIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

The African Studies Association, Inc. ("ASA") was founded in 1957 as a New Jersey nonprofit organization open to all individuals and institutions interested in African affairs. ASA is exempt from tax under Section 501(c)(3) of the Internal Revenue Code. Its mission is to bring together people with a scholarly and professional interest in Africa. The ASA also provides information and support services to the Africanist community. Three publications are currently produced each year: ASA News, African Studies Review, and History in Africa.

Many activities to promote African studies are also carried out by Coordinate Organizations that request affiliation with ASA. These organizations, which have a scholarly and professional interest in Africa, must share at least 25 common paid members with ASA. These organizations provide annual reports to ASA on their activities and are provided support from ASA in the form of meeting space at the ASA Annual Meeting and access to ASA online community system.

ASA Membership in Allied Groups

ASA is currently a member of four organizations: American Council of Learned Societies ("ACLS"), Coalition for International Education ("CIE"), National Council of Area Studies Association ("NCASA") and the National Humanities Alliance ("NHA").

ASA is located on the campus of the State University of New Jersey ("Rutgers University") in New Brunswick, New Jersey, where it maintains an office for administrative and program activities.

1 Summary of Significant Accounting Policies

Accrual Basis -- The financial statements of ASA have been prepared on the accrual basis.

Cash and Cash Equivalents -- For the statements of cash flows, ASA includes cash on deposit and cash on hand to be cash equivalents.

Advertising -- ASA follows the policy of charging the costs of advertising to expense as incurred.

Investments -- Investments consist of mutual funds stated at fair value. ASA reports investments at fair value based on the quoted market price.

Accounts Receivable -- Accounts receivable are recorded at their net realizable value. Allowances for uncollectible amounts are estimated and recorded by management on a periodic basis.

Membership Dues and Deferred Income - Membership Dues -- Membership dues are paid annually and are recorded when received. Dues collected for the next year are recorded as deferred revenue.

AFRICAN STUDIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

1 Summary of Significant Accounting Policies (Continued)

Fixed Assets -- Fixed Assets are recorded at cost. ASA's policy is to capitalize major improvements and equipment with a unit cost of \$300 or more. Depreciation is calculated by the straight line method over the estimated useful lives of depreciable assets.

Furniture and Equipment	7 years
Computer equipment	3 - 5 years
Computer software	3 years

Annual Meeting -- Revenue for the annual meeting is recognized in the period in which the meeting is held.

Contributed Facilities -- ASA recognized contributed facilities from Rutgers University that were utilized in operations during the year.

Grants and Contributions -- ASA reports contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are reported at the fair market value of the assets received and are classified as either permanently restricted, temporarily restricted or unrestricted, depending on whether the donor has imposed a restriction on the use of such assets.

Temporarily Restricted -- ASA reports gifts as restricted support if they are received with donor stipulations that limit the use of the donated assets, except that restricted support received and expended in the same period is reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted -- ASA 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) enhancements or diminishments of the fund from investment income, loss, and spending allowance.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles 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.

AFRICAN STUDIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

1 Summary of Significant Accounting Policies (Continued)

Income Taxes -- ASA adopted the accounting standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for ASA. ASA is no longer subject to federal and state tax examinations for the years prior to 2012.

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. This guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument. Alternative investments fair value are based on their net asset value per unit as reported by their managers.

Level 3 - Inputs to the valuation methodology are unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and liabilities that are measured at fair value are based on one or more of the three valuation techniques that follow:

Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models).

2 Concentration of Risk

ASA maintains its cash and cash equivalents in bank deposit and money market accounts, which, at times, may exceed federally insured limits. ASA has not experienced any losses in such accounts. Management believes ASA is not exposed to any significant credit risk related to cash and cash equivalents.

AFRICAN STUDIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

3 Investments

The following table sets forth by level, within the fair value hierarchy, ASA's investments as of December 31, 2015 and 2014:

	Assets at Fair Values as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Mutual Funds	<u>\$ 1,208,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,208,714</u>

	Assets at Fair Values as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Mutual Funds	<u>\$ 1,225,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,225,349</u>

Investment (loss) income consists of the following for the years ended December 31, 2015 and 2014:

	2015	2014
Interest and dividends	<u>\$ 58,193</u>	<u>\$ 44,521</u>
Unrealized (loss) gain on investments	<u>(74,809)</u>	<u>33,163</u>
	<u>\$ (16,616)</u>	<u>\$ 77,684</u>

4 Accounts Receivable

Accounts receivable totaled \$227,758 and \$189,098 as of December 31, 2015 and 2014. Management did not record a provision as it believed all receivables to be fully collectible.

5 Fixed Assets

Fixed assets consist of the following:

	2015	2014
Furniture and equipment	<u>\$ 51,765</u>	<u>\$ 51,438</u>
Computer software and licenses	<u>41,975</u>	<u>41,975</u>
Computer equipment	<u>92,368</u>	<u>92,368</u>
	<u>186,108</u>	<u>185,781</u>
Less: accumulated depreciation	<u>(173,694)</u>	<u>(165,373)</u>
	<u>\$ 12,414</u>	<u>\$ 20,408</u>

AFRICAN STUDIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

5 Fixed Assets (Continued)

Depreciation expense for the years ended December 31, 2015 and 2014 was \$8,321 and \$8,757, respectively.

6 Temporarily Restricted

Temporarily restricted net assets are available for the following purposes as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
50 Year Anniversaries Fund	\$ 84,045	\$ 88,469
Carnegie Corporation Grant	14,539	-
Hormuud Lecture	-	9,000
	<u>\$ 98,584</u>	<u>\$ 97,469</u>

7 Satisfaction of Restrictions

Temporarily restricted net assets were reduced by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors.

	<u>2015</u>	<u>2014</u>
Program Restriction		
Carnegie Corporation Grant	\$ 35,461	\$ -
Prize Fund	6,589	5,967
50 Year Anniversaries Fund	4,424	4,656
Hormuud Lecture	9,000	9,000
	<u>\$ 55,474</u>	<u>\$ 19,623</u>

8 Permanently Restricted Net Assets

Endowment

The Board of Directors has interpreted the New Jersey state law 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 ASA 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) enhancements or diminishments of the fund from investment income, loss, and spending allowance.

AFRICAN STUDIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

8 Permanently Restricted Net Assets (Continued)

ASA's endowment funds include only donor-restricted endowment funds. As required by accounting standards, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Return Objectives and Risk Parameters

ASA has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ASA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ASA's current assets allocation for donor restricted endowment funds is structured to achieve the appropriate level of investment return.

Spending Policy and How the Investment Objectives Relate to Spending Policy

ASA has adopted a policy of spending interest and dividends earned by endowment assets. ASA's goal is to preserve the purchasing power of the endowed assets. The distribution or spending of the aggregate amount is guided by purpose set forth by the donor.

ASA's endowment net assets had the following activity for the years ended December 31, 2015 and 2014:

	2015	2014
Endowment net assets, beginning of year	<u>\$ 140,562</u>	<u>\$ 137,556</u>
Interest and dividends	6,719	5,160
(Loss) Gain on investments	(8,640)	3,813
Spending allowance	<u>(6,589)</u>	<u>(5,967)</u>
Changes in net assets	<u>(8,510)</u>	<u>3,006</u>
Endowment net assets, end of year	<u>\$ 132,052</u>	<u>\$ 140,562</u>

Endowment net assets had the following net asset compositions as of the years ended December 31, 2015 and 2014.

	2015	2014
Donor restricted endowment funds - Awards	<u>\$ 132,052</u>	<u>\$ 140,562</u>

AFRICAN STUDIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

9 Advertising

Advertising expense for the years ended December 31, 2015 and 2014 was \$3,373 and \$4,579, respectively.

10 Agreement with Rutgers University

ASA has entered into an agreement with Rutgers University for the period January 1, 2013 through December 31, 2018. The agreement may be terminated without cause by either party upon 12 months' written notice. Rutgers University has agreed to provide ASA with office space on Campus and storage space without charge during the term of this agreement and will provide unrestricted grant support totaling \$52,000 annually.

ASA will reimburse Rutgers University for certain operating expenses monthly.

In accordance with this agreement, ASA will comply with all applicable Rutgers University policies and procedures, but all of ASA's staff are considered employees of ASA and not Rutgers University.

Contributed facilities for each of the years ended December 31, 2015 and 2014 amounted to \$79,296 and are included in in-kind contributions on the statement of activities.

11 Functional Classification of Expenses

The costs of providing program services and supporting services of ASA have been summarized on a functional basis in the following schedule. Costs for plant operation and maintenance, depreciation, interest and employee benefits have been allocated among the functional categories benefited.

	<u>2015</u>	<u>2014</u>
Program expenses	\$ 488,930	\$ 535,092
Management and general expenses	<u>327,836</u>	<u>297,856</u>
	<u>\$ 816,766</u>	<u>\$ 832,948</u>

12 Compensated Absences

Employees of ASA are entitled to paid vacations, sick days and other time off depending on length of services and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. ASA's policy is to recognize the costs of compensated absences when paid to employees.

AFRICAN STUDIES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014.

13 Commitment

ASA has committed to filling a number of rooms at future annual meetings from 2016 to 2026. Rooms are paid for by conference attendees, and ASA is only committed to pay for rooms that are set aside for the conference and not filled. ASA is unable to estimate a potential liability for this commitment.

14 Subsequent Event

ASA has evaluated all subsequent events through June 10, 2016, the date the financial statements were available to be issued.