

Peace through education, one child at a time.





Dear Friends of CAI,
I write as the new Executive Director of Central Asia Institute (CAI) with a positive report and message to accompany our 2013 financial statements.

In April 2011, CAI suffered a nationally televised assertion of widespread wrongdoing by a powerful reporting source. Within months, the Office of the Attorney General of Montana (OAG) had launched an investigation that resulted in a voluntary settlement that required CAI make specific improvements to its governance, management, and operations systems. These changes have all been made. A civil suit also resulted from this report; but in October 2013 the U.S. Court of Appeals for the 9th Circuit upheld a lower federal court judge's ruling that the lawsuit stemming from the media accusations contained "imprecise, in part flimsy, and speculative" claims and theories and permanently dismissed the claims.

But, CAI was far from vindicated. Grave damage had been done. These allegations directly led to a devastating 80% drop in CAI donations and CAI's reputation was significantly harmed. Yet, in spite of this onslaught of adversity, CAI learned from its mistakes and has survived and is living up to its promises to be an improved, more transparent, and efficient organization.

CAI grew rapidly from 2007 through early 2011. With an extremely lean management team and a rapid pace of growth, the organization's management made some noteworthy mistakes in judgment during this period.

Yet it is worth remembering that in the 18 years since its inception, CAI has provided funds to build 191 new schools, and pioneered another 208 education and community-service programs. This is an accomplishment nearly everyone, including CAI's critics, regard as nearly miraculous. Today, contrary to accusations in the press, CAI remains committed to the hundreds of schools, projects, and programs it provided funds to build and/or support. And most importantly, that ongoing commitment means that even now, tens of thousands of students, mostly girls, are enrolled in school.

CAI learned some important lessons from this experience. In addition to addressing all of the actions required in its agreement with the Montana Attorney General, the Board of Directors and employees have

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gone far beyond these to verify that every penny donated is accounted for, making numerous improvements in financial and operating systems. CAI goes through an annual, rigorous audit and has recruited well-schooled and experienced additions to its domestic team. Finally, CAI has developed a new respect for the necessity of conforming to and

complying with regulations and reporting requirements in the United States and each of the countries and provinces it serves.

As you will see in the pages that follow, CAI made substantial improvements in every facet of operations in FY 2012/2013, with one vitally important exception: Donations remained depressed. The favorable federal

court ruling came too late in the year for CAI to reverse the tide of negative donor perceptions in 2013.

But time is a healer and CAI has proven its resiliency. Armed with the decision of the courts, in FY 2013/2014 CAI expects to halt the downward trend in donations while simultaneously consolidating its gains in international operations.

It is an honor and a privilege to be part of the resilient team at Central Asia Institute. We love our mission and the people we live to serve. CAI does frontline work in regions where the need for literacy and education is desperate and where few others dare to tread. Many times this work is difficult and dangerous, and the difficulties and dangers increase daily. I am filled with personal admiration for each and every member of the CAI team. Every day, I see them working with energy, enthusiasm, and a deep sense of commitment to the worthwhile cause of promoting peace by enabling literacy and education.

CAI is on the move again. We hope you will join us, or re-join us, on this marvelous Journey of Hope.* We look forward to walking this path with you and the good people of the mountainous regions of Afghanistan, Pakistan, and Tajikistan.

Sincerely,

JIM THADEN

Executive Director, Central Asia Institute

* *Journey of Hope* is CAI's annual magazine. Visit www.ikat.org to register for a free subscription.



CAI at work

Central Asia Institute community projects are in remote mountain villages of northern Pakistan, Afghanistan, and Tajikistan. CAI has two 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. CAI-supported programs include school building, scholarships, teacher support, public health, women's vocational & literacy centers, and global outreach.

SCHOOL BUILDING, 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 schools including 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 funding 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*.



BOARD OF DIRECTORS

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Jennifer Sipes
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Laura Brin
Database Manager

Sarah Webb
Communications Assistant

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Baltistan

Suleman Minhas
Punjab

Apo Abdul Razak
Northern Areas, Emeritus

TAJIKISTAN

Mahbuba Qurbonalieva
GBAO



CAI project areas

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 at right is current as of June 2014 and is subject to change. Please review CAI's Master Project List on www.ikat.org for the most current information.

PROJECTS BY COUNTRY	PAKISTAN	AFGHANISTAN	TAJIKISTAN	TOTAL
SCHOOLS BUILT BY CAI	90	97	4	191
SCHOOLS SUPPORTED BY CAI	60	52		112
VOCATIONAL & LITERACY CENTERS	28	14		42
COMMUNITY PROGRAMS	11	4		15
PUBLIC HEALTH PROGRAMS	25	6		31
SCHOLARSHIP PROGRAMS	5	2	1	8
TOTAL	219	175	5	399



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.

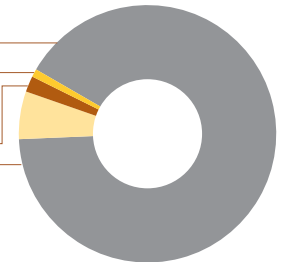
Year-to-year Revenue and Support



CAI Funding Sources

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

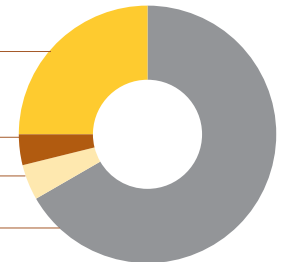
SEPTEMBER 30, 2013



CAI Functional Expenses

General and administrative	25%
Fundraising	3%
Global outreach	4%
International programs.....	68%

SEPTEMBER 30, 2013





Central Asia Institute

Statement of Activities. Year Ended September 30, 2013

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

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
Revenues and Support			
Contributions and related event revenue	\$2,372,845	\$373,980	\$2,746,825
Sales of merchandise	\$10,092	—	\$10,092
Investment income, net	\$463,645	—	\$463,645
Insurance proceeds	\$161,938	—	\$161,938
Revenue and support before net assets released from restrictions	\$3,008,520	\$373,980	\$3,382,500
Net assets released from restrictions	\$1,670,237	\$(1,670,237)	—
Total revenues and support	\$4,678,757	\$(1,296,257)	\$3,382,500
Expenses			
Program services			
Global outreach program	\$240,226	—	\$240,226
Overseas education and projects	\$3,776,010	—	\$3,776,010
Total program services	\$4,016,236	—	\$4,016,236
Support services			
General and administration	\$1,394,289	—	\$1,394,289
Fundraising	\$181,489	—	\$181,489
Total expenses	\$5,592,014	—	\$5,592,014
Change in Net Assets	\$ (913,257)	\$ (1,296,257)	\$ (2,209,514)
Net Assets, Beginning of Year	\$21,066,678	\$1,296,257	\$22,362,935
Net Assets, End of Year	\$20,153,421	—	\$20,153,421

“Thank you for your wonderful work educating girls around the world; including us!”

—THE SOCIAL JUSTICE OFFICE OF THE SISTERS OF CHARITY

“I wish to thank the donors for your big hearts and help for the people whom you do not know at all, but all the children, teachers and communities are grateful to you for your help, because while the government of these areas do not spend much funds for such remote places these donors are trying to educate everyone in the developing countries in order to reduce illiteracy and thus terrorism, violence and inequality and they are succeeding in this. As we see now children study at new built and modern schools, teachers are trained, hundreds of students go to higher schools and do their masters degrees and the lives of the communities in the remote areas is improved only thanks to the help of these donors. These donors gave me the opportunity to work with people, to listen to their problems and find better ways to solve them. So on behalf of everyone I would like to thank these donors once more for their help and wish them to be blessed with long life.”

—MAHBUBA QURBONALIEVA, CAI-supported Community Program Manager, Tajikistan.

“Thank you for your clarity of focus and BELIEF in a world of peace.”

—CAI SUPPORTER



All photos by Erik Petersen. Design by Luke Duran, Element L Design. © 2014 Central Asia Institute



OUR MISSION: Central Asia Institute (CAI) empowers communities of Central Asia through literacy and education, especially for girls, promotes peace through education, and conveys the importance of these activities globally.

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U.S. IRC § 501(c)(3)

EIN: 51-0376237



CAI Communiqué Blog: ikat.org/cai-communique



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