

Princeton in Asia, Inc.

Financial Statements

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)



*Navigating the Road
to
Financial Security*

Princeton in Asia, Inc.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position June 30, 2015 and 2014	3
Statements of Activities for the Years Ended June 30, 2015 and 2014	4
Statements of Cash Flows for the Years Ended June 30, 2015 and 2014	5
Statements of Functional Expenses for the Years Ended June 30, 2015 and 2014	6
Notes to Financial Statements	7 – 14



DeSantis
Kiefer
Shall &
Sarcone
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, 2015 and 2014 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.

(1)

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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, 2015 and 2014, and the changes 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.

DeSantis Keefe Shall & Sarcone, LLP

Staten Island, New York

February 25, 2016

Princeton in Asia, Inc.

Statements of Financial Position June 30, 2015 and 2014

	2015			2014		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ 141,144	\$ 2,098	\$ 143,242	165,782	\$ 1,907	\$ 167,689
Accounts Receivable	14,454		14,454	7,968		7,968
Due from Princeton University	637		637	4,638		4,638
Investments	4,847,908	155,855	5,003,763	5,117,451	162,248	5,279,699
Prepaid Expenses	2,755		2,755	7,506		7,506
Total Assets	\$ 5,006,898	\$ 157,953	\$ 5,164,851	\$ 5,303,345	\$ 164,155	\$ 5,467,500
<u>Liabilities and Net Assets</u>						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 10,000		\$ 10,000	\$ 9,500		\$ 9,500
Overdraft Cash	3,550		3,550			
Total Liabilities	13,550		13,550	9,500		9,500
Net Assets						
Unrestricted	4,993,348		4,993,348	5,293,845		5,293,845
Temporarily Restricted		\$ 157,953	157,953		\$ 164,155	164,155
Total Net Assets	4,993,348	157,953	5,151,301	5,293,845	164,155	5,458,000
Total Liabilities and Net Assets	\$ 5,006,898	\$ 157,953	\$ 5,164,851	\$ 5,303,345	\$ 164,155	\$ 5,467,500

Princeton in Asia, Inc.

Statements of Activities for the Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
<u>Public Support, Revenues</u>						
Contributions:						
Individuals, Corporations and Foundations	\$ 411,392	\$ 6,550	\$ 417,942	\$ 322,898		\$ 322,898
Grant Income	53,790		53,790	61,515		61,515
Gala Event Income				320,647		320,647
Intern Fees	80,674		80,674	70,150		70,150
Investment Income	337,295	10,971	348,266	527,559	\$ 15,894	543,453
Unrealized (Loss) Gain on Investments	(394,044)	(12,817)	(406,861)	71,872	2,166	74,038
Net Assets Released from Restrictions	10,906	(10,906)		8,088	(8,088)	
Total Public Support, Revenues	500,013	(6,202)	493,811	1,382,729	9,972	1,392,701
<u>Expenses:</u>						
Program Services	573,993		573,993	598,617		598,617
Management and General	144,900		144,900	154,375		154,375
Fundraising	81,617		81,617	178,808		178,808
Total Expenses	800,510		800,510	931,800		931,800
Changes in Net Assets	(300,497)	(6,202)	(306,699)	450,929	9,972	460,901
Net Assets, Beginning of Year	5,293,845	164,155	5,458,000	4,842,916	154,183	4,997,099
Net Assets, End of Year	\$ 4,993,348	\$ 157,953	\$ 5,151,301	\$ 5,293,845	\$ 164,155	\$ 5,458,000

The Accompanying Notes are an Integral Part of this Statement.

Princeton in Asia, Inc.

Statements of Cash Flows for the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	<u>\$ (306,699)</u>	<u>\$ 460,901</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Used In Operating Activities:		
Depreciation		110
Unrealized Loss (Gain) on Investments	406,861	(74,038)
Realized Gain on Sale of Investments	(298,610)	(479,208)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(6,486)	1,049
Due from Princeton University	4,001	(4,638)
Prepaid Expenses	4,751	4,380
Prepaid Expenses - Gala		18,551
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	500	71
Due to Princeton University		(257)
Deferred Revenue - Gala		<u>(118,655)</u>
Total Adjustments	<u>111,017</u>	<u>(652,635)</u>
Net Cash Used In Operating Activities	<u>(195,682)</u>	<u>(191,734)</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments	468,522	756,860
Purchase of Investments	(251,181)	(436,789)
Reinvested Dividends	<u>(49,656)</u>	<u>(58,608)</u>
Net Cash Provided By Investment Activities	<u>167,685</u>	<u>261,463</u>
Cash Flows from Financing Activities:		
Overdraft Cash	<u>3,550</u>	
Net Cash Used In Financing Activities	<u>3,550</u>	
Net (Decrease) Increase in Cash and Cash Equivalents	(24,447)	69,729
Cash and Cash Equivalents, Beginning of Year	<u>167,689</u>	<u>97,960</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 143,242</u></u>	<u><u>\$ 167,689</u></u>

Princeton in Asia, Inc.

Statements of Functional Expenses for the Years Ended June 30, 2015 and 2014

	2015				2014			
	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	\$ 176,352	\$ 51,404	\$ 40,759	\$ 268,515	\$ 149,049	\$ 42,067	\$ 50,549	\$ 241,665
Payroll Taxes	11,353	6,811	4,541	22,705	10,370	6,218	4,867	21,455
Employee Benefits	19,387	11,631	7,755	38,773	41,396	24,837	16,558	82,791
	<u>207,092</u>	<u>69,846</u>	<u>53,055</u>	<u>329,993</u>	<u>200,815</u>	<u>73,122</u>	<u>71,974</u>	<u>345,911</u>
Bank Charges and Fees		22,122		22,122		8,635		8,635
Development	1,774		24,694	26,468		1,003	29,427	30,430
Insurance Expense	68,554	5,017		73,571	63,474	4,236		67,710
Intern Program	184,761			184,761	177,017			177,017
Professional Fees	1,562	34,249		35,811	4,034	37,005		41,039
Payroll Fees		1,982		1,982		1,746		1,746
Office Expense	3,973	8,554	849	13,376	6,112	11,930	3,648	21,690
Travel	16,981		129	17,110	18,043		549	18,592
Board Expenses		3,130		3,130		3,266		3,266
Field Office Expenses	27,771		2,890	30,661	41,652			41,652
Field Office Salaries	50,619			50,619	79,382	13,322	15,987	108,691
Carrie Gordon Tribute	10,906			10,906	8,088			8,088
Gala Expenses							57,223	57,223
Depreciation Expense						110		110
Total Expenses	<u><u>\$ 573,993</u></u>	<u><u>\$ 144,900</u></u>	<u><u>\$ 81,617</u></u>	<u><u>\$ 800,510</u></u>	<u><u>\$ 598,617</u></u>	<u><u>\$ 154,375</u></u>	<u><u>\$ 178,808</u></u>	<u><u>\$ 931,800</u></u>

The Accompanying Notes are an Integral Part of this Statement.

(6)

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

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, 2015 and 2014

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, 2015.

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

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.

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, 2015 and 2014

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Carrie Gordon Memorial Fund	<u>\$157,953</u>	<u>\$164,155</u>
Total	<u>\$157,953</u>	<u>\$164,155</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, 2015 and 2014. Plan expenses were \$1,516 and \$1,230, respectively, for the years ended June 30, 2015 and 2014.

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, 2015 and 2014

Investments at June 30, 2015 and 2014 are summarized as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual Funds	\$4,944,308	\$5,002,541	\$4,768,299	\$5,279,699
Equity Securities	<u>0</u>	<u>1,222</u>	<u> </u>	<u> </u>
Total	<u>\$4,944,308</u>	<u>\$5,003,763</u>	<u>\$4,768,299</u>	<u>\$5,279,699</u>

Investment return is summarized as follows:

	<u>2015</u>	<u>2014</u>
Dividend and Interest Income	\$ 49,656	\$ 64,245
Realized Gain on Sale of Investments	<u>298,610</u>	<u>479,208</u>
Total Investment Returns	<u>\$348,266</u>	<u>\$543,453</u>

Unrealized (loss) gain on investment was (\$406,861) and \$74,038 for the years ended June 30, 2015 and 2014, respectively.

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.

Princeton in Asia, Inc.

Notes to Financial Statements June 30, 2015 and 2014

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

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 detail of the fair value of investments at June 30, 2015 and 2014 is as follows:

<u>June 30, 2015</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	\$5,002,541	\$5,002,541		
Equity Securities	<u>1,222</u>	<u>1,222</u>		
Total	<u>\$5,003,763</u>	<u>\$5,003,763</u>		

<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>		

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

7. Property and Equipment

A summary of property and equipment follows:

	Estimated Useful Lives <u>In Years</u>	<u>2015</u>	<u>2014</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>9,142</u>
Net Fixed Assets		<u>\$ 0</u>	<u>\$ 0</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, 2015 and 2014, the Organization contributed \$81,280 and \$151,708 respectively, to the field office to cover operating expenses. Of those amounts, \$50,619 and \$110,056 were paid for the years ended June 30, 2015 and 2014 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 February 25, 2016 the date the financial statements were available to be issued.

Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2015 and 2014

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, 2015.

The Organization is subject to examinations by Federal and New York State taxing jurisdictions for the years ended June 30, 2012, 2013 and 2014; however, there are currently no examinations for any tax periods in progress.