

**ASIAN UNIVERSITY FOR WOMEN (AUW)
SUPPORT FOUNDATION**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2017 AND 2016

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Asian University for Women (AUW) Support Foundation

We have audited the accompanying financial statements of Asian University for Women (AUW) Support Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian University for Women (AUW) Support Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lotz + Carr, LLP

New York, New York
October 16, 2017

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents (Notes 1b and 9a)	\$ 1,620,807	\$ 1,365,662
Unconditional promises to give - temporarily restricted (Notes 1c, 3 and 9c)	9,134,920	5,755,281
Prepaid expenses and other current assets	38,495	65,447
Investments (Notes 1d and 4)	4,328,228	4,473,104
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 5)	<u>20,895</u>	<u>59,302</u>
Total Assets	<u><u>\$15,143,345</u></u>	<u><u>\$11,718,796</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 175,063</u>	<u>\$ 204,667</u>
Commitments (Note 7)		
Net Assets		
Unrestricted	154,329	259,280
Temporarily restricted (Note 2)	<u>14,813,953</u>	<u>11,254,849</u>
Total Net Assets	<u><u>14,968,282</u></u>	<u><u>11,514,129</u></u>
Total Liabilities and Net Assets	<u><u>\$15,143,345</u></u>	<u><u>\$11,718,796</u></u>

See notes to financial statements.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Unrestricted contributions (Note 9b)	\$ 1,228,859	\$ 1,195,767
Donated services (Note 6)	198,675	395,046
Interest and dividend income	1,447	956
Miscellaneous income	3,768	4,981
Net assets - contributions released from restrictions		
Satisfaction of program and other restrictions	<u>3,560,600</u>	<u>3,735,240</u>
Total Revenue and Support	<u>4,993,349</u>	<u>5,331,990</u>
Expenses		
Program Services		
University	2,569,914	3,118,326
Access Academy	679,437	862,052
Pre-Access Academy	490,401	246,300
Total Program Services	<u>3,739,752</u>	<u>4,226,678</u>
Supporting Services		
Management and general	441,570	514,092
Fundraising	916,978	880,618
Total Supporting Services	<u>1,358,548</u>	<u>1,394,710</u>
Total Expenses	<u>5,098,300</u>	<u>5,621,388</u>
Decrease in Unrestricted Net Assets	<u>(104,951)</u>	<u>(289,398)</u>
Changes in Temporarily Restricted Net Assets		
Contributions (Note 9b)	7,404,846	5,279,293
Unfulfilled pledges and foreign exchange variances	(316,129)	(938,471)
Interest and dividend income	30,987	10,779
Net assets released from restrictions	<u>(3,560,600)</u>	<u>(3,735,240)</u>
Increase in Temporarily Restricted Net Assets	<u>3,559,104</u>	<u>616,361</u>
Increase in net assets	3,454,153	326,963
Net assets, beginning of year	<u>11,514,129</u>	<u>11,187,166</u>
Net Assets, End of Year	<u><u>\$14,968,282</u></u>	<u><u>\$11,514,129</u></u>

See notes to financial statements.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 3,454,153	\$ 326,963
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	15,005	7,559
Unfulfilled pledges and foreign exchange variances	316,129	938,471
(Increase) decrease in:		
Unconditional promises to give	(3,695,768)	(426,201)
Prepaid expenses and other current assets	26,952	22,648
Security deposit	-	11,284
Decrease in accounts payable and accrued expenses	(29,604)	(44,390)
Net Cash Provided By Operating Activities	<u>86,867</u>	<u>836,334</u>
Cash Flows From Investing Activities		
Purchase of investments	(2,875,262)	(4,631,482)
Sale of investments	3,020,138	4,605,910
Fixed assets not funded by AUW	30,537	-
Purchase of property and equipment	(7,135)	(54,701)
Net Cash Provided (Used) By Investing Activities	<u>168,278</u>	<u>(80,273)</u>
Net increase in cash and cash equivalents	255,145	756,061
Cash and cash equivalents, beginning of year	<u>1,365,662</u>	<u>609,601</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,620,807</u>	<u>\$ 1,365,662</u>

See notes to financial statements.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

Asian University for Women (AUW) Support Foundation (the "Organization") is a 501(c)(3) United States nonprofit located in Cambridge, Massachusetts. Incorporated in 2001, the Organization is the principal agency responsible for mobilization of resources for the Asian University for Women (the "University"). The University is a liberal arts university located in Chittagong, Bangladesh, which educates talented women from across Asia and the Middle East to be the region's next generation of women leaders. As the majority of its students are on full scholarship, the University requires significant philanthropic support, which the Organization provides. More information on the Organization can be found here: <http://asian-university.org/>.

b - Cash and Cash Equivalents

The Organization considers all short-term highly liquid investments, such as money market funds and highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for cash and short-term investments managed by the Organization as part of their long-term investment strategies.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Amounts received that are designated for future periods and all other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

d - Investments

The Organization reflects investments at fair value in the statement of financial position. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same fiscal year in which the gains and other investment income are recognized.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments (continued)**

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). The Organization is required to use a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three levels.

Unadjusted quoted prices in active markets for identical assets and liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3 inputs.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors.

Investments in money market mutual funds are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

e - Property and Equipment

Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the useful life of the assets. Property and equipment purchased for the benefit of Asia University for Women have been expensed.

f - Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of assets: unrestricted, temporarily restricted and permanently restricted net assets.

g - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

h - Tax Status

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an Organization which is not a private foundation.

i - Advertising

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the years ending June 30, 2017 and 2016 was \$6,886 and \$10,762, respectively.

j - Prior Year Information

For comparability, certain 2016 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2017.

k - Subsequent Events

The Organization has evaluated subsequent events through October 16, 2017, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Net Assets

Temporarily restricted net assets are restricted for future programs and periods.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2017</u>	<u>2016</u>
Due in less than one year	\$3,533,908	\$3,002,120
Due in one to five years	<u>6,131,261</u>	<u>2,974,974</u>
	9,665,169	5,977,094
Less: Discount to present value	<u>(530,249)</u>	<u>(221,813)</u>
	<u>\$9,134,920</u>	<u>\$5,755,281</u>

Unconditional promises to give which are due after one year are discounted to net present value using a discount rate of 3% per annum. Uncollectible promises are expected to be insignificant.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Note 4 - Investments

Investments, all of which are Level 1 within the fair value hierarchy used to measure their respective fair values, consist of the following money market funds:

	<u>2017</u>	<u>2016</u>
Money Market Funds Held At:		
Common Fund Group	\$1,952,694	\$1,641,926
Vanguard Group	2,369,289	2,824,417
Fidelity Investments	<u>6,245</u>	<u>6,761</u>
	<u>\$4,328,228</u>	<u>\$4,473,104</u>

Market value equaled cost at both June 30, 2017 and 2016.

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2017</u>	<u>2016</u>
Computer equipment and software	3-5 years	\$20,923	\$180,300
Furniture	7 years	30,418	95,617
Automobile	5 years	<u>-</u>	<u>69,767</u>
		51,341	345,684
Less: Accumulated depreciation		<u>(30,446)</u>	<u>(286,382)</u>
Total		<u>\$20,895</u>	<u>\$ 59,302</u>

Depreciation expense for years ended June 30, 2017 and 2016 was \$15,005 and \$7,559, respectively.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Note 6 - Donated Services

Donated services consist of the following:

	<u>2017</u>	<u>2016</u>
Legal	\$ 64,724	\$123,824
Google advertising services	120,501	120,947
Marketing	13,450	-
Outreach public relations	-	148,612
Audit	-	<u>1,663</u>
Total	<u>\$198,675</u>	<u>\$395,046</u>

Donated legal fees in 2016 related to the Organization expanding its support services group in Hong Kong.

Note 7 - Commitments

a - The Organization occupies a domestic office. The Organization also funds lease obligations for the facilities operated by the Asian University for Women in Bangladesh (the "University"). The leases, including the Bangladesh lease obligations funded by the Organization, provide for minimum annual rentals as follows:

<u>Year Ending June 30,</u>	<u>Domestic</u>	<u>Bangladesh</u>	<u>Total</u>
2018	\$133,000	\$355,000	\$488,000
2019	133,000	213,000	346,000
2020	133,000	115,000	248,000

Rent expense for the years ended June 30, 2017 and 2016 was \$639,787 and \$836,394, respectively.

b - The Organization has a voluntary salary reduction tax deferred 401(k) plan for the benefit of all qualifying employees. The Organization contributes a fixed percentage, as defined in the various agreements, of salaries for all participants. Amounts contributed for the years ended June 30, 2017 and 2016 totaled \$139,606 and \$159,083, respectively.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

Note 8 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management. Program service expenses do not include such expenditures funded directly by the University from tuition income and local fundraising, of approximately \$906,000 and \$391,000 during the years ended June 30, 2017 and 2016, respectively.

Note 9 - Concentrations

- a - The Organization maintains its cash and certain of its investment balances in financial institutions located in Massachusetts and Bangladesh. The balances, at times, may exceed federally insured limits.
- b - During the year ended June 30, 2017, the Organization received 81% of its contributions from one individual, one foundation and two corporations. During the year ended June 30, 2016, the Organization received 66% of its contributions from one individual, one corporation and two foundations.
- c - As of June 30, 2017, 78% of unconditional promises to give were due from two foundations, two corporations and one individual. As of June 30, 2016, 35% of unconditional promises to give were due from one foundation and one corporation.
- d - Total contributions for the years ended June 30, 2017 and 2016 are comprised of:

	2017	2016
Unrestricted contributions	\$1,228,859	\$1,195,767
Donated services	198,675	395,046
Temporarily restricted contributions	7,404,846	5,279,293
Unfulfilled pledges and foreign exchange variances	(316,129)	(938,471)
Total	\$8,516,251	\$5,931,635

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Asian University for Women (AUW) Support Foundation

We have audited the financial statements of Asian University for Women (AUW) Support Foundation as of and for the years ended June 30, 2017 and 2016, and our report thereon dated October 16, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended June 30, 2017 with comparative totals for 2016 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lutz + Carr, LLP

New York, New York
October 16, 2017

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	Program Services			Supporting Services			2017	2016	
	University	Access Academy	Pre-Access Academy	Total	Management and General	Fundraising	Total	Total Expenses	
Salaries, payroll taxes and employee benefits	\$1,550,152	\$ 398,611	\$ 265,740	\$2,214,503	\$ 182,692	\$ 541,775	\$ 724,467	\$2,938,970	\$2,914,659
Local and temporary staff/consulting fees	25,123	7,851	6,281	39,255	1,701	146,796	148,497	187,752	114,587
Advertising and promotion	3,020	944	755	4,719	90	25,716	25,806	30,525	10,762
Donated Google advertising services	120,501	-	-	120,501	-	-	-	120,501	120,947
Professional fees	29,830	9,129	7,303	46,262	106,328	36,513	142,841	189,103	458,471
Student services and supplies	187,890	58,716	46,973	293,579	2,098	56	2,154	295,733	235,906
Office occupancy	134,890	42,153	33,722	210,765	68,211	66,742	134,953	345,718	481,547
School and student dormitory occupancy	324,265	101,333	81,066	506,664	-	-	-	506,664	683,865
Conferences, travel and meetings	150,280	46,961	37,569	234,810	38,971	67,879	106,850	341,660	452,643
Office supplies and expenses	7,514	2,348	1,879	11,741	6,559	766	7,325	19,066	39,062
Printing	6,312	1,972	1,578	9,862	319	8,884	9,203	19,065	4,915
Postage	-	-	-	-	6,561	3,110	9,671	9,671	13,483
Dues and subscription	1,078	337	270	1,685	2,081	7,089	9,170	10,855	27,881
Insurance	-	-	-	-	6,697	-	6,697	6,697	6,737
Telephone	16,581	5,182	4,145	25,908	14,976	431	15,407	41,315	32,863
Bank charges	2,875	899	719	4,493	1,114	9,666	10,780	15,273	12,315
Miscellaneous	-	-	-	-	3,172	1,555	4,727	4,727	3,186
Total expenses before depreciation	2,560,311	676,436	488,000	3,724,747	441,570	916,978	1,358,548	5,083,295	5,613,829
Depreciation	9,603	3,001	2,401	15,005	-	-	-	15,005	7,559
Total Expenses, 2017	<u>\$2,569,914</u>	<u>\$ 679,437</u>	<u>\$ 490,401</u>	<u>\$3,739,752</u>	<u>\$ 441,570</u>	<u>\$ 916,978</u>	<u>\$1,358,548</u>	<u>\$5,098,300</u>	
Total Expenses, 2016	<u>\$3,118,326</u>	<u>\$ 862,052</u>	<u>\$ 246,300</u>	<u>\$4,226,678</u>	<u>\$ 514,092</u>	<u>\$ 880,618</u>	<u>\$1,394,710</u>		<u>\$5,621,388</u>

See Note 8 - **Functional Allocation of Expenses** -
For expenses funded directly by the University

See independent auditors' report on supplementary information.