



Financial Statements
September 30, 2017 and 2016
Central Asia Institute

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Independent Auditor's Report

The Board of Directors
Central Asia Institute
Bozeman, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of Central Asia Institute (the Organization) which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows 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 audit 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 Organization'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 Organization'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.

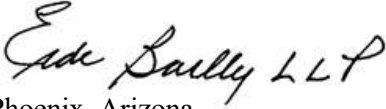
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2017 and 2016, and the change 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, as of September 30, 2017 and 2016 and for the years then ended, the Organization adopted the new guidance in Accounting Standards Update 2015-07, *Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* to exclude investments reported at Net Asset Value from the fair value hierarchy. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Phoenix, Arizona
February 28, 2018

Central Asia Institute
Statements of Financial Position
September 30, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 729,700	\$ 1,318,796
Investments	11,749,087	8,819,144
Prepaid expenses and deposits	58,178	45,689
Promises to give receivable	200,000	337,193
Beneficial interest in a trust	-	1,198,491
Interest receivable	1,913	1,913
Total current assets	12,738,878	11,721,226
Non-Current Assets		
Land held for sale	99,000	128,706
Investments, net of current	1,004,267	-
Property and equipment, net	615,174	635,559
Total non-current assets	1,718,441	764,265
Total assets	\$ 14,457,319	\$ 12,485,491
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 67,921	\$ 129,530
Accrued liabilities	160,538	151,221
Grants payable	3,650,114	2,920,313
Current portion of long-term debt	33,318	31,944
Total current liabilities	3,911,891	3,233,008
Non-Current Liabilities		
Accrued liabilities	122,000	218,000
Long-term debt, net of current portion	196,367	229,685
Total liabilities	4,230,258	3,680,693
Net Assets		
Unrestricted		
Board-designated for Talim fund	3,000,000	6,000,000
Board-designated for Pioneer fund	540,000	-
Unrestricted	5,357,039	2,804,798
Total unrestricted net assets	8,897,039	8,804,798
Temporarily restricted	1,330,022	-
Total net assets	10,227,061	8,804,798
Total liabilities and net assets	\$ 14,457,319	\$ 12,485,491

Central Asia Institute
Statements of Activities
Years Ended September 30, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions and related event revenue	\$ 2,095,937	\$ 3,828,728	\$ 5,924,665
Sales of merchandise	17,509	-	17,509
Investment income, net	692,763	-	692,763
Other income	497,769	-	497,769
Revenue and support before net assets released from restrictions	3,303,978	3,828,728	7,132,706
Net assets released from restrictions	2,498,706	(2,498,706)	-
Total revenues and support	5,802,684	1,330,022	7,132,706
Expenses			
Program services			
Global outreach program	873,467	-	873,467
Overseas education and projects	3,412,039	-	3,412,039
Total program services	4,285,506	-	4,285,506
Support services			
General and administration	706,278	-	706,278
Fundraising	718,659	-	718,659
Total expenses	5,710,443	-	5,710,443
Change in Net Assets	92,241	1,330,022	1,422,263
Net Assets, Beginning of Year	8,804,798	-	8,804,798
Net Assets, End of Year	\$ 8,897,039	\$ 1,330,022	\$ 10,227,061

Central Asia Institute
Statements of Activities
Years Ended September 30, 2017 and 2016

	2016		
	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions and related event revenue	\$ 3,099,795	\$ 660,939	\$ 3,760,734
Sales of merchandise	20,799	-	20,799
Investment income, net	420,243	-	420,243
Insurance proceeds	55,000	-	55,000
Other income	190,181	-	190,181
Revenue and support before net assets released from restrictions	3,786,018	660,939	4,446,957
Net assets released from restrictions	660,939	(660,939)	-
Total revenues and support	4,446,957	-	4,446,957
Expenses			
Program services			
Global outreach program	1,034,213	-	1,034,213
Overseas education and projects	3,277,326	-	3,277,326
Total program services	4,311,539	-	4,311,539
Support services			
General and administration	924,781	-	924,781
Fundraising	764,634	-	764,634
Total expenses	6,000,954	-	6,000,954
Change in Net Assets	(1,553,997)	-	(1,553,997)
Net Assets, Beginning of Year	10,358,795	-	10,358,795
Net Assets, End of Year	\$ 8,804,798	\$ -	\$ 8,804,798

Central Asia Institute
Statements of Functional Expenses
Years Ended September 30, 2017 and 2016

	2017					
	Program Services			Supporting Services		Total Expenses
	Global Outreach Program	Overseas Education and Projects	Total Programs	General and Administration	Fundraising	
Advertising and Promotion	\$ 302,558	\$ -	\$ 302,558	\$ 2,883	\$ 240,411	\$ 545,852
Depreciation	-	-	-	20,385	-	20,385
Equipment	871	166	1,037	9,099	166	10,302
Events	2,247	-	2,247	-	20,961	23,208
Fees, Permits, and Memberships	1,404	2,927	4,331	6,509	35,472	46,312
Insurance	655	-	655	84,722	-	85,377
Interest	-	-	-	10,428	-	10,428
Occupancy	16,727	7,733	24,460	17,591	8,333	50,384
Office Supplies	191	200	391	10,321	325	11,037
Overseas Education and Community Health Grants	-	3,122,053	3,122,053	-	-	3,122,053
Personnel Costs	294,241	237,815	532,056	239,568	210,180	981,804
Postage and Delivery	14,919	-	14,919	22,440	14,677	52,036
Printing and Reproduction	58,353	-	58,353	1,095	51,471	110,919
Professional Fees	116,031	22,715	138,746	215,803	102,235	456,784
Publications	-	-	-	3,015	2,501	5,516
Technology	55,276	-	55,276	4,502	17,805	77,583
Travel	9,994	18,430	28,424	57,917	14,122	100,463
	<u>\$ 873,467</u>	<u>\$ 3,412,039</u>	<u>\$ 4,285,506</u>	<u>\$ 706,278</u>	<u>\$ 718,659</u>	<u>\$ 5,710,443</u>

Central Asia Institute
Statements of Functional Expenses
Years Ended September 30, 2017 and 2016

	2016					
	Program Services			Supporting Services		
	Global Outreach Program	Overseas Education and Projects	Total Programs	General and Administration	Fundraising	Total Expenses
Advertising and Promotion	\$ 189,249	\$ -	\$ 189,249	\$ 1,345	\$ 138,051	\$ 328,645
Depreciation	-	-	-	20,386	-	20,386
Equipment	851	138	989	5,547	189	6,725
Events	3,986	-	3,986	-	2,347	6,333
Fees, Permits, and Memberships	-	4,679	4,679	13,431	29,189	47,299
Insurance	-	-	-	91,818	-	91,818
Interest	-	-	-	11,745	-	11,745
Occupancy	13,484	6,361	19,845	19,615	9,523	48,983
Office Supplies	990	396	1,386	8,137	1,736	11,259
Overseas Education and Community Health Grants	-	2,762,053	2,762,053	-	-	2,762,053
Personnel Costs	325,794	197,753	523,547	101,189	221,266	846,002
Postage and Delivery	36,675	1,984	38,659	10,841	33,050	82,550
Printing and Reproduction	75,234	-	75,234	115	70,830	146,179
Professional Fees	319,150	273,895	593,045	586,345	171,439	1,350,829
Publications	-	-	-	2,386	2,554	4,940
Technology	53,466	195	53,661	9,529	63,800	126,990
Travel	15,334	29,872	45,206	42,352	20,660	108,218
	<u>\$ 1,034,213</u>	<u>\$ 3,277,326</u>	<u>\$ 4,311,539</u>	<u>\$ 924,781</u>	<u>\$ 764,634</u>	<u>\$ 6,000,954</u>

Central Asia Institute
Statements of Cash Flows
Years Ended September 30, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 1,422,263	\$ (1,553,997)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	20,385	20,386
Donated investments	(1,094,821)	-
Unrealized/realized (gain) on investments	(539,694)	(267,980)
Change in operating assets and liabilities		
Prepaid expenses and deposits	(12,489)	134,653
Promises to give receivable	137,193	(320,000)
Beneficial interest in a trust	1,198,491	(1,214,529)
Reimbursements receivable	-	5,750
Accounts payable	(61,609)	(449,159)
Grants payable	729,801	(579,687)
Accrued liabilities	(86,683)	186,558
Net Cash Provided by (used for) Operating Activities	1,712,837	(4,038,005)
Investing Activities		
Purchases of investments	(6,807,109)	(31,862)
Proceeds from sale of investments	4,537,120	4,629,281
Net Cash Provided by (used for) Investing Activities	(2,269,989)	4,597,419
Financing Activities		
Repayment of long-term debt	(31,944)	(30,626)
Net Cash used for Financing Activities	(31,944)	(30,626)
Net Change in Cash and Cash Equivalents	(589,096)	528,788
Cash and Cash Equivalents, Beginning of Year	1,318,796	790,008
Cash and Cash Equivalents, End of Year	\$ 729,700	\$ 1,318,796
Supplemental Disclosure of Cash Flows		
Cash paid for interest	\$ 10,428	\$ 11,745

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity

Central Asia Institute's (the Organization) purpose is to empower communities of Central Asia through literacy and education, especially for girls; promote peace through education; and convey the importance of these activities globally. The dual-purpose mission focuses on literacy, education, and community health projects in the remote contiguous mountain regions of Central Asia, and focuses the public's attention, as well as the educational community's attention, on the contiguous mountain regions and communities of Central Asia.

The Organization's support comes primarily from individual donor contributions.

Overseas Grantee Monitoring

The Organization distributes funds and offers assistance to local, indigenous parties (grantees) that engage in activities and programs that further the stated charitable purposes of the Organization or that otherwise engage in activities and programs consistent with the Organization's stated charitable purposes.

Monitoring and reporting is conducted through the Organization's personnel visits to host countries, meetings between the Organization's personnel and grantees, and/or meetings between the independent accounting firm retained by the Organization and grantees, and/or through independent third party assessment, to understand the activities and structure of the operations in host countries, documenting the generally accepted business methods and accounting for transactions. This includes an understanding of payment flows and documentation of formal contracts with those involved in program activities, and business methods with respect to contracts and invoice documentation for program activities in the area where the programs are delivered (school buildings, water projects, healthcare, scholarships, teacher support, women's vocational centers, literacy centers, and community support).

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization generally tries to maintain deposits at or below the federally insured limits in any financial institution; however, it occasionally has cash balances at these financial institutions that exceed federally insured amounts.

Promises to Give Receivable

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. All promises to give received at September 30, 2017 and 2016, are deemed to be fully collectable by management; therefore, an allowance for doubtful accounts is not deemed necessary.

Beneficial Interests in Charitable Trusts Held by Others

The Organization has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Organization has neither possession nor control over the assets of the trusts. When a notice of a beneficial interest is received, an unrestricted, temporarily or permanently restricted contribution is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. The Organization held the beneficial interest in the trust for seven months and used the liquidation value subsequent to year-end as the fair value. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities, if any.

Investments

Investments with readily determinable fair values are reported at their fair value in the accompanying statements of financial position with the annual change in fair value being recorded as unrealized gains or losses in current revenue for the year. Donated investments are recorded at their fair value on the date of donation. Net investment gain/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Land Held for Sale

Land held for sale is valued at the lower of cost or market.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000, and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets, are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews its property and equipment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. No impairment loss is recorded at September 30, 2017 and 2016.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for various purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

The Organization reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. The restrictions stipulate that resources be maintained permanently but permit expending the income generated in accordance with the provisions of the agreements. As of September 30, 2017 and 2016, there were no permanently restricted net assets.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

It is the policy of the Organization to report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the programs and support services benefited based on management's estimate of employee hours devoted to each function.

Advertising Expenses

The Organization expenses advertising costs as they are incurred. For the years ended September 30, 2017 and 2016, \$545,852 and \$328,645, respectively, was charged to expense for advertising and promotion.

Income Tax

The Organization is organized as a Delaware nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and has been determined to be a public charity and not to be a private foundation under Section 509(a)(1). Accordingly, contributions to it qualify for the charitable contribution deduction afforded contributions to public charities under Section 170(b)(1)(A). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is generally subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined the Organization has no material taxable unrelated business income and it has filed the Exempt Organization Business Income Tax Return (IRS Form 990-T) or its Montana equivalent.

Management believes that it has appropriate support for any income tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Fair Value Measurements

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates are the allowance for doubtful promises to give, depreciation lives and methods, functional expense allocation and valuation of donated materials, long-lived assets, and services. It is at least reasonably possible that the Organization's estimate will change in the near term.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Subsequent events have been evaluated through February 28, 2018, the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of September 30:

	2017	2016
Money market	\$ 7,498	\$ 110,365
Cash in operating bank account	657,944	1,144,189
Cash in credit card account	63,758	63,742
Petty cash	500	500
	\$ 729,700	\$ 1,318,796

Note 3 - Investments

The Organization maintains investments with various financial institutions under the management of third-party financial managers in accordance with its investment policy. The Organization also holds land that is available for sale. Level 1 inputs are determined by reference to quoted market prices and other relevant information generated by market transactions. Level 2 inputs are determined by cost which approximates fair value and by relevant tax assessor valuations for the most recent year available at financial statement issuance for land.

The following tables present assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at September 30, 2017 and 2016:

	2017				Total
	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at NAV	
Marketable Equities - Common Stock	\$ 955,858	\$ -	\$ -	\$ -	\$ 955,858
International Equities - Common Stock	1,201,318	-	-	-	1,201,318
Exchange Traded Fund	200,293	-	-	-	200,293
Long-Short Equity	100,589	-	-	-	100,589
Pacific/Asia ex-Japan Stock	124,004	-	-	-	124,004
Infrastructure	149,145	-	-	-	149,145
Real Estate Investment Trust (REIT)	21,185	-	-	-	21,185
Land	-	99,000	-	-	99,000
Limited Partnership interests	-	-	-	10,000,962	10,000,962
	<u>\$ 2,752,392</u>	<u>\$ 99,000</u>	<u>\$ -</u>	<u>\$ 10,000,962</u>	<u>\$ 12,852,354</u>

	2016				Total
	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at NAV	
Marketable Equities - Common Stock	\$ 629,755	\$ -	\$ -	\$ -	\$ 629,755
International Equities - Common Stock	384,965	-	-	-	384,965
Land	-	128,706	-	-	128,706
Limited Partnership interests	-	-	-	7,804,424	7,804,424
	<u>\$ 1,014,720</u>	<u>\$ 128,706</u>	<u>\$ -</u>	<u>\$ 7,804,424</u>	<u>\$ 8,947,850</u>

Components of investment income consisted of the following for the years ended September 30:

	2017	2016
Interest and dividends, net of investment expense	\$ 153,069	\$ 152,263
Net unrealized and realized gains and losses	539,694	267,980
	<u>\$ 692,763</u>	<u>\$ 420,243</u>

In accordance with FASB ASC 820, the Organization is required to disclose the nature and risks of the investments reported at NAV. The Organization has elected to early adopt the provisions of FASB ASU No. 2015-07, *Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. As a result of this election, investments reported at NAV as a practical expedient are excluded from the fair value hierarchy. The Organization has adopted this standard as it eliminates a known diversity in practice for determining whether assets measured at fair value by using NAV per share as a practical expedient are classified as Level 2 or Level 3 within the fair value hierarchy.

The following table summarizes the nature and risk of investments reported at NAV as a practical expedient as of September 30, 2017 and 2016:

	Fair Value 2017	Unfunded Commitments	Fair Value 2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Debt investment funds - alpha	\$ 1,246,750	\$ -	\$ 1,239,578	\$ -	Quarterly	65 days
Structured credit	956,916	-	876,392	-	Quarterly	90 days
Debt investment funds - low vol	507,148	-	-	-	Quarterly	30 days
Domestic equity - low vol	2,123,111	-	2,260,665	-	Quarterly	90 days
Domestic equity - low vol II	412,449	-	-	-	Quarterly	90 days
Technology partners	449,354	-	377,608	-	Quarterly	45 days
Investment funds - healthcare	434,461	-	175,005	-	Semi-annual	45 days
International equity funds - low vol	1,592,268	-	1,758,570	-	Quarterly	90 days
Natural resources investment funds - low vol IV	1,049,058	-	1,116,606	-	Quarterly	30 days
Natural resources investment funds - low vol V	225,180	-	-	-	Quarterly	30 days
Core real estate fund	1,004,267	-	-	-	Illiquid	n/a
Total	<u>\$ 10,000,962</u>	<u>\$ -</u>	<u>\$ 7,804,424</u>	<u>\$ -</u>		

Debt Investment Funds – Alpha

Funds within this category are invested with two managers (1) King Street: European credit opportunities and global credit opportunities that include such strategies as distressed, stressed and out-of-favor situations, shorting of investment grade and high yield debt, capital structure trades, and deep value trades (ii) Phoenix Capital: publicly traded distressed/stressed debt. The combination of these managers creates an attractive mix of strategic investments in high-yield and distressed debt on a global basis. These credit investments have the potential to deliver near equity-type returns, but with less risks than pure long-only equity exposure.

Structured Credit

Funds within this category are invested with one manager, Tilden Park Capital Management. Tilden Park is a long-short multi-strategy fixed-income manager focused on structured products, mortgages, and fixed income relative value. Tilden Park has the potential to deliver near equity-type returns, but with significantly less risk than pure long-only equity exposure.

Debt Investment Funds – Low Vol

Funds within this category are invested with one manager, Shenkman Capital, in their Short Duration High Income mandate. In this mandate, Shenkman Capital invests in short duration debt of U.S. corporations via short duration high yield bonds. The strategy utilizes Shenkman Capital's rigorous, bottom-up, fundamental research to invest in the higher quality, short duration segment of the high yield credit universe. The portfolio generally invests in bonds that are rated BB/B or better and have duration less than 2.5 years. The objective of this portfolio is to provide an enhanced yield alternative while minimizing both interest rate volatility and credit risk.

Domestic Equity – Low Vol

Funds within this category are invested with two long-short equity hedge funds; Millennium Partners and Eagle's View Capital Management. Strategies employed cover a range of styles primarily in domestic equities, but may include some global exposure. The partnership's objective is to produce absolute returns over a full market cycle, with limited draw downs and lower volatility than that of long-only U.S. equity indices.

Domestic Equity – Low Vol II

Funds within this category are invested solely with Millennium Partners. The underlying manager covers a range of strategies primarily in domestic equities, but may include some global exposure. Strategies are further categorized into six main classes; relative value fundamental equity, statistical arbitrage/quant, fixed income, merger arbitrage/event driven, commodities and other. Millennium's objective is to produce absolute returns over a full market cycle, with limited draw downs and lower volatility than that of long-only U.S. equity indices.

Technology Partners

Funds within this category are invested with three fundamentally driven long-short technology managers, Light Street Capital focuses on separating the winners and losers in the following technology sectors: mobile, social, cloud, and e-commerce. Cobia Capital focuses on small-cap value securities in the US, Canada, and Western Europe. Hunt Lane Capital, is concentrated and invests in less covered small and mid-cap technology stocks.

Investment Funds – Healthcare

Funds within this category are invested with three domestic healthcare managers; Palo Alto Investor (PAI), Asymmetry Global Healthcare and Krensavage Capital Management. PAI Healthcare Master Fund is focused exclusively on overlooked, misunderstood, and undervalued segments of the healthcare equity market that have significant potential for appreciation. Asymmetry Global healthcare, is a long-short fund. Krensavage Asset Management is a concentrated, long-biased healthcare fund that targets long-term, value-oriented investments.

International Equity Funds – Low Vol

Funds within this category are invested in non-U.S. publicly traded securities via a current allocation to four managers. Standard Life's Global Absolute Return Strategies (GARS) fund uses a dynamic multi-asset strategy to invest in traditional and hedged sources of return seeking a cash plus 5% unleveraged annualized return over a rolling 3 year period. The investment in GARS is diversified through broad geographic and market cap diversification in more than 20 markets. Aviva Investors Multi-Strategy (AIMS) Target Return Fund, a direct competitor to GARS, employs a similar underlying multi-asset strategy to invest in traditional and hedged sources while seeking a cash plus 5% unleveraged annualized return over a rolling 3 year period. Chalkstream Capital's Japan Fund employs a strategy that purchases small cap Japanese equities trading at or near cash levels while additionally shorting the debt of highly-levered Japanese manufacturing companies trading at tight spreads. Lazard's Global Listed Infrastructure Fund seeks to identify preferred infrastructure equities with underlying characteristics of revenue certainty, profitability and a long-term focus. Lazard's fund is geographically diversified, currently with approximately 15% domestic, 75% developed Europe and 10% in greater Asia.

Natural Resources Investment Funds – Low Vol IV

Funds within this category are invested in energy related Master Limited Partnerships (MLPs) with Chickasaw Capital Management. This fund invests in publicly traded MLPs with a primary focus on mid-cap companies with mid-stream transmission operations. MLPs are traded on major securities exchanges as publicly traded instruments and are actually considered to be units in a partnership. MLPs own hard assets and/or transport vitally needed energy commodities, have major financial and operating advantages over potential competitors, and generate relatively stable and predictable cash flows.

Natural Resources Investment Funds – Low Vol V

Funds within this category are invested in energy related Master Limited Partnerships (MLPs) with Chickasaw Capital Management. This fund invests in publicly traded MLPs with a primary focus on mid-cap companies with mid-stream transmission operations. MLPs are traded on major securities exchanges as publicly traded instruments and are actually considered to be units in a partnership. MLPs own hard assets and/or transport vitally needed energy commodities, have major financial and operating advantages over potential competitors, and generate relatively stable and predictable cash flows.

Core Real Estate Fund

This partnership was formed in May 2016 to facilitate an investment in core, income producing commercial real estate. The partnership has one manager, Menlo Equities, with funds raised for their Menlo Equities Absolute Return Fund (MEARF). MEARF is established as an open-end, evergreen fund; a structure that offers a liquidity option to its limited partners and an option for Menlo to add properties that fit the fund’s investment criteria.

Note 4 - Promises to Give Receivable

Promises to give receivable are recorded and revenue is recognized at the time promises to give are made. These balances are stated at their present value. Management considers all promises to give to be fully collectable.

Payments of promises to give receivable as of September 30, 2017, are scheduled as follows:

Years Ending September 30,

2018	\$ 200,000
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Note 5 - Property and Equipment

Property and equipment consisted of the following as of September 30:

	2017	2016
Buildings	\$ 637,254	\$ 637,254
Equipment and software	43,361	43,361
	680,615	680,615
Accumulated depreciation	(65,441)	(45,056)
	\$ 615,174	\$ 635,559

Note 6 - Long-Term Debt

Long-term debt consisted of the following as of September 30:

	2017	2016
Fixed rate note payable to First Security Bank, for the purchase of office space, interest rate of 4.22%, and collateralized by a lien against the property purchased. The note matures in 2023.	\$ 229,685	\$ 261,629
Less current portion	(33,318)	(31,944)
	\$ 196,367	\$ 229,685

Future principal payments are as follows:

2018	\$ 33,318
2019	34,752
2020	36,247
2021	37,807
2022	39,443
Thereafter	48,118
	\$ 229,685

Note 7 - Board-Designated Unrestricted Net Assets

The Talim (Pashto word meaning Education) and Pioneer Funds are board-designated funds established to provide sustainability of the Organization's overseas projects and program delivery.

Note 8 - Temporarily Restricted Net Assets

Activity for temporarily restricted net assets for the years ended September 30, 2017 and 2016, was as follows:

	Balance as of 09/30/2016	Contributions	Releases of Restrictions	Balance as of 09/30/2017
Pennies for Peace	\$ -	\$ 45,266	\$ (45,266)	\$ -
Overseas education and community health projects	-	3,782,480	(2,452,458)	1,330,022
Public health	-	982	(982)	-
Total temporarily restricted net assets	\$ -	\$ 3,828,728	\$ (2,498,706)	\$ 1,330,022

Note 9 - Retirement Plan

The Organization sponsors a defined contribution 403(b) pension plan that covers all employees who have completed nine months of employment. For every employee contribution after the nine months worked, the Board of Directors elected to match employee contributions up to 6% of eligible employee's annual income. The Organization also provides an employer contribution component determined by Board's discretion. For the years ended September 30, 2017 and 2016, the Board elected to contribute 6% of all employees' annual income to the pension plan. Pension expense for the years ended September 30, 2017 and 2016 was \$31,546 and \$33,299, respectively.

Note 10 - Detail of Overseas Education and Community Health Grants

The following is a detail of various expense line items as contained on the statements of functional expenses for the years ended September 30, 2017 and 2016:

	2017	2016
International Grants		
Operating expenses	\$ 922,661	\$ 844,432
Building, materials, labor, and equipment	596,167	334,660
Public health/medical/water/etc	71,597	63,571
Scholarships	299,585	293,657
Supplies and equipment	333,340	395,595
Teacher support	589,582	493,110
Vocational and literacy centers	309,121	337,028
	<u>3,122,053</u>	<u>2,762,053</u>
Program Administration		
Occupancy	7,733	6,361
Personnel	237,815	197,753
Professional fees	25,642	273,895
Travel (overseas)	18,430	29,872
Other	366	7,392
	<u>289,986</u>	<u>515,273</u>
Total overseas education and projects	<u>\$ 3,412,039</u>	<u>\$ 3,277,326</u>
International Activities by Country		
Afghanistan	\$ 1,499,724	\$ 1,382,053
Pakistan	1,498,937	1,230,000
Tajikistan	123,392	150,000
	<u>\$ 3,122,053</u>	<u>\$ 2,762,053</u>

Note 11 - Related Organizations and Activities

In September 2010, under Canadian law, Central Asia Institute Canada was established as a corporation and private charity. The Canadian Organization intends to support and advance community-based education, especially for girls, in remote regions of Central Asia, primarily Pakistan and Afghanistan. No activity has occurred between this Canadian Organization and Central Asia Institute during the fiscal years ended September 30, 2017 and 2016. Representation on the Canadian Board includes one employee of the Organization.

Note 12 - Commitments

During the year ended September 30, 2016, the Organization entered into an agreement with a third party for consulting services. As of September 30, 2017, \$218,000 remained committed, but not paid.

Note 13 - Concentrations

One of the Organization's donors accounted for approximately 51% and 32% of total contributions for the years ended September 30, 2017 and 2016, respectively.