

# **Princeton in Asia, Inc.**

Financial Statements

June 30, 2022 and 2021

(With Independent Auditor's Report Thereon)



*Navigating the Road  
to  
Financial Security*

# Princeton in Asia, Inc.

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**Independent Auditor's Report**

Board of Directors  
Princeton in Asia, Inc.

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of Princeton in Asia, Inc. which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Princeton in Asia, Inc. as of June 30, 2022 and 2021, 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.

***Basis for Opinion***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Princeton in Asia, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

(1)

Princeton in Asia, Inc.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Princeton in Asia, Inc.'s internal control. Accordingly, no such opinion is expressed.<sup>4</sup>
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Princeton in Asia, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*De Santis, Kiefer, Shall & Sarcene, LLP*

Staten Island, New York

May 4, 2023

## Princeton in Asia, Inc.

### Statements of Financial Position June 30, 2022 and 2021

	2022			2021		
	<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	\$ 765,607	\$ 170,431	\$ 936,038	\$ 876,428	\$ 139,603	\$ 1,016,031
Contributions Receivable, Net	13,931	735,648	749,579	62,709	-	62,709
Prepaid Insurance	15,197	-	15,197	14,423	-	14,423
Due from Princeton University	23,030	-	23,030	886	-	886
Investments	7,527,881	857,322	8,385,203	9,000,157	848,524	9,848,681
	<u>7,527,881</u>	<u>857,322</u>	<u>8,385,203</u>	<u>9,000,157</u>	<u>848,524</u>	<u>9,848,681</u>
 Total Assets	 <u>\$ 8,345,646</u>	 <u>\$ 1,763,401</u>	 <u>\$ 10,109,047</u>	 <u>\$ 9,954,603</u>	 <u>\$ 988,127</u>	 <u>\$ 10,942,730</u>
<u>Liabilities and Net Assets</u>						
<u>Liabilities</u>						
Accounts Payable and Accrued Liabilities	\$ 28,548	\$ -	\$ 28,548	\$ 19,315	\$ -	\$ 19,315
Total Liabilities	<u>28,548</u>	<u>-</u>	<u>28,548</u>	<u>19,315</u>	<u>-</u>	<u>19,315</u>
<u>Net Assets</u>						
Without Donor Restrictions	8,317,098	-	8,317,098	9,935,288	-	9,935,288
With Donor Restrictions	-	1,763,401	1,763,401	-	988,127	988,127
Total Net Assets	<u>8,317,098</u>	<u>1,763,401</u>	<u>10,080,499</u>	<u>9,935,288</u>	<u>988,127</u>	<u>10,923,415</u>
 Total Liabilities and Net Assets	 <u>\$ 8,345,646</u>	 <u>\$ 1,763,401</u>	 <u>\$ 10,109,047</u>	 <u>\$ 9,954,603</u>	 <u>\$ 988,127</u>	 <u>\$ 10,942,730</u>

## Princeton in Asia, Inc.

### Statements of Activities for the Years Ended June 30, 2022 and 2021

	2022			2021		
	<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>
<b><u>Public Support and Revenues</u></b>						
Contributions:						
Individuals, Corporations and Foundations	\$ 617,163	\$ 920,217	\$ 1,537,380	\$ 677,881	\$ 13,450	\$ 691,331
In-Kind Donations of Securities	68,663	-	68,663	647,854	-	647,854
Intern and Fellowship Fees	-	-	-	12,486	-	12,486
Miscellaneous Income	2,195	-	2,195	7,247	-	7,247
Investment Return	(1,333,886)	(132,326)	(1,466,212)	1,664,285	175,460	1,839,745
Net Assets Released from Restrictions	12,617	(12,617)	-	8,500	(8,500)	-
<b>Total Public Support and Revenues</b>	<b>(633,248)</b>	<b>775,274</b>	<b>142,026</b>	<b>3,018,253</b>	<b>180,410</b>	<b>3,198,663</b>
<b><u>Expenses:</u></b>						
Program Services	501,141	-	501,141	359,038	-	359,038
Management and General	234,673	-	234,673	184,489	-	184,489
Fundraising	249,128	-	249,128	173,049	-	173,049
<b>Total Expenses</b>	<b>984,942</b>	<b>-</b>	<b>984,942</b>	<b>716,576</b>	<b>-</b>	<b>716,576</b>
Changes in Net Assets	(1,618,190)	775,274	(842,916)	2,301,677	180,410	2,482,087
Net Assets, Beginning of Year	9,935,288	988,127	10,923,415	7,633,611	807,717	8,441,328
<b>Net Assets, End of Year</b>	<b>\$ 8,317,098</b>	<b>\$ 1,763,401</b>	<b>\$ 10,080,499</b>	<b>\$ 9,935,288</b>	<b>\$ 988,127</b>	<b>\$ 10,923,415</b>

## Princeton in Asia, Inc.

### Statements of Cash Flows for the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	<u>\$ (842,916)</u>	<u>\$ 2,482,087</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Unrealized Loss/(Gain) on Investments	1,658,673	(1,150,339)
Realized Gain on Sale of Investments	(241,966)	(185,911)
(Increase) Decrease in Operating Assets:		
Contributions Receivable, Net	(686,870)	29,615
Prepaid Insurance	(774)	(14,423)
Due from Princeton University	(22,144)	(667)
(Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	<u>9,233</u>	<u>(2,633)</u>
Total Adjustments	<u>716,152</u>	<u>(1,724,358)</u>
Net Cash (Used In) Provided By Operating Activities	<u>(126,764)</u>	<u>757,729</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	4,090,944	3,139,385
Purchase of Investments	<u>(4,044,173)</u>	<u>(4,058,389)</u>
Net Cash Provided by (Used In) Investment Activities	<u>46,771</u>	<u>(919,004)</u>
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(79,993)	(161,275)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>1,016,031</u>	<u>1,177,306</u>
Cash, Cash Equivalents and Restricted Cash - End of Year	<u><u>\$ 936,038</u></u>	<u><u>\$ 1,016,031</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for		
Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income Taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## Princeton in Asia, Inc.

### Statements of Functional Expenses for the Years Ended June 30, 2022 and 2021

	2022				2021			
	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	\$ 261,063	\$ 86,596	\$ 192,088	\$ 539,747	\$ 198,281	\$ 66,578	\$ 128,017	\$ 392,876
Field Office Salaries	-	-	-	-	25,597	4,517	-	30,114
Payroll Taxes	21,016	7,006	15,762	43,784	15,573	5,213	10,025	30,811
Employee Benefits	33,511	11,170	25,133	69,814	29,833	9,985	19,200	59,018
<b>Total Compensation and Related Expenses</b>	<b>315,590</b>	<b>104,772</b>	<b>232,983</b>	<b>653,345</b>	<b>269,284</b>	<b>86,293</b>	<b>157,242</b>	<b>512,819</b>
Telephone	-	8,440	-	8,440	-	871	-	871
Bank Charges and Fees	-	2,150	-	2,150	-	5,115	-	5,115
Development	-	-	13,303	13,303	-	-	11,105	11,105
Insurance Expense	1,066	15,922	-	16,988	2,252	144	-	2,396
Intern Program	133,127	-	-	133,127	31,964	-	-	31,964
Professional Fees	29,225	67,511	-	96,736	-	63,101	-	63,101
Office Expense	14,841	21,357	-	36,198	13,500	20,093	-	33,593
Travel	3,593	-	-	3,593	97	-	-	97
Board Expenses	-	3,129	-	3,129	-	1,854	-	1,854
Field Office Expenses	-	7,048	-	7,048	2,729	7,018	-	9,747
Social Media Expense	-	-	2,842	2,842	-	-	4,702	4,702
Other Expenses	3,699	4,344	-	8,043	39,212	-	-	39,212
<b>Total Expenses</b>	<b>\$ 501,141</b>	<b>\$ 234,673</b>	<b>\$ 249,128</b>	<b>\$ 984,942</b>	<b>\$ 359,038</b>	<b>\$ 184,489</b>	<b>\$ 173,049</b>	<b>\$ 716,576</b>



# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

## 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, 2022 and 2021

## *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, 2022.

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, 2022 and 2021

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.

### ***Revenue and Revenue Recognition***

The Organization recognizes contributions when cash, securities, or other assets; and unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. Gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

### ***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

### ***Allowance for Accounts Doubtful for Collection***

The Organization determines whether an allowance for uncollectible balances should be provided for contributions and accounts receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Contributions and accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Management has determined that all outstanding balances are fully collectible; therefore, there are no allowances for doubtful accounts at June 30, 2022 and 2021.

# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

## *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.

## *In-kind Contributions*

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Contributed goods are recorded at fair value at the date of donation.

## *Adoption of Accounting Pronouncement*

The Organization has adopted FASB Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Financial Assets*, during fiscal year 2022. The objective of ASU 2020-07 is to increase transparency about gifts-in-kind, including how they are valued and utilized, through enhanced presentation and disclosure. Nonprofits are required to show in-kind contributions as a separate line item on the statement of activities, apart from contributions of cash and other financial assets. Nonprofits must also disclose; (i) qualitative information about whether the gift-in-kind was sold or used during the reporting period; (ii) the nonprofit's policy, if applicable, regarding monetizing rather than using gifts-in-kind; (iii) a description of any donor imposed restrictions; (iv) a description of the valuation techniques and inputs used to arrive at the fair value measurement; and (v) the principal market used to arrive at a fair value measurement if it is a market in which the organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The presentation and disclosures related to nonfinancial assets have been enhanced in these financial statements.

# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 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, 2022 and 2021 :

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and Cash Equivalents	\$936,038	\$1,016,031
Contributions Receivable, Net	283,931	62,709
Investments	<u>232,000</u>	<u>232,000</u>
Total Financial Assets	1,451,969	1,310,740
Less: Financial Assets Held to Meet Donor-Imposed Restrictions	<u>(454,362)</u>	<u>(139,603)</u>
Financial Assets Available for General Expenditure Within One Year	<u>\$997,607</u>	<u>\$1,171,137</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.

# Princeton in Asia, Inc.

## Notes to Financial Statements June 30, 2022 and 2021

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.

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. Contributions Receivable

Contributions receivable were due as follows at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Due within one year	\$283,931	\$62,709
Due within two to five years	<u>480,000</u>	_____
	763,931	62,709
Discount to present value	<u>(14,352)</u>	_____
Contributions Receivable, Net	<u>\$749,579</u>	<u>\$62,709</u>

At June 30, 2022, approximately 87% of gross receivables are from one donor. The present value discount was calculated using a discount rate of 2.99% at June 30, 2022.

# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

## 5. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

	<u>2022</u>	<u>2021</u>
Carrie Gordon Memorial Fund	\$207,049	\$223,931
Dora Y. Lee Fund for Summer Service Opportunities	560,828	665,146
Fellowships in China or Vietnam	81,000	
Central Asia Fellowships	124,103	
Time Restricted Funds	636,545	
Program Restricted Funds	<u>153,876</u>	<u>99,050</u>
Total	<u>\$1,763,401</u>	<u>\$988,127</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, 2022 and 2021

Time restricted contributions consist of pledges that will be payable over the next four years.

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, Oral History Project, EAS Fellowships, and the website. The breakdown is as follows for June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Planned Giving	\$ 6,500	\$ 6,500
Digital Archive	20,833	25,000
Oak Foundation	42,600	42,600
Campaign Website	11,500	11,500
Language Grants	15,000	5,000
Oral History Project	32,480	
EAS Fellowship	24,964	
Remote Fellowship	<u>          </u>	<u>8,450</u>
Total	<u>\$153,877</u>	<u>\$99,050</u>

Net assets released from restrictions for the years ended June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Digital Archive	\$4,167	
Remote Fellowship	8,450	
Oak Foundation		\$5,000
Campaign Website	<u>          </u>	<u>3,500</u>
Total	<u>\$12,617</u>	<u>\$8,500</u>

### 6. 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, 2022 and 2021. Plan expenses were \$0 and \$1,446 respectively, for the years ended June 30, 2022 and 2021.



# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

## 7. 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.

Investments at June 30, 2022 and 2021 are summarized as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds - Equity	\$4,440,191	\$4,979,006	\$4,173,558	\$6,057,990
Mutual Funds – Fixed Income	1,769,395	1,565,156	801,305	812,358
U.S. Treasuries	934,175	851,903	1,000,829	997,821
Corporate and Foreign Bonds	<u>1,132,884</u>	<u>989,138</u>	<u>1,960,160</u>	<u>1,980,512</u>
Total	<u>\$8,276,645</u>	<u>\$8,385,203</u>	<u>\$7,935,852</u>	<u>\$9,848,681</u>

Investment return is summarized as follows:

	<u>2022</u>	<u>2021</u>
Dividend and Interest Income	\$199,168	\$148,063
Realized Gain on Sale of Investments	42,798	185,911
Unrealized (Loss)/Gain on Investments	(1,658,673)	1,550,339
Investment Expenses	<u>(49,505)</u>	<u>(44,568)</u>
Total Investment Returns	<u>\$(1,466,212)</u>	<u>\$1,839,745</u>

# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

## 8. 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 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, 2022 and 2021 is as follows:

<u>June 30, 2022</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	\$4,979,006	\$4,979,006		
Mutual Funds – Fixed Income	1,565,156	1,565,156		
U.S. Treasuries	851,903		\$ 851,903	
Corporate and Foreign Bonds	<u>989,138</u>	<u>          </u>	<u>989,138</u>	
Total	<u>\$8,385,203</u>	<u>\$6,544,162</u>	<u>\$1,841,041</u>	

# Princeton in Asia, Inc.

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<u>June 30, 2021</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	\$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>	

## 9. Office Space

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.

## 10. Field Office Expenses

The Organization supports a field office in Singapore to assist fellows while they are overseas. For the years ended June 30, 2022 and 2021, the Organization contributed \$7,048 and \$38,464 to the field office to cover operating expenses, respectively. Of this amount, \$30,161 was paid for the year ended June 30, 2021 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. Due to the effects of the COVID-19 pandemic, the field office in Singapore has been in hibernation since October 2020, and does not currently employ any staff.

## 11. In-Kind Contributions

The Organization received donations of securities of \$68,663 and \$647,854 for the years ended June 30, 2022 and 2021, respectively. The Organization records the donation of the security at the fair market value on the date of donation. It is the policy of the Organization to sell the securities immediately upon receipt.

# Princeton in Asia, Inc.

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## 12. 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.

## 13. 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 grantors, as well as estimates of time and effort spent on program activities, management and general activities and fundraising activities.

## 14. Subsequent Events

The Organization has evaluated subsequent events through May 4, 2023 the date the financial statements were available to be issued.

## 15. 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 resumed in-person fellowships in November 2021, with additional Fellows traveling to posts through the fall of 2022. Due to COVID-related visa and travel restrictions, the size of the program was significantly smaller than in previous years, but the organization took on a number of additional expenses for participants, including increased visa fees and quarantine and testing costs.

# **Princeton in Asia, Inc.**

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All employees worked remotely from 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, difficulty in sustaining previous levels of contributions, and difficulty to use funds restricted for use in certain countries where COVID-related restrictions make it difficult to operate. The future effects of these issues are unknown.