Peace Through Education
CENTRAL ASIA INSTITUTE

Empowering communities of Central Asia through literacy and education, especially for girls.

Promoting peace through education.

Conveying the importance of these activities globally.

ALL PHOTOGRAPHY BY ERIK PETERSEN
CAI TEAM

U.S. STAFF

David Starnes
Executive Director

Greg Mortenson
Co-founder, International Program Director

Jennifer Sipes
Operations Director

Karin Ronnow
Communications Director

Laura Brin
Database Manager

INTERNATIONAL PARTNERS

AFGHANISTAN

Pariwash (Pari) Gouhari
Wakhan/Pamir

Wakil Karimi
Central, Southern and Eastern Provinces

Jan Agha Jaheed
Badakhshan

Sarfraz Khan
In memory

PAKISTAN

Fozia Naseer
Azad Kashmir

Lt Col (R) Ilyas A Mirza
Rawalpindi and Khyber Pakhtunkhwa

Saidullah Baig
Gilgit/Hunza

Fazil Baig
Ghizer

Mohammad Nazir
Baltistan

Suleman Minhas
Punjab

Apo Abdul Razak
Northern Areas, Emeritus

TAJKIKISTAN

Mahbuba Qurbonalieva
GBAO

Central Asia Institute (CAI) is a grassroots organization with a philosophy that has evolved through years of firsthand field experience in Pakistan, Afghanistan, and Tajikistan.

Our primary goal is to empower local communities to be fully involved in every aspect of a project—initiation, implementation, management, and long-term maintenance. Our community partnerships are facilitated by village committees, with members selected for their dedication, initiative, and accountability. We also take great care to work with local government and political and religious leaders in this complex region.

CAI’s tried-and-true, innovative techniques encourage people to take responsibility for their own vitality, for example requiring communities to match CAI-granted funds with local resources and labor. Hundreds of projects successfully undertaken by CAI and its local partners are solid testimony to the strength of such community-based initiatives.
“When you take the time to actually listen, with humility, to what people have to say, it’s amazing what you can learn. Especially if the people who are doing the talking also happen to be children.” —Greg Mortenson
Dear Friends of Central Asia Institute,

I am just settling back into my office in Bozeman, Montana, after a four-week tour of Afghanistan, where I made extensive visits to schools, women’s centers, and community-based projects. This trip came on the heels of my June trip with Greg Mortenson to Central Asia Institute (CAI)-supported schools and projects in Pakistan.

The scope and scale of CAI’s work in some of the most remote and dangerous areas of the world is inspiring. Schools that were originally started years ago with 20 or 30 students now have hundreds of students. Young girls, who 10 years ago were prevented from attending schools, now make up the majority of students in many schools. We are honored and proud that, with your support, CAI delivers hope to children, women, and their families in underserved areas of Pakistan, Tajikistan, and Afghanistan.

The past two years has been a time of controversy, change, and transition for CAI. While continuing to support hundreds of schools and projects overseas, CAI staff and volunteers have worked tirelessly to improve CAI’s operations and procedures to ensure that the wishes, intents, and trust of our donors and the best interests of our beneficiaries are our highest priority. Just a few highlights include:

• CAI has completed all actions required under the Agreement of Voluntary Compliance—a document signed by CAI and the Montana Attorney General’s Office in 2012 that outlined corrective measures and monitoring procedures.
• Expansion of our Overseas Grantee Monitoring program, with independent accountants now reviewing CAI-funded projects and grantees’ activities in all three countries.
• Completion of the independent financial audit for the fiscal year ending Sept. 30, 2012.
• Ninth Circuit Court of Appeals upheld the lower court’s decision to dismiss with prejudice a lawsuit claiming damages against CAI and Greg Mortenson over *Three Cups of Tea*.

Looking ahead, CAI will continue to focus on sustainability and improving the quality of CAI-supported schools and projects through teacher trainings, scholarships, curriculum enhancement, provision of school supplies, and expanded training for community health workers. While that means fewer new schools in the near future, it reflects a commitment to an improved educational experience for all students.

Like you, we want to insure that the young girls and boys we serve will live out their dream of getting an education—and that they can go on to become the next generation of locally educated doctors, teachers, nurses, accountants, agriculturalists, engineers, lawyers, pilots, policewomen, professors, and more.

Thank you for all your support and please feel free at any time to contact me or any of the CAI staff if we can be of any assistance.

David Starnes
Executive director

Longtime CAI team member Apo Abdul Razza, center, declares CAI “Number One” during a visit to Marzigon Primary School in Pakistan in June. He is joined by CAI Cofounder Greg Mortenson, left, CAI Executive Director David Starnes (with rose chain around his neck), third from right, and numerous CAI friends in Baltistan.
Programs

Over 110 million children in the world (ages 5-14) are deprived of education due to poverty, slavery, sexual discrimination, racial discrimination, racism, and religious intolerance. Numerous global studies have shown that educating a girl to at least a fifth-grade education level is the most significant factor in helping impoverished societies to:

1. Decrease infant mortality rates;
2. Decrease/stabilize population growth; and
3. Significantly improve the basic quality of health and life over a generation.

Since 1996, CAI has provided funds to support over 350 community-initiated educational and service projects. CAI has two primary programmatic purposes: to establish and support education in remote mountain communities of Central Asia and to educate the public about the importance of these educational activities.

This dual purpose focuses on educational and community projects in remote mountain regions of Central Asia, particularly in Pakistan and Afghanistan, and on educating the American and international public about the need to expand educational opportunities in these complex regions as a way to promote peace.

SCHOOL BUILDINGS, MAINTENANCE, EQUIPMENT AND SUPPLIES
CAI provides funds to build new schools and improve existing structures (repairs, maintenance, additions, toilets, and boundary walls). Each project involves local people in all phases: initiation, implementation, and sustainability. CAI also provides ongoing support for school/student and teacher supplies, uniforms, furniture, and equipment.

TEACHER SUPPORT
CAI provides funds for teachers’ salaries and training.

SCHOLARSHIPS
CAI awards primary, secondary, and advanced education scholarships.

VOCATIONAL AND LITERACY CENTERS
CAI provides funds to build and support women’s vocational centers that provide skill training, equipment, and materials. We also support literacy centers, where female students of all ages get free lessons in basic literacy, hygiene, sanitation, nutrition, and money management.

PUBLIC HEALTH
CAI provides funds to help communities improve and sustain public health and their environments. We do this through clean drinking-water, maternal healthcare, nutrition and hygiene awareness, and disaster relief projects.

GLOBAL OUTREACH
CAI promotes awareness of the importance of education, literacy, and cross-cultural understanding via our website, public events, publications, Pennies for Peace, and the books *Three Cups of Tea* and *Stones into Schools*.

PENNIES FOR PEACE
Pennies for Peace is an international service-learning program within CAI designed to help students broaden their cultural horizons and learn about their capacities as philanthropists. It educates students about the world beyond their experience and shows them that they can make a positive impact on a global scale, one penny at a time. Students learn the rewards of sharing and working together to bring hope and education opportunities to the children in Pakistan and Afghanistan.

While a penny is virtually worthless in the United States, in impoverished countries a penny buys a pencil and opens the door to literacy. Literacy, for both boys and girls, provides better economic opportunities in the future and neutralizes the power of despot mullahs and other extremist leaders.
Global Outreach inspired people in the following countries to donate to CAI’s programs:

- Afghanistan
- Albania
- Argentina
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belgium
- Belize
- Bermuda
- Botswana
- Brazil
- Brunei
- Bulgaria
- Cambodia
- Canada
- Cayman Islands (UK)
- Chile
- China
- Colombia
- Costa Rica
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Ecuador
- Egypt
- England
- Estonia
- Faroe Islands
- Finland
- France
- Germany
- Greece
- Guam (US)
- Guatemala
- Guernsey (UK)
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Ireland
- Israel
- Italy
- Jamaica
- Japan
- Jordan
- Kenya
- Kuwait
- Kyrgyzstan
- Lebanon
- Lithuania
- Luxembourg
- Malaysia
- Malta
- Mexico
- Morocco
- Nepal
- Netherlands
- New Zealand
- Northern Ireland
- Northern Mariana Islands (US)
- Norway
- Oman
- Pakistan
- Panama
- Paraguay
- Philippines
- Poland
- Portugal
- Puerto Rico (US)
- Qatar
- Romania
- Russia
- Samoa
- Saudi Arabia
- Scotland
- Serbia
- Singapore
- Slovakia
- Slovenia
- South Africa
- South Korea
- Spain
- Sri Lanka
- Sweden
- Switzerland
- Taiwan
- Tanzania
- Thailand
- Trinidad & Tobago
- Turkey
- Turks & Caicos Islands (UK)
- Ukraine
- United Arab Emirates
- United States
- Uruguay
- U.S. Virgin Islands
- Venezuela
- Vietnam
CAI PROJECT AREAS

PROJECTS BY COUNTRY

<table>
<thead>
<tr>
<th></th>
<th>PAKISTAN</th>
<th>AFGHANISTAN</th>
<th>TAJIKISTAN</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCHOOLS BUILT BY CAI</td>
<td>90</td>
<td>97</td>
<td>4</td>
<td>191</td>
</tr>
<tr>
<td>SCHOOLS SUPPORTED BY CAI</td>
<td>60</td>
<td>52</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>VOCATIONAL &amp; LITERACY CENTERS</td>
<td>28</td>
<td>14</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>COMMUNITY PROGRAMS</td>
<td>11</td>
<td>4</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>PUBLIC HEALTH PROGRAMS</td>
<td>25</td>
<td>6</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>SCHOLARSHIP PROGRAMS</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>219</td>
<td>175</td>
<td>5</td>
<td>399</td>
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</tbody>
</table>

NUMBER OF SCHOOLS AND PROJECTS SUPPORTED BY CAI:
Due to the nature of the communities with which we partner and/or the remote locations and volatile conditions where we work, the information provided here is current as of September 2013 and is subject to change. Please review CAI's Master Project List on www.ikat.org for the most current information.
Funding

CONTRIBUTIONS
As a 501(c)(3) nonprofit organization, CAI is dedicated to sound fiscal management, transparency, and accountability. Policies and procedures are developed to employ best business practices. CAI holds its responsibility to its supporters as critical to our mission so that multitudes of children and generations of people may benefit over the long term.

Year-to-year Revenue and Support at September 30

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>$4,790,149</td>
<td>$13,998,442</td>
<td>$23,234,583</td>
<td>$15,394,789</td>
</tr>
</tbody>
</table>

CAI Funding Sources

- Individual ........................................ 91%
- Foundation ...................................... 1%
- Corporation ..................................... 2%
- Organization ................................. 6%

CAI Funding Sources by Location

- National ........................................ 92%
- International ................................ 8%

CAI Functional Expenses

- General and administrative .................. 25%
- Fundraising ..................................... 2%
- Global outreach ................................ 7%
- International programs ..................... 66%

CAI Program Expenses

- International operating expenses .......... 12%
- Global outreach .............................. 10%
- Public health ................................ 3%
- Vocational and literacy centers .......... 4%
- Scholarships .................................. 2%
- Teacher support ............................. 7%
- School building, maintenance, equipment, and supplies 62%
Central Asia Institute


CAI’s financial statements have been audited by independent certified public accountants and are available on our website, www.ikat.org.

<table>
<thead>
<tr>
<th>Revenues and Support</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UNRESTRICTED</td>
<td>TEMPORARILY RESTRICTED</td>
</tr>
<tr>
<td>Contributions and related event revenue</td>
<td>$3,097,670</td>
<td>$905,225</td>
</tr>
<tr>
<td>Sales of merchandise</td>
<td>$15,847</td>
<td>$15,847</td>
</tr>
<tr>
<td>Honorariums</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>$202,231</td>
<td>$202,231</td>
</tr>
<tr>
<td>Conference and convention revenue</td>
<td>$9,176</td>
<td>$9,176</td>
</tr>
<tr>
<td>Settlement agreement</td>
<td>$560,000</td>
<td>$560,000</td>
</tr>
<tr>
<td>Revenue and support before net assets released from restrictions</td>
<td>$3,884,924</td>
<td>$905,225</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>4,637,321</td>
<td>$(4,637,321)</td>
</tr>
<tr>
<td>Total revenues and support</td>
<td>$8,522,245</td>
<td>$(3,732,096)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global outreach program</td>
<td>$570,357</td>
<td>$570,357</td>
</tr>
<tr>
<td>Overseas education and projects</td>
<td>$5,092,660</td>
<td>$5,092,660</td>
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<tr>
<td>Total program services</td>
<td>$5,663,017</td>
<td>$5,663,017</td>
</tr>
<tr>
<td>Support services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administration</td>
<td>$1,878,690</td>
<td>$1,878,690</td>
</tr>
<tr>
<td>Fundraising</td>
<td>$152,831</td>
<td>$152,831</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$7,694,538</td>
<td>$7,694,538</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UNRESTRICTED</td>
<td>TEMPORARILY RESTRICTED</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>$827,707</td>
<td>$(3,732,096)</td>
</tr>
</tbody>
</table>

| Net Assets, Beginning of Year | $20,238,971 | $5,028,353 | $25,267,324 | $16,627,434 | $6,836,654 | $23,464,088 |
| Net Assets, End of Year | $21,066,678 | $1,296,257 | $22,362,935 | $20,238,971 | $5,028,353 | $25,267,324 |