

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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
September 20, 2018

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents (Notes 1b and 9a)	\$ 3,022,458	\$ 1,620,807
Unconditional promises to give (Notes 1c, 3 and 9c)	9,156,455	9,134,920
Prepaid expenses and other current assets	44,610	38,495
Investments (Notes 1d and 4)	3,678,409	4,328,228
Property and equipment, at cost (net of accumulated depreciation) (Notes 1e and 5)	<u>17,654</u>	<u>20,895</u>
Total Assets	<u><u>\$15,919,586</u></u>	<u><u>\$15,143,345</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 136,216</u>	<u>\$ 175,063</u>
Commitments (Note 7)		
Net Assets		
Unrestricted	272,207	154,329
Temporarily restricted (Note 2)	<u>15,511,163</u>	<u>14,813,953</u>
Total Net Assets	<u>15,783,370</u>	<u>14,968,282</u>
Total Liabilities and Net Assets	<u><u>\$15,919,586</u></u>	<u><u>\$15,143,345</u></u>

See notes to financial statements.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions (Note 9b)	\$ 1,341,092	\$ 1,228,859
Donated services (Note 6)	133,715	198,675
Interest and dividend income	4,260	1,447
Miscellaneous income	9,353	3,768
Net assets - contributions released from restrictions		
Satisfaction of program and other restrictions	<u>3,956,522</u>	<u>3,560,600</u>
Total Revenue and Support	<u>5,444,942</u>	<u>4,993,349</u>
Expenses		
Program Services		
University	2,583,450	2,569,914
Access Academy	947,478	679,437
Pre-Access Academy	<u>504,052</u>	<u>490,401</u>
Total Program Services	<u>4,034,980</u>	<u>3,739,752</u>
Supporting Services		
Management and general	369,429	441,570
Fundraising	<u>922,655</u>	<u>916,978</u>
Total Supporting Services	<u>1,292,084</u>	<u>1,358,548</u>
Total Expenses	<u>5,327,064</u>	<u>5,098,300</u>
Increase (Decrease) in Unrestricted Net Assets	<u>117,878</u>	<u>(104,951)</u>
Changes in Temporarily Restricted Net Assets		
Contributions (Note 9b)	4,822,684	7,404,846
Foreign exchange write-offs	(120,654)	(278,129)
Unfulfilled pledge write-offs	(120,000)	(38,000)
Interest and dividend income	71,702	30,987
Net assets released from restrictions	<u>(3,956,522)</u>	<u>(3,560,600)</u>
Increase in Temporarily Restricted Net Assets	<u>697,210</u>	<u>3,559,104</u>
Increase in net assets	815,088	3,454,153
Net assets, beginning of year	<u>14,968,282</u>	<u>11,514,129</u>
Net Assets, End of Year	<u><u>\$15,783,370</u></u>	<u><u>\$14,968,282</u></u>

See notes to financial statements.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities		
Increase in net assets	\$ 815,088	\$ 3,454,153
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	9,349	15,005
Unfulfilled pledges and foreign exchange variances	240,654	316,129
(Increase) decrease in:		
Unconditional promises to give	(262,189)	(3,695,768)
Prepaid expenses and other current assets	(6,115)	26,952
Decrease in accounts payable and accrued expenses	(38,847)	(29,604)
Net Cash Provided By Operating Activities	757,940	86,867
 Cash Flows From Investing Activities		
Purchase of investments	(3,398,054)	(2,875,262)
Sale of investments	4,047,873	3,020,138
Fixed assets not funded by AUW	-	30,537
Purchase of property and equipment	(6,108)	(7,135)
Net Cash Provided By Investing Activities	643,711	168,278
 Net increase in cash and cash equivalents	1,401,651	255,145
Cash and cash equivalents, beginning of year	1,620,807	1,365,662
 Cash and Cash Equivalents, End of Year	\$ 3,022,458	\$ 1,620,807

See notes to financial statements.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****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 and Fair Value Measurements

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, 2018 AND 2017****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****d - Investments and Fair Value Measurements (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, 2018 AND 2017****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, 2018 and 2017 was \$10,723 and \$10,762, respectively.

j - Subsequent Events

The Organization has evaluated subsequent events through September 20, 2018, the date that the financial statements are considered available to be issued.

k - Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two net asset classes now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose the methods used to allocate costs; and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization is currently evaluating the impact of ASU 2016-14 on its financial statements.

Note 2 - Restrictions on Net Assets

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

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$2,899,025	\$3,533,908
Due in one to five years	<u>6,820,261</u>	<u>6,131,261</u>
	9,719,286	9,665,169
Less: Discount to present value	<u>(562,831)</u>	<u>(530,249)</u>
	<u>\$9,156,455</u>	<u>\$9,134,920</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.

Substantially all unconditional promises to give are temporarily restricted, except for \$22,000 at June 30, 2018, which is unrestricted.

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>2018</u>	<u>2017</u>
Money Market Funds Held At:		
Common Fund Group	\$1,305,421	\$1,952,694
Vanguard Group	2,365,965	2,369,289
Fidelity Investments	<u>7,023</u>	<u>6,245</u>
	<u>\$3,678,409</u>	<u>\$4,328,228</u>

Market value is equal to cost at June 30, 2018 and 2017.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2018</u>	<u>2017</u>
Computer equipment and software	3-5 years	\$20,923	\$20,923
Furniture	7 years	<u>30,418</u>	<u>24,310</u>
		51,341	45,233
Less: Accumulated depreciation		<u>(33,687)</u>	<u>(24,338)</u>
Total		<u>\$17,654</u>	<u>\$20,895</u>

Depreciation expense for years ended June 30, 2018 and 2017 was \$9,349 and \$15,005, respectively.

Note 6 - Donated Services

Donated services consist of the following:

	<u>2018</u>	<u>2017</u>
Google advertising services	\$ 96,309	\$120,501
Marketing	12,150	13,450
Accounting	1,000	-
Legal	<u>24,256</u>	<u>64,724</u>
Total	<u>\$133,715</u>	<u>\$198,675</u>

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>
2019	\$133,000	\$498,000	\$631,000
2020	133,000	396,000	529,000
2021	-	285,000	285,000
2022	-	285,000	285,000
2023	-	122,000	122,000

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2018 AND 2017****Note 7 - Commitments (continued)**

a - (continued)

Rent expense for the years ended June 30, 2018 and 2017 was \$716,964 and \$639,787, 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, 2018 and 2017 totaled \$110,826 and \$139,606, respectively.

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 \$825,000 and \$906,000 during the years ended June 30, 2018 and 2017, respectively. In addition, the University received additional funding of approximately \$265,000 and \$152,000 during the years ended June 30, 2018 and 2017, 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 in Massachusetts, at times, may exceed federally insured limits.

b - During the year ended June 30, 2018, the Organization received 73% of its contributions from two foundations, one government and one corporation. During the year ended June 30, 2017, the Organization received 81% of its contributions from one individual, one corporation and two foundations.

c - As of June 30, 2018, 79% of unconditional promises to give were due from three foundations, two corporations and one individual. As of June 30, 2017, 78% of unconditional promises to give were due from two foundations, two corporations and one individual.

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

Note 9 - Concentrations (continued)

d - Total contributions for the years ended June 30, 2018 and 2017 are comprised of:

	<u>2018</u>	<u>2017</u>
Unrestricted contributions	\$1,341,092	\$1,228,859
Donated services	133,715	198,675
Temporarily restricted contributions	4,822,684	7,404,846
Unfulfilled pledges	(120,000)	(38,000)
Foreign exchange variances	<u>(120,654)</u>	<u>(278,129)</u>
Total	<u>\$6,056,837</u>	<u>\$8,516,251</u>

SUPPLEMENTARY INFORMATION



LUTZ AND CARR

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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, 2018 and 2017, and our report thereon dated September 20, 2018, 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, 2018 with comparative totals for 2017 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
September 20, 2018

ASIAN UNIVERSITY FOR WOMEN (AUW) SUPPORT FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017

	Program Services			Supporting Services			2018	2017	
	University	Access Academy	Pre-Access Academy	Total	Management and General	Fundraising	Total Expenses	Total Expenses	
Salaries, payroll taxes and employee benefits	\$1,399,385	\$405,619	\$ 223,090	\$2,028,094	\$ 147,353	\$ 589,608	\$ 736,961	\$2,765,055	\$2,938,970
Local and temporary staff/consulting fees	36,091	16,516	8,564	61,171	496	104,857	105,353	166,524	187,752
Advertising and promotion	5,796	2,652	1,375	9,823	-	13,050	13,050	22,873	30,525
Donated Google advertising services	56,823	26,003	13,483	96,309	-	-	-	96,309	120,501
Professional fees	47,581	21,774	11,290	80,645	91,301	10,406	101,707	182,352	189,103
Student services and supplies	241,856	110,680	57,390	409,926	-	-	-	409,926	295,733
Office occupancy	175,700	80,405	41,691	297,796	66,771	66,771	133,542	431,338	345,718
School and student dormitory occupancy	402,074	184,000	95,407	681,481	-	-	-	681,481	506,664
Conferences, travel and meetings	160,110	73,272	37,993	271,375	20,251	116,188	136,439	407,814	341,660
Office supplies and expenses	23,027	10,538	5,464	39,029	14,300	126	14,426	53,455	19,066
Printing	7,490	3,428	1,777	12,695	-	3,698	3,698	16,393	19,065
Postage	65	29	15	109	2,204	3,265	5,469	5,578	9,671
Dues and subscription	3,629	1,661	861	6,151	3,739	164	3,903	10,054	10,855
Insurance	-	-	-	-	6,467	-	6,467	6,467	6,697
Telephone	11,343	5,190	2,691	19,224	12,550	659	13,209	32,433	41,315
Bank charges	6,964	3,187	1,652	11,803	1,023	13,302	14,325	26,128	15,273
Miscellaneous	-	-	-	-	2,974	561	3,535	3,535	4,727
Total expenses before depreciation	2,577,934	944,954	502,743	4,025,631	369,429	922,655	1,292,084	5,317,715	5,083,295
Depreciation	5,516	2,524	1,309	9,349	-	-	-	9,349	15,005
Total Expenses, 2018	<u>\$2,583,450</u>	<u>\$947,478</u>	<u>\$ 504,052</u>	<u>\$4,034,980</u>	<u>\$ 369,429</u>	<u>\$ 922,655</u>	<u>\$1,292,084</u>	<u>\$5,327,064</u>	
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>

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

See independent auditors' report on supplementary information.