

**AMERICAN FOREIGN SERVICE ASSOCIATION  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022 AND 2021**

## 6ABLE OF CONTENTS

|   | <u>Page<br/>Numbers</u> |
|---|-------------------------|
| Independent Auditor's Report.....   | 1-2                     |
| Consolidated Statements of Financial Position .....   | 3                       |
| Consolidated Statements of Activities .....   | 4-5                     |
| Consolidated Statements of Functional Expenses .....  | 6-7                     |
| Consolidated Statements of Cash Flows.....  | 8                       |
| Notes to Consolidated Financial Statements.....   | 9-25                    |
| Supplementary Information:  |                         |
| Independent Auditor's Report on Supplementary Information .....                             | 26                      |
| Consolidating Statement of Financial Position<br>for the Year Ended December 31, 2022 ..... | 27                      |
| Consolidating Statement of Financial Position<br>for the Year Ended December 31, 2021 ..... | 28                      |
| Consolidating Statement of Activities for the Year Ended December 31, 2022.....             | 29                      |
| Consolidating Statement of Activities for the Year Ended December 31, 2021.....             | 30                      |

## **Independent Auditor's Report**

To the Governing Board  
American Foreign Service Association  
and Affiliates

### **Opinion**

We have audited the accompanying consolidated financial statements of American Foreign Service Association and Affiliates (the Association), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Foreign Service Association and Affiliates as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Foreign Service Association and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The consolidated financial statements of American Foreign Service Association and Affiliates as of December 31, 2021 were audited by other auditors whose report dated August 17, 2022 expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Foreign Service Association and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## Independent Auditor's Report (Continued)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional misstatements, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Foreign Service Association and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Foreign Service Association and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Gross, Mendelsohn & Associates, P. A.*

Baltimore, Maryland  
September 11, 2023

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Consolidated Statements of Financial Position**  
**December 31, 2022 and 2021**

|  | <u>2022</u>                 | <u>2021</u>                 |
|--|-----------------------------|-----------------------------|
| <b>Assets</b>  |                             |                             |
| <b>Current Assets</b>  |                             |                             |
| Cash and cash equivalents  | \$ 857,982                  | \$ 961,596                  |
| Accounts receivable, net of allowance for doubtful accounts        | 167,078                     | 176,139                     |
| Investments, current portion                                       | 14,661,223                  | 17,899,282                  |
| Prepaid expenses   | 187,336                     | 177,565                     |
| Inventory  | 12,724                      | 9,563                       |
| Total Current Assets   | <u>15,886,343</u>           | <u>19,224,145</u>           |
| <b>Property</b> , net of accumulated depreciation and amortization | <u>1,757,197</u>            | <u>1,751,462</u>            |
| <b>Non-Current Assets</b>  |                             |                             |
| Investments, long-term portion                                     | 168,553                     | 168,553                     |
| Beneficial interest in trusts                                      | 935,598                     | 1,149,831                   |
| Deferred compensation investments                                  | 567,337                     | 686,094                     |
| Total Other Assets   | <u>1,671,488</u>            | <u>2,004,478</u>            |
| <b>Total Assets</b>  | <u><u>\$ 19,315,028</u></u> | <u><u>\$ 22,980,085</u></u> |
| <b>Liabilities and Net Assets</b>                                  |                             |                             |
| <b>Current Liabilities</b>   |                             |                             |
| Accounts payable and accrued expenses                              | \$ 513,709                  | \$ 431,425                  |
| Current maturities of finance lease liabilities                    | 5,238                       | 3,988                       |
| Contract liabilities   | 438,298                     | 434,466                     |
| Total Current Liabilities  | <u>957,245</u>              | <u>869,879</u>              |
| <b>Non-Current Liabilities</b>                                     |                             |                             |
| Finance lease liabilities, net of current maturities               | 4,177                       | 4,886                       |
| Deferred compensation  | 567,337                     | 686,094                     |
| Total Non-Current Liabilities                                      | <u>571,514</u>              | <u>690,980</u>              |
| <b>Total Liabilities</b>   | <u>1,528,759</u>            | <u>1,560,859</u>            |
| <b>Commitments and Contingencies</b> (Notes 7, 9, 10, 11)          |                             |                             |
| <b>Net Assets</b>  |                             |                             |
| Without donor restrictions   | 5,966,674                   | 7,167,809                   |
| With donor restrictions  | 11,819,595                  | 14,251,417                  |
| Total Net Assets   | <u>17,786,269</u>           | <u>21,419,226</u>           |
| <b>Total Liabilities and Net Assets</b>                            | <u><u>\$ 19,315,028</u></u> | <u><u>\$ 22,980,085</u></u> |

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

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Consolidated Statements of Activities**  
**Years Ended December 31, 2022 and 2021**

|  | <b>2022</b>                           |                                    |                             |
|--|---------------------------------------|------------------------------------|-----------------------------|
|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>                |
| <b>Support and Revenue</b>                       |                                       |                                    |                             |
| Member dues                                      | \$ 4,716,064                          | \$ -0-                             | \$ 4,716,064                |
| Advertising sales, net of discounts              | 556,829                               | -0-                                | 556,829                     |
| Contributions                                    | 164,690                               | 156,004                            | 320,694                     |
| Gifts-in-kind                                    | 30,369                                | -0-                                | 30,369                      |
| Book sales                                       | 28,384                                | -0-                                | 28,384                      |
| Subscriptions                                    | 4,559                                 | -0-                                | 4,559                       |
| Miscellaneous revenue                            | 22,425                                | -0-                                | 22,425                      |
| Net investment return                            | (967,934)                             | (1,814,558)                        | (2,782,492)                 |
| Change in value of beneficial interest in trusts | -0-                                   | (214,233)                          | (214,233)                   |
| Net assets released from restrictions:           |                                       |                                    |                             |
| Satisfaction of program restrictions             | 559,035                               | (559,035)                          | -0-                         |
| Total Support and Revenue                        | <u>5,114,421</u>                      | <u>(2,431,822)</u>                 | <u>2,682,599</u>            |
| <b>Expenses</b>                                  |                                       |                                    |                             |
| Program services                                 |                                       |                                    |                             |
| Journal  | 1,280,447                             | -0-                                | 1,280,447                   |
| Labor relations                                  | 1,636,393                             | -0-                                | 1,636,393                   |
| Membership services                              | 216,943                               | -0-                                | 216,943                     |
| Retirees   | 236,696                               | -0-                                | 236,696                     |
| Public affairs                                   | 349,381                               | -0-                                | 349,381                     |
| Foreign professional services policy issues      | 161,805                               | -0-                                | 161,805                     |
| Congressional affairs                            | 308,612                               | -0-                                | 308,612                     |
| Public education and outreach                    | 265,067                               | -0-                                | 265,067                     |
| Professional awards                              | 116,671                               | -0-                                | 116,671                     |
| Essay contest                                    | 64,528                                | -0-                                | 64,528                      |
| Scholarships                                     | 390,640                               | -0-                                | 390,640                     |
| Political action committee                       | 8,496                                 | -0-                                | 8,496                       |
| Total program services                           | <u>5,035,679</u>                      | <u>-0-</u>                         | <u>5,035,679</u>            |
| Supporting services                              |                                       |                                    |                             |
| Management and general                           | 941,792                               | -0-                                | 941,792                     |
| Member support                                   | 81,552                                | -0-                                | 81,552                      |
| Board and president                              | 248,610                               | -0-                                | 248,610                     |
| Fundraising                                      | 1,553                                 | -0-                                | 1,553                       |
| Election   | 6,370                                 | -0-                                | 6,370                       |
| Total supporting services                        | <u>1,279,877</u>                      | <u>-0-</u>                         | <u>1,279,877</u>            |
| Total Expenses                                   | <u>6,315,556</u>                      | <u>-0-</u>                         | <u>6,315,556</u>            |
| <b>Change in Net Assets</b>                      | <b>(1,201,135)</b>                    | <b>(2,431,822)</b>                 | <b>(3,632,957)</b>          |
| <b>Net Assets at Beginning of Year</b>           | <b>7,167,809</b>                      | <b>14,251,417</b>                  | <b>21,419,226</b>           |
| <b>Net Assets at End of Year</b>                 | <b><u>\$ 5,966,674</u></b>            | <b><u>\$ 11,819,595</u></b>        | <b><u>\$ 17,786,269</u></b> |

**2021**

| <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|---------------------------------------|------------------------------------|----------------------|
| \$ 4,435,287                          | \$ -0-                             | \$ 4,435,287         |
| 584,746                               | -0-                                | 584,746              |
| 210,246                               | 110,907                            | 321,153              |
| 38,445                                | -0-                                | 38,445               |
| 32,051                                | -0-                                | 32,051               |
| 5,803                                 | -0-                                | 5,803                |
| 8,427                                 | -0-                                | 8,427                |
| 660,071                               | 1,552,595                          | 2,212,666            |
| -0-                                   | 99,118                             | 99,118               |
| 556,101                               | (556,101)                          | -0-                  |
| <u>6,531,177</u>                      | <u>1,206,519</u>                   | <u>7,737,696</u>     |
| 1,188,264                             | -0-                                | 1,188,264            |
| 1,514,378                             | -0-                                | 1,514,378            |
| 191,866                               | -0-                                | 191,866              |
| 221,193                               | -0-                                | 221,193              |
| 236,731                               | -0-                                | 236,731              |
| 160,858                               | -0-                                | 160,858              |
| 240,270                               | -0-                                | 240,270              |
| 241,352                               | -0-                                | 241,352              |
| 84,491                                | -0-                                | 84,491               |
| 65,213                                | -0-                                | 65,213               |
| 441,670                               | -0-                                | 441,670              |
| 216                                   | -0-                                | 216                  |
| <u>4,586,502</u>                      | <u>-0-</u>                         | <u>4,586,502</u>     |
| 1,053,859                             | -0-                                | 1,053,859            |
| 53,430                                | -0-                                | 53,430               |
| 233,319                               | -0-                                | 233,319              |
| 2,322                                 | -0-                                | 2,322                |
| 36,982                                | -0-                                | 36,982               |
| <u>1,379,912</u>                      | <u>-0-</u>                         | <u>1,379,912</u>     |
| <u>5,966,414</u>                      | <u>-0-</u>                         | <u>5,966,414</u>     |
| 564,763                               | 1,206,519                          | 1,771,282            |
| <u>6,603,046</u>                      | <u>13,044,898</u>                  | <u>19,647,944</u>    |
| <u>\$ 7,167,809</u>                   | <u>\$ 14,251,417</u>               | <u>\$ 21,419,226</u> |

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

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Consolidated Statements of Functional Expenses**  
**Years Ended December 31, 2022 and 2021**

|                                   | 2022                |                           |                 |                     |
|-----------------------------------|---------------------|---------------------------|-----------------|---------------------|
|                                   | Program             | Management<br>and General | Fundraising     | Total               |
| Personnel expenses:               |                     |                           |                 |                     |
| Salaries                          | \$ 2,915,404        | \$ 751,005                | \$ -0-          | \$ 3,666,409        |
| Temporary help                    | 13,525              | 5,239                     | -0-             | 18,764              |
| Payroll taxes                     | 231,891             | 64,512                    | -0-             | 296,403             |
| Employee benefits                 | 224,325             | 43,847                    | -0-             | 268,172             |
| Retirement                        | 142,337             | 31,348                    | -0-             | 173,685             |
| Staff development and recruitment | 24,949              | 2,727                     | -0-             | 27,676              |
| Total personnel expenses          | <u>3,552,431</u>    | <u>898,678</u>            | <u>-0-</u>      | <u>4,451,109</u>    |
| Awards                            | 371,028             | -0-                       | -0-             | 371,028             |
| Information technology            | 139,386             | 73,550                    | -0-             | 212,936             |
| Professional fees                 | 125,490             | 42,392                    | -0-             | 167,882             |
| Printing                          | 149,356             | 1,920                     | -0-             | 151,276             |
| Depreciation and amortization     | 87,044              | 47,168                    | -0-             | 134,212             |
| Special projects                  | 103,888             | 13,783                    | -0-             | 117,671             |
| Occupancy                         | 54,900              | 28,970                    | -0-             | 83,870              |
| Distributions                     | 78,521              | 1,302                     | -0-             | 79,823              |
| Repairs and maintenance           | 51,382              | 27,114                    | -0-             | 78,496              |
| Telephone                         | 39,749              | 22,496                    | -0-             | 62,245              |
| Insurance                         | 36,034              | 19,014                    | -0-             | 55,048              |
| Travel and entertainment          | 20,339              | 31,497                    | -0-             | 51,836              |
| Postage                           | 5,045               | 40,533                    | -0-             | 45,578              |
| News                              | 35,240              | -0-                       | -0-             | 35,240              |
| Taxes and licenses                | 24,724              | 2,957                     | 1,428           | 29,109              |
| Subscriptions and publications    | 24,978              | 3,283                     | -0-             | 28,261              |
| Honorarium                        | 21,700              | -0-                       | -0-             | 21,700              |
| Legal defense fund                | 20,000              | -0-                       | -0-             | 20,000              |
| Processing fees                   | 12,950              | 6,834                     | -0-             | 19,784              |
| Retiree directory                 | 17,289              | -0-                       | -0-             | 17,289              |
| Office expense                    | 9,935               | 7,328                     | -0-             | 17,263              |
| Legislative outreach              | 14,623              | -0-                       | -0-             | 14,623              |
| Bank fees                         | 9,609               | 4,810                     | -0-             | 14,419              |
| Contributions                     | 8,000               | -0-                       | -0-             | 8,000               |
| Art fees                          | 6,871               | -0-                       | -0-             | 6,871               |
| Cost of goods sold                | 6,469               | -0-                       | -0-             | 6,469               |
| Equipment rental                  | 4,211               | 2,223                     | -0-             | 6,434               |
| Advertising                       | 3,084               | 927                       | 125             | 4,136               |
| Meetings                          | 465                 | 1,417                     | -0-             | 1,882               |
| Interest                          | 245                 | 128                       | -0-             | 373                 |
| Provision for bad debts           | -0-                 | -0-                       | -0-             | -0-                 |
| Miscellaneous                     | 693                 | -0-                       | -0-             | 693                 |
| Total Expenses                    | <u>\$ 5,035,679</u> | <u>\$ 1,278,324</u>       | <u>\$ 1,553</u> | <u>\$ 6,315,556</u> |



**2021**

| <b>Program</b>      | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>        |
|---------------------|-----------------------------------|--------------------|---------------------|
| \$ 2,530,610        | \$ 795,514                        | \$ -0-             | \$ 3,326,124        |
| 1,160               | -0-                               | -0-                | 1,160               |
| 206,100             | 62,359                            | -0-                | 268,459             |
| 199,915             | 38,096                            | -0-                | 238,011             |
| 104,804             | 30,327                            | -0-                | 135,131             |
| 10,187              | 3,767                             | -0-                | 13,954              |
| <b>3,052,776</b>    | <b>930,063</b>                    | <b>-0-</b>         | <b>3,982,839</b>    |
| 438,077             | -0-                               | -0-                | 438,077             |
| 151,509             | 95,998                            | -0-                | 247,507             |
| 165,471             | 125,288                           | -0-                | 290,759             |
| 133,406             | 2,121                             | -0-                | 135,527             |
| 86,702              | 57,042                            | -0-                | 143,744             |
| 142,570             | 11,610                            | -0-                | 154,180             |
| 52,959              | 33,032                            | -0-                | 85,991              |
| 64,937              | 296                               | -0-                | 65,233              |
| 31,743              | 19,799                            | -0-                | 51,542              |
| 32,982              | 24,619                            | -0-                | 57,601              |
| 29,450              | 18,369                            | -0-                | 47,819              |
| 1,774               | 12,409                            | -0-                | 14,183              |
| 3,302               | 11,629                            | -0-                | 14,931              |
| 40,074              | -0-                               | -0-                | 40,074              |
| 15,743              | 2,602                             | 2,322              | 20,667              |
| 16,521              | 7,465                             | -0-                | 23,986              |
| 21,950              | -0-                               | -0-                | 21,950              |
| 17,401              | -0-                               | -0-                | 17,401              |
| 12,779              | 7,970                             | -0-                | 20,749              |
| 24,835              | -0-                               | -0-                | 24,835              |
| 8,090               | 6,022                             | -0-                | 14,112              |
| -0-                 | -0-                               | -0-                | -0-                 |
| 8,624               | 5,246                             | -0-                | 13,870              |
| -0-                 | -0-                               | -0-                | -0-                 |
| 11,687              | -0-                               | -0-                | 11,687              |
| 6,918               | -0-                               | -0-                | 6,918               |
| 3,475               | 2,166                             | -0-                | 5,641               |
| 4,600               | -0-                               | -0-                | 4,600               |
| -0-                 | 1,880                             | -0-                | 1,880               |
| 3,147               | 1,964                             | -0-                | 5,111               |
| 3,000               | -0-                               | -0-                | 3,000               |
| -0-                 | -0-                               | -0-                | -0-                 |
| <b>\$ 4,586,502</b> | <b>\$ 1,377,590</b>               | <b>\$ 2,322</b>    | <b>\$ 5,966,414</b> |

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

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

|  | <u>2022</u>              | <u>2021</u>              |
|--|--------------------------|--------------------------|
| <b>Cash Flows from Operating Activities</b>  |                          |                          |
| Change in net assets   | \$ (3,632,957)           | \$ 1,771,282             |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities: |                          |                          |
| Provision for bad debts  | -0-                      | 3,000                    |
| Net realized gains on investments  | (196,664)                | (953,359)                |
| Unrealized losses (gains) on investments   | 3,277,841                | (879,036)                |
| Depreciation and amortization  | 134,212                  | 143,744                  |
| Change in value of beneficial interest in trusts   | 214,233                  | (99,118)                 |
| Changes in operating assets and liabilities:   |                          |                          |
| Accounts receivable  | 9,061                    | (41,200)                 |
| Prepaid expenses   | (9,771)                  | 22,863                   |
| Inventory  | (3,161)                  | (191)                    |
| Accounts payable and accrued expenses  | 82,284                   | 66,820                   |
| Contract liabilities   | 3,832                    | (27,549)                 |
| Deferred compensation  | (118,757)                | 106,626                  |
| Net Cash Provided by (Used in) Operating Activities  | <u>(239,847)</u>         | <u>113,882</u>           |
| <b>Cash Flows from Investing Activities</b>  |                          |                          |
| Purchases of investments   | (884,648)                | (1,558,823)              |
| Proceeds from sale of investments  | 1,179,787                | 1,596,473                |
| Purchases of property  | (134,541)                | (68,476)                 |
| Change in deferred compensation investments  | (19,500)                 | (19,500)                 |
| Net Cash Provided by (Used in) Investing Activities  | <u>141,098</u>           | <u>(50,326)</u>          |
| <b>Cash Flows from Financing Activities</b>  |                          |                          |
| Payments on finance lease liabilities  | (4,865)                  | (3,805)                  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>(103,614)</b>         | <b>59,751</b>            |
| <b>Cash and Cash Equivalents at Beginning of Year</b>  | <b><u>961,596</u></b>    | <b><u>901,845</u></b>    |
| <b>Cash and Cash Equivalents at End of Year</b>  | <b><u>\$ 857,982</u></b> | <b><u>\$ 961,596</u></b> |
| <b>Supplemental Disclosure of Cash Flow Information:</b>   |                          |                          |
| Income taxes paid  | <u>\$ 12,718</u>         | <u>\$ 5,986</u>          |
| Interest paid  | <u>\$ 373</u>            | <u>\$ 5,111</u>          |
| Noncash Investing and Financing Activities:  |                          |                          |
| Acquisitions of property   | \$ 139,947               | \$ 68,476                |
| Property acquired under finance lease liabilities  | (5,406)                  | -0-                      |
| Cash acquisitions of property (included in cash flows<br>from investing activities)                      | <u>\$ 134,541</u>        | <u>\$ 68,476</u>         |

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

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies**

These consolidated financial statements include the accounts of the entities described below (collectively referred to as the Association).

American Foreign Service Association (AFSA), which began operations in 1924, is the professional association of the Foreign Affairs agencies and, as of 1972, is the official employee representative of all Foreign Service employees in the Department of State, the United States Agency of International Development, the Foreign Commercial Service, the Foreign Agriculture Service, and the International Broadcasting Bureau. AFSA was incorporated under the laws of the District of Columbia on November 30, 1951.

Fund for American Diplomacy (the Fund) was established to award individuals for their achievements in the Foreign Service, to enhance the professional development of the Foreign Service, and to increase the public understanding of the Foreign Service. The latter objectives are achieved by sponsoring a speaker series, lecture series, and other educational forums that focus on topical issues related to the Foreign Affairs Community. The Fund was established in 1955 as an unincorporated association doing business as Diplomacy Matters - AFSA.

American Foreign Service Association Scholarship Fund (the Scholarship Fund) was established to award financial and merit scholarships to dependents of Foreign Service employees. The Scholarship Fund was incorporated under the laws of the District of Columbia on September 11, 1972 and is doing business as Foreign Service Youth Scholarship - AFSA.

AFSA - Political Action Committee (the PAC) was established in 2022 to further AFSA's goal of making the U.S. Foreign Service a more effective agent of the United States international leadership. The PAC does this by helping to re-elect Senators and Representatives who support a strong, effective Foreign Service.

The Association's major programs and supporting services include:

Journal: Writing, editing, design, artwork, printing, postage, and promotion of the *Foreign Service Journal*.

Labor Relations: All activities related to the Association's role as a labor union including collective bargaining, informal negotiations, and individual legal and grievance counseling.

Membership Services: Regular communications with members and provision of services as requested.

Retirees: Provide resources to retired members and counsel active members in preparation for retirement.

Public Affairs: Promotion of the Association, its activities, and views through the media.

Foreign Professional Services Policy Issues: Governmental policy issues impacting members.

Congressional Affairs: Representing the Association's views on legislation impacting the foreign affairs agencies and individual active duty and retired Foreign Service employees.

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Public Education and Outreach: Programs and activities designated to educate the American public on the role of the Foreign Service. Programs include a speaker's bureau, the Coalition for American Leadership Abroad, and a minority intern program. AFSA's speaker's bureau consists of retired Foreign Service personnel speaking to groups of students and adults around the country on foreign affairs and the importance of the Foreign Service.

Professional Awards: Programs that honor and support members of the Foreign Service as a profession including the AFSA awards program, the Memorial Plaque, Foreign Affairs Day, and various special events.

Essay Contest: The Foreign Service National High School Essay contest began as a program of the 75<sup>th</sup> Anniversary celebration and has been continued by the Association due to its success. The contest is open to U.S. students in grades 9 through 12 and includes cash prizes for the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> place essays.

Scholarships: Financial aid and merit scholarships awarded to dependents of Foreign Service employees and the administration of this program.

Political Action Committee: Represents the Association's contributions to political candidates through PAC and related internal PAC costs.

Management and General: Overall management and administration of the Association.

Member Support: All recruitment and retention programs for the Association's members including mailings, recruitment lunches, and maintenance of the membership database.

Board and President: The Association's Governing Board and Executive Committee's expense including meetings, travel, and staff support.

Fundraising: Fundraising relates to the Scholarship Fund and the Fund's appeals for the support of its programs.

Election: Administration of the election and distribution of ballots for the election of the Association's Governing Board. Board elections are held every two years.

The accounting and reporting policies of the Association conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Principles of Consolidation: The consolidated financial statements include the accounts of AFSA, the Fund, the Scholarship Fund and the PAC. Members of the Governing Board of AFSA also serve as board members of the Fund, the Scholarship Fund, and the PAC. Accordingly, the accounts of AFSA, the Fund, the Scholarship Fund, and the PAC are consolidated under common control rules. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents: The Association classifies investments which are readily convertible to cash and which have a maturity of three months or less when purchased as cash and cash equivalents. Cash and cash equivalents designated and held for investment purposes are included in investments and are not considered cash and cash equivalents for cash flow purposes.

Accounts Receivable: Accounts receivable arise from services rendered and are carried at original invoice amount less an estimate made for potentially uncollectible receivables. Management determines the allowance for doubtful accounts by reviewing its outstanding accounts and its historical collection experience with individual accounts and payor sources. Receivables are written off by management when, in its determination, all collection efforts have been exhausted. Recoveries of receivables previously written off are recorded when collected. Management has established an allowance for doubtful accounts of \$14,000 as of December 31, 2022 and 2021.

Investments: Investments with readily determinable fair values are reported at fair value in the consolidated statements of financial position. Investments, whose fair values are not readily determinable, are recorded at cost. 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. Realized and unrealized gains and losses on investments are reported in the consolidated statements of activities as part of net investment return.

Inventory: Inventory, which consists of costs incurred for the production of the book *Inside a U.S. Embassy* and the AFSA Memorial Marker for Foreign Service personnel, is stated at cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method.

Property: Property is stated at cost, or if donated, at fair value at the date of contribution, less accumulated depreciation and amortization. The Association capitalizes all property acquisitions in excess of \$2,000 having an estimated useful life of more than one year. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows.

|                                   |              |
|-----------------------------------|--------------|
| Building and improvements         | 5 - 30 years |
| Furniture and equipment           | 3 - 15 years |
| Software                          | 3 years      |
| Finance lease right-of-use assets | 5 years      |

Beneficial Interest in Trusts: Generally accepted accounting principles (GAAP) requires not-for-profit beneficiaries of trusts held by unrelated parties to record, as a contribution and as an asset, the present value of the estimated future cash receipts to be received from the trusts, over the life of the trusts. Due to the perpetual nature of these trusts, the future cash flows from these funds cannot be estimated. Under such circumstances, not-for-profit entities are permitted to base the present value measurement on the fair value of a trust's assets. Changes in the trust's fair value are to be recorded as gains or losses with donor restrictions in the consolidated statements of activities.

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions*: Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets with Donor Restrictions*: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: The Association generates revenue primarily from membership dues and advertising sales. Other revenue is primarily derived from book sales and subscriptions. Revenue from annual member and international associate dues are recognized over the membership year, which coincides with the anniversary date of the member. Lifetime member dues are recognized over 30 years, which approximates the benefit period. Advertising sales, book sales, and subscriptions are recognized when control of the promised good or service is transferred to a member or customer, in an amount that reflects the consideration to which the Association expects to be entitled from members or customers, in exchange for those goods and services.

The Association recognizes revenue in the consolidated statements of activities and contract assets on the consolidated statements of financial position only when goods and services have been provided. Since the Association has performed its obligation under the contract, it has unconditional rights to the consideration recorded as contract assets and therefore classifies those billed and unbilled contract assets as accounts receivable.

Payments that the Association receives in advance from members and others in advance of providing services represent contract liabilities. This includes payments for membership dues, subscriptions and advertising received in advance of the applicable year.

Performance obligations are determined based on the nature of the goods and services provided. Each of the Association's revenue streams are treated as separate performance obligations, some of which are satisfied at a point in time and others are satisfied over a specified time period. The Association determines the transaction price based on contractually agreed-upon amounts or rates.

Revenue for the years ended December 31, 2022 and 2021 are disaggregated as follows:

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| Performance obligations satisfied over time          |                     |                     |
| Member dues  | \$ 4,716,064        | \$ 4,435,287        |
| Subscriptions  | 4,559               | 5,803               |
| Performance obligations satisfied at a point in time |                     |                     |
| Advertising sales, net of discounts                  | 556,829             | 584,746             |
| Book sales   | 28,384              | 32,051              |
|  | <u>\$ 5,305,836</u> | <u>\$ 5,057,887</u> |

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Contributions: Contributions received are recorded with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions: All donor-restricted support is reported as an increase in net assets with donor restrictions. Upon the expiration of a temporary restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions in the consolidated statements of activities.

Gifts-in-Kind: Gifts-in-kind can include both donated goods and services and are recorded at their estimated fair market value on the date of receipt.

Donated services are recognized as contributions if the services (a) created or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Association.

During the years ended December 31, 2022 and 2021, gifts-in-kind consisted of prizes for the Association's annual essay contest which include a study abroad package and program related fees of \$26,874 and \$34,846, respectively, and program tuitions costs of \$3,495 and \$3,599, respectively. The prizes, which were used for the Association's program services, are included in special projects on the consolidated statements of functional expenses.

Advertising: Advertising costs are charged to operations when incurred. The Association has no significant direct-response advertising. Advertising expense for the years ended December 31, 2022 and 2021 was \$4,136 and \$4,600, respectively.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis in the consolidated statements of activities and by natural classification in the consolidated statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimates such as time and effort or other criteria.

Income Taxes: AFSA is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(5). The Fund and the Scholarship Fund are exempt from federal and state income taxes under IRC Section 501(c)(3). The Fund is not considered a private foundation by the Internal Revenue Service (IRS) because it is an organization that is described in section 509(a)(3). The Scholarship Fund is not considered a private foundation by the IRS because it is an organization that is described in section 509(a)(1). The PAC is exempt under Section 527 of the IRC. Section 527 does not exempt taxation of investment income.

Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. AFSA had approximately \$557,000 and \$585,000 in unrelated business income (UBI) from advertising and other activities for the years ended December 31, 2022 and 2021, respectively. Net UBI equaled approximately \$67,000 and \$127,000 for the years ended December 31, 2022 and 2021, respectively. Federal and state income tax expense was \$14,281 and \$15,346 for the years ended December 31, 2022 and 2021 is included in taxes and licenses on the consolidated statements of functional expenses.

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

The Scholarship Fund and the Fund did not have any UBI for the years ended December 31, 2022 and 2021. The PAC did not have any taxable income for the years ended December 31, 2022 and 2021.

The Association's federal and state tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

Recently Adopted Accounting Standards: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842) which was effective for fiscal years beginning after December 15, 2021. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance for leases. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the consolidated statement of financial position as a depreciable right-of-use asset (ROU) and a related liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including any payments to be made in lease option periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The ROU assets will be amortized over the term of the lease and the lease liabilities will be reduced by lease payments. The Association has adopted the new lease standard effective as of January 1, 2022.

The Association evaluates each contract and determines if an arrangement contains a lease at the inception of a contract. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the ROU or lease liabilities. These are expensed as incurred. Variable lease payments for the year ended December 31, 2022 was \$6,434. Prior to the adoption of ASC 842, variable lease payments for the year ended December 31, 2021 was \$5,641. The Association has elected to use the implicit interest rate included in the contract to discount the lease payments for all finance ROU assets.

As part of the adoption of the new lease standard, the Association has elected the following practical expedients: a) the Association has not reevaluated expiring or existing leases to determine lease classification, b) the Association has not reevaluated whether expired or existing contracts are or contain a lease and c) the Association has not reassessed initial direct costs for an existing lease.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which is effective for fiscal years beginning after June 15, 2021. This ASU requires that contributed nonfinancial assets be reported as a separate line item in the consolidated statement of activities, as well as disclose the disaggregation of the contributed nonfinancial assets recognized by type, whether they are monetized or utilized during the reporting period, and if utilized, the programs or other activities in which these contributed nonfinancial assets were used. Management has adopted this standard and accordingly, all gifts-in-kind and donated services are separately reported with the required disclosures.

Reclassifications: Certain amounts previously reported in the 2021 consolidated financial statements have been reclassified to conform to the consolidated financial statement presentation for the year ended December 31, 2022.



**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

Subsequent Events: In preparing these consolidated financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 11, 2023, the date the consolidated financial statements were available to be issued. During the period from January 1, 2023 through September 11, 2023, the Association did not have any material recognizable subsequent events.

**Note 2: Liquidity and Availability of Funds**

A summary of the financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date comprise the following:

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| Cash and cash equivalents                          | \$ 857,982          | \$ 961,596          |
| Accounts receivable, net                           | 167,078             | 176,139             |
| Investments, current portion                       | 14,661,223          | 17,899,282          |
| Less: Net assets with donor restrictions           | (10,715,444)        | (12,933,033)        |
| Financial Assets Available for General Expenditure | <u>\$ 4,970,839</u> | <u>\$ 6,103,984</u> |

As part of the Association's liquidity management plan, the Association invests cash in excess of daily requirements in short-term investments.

**Note 3: Investments**

A summary of the investment portfolio, at fair value, is as follows at December 31, 2022 and 2021:

|                                      | 2022                 | 2021                 |
|--------------------------------------|----------------------|----------------------|
| Investments                          |                      |                      |
| Mutual funds, equity                 | \$ 6,452,983         | \$ 8,608,385         |
| Common equity securities             | 4,664,966            | 5,003,821            |
| Mutual funds, fixed income           | 3,162,730            | 3,909,709            |
| Money market funds                   | 549,097              | 545,920              |
|                                      | <u>14,829,776</u>    | <u>18,067,835</u>    |
| Deferred Compensation Investments    |                      |                      |
| Mutual funds, equity                 | 527,796              | 638,067              |
| Mutual funds, fixed income           | 39,541               | 48,027               |
|                                      | <u>567,337</u>       | <u>686,094</u>       |
| Total investments                    | <u>15,397,113</u>    | <u>18,753,929</u>    |
| Investments classified as long-term: |                      |                      |
| Deferred compensation investments    | 567,337              | 686,094              |
| Endowment funds                      | 168,553              | 168,553              |
|                                      | <u>735,890</u>       | <u>854,647</u>       |
| Investments, long-term portion       | <u>735,890</u>       | <u>854,647</u>       |
| Investments, current portion         | <u>\$ 14,661,223</u> | <u>\$ 17,899,282</u> |

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)**

The following summarizes the net investment return from all sources and their classifications in the consolidated statements of activities for the year ended December 31, 2022:

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|--|-------------------------------|----------------------------|-----------------------|
| Investments                              |                               |                            |                       |
| Investment income                        | \$ 133,348                    | \$ 257,281                 | \$ 390,629            |
| Net unrealized losses                    | (1,093,835)                   | (2,119,191)                | (3,213,026)           |
| Net realized gains                       | 24,432                        | 172,232                    | 196,664               |
| Investment fees                          | (31,879)                      | (70,177)                   | (102,056)             |
| Total net investment return, investments | <u>(967,934)</u>              | <u>(1,759,855)</u>         | <u>(2,727,789)</u>    |
| Endowments                               |                               |                            |                       |
| Investment income                        | \$ -0-                        | \$ 11,813                  | \$ 11,813             |
| Net unrealized losses                    | -0-                           | (64,815)                   | (64,815)              |
| Investment fees                          | -0-                           | (1,701)                    | (1,701)               |
| Total net investment return, endowments  | <u>-0-</u>                    | <u>(54,703)</u>            | <u>(54,703)</u>       |
| Net investment return                    | <u>\$ (967,934)</u>           | <u>\$ (1,814,558)</u>      | <u>\$ (2,782,492)</u> |

The following summarizes the net investment return from all sources and their classifications in the consolidated statements of activities for the year ended December 31, 2021:

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| Investments                              |                               |                            |                     |
| Investment income                        | \$ 160,882                    | \$ 313,161                 | \$ 474,043          |
| Net unrealized gains                     | 138,676                       | 716,593                    | 855,269             |
| Net realized gains                       | 394,388                       | 557,142                    | 951,530             |
| Investment fees                          | (33,875)                      | (75,794)                   | (109,669)           |
| Total net investment return, investments | <u>\$ 660,071</u>             | <u>\$ 1,511,102</u>        | <u>\$ 2,171,173</u> |
| Endowments                               |                               |                            |                     |
| Investment income                        | \$ -0-                        | \$ 17,697                  | \$ 17,697           |
| Net unrealized gains                     | -0-                           | 23,767                     | 23,767              |
| Net realized gains                       | -0-                           | 1,829                      | 1,829               |
| Investment fees                          | -0-                           | (1,800)                    | (1,800)             |
| Total net investment return, endowments  | <u>-0-</u>                    | <u>41,493</u>              | <u>41,493</u>       |
| Net investment return                    | <u>\$ 660,071</u>             | <u>\$ 1,552,595</u>        | <u>\$ 2,212,666</u> |

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 4: Property**

Property consisted of the following at December 31, 2022 and 2021:

|   | 2022                | 2021                |
|---|---------------------|---------------------|
| Land  | \$ 222,854          | \$ 222,854          |
| Buildings and improvements                      | 3,257,225           | 3,158,765           |
| Furniture and equipment                         | 690,257             | 673,415             |
| Software  | 556,728             | 556,728             |
| Finance lease right-of-use assets               | 24,645              | -0-                 |
| Total Cost                                      | 4,751,709           | 4,611,762           |
| Less: Accumulated depreciation and amortization | 2,994,512           | 2,860,300           |
| Property, Net                                   | <u>\$ 1,757,197</u> | <u>\$ 1,751,462</u> |

**Note 5: Beneficial Interest in Trusts**

The Scholarship Fund is the income beneficiary of a trust created by Theodore and Dorothy Xanthaky (Xanthaky Trust). The Xanthaky Trust provides for the distribution of the net income from the trust to the Scholarship Fund, the timing of which is at the discretion of the trustees, to be used exclusively for scholarships. The Scholarship Fund will remain a beneficiary of the trust in perpetuity. The fair value of the Xanthaky Trust at December 31, 2022 and 2021 was \$781,119 and \$965,436, respectively.

The Scholarship Fund is an income beneficiary of a trust created by Wilbur J. Carr (the Carr Trust). The Carr Trust provides for the distribution of the net income from the trust to the Scholarship Fund the timing of which is at the discretion of the trustees, to be used exclusively for scholarships. The Scholarship Fund will remain a beneficiary of the trust in perpetuity. The fair value of the Carr Trust at December 31, 2022 and 2021 was \$154,479 and \$184,395, respectively.

**Note 6: Fair Value Measurement**

GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy 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 to the valuation methodology are unadjusted quoted prices 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;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 6: Fair Value Measurement (Continued)**

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Association include the following:

Money Market Funds: Valued at original cost, which equals fair value.

Mutual Funds and Common Equity Securities: Valued at the last sales price reported on the active market in which the individual fund is traded.

Beneficial Interest in Trusts: See Note 1 for valuation technique.

In determining the appropriate levels, the Association performs a detailed analysis of the assets and liabilities that are to be reported at fair value.

The table below presents the assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2022:

|  | December 31, 2022    |                      |               |                   |
|--|----------------------|----------------------|---------------|-------------------|
|  | Total                | Level 1              | Level 2       | Level 3           |
| <b>Investments</b>                       |                      |                      |               |                   |
| Mutual funds, equity                     | \$ 6,452,983         | \$ 6,452,983         | \$ -0-        | \$ -0-            |
| Common equity securities                 | 4,664,966            | 4,664,966            | -0-           | -0-               |
| Mutual funds, fixed income               | 3,162,730            | 3,162,730            | -0-           | -0-               |
| Money market funds                       | 549,097              | 549,097              | -0-           | -0-               |
|  | <u>14,829,776</u>    | <u>14,829,776</u>    | <u>-0-</u>    | <u>-0-</u>        |
| <b>Deferred Compensation Investments</b> |                      |                      |               |                   |
| Mutual funds, equity                     | 527,796              | 527,796              | -0-           | -0-               |
| Mutual funds, fixed income               | 39,541               | 39,541               | -0-           | -0-               |
|  | <u>567,337</u>       | <u>567,337</u>       | <u>-0-</u>    | <u>-0-</u>        |
| <b>Other</b>                             |                      |                      |               |                   |
| Beneficial interest in trusts            | 935,598              | -0-                  | -0-           | 935,598           |
|  | <u>935,598</u>       | <u>-0-</u>           | <u>-0-</u>    | <u>935,598</u>    |
| <b>Total assets at fair value</b>        | <u>\$ 16,332,711</u> | <u>\$ 15,397,113</u> | <u>\$ -0-</u> | <u>\$ 935,598</u> |

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 6: Fair Value Measurement (Continued)**

The table below presents the assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2021:

|  | December 31, 2021    |                      |               |                     |
|--|----------------------|----------------------|---------------|---------------------|
|  | Total                | Level 1              | Level 2       | Level 3             |
| <b>Investments</b>                       |                      |                      |               |                     |
| Mutual funds, equity                     | \$ 8,608,385         | \$ 8,608,385         | \$ -0-        | \$ -0-              |
| Common equity securities                 | 5,003,821            | 5,003,821            | -0-           | -0-                 |
| Mutual funds, fixed income               | 3,909,709            | 3,909,709            | -0-           | -0-                 |
| Money market funds                       | 545,920              | 545,920              | -0-           | -0-                 |
|  | <u>18,067,835</u>    | <u>18,067,835</u>    | <u>-0-</u>    | <u>-0-</u>          |
| <b>Deferred Compensation Investments</b> |                      |                      |               |                     |
| Mutual funds, equity                     | 638,067              | 638,067              |               |                     |
| Mutual funds, fixed income               | 48,027               | 48,027               |               |                     |
|  | <u>686,094</u>       | <u>686,094</u>       | <u>-0-</u>    | <u>-0-</u>          |
| <b>Other</b>                             |                      |                      |               |                     |
| Beneficial interest in trusts            | 1,149,831            | -0-                  | -0-           | 1,149,831           |
| <b>Total assets at fair value</b>        | <u>\$ 19,903,760</u> | <u>\$ 18,753,929</u> | <u>\$ -0-</u> | <u>\$ 1,149,831</u> |

The change in investments for which the Association has used Level 3 inputs to determine fair value, is as follows:

|                              | 2022              | 2021                |
|------------------------------|-------------------|---------------------|
| Balance at beginning of year | \$ 1,149,831      | \$ 1,050,713        |
| Change in value              | (214,233)         | 99,118              |
| Balance at end of year       | <u>\$ 935,598</u> | <u>\$ 1,149,831</u> |

**Note 7: Leases**

The Association leases office equipment under finance lease agreements which expire between February 2024 and February 2027. The finance leases require monthly payments ranging between \$93 and \$359. Upon the adoption of ASC 842, the Association recorded a finance right-of-use assets of \$19,239, net of accumulated amortization of \$10,902, which is being amortized over the life of the lease and an off-setting finance lease liability of \$8,874 effective January 1, 2022. During the year ended December 31, 2022, the Association recorded a finance right-of-use asset of \$5,406, which is being amortized over the life of the lease and an off-setting finance lease liability of \$5,406.

The Association's total lease expense for the year ended December 31, 2022 was as follows:

|   |                 |
|---|-----------------|
| Amortization of finance right-of-use assets | \$ 4,751        |
| Interest expense                            | <u>373</u>      |
|   | <u>\$ 5,124</u> |

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 7: Leases (Continued)**

As of December 31, 2022, the right-of-use assets and lease liabilities related to finance leases were as follows:

|  |                 |
|--|-----------------|
| Finance lease right-of-use assets, net               | <u>\$ 8,985</u> |
| Finance lease liabilities:                           |                 |
| Current maturities of finance lease liabilities      | \$ 5,238        |
| Finance lease liabilities, net of current maturities | <u>4,177</u>    |
| Total finance lease liabilities                      | <u>\$ 9,415</u> |

Other finance lease details are as follows:

|  |       |
|--|-------|
| Other information:                             |       |
| Weighted average remaining lease term in years | 2.60  |
| Weighted average discount rate                 | 2.96% |

Prior to the adoption of ASC 842, total assets acquired under capital leases of \$19,239 were included in furniture and equipment on the consolidated statements of financial position. Total accumulated amortization was \$10,902 as of December 31, 2021. As described in Note 1, the accounting for capital leases was not substantially different than the accounting for finance leases under ASC 842, therefore, the Association has reclassified capital lease obligations on the consolidated statements of financial position as of December 31, 2021 as finance lease liabilities for comparison purposes.

As of December 31, 2022, future minimum lease payments under finance leases are as follows:

|   |                 |
|---|-----------------|
| Year ending December 31:                          |                 |
| 2023  | \$ 5,424        |
| 2024  | 1,834           |
| 2025  | 1,116           |
| 2026  | 1,116           |
| 2027  | <u>186</u>      |
| Total   | 9,676           |
| Less: Amount representing interest (1.25%- 4.54%) | <u>(261)</u>    |
| Present value of future minimum lease payments    | <u>\$ 9,415</u> |

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 8: Net Assets with Donor Restrictions**

The Association has several restricted funds, which may be fully expended but only for the purpose established by the respective donors. Net assets with donor restrictions were available for the following purposes as of December 31, 2022:

|   | 2021                 |                   | Current Year Activity        |                     |                      | 2022 |
|---|----------------------|-------------------|------------------------------|---------------------|----------------------|------|
|   |                      |                   | Net Investment Released from |                     |                      |      |
|   |                      |                   | Contributions                | Return*             | Restriction          |      |
| Subject to expenditure for a specified purpose: |                      |                   |                              |                     |                      |      |
| Scholarship Fund                                | \$ 12,404,878        | \$ 97,759         | \$ (1,759,879)               | \$ (510,539)        | \$ 10,232,219        |      |
| Legal Defense Fund                              | 318,097              | 53,995            | -0-                          | (20,000)            | 352,092              |      |
| Kiang Fund for Excellence                       | 116,871              | -0-               | (34,052)                     | -0-                 | 82,819               |      |
| Oliver Bishop Harriman Scholarship Fund         | 63,210               | -0-               | (20,651)                     | -0-                 | 42,559               |      |
| Political Action Committee                      | 9,977                | 4,250             | 24                           | (8,496)             | 5,755                |      |
| Fund for American Diplomacy                     | 20,000               | -0-               | -0-                          | (20,000)            | -0-                  |      |
|   | <u>12,933,033</u>    | <u>156,004</u>    | <u>(1,814,558)</u>           | <u>(559,035)</u>    | <u>10,715,444</u>    |      |
| Subject to spending policy or appropriation     |                      |                   |                              |                     |                      |      |
| Endowments                                      |                      |                   |                              |                     |                      |      |
| Kiang Fund for Excellence                       | 100,000              | -0-               | -0-                          | -0-                 | 100,000              |      |
| Oliver Bishop Harriman Scholarship Fund         | 68,553               | -0-               | -0-                          | -0-                 | 68,553               |      |
| Beneficial interest in trusts                   | 1,149,831            | -0-               | (214,233)                    | -0-                 | 935,598              |      |
|   | <u>1,318,384</u>     | <u>-0-</u>        | <u>(214,233)</u>             | <u>-0-</u>          | <u>1,104,151</u>     |      |
|   | <u>\$ 14,251,417</u> | <u>\$ 156,004</u> | <u>\$ (2,028,791)</u>        | <u>\$ (559,035)</u> | <u>\$ 11,819,595</u> |      |

\* Includes realized and unrealized gains (losses)

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 8: Net Assets with Donor Restrictions (Continued)**

Net assets with donor restrictions were available for the following purposes as of December 31, 2021:

|  | 2020                 |                   | Prior Year Activity          |                     | 2021                 |
|--|----------------------|-------------------|------------------------------|---------------------|----------------------|
|  |                      |                   | Net Investment Released from |                     |                      |
|  |                      | Contributions     | Return*                      | Restriction         |                      |
| Subject to expenditure for<br>a specified purpose: |                      |                   |                              |                     |                      |
| Scholarship Fund                                   | \$ 11,345,154        | \$ 87,116         | \$ 1,511,092                 | \$ (538,484)        | \$ 12,404,878        |
| Legal Defense Fund                                 | 318,887              | 16,611            | -0-                          | (17,401)            | 318,097              |
| Kiang Fund for Excellence                          | 91,064               | -0-               | 25,807                       | -0-                 | 116,871              |
| Oliver Bishop Harriman<br>Scholarship Fund         | 47,524               | -0-               | 15,686                       | -0-                 | 63,210               |
| Fund for American Diplomacy                        | 20,000               | -0-               | -0-                          | -0-                 | 20,000               |
| Political Action Committee                         | 3,003                | 7,180             | 10                           | (216)               | 9,977                |
|  | <u>11,825,632</u>    | <u>110,907</u>    | <u>1,552,595</u>             | <u>(556,101)</u>    | <u>12,933,033</u>    |
| Subject to spending policy<br>or appropriation     |                      |                   |                              |                     |                      |
| Endowments   |                      |                   |                              |                     |                      |
| Kiang Fund for Excellence                          | 100,000              | -0-               | -0-                          | -0-                 | 100,000              |
| Oliver Bishop Harriman<br>Scholarship Fund         | 68,553               | -0-               | -0-                          | -0-                 | 68,553               |
| Beneficial interest in trusts                      | 1,050,713            | -0-               | 99,118                       | -0-                 | 1,149,831            |
|  | <u>1,219,266</u>     | <u>-0-</u>        | <u>99,118</u>                | <u>-0-</u>          | <u>1,318,384</u>     |
|  | <u>\$ 13,044,898</u> | <u>\$ 110,907</u> | <u>\$ 1,651,713</u>          | <u>\$ (556,101)</u> | <u>\$ 14,251,417</u> |

\* Includes realized and unrealized gains (losses)

The Association maintains the following donor-restricted endowment funds classified as restricted in perpetuity. The original principal portion of the funds may not be expended.

Kian Fund for Excellence: This fund was established for the purposes of providing financial aid scholarships to children of AFSA members whose parents are or were Foreign Service Employees.

Oliver Bishop Harriman Scholarship Fund: This fund was established for the purposes of providing financial aid scholarships to children of AFSA members whose parents are or were Foreign Service Employees.

The income earned on the endowment funds is expendable but only for the purpose established by the respective donors.



**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 8: Net Assets with Donor Restrictions (Continued)**

FASB issued guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This guidance also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The District of Columbia has enacted UPMIFA. The Governing Board of the Association has interpreted the District of Columbia's enacted version of UPMIFA 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 Association classifies as net assets with donor restrictions (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 at the time the accumulation is added to the fund, such as net realized and unrealized gains (losses).

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies*

The Association has adopted investment and spending policies, approved by the Governing Board of the Association, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which protects the purchasing power of the fund against inflation, with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, debt obligations and alternative investments that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Therefore, the Association expects its endowment assets, over time, to produce an average rate of return that is higher than the inflation rate in order to maintain the purchasing power of the endowment funds. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy*

The Association has a policy of appropriating for distribution each year not more than 5% of the rolling five-year average of each of the endowment fund's fair values. In establishing this policy, Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Association expects the current spending policy to allow its endowment funds to grow at a nominal average rate that is higher than the rate of inflation. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 8: Net Assets with Donor Restrictions (Continued)**

Endowment net asset composition by type of fund as of December 31, 2022 and 2021 is as follows:

|                                  | <u>With Donor Restrictions</u> |                        |                        | Total Net<br>Endowment<br>Assets |
|----------------------------------|--------------------------------|------------------------|------------------------|----------------------------------|
|                                  | Without Donor<br>Restriction   | Temporary<br>in Nature | Permanent<br>in Nature |                                  |
| December 31, 2022:               |                                |                        |                        |                                  |
| Donor-restricted endowment funds | \$ -0-                         | \$ 125,378             | \$ 168,553             | \$ 293,931                       |
| December 31, 2021:               |                                |                        |                        |                                  |
| Donor-restricted endowment funds | \$ -0-                         | \$ 180,081             | \$ 168,553             | \$ 348,634                       |

Changes in endowment net assets during the year ended December 31, 2022 and 2021, are as follows:

|  | <u>With Donor Restrictions</u> |                        |                        | Total Net<br>Endowment<br>Assets |
|--|--------------------------------|------------------------|------------------------|----------------------------------|
|  | Without Donor<br>Restrictions  | Temporary<br>in Nature | Permanent<br>in Nature |                                  |
| Endowment net assets,<br>December 31, 2020 | \$ -0-                         | \$ 138,588             | \$ 168,553             | \$ 307,141                       |
| Contributions                              | -0-                            | -0-                    | -0-                    | -0-                              |
| Net investment return                      | -0-                            | 41,493                 | -0-                    | 41,493                           |
| Amounts appropriated for<br>expenditure    | -0-                            | -0-                    | -0-                    | -0-                              |
| Endowment net assets,<br>December 31, 2021 | -0-                            | 180,081                | 168,553                | 348,634                          |
| Contributions                              | -0-                            | -0-                    | -0-                    | -0-                              |
| Net investment return                      | -0-                            | (54,703)               | -0-                    | (54,703)                         |
| Amounts appropriated for<br>expenditure    | -0-                            | -0-                    | -0-                    | -0-                              |
| Endowment net assets,<br>December 31, 2022 | \$ -0-                         | \$ 125,378             | \$ 168,553             | \$ 293,931                       |

**Note 9: Commitments**

As of December 31, 2022, the Association had outstanding conditional scholarship awards of \$129,000. Scholarship awards are subject to the fulfillment of certain conditions, as defined in the respective scholarship agreements. Conditional scholarship awards are included in prepaid expenses in the consolidated statements of financial position and are expected to be expensed during the year ended December 31, 2023.

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**December 31, 2022 and 2021**

**Note 10: Retirement Plans**

Defined Contribution Retirement Plan: The Association maintains a retirement plan under IRC Section 401(k) for substantially all of its employees. Under the terms of the plan, participating employees may elect to contribute pre-tax dollars up to the maximum limit established by the IRS for each calendar year. The plan requires the Association to make matching contributions equal to the 100% of the first 5% contributed by an employee based on the calendar year. Total pension expense for the years ended December 31, 2022 and 2021 was \$173,685 and \$135,131, respectively.

Defined Compensation Plan: The Association maintains a deferred compensation plan under IRC Section 457(b) for the benefit of certain key employees. Under the terms of the plan, participating employees can elect to defer a portion of their compensation on a pre-tax basis into the plan, not to exceed the maximum salary deferral amount allowable under the applicable provisions of the IRC. The Association can make discretionary contributions to the plan for each participating employee. The Association made discretionary contributions of \$19,500 to the plan during the years ended December 31, 2022 and 2021. The Association maintains an investment account to fund the deferred compensation plan which is classified as deferred compensation investments on the consolidated statements of financial position. The investment account has a balance of \$567,337 and \$686,094 as of December 31, 2022 and 2021, respectively.

**Note 11: Certain Significant Risks and Uncertainties**

Cash and Cash Equivalents: The Association maintains its cash balances in various financial institutions. Periodically during the year, the Association's cash balances may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances.

Investment Risk: The Association invests in money market funds, common equity securities and mutual funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the balances reported in the consolidated financial statements.

**AMERICAN FOREIGN SERVICE ASSOCIATION  
AND AFFILIATES**

**SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022 AND 2021**

**Independent Auditor's Report on Supplementary Information**

To the Governing Board  
American Foreign Service Association  
and Affiliates

We have audited the consolidated financial statements of American Foreign Service Association and Affiliates as of and for the year ended December 31, 2022, and our report thereon dated September 11, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on the following pages is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The supplementary information on the following pages as of and for the year ended December 31, 2021 was subjected to auditing procedures applied in the 2021 audit of the basic consolidated financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the basic 2021 consolidated financial statements taken as a whole. We were not engaged to audit, review, or apply any procedures to American Foreign Service Association and Affiliates 2021 supplementary information, and accordingly, we do not express an opinion or any other form of assurance on the 2021 supplementary information taken as a whole.

*Gross, Mendelsohn & Associates, P.A.*

Baltimore, Maryland  
September 11, 2023

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Consolidating Statement of Financial Position**  
**December 31, 2022**

|   | <b>AFSA</b>          | <b>Fund</b>         | <b>Scholarship<br/>Fund</b> | <b>PAC</b>       | <b>Eliminations</b>    | <b>Total</b>         |
|---|----------------------|---------------------|-----------------------------|------------------|------------------------|----------------------|
| <b>Assets</b>   |                      |                     |                             |                  |                        |                      |
| <b>Current Assets</b>   |                      |                     |                             |                  |                        |                      |
| Cash and cash equivalents   | \$ 262,091           | \$ -0-              | \$ 588,871                  | \$ 7,020         | \$ -0-                 | \$ 857,982           |
| Accounts receivable, net of allowance<br>for doubtful accounts        | 157,523              | 9,545               | 10                          | -0-              | -0-                    | 167,078              |
| Investments, current portion  | 4,022,454            | 959,639             | 9,679,130                   | -0-              | -0-                    | 14,661,223           |
| Prepaid expenses  | 58,336               | -0-                 | 129,000                     | -0-              | -0-                    | 187,336              |
| Inventory   | 2,843                | 9,881               | -0-                         | -0-              | -0-                    | 12,724               |
| Due from affiliates   | 6,048,802            | 1,248,923           | 4,074,395                   | 7,243            | (11,379,363)           | -0-                  |
| <b>Total Current Assets</b>   | <b>10,552,049</b>    | <b>2,227,988</b>    | <b>14,471,406</b>           | <b>14,263</b>    | <b>(11,379,363)</b>    | <b>15,886,343</b>    |
| <b>Property</b> , net of accumulated depreciation<br>and amortization | 1,757,197            | -0-                 | -0-                         | -0-              | -0-                    | 1,757,197            |
| <b>Other Assets</b>   |                      |                     |                             |                  |                        |                      |
| Investments, long-term portion  | -0-                  | -0-                 | 168,553                     | -0-              | -0-                    | 168,553              |
| Beneficial interest in trusts   | -0-                  | -0-                 | 935,598                     | -0-              | -0-                    | 935,598              |
| Deferred compensation investments                                     | 567,337              | -0-                 | -0-                         | -0-              | -0-                    | 567,337              |
| <b>Total Other Assets</b>   | <b>567,337</b>       | <b>-0-</b>          | <b>1,104,151</b>            | <b>-0-</b>       | <b>-0-</b>             | <b>1,671,488</b>     |
| <b>Total Assets</b>   | <b>\$ 12,876,583</b> | <b>\$ 2,227,988</b> | <b>\$ 15,575,557</b>        | <b>\$ 14,263</b> | <b>\$ (11,379,363)</b> | <b>\$ 19,315,028</b> |
| <b>Liabilities and Net Assets</b>                                     |                      |                     |                             |                  |                        |                      |
| <b>Current Liabilities</b>  |                      |                     |                             |                  |                        |                      |
| Accounts payable and accrued expenses                                 | \$ 490,861           | \$ 9,868            | \$ 12,935                   | \$ 45            | \$ -0-                 | \$ 513,709           |
| Current maturities of finance<br>lease liabilities                    | 5,238                | -0-                 | -0-                         | -0-              | -0-                    | 5,238                |
| Contract liabilities  | 431,106              | 7,192               | -0-                         | -0-              | -0-                    | 438,298              |
| Due to affiliates   | 5,330,561            | 1,939,465           | 4,100,874                   | 8,463            | (11,379,363)           | -0-                  |
| <b>Total Current Liabilities</b>                                      | <b>6,257,766</b>     | <b>1,956,525</b>    | <b>4,113,809</b>            | <b>8,508</b>     | <b>(11,379,363)</b>    | <b>957,245</b>       |
| <b>Non-Current Liabilities</b>  |                      |                     |                             |                  |                        |                      |
| Finance lease liabilities, net of current<br>maturities               | 4,177                | -0-                 | -0-                         | -0-              | -0-                    | 4,177                |
| Deferred compensation   | 567,337              | -0-                 | -0-                         | -0-              | -0-                    | 567,337              |
| <b>Total Non-Current Liabilities</b>                                  | <b>571,514</b>       | <b>-0-</b>          | <b>-0-</b>                  | <b>-0-</b>       | <b>-0-</b>             | <b>571,514</b>       |
| <b>Total Liabilities</b>  | <b>6,829,280</b>     | <b>1,956,525</b>    | <b>4,113,809</b>            | <b>8,508</b>     | <b>(11,379,363)</b>    | <b>1,528,759</b>     |
| <b>Net Assets</b>   |                      |                     |                             |                  |                        |                      |
| Without donor restrictions  | 5,695,211            | 271,463             | -0-                         | -0-              | -0-                    | 5,966,674            |
| With donor restrictions   | 352,092              | -0-                 | 11,461,748                  | 5,755            | -0-                    | 11,819,595           |
| <b>Total Net Assets</b>   | <b>6,047,303</b>     | <b>271,463</b>      | <b>11,461,748</b>           | <b>5,755</b>     | <b>-0-</b>             | <b>17,786,269</b>    |
| <b>Total Liabilities and Net Assets</b>                               | <b>\$ 12,876,583</b> | <b>\$ 2,227,988</b> | <b>\$ 15,575,557</b>        | <b>\$ 14,263</b> | <b>\$ (11,379,363)</b> | <b>\$ 19,315,028</b> |

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Consolidating Statement of Financial Position**  
**December 31, 2021**

|   | <b>AFSA</b>          | <b>Fund</b>         | <b>Scholarship<br/>Fund</b> | <b>PAC</b>       | <b>Eliminations</b>    | <b>Total</b>         |
|---|----------------------|---------------------|-----------------------------|------------------|------------------------|----------------------|
| <b>Assets</b>   |                      |                     |                             |                  |                        |                      |
| <b>Current Assets</b>   |                      |                     |                             |                  |                        |                      |
| Cash and cash equivalents   | \$ 193,728           | \$ -0-              | \$ 756,626                  | \$ 11,242        | \$ -0-                 | \$ 961,596           |
| Accounts receivable, net of allowance<br>for doubtful accounts        | 172,482              | 3,647               | 10                          | -0-              | -0-                    | 176,139              |
| Investments, current portion  | 4,767,269            | 1,212,206           | 11,919,807                  | -0-              | -0-                    | 17,899,282           |
| Prepaid expenses  | 60,065               | -0-                 | 117,500                     | -0-              | -0-                    | 177,565              |
| Inventory   | 4,551                | 5,012               | -0-                         | -0-              | -0-                    | 9,563                |
| Due from affiliates   | 5,750,461            | 1,065,701           | 3,988,305                   | 7,243            | (10,811,710)           | -0-                  |
| <b>Total Current Assets</b>   | <b>10,948,556</b>    | <b>2,286,566</b>    | <b>16,782,248</b>           | <b>18,485</b>    | <b>(10,811,710)</b>    | <b>19,224,145</b>    |
| <b>Property</b> , net of accumulated depreciation<br>and amortization | 1,751,462            | -0-                 | -0-                         | -0-              | -0-                    | 1,751,462            |
| <b>Other Assets</b>   |                      |                     |                             |                  |                        |                      |
| Investments, long-term portion  | -0-                  | -0-                 | 168,553                     | -0-              | -0-                    | 168,553              |
| Beneficial interest in trusts   | -0-                  | -0-                 | 1,149,831                   | -0-              | -0-                    | 1,149,831            |
| Deferred compensation investments                                     | 686,094              | -0-                 | -0-                         | -0-              | -0-                    | 686,094              |
| <b>Total Other Assets</b>   | <b>686,094</b>       | <b>-0-</b>          | <b>1,318,384</b>            | <b>-0-</b>       | <b>-0-</b>             | <b>2,004,478</b>     |
| <b>Total Assets</b>   | <b>\$ 13,386,112</b> | <b>\$ 2,286,566</b> | <b>\$ 18,100,632</b>        | <b>\$ 18,485</b> | <b>\$ (10,811,710)</b> | <b>\$ 22,980,085</b> |
| <b>Liabilities and Net Assets</b>                                     |                      |                     |                             |                  |                        |                      |
| <b>Current Liabilities</b>  |                      |                     |                             |                  |                        |                      |
| Accounts payable and accrued expenses                                 | \$ 415,226           | \$ 6,554            | \$ 9,600                    | \$ 45            | \$ -0-                 | \$ 431,425           |
| Current maturities of finance<br>lease liabilities                    | 3,988                | -0-                 | -0-                         | -0-              | -0-                    | 3,988                |
| Contract liabilities  | 427,274              | 7,192               | -0-                         | -0-              | -0-                    | 434,466              |
| Due to affiliates   | 5,061,247            | 1,554,311           | 4,187,689                   | 8,463            | (10,811,710)           | -0-                  |
| <b>Total Current Liabilities</b>                                      | <b>5,907,735</b>     | <b>1,568,057</b>    | <b>4,197,289</b>            | <b>8,508</b>     | <b>(10,811,710)</b>    | <b>869,879</b>       |
| <b>Non-Current Liabilities</b>  |                      |                     |                             |                  |                        |                      |
| Finance lease liabilities, net of current<br>maturities               | 4,886                | -0-                 | -0-                         | -0-              | -0-                    | 4,886                |
| Deferred compensation   | 686,094              | -0-                 | -0-                         | -0-              | -0-                    | 686,094              |
| <b>Total Non-Current Liabilities</b>                                  | <b>690,980</b>       | <b>-0-</b>          | <b>-0-</b>                  | <b>-0-</b>       | <b>-0-</b>             | <b>690,980</b>       |
| <b>Total Liabilities</b>  | <b>6,598,715</b>     | <b>1,568,057</b>    | <b>4,197,289</b>            | <b>8,508</b>     | <b>(10,811,710)</b>    | <b>1,560,859</b>     |
| <b>Net Assets</b>   |                      |                     |                             |                  |                        |                      |
| Without donor restrictions  | 6,469,300            | 698,509             | -0-                         | -0-              | -0-                    | 7,167,809            |
| With donor restrictions   | 318,097              | 20,000              | 13,903,343                  | 9,977            | -0-                    | 14,251,417           |
| <b>Total Net Assets</b>   | <b>6,787,397</b>     | <b>718,509</b>      | <b>13,903,343</b>           | <b>9,977</b>     | <b>-0-</b>             | <b>21,419,226</b>    |
| <b>Total Liabilities and Net Assets</b>                               | <b>\$ 13,386,112</b> | <b>\$ 2,286,566</b> | <b>\$ 18,100,632</b>        | <b>\$ 18,485</b> | <b>\$ (10,811,710)</b> | <b>\$ 22,980,085</b> |

**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Consolidating Statement of Activities**  
**Year Ended December 31, 2022**

|  | AFSA                | Fund                | Scholarship<br>Fund   | PAC               | Eliminations  | Total                 |
|--|---------------------|---------------------|-----------------------|-------------------|---------------|-----------------------|
| <b>Without Donor Restrictions</b>                      |                     |                     |                       |                   |               |                       |
| <b>Support and Revenue</b>                             |                     |                     |                       |                   |               |                       |
| Member dues  | \$ 4,716,064        | \$ -0-              | \$ -0-                | \$ -0-            | \$ -0-        | \$ 4,716,064          |
| Advertising sales, net of discounts                    | 556,829             | -0-                 | -0-                   | -0-               | -0-           | 556,829               |
| Contributions  | 15                  | 164,675             | -0-                   | -0-               | -0-           | 164,690               |
| Gifts-in-kind  | -0-                 | 30,369              | -0-                   | -0-               | -0-           | 30,369                |
| Book sales   | -0-                 | 28,384              | -0-                   | -0-               | -0-           | 28,384                |
| Subscriptions  | 4,559               | -0-                 | -0-                   | -0-               | -0-           | 4,559                 |
| Miscellaneous revenue                                  | 5,034               | 17,391              | -0-                   | -0-               | -0-           | 22,425                |
| Net investment return                                  | (787,614)           | (180,320)           | -0-                   | -0-               | -0-           | (967,934)             |
| Net assets released from restrictions:                 |                     |                     |                       |                   |               |                       |
| Satisfaction of program restrictions                   | 20,000              | 20,000              | 510,539               | 8,496             | -0-           | 559,035               |
| Total Support and Revenue                              | <u>4,514,887</u>    | <u>80,499</u>       | <u>510,539</u>        | <u>8,496</u>      | <u>-0-</u>    | <u>5,114,421</u>      |
| <b>Expenses</b>  |                     |                     |                       |                   |               |                       |
| Program services:                                      |                     |                     |                       |                   |               |                       |
| Labor relations  | 1,636,393           | -0-                 | -0-                   | -0-               | -0-           | 1,636,393             |
| Journal  | 1,280,447           | -0-                 | -0-                   | -0-               | -0-           | 1,280,447             |
| Scholarships   | -0-                 | -0-                 | 390,640               | -0-               | -0-           | 390,640               |
| Public affairs   | 349,381             | -0-                 | -0-                   | -0-               | -0-           | 349,381               |
| Congressional affairs                                  | 308,612             | -0-                 | -0-                   | -0-               | -0-           | 308,612               |
| Public education and outreach                          | -0-                 | 265,067             | -0-                   | -0-               | -0-           | 265,067               |
| Retirees   | 236,696             | -0-                 | -0-                   | -0-               | -0-           | 236,696               |
| Membership services                                    | 216,943             | -0-                 | -0-                   | -0-               | -0-           | 216,943               |
| Foreign professional services policy issues            | 161,805             | -0-                 | -0-                   | -0-               | -0-           | 161,805               |
| Professional awards                                    | -0-                 | 116,671             | -0-                   | -0-               | -0-           | 116,671               |
| Essay contest  | -0-                 | 64,528              | -0-                   | -0-               | -0-           | 64,528                |
| Political action committee                             | -0-                 | -0-                 | -0-                   | 8,496             | -0-           | 8,496                 |
| Total program services                                 | <u>4,190,277</u>    | <u>446,266</u>      | <u>390,640</u>        | <u>8,496</u>      | <u>-0-</u>    | <u>5,035,679</u>      |
| Supporting services:                                   |                     |                     |                       |                   |               |                       |
| Management and general                                 | 762,167             | 59,726              | 119,899               | -0-               | -0-           | 941,792               |
| Board and president                                    | 248,610             | -0-                 | -0-                   | -0-               | -0-           | 248,610               |
| Member support   | 81,552              | -0-                 | -0-                   | -0-               | -0-           | 81,552                |
| Election   | 6,370               | -0-                 | -0-                   | -0-               | -0-           | 6,370                 |
| Fundraising  | -0-                 | 1,553               | -0-                   | -0-               | -0-           | 1,553                 |
| Total supporting services                              | <u>1,098,699</u>    | <u>61,279</u>       | <u>119,899</u>        | <u>-0-</u>        | <u>-0-</u>    | <u>1,279,877</u>      |
| Total Expenses   | <u>5,288,976</u>    | <u>507,545</u>      | <u>510,539</u>        | <u>8,496</u>      | <u>-0-</u>    | <u>6,315,556</u>      |
| <b>Change in Net Assets without Donor Restrictions</b> | <u>\$ (774,089)</u> | <u>\$ (427,046)</u> | <u>\$ -0-</u>         | <u>\$ -0-</u>     | <u>\$ -0-</u> | <u>\$ (1,201,135)</u> |
| <b>With Donor Restrictions</b>                         |                     |                     |                       |                   |               |                       |
| <b>Support and Revenue</b>                             |                     |                     |                       |                   |               |                       |
| Contributions  | \$ 53,995           | \$ -0-              | \$ 97,759             | \$ 4,250          | \$ -0-        | \$ 156,004            |
| Net investment return                                  | -0-                 | -0-                 | (1,814,582)           | 24                | -0-           | (1,814,558)           |
| Change in beneficial interest in trusts                | -0-                 | -0-                 | (214,233)             | -0-               | -0-           | (214,233)             |
| Net assets released from restrictions:                 |                     |                     |                       |                   |               |                       |
| Satisfaction of program restrictions                   | (20,000)            | (20,000)            | (510,539)             | (8,496)           | -0-           | (559,035)             |
| <b>Change in Net Assets with Donor Restrictions</b>    | <u>\$ 33,995</u>    | <u>\$ (20,000)</u>  | <u>\$ (2,441,595)</u> | <u>\$ (4,222)</u> | <u>\$ -0-</u> | <u>\$ (2,431,822)</u> |
| <b>Change in Net Assets</b>                            | <u>(740,094)</u>    | <u>(447,046)</u>    | <u>(2,441,595)</u>    | <u>(4,222)</u>    | <u>-0-</u>    | <u>(3,632,957)</u>    |
| <b>Net Assets at Beginning of Year</b>                 | <u>6,787,397</u>    | <u>718,509</u>      | <u>13,903,343</u>     | <u>9,977</u>      | <u>-0-</u>    | <u>21,419,226</u>     |
| <b>Net Assets at End of Year</b>                       | <u>\$ 6,047,303</u> | <u>\$ 271,463</u>   | <u>\$ 11,461,748</u>  | <u>\$ 5,755</u>   | <u>\$ -0-</u> | <u>\$ 17,786,269</u>  |



**AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES**  
**Consolidating Statement of Activities**  
**Year Ended December 31, 2021**

|   | <b>AFSA</b>         | <b>Fund</b>        | <b>Scholarship<br/>Fund</b> | <b>PAC</b>      | <b>Eliminations</b> | <b>Total</b>         |
|---|---------------------|--------------------|-----------------------------|-----------------|---------------------|----------------------|
| <b>Without Donor Restrictions</b>           |                     |                    |                             |                 |                     |                      |
| <b>Support and Revenue</b>                  |                     |                    |                             |                 |                     |                      |
| Member dues                                 | \$ 4,435,287        | \$ -0-             | \$ -0-                      | \$ -0-          | \$ -0-              | \$ 4,435,287         |
| Advertising sales, net of discounts         | 584,746             | -0-                | -0-                         | -0-             | -0-                 | 584,746              |
| Contributions                               | 26,025              | 184,221            | -0-                         | -0-             | -0-                 | 210,246              |
| Gifts-in-kind                               | -0-                 | 38,445             | -0-                         | -0-             | -0-                 | 38,445               |
| Book sales                                  | -0-                 | 32,051             | -0-                         | -0-             | -0-                 | 32,051               |
| Subscriptions                               | 5,803               | -0-                | -0-                         | -0-             | -0-                 | 5,803                |
| Miscellaneous revenue                       | 1,927               | 6,500              | -0-                         | -0-             | -0-                 | 8,427                |
| Net investment return                       | 515,573             | 144,498            | -0-                         | -0-             | -0-                 | 660,071              |
| Net assets released from restrictions:      |                     |                    |                             |                 |                     |                      |
| Satisfaction of program restrictions        | 17,401              | -0-                | 538,484                     | 216             | -0-                 | 556,101              |
| <b>Total Support and Revenue</b>            | <b>5,586,762</b>    | <b>405,715</b>     | <b>538,484</b>              | <b>216</b>      | <b>-0-</b>          | <b>6,531,177</b>     |
| <b>Expenses</b>                             |                     |                    |                             |                 |                     |                      |
| Program services:                           |                     |                    |                             |                 |                     |                      |
| Labor relations                             | 1,514,378           | -0-                | -0-                         | -0-             | -0-                 | 1,514,378            |
| Journal                                     | 1,188,264           | -0-                | -0-                         | -0-             | -0-                 | 1,188,264            |
| Scholarships                                | -0-                 | -0-                | 441,670                     | -0-             | -0-                 | 441,670              |
| Public education and outreach               | -0-                 | 241,352            | -0-                         | -0-             | -0-                 | 241,352              |
| Congressional affairs                       | 240,270             | -0-                | -0-                         | -0-             | -0-                 | 240,270              |
| Public affairs                              | 236,731             | -0-                | -0-                         | -0-             | -0-                 | 236,731              |
| Retirees                                    | 221,193             | -0-                | -0-                         | -0-             | -0-                 | 221,193              |
| Membership services                         | 191,866             | -0-                | -0-                         | -0-             | -0-                 | 191,866              |
| Foreign professional services policy issues | 160,858             | -0-                | -0-                         | -0-             | -0-                 | 160,858              |
| Professional awards                         | -0-                 | 84,491             | -0-                         | -0-             | -0-                 | 84,491               |
| Essay contest                               | -0-                 | 65,213             | -0-                         | -0-             | -0-                 | 65,213               |
| Political action committee                  | -0-                 | -0-                | -0-                         | 216             | -0-                 | 216                  |
| <b>Total program services</b>               | <b>3,753,560</b>    | <b>391,056</b>     | <b>441,670</b>              | <b>216</b>      | <b>-0-</b>          | <b>4,586,502</b>     |
| Supporting services:                        |                     |                    |                             |                 |                     |                      |
| Management and general                      | 904,775             | 52,270             | 96,814                      | -0-             | -0-                 | 1,053,859            |
| Board and president                         | 233,319             | -0-                | -0-                         | -0-             | -0-                 | 233,319              |
| Member support                              | 53,430              | -0-                | -0-                         | -0-             | -0-                 | 53,430               |
| Election                                    | 36,982              | -0-                | -0-                         | -0-             | -0-                 | 36,982               |
| Fundraising                                 | -0-                 | 2,322              | -0-                         | -0-             | -0-                 | 2,322                |
| <b>Total supporting services</b>            | <b>1,228,506</b>    | <b>54,592</b>      | <b>96,814</b>               | <b>-0-</b>      | <b>-0-</b>          | <b>1,379,912</b>     |
| <b>Total Expenses</b>                       | <b>4,982,066</b>    | <b>445,648</b>     | <b>538,484</b>              | <b>216</b>      | <b>-0-</b>          | <b>5,966,414</b>     |
| <b>Change in Net Assets</b>                 |                     |                    |                             |                 |                     |                      |
| <b>without Donor Restrictions</b>           | <b>\$ 604,696</b>   | <b>\$ (39,933)</b> | <b>\$ -0-</b>               | <b>\$ -0-</b>   | <b>\$ -0-</b>       | <b>\$ 564,763</b>    |
| <b>With Donor Restrictions</b>              |                     |                    |                             |                 |                     |                      |
| <b>Support and Revenue</b>                  |                     |                    |                             |                 |                     |                      |
| Contributions                               | \$ 16,611           | \$ -0-             | \$ 87,116                   | \$ 7,180        | \$ -0-              | \$ 110,907           |
| Net investment return                       | -0-                 | -0-                | 1,552,585                   | 10              | -0-                 | 1,552,595            |
| Change in beneficial interest in trusts     | -0-                 | -0-                | 99,118                      | -0-             | -0-                 | 99,118               |
| Net assets released from restrictions:      |                     |                    |                             |                 |                     |                      |
| Satisfaction of program restrictions        | (17,401)            | -0-                | (538,484)                   | (216)           | -0-                 | (556,101)            |
| <b>Change in Net Assets</b>                 | <b>\$ (790)</b>     | <b>\$ -0-</b>      | <b>\$ 1,200,335</b>         | <b>\$ 6,974</b> | <b>\$ -0-</b>       | <b>\$ 1,206,519</b>  |
| <b>Change in Net Assets</b>                 | <b>\$ 603,906</b>   | <b>\$ (39,933)</b> | <b>\$ 1,200,335</b>         | <b>\$ 6,974</b> | <b>\$ -0-</b>       | <b>\$ 1,771,282</b>  |
| <b>Net Assets at Beginning of Year</b>      | <b>6,183,491</b>    | <b>758,442</b>     | <b>12,703,008</b>           | <b>3,003</b>    | <b>-0-</b>          | <b>19,647,944</b>    |
| <b>Net Assets at End of Year</b>            | <b>\$ 6,787,397</b> | <b>\$ 718,509</b>  | <b>\$ 13,903,343</b>        | <b>\$ 9,977</b> | <b>\$ -0-</b>       | <b>\$ 21,419,226</b> |

