



The Board of Directors
Ashoka
Arlington, VA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of Ashoka as of August 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

March 26, 2009

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

ASHOKA
Statements of Financial Position
August 31

Assets:	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 8,060,469	\$ 5,418,068
Unrestricted/Temporarily restricted investments (Note 5)	10,491,497	13,422,504
Unconditional promises to give (Note 4)		
Unrestricted	6,407,609	4,574,707
Restricted	33,189,715	30,147,958
Other receivables	531,433	595,748
Prepaid expenses	134,127	122,246
Security deposits	63,375	31,924
Permanently restricted investments (Note 5)	20,076,423	20,049,964
Fixed assets, net of accumulated depreciation of \$668,074 and \$544,595 (Note 6)	<u>296,163</u>	<u>318,716</u>
Total assets	<u>\$ 79,250,811</u>	<u>\$ 74,681,835</u>
Liabilities and net assets:		
Accounts payable	\$ 839,722	\$ 262,540
Accrued expenses	804,576	407,131
Fellowship obligations (Note 7)	18,636,341	17,088,966
Total liabilities	<u>20,280,639</u>	<u>17,758,637</u>
Net assets:		
Unrestricted	401,524	1,639,795
Temporarily restricted (Note 2)	38,492,225	35,233,439
Permanently restricted (Note 1b)	20,076,423	20,049,964
Total net assets	<u>58,970,172</u>	<u>56,923,198</u>
Total liabilities and net assets	<u>\$ 79,250,811</u>	<u>\$ 74,681,835</u>

(See accompanying notes and independent auditor's report)

Statements of Activities
Years Ended August 31

	<u>2008</u>	<u>2007</u>
Unrestricted net assets:		
Public support:		
Contributions	\$ 8,427,766	\$ 6,843,728
Contributed services	5,920,539	2,422,953
Received from federated campaigns	24,982	24,735
Total public support	<u>14,373,287</u>	<u>9,291,416</u>
Revenue:		
Interest income	765,022	627,599
Unrealized gains (losses) on investments	0	(29,230)
Miscellaneous income	57,240	109,891
Total revenue	<u>822,262</u>	<u>708,260</u>
Total support and revenue	<u>15,195,549</u>	<u>9,999,676</u>
Net assets released from restrictions:		
Satisfaction of program restrictions	23,538,520	20,120,421
Endowment income distributions	811,000	820,000
Total net assets released from restrictions	<u>24,349,520</u>	<u>20,940,421</u>
Total unrestricted support and revenue	<u>39,545,069</u>	<u>30,940,097</u>
Expenses:		
Program services:		
Leading social entrepreneurs	15,884,921	15,641,822
Idea spread and education	1,580,792	1,721,733
New architecture	9,022,965	4,370,811
Group entrepreneurship	9,480,834	6,165,979
Total program services	<u>35,969,512</u>	<u>27,900,345</u>
Supporting services:		
Management and general	3,437,381	1,326,707
Fund raising	1,744,619	2,126,318
Total supporting services	<u>5,182,000</u>	<u>3,453,025</u>
Total expenses	<u>41,151,512</u>	<u>31,353,370</u>
Foreign exchange gains (losses)	<u>368,172</u>	<u>172,112</u>
Increase (decrease) in unrestricted net assets	<u>(1,238,271)</u>	<u>(241,161)</u>
Temporarily restricted net assets:		
Contributions	26,929,085	23,141,807
Net assets released from restrictions (Note 3)	(23,538,520)	(20,120,421)
Allowance for losses on promises to give	(131,779)	(14,421)
Increase (decrease) in temporarily restricted net assets	<u>3,258,786</u>	<u>3,006,965</u>
Permanently restricted net assets:		
Endowment fund support	25,565	34,500
Income on investments	967,082	1,149,540
Endowment income distributions	(811,000)	(820,000)
Realized gains (losses) on investments	(27,737)	2,712
Unrealized gains (losses) on investments	(127,451)	(129,567)
Increase (decrease) in permanently restricted net assets	<u>26,459</u>	<u>237,185</u>
Increase (decrease) in net assets	<u>2,046,974</u>	<u>3,002,989</u>
Net assets at beginning of year	56,923,198	53,920,209
Net assets at end of year	<u>\$ 58,970,172</u>	<u>\$ 56,923,198</u>

(See accompanying notes and independent auditor's report)

ASHOKA
Statements of Cash Flows
Years Ended August 31

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,046,974	\$ 3,002,989
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	123,479	94,095
Provision for losses on receivables	128,675	11,514
(Increase) decrease in operating assets:		
Unrestricted unconditional promises to give	(1,832,902)	(390,819)
Other receivables	64,315	(28,228)
Prepaid expenses	(11,881)	(73,592)
Security deposits	(31,451)	10,621
Increase (decrease) in operating liabilities:		
Accounts payable	577,182	34,345
Accrued expenses	397,445	194,887
Fellowship obligations	1,547,375	4,159,568
Contributions restricted for long term investment	(25,565)	(34,500)
Restricted unconditional promises to give	(3,041,757)	(438,158)
Realized gains on investments	27,737	(2,712)
Unrealized (gains) losses on investments	127,451	158,797
Interest and dividends restricted for long term investment	(967,082)	(1,149,540)
Net cash provided (used) by operating activities	<u>(870,005)</u>	<u>5,549,267</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	(100,927)	(110,629)
Sale (purchase) of investments, net	2,648,423	(4,252,069)
Net cash provided (used) by investing activities	<u>2,547,496</u>	<u>(4,362,698)</u>
Cash flows from financing activities:		
Collection of endowment fund support	25,565	34,500
Endowment fund income	967,082	1,149,540
Realized endowment investment gains	(27,737)	2,712
Net borrowings	0	0
Net cash provided (used) by financing activities	<u>964,910</u>	<u>1,186,752</u>
Net increase (decrease) in cash and cash equivalents	<u>2,642,401</u>	<u>2,373,321</u>
Cash and cash equivalents at beginning of year	5,418,068	3,044,747
Cash and cash equivalents at end of year	<u>\$ 8,060,469</u>	<u>\$ 5,418,068</u>

(See accompanying notes and independent auditor's report)

Statement of Functional Expenses
Year Ended August 31, 2008

	Program Services		
	Leading Social Entrepreneurs	Idea Spread and Education	New Architecture
Salaries	\$ 2,174,567	\$ 482,056	\$ 2,491,127
Payroll taxes	240,961	45,425	214,289
Employee benefits	132,419	26,120	118,901
Consulting	901,860	501,722	4,498,978
Outside services	137,329	6,661	105,443
Total personnel and related expenses	<u>3,587,136</u>	<u>1,061,984</u>	<u>7,428,738</u>
Fellowship payments	10,067,034	0	0
Office supplies and expenses	80,114	12,523	21,839
Occupancy	232,536	51,029	215,107
Telephone, telex and facsimile	119,453	27,124	132,200
Postage and messenger	35,773	40,775	29,784
Printing and publications	107,137	212,995	76,248
Equipment rental and repair	61,014	3,747	22,619
Equipment expensed	183,269	43,261	239,531
Accounting and audit	40,725	13,878	24,862
Bad debt	6,609	2,521	13,348
Bank and brokerage fees	22,607	3,653	15,887
Travel	722,356	61,331	402,090
Conferences	114,842	6,875	98,627
Miscellaneous expenses	29	29	224
Local transportation and meals	92,876	6,287	44,040
Awards	292,164	3,183	154,761
Dues, books and subscriptions	7,522	12,949	8,585
Training	19,547	1,033	25,766
Insurance	12,568	927	5,159
Taxes and penalties	62,940	8,761	32,186
Total expenses before depreciation	<u>15,868,251</u>	<u>1,574,865</u>	<u>8,991,601</u>
Depreciation of equipment	16,670	5,927	31,364
Total expenses	<u>\$ 15,884,921</u>	<u>\$ 1,580,792</u>	<u>\$ 9,022,965</u>

(See accompanying notes and independent auditor's report)

<u>Program Services</u>		<u>Supporting Services</u>			
<u>Group</u>		<u>Management</u>	<u>Fund</u>		<u>Total</u>
<u>Entrepreneurship</u>	<u>Total</u>	<u>& General</u>	<u>Raising</u>	<u>Total</u>	<u>Expenses</u>
\$ 2,648,474	\$ 7,796,224	\$ 848,050	\$ 711,245	\$ 1,559,295	\$ 9,355,519
256,527	757,202	58,585	73,179	131,764	888,966
139,361	416,801	37,145	44,218	81,363	498,164
2,841,857	8,744,417	1,223,920	258,111	1,482,031	10,226,448
149,394	398,827	88,239	60,022	148,261	547,088
6,035,613	18,113,471	2,255,939	1,146,775	3,402,714	21,516,185
0	10,067,034	0	0	0	10,067,034
100,593	215,069	19,986	5,014	25,000	240,069
349,944	848,616	245,092	51,635	296,727	1,145,343
121,338	400,115	42,092	29,553	71,645	471,760
26,385	132,717	17,430	229,592	247,022	379,739
93,234	489,614	47,318	24,360	71,678	561,292
39,646	127,026	25,259	4,780	30,039	157,065
210,284	676,345	264,311	58,625	322,936	999,281
46,230	125,695	18,610	9,177	27,787	153,482
87,222	109,700	15,875	3,100	18,975	128,675
22,673	64,820	12,775	12,653	25,428	90,248
828,966	2,014,743	273,576	81,843	355,419	2,370,162
233,562	453,906	16,601	31,560	48,161	502,067
221	503	187	35	222	725
105,433	248,636	68,791	6,868	75,659	324,295
1,040,711	1,490,819	268	26,682	26,950	1,517,769
9,949	39,005	5,622	6,459	12,081	51,086
19,534	65,880	33,389	595	33,984	99,864
7,071	25,725	7,406	1,836	9,242	34,967
77,282	181,169	29,564	6,192	35,756	216,925
9,455,891	35,890,608	3,400,091	1,737,334	5,137,425	41,028,033
24,943	78,904	37,290	7,285	44,575	123,479
\$ 9,480,834	\$ 35,969,512	\$ 3,437,381	\$ 1,744,619	\$ 5,182,000	\$ 41,151,512

Statement of Functional Expenses
Year Ended August 31, 2007

	Program Services		
	Leading Social Entrepreneurs	Idea Spread and Education	New Architecture
Salaries	\$ 1,923,053	\$ 622,022	\$ 1,385,235
Payroll taxes	214,526	57,376	132,330
Employee benefits	143,252	41,511	69,664
Consulting	758,886	472,492	1,781,614
Outside services	137,796	31,259	77,069
Total personnel and related expenses	<u>3,177,513</u>	<u>1,224,660</u>	<u>3,445,912</u>
Fellowship payments	10,270,072	0	0
Office supplies and expenses	76,847	11,956	14,395
Occupancy	230,741	53,849	119,066
Telephone, telex and facsimile	123,151	13,465	35,527
Postage and messenger	38,779	121,731	16,962
Printing and publications	99,526	203,682	28,507
Equipment rental and repair	44,742	4,821	12,355
Equipment expensed	46,260	4,287	2,511
Accounting and audit	65,241	5,025	15,704
Bad debt	2,576	992	2,793
Bank and brokerage fees	27,116	3,385	11,002
Travel	801,807	42,640	363,835
Conferences	207,631	3,544	27,391
Miscellaneous expenses	7,078	385	10,666
Local transportation and meals	124,766	7,348	37,566
Awards	208,112	0	178,763
Dues, books and subscriptions	9,477	6,445	6,254
Training	7,507	239	9,076
Insurance	16,028	3,120	7,680
Taxes and penalties	35,803	2,048	2,019
Total expenses before depreciation	<u>15,620,773</u>	<u>1,713,622</u>	<u>4,347,984</u>
Depreciation of equipment	21,049	8,111	22,827
Total expenses	<u><u>\$ 15,641,822</u></u>	<u><u>\$ 1,721,733</u></u>	<u><u>\$ 4,370,811</u></u>

(See accompanying notes and independent auditor's report)

<u>Program Services</u>		<u>Supporting Services</u>			
<u>Group</u>		<u>Management</u>	<u>Fund</u>		<u>Total</u>
<u>Entrepreneurship</u>	<u>Total</u>	<u>& General</u>	<u>Raising</u>	<u>Total</u>	<u>Expenses</u>
\$ 1,623,306	\$ 5,553,616	\$ 422,998	\$ 996,111	\$ 1,419,109	\$ 6,972,725
123,210	527,442	36,092	135,201	171,293	698,735
129,200	383,627	36,984	56,024	93,008	476,635
2,175,780	5,188,772	362,877	133,467	496,344	5,685,116
55,553	301,677	36,947	34,823	71,770	373,447
4,107,049	11,955,134	895,898	1,355,626	2,251,524	14,206,658
0	10,270,072	0	0	0	10,270,072
42,071	145,269	10,265	9,256	19,521	164,790
196,552	600,208	172,528	69,850	242,378	842,586
78,171	250,314	16,001	42,908	58,909	309,223
10,145	187,617	18,467	64,620	83,087	270,704
26,375	358,090	2,049	305,056	307,105	665,195
18,224	80,142	23,849	8,737	32,586	112,728
19,606	72,664	75,768	3,903	79,671	152,335
16,037	102,007	14,306	8,178	22,484	124,491
3,328	9,689	727	1,098	1,825	11,514
10,212	51,715	10,873	11,659	22,532	74,247
619,950	1,828,232	48,069	147,956	196,025	2,024,257
66,208	304,774	1,053	40,617	41,670	346,444
6,002	24,131	5,556	2,528	8,084	32,215
51,412	221,092	7,657	29,750	37,407	258,499
819,085	1,205,960	0	0	0	1,205,960
6,360	28,536	2,713	10,356	13,069	41,605
14,925	31,747	11	308	319	32,066
8,375	35,203	11,014	3,905	14,919	50,122
18,698	58,568	3,966	1,030	4,996	63,564
<u>6,138,785</u>	<u>27,821,164</u>	<u>1,320,770</u>	<u>2,117,341</u>	<u>3,438,111</u>	<u>31,259,275</u>
27,194	79,181	5,937	8,977	14,914	94,095
<u>\$ 6,165,979</u>	<u>\$ 27,900,345</u>	<u>\$ 1,326,707</u>	<u>\$ 2,126,318</u>	<u>\$ 3,453,025</u>	<u>\$ 31,353,370</u>

ASHOKA

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2008 and 2007

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 Southeast Asia, South Asia, Africa, South America, Mexico/the Caribbean Basin, Europe, North America, Middle East, North Africa and East Asia.

(b) Endowment Funds

Ashoka is building an endowment and now has 35 specific endowments that together totaled \$20,076,423 on August 31, 2008. 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 fellowship 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 Bergere 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:

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 an 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 fund established in 1986 with an initial contribution of \$30,000. The endowment contains no restrictions.

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.

The Henry Beal Endowment - The Henry Beal Endowment was established in 1992 with initial contributions of \$3,400. The endowment supports environmental issues or 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.

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 the 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.

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 believed that no good idea should go unexpressed or unheard.

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.

Note 1(b) (Continued)

At August 31, the fund balances of these endowments were as follows:

	<u>2008</u>	<u>2007</u>
E. Noel Bergere	\$ 258,735	\$ 283,371
Joan Bergere	581,813	600,156
Buckminster Fuller	61,809	61,667
Benjamin Franklin	75,371	75,197
Columbia I	71,116	70,952
Columbia II	70,610	70,446
Cresta, C.M. Fund	290,875	290,205
Maurice Fitzgerald	446,537	445,510
John and Eleanor Forrest	446,537	445,510
Albert O. Hirschman	71,372	71,207
Arthur Lewis	71,372	71,207
Jacob Oxman	206,829	206,353
Daniel H. Saks	140,992	140,218
Harris and Eliza Kempner	118,402	118,129
Mack Lipkin, Sr.	175,178	174,774
Henry Beal	149,675	149,331
Fort Hill	86,591	86,391
Padma Raj Datta	63,400	63,255
Benjamin Bloom	194,016	193,537
Jimmy Hopkins	287,605	286,945
Helen Meresman	70,092	69,930
General	1,895,738	1,881,415
James P. Grant	230,745	230,274
Francisco "Chico" Mendes	155,284	154,928
Sanjoy Ghose	155,284	154,928
Sarah Dunbar	99,037	98,812
Amaterasu	76,847	76,670
Ashoka Endowment Fund B	13,049,927	13,020,209
Michael Fein	1,672	1,669
Mort Sand	63,691	63,546
Jawaharlal Nehru	76,736	76,560
Jan Schmidt Marmor	180,130	179,719
Diane Pierce Phillips	30,174	30,105
Father Eugene Watrin	68,359	68,204
Fox Peace	53,872	38,634
Total	<u>\$ 20,076,423</u>	<u>\$ 20,049,964</u>

Ashoka has asked the endowment trustees both to invest and to provide distributions to Ashoka using a five year time frame and to at least maintain the inflation adjusted real value of the endowment over the same period. The trustees make disbursements carefully in light of Ashoka's needs on the one hand and these policy constraints on the other. At the end of 1989 \$110,000 of endowment fund income earned in 1989 and prior years was transferred to the unrestricted fund. During 1992 \$53,912 of endowment fund income earned in 1990 and 1991 was transferred to the unrestricted fund and used to pay for Fellow stipends. During 1993 \$23,962 of endowment fund income earned in 1992 was transferred to the unrestricted fund and used to pay for Fellow stipends. During 1994 \$115,000 of endowment fund income earned in 1992 and 1993 was distributed and used to pay for Fellow stipends. During 1995 \$70,000 of income earned in 1994 was distributed and used to pay for Fellow stipends. During 1996 \$84,144 of income earned in 1995 was distributed and used to pay for Fellow stipends. During 1997 \$111,686 of income earned in 1996 and 1997 was distributed and used to pay for Fellow stipends. During 2003 \$120,027 of income earned in prior years was distributed and used to pay for Fellow stipends. During 2004 \$250,000 of income earned in prior years was distributed and used to pay for Fellow stipends. During 2005 \$704,000 of income earned in prior years was distributed and used to pay for Fellow stipends. During 2006 \$700,000 of income earned in prior years was distributed and used to pay for Fellow stipends. During 2007 \$820,000 of income earned in prior years was distributed and used to pay for Fellow stipends. During 2008 \$811,000 of income earned in prior years was distributed and used to pay for Fellow stipends.

(c) 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 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.

(d) 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, 2008 and 2007 was \$123,479 and \$94,095 respectively.

Notes (Continued)

(e) Income Taxes

Ashoka is a non-profit organization and is exempt from federal 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 publicly supported organization. It has or is obtaining similar tax status under the laws of the several other countries where it works.

(f) Financial Statement Presentation

In 1994, Ashoka elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," early. Under SFAS No. 117, Ashoka 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. In addition Ashoka is required to present a statement of cash flows.

(g) Contributions and Investments

Ashoka also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1994. In accordance with SFAS No. 116 contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. In 1996, Ashoka adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, 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.

(h) Use of Estimates

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

(i) 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 \$100,000 by the Federal Deposit Insurance Corporation. Uninsured balances amounted to approximately \$7,960,469 and \$5,318,068 at August 31, 2008 and 2007 respectively.

NOTE 2. Restrictions on Assets:

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

	<u>2008</u>	<u>2007</u>
Venture support and fellow stipends	\$ 23,252,489	\$ 23,157,356
Global fellowship programs	294,800	397,200
Other specified purposes	12,888,877	3,937,471
Unspecified purposes for periods after Aug. 31,	2,056,059	7,741,412
	<u>\$ 38,492,225</u>	<u>\$ 35,233,439</u>

Permanently restricted net assets consist of the various endowment funds fully described in Note 1b. The inflation adjusted principal of these funds must be held for investment in perpetuity. The income is expendable for fellow stipends as described in Note 1b.

NOTE 3. Net Assets Released from Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	<u>2008</u>	<u>2007</u>
Program restrictions accomplished:		
Venture support and fellow stipends	\$ 14,942,598	\$ 12,039,083
Global fellowship programs	152,400	671,242
Other specified purposes	8,443,522	7,410,096
Total restrictions released	<u>\$ 23,538,520</u>	<u>\$ 20,120,421</u>

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, 2008. The resulting discount amounted to \$881,862 and \$760,928 at August 31, 2008 and 2007 respectively. Maturities of unconditional promises to give are as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Current	\$ 5,872,520	\$ 16,824,221	\$ 4,208,784	\$ 16,941,739
1 to 5 years	699,387	17,785,143	483,223	14,494,089
Less allowance	(164,298)	(1,419,649)	(117,300)	(1,287,870)
	<u>\$ 6,407,609</u>	<u>\$ 33,189,715</u>	<u>\$ 4,574,707</u>	<u>\$ 30,147,958</u>

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 2008 and 2007. A summary of investments at August 31, follows:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Unrestricted/Temporarily restricted:				
Money market *	\$ 40,877	\$ 40,877	\$ 857,100	\$ 857,100
Certificates of deposit	776,000	778,828	0	0
Notes and commercial paper	8,934,987	8,934,987	11,593,890	11,593,890
Davco Fund	373,029	736,805	373,029	552,741
Acorn Fund	0	0	250,881	418,773
	<u>\$ 10,124,893</u>	<u>\$ 10,491,497</u>	<u>\$ 13,074,900</u>	<u>\$ 13,422,504</u>
Permanently restricted:				
Money market *	\$ 96,668	\$ 96,668	\$ 486,010	\$ 486,010
Certificates of deposit	880,205	880,087	198,000	198,000
Commercial paper	9,514,743	9,546,197	11,230,647	11,293,564
Government securities	382,668	382,668	227,764	227,764
Royce Micro-cap Fund	249,069	233,385	222,889	267,146
Acorn Fund	680,268	896,216	266,399	444,224
Acorn International Fund	320,397	346,218	171,934	292,288
Schneider Value Fund	291,440	232,008	274,878	309,558
Schneider Small Cap Value	151,000	137,624	0	0
Champion Enterprises	37,250	46,944	34,367	83,160
Cavalier Homes	0	0	90,872	96,480
Davco Fund	2,578,063	4,375,685	2,578,063	3,282,574
Franklin Street Partners	1,999,492	1,777,678	1,873,738	2,045,757
Spain Fund	55,507	52,500	0	0
Evergreen Select Fund	0	0	110	110
Gabelli G Multimedia	2,167	2,217	2,167	3,053
Royce Value Trust	310,682	373,432	271,802	401,998
Singapore Fund	62,956	105,750	62,956	147,371
Building Materials Holding	88,800	8,954	7,805	8,880
Home Depot	175,114	146,448	113,752	130,254
Weitz Partners Value Fund	306,498	255,936	285,706	331,773
East West Bancorp	116,680	79,808	0	0
Uhuru Capital Holdings	100,000	100,000	0	0
	<u>\$ 18,399,667</u>	<u>\$ 20,076,423</u>	<u>\$ 18,399,859</u>	<u>\$ 20,049,964</u>

* The money market funds are high yield institutional funds with earnings yields comparable to certificates of deposit and commercial paper.

NOTE 6. Fixed Assets:

	<u>2008</u>	<u>2007</u>
Furniture	\$ 57,860	\$ 57,860
Office equipment	736,669	644,961
Leasehold improvements	169,708	160,490
	<u>964,237</u>	<u>863,311</u>
Less accumulated depreciation	(668,074)	(544,595)
	<u>\$ 296,163</u>	<u>\$ 318,716</u>

NOTE 7. Fellowship Obligations:

In 2008 and 2007 Ashoka made commitments to support new Fellows and extended the obligations to existing Fellows for periods ranging from one to four years. The number of new Fellows elected were 161 and 161 in 2008 and 2007 respectively. At August 31, fellowship obligations were as follows:

	<u>2008</u>	<u>2007</u>
Prior year elected Fellows	\$ 8,569,307	\$ 6,818,894
New Fellows and extensions:		
Global	50,000	139,405
Asia	1,311,357	1,165,540
Africa	1,433,112	1,718,738
South America	1,640,655	1,903,158
Central America	651,067	579,919
North America	2,043,621	2,225,918
Europe	2,937,222	2,537,394
Total	<u>\$ 18,636,341</u>	<u>\$ 17,088,966</u>

NOTE 8. Lease Obligations:

Ashoka has negotiated operating leases for office space and copiers. A new lease for office space effective February 1, 2006 with a term of six years was entered into. The minimum future lease payments under the terms of these operating leases is as follows:

Year ending:	<u>2008</u>	<u>2007</u>
Aug. 31, 2008	\$ -	\$ 605,844
2009	597,088	597,088
2010	579,576	579,576
2011	579,576	579,576
2012	241,490	241,490
Total	<u>\$ 1,997,730</u>	<u>\$ 2,603,574</u>

Rental expense for the years ended August 31, 2008 and 2007 was \$605,844 and \$605,844 respectively.

NOTE 9. Concentrations 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, 2008 and 2007 these deposits totaled \$6,564,180 and \$4,206,428 respectively. The increase in overseas cash is due to increased overseas fundraising.

NOTE 10. 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 multi year 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 2008 and 2007 respectively Ashoka:

Spent (not including payments to Fellows committed to and funded in prior years) and committed (to new Fellows) \$41,151,512 and \$31,353,370.

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) \$39,734,069 and \$30,940,097.

NOTE 11. Agency Transactions:

Ashoka receives certain grants which are passed through to third party beneficiaries. As Ashoka does not have any discretion as to the use of these funds they are considered agency transactions, not contributions and therefore are not included in these financial statements. Ashoka monitors these funds to insure that they are used as intended. These transactions totaled \$0 and \$15,572 for the years ending August 31, 2008 and 2007 respectively.

NOTE 12. Contributed Services:

Ashoka recognized contribution support for the years ending August 31, 2008 and 2007 for contributed services which benefited all of their 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:

	<u>2008</u>	<u>2007</u>
Leading social entrepreneurs	\$ 425,045	\$ 108,085
Idea spread and education	351,958	279,161
New architecture	3,363,362	389,000
Group entrepreneurship	643,291	1,450,000
Management and general	951,298	196,707
Fund raising	185,585	0
Total	<u>\$ 5,920,539</u>	<u>\$ 2,422,953</u>

In prior years contributed services were received but not recognized as support and expenditures as the value of these services was not readily ascertainable.