

# **Princeton in Asia, Inc.**

Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



*Navigating the Road  
to  
Financial Security*

# Princeton in Asia, Inc.

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DeSantis  
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LLP

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**Independent Auditors' Report**

Board of Directors  
Princeton in Asia, Inc

**Report on the Financial Statements**

We have audited the accompanying financial statements of Princeton in Asia, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013 and the related statements of activities, cash flows, and functional expenses 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 audits 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.

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Princeton in Asia, Inc

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Princeton in Asia, Inc. as of June 30, 2014 and 2013, and the results of its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*De Santos Kufu Shall & Sarcone, LLP*

Staten Island, New York

April 23, 2015

## Princeton in Asia, Inc.

### Statements of Financial Position June 30, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<b><u>Assets</u></b>						
Cash and Cash Equivalents	\$ 165,782	\$ 1,907	\$ 167,689	\$ 95,251	\$ 2,709	\$ 97,960
Accounts Receivable	7,968		7,968	9,017		9,017
Due from Princeton University	4,638		4,638			
Investments	5,117,451	162,248	5,279,699	4,836,442	151,474	4,987,916
Prepaid Intern Insurance	7,506		7,506	11,886		11,886
Prepaid Expenses - Gala				18,551		18,551
Fixed Assets, Net of Accumulated Depreciation				110		110
<b>Total Assets</b>	<b><u>\$ 5,303,345</u></b>	<b><u>\$ 164,155</u></b>	<b><u>\$ 5,467,500</u></b>	<b><u>\$ 4,971,257</u></b>	<b><u>\$ 154,183</u></b>	<b><u>\$ 5,125,440</u></b>
<b><u>Liabilities and Net Assets</u></b>						
<b>Liabilities</b>						
Accounts Payable and Accrued Liabilities	\$ 9,500		\$ 9,500	\$ 9,429		\$ 9,429
Deferred Revenue - Gala				118,655		118,655
Due to Princeton University				257		257
<b>Total Liabilities</b>	<b><u>9,500</u></b>		<b><u>9,500</u></b>	<b><u>128,341</u></b>		<b><u>128,341</u></b>
<b>Net Assets</b>						
Unrestricted	5,293,845		5,293,845	4,842,916		4,842,916
Temporarily Restricted		\$ 164,155	164,155		\$ 154,183	154,183
<b>Total Net Assets</b>	<b><u>5,293,845</u></b>	<b><u>164,155</u></b>	<b><u>5,458,000</u></b>	<b><u>4,842,916</u></b>	<b><u>154,183</u></b>	<b><u>4,997,099</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 5,303,345</u></b>	<b><u>\$ 164,155</u></b>	<b><u>\$ 5,467,500</u></b>	<b><u>\$ 4,971,257</u></b>	<b><u>\$ 154,183</u></b>	<b><u>\$ 5,125,440</u></b>

The Accompanying Notes are an Integral Part of this Statement.

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## Princeton in Asia, Inc.

### Statements of Activities for the Years Ended June 30, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<b><u>Public Support, Revenues</u></b>						
Contributions:						
Individuals, Corporations and Foundations	\$ 322,898		\$ 322,898	\$ 241,664	\$ 5,500	\$ 247,164
Grant Income	61,515		61,515	39,255		39,255
Gala Event Income	320,647		320,647			
Intern Fees	70,150		70,150	62,688		62,688
Investment Income	527,559	\$ 15,894	543,453	263,417	7,900	271,317
Unrealized Gain on Investments	71,872	2,166	74,038	301,265	9,035	310,300
Net Assets Released from Restrictions	8,088	(8,088)		15,746	(15,746)	
<b>Total Public Support, Revenues</b>	<b>1,382,729</b>	<b>9,972</b>	<b>1,392,701</b>	<b>924,035</b>	<b>6,689</b>	<b>930,724</b>
<b><u>Expenses:</u></b>						
Program Services	598,617		598,617	606,612		606,612
Management and General	154,375		154,375	120,495		120,495
Fundraising	178,808		178,808	89,193		89,193
<b>Total Expenses</b>	<b>931,800</b>		<b>931,800</b>	<b>816,300</b>		<b>816,300</b>
Changes in Net Assets	450,929	9,972	460,901	107,735	6,689	114,424
Net Assets, Beginning of Year	4,842,916	154,183	4,997,099	4,735,181	147,494	4,882,675
<b>Net Assets, End of Year</b>	<b>\$ 5,293,845</b>	<b>\$ 164,155</b>	<b>\$ 5,458,000</b>	<b>\$ 4,842,916</b>	<b>\$ 154,183</b>	<b>\$ 4,997,099</b>

The Accompanying Notes are an Integral Part of this Statement.

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# Princeton in Asia, Inc.

## Statements of Cash Flows for the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	<u>\$ 460,901</u>	<u>\$ 114,424</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Used In Operating Activities:		
Depreciation	110	220
Unrealized Gain on Investments	(74,038)	(310,300)
Realized Gain on Sale of Investments	(479,208)	(213,917)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	1,049	42,983
Due from Princeton University	(4,638)	266
Prepaid Intern Insurance	4,380	11,877
Prepaid Expenses - Gala	18,551	(18,551)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	71	(6,544)
Due to Princeton University	(257)	257
Deferred Revenue - Gala	<u>(118,655)</u>	<u>118,655</u>
Total Adjustments	<u>(652,635)</u>	<u>(375,054)</u>
Net Cash Used In Operating Activities	<u>(191,734)</u>	<u>(260,630)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	756,860	562,640
Purchase of Investments	(436,789)	(179,149)
Reinvested Dividends	<u>(58,608)</u>	<u>(57,400)</u>
Net Cash Provided By Investment Activities	<u>261,463</u>	<u>326,091</u>
Cash Flows from Financing Activities:		
Overdraft Cash	<u>                    </u>	<u>(34,878)</u>
Net Cash Used In Financing Activities	<u>                    </u>	<u>(34,878)</u>
Net Increase in Cash and Cash Equivalents	69,729	30,583
Cash and Cash Equivalents, Beginning of Year	<u>97,960</u>	<u>67,377</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 167,689</u></u>	<u><u>\$ 97,960</u></u>

## Princeton in Asia, Inc.

### Statements of Functional Expenses for the Years Ended June 30, 2014 and 2013

	2014				2013			
	Program Services <u>Asia</u>	<u>Supporting Services</u>		<u>Total</u>	Program Services <u>Asia</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fund Raising</u>			<u>Management and General</u>	<u>Fund Raising</u>	
Compensation and Related Expenses:								
Salaries	\$ 149,049	\$ 42,067	\$ 50,549	\$ 241,665	\$ 136,694	\$ 41,203	\$ 38,200	\$ 216,097
Payroll Taxes	10,370	6,218	4,867	21,455	9,274	5,687	3,655	18,616
Employee Benefits	41,396	24,837	16,558	82,791	24,312	15,460	9,306	49,078
	<u>200,815</u>	<u>73,122</u>	<u>71,974</u>	<u>345,911</u>	<u>170,280</u>	<u>62,350</u>	<u>51,161</u>	<u>283,791</u>
Bank Charges and Fees		8,635		8,635	3,287	1,252		4,539
Development		1,003	29,427	30,430		2,063	35,127	37,190
Insurance Expense	63,474	4,236		67,710	62,548	6,798		69,346
Intern Program	177,017			177,017	185,981			185,981
Professional Fees	4,034	37,005		41,039	4,313	31,081	1,438	36,832
Payroll Fees		1,746		1,746		1,506		1,506
Office Expense	6,112	11,930	3,648	21,690	7,684	12,420	275	20,379
Travel	18,043		549	18,592	13,229		1,192	14,421
Board Expenses		3,266		3,266		2,805		2,805
Field Office Expenses	41,652			41,652	136,195			136,195
Field Office Salaries	79,382	13,322	15,987	108,691	7,349			7,349
Carrie Gordon Tribute	8,088			8,088	15,746			15,746
Gala Expenses			57,223	57,223				
Depreciation Expense		110		110		220		220
<b>Total Expenses</b>	<u><u>\$ 598,617</u></u>	<u><u>\$ 154,375</u></u>	<u><u>\$ 178,808</u></u>	<u><u>\$ 931,800</u></u>	<u><u>\$ 606,612</u></u>	<u><u>\$ 120,495</u></u>	<u><u>\$ 89,193</u></u>	<u><u>\$ 816,300</u></u>

The Accompanying Notes are an Integral Part of this Statement.

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# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2014 and 2013

## 1. Nature of Activities

Princeton in Asia, Inc. (hereinafter referred to as the “Organization”) was incorporated June 21, 1930 under the laws of the State of New York. The purpose of the Organization is to provide service fellowships in Asia for college graduates in order to facilitate mutual understanding between East and West.

## 2. Summary of Significant Accounting Policies

### *Method of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### *Basis of Presentation*

The Organization follows the Financial Accounting Standards Board (FASB) codification topic that addresses financial statement of not-for-profit organizations. The Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The Organization also follows the FASB codification topic that addresses accounting for contributions received and contributions made. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Organization has received contributions with donor-imposed restrictions that result in temporarily restricted net assets.

It is the Organization’s policy to report donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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 Statement of Activities as net assets released from restrictions.

# Princeton in Asia, Inc.

## Notes to Financial Statements June 30, 2014 and 2013

Restricted contributions and investments are permanently restricted in accordance with the donor's wishes. Investment earnings available for distribution are recorded in unrestricted net assets.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No amounts for donated non-cash services have been recognized within these financial statements because the criteria for recognition have not been satisfied.

### *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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### *Cash and Equivalents*

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

### *Marketable Securities*

Investments in marketable securities with readily determinable fair values, and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gain and loss are shown separately in the Statement of Activities. Realized gain and loss are based on the adjusted cost of the specific security sold, and are also included in investment return in the Statement of Activities.

### *Income Taxes*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a not-for-profit tax-exempt organization and from state and local income taxes under comparable laws. The Organization represents that, to the best of its knowledge and belief, the tax-exempt status is still in effect as of June 30, 2014.

# **Princeton in Asia, Inc.**

Notes to Financial Statements  
June 30, 2014 and 2013

## ***Property, Equipment and Depreciation***

Donations of property and equipment are recorded as support, at their estimate fair value at the date of donation. Such donations are recorded as unrestricted support, unless the donor has restricted the donated assets to a specific purpose.

Property and equipment are stated at cost or fair market value at the date of donation. Property and equipment are depreciated over the estimated useful lives of the related assets. Depreciation is computed on the double-declining balance method. Maintenance and repairs are charged to operations when incurred. Betterments and renewals with a cost or fair value of \$1,000 or greater are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

## ***Deferred Revenue***

Revenue collected for the Gala before June 30, 2013 is reflected as deferred revenue. This revenue was recognized during 2014, the fiscal year when the Gala took place.

## ***Support, Revenue and Expenses***

Revenue is recognized when earned and support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets are transferred to the Organization.

Expenses are reported at cost when incurred.

## ***Compensated Absences***

The Organization has made no accruals regarding compensated absences, and has determined the effect of such an amount is not material to the financial statements.

## ***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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2014 and 2013

### 3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2014</u>	<u>2013</u>
Carrie Gordon Memorial Fund	<u>\$164,155</u>	<u>\$154,183</u>
Total	<u>\$164,155</u>	<u>\$154,183</u>

The Carrie Gordon Memorial Fund was established in fiscal year 2005 and was created to support service-oriented sustainable projects implemented by Princeton in Asia alumni. Proposals are reviewed and approved by the fund committee.

### 4. Tax Deferred Annuity Plan

During the year June 30, 2007, the Organization entered into a tax-deferred annuity plan under Section 401(k) of the Internal Revenue Code. The plan covers full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code, if they wish. Employer contributions are determined from year to year and are discretionary. There were no matching contributions made in both years ended June 30, 2014 and 2013. Plan expenses were \$1,230 and \$977, respectively, for the years ended June 30, 2014 and 2013.

### 5. Investments

Princeton in Asia, Inc. carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market values in the Statement of Financial Position. Unrealized gains and losses are included in the change of net assets in the accompanying Statement of Activities.

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized, otherwise they are reported as restricted income and gains.

# Princeton in Asia, Inc.

## Notes to Financial Statements June 30, 2014 and 2013

Investments at June 30, 2014 and 2013 are summarized as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds	<u>\$4,768,299</u>	<u>\$5,279,699</u>	<u>\$4,565,447</u>	<u>\$4,987,916</u>
Total	<u>\$4,768,299</u>	<u>\$5,279,699</u>	<u>\$4,565,447</u>	<u>\$4,987,916</u>

Investment return is summarized as follows:

	<u>2014</u>	<u>2013</u>
Dividend and Interest Income	\$ 64,245	\$ 57,400
Realized Gain on Sale of Investments	<u>479,208</u>	<u>213,917</u>
Total Investment Returns	<u>\$543,453</u>	<u>\$271,317</u>

### 6. Fair Value of Investments

The Organization has adopted the FASB codification topic related to fair value measurements. This standard applies to all assets and liabilities that are being measured and reported on a fair value basis, and requires disclosure that establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America. It enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to this standard.

# Princeton in Asia, Inc.

## Notes to Financial Statements June 30, 2014 and 2013

The fair value of mutual funds and equities has been determined using quoted process in active markets for identical assets, which is Level 1 in the hierarchy for ranking the quality and reliability of the information used to determine the fair values. The fair value of government bonds has been determined using observable market based inputs or unobservable inputs that are corroborated by market data, which is Level 2 in the hierarchy.

The detail of the fair value of investments at June 30, 2014 and 2013 is as follows:

<u>June 30, 2014</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	<u>\$5,279,699</u>	<u>\$5,279,699</u>		
Total	<u>\$5,279,699</u>	<u>\$5,279,699</u>		
<u>June 30, 2013</u>	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	<u>\$4,987,916</u>	<u>\$4,987,916</u>		
Total	<u>\$4,987,916</u>	<u>\$4,987,916</u>		

# Princeton in Asia, Inc.

Notes to Financial Statements  
June 30, 2014 and 2013

## 7. Property and Equipment

A summary of property and equipment follows:

	Estimated Useful Lives <u>In Years</u>	<u>2014</u>	<u>2013</u>
Computer Equipment	5	\$7,469	\$7,469
Furniture	7	<u>1,673</u>	<u>1,673</u>
Total		9,142	9,142
Accumulated Depreciation		<u>9,142</u>	<u>9,032</u>
Net Fixed Assets		<u>\$ 0</u>	<u>\$ 110</u>

## 8. Donated Facilities

The Organization is provided office space by Princeton University, based on a verbal agreement. No amounts of rent, utilities, or other direct operating expenses of the facility have been paid for this space, nor has a value been determined.

## 9. Field Office Expenses

The Organization supports a field office in Singapore to assist fellows while they are overseas. At June 30, 2014 and 2013, the Organization contributed \$151,708 and \$143,544 respectively, to the field office to cover operating expenses. Of those amounts, \$110,056 and \$7,349 were paid for the years ended June 30, 2014 and 2013 for salaries and related payroll taxes for employees located in the office. The balance of the funds is used for rent and supplies.

## 10. Subsequent Events

The Organization has evaluated subsequent events through April 23, 2015, the date the financial statements were available to be issued.

# **Princeton in Asia, Inc.**

Notes to Financial Statements  
June 30, 2014 and 2013

## **11. Concentration of Credit Risk**

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

## **12. Income Tax Uncertainties**

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2014.

The Organization is subject to examinations by Federal and New York State taxing jurisdictions for the years ended June 30, 2011, 2012 and 2013; however, there are currently no examinations for any tax periods in progress.