

# Princeton in Asia, Inc.

Financial Statements

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)



*Navigating the Road  
to  
Financial Security*

# Princeton in Asia, Inc.

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DeSantis  
Kiefer  
Shall &  
Sarcone  
LLP

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## **Independent Auditors' Report**

Board of Directors  
Princeton in Asia, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Princeton in Asia, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015 and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Princeton in Asia, Inc.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Princeton in Asia, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*DeSantis Kiefer Shall & Sarcone, LLP*

Staten Island, New York

May 11, 2017

## Princeton in Asia, Inc.

### Statements of Financial Position June 30, 2016 and 2015

	2016			2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b><u>Assets</u></b>						
Cash and Cash Equivalents	\$ 84,805	\$ 923	\$ 85,728	\$ 141,144	\$ 2,098	\$ 143,242
Accounts Receivable	23,514		23,514	14,454		14,454
Contributions Receivable - Donated Securities	105,412		105,412			
Due from Princeton University				637		637
Investments	4,518,866	149,265	4,668,131	4,847,908	155,855	5,003,763
Prepaid Expenses				2,755		2,755
Fixed Asset (Net)	3,151		3,151			
<b>Total Assets</b>	<b><u>\$ 4,735,748</u></b>	<b><u>\$ 150,188</u></b>	<b><u>\$ 4,885,936</u></b>	<b><u>\$ 5,006,898</u></b>	<b><u>\$ 157,953</u></b>	<b><u>\$ 5,164,851</u></b>
<b><u>Liabilities and Net Assets</u></b>						
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 13,195		\$ 13,195	\$ 10,000		\$ 10,000
Due to Princeton University	25,056		25,056			
Overdraft Cash				3,550		3,550
<b>Total Liabilities</b>	<b><u>38,251</u></b>		<b><u>38,251</u></b>	<b><u>13,550</u></b>		<b><u>13,550</u></b>
<b>Net Assets</b>						
Unrestricted	4,697,497		4,697,497	4,993,348		4,993,348
Temporarily Restricted		\$ 150,188	150,188		\$ 157,953	157,953
<b>Total Net Assets</b>	<b><u>4,697,497</u></b>	<b><u>150,188</u></b>	<b><u>4,847,685</u></b>	<b><u>4,993,348</u></b>	<b><u>157,953</u></b>	<b><u>5,151,301</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 4,735,748</u></b>	<b><u>\$ 150,188</u></b>	<b><u>\$ 4,885,936</u></b>	<b><u>\$ 5,006,898</u></b>	<b><u>\$ 157,953</u></b>	<b><u>\$ 5,164,851</u></b>

The Accompanying Notes are an Integral Part of this Statement.

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## Princeton in Asia, Inc.

### Statements of Activities for the Years Ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<u>Public Support, Revenues</u>						
Contributions:						
Individuals, Corporations and Foundations	\$ 582,915	\$ 6,000	\$ 588,915	\$ 465,182	\$ 6,550	\$ 471,732
Intern Fees	86,809		86,809	80,674		80,674
Investment Income	219,513	7,248	226,761	337,295	10,971	348,266
Unrealized Loss on Investments	(341,047)	(11,261)	(352,308)	(394,044)	(12,817)	(406,861)
Net Assets Released from Restrictions	9,752	(9,752)		10,906	(10,906)	
<b>Total Public Support, Revenues</b>	<u>557,942</u>	<u>(7,765)</u>	<u>550,177</u>	<u>500,013</u>	<u>(6,202)</u>	<u>493,811</u>
<u>Expenses:</u>						
Program Services	550,430		550,430	573,993		573,993
Management and General	151,045		151,045	144,900		144,900
Fundraising	152,318		152,318	81,617		81,617
<b>Total Expenses</b>	<u>853,793</u>		<u>853,793</u>	<u>800,510</u>		<u>800,510</u>
Changes in Net Assets	(295,851)	(7,765)	(303,616)	(300,497)	(6,202)	(306,699)
Net Assets, Beginning of Year	4,993,348	157,953	5,151,301	5,293,845	164,155	5,458,000
<b>Net Assets, End of Year</b>	<u>\$ 4,697,497</u>	<u>\$ 150,188</u>	<u>\$ 4,847,685</u>	<u>\$ 4,993,348</u>	<u>\$ 157,953</u>	<u>\$ 5,151,301</u>

# Princeton in Asia, Inc.

## Statements of Cash Flows for the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	<u>\$ (303,616)</u>	<u>\$ (306,699)</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Used In Operating Activities:		
Depreciation	231	
Unrealized Loss on Investments	352,308	406,861
Realized Gain on Sale of Investments	(199,222)	(298,610)
Donated Securities	(128,730)	
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(9,060)	(6,486)
Due from Princeton University	637	4,001
Contributions Receivable - Donated Securities	(105,412)	
Prepaid Expenses	2,755	4,751
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	3,195	500
Due to Princeton University	<u>25,056</u>	
Total Adjustments	<u>(58,242)</u>	<u>111,017</u>
Net Cash Used In Operating Activities	<u>(361,858)</u>	<u>(195,682)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	562,091	468,522
Purchase of Investments	(226,710)	(251,181)
Reinvested Dividends	(27,487)	(49,656)
Fixed Assets	<u>(3,382)</u>	
Net Cash Provided By Investment Activities	<u>307,894</u>	<u>167,685</u>
Cash Flows from Financing Activities:		
Overdraft Cash	<u>(3,550)</u>	<u>3,550</u>
Net Cash (Used In) Provided By Financing Activities	<u>(3,550)</u>	<u>3,550</u>
Net Decrease in Cash and Cash Equivalents	(57,514)	(24,447)
Cash and Cash Equivalents, Beginning of Year	<u>143,242</u>	<u>167,689</u>
Cash and Cash Equivalents, End of Year	<u>\$ 85,728</u>	<u>\$ 143,242</u>

The Accompanying Notes are an Integral Part of this Statement.

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## Princeton in Asia, Inc.

### Statements of Functional Expenses for the Years Ended June 30, 2016 and 2015

	2016				2015			
	Program Services <u>Asia</u>	<u>Supporting Services</u>		<u>Total</u>	Program Services <u>Asia</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fund Raising</u>			<u>Management and General</u>	<u>Fund Raising</u>	
Compensation and Related Expenses:								
Salaries	\$ 143,112	\$ 46,907	\$ 80,820	\$ 270,839	\$ 176,352	\$ 51,404	\$ 40,759	\$ 268,515
Field Office Salaries	40,890	11,683	5,841	58,414	50,619			50,619
Payroll Taxes	10,659	6,395	4,263	21,317	11,353	6,811	4,541	22,705
Employee Benefits	19,497	11,698	7,798	38,993	19,387	11,631	7,755	38,773
	214,158	76,683	98,722	389,563	207,092	69,846	53,055	329,993
Bank Charges and Fees		11,501		11,501		22,122		22,122
Development	4,908		27,066	31,974	1,774		24,694	26,468
Insurance Expense	77,198	5,037		82,235	68,554	5,017		73,571
Intern Program	211,752			211,752	184,761			184,761
Professional Fees	5,922	40,167	13,375	59,464	1,562	34,249		35,811
Payroll Fees		1,807		1,807		1,982		1,982
Office Expense	4,220	8,460	3,209	15,889	3,973	8,554	849	13,376
Travel	16,066		599	16,665	16,981		129	17,110
Board Expenses		2,245		2,245		3,130		3,130
Field Office Expenses	6,454	4,854	2,347	13,655	27,771		2,890	30,661
Carrie Gordon Tribute	9,752			9,752	10,906			10,906
Other Expenses		60	7,000	7,060				
Depreciation Expense		231		231				
<b>Total Expenses</b>	<b>\$ 550,430</b>	<b>\$ 151,045</b>	<b>\$ 152,318</b>	<b>\$ 853,793</b>	<b>\$ 573,993</b>	<b>\$ 144,900</b>	<b>\$ 81,617</b>	<b>\$ 800,510</b>

The Accompanying Notes are an Integral Part of this Statement.

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# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2016 and 2015

## 1. Nature of Activities

Princeton in Asia, Inc. (hereinafter referred to as the “Organization”) was incorporated June 21, 1930 under the laws of the State of New York. The purpose of the Organization is to provide service fellowships in Asia for college graduates in order to facilitate mutual understanding between East and West.

## 2. Summary of Significant Accounting Policies

### *Method of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### *Basis of Presentation*

The Organization follows the Financial Accounting Standards Board (FASB) codification topic that addresses financial statement of not-for-profit organizations. The Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The Organization also follows the FASB codification topic that addresses accounting for contributions received and contributions made. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Organization has received contributions with donor-imposed restrictions that result in temporarily restricted net assets.

It is the Organization’s policy to report donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

# **Princeton in Asia, Inc.**

## **Notes to Financial Statements June 30, 2016 and 2015**

Restricted contributions and investments are permanently restricted in accordance with the donor's wishes. Investment earnings available for distribution are recorded in unrestricted net assets.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No amounts for donated non-cash services have been recognized within these financial statements because the criteria for recognition have not been satisfied.

### ***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### ***Cash and Equivalents***

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

### ***Marketable Securities***

Investments in marketable securities with readily determinable fair values, and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gain and loss are shown separately in the Statement of Activities. Realized gain and loss are based on the adjusted cost of the specific security sold, and are also included in investment return in the Statement of Activities.

### ***Income Taxes***

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a not-for-profit tax-exempt organization and from state and local income taxes under comparable laws. The Organization represents that, to the best of its knowledge and belief, the tax-exempt status is still in effect as of June 30, 2016.

# **Princeton in Asia, Inc.**

## Notes to Financial Statements June 30, 2016 and 2015

The Organization is subject to the provisions of FASB ASC Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, ASC Topic 740 has not had, and is not expected to have, a material impact on its financial statements.

### ***Property, Equipment and Depreciation***

Donations of property and equipment are recorded as support, at their estimate fair value at the date of donation. Such donations are recorded as unrestricted support, unless the donor has restricted the donated assets to a specific purpose.

Property and equipment are stated at cost or fair market value at the date of donation. Property and equipment are depreciated over the estimated useful lives of the related assets. Depreciation is computed on the double-declining balance method. Maintenance and repairs are charged to operations when incurred. Betterments and renewals with a cost or fair value of \$1,000 or greater are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

### ***Support, Revenue and Expenses***

Revenue is recognized when earned and support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets are transferred to the Organization.

Expenses are reported at cost when incurred.

### ***Compensated Absences***

The Organization has made no accruals regarding compensated absences, and has determined the effect of such an amount is not material to the financial statements.

### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2016 and 2015

## *New Accounting Pronouncements*

### *Presentation of Financial Statements of Not-for-Profit Entities*

In August 2016, the FASB issued Accounting Standards Update No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The amendments change the presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes; investment returns; expenses; liquidity and availability of resources; and presentation of operating cash flows.

ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

### *Revenue from Contracts with Customers*

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those transferred goods and services. ASU 2014-09 establishes a five-step process to achieve this core principle and may require more judgment and estimates within the revenue recognition process than are necessary under existing U.S. GAAP.

ASU 2014-09 is effective for annual periods beginning after December 15, 2018, and interim periods therein using one of the following transition methods: (i) a full retrospective approach reflecting the standard's application for each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption. The Organization will evaluate the impact adopting the standard will have on the financial statements and has not yet determined which method will be used to adopt the standard.

## **3. Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Carrie Gordon Memorial Fund	<u>\$150,188</u>	<u>\$157,953</u>
Total	<u>\$150,188</u>	<u>\$157,953</u>

# Princeton in Asia, Inc.

## Notes to Financial Statements June 30, 2016 and 2015

The Carrie Gordon Memorial Fund was established in fiscal year 2005 and was created to support service-oriented sustainable projects implemented by Princeton in Asia alumni. Proposals are reviewed and approved by the fund committee.

#### 4. Tax Deferred Annuity Plan

During the year, June 30, 2007, the Organization entered into a tax-deferred annuity plan under Section 401(k) of the Internal Revenue Code. The plan covers full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code, if they wish. Employer contributions are determined from year to year and are discretionary. There were no matching contributions made in both years ended June 30, 2016 and 2015. Plan expenses were \$1,121 and \$1,516, respectively, for the years ended June 30, 2016 and 2015.

#### 5. Investments

Princeton in Asia, Inc. carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market values in the Statement of Financial Position. Unrealized gains and losses are included in the change of net assets in the accompanying Statement of Activities.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized, otherwise they are reported as restricted income and gains.

Investments at June 30, 2016 and 2015 are summarized as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds	\$4,901,920	\$4,668,131	\$4,944,308	\$5,002,541
Equity Securities	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,222</u>
Total	<u>\$4,901,920</u>	<u>\$4,668,131</u>	<u>\$4,944,308</u>	<u>\$5,003,763</u>

# Princeton in Asia, Inc.

## Notes to Financial Statements June 30, 2016 and 2015

Investment return is summarized as follows:

	<u>2016</u>	<u>2015</u>
Dividend and Interest Income	\$ 27,539	\$ 49,656
Realized Gain on Sale of Investments	<u>199,222</u>	<u>298,610</u>
Total Investment Returns	<u>\$226,761</u>	<u>\$348,266</u>

Unrealized loss on investment was (\$352,308) and (\$406,861) for the years ended June 30, 2016 and 2015, respectively.

### 6. Fair Value of Investments

The Organization has adopted the FASB codification topic related to fair value measurements. This standard applies to all assets and liabilities that are being measured and reported on a fair value basis, and requires disclosure that establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America. It enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to this standard.

The fair value of mutual funds and equities has been determined using quoted process in active markets for identical assets, which is Level 1 in the hierarchy for ranking the quality and reliability of the information used to determine the fair values.

# Princeton in Asia, Inc.

## Notes to Financial Statements June 30, 2016 and 2015

The detail of the fair value of investments at June 30, 2016 and 2015 is as follows:

<u>June 30, 2016</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Mutual Funds	<u>\$4,668,131</u>	<u>\$4,668,131</u>		
Total	<u>\$4,668,131</u>	<u>\$4,668,131</u>		

<u>June 30, 2015</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Mutual Funds	\$5,002,541	\$5,002,541		
Equity Securities	<u>1,222</u>	<u>1,222</u>		
Total	<u>\$5,003,763</u>	<u>\$5,003,763</u>		

### 7. Property and Equipment

A summary of property and equipment follows:

	Estimated Useful Lives In Years	<u>2016</u>	<u>2015</u>
Computer Equipment	5	\$10,851	\$7,469
Furniture	7	<u>1,673</u>	<u>1,673</u>
Total		12,524	9,142
Accumulated Depreciation		<u>9,373</u>	<u>9,142</u>
Net Fixed Assets		<u>\$ 3,151</u>	<u>\$ 0</u>

# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2016 and 2015

## **8. Donated Facilities**

The Organization is provided office space by Princeton University, based on a verbal agreement. No amounts of rent, utilities, or other direct operating expenses of the facility have been paid for this space, nor has a value been determined.

## **9. Field Office Expenses**

The Organization supports a field office in Singapore to assist fellows while they are overseas. At June 30, 2016 and 2015, the Organization contributed \$72,069 and \$81,280 respectively, to the field office to cover operating expenses. Of those amounts, \$58,414 and \$50,619 were paid for the years ended June 30, 2016 and 2015 for salaries and related payroll taxes for employees located in the office. The balance of the funds is used for rent and supplies.

## **10. Subsequent Events**

The Organization has evaluated subsequent events through May 11, 2017, the date the financial statements were available to be issued.

## **11. Concentration of Credit Risk**

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.