

Princeton in Asia, Inc.

Financial Statements

June 30, 2019 and 2018

(With Independent Auditor's Report Thereon)



*Navigating the Road
to
Financial Security*

Princeton in Asia, Inc.

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*Navigating the Road
to
Financial Security*

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, 2019 and 2018 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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1675 Richmond Road
Staten Island, NY 10304

10 East 39th Street
New York, NY 10016

Tel: 718-351-2233 / 888-417-6679

www.dkscpa.com

Fax: 718-979-2435

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, 2019 and 2018, 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 12, 2020

Princeton in Asia, Inc.

Statements of Financial Position June 30, 2019 and 2018

	2019			2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ 818,056	\$ 120,967	\$ 939,023	\$ 442,964	\$ 138,328	\$ 581,292
Accounts Receivable	61,951		61,951	32,625		32,625
Due from Princeton University	173		173			
Investments	6,178,228	759,759	6,937,987	4,935,292	732,516	5,667,808
Fixed Asset (Net)	1,122		1,122	2,689		2,689
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 7,059,530</u>	<u>\$ 880,726</u>	<u>\$ 7,940,256</u>	<u>\$ 5,413,570</u>	<u>\$ 870,844</u>	<u>\$ 6,284,414</u>
<u>Liabilities and Net Assets</u>						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 24,256		\$ 24,256	\$ 19,567		\$ 19,567
Due to Princeton University				4		4
	<hr/>		<hr/>	<hr/>		<hr/>
Total Liabilities	<u>24,256</u>		<u>24,256</u>	<u>19,571</u>		<u>19,571</u>
Net Assets						
Without Donor Restrictions	7,035,274		7,035,274	5,393,999		5,393,999
With Donor Restrictions		\$ 880,726	880,726		\$ 870,844	870,844
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	<u>7,035,274</u>	<u>880,726</u>	<u>7,916,000</u>	<u>5,393,999</u>	<u>870,844</u>	<u>6,264,843</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 7,059,530</u>	<u>\$ 880,726</u>	<u>\$ 7,940,256</u>	<u>\$ 5,413,570</u>	<u>\$ 870,844</u>	<u>\$ 6,284,414</u>

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

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Princeton in Asia, Inc.

Statements of Activities for the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
<u>Public Support, Revenues</u>						
Contributions:						
Individuals, Corporations and Foundations	\$ 2,252,841	\$ 10,033	\$ 2,262,874	\$ 902,685	\$ 133,150	\$ 1,035,835
Intern and Fellowship Fees	128,101		128,101	111,807		111,807
Miscellaneous Income	100		100	3,275		3,275
Investment Return	279,085	46,333	325,418	283,823	35,142	318,965
Net Assets Released from Restrictions	46,484	(46,484)		20,603	(20,603)	
Total Public Support, Revenues	2,706,611	9,882	2,716,493	1,322,193	147,689	1,469,882
<u>Expenses:</u>						
Program Services	594,599		594,599	582,931		582,931
Management and General	185,292		185,292	183,511		183,511
Fundraising	285,445		285,445	220,971		220,971
Total Expenses	1,065,336		1,065,336	987,413		987,413
Changes in Net Assets	1,641,275	9,882	1,651,157	334,780	147,689	482,469
Net Assets, Beginning of Year	5,393,999	870,844	6,264,843	5,059,219	723,155	5,782,374
Net Assets, End of Year	\$ 7,035,274	\$ 880,726	\$ 7,916,000	\$ 5,393,999	\$ 870,844	\$ 6,264,843

Princeton in Asia, Inc.

Statements of Cash Flows for the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	<u>\$ 1,651,157</u>	<u>\$ 482,469</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	1,567	231
Unrealized Gain on Investments	(21,683)	(138,161)
Realized Gain on Sale of Investments	(178,772)	(68,664)
Donated Securities		(5,848)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(29,326)	9,784
Due from Princeton University	(173)	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	4,689	(16,637)
Due to Princeton University	<u>(4)</u>	<u>(508)</u>
Total Adjustments	<u>(223,702)</u>	<u>(219,803)</u>
Net Cash Provided By Operating Activities	<u>1,427,455</u>	<u>262,666</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	3,944,735	2,854,405
Purchase of Investments	(4,859,581)	(2,607,328)
Reinvested Dividends	<u>(154,878)</u>	<u>(141,055)</u>
Net Cash (Used In) Provided By Investment Activities	<u>(1,069,724)</u>	<u>106,022</u>
Net Increase in Cash and Cash Equivalents	357,731	368,688
Cash and Cash Equivalents, Beginning of Year	<u>581,292</u>	<u>212,604</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 939,023</u></u>	<u><u>\$ 581,292</u></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, 2019 and 2018

	2019				2018			
	Program Services <u>Asia</u>	<u>Supporting Services</u>			Program Services <u>Asia</u>	<u>Supporting Services</u>		
		<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>		<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Compensation and Related Expenses:								
Salaries	\$ 135,943	\$ 61,075	\$ 152,000	\$ 349,018	\$ 97,661	\$ 55,490	\$ 112,142	\$ 265,293
Field Office Salaries	76,634	11,261	53,771	141,666	104,891	28,377	66,816	200,084
Payroll Taxes	10,882	4,744	12,277	27,903	10,860	6,515	4,344	21,719
Employee Benefits	21,777	9,492	24,569	55,838	25,082	15,049	10,033	50,164
Total Compensation and Related Expenses	245,236	86,572	242,617	574,425	238,494	105,431	193,335	537,260
Telephone		225		225		437		437
Bank Charges and Fees		5,771		5,771		10,936		10,936
Development			39,328	39,328	1,323		22,899	24,222
Insurance Expense	87,024	5,328		92,352	66,651	4,405		71,056
Intern Program	233,375			233,375	207,718			207,718
Professional Fees		47,828		47,828	2,904	44,777		47,681
Payroll Fees		1,935		1,935		1,969		1,969
Office Expense		18,571		18,571	3,684	11,830	874	16,388
Travel	15,586			15,586	14,555		363	14,918
Board Expenses		1,435		1,435		3,495		3,495
Field Office Expenses	6,185	16,020		22,205	38,636			38,636
Carrie Gordon Tribute	4,806			4,806	5,400			5,400
Special Event Expense			3,500	3,500			3,500	3,500
Other Expenses	2,387	40		2,427	3,566			3,566
Depreciation Expense		1,567		1,567		231		231
Total Expenses	\$ 594,599	\$ 185,292	\$ 285,445	\$ 1,065,336	\$ 582,931	\$ 183,511	\$ 220,971	\$ 987,413

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, 2019 and 2018

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 Organization promotes goodwill and understanding and facilitates cultural exchange between the US and Asia. It fosters mutual appreciation and cultural understanding by connecting service-minded graduates and partner organizations in Asia through immersive work experiences that transform perspectives, cultivate long-lasting relationships and benefit local and global communities.

2. Summary of Significant Accounting Policies

Reclassification

Certain reclassifications were made to the prior year’s financial information in order to conform to the current year’s presentation. Net assets were unchanged due to these reclassifications.

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

PIA is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions- Net assets subject to donor-(or certain grantor-) 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. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2019 and 2018

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 Cash 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, 2019.

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.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2019 and 2018

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 program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Change in Accounting Principle

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expenses categorizations, and (iv) liquidity and the availability of resources. ASU 2016-14 was effective for annual reporting periods beginning after December 15, 2017. Accordingly, the Organization was required to adopt ASU 2016-14 for its year ended June 30, 2019 which under U.S. GAAP is a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain other areas were adopted on a prospective basis. Accordingly, certain net asset classes were renamed, and certain disclosures were added.

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

3. Liquidity and Availability

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets:

Cash and Cash Equivalents	\$ 939,023
Accounts Receivable	61,951
Investments	<u>232,000</u>
Total Financial Assets	1,232,974
Less: Financial Assets Held to Meet Donor-Imposed Restrictions	<u>(120,967)</u>
Financial Assets Available for General Expenditure Within One Year	<u>\$1,112,007</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities held in its operating bank account as well as its general investment fund.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of programming and development as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization operates with a balanced budget by collecting sufficient revenues from charitable contributions, grants and program fees and drawing annually a portion of the income generated by its long-term investment portfolio and certain donor-restricted portfolios (China, Carrie Gordon, Dora Lee Funds) to cover general expenditures for the next twelve months.

The Organization's long-term investment portfolio is invested for long-term appreciation and current income but remains available and may be spent at the discretion of the Board. The Organization seeks to maintain 12-18 months of the projected annual draw in cash equivalents, and 100% percent of the investment portfolio consists of liquid investments that can be redeemed on a daily basis and is allocated approximately 60% in equity securities and 40% in fixed income.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2019 and 2018

The Organization receives charitable contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives contributions to the long-term investment portfolio that will exist in perpetuity; the income generated from such long-term portfolio is used to general expenditures. In addition, the Organization receives annual contributions without donor restrictions; such support has historically represented approximately 75% of general expenditures.

4. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

	<u>2019</u>	<u>2018</u>
Carrie Gordon Memorial Fund	\$193,925	\$174,994
Dora Y. Lee Fund for Summer Service Opportunities	571,700	564,350
Program Restricted Funds	<u>115,101</u>	<u>131,500</u>
Total	<u>\$880,726</u>	<u>\$870,844</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, 2019 and 2018

Program restricted funds are designed as capital campaign contributions with donor restrictions subject to expenditure for the specified purposes of planned giving. The Digital Archive, Oak Foundation, Campaign Website, and Tushita Foundation gifts were designated by the donor. The breakdown is as follows for June 30, 2019 and 2018:

	<u>2019</u>	2018
Planned Giving	\$ 6,500	\$ 6,500
Digital Archive	25,000	25,000
Oak Foundation	56,600	75,000
Campaign Website	25,000	25,000
Tushita Foundation	<u>2,001</u>	<u> </u>
Total	<u>\$115,101</u>	<u>\$131,500</u>

5. 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, 2019 and 2018. Plan expenses were \$1,326 and \$1,176 respectively, for the years ended June 30, 2019 and 2018.

6. Investments

Princeton in Asia, Inc. carries investments in marketable securities with readily determinable fair values and 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.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2019 and 2018

Investments at June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds - Equity	\$3,417,800	\$3,831,659	\$2,902,816	\$3,395,684
Mutual Funds – Fixed Income	1,127,469	1,128,631	1,299,946	1,260,951
U.S. Treasuries	1,055,136	1,068,956	556,932	546,164
Corporate and Foreign Bonds	889,766	908,741	464,971	459,463
Equity Securities	<u> </u>	<u> </u>	<u>5,846</u>	<u>5,546</u>
Total	<u>\$6,490,171</u>	<u>\$6,937,987</u>	<u>\$5,230,211</u>	<u>\$5,667,808</u>

Investment return is summarized as follows:

	<u>2019</u>	<u>2018</u>
Dividend and Interest Income	\$154,878	\$141,055
Realized Gain on Sale of Investments	178,772	68,664
Unrealized Gain on Investments	21,683	138,161
Investment Expenses	<u>(29,915)</u>	<u>(28,915)</u>
Total Investment Returns	<u>\$325,418</u>	<u>\$318,965</u>

7. 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.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2019 and 2018

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 fair value of U.S. treasuries and corporate bonds has been determined to be Level 2.

The detail of the fair value of investments at June 30, 2019 and 2018 is as follows:

<u>June 30, 2019</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 - Equity	\$3,831,659	\$3,831,659		
Mutual Funds – Fixed Income	1,128,631	1,128,631		
U.S. Treasuries	1,068,956		\$1,068,956	
Corporate and Foreign Bonds	<u>908,741</u>	<u> </u>	<u>908,741</u>	
Total	<u>\$6,937,987</u>	<u>\$4,960,290</u>	<u>\$1,977,697</u>	

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2019 and 2018

<u>June 30, 2018</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds - Equity	\$3,395,684	\$3,395,684		
Mutual Funds – Fixed Income	1,260,951	1,260,951		
U.S. Treasuries	546,164		\$546,164	
Corporate and Foreign Bonds	459,463		459,463	
Equities	<u>5,546</u>	<u>5,546</u>	<u> </u>	
Total	<u>\$5,667,808</u>	<u>\$4,662,181</u>	<u>\$1,005,627</u>	

8. Property and Equipment

A summary of property and equipment follows:

	<u>Estimated Useful Lives In Years</u>	<u>2019</u>	<u>2018</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>11,402</u>	<u>9,835</u>
Net Fixed Assets		<u>\$ 1,122</u>	<u>\$ 2,689</u>

9. 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, 2019 and 2018

10. Field Office Expenses

The Organization supports a field office in Singapore to assist fellows while they are overseas. At June 30, 2019 and 2018, the Organization contributed \$233,199 and \$238,720 respectively, to the field office to cover operating expenses. Of those amounts, \$210,994 and \$200,084 were paid for the years ended June 30, 2019 and 2018 for salaries and related payroll taxes for employees located in the office. The balance of the funds is used for rent and supplies.

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.

12. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are based upon allowable budgeted amounts with grantor agencies, as well as estimates of time and effort spent on program activities, management and general activities and fundraising activities.

13. Subsequent Events

The Organization has evaluated subsequent events through May 12, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States and across the globe has caused significant business disruptions. The Organization was forced to cancel fellowships in mainland China in February 2020 and cancelled all remaining fellowships in March 2020. It is currently anticipated that the start of the following year's program will be delayed until January 2021, and the approach to rebuilding the program will be scaled over time. The Organization incurred extraordinary expenses of nearly \$95,000 in relation to the COVID-19 crisis and the program cancellation. Because of the delay in programming, the Organization will also not receive expected income of \$70,000 in program fees in fiscal year 2020. There has already been a negative impact on the investment portfolio, and the Organization anticipates a negative impact on donor contributions. However, the magnitude and duration of the financial impact cannot be reasonably estimated at this time.