

**ASHOKA  
FINANCIAL STATEMENTS  
AUGUST 31, 2014  
AND  
INDEPENDENT AUDITOR'S REPORT  
APRIL 30, 2015**

**ASHOKA**

*Audited Financial Statements  
For the Year Ended  
August 31, 2014*

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**Independent Auditor's Report**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Ashoka  
Arlington, VA

We have audited the accompanying financial statements of Ashoka which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of activities, 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 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 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 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 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 Ashoka as of August 31, 2014 and 2013, 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*

Reston, VA  
April 30, 2015

**ASHOKA**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31,**

| Assets:  | <u>2014</u>                 | <u>2013</u>                 |
|--|-----------------------------|-----------------------------|
| Cash and cash equivalents  | \$ 15,761,112               | \$ 14,212,554               |
| Unrestricted/Temporarily restricted investments (Note 5)                               | 7,734,244                   | 5,545,293                   |
| Unconditional promises to give (Note 4)  |                             |                             |
| Unrestricted   | 1,975,509                   | 2,382,103                   |
| Restricted   | 38,001,890                  | 26,952,962                  |
| Other receivables  | 204,187                     | 55,958                      |
| Prepaid expenses   | 287,792                     | 215,728                     |
| Security deposits  | 81,897                      | 81,897                      |
| Permanently restricted investments (Note 5)  | 21,637,514                  | 21,230,111                  |
| Fixed assets, net of accumulated<br>depreciation of \$1,130,515 and \$995,770 (Note 6) | <u>694,670</u>              | <u>571,053</u>              |
| <b>Total assets</b>  | <b><u>\$ 86,378,815</u></b> | <b><u>\$ 71,247,659</u></b> |
| <br>   |                             |                             |
| <b>Liabilities and net assets:</b>   |                             |                             |
| Accounts payable   | \$ 104,900                  | \$ -                        |
| Accrued expenses   | 1,835,734                   | 808,895                     |
| Line of credit (Note 7)  | -                           | -                           |
| Fellowship obligations (Note 8)  | <u>12,858,188</u>           | <u>12,927,355</u>           |
| <b>Total liabilities</b>   | <b><u>14,798,822</u></b>    | <b><u>13,736,250</u></b>    |
| <br>   |                             |                             |
| <b>Net assets:</b>   |                             |                             |
| <b>Unrestricted:</b>   |                             |                             |
| Designated for endowment purposes (Note 1c)  | 3,401,977                   | 1,097,549                   |
| Undesignated   | <u>(7,763,302)</u>          | <u>(8,705,794)</u>          |
| <b>Total unrestricted</b>  | <b>(4,361,325)</b>          | <b>(7,608,245)</b>          |
| Temporarily restricted (Note 2)  | 54,303,804                  | 43,889,543                  |
| Permanently restricted (Note 1c)   | <u>21,637,514</u>           | <u>21,230,111</u>           |
| <b>Total net assets</b>  | <b><u>71,579,993</u></b>    | <b><u>57,511,409</u></b>    |
| <br>   |                             |                             |
| <b>Total liabilities and net assets</b>  | <b><u>\$ 86,378,815</u></b> | <b><u>\$ 71,247,659</u></b> |

(See accompanying notes and independent auditor's report)

**ASHOKA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2014**

|  | <u>Unrestricted</u>   | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>         |
|--|-----------------------|-----------------------------------|-----------------------------------|----------------------|
| <b>Support and Revenues:</b>                                 |                       |                                   |                                   |                      |
| 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               |
| <b>Net assets released from restrictions:</b>                |                       |                                   |                                   |                      |
| Satisfaction of program restrictions                         | 29,716,881            | (29,716,881)                      |                                   | -                    |
| Endowment income to unrestricted (Note 1c)                   | 3,204,428             |                                   | (3,204,428)                       | -                    |
| Allowances for losses on promises to give                    |                       | 137,268                           |                                   | 137,268              |
| <b>Total support and revenue</b>                             | <u>52,035,432</u>     | <u>10,414,261</u>                 | <u>407,403</u>                    | <u>62,857,096</u>    |
| <b>Expenses:</b>   |                       |                                   |                                   |                      |
| <b>Program services:</b>                                     |                       |                                   |                                   |                      |
| 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           |
| <b>Total program services</b>                                | <u>39,467,334</u>     | <u>-</u>                          | <u>-</u>                          | <u>39,467,334</u>    |
| <b>Supporting services:</b>                                  |                       |                                   |                                   |                      |
| Management and general                                       | 5,868,754             |                                   |                                   | 5,868,754            |
| Fund raising   | 3,110,573             |                                   |                                   | 3,110,573            |
| <b>Total supporting services</b>                             | <u>8,979,327</u>      | <u>-</u>                          | <u>-</u>                          | <u>8,979,327</u>     |
| <b>Total expenses</b>  | <u>48,446,661</u>     | <u>-</u>                          | <u>-</u>                          | <u>48,446,661</u>    |
| <b>Increase (decrease) in net assets from operations</b>     | <u>3,588,771</u>      | <u>10,414,261</u>                 | <u>407,403</u>                    | <u>14,410,435</u>    |
| <b>Current foreign exchange gains (losses) (Note 13)</b>     | <u>40,815</u>         |                                   |                                   | <u>40,815</u>        |
| <b>Cummulative foreign exchange gains (losses) (Note 13)</b> | <u>(382,666)</u>      |                                   |                                   | <u>(382,666)</u>     |
| <b>Increase (decrease) in net assets</b>                     | 3,246,920             | 10,414,261                        | 407,403                           | 14,068,584           |
| <b>Net assets, beginning of year</b>                         | (7,608,245)           | 43,889,543                        | 21,230,111                        | 57,511,409           |
| <b>Net assets, end of year</b>                               | <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**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2013**

|   | <u>Unrestricted</u>   | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>         |
|---|-----------------------|-----------------------------------|-----------------------------------|----------------------|
| <b>Support and Revenues:</b>                      |                       |                                   |                                   |                      |
| Contributions                                     | \$ 8,409,457          | 25,556,449                        | 57,200                            | \$ 34,023,106        |
| Contributed services                              | 5,724,347             |                                   |                                   | 5,724,347            |
| Received from federated campaigns                 | 20,318                |                                   |                                   | 20,318               |
| Income from investments                           | 94,281                | 3,504                             | 496,589                           | 594,374              |
| Realized gains (losses) on investments            | 2,529                 |                                   | 414,839                           | 417,368              |
| Unrealized gains (losses) on investments          | (4,842)               | 5,411                             | 1,248,713                         | 1,249,282            |
| Miscellaneous income                              | 38,287                |                                   |                                   | 38,287               |
| Net assets released from restrictions:            |                       |                                   |                                   |                      |
| Satisfaction of program restrictions              | 27,032,003            | (27,032,003)                      |                                   | -                    |
| Endowment income to unrestricted (Note 1c)        | 972,946               |                                   | (972,946)                         | -                    |
| Allowances for losses on promises to give         |                       | (442,114)                         |                                   | (442,114)            |
| <b>Total support and revenue</b>                  | <u>42,289,326</u>     | <u>(1,908,753)</u>                | <u>1,244,395</u>                  | <u>41,624,968</u>    |
| <b>Expenses:</b>                                  |                       |                                   |                                   |                      |
| Program services:                                 |                       |                                   |                                   |                      |
| Leading social entrepreneurs                      | 14,531,695            |                                   |                                   | 14,531,695           |
| Idea spread and education                         | 1,638,543             |                                   |                                   | 1,638,543            |
| New architecture                                  | 9,539,329             |                                   |                                   | 9,539,329            |
| Group entrepreneurship                            | 11,478,816            |                                   |                                   | 11,478,816           |
| Total program services                            | <u>37,188,383</u>     | <u>-</u>                          | <u>-</u>                          | <u>37,188,383</u>    |
| Supporting services:                              |                       |                                   |                                   |                      |
| Management and general                            | 3,338,844             |                                   |                                   | 3,338,844            |
| Fund raising                                      | 4,006,621             |                                   |                                   | 4,006,621            |
| Total supporting services                         | <u>7,345,465</u>      | <u>-</u>                          | <u>-</u>                          | <u>7,345,465</u>     |
| Total expenses                                    | <u>44,533,848</u>     | <u>-</u>                          | <u>-</u>                          | <u>44,533,848</u>    |
| Increase (decrease) in net assets from operations | <u>(2,244,522)</u>    | <u>(1,908,753)</u>                | <u>1,244,395</u>                  | <u>(2,908,880)</u>   |
| Foreign exchange gains (losses) (Note 13)         | 34,202                |                                   |                                   | 34,202               |
| <br>  |                       |                                   |                                   |                      |
| Increase (decrease) in net assets                 | (2,210,320)           | (1,908,753)                       | 1,244,395                         | (2,874,678)          |
| Net assets, beginning of year                     | (5,397,925)           | 45,798,296                        | 19,985,716                        | 60,386,087           |
| <b>Net assets, end of year</b>                    | <u>\$ (7,608,245)</u> | <u>\$ 43,889,543</u>              | <u>\$ 21,230,111</u>              | <u>\$ 57,511,409</u> |

(See accompanying notes and independent auditor's report)

**ASHOKA**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31,**

|   | <b>2014</b>   | <b>2013</b>    |
|---|---------------|----------------|
| Cash flows from operating activities:   |               |                |
| Change in net assets  | \$ 14,068,584 | \$ (2,874,678) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |               |                |
| Depreciation  | 134,814       | 104,895        |
| Provision for losses on receivables   | 223,827       | 203,263        |
| (Increase) decrease in operating assets:  |               |                |
| Unrestricted unconditional promises to give   | 406,594       | (193,862)      |
| Other receivables   | (148,229)     | 29,036         |
| Prepaid expenses  | (72,064)      | (178,604)      |
| Increase (decrease) in operating liabilities:   |               |                |
| Accounts payable  | 104,900       | (23,332)       |
| Accrued expenses  | 1,026,839     | (148,932)      |
| Fellowship obligations  | (69,167)      | (295,120)      |
| Contributions restricted for long term investment   | (63,475)      | (57,200)       |
| Restricted unconditional promises to give   | (11,048,928)  | 4,870,382      |
| Realized (gains) losses on investments  | (1,058,750)   | (417,368)      |
| Unrealized (gains) losses on investments  | (2,115,097)   | (1,249,282)    |
| Interest and dividends restricted for long term investment                                  | (593,343)     | (496,589)      |
| Net cash provided (used) by operating activities  | 796,505       | (727,391)      |
| Cash flows from investing activities:   |               |                |
| Purchase of furniture and equipment   | (258,432)     | (436,256)      |
| Sale (purchase) of investments, net   | (544,050)     | 390,361        |
| Net cash provided (used) by investing activities  | (802,482)     | (45,895)       |
| Cash flows from financing activities:   |               |                |
| Collection of endowment fund support  | 63,475        | 57,200         |
| Endowment fund income   | 593,343       | 496,589        |
| Net borrowings from line of credit  | -             | (83,171)       |
| Realized endowment investment gains (losses)  | 897,717       | 414,839        |
| Net cash provided (used) by financing activities  | 1,554,535     | 885,457        |
| Net increase (decrease) in cash and cash equivalents  | 1,548,558     | 112,171        |
| Cash and cash equivalents at beginning of year  | 14,212,554    | 14,100,383     |
| Cash and cash equivalents at end of year  | \$ 15,761,112 | \$ 14,212,554  |

(See accompanying notes and independent auditor's report)

**ASHOKA**  
**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 &amp; 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             |
| <b>Total personnel and related expenses</b> | <b>7,735,081</b>                    | <b>2,627,805</b>                 | <b>6,174,801</b>        | <b>8,634,418</b>              | <b>25,172,105</b>    | <b>3,969,504</b>                | <b>2,447,670</b>    | <b>6,417,174</b>    | <b>31,589,279</b>     |
| 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               |
| <b>Total expenses before depreciation</b>   | <b>17,128,533</b>                   | <b>3,676,533</b>                 | <b>7,904,795</b>        | <b>10,715,464</b>             | <b>39,425,325</b>    | <b>5,781,535</b>                | <b>3,104,987</b>    | <b>8,886,522</b>    | <b>48,311,847</b>     |
| Depreciation of equipment                   | 6,710                               | 5,791                            | 18,416                  | 11,092                        | 42,009               | 87,219                          | 5,586               | 92,805              | 134,814               |
| <b>Total expenses</b>                       | <b>\$ 17,135,243</b>                | <b>\$ 3,682,324</b>              | <b>\$ 7,923,211</b>     | <b>\$ 10,726,556</b>          | <b>\$ 39,467,334</b> | <b>\$ 5,868,754</b>             | <b>\$ 3,110,573</b> | <b>\$ 8,979,327</b> | <b>\$ 48,446,661</b>  |

(See accompanying notes and independent auditor's report)



**ASHOKA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2013**

|                                      | Program Services             |                           |                  |                        |               | Supporting Services  |              |              | Total Expenses |
|--------------------------------------|------------------------------|---------------------------|------------------|------------------------|---------------|----------------------|--------------|--------------|----------------|
|                                      | Leading Social Entrepreneurs | Idea Spread and Education | New Architecture | Group Entrepreneurship | Total         | Management & General | Fund Raising | Total        |                |
| Salaries                             | \$ 2,611,467                 | 891,026                   | 3,215,837        | 3,387,512              | \$ 10,105,842 | \$ 775,133           | 1,599,842    | \$ 2,374,975 | \$ 12,480,817  |
| Payroll taxes                        | 429,541                      | 88,272                    | 408,170          | 492,951                | 1,418,934     | 58,513               | 280,479      | 338,992      | 1,757,926      |
| Employee benefits                    | 213,357                      | 68,355                    | 311,360          | 268,236                | 861,308       | 84,000               | 120,365      | 204,365      | 1,065,673      |
| Consulting                           | 2,138,363                    | 311,746                   | 3,242,760        | 4,060,026              | 9,752,895     | 1,625,701            | 747,624      | 2,373,325    | 12,126,220     |
| Outside services                     | 259,373                      | 38,324                    | 286,569          | 205,290                | 789,556       | 3,822                | 47,419       | 51,241       | 840,797        |
| Total personnel and related expenses | 5,652,101                    | 1,397,723                 | 7,464,696        | 8,414,015              | 22,928,535    | 2,547,169            | 2,795,729    | 5,342,898    | 28,271,433     |
| Fellowship payments                  | 6,418,185                    | 0                         | 0                | 0                      | 6,418,185     | 0                    | 0            | 0            | 6,418,185      |
| Office supplies and expenses         | 152,671                      | 2,859                     | 49,243           | 110,195                | 314,968       | 9,150                | 79,757       | 88,907       | 403,875        |
| Occupancy                            | 367,785                      | 77,193                    | 393,923          | 356,465                | 1,195,366     | 127,272              | 210,780      | 338,052      | 1,533,418      |
| Telephone, telex and facsimile       | 115,577                      | 10,365                    | 86,060           | 119,638                | 331,640       | 25,659               | 47,297       | 72,956       | 404,596        |
| Postage and messenger                | 9,341                        | 679                       | 6,132            | 8,919                  | 25,071        | 30,143               | 82,281       | 112,424      | 137,495        |
| Printing and publications            | 98,509                       | 4,427                     | 31,708           | 85,119                 | 219,763       | 52,215               | 191,625      | 243,840      | 463,603        |
| Equipment rental and repair          | 9,873                        | 2,745                     | 37,361           | 19,119                 | 69,098        | 15,178               | 12,184       | 27,362       | 96,460         |
| Equipment expensed                   | 48,762                       | 1,470                     | 21,386           | 74,895                 | 146,513       | 1,425                | 7,387        | 8,812        | 155,325        |
| Accounting and audit                 | 77,160                       | 5,026                     | 112,380          | 32,156                 | 226,722       | 29,583               | 19,893       | 49,476       | 276,198        |
| Bad debt                             | 16,871                       | 19,920                    | 53,865           | 33,132                 | 123,788       | 57,523               | 21,952       | 79,475       | 203,263        |
| Bank and brokerage fees              | 29,705                       | 3,717                     | 13,947           | 17,109                 | 64,478        | 11,984               | 18,633       | 30,617       | 95,095         |
| Travel                               | 800,535                      | 56,298                    | 321,067          | 630,873                | 1,808,773     | 40,333               | 179,907      | 220,240      | 2,029,013      |
| Conferences                          | 253,818                      | 21,144                    | 308,967          | 471,310                | 1,055,239     | 3,065                | 118,062      | 121,127      | 1,176,366      |
| Miscellaneous expenses               | 1,614                        | 1,075                     | 5,024            | 3,588                  | 11,301        | 4,666                | 1,974        | 6,640        | 17,941         |
| Local transportation and meals       | 151,131                      | 4,921                     | 113,236          | 100,952                | 370,240       | 4,673                | 24,223       | 28,896       | 399,136        |
| Awards                               | 136,984                      | 13,319                    | 440,995          | 835,825                | 1,427,123     | 333,068              | 99,898       | 432,966      | 1,860,089      |
| Dues, books and subscriptions        | 23,333                       | 825                       | 27,792           | 7,464                  | 59,414        | 2,266                | 7,709        | 9,975        | 69,389         |
| Training                             | 38,440                       | 2,846                     | 1,646            | 101,236                | 144,168       | 2,631                | 5,777        | 8,408        | 152,576        |
| Insurance                            | 50,002                       | 2,221                     | 7,053            | 13,889                 | 73,165        | 4,965                | 28,795       | 33,760       | 106,925        |
| Taxes and penalties                  | 69,858                       | 3,476                     | 13,477           | 21,938                 | 108,749       | 8,603                | 41,220       | 49,823       | 158,572        |
| Total expenses before depreciation   | 14,522,255                   | 1,632,249                 | 9,509,958        | 11,457,837             | 37,122,299    | 3,311,571            | 3,995,083    | 7,306,654    | 44,428,953     |
| Depreciation of equipment            | 9,440                        | 6,294                     | 29,371           | 20,979                 | 66,084        | 27,273               | 11,538       | 38,811       | 104,895        |
| Total expenses                       | \$ 14,531,695                | \$ 1,638,543              | \$ 9,539,329     | \$ 11,478,816          | \$ 37,188,383 | \$ 3,338,844         | \$ 4,006,621 | \$ 7,345,465 | \$ 44,533,848  |

(See accompanying notes and independent auditor's report)

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

**NOTE 1. Summary of Significant Accounting Policies:**

**(a) Organization**

Ashoka is a non-profit, publicly supported foundation incorporated on June 3, 1980 under the laws of the District of Columbia.

Ashoka envisions a global community that responds quickly and effectively to social challenges, where everyone has the freedom, confidence and societal support to address any societal problem and make change. This global community spreads innovation and the desire to change, such that everyone finds within themselves the potential to be changemakers.

Social entrepreneurs are the engines of change and role models for the citizen sector. Ashoka identifies and invests in Leading Social Entrepreneurs – entrepreneurs working to achieve positive social impact – supporting the individual, idea, and institution through all phases of their career.

Through Group Entrepreneurship programs, Ashoka engages communities of entrepreneurs and develops patterns of effective collaborations that accelerate and spread social impact.

Ashoka encourages the creation of sustainable social solutions by developing New Architecture for the sector to support and accelerate progress within the community. Systems include: access to social financing, bridges to business and academic sectors, and frameworks for strategic partnerships that deliver social and financial value.

Ashoka works to define and strengthen the field of social entrepreneurship through Idea Spread and Education programs, including spreading the innovations of both individual social entrepreneurs and those developed cooperatively among social entrepreneurs working on common or related problems. This includes publications, professional training of social entrepreneurs in communications, and Ashoka's web presence.

Ashoka makes disbursements of funds in support of these objectives directly to individuals and groups as well as through affiliated groups and its own regional and country branches in East Asia, Southeast Asia, South Asia, Africa, South America, Mexico/the Caribbean Basin/Central America, Europe, North America, and Middle East/North Africa.

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Note 1 (Continued)

(b) Endowment Funds

Ashoka is building an endowment and now has 39 specific endowments that together totaled \$25,039,491 on August 31, 2014. 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Note 1(b) (Continued)

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**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Note 1(b) (Continued)

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**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Note 1(b) (Continued)

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**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Note 1(b) (Continued)

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**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Note 1(b) (Continued)

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**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Note 1(b) (Continued)

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.

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Note 1(c) (Continued)

(c) Ashoka Endowment Approach

Ashoka has asked the endowment Trustees to both invest and provide distributions to Ashoka using a five year time frame. The inflation adjusted real value of the endowment is to be maintained over the same time frame. All interest and other investment income earned on the endowment funds, not currently required for the inflation adjustment, are distributed and set aside under the control of the Trustees as unrestricted net assets designated for endowment purposes. During FY14 and FY13, a total of \$3,204,428 and \$972,946, respectively, was set aside.

The funds may be disbursed by the endowment Trustees to support programs approved by the Ashoka Board of Directors, and subject to the terms and conditions of any understanding or other agreements between Ashoka, the Trustees and the donors of the funds. The Trustees make disbursements carefully in light of Ashoka's needs on the one hand and these policy constraints on the other. The Trustees disbursed \$900,000 and \$0 during FY14 and FY13, respectively, which was expended for Fellow stipends and Ashoka programs.

The endowment related net assets are composed of permanently restricted net assets and unrestricted net assets designated for endowment purposes as follows at August 31,:

|                         | <u>2014</u>       | <u>2013</u>       |
|-------------------------|-------------------|-------------------|
| Permanently restricted  | 21,637,514        | 21,230,111        |
| Unrestricted designated | 3,401,977         | 1,097,549         |
|                         | <u>25,039,491</u> | <u>22,327,660</u> |

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Notes (Continued)

(d) Basis of Accounting

Ashoka maintains its accounts on the accrual basis. Contributions from various individuals, foundations and the sale of donated securities are recognized as revenue in the period they are donated or pledged. Pledges or contributions are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated amount of time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are recorded as increases in unrestricted net assets unless specifically restricted by the donor.

(e) Fixed Assets – Office Equipment

Ashoka follows the practice of capitalizing, at cost, all expenditures for equipment and other fixed assets in excess of \$500. The fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight line basis over the asset's useful lives. Depreciation expense for the years ended August 31, 2014 and 2013 was \$134,814 and \$104,895 respectively.

(f) Income Taxes

Ashoka is a non-profit organization and is exempt from income tax under the provisions of section 501(c) (3) of the Internal Revenue Code of 1954 as amended and has been classified as a publically supported organization. It has or is obtaining similar tax status under the laws of the many other countries where it works.

(g) Financial Statement Presentation

Ashoka is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporary restricted net assets and permanently restricted net assets. In addition Ashoka is required to present a statement of cash flows.

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Notes (Continued)

(h) Contributions and Investments

Contributions received are reported as unrestricted, temporary restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Ashoka is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value with gains and losses reported in the statement of activities. Investments were previously reported at historical cost.

(i) Use of Estimates

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

(j) Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on hand and on deposit (including interest bearing deposits) with domestic and overseas financial institutions. The balances on deposit at domestic financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Uninsured balances amounted to approximately \$15,111,112 and \$13,962,554 at August 31, 2014 and 2013 respectively.

(k) Subsequent Events

Subsequent events have been evaluated by Geoffrey T. Gotliffe, Engagement Partner, through April 30, 2015 the date of the auditor's report.

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Notes (Continued)

**NOTE 2. Restrictions on Assets:**

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

|   | <u>2014</u>       | <u>2013</u>       |
|---|-------------------|-------------------|
| Leading social entrepreneurs                    | \$ 21,465,671     | \$ 21,217,075     |
| Idea spread and education                       | 476,500           | 503,396           |
| New architecture                                | 8,888,794         | 7,411,508         |
| Group entrepreneurship                          | 18,066,448        | 7,987,237         |
| Fund raising                                    | 4,073,807         | 6,200,389         |
| Unspecified purposes for periods after Aug. 31, | 1,932,584         | 569,938           |
|   | <u>54,903,804</u> | <u>43,889,543</u> |

Permanently restricted net assets consist of the endowment funds fully described in Note 1b.

**NOTE 3. Net Assets Released from Restrictions:**

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

|                              | <u>2014</u>          | <u>2013</u>          |
|------------------------------|----------------------|----------------------|
| Leading social entrepreneurs | \$ 15,084,067        | \$ 12,795,578        |
| Idea spread and education    | 162,914              | 12,570               |
| New architecture             | 4,906,360            | 5,749,872            |
| Group entrepreneurship       | 5,464,548            | 6,127,209            |
| Fund raising                 | 3,246,601            | 1,458,180            |
| Unspecified purposes         | 852,391              | 888,594              |
| Total restrictions released  | <u>\$ 29,716,881</u> | <u>\$ 27,032,003</u> |

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Notes (Continued)

**NOTE 4. Unconditional Promises to Give:**

Unconditional promises to give expected to be collected within one year are recorded at their net realizable value. Those expected to be collected in future years are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured utilizing a rate of return in the appropriate period during which the outstanding promises are expected to be collected. A discount rate of 3.5% was used for fiscal year ending August 31, 2014. The resulting discount amounted to \$2,171,611 and \$816,263 at August 31, 2014 and 2013 respectively. Maturities of unconditional promises to give are as follows:

|                | 2014               |                           | 2013               |                           |
|----------------|--------------------|---------------------------|--------------------|---------------------------|
|                | Unrestricted       | Temporarily<br>Restricted | Unrestricted       | Temporarily<br>Restricted |
| Current        | \$ 2,421,374       | \$ 13,925,027             | \$ 2,224,968       | \$ 9,836,105              |
| 1 to 5 years   | 1,111,070          | 25,484,163                | 1,490,644          | 18,661,665                |
| Less allowance | <u>(1,556,935)</u> | <u>(1,407,540)</u>        | <u>(1,333,509)</u> | <u>(1,544,808)</u>        |
|                | <u>1,975,509</u>   | <u>38,001,650</u>         | <u>2,382,103</u>   | <u>26,952,962</u>         |

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Notes (Continued)

**NOTE 5. Investments:**

Investments include certificates of deposit, money market ready asset accounts, common stock, mutual funds and real estate partnerships carried at fair market value in 2014 and 2013. A summary of investments at August 31, follows:

|  | 2014                 |                      | 2013                 |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Cost                 | Market Value         | Cost                 | Market Value         |
| <b>Unrestricted/Temporarily restricted</b> |                      |                      |                      |                      |
| Money market                               | \$ 1,091,505         | 1,095,366            | 701,704              | 703,254              |
| Certificates of deposit                    | 5,879,326            | 5,878,923            | 3,084,884            | 3,083,495            |
| Cash alternatives                          | 758,848              | 759,955              | 1,758,542            | 1,758,544            |
|  | <u>\$ 7,729,679</u>  | <u>\$ 7,734,244</u>  | <u>\$ 5,545,130</u>  | <u>\$ 5,545,293</u>  |
| <b>Permanently restricted:</b>             |                      |                      |                      |                      |
| Cash alternatives                          | \$ 454,507           | 454,507              | \$ 449,474           | \$ 449,474           |
| Certificates of deposit                    | 292,946              | 291,068              | 2,781,695            | 2,775,565            |
| Royce Micro-cap Fund                       | 517,762              | 693,694              | 437,683              | 547,611              |
| Acorn Fund                                 | 1,195,305            | 2,025,428            | 1,056,398            | 1,747,000            |
| Acorn International Fund                   | 562,846              | 903,587              | 506,999              | 760,865              |
| Schneider Value Fund                       | 307,108              | 311,739              | 306,067              | 253,927              |
| Schneider Small Cap Value                  | 189,976              | 230,923              | 153,356              | 205,094              |
| Davco Fund                                 | 2,578,063            | 5,771,580            | 2,578,063            | 5,163,637            |
| Franklin Street Partners                   | 300,000              | 300,000              | 600,000              | 600,000              |
| Acorn Emerging Markets                     | 461,630              | 472,222              | 30,075               | 28,910               |
| Turkish Investment Fund                    | 315,879              | 279,888              | 128,413              | 315,350              |
| Gabelli G Multimedia                       | 2,167                | 2,320                | 2,167                | 2,164                |
| Royce Value Trust                          | 421,976              | 498,285              | 390,813              | 455,363              |
| Singapore Fund                             | 202,486              | 293,782              | 186,160              | 262,337              |
| Royce Global Value Fund                    | 38,377               | 39,638               | -                    | -                    |
| China Fund                                 | 135,552              | 135,614              | -                    | -                    |
| Weitz Partners Value Fund                  | 309,269              | 531,240              | 306,670              | 458,683              |
| Equities- Common stock                     | 5,597,441            | 8,401,999            | 5,525,148            | 7,004,131            |
| Uhuru Capital Holdings                     | -                    | -                    | 200,000              | 200,000              |
|  | <u>\$ 13,883,290</u> | <u>\$ 21,637,514</u> | <u>\$ 15,639,181</u> | <u>\$ 21,230,111</u> |

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Notes (Continued)

NOTE 6. Fixed Assets:

|                               | <u>2014</u>        | <u>2013</u>       |
|-------------------------------|--------------------|-------------------|
| Furniture                     | \$ 56,172          | \$ 56,172         |
| Office equipment              | 881,197            | 839,823           |
| Leasehold improvements        | 169,708            | 169,708           |
| Software                      | 718,108            | 501,050           |
|                               | <u>1,825,185</u>   | <u>1,566,753</u>  |
| Less accumulated depreciation | <u>(1,130,515)</u> | <u>(995,700)</u>  |
|                               | <u>\$ 694,670</u>  | <u>\$ 571,053</u> |

NOTE 7. Line of Credit:

Ashoka has negotiated a line of credit agreement with UBS Bank USA for up to \$12,000,000 with a variable rate of interest. The balance outstanding at August 31, 2014 and 2013 was \$0 and \$0 respectively.

NOTE 8. Fellowship Obligations:

In 2014 and 2013 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 127 and 161 in 2014 and 2013 respectively. At August 31, fellowship obligations were as follows.

|                            | <u>2014</u>          | <u>2013</u>          |
|----------------------------|----------------------|----------------------|
| Prior year elected Fellows | \$ 5,174,802         | \$ 6,504,983         |
| New Fellows and extensions |                      |                      |
| Global                     | 415,656              | 381,445              |
| Asia                       | 1,017,820            | 894,496              |
| Africa                     | 2,208,615            | 1,695,975            |
| South America              | 877,382              | 462,734              |
| Central America            | 68,635               | -                    |
| North America              | 1,308,344            | 1,191,452            |
| Europe                     | 1,786,934            | 1,796,270            |
|                            | <u>\$ 12,858,188</u> | <u>\$ 12,927,355</u> |



**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
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Notes (Continued)

**NOTE 9. 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: | 2014             | 2013             |
|--------------|------------------|------------------|
| Aug 31, 2014 | \$ -             | \$ 898,884       |
| 2015         | 925,435          | 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>7,948,210</u> | <u>8,847,094</u> |

Rental expense for the years ended August 31, 2014 and 2013 was \$970,726 and \$975,947 respectively.

**NOTE 10. Concentration of Credit and Market Risk:**

Financial instruments that potentially expose Ashoka to concentrations of credit and market risk consist of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. Ashoka has not experienced any losses on its cash equivalents. The organization's investments do not represent significant concentrations of market risk inasmuch as Ashoka's investment portfolio is adequately diversified among issuers.

Cash is on deposit with financial institutions in the various overseas countries in which Ashoka maintains field offices. These offices are located in Central America, South America, Europe, Africa, North America and Asia. At August 31, 2013 and 2012 these deposits totaled \$13,580,327 and \$12,549,335 respectively. The increase in overseas cash is due to increased overseas fundraising.

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
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Notes (Continued)

**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, (plus 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 2014 and 2013 respectively Ashoka:

Spent (not including payments to Fellows committed to and funded in prior years) and committed (to new Fellows) \$48,446,661 and \$44,533,848.

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) \$52,035,432 and \$42,289,326.

**NOTE 12. Contributed Services:**

Ashoka recognized contribution support for the years ending August 31, 2014 and 2013 for contributed services which benefited their entire program and supporting services. These services were from consultants in the fields of law, public relations, television and strategic planning. Contribution support was measured based on the fair value of those services and is also included in consulting expense. The amounts recognized and the program and supporting services benefited were as follows:

|                              | 2014         | 2013         |
|------------------------------|--------------|--------------|
| Leading social entrepreneurs | \$ 2,565,814 | \$ 1,117,206 |
| Idea spread and education    | 65,691       | 31,439       |
| New architecture             | 1,088,410    | 1,618,087    |
| Group entrepreneurship       | 2,043,200    | 1,374,211    |
| Management and general       | 1,989,019    | 1,394,163    |
| Fundraising                  | 239,442      | 189,241      |
| Total                        | \$ 7,991,576 | \$ 5,724,347 |

**ASHOKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2014 AND 2013**

Notes (Continued)

**NOTE 13. Foreign Currency Gains (Losses):**

Ashoka raises funds and maintains bank accounts worldwide. Foreign currency holdings are translated to U.S. dollars using the spot rate on the statement of financial position date. Foreign currency translation gains or losses relating to foreign funds raised are unrealized as the cash is generally used to pay for activities where it is raised. Cumulative gains or losses are a component of unrestricted net assets.