

Princeton in Asia, Inc.

Financial Statements

June 30, 2021 and 2020

(With Independent Auditor's Report Thereon)



*Navigating the Road
to
Financial Security*

Princeton in Asia, Inc.

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DeSantis
Kiefer
Shall &
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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, 2021 and 2020 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, 2021 and 2020, 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.

De Santis, Kiefer, Hall & Sarcox, LLP

Staten Island, New York

March 21, 2022

Princeton in Asia, Inc.

Statements of Financial Position June 30, 2021 and 2020

	2021			2020		
	<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	\$ 876,428	\$ 139,603	\$ 1,016,031	\$ 1,083,206	\$ 94,100	\$ 1,177,306
Accounts Receivable	62,709		62,709	92,324		92,324
Prepaid Insurance	14,423		14,423			
Due from Princeton University	886		886	219		219
Investments	9,000,157	848,524	9,848,681	6,479,810	713,617	7,193,427
Total Assets	<u>\$ 9,954,603</u>	<u>\$ 988,127</u>	<u>\$ 10,942,730</u>	<u>\$ 7,655,559</u>	<u>\$ 807,717</u>	<u>\$ 8,463,276</u>
<u>Liabilities and Net Assets</u>						
Liabilities						
Accounts Payable and Accrued Liabilities	<u>\$ 19,315</u>		<u>\$ 19,315</u>	<u>\$ 21,948</u>		<u>\$ 21,948</u>
Total Liabilities	<u>19,315</u>		<u>19,315</u>	<u>21,948</u>		<u>21,948</u>
Net Assets						
Without Donor Restrictions	9,935,288		9,935,288	7,633,611		7,633,611
With Donor Restrictions		\$ 988,127	988,127		\$ 807,717	807,717
Total Net Assets	<u>9,935,288</u>	<u>988,127</u>	<u>10,923,415</u>	<u>7,633,611</u>	<u>807,717</u>	<u>8,441,328</u>
Total Liabilities and Net Assets	<u>\$ 9,954,603</u>	<u>\$ 988,127</u>	<u>\$ 10,942,730</u>	<u>\$ 7,655,559</u>	<u>\$ 807,717</u>	<u>\$ 8,463,276</u>

Princeton in Asia, Inc.

Statements of Activities for the Years Ended June 30, 2021 and 2020

	2021			2020		
	<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>Public Support, Revenues</u>						
Contributions:						
Individuals, Corporations and Foundations	\$ 1,325,735	\$ 13,450	\$ 1,339,185	\$ 1,403,208	\$ 6,300	\$ 1,409,508
Intern and Fellowship Fees	12,486		12,486	31,863		31,863
Miscellaneous Income	7,247		7,247	60		60
Investment Return	1,664,285	175,460	1,839,745	176,415	23,067	199,482
Net Assets Released from Restrictions	8,500	(8,500)		102,376	(102,376)	
Total Public Support, Revenues	<u>3,018,253</u>	<u>180,410</u>	<u>3,198,663</u>	<u>1,713,922</u>	<u>(73,009)</u>	<u>1,640,913</u>
<u>Expenses:</u>						
Program Services	359,038		359,038	655,359		655,359
Management and General	184,489		184,489	214,426		214,426
Fundraising	173,049		173,049	245,800		245,800
Total Expenses	<u>716,576</u>		<u>716,576</u>	<u>1,115,585</u>		<u>1,115,585</u>
Changes in Net Assets	2,301,677	180,410	2,482,087	598,337	(73,009)	525,328
Net Assets, Beginning of Year	<u>7,633,611</u>	<u>807,717</u>	<u>8,441,328</u>	<u>7,035,274</u>	<u>880,726</u>	<u>7,916,000</u>
Net Assets, End of Year	<u>\$ 9,935,288</u>	<u>\$ 988,127</u>	<u>\$ 10,923,415</u>	<u>\$ 7,633,611</u>	<u>\$ 807,717</u>	<u>\$ 8,441,328</u>

Princeton in Asia, Inc.

Statements of Cash Flows for the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	<u>\$ 2,482,087</u>	<u>\$ 525,328</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used In) Provided By Operating Activities:		
Depreciation		1,122
Unrealized Loss/(Gain) on Investments	(1,550,339)	143,670
Realized Gain on Sale of Investments	(185,911)	(183,373)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	29,615	(30,373)
Prepaid Insurance	(14,423)	
Due from Princeton University	(667)	(46)
(Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	(2,633)	(2,308)
Total Adjustments	<u>(1,724,358)</u>	<u>(71,308)</u>
Net Cash Provided By Operating Activities	<u>757,729</u>	<u>454,020</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	3,139,385	7,873,997
Purchase of Investments	(3,910,326)	(7,896,449)
Reinvested Dividends	<u>(148,063)</u>	<u>(193,285)</u>
Net Cash Used In Investment Activities	<u>(919,004)</u>	<u>(215,737)</u>
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	(161,275)	238,283
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>1,177,306</u>	<u>939,023</u>
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 1,016,031</u>	<u>\$ 1,177,306</u>

Princeton in Asia, Inc.

Statements of Functional Expenses for the Years Ended June 30, 2021 and 2020

	2021				2020			
	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	\$ 198,281	\$ 66,578	\$ 128,017	\$ 392,876	\$ 132,337	\$ 79,457	\$ 123,945	\$ 335,739
Field Office Salaries	25,597	4,517		30,114	85,944	12,629	60,303	158,876
Payroll Taxes	15,573	5,213	10,025	30,811	10,695	4,662	12,065	27,422
Employee Benefits	29,833	9,985	19,200	59,018	27,983	12,572	31,287	71,842
Total Compensation and Related Expenses	269,284	86,293	157,242	512,819	256,959	109,320	227,600	593,879
Telephone		871		871		990		990
Bank Charges and Fees		5,115		5,115		4,164		4,164
Development			11,105	11,105			14,700	14,700
Insurance Expense	2,252	144		2,396	67,769	4,326		72,095
Intern Program	31,964			31,964	279,625			279,625
Professional Fees		60,910		60,910		52,922		52,922
Payroll Fees		2,191		2,191		2,128		2,128
Office Expense	13,500	20,093		33,593		19,762		19,762
Travel	97			97	13,986			13,986
Board Expenses		1,854		1,854		1,772		1,772
Field Office Expenses	2,729	7,018		9,747	6,508	16,734		23,242
Carrie Gordon Tribute					11,036			11,036
Social Media Expense			4,702	4,702			3,500	3,500
Other Expenses	39,212			39,212	19,476	1,186		20,662
Depreciation Expense						1,122		1,122
Total Expenses	\$ 359,038	\$ 184,489	\$ 173,049	\$ 716,576	\$ 655,359	\$ 214,426	\$ 245,800	\$ 1,115,585

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, 2021 and 2020

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 fosters mutual appreciation and cross-cultural understanding between the United States and Asia through immersive work fellowships in host organizations and communities.

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

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, 2021 and 2020

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, 2021.

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, 2021 and 2020

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.

Adoption of Accounting Pronouncement

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 accounting principles generally accepted in the United States of America.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2021 and 2020

The Organization has implemented Topic 606 in fiscal year 2021. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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 at June 30, 2021 and 2020 :

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and Cash Equivalents	\$1,016,031	\$1,177,306
Accounts Receivable	62,709	92,324
Investments	<u>232,000</u>	<u>232,000</u>
Total Financial Assets	1,310,740	1,501,630
Less: Financial Assets Held to Meet Donor-Imposed Restrictions	<u>(139,603)</u>	<u>(94,100)</u>
Financial Assets Available for General Expenditure Within One Year	<u>\$1,171,137</u>	<u>\$1,407,530</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.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2021 and 2020

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.

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>2021</u>	<u>2020</u>
Carrie Gordon Memorial Fund	\$223,931	\$179,743
Dora Y. Lee Fund for Summer Service Opportunities	665,146	533,874
Program Restricted Funds	<u>99,050</u>	<u>94,100</u>
Total	<u>\$988,127</u>	<u>\$807,717</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, 2021 and 2020

Program restricted funds are designed as contributions with donor restrictions subject to expenditure for specified purposes of Planned Giving, Digital Archive, Oak Foundation/Institute for Transportation and Development Policy Posting, and website. Language grants and remote fellowship grants were given in fiscal year 2021 with purpose designed by the donor; all of language grant gift and a portion of remote fellowship gift are to be carried over to following fiscal year. The breakdown is as follows for June 30, 2021 and 2020:

	<u>2021</u>	2020
Planned Giving	\$ 6,500	\$ 6,500
Digital Archive	25,000	25,000
Oak Foundation	42,600	47,600
Campaign Website	11,500	15,000
Language Grants	5,000	
Remote Fellowship	<u>8,450</u>	<u> </u>
Total	<u>\$99,050</u>	<u>\$94,100</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, 2021 and 2020. Plan expenses were \$1,446 and \$1,453 respectively, for the years ended June 30, 2021 and 2020.

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, 2021 and 2020

Investments at June 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds - Equity	\$4,173,558	\$6,057,990	\$4,094,424	\$4,321,269
Mutual Funds – Fixed Income	801,305	812,358	84,630	80,401
U.S. Treasuries	1,000,829	997,821	850,873	875,569
Corporate and Foreign Bonds	<u>1,960,160</u>	<u>1,980,512</u>	<u>1,843,632</u>	<u>1,916,188</u>
Total	<u>\$7,935,852</u>	<u>\$9,848,681</u>	<u>\$6,837,377</u>	<u>\$7,193,427</u>

Investment return is summarized as follows:

	<u>2021</u>	<u>2020</u>
Dividend and Interest Income	\$148,063	\$193,285
Realized Gain on Sale of Investments	185,911	183,373
Unrealized Gain /(Loss) on Investments	1,550,339	(143,670)
Investment Expenses	<u>(44,568)</u>	<u>(33,506)</u>
Total Investment Returns	<u>\$1,839,745</u>	<u>\$199,482</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, 2021 and 2020

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, 2021 and 2020 is as follows:

<u>June 30, 2021</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	\$6,057,990	\$6,057,990		
Mutual Funds – Fixed Income	812,358	812,358		
U.S. Treasuries	997,821		\$ 997,821	
Corporate and Foreign Bonds	<u>1,980,512</u>	<u> </u>	<u>1,980,512</u>	
Total	<u>\$9,848,681</u>	<u>\$6,870,348</u>	<u>\$2,978,333</u>	

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2021 and 2020

<u>June 30, 2020</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	\$4,321,269	\$4,321,269		
Mutual Funds – Fixed Income	80,401	80,401		
U.S. Treasuries	875,569		\$ 875,569	
Corporate and Foreign Bonds	<u>1,916,188</u>	<u> </u>	<u>1,916,188</u>	
Total	<u>\$7,193,427</u>	<u>\$4,401,670</u>	<u>\$2,791,757</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.

9. Field Office Expenses

The Organization supports a field office in Singapore to assist fellows while they are overseas. At June 30, 2021 and 2020, the Organization contributed \$38,464 and \$174,306 respectively, to the field office to cover operating expenses. Of those amounts, \$30,161 and \$160,562 were paid for the years ended June 30, 2021 and 2020 for salaries and related payroll taxes for employees located in the office. The balance of the funds is used for rent, supplies, audit fees and corporate secretarial services.

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.

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

11. 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.

12. Subsequent Events

The Organization has evaluated subsequent events through March 21, 2022 the date the financial statements were available to be issued.

13. Risks and Uncertainties – Impacts of COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread throughout the world. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 16, 2020, Governor Phil Murphy ordered the closure of the physical location of every "non-life sustaining" ["non-essential"] business for what was an extended period of time.

The impact of COVID-19 on Princeton in Asia's operations has been significant. The Organization was forced to cancel fellowships in mainland China in February 2020 and cancelled all remaining fellowships in March 2020. The start of the following year's program was pushed to Fall 2021/Winter 2022, and the Organization offered a small suite of remote fellowships beginning in 2021.

The Organization incurred extraordinary expenses of nearly \$75,000 in relation to the COVID-19 crisis and the program cancellation. Because of the delay in programming, the Organization also did not receive expected income of \$76,000 in program fees in fiscal year 2020. Donor contributions remained consistent in fiscal year 2020, though the Organization anticipates that contributions going forward will be negatively impacted due to the extended disruption in programming.

All employees have been working remotely since March 2020 through August 2021. The Organization maintained its workforce but restructured the staff to function remotely through August 2021, and then in hybrid mode from August 2021 on. Princeton in Asia Singapore Ltd., the field office in Singapore, has been in hibernation since October 2020, and does not currently employ any staff.

Future potential impacts of the COVID-19 pandemic include continued disruptions in programming, restrictions on employees' ability to return to the work site, and difficulty in sustaining previous levels of contributions. The future effects of these issues are unknown.