

ASHOKA

FINANCIAL STATEMENTS

AUGUST 31, 2011

AND

INDEPENDENT AUDITOR'S REPORT

FEBRUARY 6, 2012

CLEVELAND & GOTTLIFF
CERTIFIED • PUBLIC ACCOUNTANTS, P.C.



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, 2011 and 2010, 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, 2011 and 2010, 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.

February 6, 2012

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

ASHOKA
Statements of Financial Position
August 31

Assets:	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 13,881,753	\$ 8,163,860
Unrestricted/Temporarily restricted investments (Note 5)	7,764,573	9,660,088
Unconditional promises to give (Note 4)		
Unrestricted	4,195,905	3,812,961
Restricted	38,794,844	27,168,010
Other receivables	183,942	430,411
Prepaid expenses	97,267	115,843
Security deposits	70,702	70,702
Permanently restricted investments (Note 5)	20,381,918	19,077,637
Fixed assets, net of accumulated depreciation of \$808,379 and \$888,451 (Note 6)	<u>157,008</u>	<u>213,455</u>
 Total assets	 <u>\$ 85,527,912</u>	 <u>\$ 68,712,967</u>
 Liabilities and net assets:		
Accounts payable	\$ 147,519	\$ 47,173
Accrued expenses	659,353	620,340
Fellowship obligations (Note 7)	<u>12,368,901</u>	<u>14,102,943</u>
Total liabilities	<u>13,175,773</u>	<u>14,770,456</u>
 Net assets:		
Unrestricted:		
Designated for endowment purposes (Note 1c)	1,097,549	650,330
Undesignated	<u>(914,033)</u>	<u>(517,673)</u>
Total unrestricted	183,516	132,657
Temporarily restricted (Note 2)	51,786,705	34,732,217
Permanently restricted (Note 1c)	<u>20,381,918</u>	<u>19,077,637</u>
Total net assets	<u>72,352,139</u>	<u>53,942,511</u>
 Total liabilities and net assets	 <u>\$ 85,527,912</u>	 <u>\$ 68,712,967</u>

(See accompanying notes and independent auditor's report)

ASHOKA
Statement of Activities
Year Ended August 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 7,432,195	\$ 43,632,572	\$ 3,250	\$ 51,068,017
Contributed services	2,574,121			2,574,121
Received from federated campaigns	18,830			18,830
Income from investments	207,960		360,187	568,147
Realized gains (losses) on investments	1,180			1,180
Unrealized gains (losses) on investments	115,706		1,648,063	1,763,769
Miscellaneous income	11,532			11,532
Net assets released from restrictions:				
Satisfaction of program restrictions	26,432,765	(26,432,765)		-
Endowment income to unrestricted (Note 1c)	707,219		(707,219)	-
Allowances for losses on promises to give		(145,319)		(145,319)
Total support and revenue	<u>37,501,508</u>	<u>17,054,488</u>	<u>1,304,281</u>	<u>55,860,277</u>
Expenses:				
Program services:				
Leading social entrepreneurs	13,631,698			13,631,698
Idea spread and education	776,923			776,923
New architecture	10,845,790			10,845,790
Group entrepreneurship	8,612,159			8,612,159
Total program services	<u>33,866,570</u>	<u>-</u>	<u>-</u>	<u>33,866,570</u>
Supporting services:				
Management and general	2,463,759			2,463,759
Fund raising	1,799,755			1,799,755
Total supporting services	<u>4,263,514</u>	<u>-</u>	<u>-</u>	<u>4,263,514</u>
Total expenses	<u>38,130,084</u>	<u>-</u>	<u>-</u>	<u>38,130,084</u>
Increase (decrease) in net assets from operations	<u>(628,576)</u>	<u>17,054,488</u>	<u>1,304,281</u>	<u>17,730,193</u>
Foreign exchange gains (losses) (Note 12)	<u>679,435</u>			<u>679,435</u>
Increase (decrease) in net assets	<u>50,859</u>	<u>17,054,488</u>	<u>1,304,281</u>	<u>18,409,628</u>
Net assets, beginning of year	132,657	34,732,217	19,077,637	53,942,511
Net assets, end of year	<u>\$ 183,516</u>	<u>\$ 51,786,705</u>	<u>\$ 20,381,918</u>	<u>\$ 72,352,139</u>

(See accompanying notes and independent auditor's report)

ASHOKA
Statement of Activities
Year Ended August 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 6,549,024	\$ 18,239,332	\$ 2,500	\$ 24,790,856
Contributed services	4,257,948			4,257,948
Received from federated campaigns	23,009			23,009
Income from investments	110,179		358,714	468,893
Realized gains (losses) on investments			(133,147)	(133,147)
Unrealized gains (losses) on investments	(131,170)		(515,688)	(646,858)
Miscellaneous income	2,964			2,964
Net assets released from restrictions:				
Satisfaction of program restrictions	22,192,894	(22,192,894)		-
Endowment income to unrestricted (Note 1c)				-
Allowances for losses on promises to give				-
Total support and revenue	<u>33,004,848</u>	<u>(3,953,562)</u>	<u>(287,621)</u>	<u>28,763,665</u>
Expenses:				
Program services:				
Leading social entrepreneurs	10,806,571			10,806,571
Idea spread and education	815,836			815,836
New architecture	9,592,858			9,592,858
Group entrepreneurship	7,843,654			7,843,654
Total program services	<u>29,058,919</u>	<u>-</u>	<u>-</u>	<u>29,058,919</u>
Supporting services:				
Management and general	2,794,035			2,794,035
Fund raising	2,673,067			2,673,067
Total supporting services	<u>5,467,102</u>	<u>-</u>	<u>-</u>	<u>5,467,102</u>
Total expenses	<u>34,526,021</u>	<u>-</u>	<u>-</u>	<u>34,526,021</u>
Increase (decrease) in net assets from operations	<u>(1,521,173)</u>	<u>(3,953,562)</u>	<u>(287,621)</u>	<u>(5,762,356)</u>
Foreign exchange gains (losses) (Note 12)	<u>(617,069)</u>			<u>(617,069)</u>
Increase (decrease) in net assets	(2,138,242)	(3,953,562)	(287,621)	(6,379,425)
Net assets, beginning of year	2,270,899	38,685,779	19,365,258	60,321,936
Net assets, end of year	<u>\$ 132,657</u>	<u>\$ 34,732,217</u>	<u>\$ 19,077,637</u>	<u>\$ 53,942,511</u>

(See accompanying notes and independent auditor's report)

ASHOKA
Statements of Cash Flows
Years Ended August 31

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 18,409,628	\$ (6,379,425)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	92,108	102,363
Provision for losses on receivables	746,685	47,977
(Increase) decrease in operating assets:		
Unrestricted unconditional promises to give	(382,944)	(136,070)
Other receivables	246,469	(2,240)
Prepaid expenses	18,576	(89,461)
Security deposits	0	(7,327)
Increase (decrease) in operating liabilities:		
Accounts payable	100,346	(231,900)
Accrued expenses	39,013	527,653
Fellowship obligations	(1,734,042)	(4,258,060)
Contributions restricted for long term investment	(3,250)	(2,500)
Restricted unconditional promises to give	(11,626,834)	6,804,407
Realized (gains) losses on investments	(1,180)	133,147
Unrealized (gains) losses on investments	(1,763,769)	646,858
Interest and dividends restricted for long term investment	(360,187)	(358,714)
Net cash provided (used) by operating activities	3,780,619	(3,203,292)
Cash flows from investing activities:		
Purchase of furniture and equipment	(35,661)	(9,712)
Sale (purchase) of investments, net	1,609,498	2,803,910
Net cash provided (used) by investing activities	1,573,837	2,794,198
Cash flows from financing activities:		
Collection of endowment fund support	3,250	2,500
Endowment fund income	360,187	358,714
Realized endowment investment gains (losses)	0	(133,147)
Net cash provided (used) by financing activities	363,437	228,067
Net increase (decrease) in cash and cash equivalents	5,717,893	(181,027)
Cash and cash equivalents at beginning of year	8,163,860	8,344,887
Cash and cash equivalents at end of year	\$ 13,881,753	\$ 8,163,860

(See accompanying notes and independent auditor's report)

ASHOKA
Statement of Functional Expenses
Year Ended August 31, 2011

	Program Services			Program Services			Supporting Services		
	Leading Social Entrepreneurs	Idea Spread and Education	New Architecture	Group Entrepreneurship	Total	Management & General	Fund Raising	Total	Total Expenses
Salaries	\$ 2,577,641	\$ 405,446	\$ 3,714,265	\$ 2,301,061	\$ 8,998,413	\$ 802,241	\$ 740,729	\$ 1,542,970	\$ 10,541,383
Payroll taxes	331,515	26,378	317,785	237,966	913,644	58,699	104,753	163,452	1,077,096
Employee benefits	215,123	46,102	398,169	250,158	909,552	91,793	41,382	133,175	1,042,727
Consulting	752,300	66,092	3,358,395	2,567,479	6,744,266	892,792	366,190	1,258,982	8,003,248
Outside services	316,504	4,869	254,961	225,132	801,466	33,406	22,927	56,333	857,799
Total personnel and related expenses	4,193,083	548,887	8,043,575	5,581,796	18,367,341	1,878,931	1,275,981	3,154,912	21,522,253
Fellowship payments	5,736,846	0	0	0	5,736,846	0	0	0	5,736,846
Office supplies and expenses	140,525	2,355	49,970	191,590	384,440	7,466	9,813	17,279	401,719
Occupancy	508,329	39,810	372,876	296,232	1,217,247	97,086	80,280	177,366	1,394,613
Telephone, telex and facsimile	168,418	6,288	122,470	78,551	375,727	38,164	26,146	64,310	440,037
Postage and messenger	23,038	19,878	19,169	12,838	74,923	34,786	36,124	70,910	145,833
Printing and publications	68,598	52,925	80,253	61,348	263,124	22,964	116,971	139,935	403,059
Equipment rental and repair	90,636	3,381	34,495	33,667	162,179	19,464	5,738	25,202	187,381
Equipment expensed	77,537	1,060	20,541	88,933	188,071	827	7,280	8,107	196,178
Accounting and audit	129,231	2,272	35,233	77,265	244,001	14,565	15,409	29,974	273,975
Bad debt	80,343	31,659	215,269	144,932	472,203	230,352	44,129	274,481	746,684
Bank and brokerage fees	57,473	638	53,960	10,018	122,089	4,335	6,327	10,662	132,751
Travel	814,454	24,442	729,593	800,377	2,368,866	37,265	114,435	151,700	2,520,566
Conferences	1,112,523	20,651	94,211	90,405	1,317,790	(112)	36,868	36,756	1,354,546
Miscellaneous expenses	210	22	5,430	1,223	6,885	137	32	169	7,054
Local transportation and meals	91,368	6,524	72,855	85,062	255,809	3,375	7,878	11,253	267,062
Awards	183,894	1,351	666,944	956,871	1,809,060	9,179	1,948	11,127	1,820,187
Dues, books and subscriptions	20,782	8,685	176,811	25,384	231,662	9,571	5,259	14,830	246,492
Training	47,466	135	3,816	25,021	76,438	212	251	463	76,901
Insurance	38,146	1,669	13,770	6,169	59,754	25,974	2,383	28,357	88,111
Taxes and penalties	36,971	385	7,075	27,564	71,995	2,676	1,057	3,733	75,728
Total expenses before depreciation	13,619,871	773,017	10,818,316	8,595,246	33,806,450	2,437,217	1,794,309	4,231,526	38,037,976
Depreciation of equipment	11,827	3,906	27,474	16,913	60,120	26,542	5,446	31,988	92,108
Total expenses	\$ 13,631,698	\$ 776,923	\$ 10,845,790	\$ 8,612,159	\$ 33,866,570	\$ 2,463,759	\$ 1,799,755	\$ 4,263,514	\$ 38,130,084

(See accompanying notes and independent auditor's report)

(5)

ASHOKA
Statement of Functional Expenses
Year Ended August 31, 2010

	Program Services			Program Services			Supporting Services		
	Leading Social Entrepreneurs	Idea Spread and Education	New Architecture	Group Entrepreneurship	Total	Management & General	Fund Raising	Total	Total Expenses
Salaries	\$ 2,621,790	\$ 490,442	\$ 3,213,159	\$ 2,143,035	\$ 8,468,426	\$ 677,955	\$ 941,444	\$ 1,619,399	\$ 10,087,825
Payroll taxes	310,712	38,252	350,224	304,140	1,003,328	65,637	94,672	160,309	1,163,637
Employee benefits	190,167	44,246	281,411	205,699	721,523	54,970	100,273	155,243	876,766
Consulting	878,236	89,632	3,476,677	2,207,274	6,651,819	1,269,694	643,943	1,913,637	8,565,456
Outside services	120,888	4,370	200,187	106,751	432,196	17,845	40,466	58,311	490,507
Total personnel and related expenses	4,121,793	666,942	7,521,658	4,966,899	17,277,292	2,086,101	1,820,798	3,906,899	21,184,191
Fellowship payments	4,955,841	0	0	0	4,955,841	0	0	0	4,955,841
Office supplies and expenses	85,879	3,522	55,142	102,134	246,677	18,413	24,193	42,606	289,283
Occupancy	345,526	44,111	286,981	314,056	990,674	161,910	101,127	263,037	1,253,711
Telephone, telex and facsimile	100,235	8,311	116,860	124,919	350,325	33,848	43,858	77,706	428,031
Postage and messenger	12,056	4,368	14,488	11,964	42,876	3,904	268,905	272,809	315,685
Printing and publications	144,913	35,631	66,526	96,292	343,362	7,305	109,163	116,468	459,830
Equipment rental and repair	30,437	4,296	35,617	46,558	116,908	22,452	27,024	49,476	166,384
Equipment expensed	19,879	508	43,233	117,986	181,606	280,704	6,872	287,576	469,182
Accounting and audit	66,171	2,804	33,327	56,116	158,418	14,650	17,809	32,459	190,877
Bad debt	8,452	2,601	11,935	6,881	29,869	13,592	4,516	18,108	47,977
Bank and brokerage fees	21,214	2,534	19,252	18,097	61,097	13,724	14,439	28,163	89,260
Travel	456,092	17,580	557,424	820,451	1,851,547	23,406	167,774	191,180	2,042,727
Conferences	156,226	67	144,236	312,346	612,875	570	11,402	11,972	624,847
Miscellaneous expenses	1,486	1,735	3,472	755	7,448	1,470	329	1,799	9,247
Local transportation and meals	69,334	4,899	102,384	130,912	307,529	2,407	11,907	14,314	321,843
Awards	116,996	0	369,796	599,169	1,085,961	0	3,114	3,114	1,089,075
Dues, books and subscriptions	19,670	6,812	155,637	23,948	206,067	10,286	5,850	16,136	222,203
Training	8,134	2,803	17,720	45,311	73,968	150	77	227	74,195
Insurance	20,591	0	5,178	7,462	33,231	66,160	489	66,649	99,880
Taxes and penalties	27,517	733	6,688	27,118	62,056	3,830	23,503	27,333	89,389
Total expenses before depreciation	10,788,442	810,257	9,567,554	7,829,374	28,995,627	2,764,882	2,663,149	5,428,031	34,423,658
Depreciation of equipment	18,129	5,579	25,304	14,280	63,292	29,153	9,918	39,071	102,363
Total expenses	\$ 10,806,571	\$ 815,836	\$ 9,592,858	\$ 7,843,654	\$ 29,058,919	\$ 2,794,035	\$ 2,673,067	\$ 5,467,102	\$ 34,526,021

(See accompanying notes and independent auditor's report)

(6)

ASHOKA

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2011 and 2010

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.

(b) Endowment Funds

Ashoka is building an endowment and now has 35 specific endowments that together totaled \$21,479,467 on August 31, 2011. The individual endowments typically are given by individuals or institutions to ensure

Note 1(b) (Continued)

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.

Note 1(b) (Continued)

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 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.

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.

Note 1(b) (Continued)

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.

(c) Ashoka Endowment Approach

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. 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 FY11 and FY10, a total of \$707,219 and \$0, respectively, was set aside.

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 \$260,000 and \$1,450,000 during FY11 and FY10, 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,:

	<u>2011</u>	<u>2010</u>
Permanently restricted	20,381,918	19,077,637
Unrestricted designated	1,097,549	650,330
	<u>21,479,467</u>	<u>19,727,967</u>

Notes (Continued)

(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 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.

(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, 2011 and 2010 was \$92,108 and \$102,363 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 publicly 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, temporarily restricted net assets and permanently restricted net assets. In addition Ashoka is required to present a statement of cash flows.

Notes (Continued)

(h) 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.

(i) Use of Estimates

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

(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 \$13,631,753 and \$7,911,838 at August 31, 2011 and 2010 respectively.

(k) Subsequent Events

Subsequent events have been evaluated by Edward A. Gotliffe, Engagement Partner, through February 6, 2012 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>2011</u>	<u>2010</u>
Leading social entrepreneurs	\$ 29,070,155	\$ 23,237,336
Idea spread and education	137,747	16,596
New architecture	4,936,207	6,741,006
Group entrepreneurship	12,969,573	3,679,900
Fund raising	3,736,752	987,927
Unspecified purposes for periods after Aug. 31,	936,271	69,452
	<u>\$ 51,786,705</u>	<u>\$ 34,732,217</u>

Permanently restricted net assets consist of the endowment funds fully 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 as follows:

	<u>2011</u>	<u>2010</u>
Leading social entrepreneurs	\$ 9,047,965	\$ 8,420,464
Idea spread and education	19,680	29,466
New architecture	8,319,290	8,092,006
Group entrepreneurship	5,549,990	3,693,427
Fund raising	2,285,449	1,946,262
Unspecified purposes	1,210,391	11,269
Total restrictions released	<u>\$ 26,432,765</u>	<u>\$ 22,192,894</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, 2011. The resulting discount amounted to \$1,587,287 and \$1,501,106 at August 31, 2011 and 2010 respectively. Maturities of unconditional promises to give are as follows:

	<u>2011</u>		<u>2010</u>	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Current	\$ 2,711,187	\$ 13,683,298	\$ 2,883,031	\$ 9,901,374
1 to 5 years	2,158,318	25,590,144	1,658,066	18,390,172
Less allowance	(673,600)	(478,598)	(728,136)	(1,123,536)
	<u>\$ 4,195,905</u>	<u>\$ 38,794,844</u>	<u>\$ 3,812,961</u>	<u>\$ 27,168,010</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 2011 and 2010. A summary of investments at August 31, follows:

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Unrestricted/Temporarily restricted:				
Money market	\$ 3,972,710	\$ 3,972,710	\$ 4,744,345	\$ 4,744,345
Certificates of deposit	1,160,616	1,159,866	1,037,292	1,036,765
Cash Alternatives	2,627,276	2,631,997	3,872,684	3,878,978
	<u>\$ 7,760,602</u>	<u>\$ 7,764,573</u>	<u>\$ 9,654,321</u>	<u>\$ 9,660,088</u>
Permanently restricted:				
Cash Alternatives	\$ 1,715,395	\$ 1,713,324	\$ 1,225,475	\$ 1,226,552
Certificates of deposit	2,107,429	2,105,790	2,948,230	2,944,252
Royce Micro-cap Fund	391,937	388,992	377,922	303,959
Acorn Fund	902,360	1,300,831	848,128	1,045,787
Acorn International Fund	484,606	656,493	462,334	562,333
Schneider Value Fund	302,964	191,601	301,570	180,467
Schneider Small Cap Value	153,356	133,355	153,356	128,196
Davco Fund	2,951,092	6,206,052	2,951,092	5,433,823
Franklin Street Partners	600,000	600,000	600,000	600,000
Spain Fund	173,095	165,312	173,095	144,648
Turkish Investment Fund	144,254	350,828	152,238	417,312
Gabelli G Multimedia	2,167	1,665	2,167	1,626
Royce Value Trust	346,809	341,265	336,537	270,501
Singapore Fund	164,153	258,432	161,490	297,376
Weitz Partners Value Fund	306,670	314,429	306,670	260,030
Equities- Common stock	4,544,736	5,453,549	4,669,910	5,060,775
Uhuru Capital Holdings	200,000	200,000	200,000	200,000
	<u>\$ 15,491,023</u>	<u>\$ 20,381,918</u>	<u>\$ 15,870,214</u>	<u>\$ 19,077,637</u>

NOTE 6. Fixed Assets:

	<u>2011</u>	<u>2010</u>
Furniture	\$ 56,172	\$ 57,860
Office equipment	739,507	874,338
Leasehold improvements	169,708	169,708
	<u>965,387</u>	<u>1,101,906</u>
Less accumulated depreciation	(808,379)	(888,451)
	<u>\$ 157,008</u>	<u>\$ 213,455</u>

NOTE 7. Fellowship Obligations:

In 2011 and 2010 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 126 and 130 in 2011 and 2010 respectively. At August 31, fellowship obligations were as follows:

	<u>2011</u>	<u>2010</u>
Prior year elected Fellows	\$ 6,632,055	\$ 9,147,102
New Fellows and extensions:		
Global	515,827	6,000
Asia	753,033	119,870
Africa	819,882	386,795
South America	146,052	756,014
Central America	294,565	50,272
North America	1,038,542	1,395,144
Europe	2,168,945	2,241,746
Total	<u>\$ 12,368,901</u>	<u>\$ 14,102,943</u>

NOTE 8. Lease Obligations:

Ashoka has negotiated operating leases for office space and copiers. A new lease for office space effective July 1, 2008 with a term of five years was entered into. The minimum future lease payments under the terms of these operating leases is as follows:

Year ending:	<u>2011</u>	<u>2010</u>
Aug. 31, 2011	\$ 0	\$ 914,272
2012	940,760	940,760
2013	791,023	791,023
Total	<u>\$ 1,731,783</u>	<u>\$ 2,646,055</u>

Rental expense for the years ended August 31, 2011 and 2010 was \$887,386 and \$888,556 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, 2011 and 2010 these deposits totaled \$13,564,487 and \$7,137,738 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 2011 and 2010 respectively Ashoka:

Spent (not including payments to Fellows committed to and funded in prior years) and committed (to new Fellows) \$38,130,084 and \$34,526,021.

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) \$37,501,508 and \$33,004,848.

NOTE 11. Contributed Services:

Ashoka recognized contribution support for the years ending August 31, 2011 and 2010 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>2011</u>	<u>2010</u>
Leading social entrepreneurs	\$ 0	\$ 80,884
Idea spread and education	0	0
New architecture	1,086,353	1,628,466
Group entrepreneurship	594,387	953,416
Management and general	656,515	1,219,816
Fund raising	236,866	375,366
Total	<u>\$ 2,574,121</u>	<u>\$ 4,257,948</u>

NOTE 12. 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 is a component of unrestricted net assets.