



Financial Statements
September 30, 2018 and 2017
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, 2018 and 2017, 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, 2018 and 2017, 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.

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

Phoenix, Arizona

July 8, 2019

Central Asia Institute
Statements of Financial Position
September 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,371,224	\$ 729,700
Investments	9,094,002	11,749,087
Prepaid expenses and deposits	38,707	58,178
Promises to give receivable	188,903	200,000
Interest receivable	1,913	1,913
Total current assets	10,694,749	12,738,878
Non-Current Assets		
Land held for sale	55,000	99,000
Investments, net of current	1,073,453	1,004,267
Property and equipment, net	594,405	615,174
Total non-current assets	1,722,858	1,718,441
Total assets	\$ 12,417,607	\$ 14,457,319
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 17,924	\$ 67,921
Accrued liabilities	143,315	160,538
Grants payable	3,246,021	3,650,114
Current portion of long-term debt	34,752	33,318
Total current liabilities	3,442,012	3,911,891
Non-Current Liabilities		
Accrued liabilities	26,000	122,000
Long-term debt, net of current portion	161,615	196,367
Total liabilities	3,629,627	4,230,258
Net Assets		
Unrestricted		
Board-designated for Talim fund	-	3,000,000
Board-designated for Pioneer fund	445,000	540,000
Unrestricted	7,137,018	5,357,039
Total unrestricted net assets	7,582,018	8,897,039
Temporarily restricted	1,205,962	1,330,022
Total net assets	8,787,980	10,227,061
Total liabilities and net assets	\$ 12,417,607	\$ 14,457,319

Central Asia Institute
Statements of Activities
Years Ended September 30, 2018 and 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions and related event revenue	\$ 1,795,076	\$ 496,367	\$ 2,291,443
Sales of merchandise	13,389	-	13,389
Investment income, net	636,754	-	636,754
Other income	184,776	-	184,776
Revenue and support before net assets released from restrictions	2,629,995	496,367	3,126,362
Net assets released from restrictions	620,427	(620,427)	-
Total revenues and support	3,250,422	(124,060)	3,126,362
Expenses			
Program services			
Global outreach program	512,273	-	512,273
Overseas education and projects	2,662,474	-	2,662,474
Total program services	3,174,747	-	3,174,747
Support services			
General and administration	798,548	-	798,548
Fundraising	592,148	-	592,148
Total expenses	4,565,443	-	4,565,443
Change in Net Assets	(1,315,021)	(124,060)	(1,439,081)
Net Assets, Beginning of Year	8,897,039	1,330,022	10,227,061
Net Assets, End of Year	\$ 7,582,018	\$ 1,205,962	\$ 8,787,980

Central Asia Institute
Statements of Activities
Years Ended September 30, 2018 and 2017

	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	<u>3,303,978</u>	<u>3,828,728</u>	<u>7,132,706</u>
Net assets released from restrictions	<u>2,498,706</u>	<u>(2,498,706)</u>	<u>-</u>
Total revenues and support	<u>5,802,684</u>	<u>1,330,022</u>	<u>7,132,706</u>
Expenses			
Program services			
Global outreach program	873,467	-	873,467
Overseas education and projects	3,412,039	-	3,412,039
Total program services	<u>4,285,506</u>	<u>-</u>	<u>4,285,506</u>
Support services			
General and administration	706,278	-	706,278
Fundraising	718,659	-	718,659
Total expenses	<u>5,710,443</u>	<u>-</u>	<u>5,710,443</u>
Change in Net Assets	92,241	1,330,022	1,422,263
Net Assets, Beginning of Year	<u>8,804,798</u>	<u>-</u>	<u>8,804,798</u>
Net Assets, End of Year	<u>\$ 8,897,039</u>	<u>\$ 1,330,022</u>	<u>\$ 10,227,061</u>

Central Asia Institute
Statements of Functional Expenses
Years Ended September 30, 2018 and 2017

	2018					
	Program Services			Supporting Services		
	Global Outreach Program	Overseas Education and Projects	Total Programs	General and Administration	Fundraising	Total Expenses
Advertising and Promotion	\$ 132,814	\$ -	\$ 132,814	\$ 234	\$ 97,426	\$ 230,474
Depreciation	-	-	-	20,769	-	20,769
Equipment	231	115	346	4,549	115	5,010
Events	1,696	-	1,696	355	2,226	4,277
Fees, Permits, and Memberships	270	1,170	1,440	13,151	29,789	44,380
Insurance	-	-	-	80,121	-	80,121
Interest	-	-	-	9,053	-	9,053
Occupancy	13,539	5,911	19,450	13,921	8,490	41,861
Office Supplies	147	56	203	10,572	2,672	13,447
Overseas Education and Community Health Grants	-	2,345,000	2,345,000	-	-	2,345,000
Personnel Costs	168,011	137,176	305,187	256,133	253,828	815,148
Postage and Delivery	35,176	-	35,176	9,136	35,360	79,672
Printing and Reproduction	28,307	-	28,307	1,324	27,186	56,817
Professional Fees	87,876	161,507	249,383	267,644	108,756	625,783
Publications	2,436	-	2,436	2,174	865	5,475
Technology	34,150	171	34,321	11,705	5,338	51,364
Travel	7,620	11,368	18,988	97,707	20,097	136,792
	<u>\$ 512,273</u>	<u>\$ 2,662,474</u>	<u>\$ 3,174,747</u>	<u>\$ 798,548</u>	<u>\$ 592,148</u>	<u>\$ 4,565,443</u>

Central Asia Institute
Statements of Functional Expenses
Years Ended September 30, 2018 and 2017

	2017					
	Program Services			Supporting Services		
	Global Outreach Program	Overseas Education and Projects	Total Programs	General and Administration	Fundraising	Total Expenses
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 Cash Flows
Years Ended September 30, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ (1,439,081)	\$ 1,422,263
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	20,769	20,385
Donated investments	(83,402)	(1,094,821)
Loss on land held for sale	44,000	29,706
Unrealized/realized gain on investments	(600,000)	(569,400)
Change in operating assets and liabilities		
Prepaid expenses and deposits	19,471	(12,489)
Promises to give receivable	11,097	137,193
Beneficial interest in a trust	-	1,198,491
Accounts payable	(49,997)	(61,609)
Accrued liabilities	(113,223)	(86,683)
Grants payable	(404,093)	729,801
Net Cash Provided by (used for) Operating Activities	(2,594,459)	1,712,837
Investing Activities		
Purchases of investments	(3,758,338)	(6,807,109)
Proceeds from sale of investments	7,027,639	4,537,120
Net Cash Provided by (used for) Investing Activities	3,269,301	(2,269,989)
Financing Activities		
Repayment of long-term debt	(33,318)	(31,944)
Net Cash used for Financing Activities	(33,318)	(31,944)
Net Change in Cash and Cash Equivalents	641,524	(589,096)
Cash and Cash Equivalents, Beginning of Year	729,700	1,318,796
Cash and Cash Equivalents, End of Year	\$ 1,371,224	\$ 729,700
Supplemental Disclosure of Cash Flows		
Cash paid for interest	\$ 9,053	\$ 10,428

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 attempts 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, 2018 and 2017, are deemed to be fully collectable by management; therefore, an allowance for doubtful accounts is not deemed necessary.

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, 2018 and 2017.

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 as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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, 2018 and 2017, 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, 2018 and 2017, \$230,474 and \$545,852, 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.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 defines a five-step process in order to achieve this core principle which may require the use of judgment and estimates. The entity may adopt ASU 2014-09 either by using a full retrospective approach for all periods presented or a modified retrospective approach. The standard is effective for annual reporting periods beginning after December 15, 2018, or October 1, 2019 for the Organization. The Organization has not yet selected a transition method and is currently evaluating the impact of the standard on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, to improve presentation of financial statements for nonprofit entities. The ASU affects all nonprofit entities. The main provisions of this update that will impact the Organization include:

- Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. The nonprofits will report amounts for net assets with donor restrictions and net assets without donor restrictions. They will also be required to present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes.
- All nonprofits will now be required to disclose an analysis of expenses by both functional and natural classifications.
- All nonprofits will have to add disclosures regarding how they manage liquidity and information that communicates the availability of financial assets to meet cash needs for general expenditures.

This new standard will be effective for years beginning after December 15, 2017, or October 1, 2018 for the Organization. The standard requires retrospective application.

Subsequent Events

The Organization has evaluated subsequent events through July 8, 2019, 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:

	2018	2017
Money market	\$ 816,081	\$ 7,498
Cash in operating bank account	461,519	657,944
Cash in credit card account	93,044	63,758
Petty cash	580	500
	\$ 1,371,224	\$ 729,700

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 comparative market values of similar assets for the most recent year available at financial statement issuance for land.

The following table 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, 2018:

	2018				
	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
Marketable Equities - Common Stock	\$ 952,165	\$ -	\$ -	\$ -	\$ 952,165
International Equities - Common Stock	543,749	-	-	-	543,749
Exchange Traded Fund	770,028	-	-	-	770,028
Bond mutual fund	101,448	-	-	-	101,448
Land	-	55,000	-	-	55,000
Limited Partnership interests	-	-	-	7,800,065	7,800,065
	\$ 2,367,390	\$ 55,000	\$ -	\$ 7,800,065	\$ 10,222,455

The following table 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:

	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>

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

	2018	2017
Interest and dividends, net of investment expense	\$ 80,754	\$ 153,069
Net unrealized and realized gains and losses	556,000	539,694
	<u>\$ 636,754</u>	<u>\$ 692,763</u>

The following table summarizes the nature and risk of investments reported at NAV as a practical expedient as of September 30, 2018 and 2017:

	Fair Value 2018	Unfunded Commitments	Fair Value 2017	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Debt investment funds - alpha	\$ 946,183	\$ -	\$ 1,246,750	\$ -	Quarterly	65 days
Structured credit	1,052,196	-	956,916	-	Quarterly	90 days
Debt investment funds - low vol	-	-	507,148	-	Quarterly	30 days
Domestic equity - low vol	2,284,589	-	2,123,111	-	Quarterly	90 days
Domestic equity - low vol II	452,606	-	412,449	-	Quarterly	90 days
Technology partners	496,800	-	449,354	-	Quarterly	45 days
Investment funds - healthcare	490,415	-	434,461	-	Semi-annual	45 days
International equity funds - low vol	791,033	-	1,592,268	-	Quarterly	90 days
Natural resources investment funds - low vol IV	-	-	1,049,058	-	Quarterly	30 days
Natural resources investment funds - low vol V	212,790	-	225,180	-	Quarterly	30 days
Core real estate fund	1,073,453	-	1,004,267	-	Illiquid	n/a
Total	<u>\$ 7,800,065</u>	<u>\$ -</u>	<u>\$ 10,000,962</u>	<u>\$ -</u>		

Debt Investment Funds – Alpha

Funds within this category are invested with two managers (i) 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, 2018, are scheduled to be received during the year ending September 30, 2019.

Note 5 - Property and Equipment

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

	2018	2017
Buildings	\$ 637,254	\$ 637,254
Equipment and software	43,361	43,361
	680,615	680,615
Accumulated depreciation	(86,210)	(65,441)
	\$ 594,405	\$ 615,174

Note 6 - Long-Term Debt

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

	2018	2017
Fixed rate note payable to First Security Bank, for the purchase of office space, interest rate of 4.47%, and collateralized by a lien against the property purchased. The note matures in 2023.	\$ 196,367	\$ 229,685
Less current portion	(34,752)	(33,318)
	\$ 161,615	\$ 196,367

Future principal payments are as follows:

Years Ending September 30		
2019	\$	34,752
2020		36,247
2021		37,807
2022		39,443
2023		41,130
Thereafter		6,988
	\$	196,367

Note 7 - Board-Designated Unrestricted Net Assets

The Talim (Pashto word meaning Education) and Pioneer Funds are board-designated funds established to provide sustainability to all 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, 2018 and 2017, was as follows:

	<u>Balance as of 09/30/2017</u>	<u>Contributions</u>	<u>Releases of Restrictions</u>	<u>Balance as of 09/30/2018</u>
Pennies for Peace	\$ -	\$ 37,826	\$ (37,826)	\$ -
Overseas education and community health projects	1,330,022	457,201	(581,261)	1,205,962
Public health	-	1,340	(1,340)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total temporarily restricted net assets	<u>\$ 1,330,022</u>	<u>\$ 496,367</u>	<u>\$ (620,427)</u>	<u>\$ 1,205,962</u>

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, 2018 and 2017, the Board elected to contribute 6% of all employees’ annual income to the pension plan. Pension expense for the years ended September 30, 2018 and 2017 was \$34,158 and \$31,546, 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, 2018 and 2017:

	2018	2017
International Grants		
Operating expenses	\$ 516,849	\$ 922,661
Building, materials, labor, and equipment	401,823	596,167
Public health/medical/water/etc	57,123	71,597
Scholarships	270,600	299,585
Supplies and equipment	151,882	333,340
Teacher support	601,523	589,582
Vocational and literacy centers	264,170	309,121
Community support	81,030	-
	<u>2,345,000</u>	<u>3,122,053</u>
 Total international grants		
Program Administration		
Occupancy	5,911	7,733
Personnel	137,176	237,815
Professional fees	162,677	25,642
Travel (overseas)	11,368	18,430
Other	342	366
	<u>317,474</u>	<u>289,986</u>
 Total program administration		
	<u>\$ 2,662,474</u>	<u>\$ 3,412,039</u>
 Total overseas education and projects		
International Activities by Country		
Afghanistan	\$ 845,803	\$ 1,499,724
Pakistan	1,229,728	1,498,937
Tajikistan	269,469	123,392
	<u>\$ 2,345,000</u>	<u>\$ 3,122,053</u>
 Total international activities by country		

Overseas Education and Project expenses includes a portion of funds which could not be disbursed/got frozen due to certain changes implemented by the Government of Pakistan regarding foreign funded Non-Governmental Organizations (NGOs) during the subsequent period. The efforts for achieving the disbursements, accrued during the year ended September 30, 2018, is continuing. However, based on the actual disbursements realized during the succeeding year, a portion of the Overseas Education and Projects expenses accrued in the current year may have to be reversed in the financial statements of the subsequent period.

Note 11 - 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, 2018, \$122,000 remained committed, but not paid.

Note 12 - Concentrations

One of the Organization's donors accounted for approximately 51% of total contributions for the year ended September 30, 2017. There was no concentration in contributions for the year ended September 30, 2018.

Note 13 - Contingencies

The Organization may be party to various legal actions arising from the normal course of business. In management's opinion, the Organization does not believe the outcome of such legal actions will materially affect the Organization's operation and/or financial position.

Note 14 - Subsequent Event

In February 2019, the Organization sold the land held for sale for its fair value of \$55,000.