

FINANCIAL STATEMENTS



**CENTRAL
ASIA
INSTITUTE**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021**

CENTRAL ASIA INSTITUTE

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Central Asia Institute
Bozeman, Montana

Opinion

We have audited the accompanying financial statements of the Central Asia Institute (CAI), which comprise the statement of financial position as of September 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAI as of September 30, 2022, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CAI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CAI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CAI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CAI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited CAI's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 29, 2023

CENTRAL ASIA INSTITUTE
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

ASSETS		<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	417,474	\$ 998,188
Investments		7,379,814	9,139,429
Advances to grantees		141,342	-
Prepaid expenses and other assets		<u>52,334</u>	<u>49,041</u>
Total current assets		<u>7,990,964</u>	<u>10,186,658</u>
PROPERTY AND EQUIPMENT			
Land		147,200	147,200
Buildings and improvements		490,054	490,054
Equipment		<u>32,734</u>	<u>43,361</u>
		669,988	680,615
Less: Accumulated depreciation		<u>(199,035)</u>	<u>(191,062)</u>
Net property and equipment		<u>470,953</u>	<u>489,553</u>
TOTAL ASSETS	\$	<u>8,461,917</u>	\$ <u>10,676,211</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	96,427	\$ 91,886
Grants payable		53,522	-
Refundable advances		<u>12,295</u>	<u>53,220</u>
Total liabilities		<u>162,244</u>	<u>145,106</u>
NET ASSETS			
Without donor restrictions			
Undesignated		6,461,814	8,731,139
Board designated for Pioneer Fund		<u>445,000</u>	<u>445,000</u>
Total without donor restrictions		6,906,814	9,176,139
With donor restrictions		<u>1,392,859</u>	<u>1,354,966</u>
Total net assets		<u>8,299,673</u>	<u>10,531,105</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>8,461,917</u>	\$ <u>10,676,211</u>

CENTRAL ASIA INSTITUTE

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 1,808,731	\$ 568,862	\$ 2,377,593	\$ 2,549,966
Investment (loss) income	(1,426,874)	-	(1,426,874)	1,018,430
In-kind contributions	1,430	-	1,430	1,680
Other revenue	22,294	-	22,294	609
Net assets released from donor restrictions	<u>530,969</u>	<u>(530,969)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>936,550</u>	<u>37,893</u>	<u>974,443</u>	<u>3,570,685</u>
EXPENSES				
Program Services:				
Global Outreach Program	249,743	-	249,743	234,879
Overseas Education and Projects	<u>2,189,067</u>	<u>-</u>	<u>2,189,067</u>	<u>1,696,413</u>
Total program services	<u>2,438,810</u>	<u>-</u>	<u>2,438,810</u>	<u>1,931,292</u>
Supporting Services:				
General and Administration	377,289	-	377,289	380,152
Fundraising	<u>389,776</u>	<u>-</u>	<u>389,776</u>	<u>351,199</u>
Total supporting services	<u>767,065</u>	<u>-</u>	<u>767,065</u>	<u>731,351</u>
Total expenses	<u>3,205,875</u>	<u>-</u>	<u>3,205,875</u>	<u>2,662,643</u>
Change in net assets	(2,269,325)	37,893	(2,231,432)	908,042
Net assets at beginning of year	<u>9,176,139</u>	<u>1,354,966</u>	<u>10,531,105</u>	<u>9,623,063</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,906,814</u>	<u>\$ 1,392,859</u>	<u>\$ 8,299,673</u>	<u>\$ 10,531,105</u>

CENTRAL ASIA INSTITUTE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022						2021	
	Program Services			Supporting Services			Total Expenses	Total Expenses
	Global Outreach Program	Overseas Education and Projects	Total Program Services	General and Administration	Fundraising	Total Supporting Services		
Grants	\$ -	\$ 1,796,109	\$ 1,796,109	\$ -	\$ -	\$ -	\$ 1,796,109	\$ 1,356,416
Personnel costs	112,320	310,968	423,288	179,784	220,534	400,318	823,606	741,137
Professional fees	80,899	6,171	87,070	82,451	62,927	145,378	232,448	273,088
Advertising and promotion	2,000	-	2,000	10,304	598	10,902	12,902	2,888
Office supplies	53	737	790	2,050	323	2,373	3,163	3,524
Postage and delivery	8,161	952	9,113	1,850	14,516	16,366	25,479	28,129
Technology	11,741	5,562	17,303	15,619	19,405	35,024	52,327	51,199
Equipment	2,786	4,180	6,966	3,604	1,812	5,416	12,382	9,104
Occupancy	2,901	6,195	9,096	9,410	8,453	17,863	26,959	21,312
Travel	-	8,526	8,526	2,386	5,816	8,202	16,728	8,783
Depreciation	-	-	-	18,599	-	18,599	18,599	22,230
Insurance	-	6,279	6,279	50,197	-	50,197	56,476	66,691
Publications	28,807	75	28,882	-	18,985	18,985	47,867	40,993
Fees, permits and memberships	75	43,313	43,388	1,035	36,407	37,442	80,830	37,149
TOTAL	\$ 249,743	\$ 2,189,067	\$ 2,438,810	\$ 377,289	\$ 389,776	\$ 767,065	\$ 3,205,875	\$ 2,662,643

See accompanying notes to financial statements.

CENTRAL ASIA INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,231,432)	\$ 908,042
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	18,599	22,230
Unrealized loss (gain) on investments	1,823,794	(693,507)
Realized gain on on sales of investments	(181,802)	(174,520)
(Increase) decrease in:		
Advances to grantees	(141,342)	-
Prepaid expenses and other assets	(3,293)	5,038
Increase (decrease) in:		
Accounts payable and accrued liabilities	4,541	11,414
Grants payable	53,522	(28,510)
Refundable advances	<u>(40,925)</u>	<u>3,220</u>
Net cash (used) provided by operating activities	<u>(698,338)</u>	<u>53,407</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(5,705,489)	(9,207,426)
Proceeds from sale of investments	<u>5,823,113</u>	<u>7,981,323</u>
Net cash provided (used) by investing activities	<u>117,624</u>	<u>(1,226,103)</u>
Net decrease in cash and cash equivalents	(580,714)	(1,172,696)
Cash and cash equivalents at beginning of year	<u>998,188</u>	<u>2,170,884</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 417,474</u>	<u>\$ 998,188</u>

CENTRAL ASIA INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2021, from which the summarized information was derived.

New accounting pronouncements adopted -

During the year ended September 30, 2022, CAI adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. 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 Update 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 was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

CENTRAL ASIA INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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. 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 (loss) 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, 2022 totaled \$18,599.

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 did not report any taxable gains in 2022, 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, 2022, 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, 2022

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 awards 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, 2022, CAI recorded \$12,295 of refundable advances under conditional assistance awards. CAI has not received any other conditional contributions as of September 30, 2022.

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 \$12,902 for the year ended September 30, 2022.

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, 2022

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.

2. INVESTMENTS

Investments consisted of the following as of September 30, 2022:

	<u>Fair Value</u>
U.S. Equities	\$ 2,680,653
International Equities	1,044,959
Mutual Funds - International Fixed Income	133,042
U.S. Fixed Income	3,507,233
Limited Partnership Interests	<u>13,927</u>
NET INVESTMENTS	<u>\$ 7,379,814</u>

CENTRAL ASIA INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

2. INVESTMENTS (Continued)

Included in net investment loss are the following:

Interest and dividends	\$ 257,368
Unrealized loss on investments	(1,823,794)
Realized gain on sales of investments	181,802
Investment fees	<u>(42,250)</u>
NET INVESTMENT LOSS	<u>\$ (1,426,874)</u>

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

3. BOARD DESIGNATED NET ASSETS

As of September 30, 2022, 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, 2022:

Subject to Expenditure for Specified Purpose:	
Overseas Education and Projects	<u>\$ 1,392,859</u>

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:

Purpose Restrictions Accomplished:	
Overseas Education and Projects	<u>\$ 530,969</u>

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	\$ 417,474
Investments	<u>7,379,814</u>
Subtotal financial assets available within one year	7,797,288
Less: Donor restricted funds	<u>(1,392,859)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 6,404,429</u>

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

CENTRAL ASIA INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022 totaled \$30,620.

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.

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, 2022.

- *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.

CENTRAL ASIA INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

7. FAIR VALUE MEASUREMENT (Continued)

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, 2022:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Equities	\$ 2,680,653	\$ -	\$ -	\$ 2,680,653
International Equities	1,044,959	-	-	1,044,959
Mutual Funds - International				
Fixed Income	133,042	-	-	133,042
U.S. Fixed Income	<u>3,507,233</u>	<u>-</u>	<u>-</u>	<u>3,507,233</u>
TOTAL	<u>\$ 7,365,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,365,887</u>

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, 2022:

Alternative Investments:	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Partial Redemption Notice Frequency/Period</u>	<u>Full Redemption Notice Frequency/Period</u>
Debt Investment Funds - Alpha	<u>\$ 13,927</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 April 29, 2023, the date the financial statements were issued.