

Princeton in Asia, Inc.

Financial Statements

June 30, 2017 and 2016

(With Independent Auditor's 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 Auditor's 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, 2017 and 2016 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, 2017 and 2016, 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 9, 2018

Princeton in Asia, Inc.

Statements of Financial Position June 30, 2017 and 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ 203,522	\$ 9,082	\$ 212,604	\$ 84,805	\$ 923	\$ 85,728
Accounts Receivable	42,409		42,409	23,514		23,514
Contributions Receivable - Donated Securities				105,412		105,412
Investments	4,847,084	714,073	5,561,157	4,518,866	149,265	4,668,131
Fixed Asset (Net)	2,920		2,920	3,151		3,151
Total Assets	<u><u>\$ 5,095,935</u></u>	<u><u>\$ 723,155</u></u>	<u><u>\$ 5,819,090</u></u>	<u><u>\$ 4,735,748</u></u>	<u><u>\$ 150,188</u></u>	<u><u>\$ 4,885,936</u></u>
<u>Liabilities and Net Assets</u>						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 36,204		\$ 36,204	\$ 13,195		\$ 13,195
Due to Princeton University	512		512	25,056		25,056
Total Liabilities	<u><u>36,716</u></u>		<u><u>36,716</u></u>	<u><u>38,251</u></u>		<u><u>38,251</u></u>
Net Assets						
Unrestricted	5,059,219		5,059,219	4,697,497		4,697,497
Temporarily Restricted		\$ 723,155	723,155		\$ 150,188	150,188
Total Net Assets	<u><u>5,059,219</u></u>	<u><u>723,155</u></u>	<u><u>5,782,374</u></u>	<u><u>4,697,497</u></u>	<u><u>150,188</u></u>	<u><u>4,847,685</u></u>
Total Liabilities and Net Assets	<u><u>\$ 5,095,935</u></u>	<u><u>\$ 723,155</u></u>	<u><u>\$ 5,819,090</u></u>	<u><u>\$ 4,735,748</u></u>	<u><u>\$ 150,188</u></u>	<u><u>\$ 4,885,936</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements.

Princeton in Asia, Inc.

Statements of Activities for the Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<u>Public Support, Revenues</u>						
Contributions:						
Individuals, Corporations and Foundations	\$ 583,443	\$ 550,121	\$ 1,133,564	\$ 582,915	\$ 6,000	\$ 588,915
Intern Fees	99,634		99,634	86,809		86,809
Miscellaneous Income	97		97			
Investment Income	122,080	11,643	133,723	219,513	7,248	226,761
Unrealized Gain/(Loss) on Investments	453,443	44,845	498,288	(341,047)	(11,261)	(352,308)
Net Assets Released from Restrictions	33,642	(33,642)		9,752	(9,752)	
Total Public Support, Revenues	1,292,339	572,967	1,865,306	557,942	(7,765)	550,177
<u>Expenses:</u>						
Program Services	572,718		572,718	550,430		550,430
Management and General	192,178		192,178	151,045		151,045
Fundraising	165,721		165,721	152,318		152,318
Total Expenses	930,617		930,617	853,793		853,793
Changes in Net Assets	361,722	572,967	934,689	(295,851)	(7,765)	(303,616)
Net Assets, Beginning of Year	4,697,497	150,188	4,847,685	4,993,348	157,953	5,151,301
Net Assets, End of Year	\$ 5,059,219	\$ 723,155	\$ 5,782,374	\$ 4,697,497	\$ 150,188	\$ 4,847,685

The Accompanying Notes are an Integral Part of these Financial Statements.

Princeton in Asia, Inc.

Statements of Cash Flows for the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	<u>\$ 934,689</u>	<u>\$ (303,616)</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	231	231
Unrealized (Gain)/Loss on Investments	(498,288)	352,308
Realized Gain on Sale of Investments	(37,132)	(199,222)
Donated Securities	(5,189)	(128,730)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(18,895)	(9,060)
Due from Princeton University		637
Contributions Receivable - Donated Securities	105,412	(105,412)
Prepaid Expenses		2,755
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	23,009	3,195
Due to Princeton University	<u>(24,544)</u>	<u>25,056</u>
Total Adjustments	<u>(455,396)</u>	<u>(58,242)</u>
Net Cash Provided By (Used In) Operating Activities	<u>479,293</u>	<u>(361,858)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	8,135,233	562,091
Purchase of Investments	(8,391,059)	(226,710)
Reinvested Dividends	(96,591)	(27,487)
Fixed Assets		<u>(3,382)</u>
Net Cash (Used In) Provided By Investment Activities	<u>(352,417)</u>	<u>307,894</u>
Cash Flows from Financing Activities:		
Overdraft Cash		<u>(3,550)</u>
Net Cash Used In Financing Activities		<u>(3,550)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	126,876	(57,514)
Cash and Cash Equivalents, Beginning of Year	<u>85,728</u>	<u>143,242</u>
Cash and Cash Equivalents, End of Year	<u>\$ 212,604</u>	<u>\$ 85,728</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

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Princeton in Asia, Inc.

Statements of Functional Expenses for the Years Ended June 30, 2017 and 2016

	2017				2016			
	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	\$ 144,720	\$ 49,140	\$ 49,140	\$ 243,000	\$ 143,112	\$ 46,907	\$ 80,820	\$ 270,839
Field Office Salaries	69,134	10,967	74,270	154,371	40,890	11,683	5,841	58,414
Payroll Taxes	9,866	5,920	3,946	19,732	10,659	6,395	4,263	21,317
Employee Benefits	20,291	16,730	8,116	45,137	19,497	11,698	7,798	38,993
	<u>244,011</u>	<u>82,757</u>	<u>135,472</u>	<u>462,240</u>	<u>214,158</u>	<u>76,683</u>	<u>98,722</u>	<u>389,563</u>
Telephone		447		447				
Bank Charges and Fees		8,174		8,174		11,501		11,501
Development	1,553		23,061	24,614	4,908		27,066	31,974
Insurance Expense	90,928	5,040		95,968	77,198	5,037		82,235
Intern Program	191,366			191,366	211,752			211,752
Professional Fees	2,913	44,938		47,851	5,922	40,167	13,375	59,464
Payroll Fees		1,775		1,775		1,807		1,807
Office Expense	4,443	15,372	1,631	21,446	4,220	8,460	3,209	15,889
Travel	17,058		390	17,448	16,066		599	16,665
Board Expenses		2,982		2,982		2,245		2,245
Field Office Expenses	10,158	7,641	3,695	21,494	6,454	4,854	2,347	13,655
Carrie Gordon Tribute	10,288			10,288	9,752			9,752
Exit Fee for Investment Fees		22,821		22,821				
Other Expenses			1,472	1,472		60	7,000	7,060
Depreciation Expense		231		231		231		231
Total Expenses	<u>\$ 572,718</u>	<u>\$ 192,178</u>	<u>\$ 165,721</u>	<u>\$ 930,617</u>	<u>\$ 550,430</u>	<u>\$ 151,045</u>	<u>\$ 152,318</u>	<u>\$ 853,793</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

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Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

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, 2017 and 2016

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, 2017.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2017 and 2016

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, 2017 and 2016

Subsequent Events

The Organization has evaluated subsequent events through May 9, 2018, the date the financial statements were available to be issued.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Carrie Gordon Memorial Fund	\$164,539	\$150,188
Dora Y. Lee Fund for Summer Service Opportunities	<u>558,616</u>	<u> </u>
Total	<u>\$723,155</u>	<u>\$150,188</u>

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.

The Dora Y. Lee Fund for Summer Service Opportunities is dedicated to supporting short-term service opportunities for Princeton undergraduates in Asia, focused on language teaching in underserved communities. Recognizing the power of short-term, service-based experiences abroad to expand the horizons and to inspire the futures of Princeton undergraduates and the efficacy of student-centered teaching in an immersion environment to improve the spoken and written language skills of local students, the Dora Y. Lee Fund will initially support the Summer of Service, Princeton in Asia's flagship summer program.

The Dora Y. Lee Fund for Summer Service Opportunities was launched by Dora Y. Lee, as outlined in her last will and testament, to carry forward her legacy of cross-cultural bridge-building, teaching and service. The Fund will provide 3-5% of its value per annum, as appropriate, to the Organization in support of short-term service opportunities for undergraduates in underserved communities in Asia.

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

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, 2017 and 2016. Plan expenses were \$1,276 and \$1,121, respectively, for the years ended June 30, 2017 and 2016.

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, 2017 and 2016 are summarized as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds	\$5,401,602	\$5,555,993	\$4,901,920	\$4,668,131
Equity Securities	<u>5,189</u>	<u>5,164</u>	<u>0</u>	<u>0</u>
Total	<u>\$5,406,791</u>	<u>\$5,561,157</u>	<u>\$4,901,920</u>	<u>\$4,668,131</u>

Investment return is summarized as follows:

	<u>2017</u>	<u>2016</u>
Dividend and Interest Income	\$ 96,591	\$ 27,539
Realized Gain on Sale of Investments	<u>37,132</u>	<u>199,222</u>
Total Investment Returns	<u>\$133,723</u>	<u>\$226,761</u>

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2017 and 2016

5. Investments (con't)

Unrealized gain/(loss) on investment was \$498,288 and (\$352,308) for the years ended June 30, 2017 and 2016, 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.

The detail of the fair value of investments at June 30, 2017 and 2016 is as follows:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2017</u>	<u>Fair Value</u>			
Mutual Funds	\$5,555,993	\$5,555,993		
Equity Securities	<u>5,164</u>	<u>5,164</u>		
Total	<u>\$5,561,157</u>	<u>\$5,561,157</u>		

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

6. Fair Value of Investments (con't)

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

7. Property and Equipment

A summary of property and equipment follows:

	Estimated Useful Lives In Years	<u>2017</u>	<u>2016</u>
Computer Equipment	5	\$10,851	\$10,851
Furniture	7	<u>1,673</u>	<u>1,673</u>
Total		12,524	12,524
Accumulated Depreciation		<u>9,604</u>	<u>9,373</u>
Net Fixed Assets		<u>\$ 2,920</u>	<u>\$ 3,151</u>

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.

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

9. Field Office Expenses

The Organization supports a field office in Singapore to assist fellows while they are overseas. At June 30, 2017 and 2016, the Organization contributed \$180,421 and \$72,069 respectively, to the field office to cover operating expenses. Of those amounts, \$154,371 and \$58,414 were paid for the years ended June 30, 2017 and 2016 for salaries and related payroll taxes for employees located in the office. The balance of the funds is used for rent and supplies.

10. 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.