

# **FINANCIAL STATEMENTS**



**CENTRAL  
ASIA  
INSTITUTE**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2020**

# CENTRAL ASIA INSTITUTE

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Central Asia Institute  
Bozeman, Montana

We have audited the accompanying financial statements of the Central Asia Institute (CAI), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 entity'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 entity'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 CAI as of September 30, 2021, and the change in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### **Report on Summarized Comparative Information**

We have previously audited CAI's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

March 31, 2022

**CENTRAL ASIA INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

<b>ASSETS</b>		
	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 998,188	\$ 2,170,884
Investments	9,139,429	7,045,298
Prepaid expenses and other assets	49,041	54,079
Total current assets	10,186,658	9,270,261
<b>PROPERTY AND EQUIPMENT</b>		
Land	147,200	147,200
Buildings and improvements	490,054	490,054
Equipment	43,361	43,361
	680,615	680,615
Less: Accumulated depreciation	(191,062)	(168,832)
Net property and equipment	489,553	511,783
<b>TOTAL ASSETS</b>	<b>\$ 10,676,211</b>	<b>\$ 9,782,044</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 91,886	\$ 80,471
Grants payable	-	28,510
Refundable advances	53,220	50,000
Total liabilities	145,106	158,981
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	8,731,139	8,020,821
Board designated for Pioneer Fund	445,000	445,000
Total without donor restrictions	9,176,139	8,465,821
With donor restrictions	1,354,966	1,157,242
Total net assets	10,531,105	9,623,063
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,676,211</b>	<b>\$ 9,782,044</b>

See accompanying notes to financial statements.

## CENTRAL ASIA INSTITUTE

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,725,175	\$ 824,791	\$ 2,549,966	\$ 2,251,690
Investment income	1,018,430	-	1,018,430	526,658
In-kind contributions	1,680	-	1,680	8,742
Other revenue	609	-	609	11,899
Net assets released from donor restrictions	<u>627,067</u>	<u>(627,067)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,372,961</u>	<u>197,724</u>	<u>3,570,685</u>	<u>2,798,989</u>
<b>EXPENSES</b>				
Program Services:				
Global Outreach Program	234,879	-	234,879	233,342
Overseas Education and Projects	<u>1,696,413</u>	<u>-</u>	<u>1,696,413</u>	<u>2,195,118</u>
Total program services	<u>1,931,292</u>	<u>-</u>	<u>1,931,292</u>	<u>2,428,460</u>
Supporting Services:				
General and Administration	380,152	-	380,152	446,377
Fundraising	<u>351,199</u>	<u>-</u>	<u>351,199</u>	<u>308,349</u>
Total supporting services	<u>731,351</u>	<u>-</u>	<u>731,351</u>	<u>754,726</u>
Total expenses	<u>2,662,643</u>	<u>-</u>	<u>2,662,643</u>	<u>3,183,186</u>
Change in net assets	710,318	197,724	908,042	(384,197)
Net assets at beginning of year	<u>8,465,821</u>	<u>1,157,242</u>	<u>9,623,063</u>	<u>10,007,260</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 9,176,139</u></b>	<b><u>\$ 1,354,966</u></b>	<b><u>\$ 10,531,105</u></b>	<b><u>\$ 9,623,063</u></b>

**CENTRAL ASIA INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021						2020	
	Program Services			Supporting Services			Total Expenses	Total Expenses
	Global Outreach	Education, Livelihoods and Health	Total Program Services	General and Administration	Fundraising	Total Supporting Services		
Grants	\$ -	\$ 1,356,416	\$ 1,356,416	\$ -	\$ -	\$ -	\$ 1,356,416	\$ 1,821,511
Personnel costs	109,820	260,667	370,487	154,802	215,848	370,650	741,137	647,161
Professional fees	72,075	55,237	127,312	105,520	40,256	145,776	273,088	350,881
Advertising and promotion	-	-	-	2,888	-	2,888	2,888	26,996
Office supplies	20	118	138	2,892	494	3,386	3,524	4,359
Postage and delivery	11,947	1,130	13,077	1,165	13,887	15,052	28,129	32,418
Technology	12,882	3,065	15,947	15,565	19,687	35,252	51,199	62,191
Equipment	675	4,530	5,205	1,978	1,921	3,899	9,104	11,505
Occupancy	2,311	5,928	8,239	6,178	6,895	13,073	21,312	18,685
Travel	-	6,498	6,498	1,007	1,278	2,285	8,783	10,035
Events	-	-	-	-	-	-	-	1,856
Interest	-	-	-	-	-	-	-	9,928
Depreciation	-	-	-	22,230	-	22,230	22,230	23,268
Insurance	-	1,601	1,601	65,090	-	65,090	66,691	64,953
Publications	25,074	93	25,167	75	15,751	15,826	40,993	53,807
Fees, permits and memberships	75	1,130	1,205	762	35,182	35,944	37,149	43,632
<b>TOTAL</b>	<b>\$ 234,879</b>	<b>\$ 1,696,413</b>	<b>\$ 1,931,292</b>	<b>\$ 380,152</b>	<b>\$ 351,199</b>	<b>\$ 731,351</b>	<b>\$ 2,662,643</b>	<b>\$ 3,183,186</b>

See accompanying notes to financial statements.

**CENTRAL ASIA INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 908,042	\$ (384,197)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	22,230	23,268
Unrealized gain on investments	(693,507)	(299,062)
Realized gain on on sales of investments	(174,520)	(51,372)
Increase in:		
Prepaid expenses and other assets	5,038	142,787
Increase (decrease) in:		
Accounts payable and accrued liabilities	11,414	(154,298)
Grants payable	(28,510)	(375,358)
Refundable advances	<u>3,220</u>	<u>50,000</u>
Net cash provided (used) by operating activities	<u>53,407</u>	<u>(1,048,232)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(9,207,426)	(6,009,891)
Proceeds from sale of investments	<u>7,981,323</u>	<u>6,239,276</u>
Net cash (used) provided by investing activities	<u>(1,226,103)</u>	<u>229,385</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of note payable	<u>-</u>	<u>(161,615)</u>
Net cash used by financing activities	<u>-</u>	<u>(161,615)</u>
Net decrease in cash and cash equivalents	(1,172,696)	(980,462)
Cash and cash equivalents at beginning of year	<u>2,170,884</u>	<u>3,151,346</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 998,188</u></b>	<b><u>\$ 2,170,884</u></b>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest Paid	<b><u>\$ -</u></b>	<b><u>\$ 9,928</u></b>



**CENTRAL ASIA INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Central Asia Institute (CAI) is a non-profit organization, incorporated in the State of Delaware and located in Bozeman, Montana. CAI's mission is to promote education and livelihood skills, especially for girls and women, in the remote regions of Afghanistan, Pakistan, and Tajikistan.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions 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 "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CAI's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

New accounting pronouncements adopted -

During the current fiscal year, CAI adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During the current fiscal year, CAI did not have any earned revenue that would be affected by the adoption of this standard. CAI has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Cash and cash equivalents -

CAI considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**CENTRAL ASIA INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Cash and cash equivalents (continued) -

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, CAI maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors in the accompanying Statement of Activities and Change in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift.

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 3 to 39 years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended September 30, 2021 totaled \$22,230.

Income taxes -

CAI is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income.

CAI invests in limited partnership investments which could result in investment income that would be classified as unrelated business income; the limited partnership investments reported taxable gains in 2021 (however offset by prior year loss carryforwards), accordingly, a provision for income taxes was not accrued in the accompanying financial statements.

CAI is not a private foundation.

Uncertain tax positions -

For the year ended September 30, 2021, CAI has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

**CENTRAL ASIA INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Contributions -

The majority of CAI's revenue is received through contributions from individuals, foundations and other entities. Contributions are recognized in the appropriate category of net assets in the period received. CAI performs an analysis of the individual contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal. For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Awards qualifying as conditional contributions contain a "barrier" and a right of return or right of release from obligation (and the entity has limited discretion over how funds transferred should be spent). Conditional contributions are not recognized as unconditional support until the conditions on which they depend are substantially met; revenue is recognized when the condition or conditions are satisfied. Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances; as of September 30, 2021, CAI recorded \$53,220 of refundable advances under conditional assistance awards. CAI has not received any other conditional contributions as of September 30, 2021.

In-kind contributions -

In-kind contributions consist primarily of professional services. In-kind contributions are recorded at their fair value as of the date of the gift.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising -

CAI expenses advertising costs as incurred. Advertising expense was \$2,888 for the year ended September 30, 2021.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of CAI are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

**CENTRAL ASIA INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Grants expense -

CAI awards grants to local organizations in Pakistan, Tajikistan and Afghanistan. As CAI transfers funds to grantees, it records those funds as advances in the accompanying Statement of Financial Position. As grantees successfully incur and report qualifying expenditures to CAI, those advances are reduced and are recorded as current period expense. Any funds not expensed in accordance with the requirements stipulated in the grant agreements are either de-obligated or refunded back to CAI.

Fair value measurement -

CAI adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. CAI accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

CAI follows the disclosure provisions of accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosure for Investment in Certain Entities that Calculate Net Asset Value Per Share (or Its Equivalent)*. The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient.

Risks and uncertainties -

CAI invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact CAI's operations. The overall potential impact is unknown at this time.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

**CENTRAL ASIA INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities with fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

CAI plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

**2. INVESTMENTS**

Investments consisted of the following as of September 30, 2021:

	<b>Fair Value</b>
U.S. Equities	\$ 3,166,650
International Equities	1,521,114
Mutual Funds - International Fixed Income	170,733
U.S. Fixed Income	4,256,472
Limited Partnership Interests	24,460
<b>NET INVESTMENTS</b>	<b><u>\$ 9,139,429</u></b>

Included in net investment income are the following:

Interest and dividends	\$ 194,236
Unrealized gain on investments	693,507
Realized gain on sales of investments	174,520
Investment fees	(43,833)
<b>NET INVESTMENT INCOME</b>	<b><u>\$ 1,018,430</u></b>

Interest income includes interest earned on operating cash and cash equivalents.

**3. BOARD DESIGNATED NET ASSETS**

As of September 30, 2021, net assets without donor restrictions of \$445,000 have been designated by the Board of Directors for the "Pioneer Fund". The Pioneer Fund was established to provide sustainability to all of CAI's overseas projects and related program delivery.

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at September 30, 2021:

<b>Subject to Expenditure for Specified Purpose:</b>	
<b>Overseas Education and Projects</b>	<b><u>\$ 1,354,966</u></b>

**CENTRAL ASIA INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**4. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

<b>Purpose Restrictions Accomplished:</b>	
<b>Overseas Education and Projects</b>	<b><u>\$ 627,067</u></b>

**5. LIQUIDITY AND AVAILABILITY**

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 998,188
Investments	<u>9,139,429</u>
Subtotal financial assets available within one year	10,137,617
Less: Donor restricted funds	<u>(1,354,966)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 8,782,651</u></b>

CAI has a policy to structure its financial assets to be available and liquid as its obligations become due.

**6. RETIREMENT PLAN**

CAI provides retirement benefits to its employees through a defined contribution plan. CAI provides an employer discretionary contribution which is determined annually by the Board. Employees with nine months of qualified experience are eligible for the discretionary match. CAI contributions to the Plan for the year ended September 30, 2021 totaled \$27,789.

**7. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, CAI has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market CAI has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**CENTRAL ASIA INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**7. FAIR VALUE MEASUREMENT (Continued)**

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of September 30, 2021.

- *U.S. and International Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *U.S. Fixed Income* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds - International Fixed Income* - Valued at the daily closing price as reported by the fund. Mutual funds held by CAI are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by CAI are deemed to be actively traded.

CAI uses net asset value (NAV) per share, or its equivalent, as a practical expedient: Certain alternative investments that are measured at fair value using the NAV (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy; however, the fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. The alternative investments are held in limited partnership investments. Following is a description of the alternative investment held by CAI:

- *Debt Investment Funds - Alpha:* Amounts within this fund 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.

The table below summarizes investments held, by level within the fair value hierarchy as of September 30, 2021.:

<b>Asset Class:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
U.S. Equities	\$ 3,166,650	\$ -	\$ -	\$ 3,166,650
International Equities	1,521,114	-	-	1,521,114
Mutual Funds - International				
Fixed Income	170,733	-	-	170,733
U.S. Fixed Income	<u>4,256,472</u>	<u>-</u>	<u>-</u>	<u>4,256,472</u>
<b>TOTAL</b>	<b><u>\$ 9,114,969</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,114,969</u></b>

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**7. FAIR VALUE MEASUREMENT (Continued)**

The following is a summary of the investments valued using NAV as a practical expedient and the related unfunded commitments and redemption restrictions associated with the investment at September 30, 2021:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Partial Redemption Notice Frequency/ Period</u>	<u>Full Redemption Notice Frequency/ Period</u>
<b>Alternative Investments:</b>				
<b>Debt Investment Funds -</b>				
<b>Alpha</b>	\$ <u>24,460</u>	\$ <u>-</u>	Quarterly	65 days

**8. SUBSEQUENT EVENTS**

In preparing these financial statements, CAI has evaluated events and transactions for potential recognition or disclosure through March 31, 2022, the date the financial statements were issued.