

ASHOKA
FINANCIAL STATEMENTS
AUGUST 31, 2013
AND
INDEPENDENT AUDITOR'S REPORT
APRIL 3, 2014

ASHOKA

FINANCIAL STATEMENTS

AUGUST 31, 2013

AND

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APRIL 3, 2014



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ashoka
Arlington, VA

We have audited the accompanying financial statements of Ashoka which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ashoka as of August 31, 2013 and 2012, 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.

Reston, VA
April 3, 2014

A handwritten signature in cursive script that reads "Cleveland & Gotliff E".

ASHOKA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31,

Assets:	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 14,212,554	\$ 14,100,383
Unrestricted/Temporarily restricted investments (Note 5)	5,545,293	6,131,500
Unconditional promises to give (Note 4)		
Unrestricted	2,382,103	2,188,241
Restricted	26,952,962	31,823,344
Other receivables	55,958	84,995
Prepaid expenses	215,728	37,124
Security deposits	81,897	81,897
Permanently restricted investments (Note 5)	21,230,111	19,985,716
Fixed assets, net of accumulated depreciation of \$995,700 and \$890,803 (Note 6)	<u>571,053</u>	<u>239,692</u>
 Total assets	 <u>\$ 71,247,659</u>	 <u>\$ 74,672,892</u>
 Liabilities and net assets:		
Accounts payable	\$ -	\$ 23,332
Accrued expenses	808,895	957,827
Line of credit (Note 7)	-	83,171
Fellowship obligations (Note 8)	<u>12,927,355</u>	<u>13,222,475</u>
Total liabilities	<u>13,736,250</u>	<u>14,286,805</u>
 Net assets:		
Unrestricted:		
Designated for endowment purposes (Note 1c)	1,097,549	1,097,549
Undesignated	<u>(8,705,794)</u>	<u>(6,495,474)</u>
Total unrestricted	<u>(7,608,245)</u>	<u>(5,397,925)</u>
Temporarily restricted (Note 2)	43,889,543	45,798,296
Permanently restricted (Note 1c)	<u>21,230,111</u>	<u>19,985,716</u>
Total net assets	<u>57,511,409</u>	<u>60,386,087</u>
 Total liabilities and net assets	 <u>\$ 71,247,659</u>	 <u>\$ 74,672,892</u>

(See accompanying notes and independent auditor's report)

ASHOKA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 8,409,457	25,556,449	57,200	\$ 34,023,106
Contributed services	5,724,347			5,724,347
Received from federated campaigns	20,318			20,318
Income from investments	94,281	3,504	496,589	594,374
Realized gains (losses) on investments	2,529		414,839	417,368
Unrealized gains (losses) on investments	(4,842)	5,411	1,248,713	1,249,282
Miscellaneous income	38,287			38,287
Net assets released from restrictions:				
Satisfaction of program restrictions	27,032,003	(27,032,003)		-
Endowment income to unrestricted (Note 1c)	972,946		(972,946)	-
Allowances for losses on promises to give		(442,114)		(442,114)
Total support and revenue	<u>42,289,326</u>	<u>(1,908,753)</u>	<u>1,244,395</u>	<u>41,624,968</u>
Expenses:				
Program services:				
Leading social entrepreneurs	14,531,695			14,531,695
Idea spread and education	1,638,543			1,638,543
New architecture	9,539,329			9,539,329
Group entrepreneurship	11,478,816			11,478,816
Total program services	<u>37,188,383</u>	<u>-</u>	<u>-</u>	<u>37,188,383</u>
Supporting services:				
Management and general	3,338,844			3,338,844
Fund raising	4,006,621			4,006,621
Total supporting services	<u>7,345,465</u>	<u>-</u>	<u>-</u>	<u>7,345,465</u>
Total expenses	<u>44,533,848</u>	<u>-</u>	<u>-</u>	<u>44,533,848</u>
Increase (decrease) in net assets from operations	<u>(2,244,522)</u>	<u>(1,908,753)</u>	<u>1,244,395</u>	<u>(2,908,880)</u>
Foreign exchange gains (losses) (Note 13)	34,202			34,202
Increase (decrease) in net assets	(2,210,320)	(1,908,753)	1,244,395	(2,874,678)
Net assets, beginning of year	(5,397,925)	45,798,296	19,985,716	60,386,087
Net assets, end of year	<u>\$ (7,608,245)</u>	<u>\$ 43,889,543</u>	<u>\$ 21,230,111</u>	<u>\$ 57,511,409</u>

(See accompanying notes and independent auditor's report)

ASHOKA
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues:				
Contributions	\$ 4,618,434	\$ 25,908,332	\$ 131,600	\$ 30,658,366
Contributed services	2,181,565			2,181,565
Received from federated campaigns	13,019			13,019
Income from investments	190,257		437,142	627,399
Realized gains (losses) on investments	1,955		(30,126)	(28,171)
Unrealized gains (losses) on investments	15,187		(934,818)	(919,631)
Miscellaneous income	7,136			7,136
Net assets released from restrictions:				
Satisfaction of program restrictions	31,272,645	(31,272,645)		-
Endowment income to unrestricted (Note 1c)				-
Allowances for losses on promises to give		(624,096)		(624,096)
Total support and revenue	<u>38,300,198</u>	<u>(5,988,409)</u>	<u>(396,202)</u>	<u>31,915,587</u>
Expenses:				
Program services:				
Leading social entrepreneurs	14,419,799			14,419,799
Idea spread and education	959,887			959,887
New architecture	11,241,873			11,241,873
Group entrepreneurship	10,192,921			10,192,921
Total program services	<u>36,814,480</u>	<u>-</u>	<u>-</u>	<u>36,814,480</u>
Supporting services:				
Management and general	2,472,311			2,472,311
Fund raising	3,163,809			3,163,809
Total supporting services	<u>5,636,120</u>	<u>-</u>	<u>-</u>	<u>5,636,120</u>
Total expenses	<u>42,450,600</u>	<u>-</u>	<u>-</u>	<u>42,450,600</u>
Increase (decrease) in net assets from operations	<u>(4,150,402)</u>	<u>(5,988,409)</u>	<u>(396,202)</u>	<u>(10,535,013)</u>
Foreign exchange gains (losses) (Note 13)	<u>(1,431,039)</u>			<u>(1,431,039)</u>
Increase (decrease) in net assets	(5,581,441)	(5,988,409)	(396,202)	(11,966,052)
Net assets, beginning of year	183,516	51,786,705	20,381,918	72,352,139
Net assets, end of year	<u>\$ (5,397,925)</u>	<u>\$ 45,798,296</u>	<u>\$ 19,985,716</u>	<u>\$ 60,386,087</u>

(See accompanying notes and independent auditor's report)

ASHOKA
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31,

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ (2,874,678)	\$ (11,966,052)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	104,895	82,423
Provision for losses on receivables	203,263	306,642
(Increase) decrease in operating assets:		
Unrestricted unconditional promises to give	(193,862)	2,007,664
Other receivables	29,036	98,947
Prepaid expenses	(178,604)	60,143
Security deposits	-	11195
Increase (decrease) in operating liabilities:		
Accounts payable	(23,332)	(124,187)
Accrued expenses	(148,932)	298,474
Fellowship obligations	(295,120)	853,574
Contributions restricted for long term investment	(57,200)	(131,600)
Restricted unconditional promises to give	4,870,382	6,971,500
Realized (gains) losses on investments	(417,368)	28,171
Unrealized (gains) losses on investments	(1,249,282)	919,631
Interest and dividends restricted for long term investment	(496,589)	(437,142)
Net cash provided (used) by operating activities	(727,391)	(1,020,617)
Cash flows from investing activities:		
Purchase of furniture and equipment	(436,256)	(165,107)
Sale (purchase) of investments, net	390,361	782,567
Net cash provided (used) by investing activities	(45,895)	617,460
Cash flows from financing activities:		
Collection of endowment fund support	57,200	131,600
Endowment fund income	496,589	437,142
Net borrowings from line of credit	(83,171)	83171
Realized endowment investment gains (losses)	414,839	-30126
Net cash provided (used) by financing activities	885,457	621,787
Net increase (decrease) in cash and cash equivalents	112,171	218,630
Cash and cash equivalents at beginning of year	14,100,383	13,881,753
Cash and cash equivalents at end of year	\$ 14,212,554	\$ 14,100,383

(See accompanying notes and independent auditor's report)

ASHOKA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2013

	Program Services				Supporting Services			Total Expenses	
	Leading Social Entrepreneurs	Idea Spread and Education	New Architecture	Group Entrepreneurship	Total	Management & General	Fund Raising		Total
Salaries	\$ 2,611,467	891,026	3,215,837	3,387,512	\$ 10,105,842	\$ 775,133	\$ 1,599,842	\$ 2,374,975	\$ 12,480,817
Payroll taxes	429,541	88,272	408,170	492,951	1,418,934	58,513	280,479	338,992	1,757,926
Employee benefits	213,357	68,355	311,360	268,236	861,308	84,000	120,365	204,365	1,065,673
Consulting	2,138,363	311,746	3,242,760	4,060,026	9,752,895	1,625,701	747,624	2,373,325	12,126,220
Outside services	259,373	38,324	286,569	205,290	789,556	3,822	47,419	51,241	840,797
Total personnel and related expenses	5,652,101	1,397,723	7,464,696	8,414,015	22,928,535	2,547,169	2,795,729	5,342,898	28,271,433
Fellowship payments	6,418,185	0	0	0	6,418,185	0	0	0	6,418,185
Office supplies and expenses	152,671	2,859	49,243	110,195	314,968	9,150	79,757	88,907	403,875
Occupancy	367,785	77,193	393,923	356,465	1,195,366	127,272	210,780	338,052	1,533,418
Telephone, telex and facsimile	115,577	10,365	86,060	119,638	331,640	25,659	47,297	72,956	404,596
Postage and messenger	9,341	679	6,132	8,919	25,071	30,143	82,281	112,424	137,495
Printing and publications	98,509	4,427	31,708	85,119	219,763	52,215	191,625	243,840	463,603
Equipment rental and repair	9,873	2,745	37,361	19,119	69,098	15,178	12,184	27,362	96,460
Equipment expensed	48,762	1,470	21,386	74,895	146,513	1,425	7,387	8,812	155,325
Accounting and audit	77,160	5,026	112,380	32,156	226,722	29,583	19,893	49,476	276,198
Bad debt	16,871	19,920	53,865	33,132	123,788	57,523	21,952	79,475	203,263
Bank and brokerage fees	29,705	3,717	13,947	17,109	64,478	11,984	18,633	30,617	95,095
Travel	800,535	56,298	321,067	630,873	1,808,773	40,333	179,907	220,240	2,029,013
Conferences	253,818	21,144	308,967	471,310	1,055,239	3,065	118,062	121,127	1,176,366
Miscellaneous expenses	1,614	1,075	5,024	3,588	11,301	4,666	1,974	6,640	17,941
Local transportation and meals	151,131	4,921	113,236	100,952	370,240	4,673	24,223	28,896	399,136
Awards	136,984	13,319	440,995	835,825	1,427,123	333,068	99,898	432,966	1,860,089
Dues, books and subscriptions	23,333	825	27,792	7,464	59,414	2,266	7,709	9,975	69,389
Training	38,440	2,846	1,646	101,236	144,168	2,631	5,777	8,408	152,576
Insurance	50,002	2,221	7,053	13,889	73,165	4,965	28,795	33,760	106,925
Taxes and penalties	69,858	3,476	13,477	21,938	108,749	8,603	41,220	49,823	158,572
Total expenses before depreciation	14,522,255	1,632,249	9,509,958	11,457,837	37,122,299	3,311,571	3,995,083	7,306,654	44,428,953
Depreciation of equipment	9,440	6,294	29,371	20,979	66,084	27,273	11,538	38,811	104,895
Total expenses	\$ 14,531,695	\$ 1,638,543	\$ 9,539,329	\$ 11,478,816	\$ 37,188,383	\$ 3,338,844	\$ 4,006,621	\$ 7,345,465	\$ 44,533,848

(See accompanying notes and independent auditor's report)

ASHOKA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2012

	Program Services					Supporting Services			Total Expenses
	Leading Social Entrepreneurs	Idea Spread and Education	New Architecture	Group Entrepreneurship	Total	Management & General	Fund Raising	Total	
Salaries	\$ 2,461,203	\$ 531,600	\$ 3,436,278	\$ 3,123,146	\$ 9,552,227	\$ 905,533	\$ 1,217,141	\$ 2,122,674	\$ 11,674,901
Payroll taxes	460,359	37,442	388,889	362,839	1,249,529	72,066	139,622	211,688	1,461,217
Employee benefits	262,951	53,580	316,820	295,238	928,589	119,837	105,747	225,584	1,154,173
Consulting	953,226	166,253	4,158,008	3,003,084	8,280,571	790,580	454,687	1,245,267	9,525,838
Outside services	285,169	11,444	239,860	256,433	792,906	39,640	79,970	119,610	912,516
Total personnel and related expenses	4,422,908	800,319	8,539,855	7,040,740	20,803,822	1,927,656	1,997,167	3,924,823	24,728,645
Fellowship payments	7,028,876	0	0	0	7,028,876	0	0	0	7,028,876
Office supplies and expenses	146,065	1,964	46,198	187,039	381,266	7,586	109,039	116,625	497,891
Occupancy	418,199	33,730	445,294	408,082	1,305,305	88,941	107,448	196,389	1,501,694
Telephone, telex and facsimile	128,085	6,606	146,026	86,093	366,810	26,034	44,439	70,473	437,283
Postage and messenger	13,342	36,731	8,493	7,147	65,713	56,178	169,583	225,761	291,474
Printing and publications	81,547	25,071	83,561	94,376	284,555	6,201	137,653	143,854	428,409
Equipment rental and repair	15,609	3,619	49,238	21,504	89,970	19,263	93,943	113,206	203,176
Equipment purchased	37,237	3,172	24,354	131,330	196,093	104,394	6,744	111,138	307,231
Accounting and audit	86,241	3,031	41,447	37,482	168,201	19,964	19,298	39,262	207,463
Bad debt	26,985	19,012	84,634	60,103	190,734	81,874	34,038	115,912	306,646
Bank and brokerage fees	21,324	2,580	29,935	23,694	77,533	12,005	19,759	31,764	109,297
Travel	774,985	11,071	522,295	755,179	2,063,530	59,377	157,525	216,902	2,280,432
Conferences	364,334	740	318,434	370,461	1,053,969	1,124	141,376	142,500	1,196,469
Miscellaneous expenses	1,117	25	631	1,794	3,567	112	54	166	3,733
Local transportation and meals	118,971	1,150	118,346	93,666	332,133	5,428	15,659	21,087	353,220
Awards	451,756	-	692,045	638,901	1,782,702	2,518	10,500	13,018	1,795,720
Dues, books and subscriptions	10,218	1,664	32,865	5,009	49,756	2,597	12,588	15,185	64,941
Training	207,568	63	864	161,007	369,502	98	40,744	40,842	410,344
Insurance	26,278	3,692	20,595	39,893	90,458	20,023	9,877	29,900	120,358
Taxes and penalties	30,878	511	13,987	13,251	58,627	9,023	27,223	36,246	94,873
Total expenses before depreciation	14,412,523	954,751	11,219,097	10,176,751	36,763,122	2,450,396	3,154,657	5,605,053	42,368,175
Depreciation of equipment	7,276	5,136	22,776	16,170	51,358	21,915	9,152	31,067	82,425
Total expenses	\$ 14,419,799	\$ 959,887	\$ 11,241,873	\$ 10,192,921	\$ 36,814,480	\$ 2,472,311	\$ 3,163,809	\$ 5,636,120	\$ 42,450,600

(See accompanying notes and independent auditor's report)

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

NOTE 1. Summary of Significant Accounting Policies:

(a) Organization

Ashoka is a non-profit, publicly supported foundation incorporated on June 3, 1980 under the laws of the District of Columbia.

Ashoka envisions a global community that responds quickly and effectively to social challenges, where everyone has the freedom, confidence and societal support to address any societal problem and make change. This global community spreads innovation and the desire to change, such that everyone finds within themselves the potential to be changemakers.

Social entrepreneurs are the engines of change and role models for the citizen sector. Ashoka identifies and invests in Leading Social Entrepreneurs – entrepreneurs working to achieve positive social impact – supporting the individual, idea, and institution through all phases of their career.

Through Group Entrepreneurship programs, Ashoka engages communities of entrepreneurs and develops patterns of effective collaborations that accelerate and spread social impact.

Ashoka encourages the creation of sustainable social solutions by developing New Architecture for the sector to support and accelerate progress within the community. Systems include: access to social financing, bridges to business and academic sectors, and frameworks for strategic partnerships that deliver social and financial value.

Ashoka works to define and strengthen the field of social entrepreneurship through Idea Spread and Education programs, including spreading the innovations of both individual social entrepreneurs and those developed cooperatively among social entrepreneurs working on common or related problems. This includes publications, professional training of social entrepreneurs in communications, and Ashoka's web presence.

Ashoka makes disbursements of funds in support of these objectives directly to individuals and groups as well as through affiliated groups and its own regional and country branches in East Asia, Southeast Asia, South Asia, Africa, South America, Mexico/the Caribbean Basin/Central America, Europe, North America, and Middle East/North Africa.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1 (Continued)

(b) Endowment Funds

Ashoka is building an endowment and now has 37 specific endowments that together totaled \$22,327,660 on August 31, 2013. The individual endowments typically are given by individuals or institutions to ensure permanent support in an area of concern to the donor and commonly are named to honor someone of the donor's choosing. The endowment is important to Ashoka for two reasons:

- 1) Ashoka's function, supporting the people and ideas most critical to society's ability to change and adapt, is a permanent one. The issues will change but not the need for social entrepreneurs.
- 2) Since Ashoka's average commitment to the social entrepreneurs it helps launch is for three years whereas most contributions are for one year, it needs the funding stability the endowment provides.

E. Noel Bergere Endowment Fund – During 1984, Ashoka established the E. Noel Bergere Endowment Fund, under an arrangement which provided for a total endowment of \$30,000 payable in an initial contribution of \$15,500 in August 1984 and subsequent contributions totaling \$14,500. During 1985 the terms of the fund were amended to provide for a total initial principal amount of \$100,000. The endowment contains the following stipulations:

The founder Chairman of Ashoka, William Drayton, must approve the selection of the Fellow(s) in question during the donor's lifetime. Under certain circumstances the endowment may revert to other charitable uses.

The fellowships has no geographic or subject matter limitations but rather an expressed wish that, where possible, the fellowship go to a person who is handicapped and/or whose work relates either to education or the law.

Joan Bergere Endowment Fund – During 1985, Ashoka established the Joan Bergere Endowment Fund. The Joan Berger Endowment was started with initial contributions totaling \$200,000 over a period of two years. Joan Bergere came to America as a young musician and later helped other young musicians get their key career openings and first major New York City public concerts. The endowment contains the following stipulations:

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NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1(b) (Continued)

The founder Chairman of Ashoka, William Drayton, must approve the selection of the Fellow(s) in question during the donor's lifetime. Under certain conditions the endowment may revert to other charitable uses

The Buckminster Fuller Ashoka Fellowship – The Buckminster Fuller Ashoka Fellowship is an endowment fund established with an initial contribution of \$30,000 in 1984. The contribution stipulated that \$5,000 could be used for unrestricted purposes and that \$25,000 should be used to establish an endowment. The endowment further stipulates that the income from this endowment should be used to support a Fellow whose work involves the alleviation of hunger in the South Asian geographical area.

The Benjamin Franklin Ashoka Fellowship – The Benjamin Franklin Ashoka Fellowship is an endowment fund established with an initial contribution of \$5,000 in 1984 and subsequent contributions of \$5,000 and \$15,000 during 1985. The endowment contains no stipulations except that the income should be used to support Ashoka Fellow in its name.

The Columbia Ashoka Fellowships I and II – The Columbia I Fellowship was established as an endowment in January 1986 with an initial contribution of \$30,000. In December 1986 an additional contribution of \$30,000 established the Columbia II Fellowship. The Columbia endowments support the election of women fellows.

The C.M. Cresta Fund – The C.M. Cresta Fund is an endowment fund established in 1986 with an initial contribution of \$30,000. The endowment contains no restrictions.

The Maurice Fitzgerald Ashoka Fellowship – The Maurice Fitzgerald Fellowship is an endowment fund established in 1986 with an initial contribution of \$30,000. The endowment contains no restrictions.

The John and Eleanor Forrest Ashoka Fellowship – The John and Eleanor Forrest Fellowship is an endowment established in 1986 with an initial contribution of \$30,000. The endowment contains no restrictions.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1(b) (Continued)

The Albert O. Hirschman Fellowship – The Albert O. Hirschman Fellowship was established in 1986 as an endowment fund with an initial contribution of \$35,485 to honor Professor Hirschman’s long leadership in the field of practical, grassroots development. The endowment contains no restrictions.

W. Arthur Lewis Ashoka Fellowship – The W. Arthur Lewis Fellowship was established in 1986 as an endowment fund with an initial contribution of \$35,485 to honor Professor Lewis’s remarkably broad contributions to our understanding of development and of key areas of the world. The endowment contains no restrictions.

The Jacob H. Oxman Memorial Fund – The Oxman Memorial Fund was established in 1986 as an endowment fund with an initial contribution of \$30,000 in memory of Dr. Jacob H. Oxman, a devoted husband and father, and a kind, caring, generous and principled man. The endowment contains no restrictions.

The Daniel Saks Ashoka Fellowship – The Daniel Saks Fellowship is an endowment fund established in 1986 with an initial contribution of \$1,000. The endowment was established as a memorial to Daniel Saks whose concern and attention to opening employment and other life opportunities for the disadvantaged will be furthered through the Ashoka Fellowship. The endowment contains no restrictions.

The Harris and Eliza Kempner Fund Ashoka Fellowship – The Harris and Eliza Kempner Fellowship is an endowment fund established in 1989 with an initial contribution of \$10,000 and subsequent \$10,000 contributions made in 1990, 1991 and 1996. The endowment is to provide support to public innovators in Mexico.

The Mack Lipkin, Sr. Memorial Endowment – The Mack Lipkin Memorial Endowment is an endowment established in 1991 with an initial contribution of \$22,500 and subsequent contributions of \$22,500 in 1992, \$20,000 in 1993 and \$20,000 in 1994. It was established in memory of Dr. Mack Lipkin, a much loved friend and doctor who was also a leader of the medical profession and a founding friend to Ashoka. The endowment is devoted to innovations in the effectiveness and humane quality of health care.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1(b) (Continued)

The Henry Beal Endowment – The Henry Beal Endowment was established in 1992 with initial contributions of \$3,400. The endowment supports environmental issues or the fight against AIDS.

The Fort Hill Endowment – The Fort Hill Endowment was established in 1993 with an initial contribution of \$50,000.

The Padma Raj Datta Endowment – The Padma Raj Datta Endowment was established in 1996 with an initial contribution of \$11,629. Dr. Padma Raj Datta dedicated his life's work to using science to improve human welfare and preserve the environment. His father Parasuram Datta founded the Kaziranga Wildlife Sanctuary in Assam and was a strong believer in social justice. The family wishes that their legacy be continued through this endowment so that Ashoka Fellows in India may find their own path to the simple and profound acts that make a difference.

The Benjamin Bloom Endowment – The Benjamin Bloom Endowment was established in 1996 with an initial contribution of \$2,500 and was created to honor the memory of Ben Bloom. He was a successful lawyer and businessman who, as a son of immigrant parents, believed strongly in creating opportunities for others to succeed as he had succeeded. This endowment has been established to honor his principles to provide opportunities for those who are willing to work hard but need to be given a chance in life. The nature of this endowment is unrestricted.

Jimmy Hopkins Ashoka Fellowship – The Jimmy Hopkins Ashoka Fellowship was established in 1997 with an initial contribution of \$50,000. The income from this endowment will be used to support a Fellow in the legal or judicial arena.

The Helen Meresman Fellowship – In memory of Helen Meresman, the personification of breaking barriers with determination, grace and charm, a fellowship was established in 1997 with an initial contribution of \$45,000. The purpose is unrestricted.

Ashoka General Endowment Fund – The Ashoka General Endowment was established in 1998 from numerous individual contributions earmarked for endowment purposes. The purpose is unrestricted.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1(b) (Continued)

The James P. Grant Endowment – The James P. Grant Endowment was created by his friends, colleagues and family to continue his life work and world vision. He supported leaders wherever he found them. He himself caused major changes, for example, UNICEF’s global immunization program that saved millions of lives a year. The endowment’s purposes include supporting innovative leadership that contributes to social development among children and the disadvantaged, developing new methods and low-cost technologies to further social development, and encouraging dialogue leading to policies that improve the lives of children and all humankind. Established in 1986.

The Francisco “Chico” Mendes Endowment – An early Fellow and very much a friend, Chico Mendes created an approach to grass roots organizing for the peoples of the Amazon Basin that Gandhi would have recognized but that was adapted to his very different environment. This creation, which lives on, is the rich fruit of his own evolution as a person and of years of persistent, careful experimentation. Chico, like Gandhi, was killed pursuing peaceful change. This endowment established in 1988, carries no restrictions, but preferred uses are grass roots work and environment.

The Sanjoy Ghose Endowment – This endowment is a tribute to the work and sacrifice that Sanjoy Ghose made in building a culture of volunteerism and sense of citizen responsibility among the youth in India’s northeastern state of Assam. It is a legacy of the work he began to reorient the area’s youth away from violence and anarchy towards constructive and active social involvement in the face of ethnic strife, insurgent movements and state repression. Sanjoy was abducted on July 4, 1997. The United Liberation Front of Assam (ULFA) claimed responsibility for this act. Established in 1988, the purpose is unrestricted.

The Sarah Dunbar Endowment -- The Sarah Dunbar Endowment was established in 2000 with an initial contribution of \$74,172. Sarah Dunbar had an enduring concern in downtrodden people whose environment had been destroyed or reduced by modern times, especially war and industry. Contributing to maintaining a people-friendly environment was another of her passions.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1(b) (Continued)

The Amaterasu Endowment – The Amaterasu Endowment was established by Katherine Victoria Randolph in December of 1999 with an initial contribution of \$57,161. This endowment was established for the support of women Fellows working, outside the Americas, in areas of women’s reproductive rights, women’s empowerment, or sustainable community.

The Ashoka Endowment Fund B – In late 1999 Ashoka received a major commitment to add to its endowments and in early 2000 received stock contributions that were sold for \$9,796,449.

The Michael Fein Endowment – The Michael Fein Endowment was established in 2001 with an initial contribution of \$1,350. This endowment is in memory of Michael Fein and his tremendous ability to touch so many lives. He was very passionate about the social enterprises that Ashoka fulfilled.

The Mort Sand Endowment – The Morton Sand Endowment was established in 2002 with initial contributions totaling \$53,104. Mort Sand, a successful U.S. business entrepreneur who helped introduce significant new competition into the energy field, was from early in Ashoka’s history, a very active counselor and friend. He helped build the Entrepreneur to Entrepreneur program, a key element of Ashoka’s business/social bridging work. He helped Fellows in Brazil and Mexico and was one of the first champions of Ashoka’s U.S./Canada program. Although it is unrestricted, the Endowment will give priority to enabling disadvantaged young people through opportunities in business.

The Jawaharlal Nehru Endowment – The Jawaharlal Nehru Endowment was established in 2003 with an initial contribution of \$67,500. Jawaharlal Nehru was far more than a great national leader. He helped build a global community, was a democrat, historian and he used his reflective power to hold himself to a high ethical standard. The purpose is unrestricted.

The Jan Schmidt Marmor Endowment – The Jan Schmidt Marmor Endowment was established in 2003 with an initial contribution of \$35,400. Jan Marmor was a wise counselor to her family, friends and patients. She was a fine poet and artist and was a close friend to Ashoka from its launch. With commitment and love she built a family that no idea should go unexpressed or unheard.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1(b) (Continued)

The Diane Pierce Phillips Ashoka Fellowship Endowment – This endowment was established in 2003 with an initial contribution of \$23,100. Diane Pierce Phillips led an exemplary life of spiritual integrity and servant leadership as a U.S. Peace Corp Volunteer, wife and mother, registered nurse, hospice volunteer, minister and spiritual director. The purpose is unrestricted.

Father Eugene Watrin Endowment – The Father Eugene Watrin Endowment was established in 2004 with an initial contribution of \$50,000. Established in memory of Father Watrin, Ashoka’s volunteer representative in Nepal for many years. The endowment supports Fellows working in Nepal.

The Fox Peace Endowment – The Fox Peace Endowment was established in 2007 with an initial contribution of \$20,000 from Christopher and Missy Lipsett. The Fox Peace Endowment is inspired by the peace Testimony articulated by George Fox in 1651 and by the commitment of Tom Fox who was killed in Iraq in 2006 while serving as a witness for peace. Its purpose is to identify and launch social entrepreneurs and their projects dedicated to the development of structure, conditions, and communities that nurture peace.

The Marty Klitzner – The Marty Klitzner Endowment was established in 2012 with an initial contribution of \$120,000.

The Eiler Ravnholt Endowment – The Eiler Ravnholt fund was established in fiscal year 2013 with an initial contribution of \$50,000 from the Albert Victor Ravenholt fund and matched by Ashoka. Ashoka agrees to use the endowment solely for the purpose of supporting social entrepreneurs in the area of social justice.

(c) Ashoka Endowment Approach

Ashoka has asked the endowment Trustees to both invest and provide distributions to Ashoka using a five year time frame. The inflation adjusted real value of the endowment is to be maintained over the same time frame. All interest and other investment income earned on the endowment funds, not currently required for the inflation adjustment, are distributed and set aside under the control of the Trustees as unrestricted net assets designated for endowment purposes. During FY13 and FY12, a total of \$972,946 and \$0, respectively, was set aside.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Note 1(c) (Continued)

The funds may be disbursed by the endowment Trustees to support programs approved by the Ashoka Board of Directors, and subject to the terms and conditions of any understanding or other agreements between Ashoka, the Trustees and the donors of the funds. The Trustees make disbursements carefully in light of Ashoka's needs on the one hand and these policy constraints on the other. The Trustees disbursed \$972,946 and \$0 during FY13 and FY12, respectively, which was expended for Fellow stipends and Ashoka programs.

The endowment related net assets are composed of permanently restricted net assets and unrestricted net assets designated for endowment purposes as follows at August 31,:

	2013	2012
Permanently restricted	21,230,111	19,985,716
Unrestricted designated	1,097,549	1,097,549
	22,327,660	21,083,265

(d) Basis of Accounting

Ashoka maintains its accounts on the accrual basis. Contributions from various individuals, foundations and the sale of donated securities are recognized as revenue in the period they are donated or pledged. Pledges or contributions are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated amount of 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. All contributions are recorded as increases in unrestricted net assets unless specifically restricted by the donor. However, it is the board's policy that all small individual contributions be used only to support the Fellows and their helping one another through the collaborative fellowship in the field. This policy applies to receipts from the United Way and the Combined Federal Campaign.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Notes (Continued)

(e) Fixed Assets – Office Equipment

Ashoka follows the practice of capitalizing, at cost, all expenditures for equipment and other fixed assets in excess of \$500. The fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight line basis over the asset's useful lives. Depreciation expense for the years ended August 31, 2013 and 2012 was \$104,895 and \$82,425 respectively.

(f) Income Taxes

Ashoka is a non-profit organization and is exempt from income tax under the provisions of section 501(c) (3) of the Internal Revenue Code of 1954 as amended and has been classified as a publically supported organization. It has or is obtaining similar tax status under the laws of the many other countries where it works.

(g) Financial Statement Presentation

Ashoka is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporary restricted net assets and permanently restricted net assets. In addition Ashoka is required to present a statement of cash flows.

(h) Contributions and Investments

Contributions received are reported as unrestricted, temporary restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Ashoka is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value with gains and losses reported in the statement of activities. Investments were previously reported at historical cost.

(i) Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Notes (Continued)

(j) Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on hand and on deposit (including interest bearing deposits) with domestic and overseas financial institutions. The balances on deposit at domestic financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Uninsured balances amounted to approximately \$13,962,554 and \$13,850,384 at August 31, 2013 and 2012 respectively.

(k) Subsequent Events

Subsequent events have been evaluated by Edward A. Gotliffe, Engagement Partner, through April 3, 2014 the date of the auditor's report.

NOTE 2. Restrictions on Assets:

Temporarily restricted net assets are available for the following purposes or periods at August 31,:

	<u>2013</u>	<u>2012</u>
Leading social entrepreneurs	\$ 21,217,075	\$ 24,095,539
Idea spread and education	503,396	193,816
New architecture	7,411,508	5,496,956
Group entrepreneurship	7,987,237	9,593,522
Fund raising	6,200,389	5,312,867
Unspecified purposes for periods after Aug. 31,	569,938	1,105,596
	<u>43,889,543</u>	<u>45,798,296</u>

Permanently restricted net assets consist of the endowment funds fully described in Note 1b.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Notes (Continued)

NOTE 3. Net Assets Released from Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	2013	2012
Leading social entrepreneurs	\$ 12,795,578	\$ 13,849,676
Idea spread and education	12,570	180,390
New architecture	5,749,872	5,926,294
Group entrepreneurship	6,127,209	7,460,038
Fund raising	1,458,180	3,616,075
Unspecified purposes	888,594	240,172
Total restrictions released	\$ 27,032,003	\$ 31,272,645

NOTE 4. Unconditional Promises to Give:

Unconditional promises to give expected to be collected within one year are recorded at their net realizable value. Those expected to be collected in future years are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured utilizing a rate of return in the appropriate period during which the outstanding promises are expected to be collected. A discount rate of 3.5% was used for fiscal year ending August 31, 2013. The resulting discount amounted to \$816,263 and \$1,032,457 at August 31, 2013 and 2012 respectively. Maturities of unconditional promises to give are as follows:

	2013		2012	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Current	\$ 2,224,968	\$ 9,836,105	\$ 1,918,488	\$ 11,384,292
1 to 5 years	1,490,644	18,661,665	1,249,999	21,541,746
Less allowance	(1,333,509)	(1,544,808)	(980,246)	(1,102,694)
	2,382,103	26,952,962	2,188,241	31,823,344

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Notes (Continued)

NOTE 5. Investments:

Investments include certificates of deposit, money market ready asset accounts, common stock, mutual funds and real estate partnerships carried at fair market value in 2013 and 2012. A summary of investments at August 31, follows:

	2013		2012	
	Cost	Market Value	Cost	Market Value
Unrestricted/Temporarily restricted				
Money market	\$ 701,704	703,254	97,750	103,003
Certificates of deposit	3,084,884	3,083,495	1,971,239	1,970,910
Cash alternatives	1,758,542	1,758,544	4,051,199	4,057,587
	<u>\$ 5,545,130</u>	<u>\$ 5,545,293</u>	<u>\$ 6,120,188</u>	<u>\$ 6,131,500</u>
Permanently restricted:				
Cash alternatives	\$ 449,474	\$ 449,474	\$ 205,353	\$ 205,353
Certificates of deposit	2,781,695	2,775,565	3,716,334	3,715,684
Royce Micro-cap Fund	437,683	547,611	391,937	416,288
Acorn Fund	1,056,398	1,747,000	902,360	1,439,912
Acorn International Fund	506,999	760,865	484,606	653,880
Schneider Value Fund	306,067	253,927	303,877	196,719
Schneider Small Cap Value	153,356	205,094	153,356	156,619
Davco Fund	2,578,063	5,163,637	2,578,063	5,556,106
Franklin Street Partners	600,000	600,000	600,000	600,000
Acorn Emerging Markets	30,075	28,910	-	-
Turkish Investment Fund	128,413	315,350	137,338	372,364
Gabelli G Multimedia	2,167	2,164	2,167	1,728
Royce Value Trust	390,813	455,363	346,809	354,965
Singapore Fund	186,160	262,337	164,153	265,735
Weitz Partners Value Fund	306,670	458,683	306,670	367,741
Equities- Common stock	5,525,148	7,004,131	5,038,404	5,482,622
Uhuru Capital Holdings	200,000	200,000	200,000	200,000
	<u>\$ 15,639,181</u>	<u>\$ 21,230,111</u>	<u>\$ 15,531,427</u>	<u>\$ 19,985,716</u>

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Notes (Continued)

NOTE 6. Fixed Assets:

	<u>2013</u>	<u>2012</u>
Furniture	\$ 56,172	\$ 56,172
Office equipment	839,823	800,091
Leasehold improvements	169,708	169,708
Software	501,050	104,524
	<u>1,566,753</u>	<u>1,130,495</u>
Less accumulated depreciation	<u>(995,700)</u>	<u>(890,803)</u>
	<u>\$ 571,053</u>	<u>\$ 239,692</u>

NOTE 7. Line of Credit:

Ashoka has negotiated a line of credit agreement with UBS Bank USA for up to \$12,000,000 with a variable rate of interest. The balance outstanding at August 31, 2013 and 2012 was \$0 and \$83,171 respectively.

NOTE 8. Fellowship Obligations:

In 2013 and 2012 Ashoka made commitments to support new Fellows and extended the obligations to existing Fellows for periods ranging from one to four years. The numbers of new fellows elected were 161 and 139 in 2013 and 2012 respectively. At August 31, fellowship obligations were as follows.

	<u>2013</u>	<u>2012</u>
Prior year elected Fellows	\$ 6,504,983	\$ 6,193,598
New Fellows and extensions:		
Global	381,445	963,547
Asia	894,496	847,054
Africa	1,695,975	1,770,170
South America	462,734	620,215
Central America	-	6,408
North America	1,191,452	1,644,627
Europe	1,796,270	1,176,856
Total	<u>\$ 12,927,355</u>	<u>\$ 13,222,475</u>

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Notes (Continued)

NOTE 9. Lease Obligations:

Ashoka has negotiated operating leases for office space and copiers. The lease for office space went into effect April 1, 2012 with a term of ten years and a new lease for copiers effective December 15, 2012 with a term of five years was entered into in fiscal year 2013. The minimum future lease payments under the terms of these operating leases are as follows:

Year ending:	<u>2013</u>	<u>2012</u>
Aug 31, 2013	\$ 0	\$ 869,687
2014	898,884	885,012
2015	925,435	911,563
2016	952,782	938,910
2017	971,701	967,077
2018	996,089	996,089
Thereafter	<u>4,102,203</u>	<u>4,102,203</u>
	<u><u>8,847,094</u></u>	<u><u>9,670,541</u></u>

Rental expense for the years ended August 31, 2013 and 2012 was \$975,947 and \$987,603 respectively.

NOTE 10. Concentration of Credit and Market Risk:

Financial instruments that potentially expose Ashoka to concentrations of credit and market risk consist of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. Ashoka has not experienced any losses on its cash equivalents. The organization's investments do not represent significant concentrations of market risk inasmuch as Ashoka's investment portfolio is adequately diversified among issuers.

Cash is on deposit with financial institutions in the various overseas countries in which Ashoka maintains field offices. These offices are located in Central America, South America, Europe, Africa, North America and Asia. At August 31, 2013 and 2012 these deposits totaled \$13,549,335 and \$13,413,635 respectively. The increase in overseas cash is due to increased overseas fundraising.

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Notes (Continued)

NOTE 11. Commitments Budget:

Ashoka commits on average to provide financial support to its Fellows for three years. It therefore budgets for that average three year commitment and tries to keep outlays plus commitments balanced by income plus future pledges. The Commitments Budget reflects as expenses the full new commitments made to the Fellows elected in the current year, (plus several much smaller multiyear commitments), plus all non-Fellow payments made in that year, only.

The Board requires Ashoka to use this Commitments Budget as the basis of its management and planning. It feels that Ashoka must raise as much each year as it spends and commits to spend. In 2013 and 2012 respectively Ashoka:

Spent (not including payments to Fellows committed to and funded in prior years) and committed (to new Fellows) \$44,533,848 and \$42,450,600.

Raised (new current donations received, forward unrestricted pledges, endowment income and certain net assets released from restrictions that Ashoka's Board of Directors have requested not be counted entirely in the year they were raised) \$42,289,326 and \$38,300,198.

NOTE 12. Contributed Services:

Ashoka recognized contribution support for the years ending August 31, 2013 and 2012 for contributed services which benefited their entire program and supporting services. These services were from consultants in the fields of law, public relations, television and strategic planning. Contribution support was measured based on the fair value of those services and is also included in consulting expense. The amounts recognized and the program and supporting services benefited were as follows:

	2013	2012
Leading social entrepreneurs	\$ 1,117,206	\$ 0
Idea spread and education	31,439	0
New architecture	1,618,087	832,800
Group entrepreneurship	1,374,211	520,500
Management and general	1,394,163	620,065
Fundraising	189,241	208,200
Total	\$ 5,724,347	\$ 2,181,565

ASHOKA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2013 AND 2012

Notes (Continued)

NOTE 13. Foreign Currency Gains (Losses):

Ashoka raises funds and maintains bank accounts worldwide. Foreign currency holdings are translated to U.S. dollars using the spot rate on the statement of financial position date. Foreign currency translation gains or losses relating to foreign funds raised are unrealized as the cash is generally used to pay for activities where it is raised. Cumulative gains or losses are a component of unrestricted net assets.

