Princeton in Asia, Inc.

Financial Statements

June 30, 2017 and 2016

(With Independent Auditor’s Report Thereon)
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<td></td>
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Navigating the Road to
Financial Security

Independent Auditor’s 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, 2017 and 2016 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.
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, 2017 and 2016, 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.

DeSanto, Kifer, Shull & Sarcone, LLP

Staten Island, New York

May 9, 2018
Princeton in Asia, Inc.

Statements of Financial Position
June 30, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th></th>
<th></th>
<th>2016</th>
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<td></td>
<td></td>
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<td></td>
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<td>Investments</td>
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<td>Fixed Asset (Net)</td>
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<td>$723,155</td>
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<td>$4,735,748</td>
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Liabilities and Net Assets

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<th></th>
<th></th>
<th>2016</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily</td>
<td>Totals</td>
<td>Unrestricted</td>
<td>Temporarily</td>
<td>Totals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restricted</td>
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<tr>
<td>Liabilities</td>
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<tr>
<td>Accounts Payable and</td>
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<td>Accrued Liabilities</td>
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<td>Due to Princeton University</td>
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Net Assets

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<th>2017</th>
<th></th>
<th></th>
<th>2016</th>
<th></th>
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</thead>
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<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily</td>
<td>Totals</td>
<td>Unrestricted</td>
<td>Temporarily</td>
<td>Totals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restricted</td>
<td></td>
<td></td>
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<tr>
<td>Unrestricted</td>
<td>$5,059,219</td>
<td>$723,155</td>
<td>$5,059,219</td>
<td>$4,697,497</td>
<td>$150,188</td>
<td>$4,697,497</td>
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<td>$723,155</td>
<td></td>
<td>$150,188</td>
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<tr>
<td>Total Net Assets</td>
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<td>723,155</td>
<td>5,782,374</td>
<td>4,697,497</td>
<td>150,188</td>
<td>4,847,685</td>
</tr>
<tr>
<td>Total Liabilities and Net Assets</td>
<td>$5,095,935</td>
<td>$723,155</td>
<td>$5,819,090</td>
<td>$4,735,748</td>
<td>$150,188</td>
<td>$4,885,936</td>
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The Accompanying Notes are an Integral Part of these Financial Statements.
Princeton in Asia, Inc.

Statements of Activities
for the Years Ended June 30, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Public Support, Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Contributions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals, Corporations and</td>
<td>$ 583,443</td>
<td>$ 550,121</td>
<td>$ 1,133,564</td>
<td>$ 582,915</td>
<td>$ 6,000</td>
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<td>Foundations</td>
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<td>99,634</td>
<td>199,268</td>
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<td>Intern Fees</td>
<td>97</td>
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<td>Miscellaneous Income</td>
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<td>Investment Income</td>
<td>122,080</td>
<td>11,643</td>
<td>133,723</td>
<td>219,513</td>
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<td>Unrealized Gain/(Loss) on</td>
<td>453,443</td>
<td>44,845</td>
<td>498,288</td>
<td>(341,047)</td>
<td>(11,261)</td>
<td>(352,308)</td>
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<tr>
<td>Investments</td>
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<td></td>
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<td>Net Assets Released from</td>
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<td>9,752</td>
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<td>Restrictions</td>
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<td>**Total Public Support,</td>
<td>1,292,339</td>
<td>572,967</td>
<td>1,865,306</td>
<td>557,942</td>
<td>(7,765)</td>
<td>550,177</td>
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<td>Revenues**</td>
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<td></td>
<td></td>
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**Expenses:**

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</thead>
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<tr>
<td>Program Services</td>
<td>572,718</td>
<td>572,718</td>
<td>550,430</td>
<td>550,430</td>
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<tr>
<td>Management and General</td>
<td>192,178</td>
<td>192,178</td>
<td>151,045</td>
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<td>Fundraising</td>
<td>165,721</td>
<td>165,721</td>
<td>152,318</td>
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<td><strong>Total Expenses</strong></td>
<td>930,617</td>
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<td>853,793</td>
<td>853,793</td>
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</table>

Changes in Net Assets

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets, Beginning of Year</td>
<td>4,697,497</td>
<td>150,188</td>
<td>4,847,685</td>
<td>4,993,348</td>
<td>157,953</td>
<td>5,151,301</td>
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<td>Changes</td>
<td>361,722</td>
<td>572,967</td>
<td>934,689</td>
<td>(295,851)</td>
<td>(7,765)</td>
<td>(303,616)</td>
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</tbody>
</table>

| Net Assets, End of Year        | $ 5,059,219       | $ 723,155                   | $ 5,782,374   | $ 4,697,497       | $ 150,188                   | $ 4,847,685   |

The Accompanying Notes are an Integral Part of these Financial Statements. (4)
Princeton in Asia, Inc.

Statements of Cash Flows
for the Years Ended June 30, 2017 and 2016

Cash Flows from Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in Net Assets</td>
<td>$ 934,689</td>
<td>$(303,616)</td>
</tr>
<tr>
<td>Adjustments to Reconcile Changes in Net Assets</td>
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<td></td>
</tr>
<tr>
<td>to Net Cash Provided By (Used In) Operating Activities:</td>
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<tr>
<td>Depreciation</td>
<td>231</td>
<td>231</td>
</tr>
<tr>
<td>Unrealized (Gain)/Loss on Investments</td>
<td>(498,288)</td>
<td>352,308</td>
</tr>
<tr>
<td>Realized Gain on Sale of Investments</td>
<td>(37,132)</td>
<td>(199,222)</td>
</tr>
<tr>
<td>Donated Securities</td>
<td>(5,189)</td>
<td>(128,730)</td>
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<tr>
<td>(Increase) Decrease in Operating Assets:</td>
<td></td>
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<tr>
<td>Accounts Receivable</td>
<td>(18,895)</td>
<td>(9,060)</td>
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<td>Due from Princeton University</td>
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<td>Contributions Receivable - Donated Securities</td>
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<td>(105,412)</td>
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<td>Prepaid Expenses</td>
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<td>2,755</td>
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<tr>
<td>Increase (Decrease) in Operating Liabilities:</td>
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<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>23,009</td>
<td>3,195</td>
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<td>Due to Princeton University</td>
<td>(24,544)</td>
<td>25,056</td>
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<td>Total Adjustments</td>
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<td>(58,242)</td>
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<tr>
<td>Net Cash Provided By (Used In) Operating Activities</td>
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Cash Flows from Investing Activities:

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<td>Proceeds from Sale of Investments</td>
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<td>Purchase of Investments</td>
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<td>Reinvested Dividends</td>
<td>(96,591)</td>
<td>(27,487)</td>
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<td>Fixed Assets</td>
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<td>Net Cash (Used In) Provided By Investment Activities</td>
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Cash Flows from Financing Activities:

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Net Increase (Decrease) in Cash and Cash Equivalents

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<td>Cash and Cash Equivalents, Beginning of Year</td>
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<td>143,242</td>
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Cash and Cash Equivalents, End of Year

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<thead>
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<td>Cash and Cash Equivalents, End of Year</td>
<td>$ 212,604</td>
<td>$ 85,728</td>
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Princeton in Asia, Inc.

Statements of Functional Expenses
for the Years Ended June 30, 2017 and 2016

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<th>2017</th>
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<td></td>
<td>Supporting</td>
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<td>Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and General</td>
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<tr>
<td>Compensation and</td>
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<tr>
<td>Related Expenses:</td>
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<td>Salaries</td>
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<td>Field Office Salaries</td>
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<td>Employee Benefits</td>
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<td>Total Compensation and</td>
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<tr>
<td>Field Office Expenses</td>
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<tr>
<td>Carrie Gordon Tribute</td>
<td>10,288</td>
<td>10,288</td>
</tr>
<tr>
<td>Exit Fee for Investment</td>
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<td>Other Expenses</td>
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<td>7,000</td>
</tr>
<tr>
<td>Depreciation Expense</td>
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</tr>
<tr>
<td>Total Expenses</td>
<td>$ 572,718</td>
<td>$ 192,178</td>
</tr>
</tbody>
</table>

The Accompanying Notes are an Integral Part of these Financial Statements.
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.
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, 2017.
The Organization is subject to the provisions of FASB ASC Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Organization’s general tax-exempt status, ASC Topic 740 has not had, and is not expected to have, a material impact on its financial statements.

**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, 2017 and 2016

Subsequent Events

The Organization has evaluated subsequent events through May 9, 2018, the date the financial statements were available to be issued.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrie Gordon Memorial Fund</td>
<td>$164,539</td>
<td>$150,188</td>
</tr>
<tr>
<td>Dora Y. Lee Fund for Summer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Opportunities</td>
<td>558,616</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$723,155</strong></td>
<td><strong>$150,188</strong></td>
</tr>
</tbody>
</table>

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.

The Dora Y. Lee Fund for Summer Service Opportunities is dedicated to supporting short-term service opportunities for Princeton undergraduates in Asia, focused on language teaching in underserved communities. Recognizing the power of short-term, service-based experiences abroad to expand the horizons and to inspire the futures of Princeton undergraduates and the efficacy of student-centered teaching in an immersion environment to improve the spoken and written language skills of local students, the Dora Y. Lee Fund will initially support the Summer of Service, Princeton in Asia’s flagship summer program.

The Dora Y. Lee Fund for Summer Service Opportunities was launched by Dora Y. Lee, as outlined in her last will and testament, to carry forward her legacy of cross-cultural bridge-building, teaching and service. The Fund will provide 3-5% of its value per annum, as appropriate, to the Organization in support of short-term service opportunities for undergraduates in underserved communities in Asia.
Princeton in Asia, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

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, 2017 and 2016. Plan expenses were $1,276 and $1,121, respectively, for the years ended June 30, 2017 and 2016.

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.

Investments at June 30, 2017 and 2016 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Market Value</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>$5,401,602</td>
<td>$5,555,993</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>5,189</td>
<td>5,164</td>
</tr>
<tr>
<td>Total</td>
<td>$5,406,791</td>
<td>$5,561,157</td>
</tr>
</tbody>
</table>

Investment return is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend and Interest Income</td>
<td>$ 96,591</td>
<td>$ 27,539</td>
</tr>
<tr>
<td>Realized Gain on Sale of Investments</td>
<td>37,132</td>
<td>199,222</td>
</tr>
<tr>
<td>Total Investment Returns</td>
<td>$133,723</td>
<td>$226,761</td>
</tr>
</tbody>
</table>
5. Investments (con’t)

Unrealized gain/(loss) on investment was $498,288 and ($352,308) for the years ended June 30, 2017 and 2016, 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.

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, 2017 and 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>Fair Value</th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual Funds</td>
<td></td>
<td></td>
<td>$5,555,993</td>
<td>$5,555,993</td>
<td></td>
</tr>
<tr>
<td>Equity Securities</td>
<td></td>
<td>5,164</td>
<td>5,164</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$5,561,157</strong></td>
<td><strong>$5,561,157</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6. **Fair Value of Investments (con’t)**

<table>
<thead>
<tr>
<th></th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2016</strong></td>
<td><strong>Fair Value</strong></td>
<td><strong>June 30, 2016</strong></td>
<td><strong>$4,668,131</strong></td>
</tr>
<tr>
<td>Mutual Funds</td>
<td><strong>$4,668,131</strong></td>
<td><strong>$4,668,131</strong></td>
<td><strong>$4,668,131</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,668,131</strong></td>
<td><strong>$4,668,131</strong></td>
<td><strong>$4,668,131</strong></td>
</tr>
</tbody>
</table>

7. **Property and Equipment**

A summary of property and equipment follows:

<table>
<thead>
<tr>
<th>Estimated Useful Lives In Years</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Equipment</td>
<td>$10,851</td>
<td>$10,851</td>
</tr>
<tr>
<td>Furniture</td>
<td>$1,673</td>
<td>$1,673</td>
</tr>
<tr>
<td>Total</td>
<td>12,524</td>
<td>12,524</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>9,604</td>
<td>9,373</td>
</tr>
<tr>
<td>Net Fixed Assets</td>
<td>$ 2,920</td>
<td>$ 3,151</td>
</tr>
</tbody>
</table>

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, 2017 and 2016, the Organization contributed $180,421 and $72,069 respectively, to the field office to cover operating expenses. Of those amounts, $154,371 and $58,414 were paid for the years ended June 30, 2017 and 2016 for salaries and related payroll taxes for employees located in the office. The balance of the funds is used for rent and supplies.

10. **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.