

**ASHOKA
FINANCIAL STATEMENTS
AUGUST 31, 2015
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 24, 2016**

ASHOKA

*Audited Financial Statements
For the Year Ended
August 31, 2015*

CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of financial position.....	1
Statements of activities.....	2-3
Statements of cash flows.....	4
Statements of functional expenses.....	5-6

Notes to Financial Statements.....	7-23
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ashoka
Arlington, VA

We have audited the accompanying consolidated financial statements of Ashoka which comprise the statements of financial position as of August 31, 2015 and 2014, and the related consolidated statements of activities and changes in net assets, 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ashoka as of August 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cleveland & Gotliffe PC

Arlington, VA
June 24, 2016

ASHOKA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

Assets:	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 15,781,849	\$ 15,761,112
Unrestricted/Temporarily restricted investments	1,370,375	7,734,244
Unconditional promises to give		
Unrestricted	1,080,465	1,975,509
Restricted	29,579,033	38,001,890
Other receivables	976,951	204,187
Prepaid expenses	308,676	287,792
Security deposits	82,519	81,897
Permanently restricted investments	22,860,476	21,637,514
Fixed assets, net of accumulated depreciation of \$901,818 and \$1,130,515	<u>766,085</u>	<u>694,670</u>
Total assets	<u>\$ 72,806,429</u>	<u>\$ 86,378,815</u>
Liabilities and net assets:		
Accounts payable	\$ 234,537	\$ 104,900
Accrued expenses	47,454	1,835,734
Fellowship obligations	<u>11,380,746</u>	<u>12,858,188</u>
Total liabilities	<u>11,662,737</u>	<u>14,798,822</u>
Net assets:		
Unrestricted:		
Designated for endowment purposes	1,506,115	3,401,977
Undesignated	<u>(8,446,874)</u>	<u>(7,763,302)</u>
Total unrestricted	(6,940,759)	(4,361,325)
Temporarily restricted	45,223,975	54,303,804
Permanently restricted	<u>22,860,476</u>	<u>21,637,514</u>
Total net assets	<u>61,143,692</u>	<u>71,579,993</u>
 Total liabilities and net assets	 <u>\$ 72,806,429</u>	 <u>\$ 86,378,815</u>

(See accompanying notes and independent auditor's report)

ASHOKA
CONSOLIDATED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 13,179,931	12,420,329	1,181,850	\$ 26,782,110
Contributed services	4,931,098			4,931,098
Received from federated campaigns	10,446			10,446
Income from investments	64,922		914,167	979,089
Realized gains (losses) on investments	378,414		518,813	897,227
Unrealized gains (losses) on investments	7,842		(3,287,730)	(3,279,888)
Miscellaneous income	121,873			121,873
Net assets released from restrictions:				
Satisfaction of program restrictions	21,989,862	(21,989,862)		-
Due to endowment fund	(1,895,862)		1,895,862	-
Allowances for losses on promises to give		489,704		489,704
Total support and revenue	38,788,526	(9,079,829)	1,222,962	30,931,659
Expenses:				
Program services:				
Leading social entrepreneurs	13,991,790			13,991,790
Idea spread and education	2,853,818			2,853,818
New architecture	8,195,717			8,195,717
Group entrepreneurship	9,479,178			9,479,178
Total program services	34,520,503	-	-	34,520,503
Supporting services:				
Management and general	4,616,700			4,616,700
Fund raising	2,454,657			2,454,657
Total supporting services	7,071,357	-	-	7,071,357
Total expenses	41,591,860	-	-	41,591,860
Increase (decrease) in net assets from operations	(2,803,334)	(9,079,829)	1,222,962	(10,660,201)
Foreign exchange gains (losses)	252,370			252,370
Cumulative foreign exchange gains (losses)	(28,470)			(28,470)
Increase (decrease) in net assets	(2,579,434)	(9,079,829)	1,222,962	(10,436,301)
Net assets, beginning of year	(4,361,325)	\$ 54,303,804	\$ 21,637,514	71,579,993
Net assets, end of year	<u>\$ (6,940,759)</u>	<u>\$ 45,223,975</u>	<u>\$ 22,860,476</u>	<u>\$ 61,143,692</u>

(See accompanying notes and independent auditor's report)

ASHOKA
CONSOLIDATED STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	\$ 10,624,951	39,993,874	63,475	\$ 50,682,300
Contributed services	7,991,576			7,991,576
Received from federated campaigns	49,363			49,363
Income from investments	160,851		593,343	754,194
Realized gains (losses) on investments	161,033		897,717	1,058,750
Unrealized gains (losses) on investments	57,801		2,057,296	2,115,097
Miscellaneous income	68,548			68,548
Net assets released from restrictions:				
Satisfaction of program restrictions	29,716,881	(29,716,881)		-
Endowment income to unrestricted	3,204,428		(3,204,428)	-
Allowances for losses on promises to give		137,268		137,268
Total support and revenue	52,035,432	10,414,261	407,403	62,857,096
Expenses:				
Program services:				
Leading social entrepreneurs	17,135,243			17,135,243
Idea spread and education	3,682,324			3,682,324
New architecture	7,923,211			7,923,211
Group entrepreneurship	10,726,556			10,726,556
Total program services	39,467,334	-	-	39,467,334
Supporting services:				
Management and general	5,868,754			5,868,754
Fund raising	3,110,573			3,110,573
Total supporting services	8,979,327	-	-	8,979,327
Total expenses	48,446,661	-	-	48,446,661
Increase (decrease) in net assets from operations	3,588,771	10,414,261	407,403	14,410,435
Foreign exchange gains (losses)	40,815			40,815
Cumulative foreign exchange gains (losses)	(382,666)			(382,666)
Increase (decrease) in net assets	3,246,920	10,414,261	407,403	14,068,584
Net assets, beginning of year	(7,608,245)	43,889,543	21,230,111	57,511,409
Net assets, end of year	<u>\$ (4,361,325)</u>	<u>\$ 54,303,804</u>	<u>\$ 21,637,514</u>	<u>\$ 71,579,993</u>

(See accompanying notes and independent auditor's report)

ASHOKA
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (10,436,299)	\$ 14,068,584
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	121,860	134,814
Provision for losses on receivables	441,646	223,827
(Increase) decrease in operating assets:		
Unrestricted unconditional promises to give	895,044	406,594
Other receivables	(772,764)	(148,229)
Prepaid expenses	(20,884)	(72,064)
Increase (decrease) in operating liabilities:		
Accounts payable	129,637	104,900
Accrued expenses	(1,788,280)	1,026,839
Fellowship obligations	(1,477,442)	(69,167)
Contributions restricted for long term investment	(1,181,851)	(63,475)
Restricted unconditional promises to give	8,422,857	(11,048,928)
Realized (gains) losses on investments	(897,227)	(1,058,750)
Unrealized (gains) losses on investments	3,279,889	(2,115,097)
Interest and dividends restricted for long term investment	(914,167)	(593,343)
Net cash provided (used) by operating activities	<u>(4,197,981)</u>	<u>796,505</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	(193,275)	(258,432)
Sale (purchase) of investments, net	1,797,163	(544,050)
Net cash provided (used) by investing activities	<u>1,603,888</u>	<u>(802,482)</u>
Cash flows from financing activities:		
Collection of endowment fund support	1,181,850	63,475
Endowment fund income	914,167	593,343
Realized endowment investment gains (losses)	518,813	897,717
Net cash provided (used) by financing activities	<u>2,614,830</u>	<u>1,554,535</u>
Net increase (decrease) in cash and cash equivalents	<u>20,737</u>	<u>1,548,558</u>
Cash and cash equivalents at beginning of year	15,761,112	14,212,554
Cash and cash equivalents at end of year	<u>\$ 15,781,849</u>	<u>\$ 15,761,112</u>

(See accompanying notes and independent auditor's report)

ASHOKA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services					Supporting Services			Total Expenses
	Leading Social Entrepreneurs	Idea Spread and Education	New Architecture	Group Entrepreneurship	Total	Management & General	Fund Raising	Total	
Salaries	\$ 3,265,834	1,543,965	3,428,828	3,179,874	\$ 11,418,501	\$ 1,398,150	1,108,652	\$ 2,506,802	\$ 13,925,303
Payroll taxes	332,611	171,178	314,699	323,492	1,141,980	132,557	146,738	279,295	1,421,275
Employee benefits	423,001	180,746	413,106	533,922	1,550,775	184,737	78,711	263,448	1,814,223
Consulting	2,523,714	352,350	1,836,083	2,816,043	7,528,190	1,365,692	490,571	1,856,263	9,384,453
Outside services	313,060	82,395	144,380	622,768	1,162,603	94,897	13,173	108,070	1,270,673
Total personnel and related expenses	6,858,220	2,330,634	6,137,096	7,476,099	22,802,049	3,176,033	1,837,845	5,013,878	27,815,927
Fellowship payments	5,273,426	0	0	0	5,273,426	0	0	0	5,273,426
Office supplies and expenses	31,748	5,708	18,959	45,174	101,589	50,282	4,337	54,619	156,208
Occupancy	271,024	79,563	314,560	360,898	1,026,045	444,601	96,385	540,986	1,567,031
Telephone, telex and facsimile	50,632	26,497	21,650	52,683	151,462	37,332	6,699	44,031	195,493
Postage and messenger	5,394	5,173	5,305	5,026	20,898	5,409	104,593	110,002	130,900
Printing and publications	29,805	50,445	32,367	62,222	174,839	8,189	227,942	236,131	410,970
Equipment rental and repair	11,980	7,232	12,584	54,982	86,778	36,983	2,536	39,519	126,297
Equipment expensed	48,293	42,264	117,683	80,611	288,851	157,570	19,930	177,500	466,351
Accounting and audit	43,497	10,414	32,078	27,525	113,514	135,599	15,654	151,253	264,767
Bad debt	93,694	-	298,456	12,170	404,320	5,514	31,812	37,326	441,646
Bank and brokerage fees	13,694	4,459	24,686	12,591	55,430	22,182	2,353	24,535	79,965
Travel	611,720	115,644	358,146	596,301	1,681,811	117,001	34,086	151,087	1,832,898
Conferences	280,621	76,885	345,254	172,925	875,685	18,770	11,008	29,778	905,463
Miscellaneous expenses	51,132	23,579	84,099	83,644	242,454	119,268	14,324	133,592	376,046
Local transportation and meals	105,110	11,386	109,759	79,509	305,764	20,198	4,601	24,799	330,563
Awards	84,697	22,001	219,255	238,828	564,781	21,745	12,515	34,260	599,041
Dues, books and subscriptions	9,577	6,379	12,822	6,962	35,740	11,704	3,994	15,698	51,438
Training	55,071	12,968	2,329	63,841	134,209	6,688	599	7,287	141,496
Insurance	35,334	8,842	18,573	29,601	92,350	51,077	12,150	63,227	155,577
Taxes and penalties	18,806	5,336	8,088	6,185	38,415	103,622	6,460	110,082	148,497
Total expenses before depreciation	13,983,475	2,845,409	8,173,749	9,467,777	34,470,410	4,549,767	2,449,823	6,999,590	41,470,000
Depreciation of equipment	8,315	8,409	21,968	11,401	50,093	66,933	4,834	71,767	121,860
Total expenses	\$ 13,991,790	\$ 2,853,818	\$ 8,195,717	\$ 9,479,178	\$ 34,520,503	\$ 4,616,700	\$ 2,454,657	\$ 7,071,357	\$ 41,591,860

(See accompanying notes and independent auditor's report)

ASHOKA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Leading Social Entrepreneurs</u>	<u>Idea Spread and Education</u>	<u>New Architecture</u>	<u>Group Entrepreneurship</u>	<u>Total</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>	
Salaries	\$ 2,956,121	1,447,375	3,535,550	3,928,380	\$ 11,867,426	\$ 1,336,066	1,523,142	\$ 2,859,208	\$ 14,726,634
Payroll taxes	341,683	179,345	294,688	409,251	1,224,967	175,566	173,967	349,533	1,574,500
Employee benefits	280,653	100,670	271,321	353,073	1,005,717	107,315	126,607	233,922	1,239,639
Consulting	3,727,443	662,264	1,962,446	3,666,259	10,018,412	2,225,125	593,193	2,818,318	12,836,730
Outside services	429,181	238,151	110,796	277,455	1,055,583	125,432	30,761	156,193	1,211,776
Total personnel and related expenses	7,735,081	2,627,805	6,174,801	8,634,418	25,172,105	3,969,504	2,447,670	6,417,174	31,589,279
Fellowship payments	7,420,808	0	0	0	7,420,808	0	0	0	7,420,808
Office supplies and expenses	70,796	10,890	17,243	45,583	144,512	83,942	7,075	91,017	235,529
Occupancy	236,592	91,310	212,257	323,407	863,566	277,297	61,006	338,303	1,201,869
Telephone, telex and facsimile	68,918	32,911	26,021	57,409	185,259	47,705	9,238	56,943	242,202
Postage and messenger	8,242	2,572	6,011	4,648	21,473	3,982	243,544	247,526	268,999
Printing and publications	25,038	123,616	29,988	41,052	219,694	19,537	104,733	124,270	343,964
Equipment rental and repair	11,413	223,003	15,875	76,461	326,752	26,395	1,827	28,222	354,974
Equipment expensed	106,464	44,349	89,471	64,296	304,580	649,310	25,437	674,747	979,327
Accounting and audit	41,752	8,827	39,389	20,016	109,984	144,907	11,958	156,865	266,849
Bad debt	18,544	21,896	59,610	36,418	136,468	63,229	24,130	87,359	223,827
Bank and brokerage fees	15,112	3,079	15,297	16,759	50,247	58,852	9,524	68,376	118,623
Travel	763,580	269,442	350,771	571,481	1,955,274	116,354	90,654	207,008	2,162,282
Conferences	286,576	118,442	107,951	251,470	764,439	30,068	15,901	45,969	810,408
Miscellaneous expenses	5,946	5,148	14,056	7,517	32,667	37,470	3,224	40,694	73,361
Local transportation and meals	104,287	14,802	70,636	72,710	262,435	38,562	6,544	45,106	307,541
Awards	125,678	30,793	626,189	401,061	1,183,721	14,997	13,787	28,784	1,212,505
Dues, books and subscriptions	5,707	7,986	27,336	7,541	48,570	12,072	8,451	20,523	69,093
Training	13,850	24,324	410	54,075	92,659	10,673	2,139	12,812	105,471
Insurance	34,511	11,589	15,229	14,000	75,329	65,818	16,447	82,265	157,594
Taxes and penalties	29,638	3,749	6,254	15,142	54,783	110,861	1,698	112,559	167,342
Total expenses before depreciation	17,128,533	3,676,533	7,904,795	10,715,464	39,425,325	5,781,535	3,104,987	8,886,522	48,311,847
Depreciation of equipment	6,710	5,791	18,416	11,092	42,009	87,219	5,586	92,805	134,814
Total expenses	\$ 17,135,243	\$ 3,682,324	\$ 7,923,211	\$ 10,726,556	\$ 39,467,334	\$ 5,868,754	\$ 3,110,573	\$ 8,979,327	\$ 48,446,661

(See accompanying notes and independent auditor's report)

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 1. Nature of 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
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2. Summary of Significant Accounting Policies:

Basis of Presentation

The financial statements include the accounts of Ashoka's global offices. Significant intercompany transactions have been eliminated in consolidation.

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.

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the global entity as well as the entities in foreign countries. The consolidated financial statements include the net assets and activities in the entities of which Ashoka maintains managerial and financial control.

Cash and Cash Equivalents

Cash consists of cash on deposit in interest-bearing accounts, certificates of deposit and demand deposits. Cash equivalents consist of high liquid investments, with original maturities of 91 days or less.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Fair Value of Financial Instruments

For the years ended August 31, 2015 and 2014, the fair value of Ashoka's marketable securities is based on quoted market prices. Similarly, the carrying value of all other financial instruments potentially subject to value risk (principally consisting of cash, accounts receivable, and accounts payable) approximates fair value.

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Concentration of Market and Credit Risk

Ashoka periodically, maintains cash balances in excess of insured limits. Accounting Standards Codification (“ASC”) 825 “Financial Instruments” identifies these items as a concentration of credit risk requiring disclosure, regardless of degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Market risk represents the potential loss Ashoka faces due to the decrease in the value of marketable securities. Credit risk represents the potential loss Ashoka faces due to the possible nonperformance by obligators and counterparts of the terms of their contracts. Market risk is contained by limiting investments in marketable securities to certificates of deposit, U.S. Government securities, and balanced mutual funds and limiting the holdings in any one security.

Marketable Securities

Marketable securities are carried at fair value with unrealized gains and losses included in the statement of activity and changes in net assets. Donated securities are recorded at their fair value at the date of donation. Dividend and interest income is recorded as earned.

Cash Held in International Offices

Cash held in international offices primarily represents cash in foreign bank accounts that will be used for program activities. Cash held in international offices includes both cash advanced to field offices by headquarters and cash disbursed directly to field offices by donors.

Fixed Assets

Purchased fixed assets are recorded at cost. Contributed fixed assets are recorded at their estimated fair value. Depreciation is provided based upon the estimated useful lives of the assets (3 to 7 years) using the straight-line method. Leasehold improvements are amortized over the life of the lease, using the straight-line method. Software implementation are amortized over a 10 year period, using the straight-line method. Amounts not deemed significant are expensed in the year of purchase and allocated to functional areas based upon actual usage.

Contributions

Ashoka records unconditional promises to give (pledges) as a receivable and revenue in the year pledged, net of the discount to present value of future cash flows. Gifts of cash and other assets are recorded as contributions when received and are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are then classified to unrestricted net assets and reported in the statement of activities as “net assets released from restrictions.”

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

Contribution of Services (In-Kind)

Contributed services consist of services provided by various organizations related to Ashoka's mission as well as in the fields of law, publications, television and strategic planning. Contributed services are valued by the provider of those services, or based upon fair value of those services. The value of the services are included in the revenue and consulting expenses in the year that they are contributed.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Ashoka and changes therein are classified and reported as follows:

Unrestricted net assets include the revenues and expenses associated with the principal mission of Ashoka.

Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met.

Permanently restricted net assets include gifts and contributions on which the donor has imposed a restriction requiring the original corpus must be invested in perpetuity, with only the related income to be made available for use in accordance with the restrictions of the donor.

Foreign Currency Transactions

Transactions gains and losses that arise from exchange rate fluctuations denominated in foreign currency are included in program services in the statement of activity and changes in net assets, as incurred. Translation gains / (losses) amounted to approximately \$252,370 and \$40,815 in 2015 and 2014, respectively.

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 3. Marketable Securities:

As of August 31, 2015 and 2014, the cost and the fair value of marketable securities were as follows:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Cash and Money Market Funds	\$ 1,299,510	\$ 1,299,510	\$ 2,304,859	\$ 2,309,828
Certificates of Deposit	1,885,849	1,886,201	6,172,273	6,169,991
Corporate Bonds	1,768,565	1,765,323	-	-
Mutual Funds	8,799,380	12,657,305	7,238,397	12,189,941
Equities	5,882,691	6,622,512	5,597,440	8,401,998
Partnerships	-	-	300,000	300,000
	<u>\$ 19,635,995</u>	<u>\$ 24,230,851</u>	<u>\$ 21,612,969</u>	<u>\$ 29,371,758</u>

Ashoka utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles established a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

The summary of inputs used to value Ashoka's investments as of August 31, 2015 and 2014 are as follows:

	2015			
	Total	Level 1	Level 2	Level 3
Investments				
Cash and Money Market Funds	\$ 1,299,510	\$ 1,299,510	\$	\$
Certificates of deposit	1,886,201	1,886,201		
Corporate Bonds	1,765,323	1,765,323		
Mutual Funds	12,657,305	5,910,454	6,746,851	
Equities	6,622,512	6,622,512		
	<u>\$ 24,230,851</u>	<u>\$ 17,484,000</u>	<u>\$ 6,746,851</u>	<u>\$ -</u>

	2014			
	Total	Level 1	Level 2	Level 3
Investments				
Cash and Money Market Funds	\$ 2,309,828	\$ 2,309,828	\$	\$
Certificates of deposit	6,169,991	6,169,991		
Corporate Bonds	-	-		
Mutual Funds	12,189,941	6,418,361	5,771,580	
Equities	8,401,998	8,401,998		
Partnerships	300,000	-		300,000
	<u>\$ 29,371,758</u>	<u>\$ 23,300,178</u>	<u>\$ 5,771,580</u>	<u>\$ 300,000</u>

There were no transfers between Level 1 and 2 for the years ended August 31, 2015 and 2014. The partnership that was reported in 2014 was fully liquidated in 2015.

NOTE 4. Restrictions on Assets:

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

	2015	2014
Leading social entrepreneurs	\$ 19,066,403	\$ 21,465,671
Idea spread and education	361,091	476,500
New architecture	6,394,080	8,888,794
Group entrepreneurship	14,895,118	18,066,448
Fund raising	2,390,725	4,073,807
Unspecified purposes for periods after Aug. 31,	2,116,558	1,932,584
	<u>\$ 45,223,975</u>	<u>\$ 54,903,804</u>

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 5. Net Assets Released from Restrictions:

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

	<u>2015</u>	<u>2014</u>
Leading social entrepreneurs	\$ 7,834,954	\$ 15,084,067
Idea spread and education	340,801	162,914
New architecture	4,547,498	4,906,360
Group entrepreneurship	7,257,490	5,464,548
Fund raising	1,475,640	3,246,601
Unspecified purposes	533,479	852,391
Total restrictions released	<u>\$ 21,989,862</u>	<u>\$ 29,716,881</u>

NOTE 6. Endowment fund:

Ashoka's endowment consists of individual endowments established over many years for a variety of purposes. The endowment includes permanent endowments, as well as unrestricted funds designated by the board of trustees to function as endowments. As required by GAAP, net assets associated with endowment funds including unrestricted funds designated by the board of trustees to function as endowments, are classified and reported based upon the existence or absence of donor imposed restrictions.

Ashoka employs the market value method of accounting for each individual endowment. Net investment income and distributions are allocated across each endowment proportionately with the exception of endowment accounts with their own investment accounts.

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>2015</u>	<u>2014</u>
Permanently restricted	\$ 22,860,476	\$ 21,637,514
Unrestricted designated	1,506,115	3,401,977
	<u>\$ 24,366,591</u>	<u>\$ 25,039,491</u>

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 7. 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, 2015. The resulting discount amounted to \$1,718,818 and \$2,171,611 at August 31, 2015 and 2014 respectively. Maturities of unconditional promises to give are as follows:

	2015		2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Current	\$ 1,174,691	\$ 10,738,562	\$ 2,421,374	\$ 13,925,027
1 to 5 years	658,876	19,758,307	1,111,070	25,484,163
Less allowance	(753,102)	(917,836)	(1,556,935)	(1,407,300)
	\$ 1,080,465	\$ 29,579,033	\$ 1,975,509	\$ 38,001,890

NOTE 8. Fixed Assets:

Fixed assets as of August 31, 2015 and 2014 are comprised of the following:

	2015	2014
Furniture	\$ 58,526	\$ 56,172
Office equipment	856,940	881,197
Leasehold improvements	169,708	169,708
Software	582,729	718,108
	1,667,903	1,825,185
Less accumulated depreciation	(901,818)	(1,130,515)
	\$ 766,085	\$ 694,670

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 9. Fellowship Obligations:

In 2015 and 2014 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 124 and 127 in 2015 and 2014 respectively. At August 31, fellowship obligations were as follows:

	<u>2015</u>	<u>2014</u>
Prior year elected Fellows	\$ 6,330,536	\$ 5,174,802
New Fellows and extensions		
Global	201,758	415,656
Asia	811,403	1,017,820
Africa	775,931	2,208,615
South America	789,596	877,382
Central America	252,562	68,635
North America	834,145	1,308,344
Europe	1,384,815	1,786,934
	<u>\$ 11,380,746</u>	<u>\$ 12,858,188</u>

NOTE 10. 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 the lease for copiers went into effect December 15, 2012 with a term of five years. The minimum future lease payments under the terms of these operating leases are as follows:

Year ending:	<u>2015</u>	<u>2014</u>
Aug 31, 2015	\$ -	\$ 925,435
2016	952,782	952,782
2017	971,701	971,701
2018	996,089	996,089
2019	1,025,972	1,025,972
Thereafter	3,076,231	3,076,231
	<u>7,022,775</u>	<u>7,948,210</u>

Rental expense for the years ended August 31, 2015 and 2014 was \$964,093 and \$970,726 respectively.

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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, (including 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 2015 and 2014 respectively Ashoka:

Spent (not including payments to Fellows committed to and funded in prior years) and committed (to new Fellows) \$41,591,860 and \$48,446,661.

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) \$38,788,526 and \$52,035,432.

NOTE 12. Contributed Services:

Ashoka recognized contribution support for the years ending August 31, 2015 and 2014 for contributed services which benefited their entire program and supporting services. The amounts recognized and the program and supporting services benefited were as follows:

	2015	2014
Leading social entrepreneurs	\$ 1,507,268	\$ 2,565,814
Idea spread and education	60,866	65,691
New architecture	831,102	1,088,410
Group entrepreneurship	1,201,110	2,043,200
Management and general	1,032,538	1,989,019
Fundraising	298,213	239,442
	\$ 4,931,098	\$ 7,991,576

NOTE 13. Subsequent Events:

Subsequent events after the balance sheet through the date that the financial statements were available for issuance, June 24, 2016 have been evaluated in the preparation of the financial statements and management has determined that there are no subsequent events that would require disclosure or adjustment in the financial statements.

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 14. Endowment Funds:

Ashoka is building an endowment and now has 39 specific endowments that together totaled \$24,366,591 on August 31, 2015. 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:

ASHOKA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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.

The Richard H Ullman Endowment – The Richard H Ullman fund was established in fiscal year 2014 by family and friends with an initial contribution of \$7,200. All gifts to this endowment will be matched by Ashoka. Unrestricted

The Abdul Waheed Memorial Endowment – The Abdul Waheed Memorial fund was established in fiscal year 2014 with an initial contribution of \$5,250 to honor Abdul Waheed, elected as a fellow in 2004, for his legacy in educating young disadvantaged children in Pakistan to become leaders. Contributions from Pakistanis and all other contributions to this fund will be matched by Ashoka. Unrestricted.