

ASHESI UNIVERSITY FOUNDATION

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2008 AND 2007

ASHESI UNIVERSITY FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

June 1, 2009

Board of Trustees
Ashesi University Foundation
Seattle, Washington

We have audited the accompanying statements of financial position of Ashesi University Foundation (a non-profit corporation) as of December 31, 2008 and 2007 and the related statements of activity, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of Ashesi University Foundation. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ashesi University Foundation as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Jacobson Jarvis & Co, PLLC

ASHESI UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 926,503	\$ 1,180,640
Investments	-	54,434
Promises to Give	1,137,882	1,244,900
Prepaid Expenses	<u>11,716</u>	<u>9,291</u>
	<u>\$ 2,076,101</u>	<u>\$ 2,489,265</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	<u>\$ 3,651</u>	<u>\$ 1,045</u>
Net Assets		
Unrestricted	401,820	441,670
Temporarily restricted	<u>1,670,630</u>	<u>2,046,550</u>
Total Net Assets	<u>2,072,450</u>	<u>2,488,220</u>
	<u>\$ 2,076,101</u>	<u>\$ 2,489,265</u>

ASHESI UNIVERSITY FOUNDATION

STATEMENTS OF ACTIVITY

YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue						
Contributions	\$ 134,342	\$ 416,388	\$ 550,730	\$ 203,009	\$ 2,168,352	\$ 2,371,361
In-kind contributions	15,419	-	15,419	10,822	-	10,822
Investment income	29,704	-	29,704	19,086	-	19,086
Net gain on investments	-	-	-	560	-	560
Total Public Support and Revenue	<u>179,465</u>	<u>416,388</u>	<u>595,853</u>	<u>233,477</u>	<u>2,168,352</u>	<u>2,401,829</u>
Net Assets Released from Restrictions						
Satisfaction of purpose restrictions	700,000	(700,000)	-	46,889	(46,889)	-
Satisfaction of time restrictions	-	-	-	95,000	(95,000)	-
Total Net Assets Released from Restriction	<u>700,000</u>	<u>(700,000)</u>	<u>-</u>	<u>141,889</u>	<u>(141,889)</u>	<u>-</u>
Total Public Support, Revenue, and Other Support	<u>879,465</u>	<u>(283,612)</u>	<u>595,853</u>	<u>375,366</u>	<u>2,026,463</u>	<u>2,401,829</u>
Expenses						
Program services	731,817		731,817	415,801		415,801
Management and general	69,292		69,292	31,364		31,364
Fundraising	88,849		88,849	69,012		69,012
Total Expenses	<u>889,958</u>		<u>889,958</u>	<u>516,177</u>		<u>516,177</u>
Losses						
Loss on uncollectible promises to give	29,357	92,308	121,665	15,819	115,900	131,719
Changes in Net Assets	(39,850)	(375,920)	(415,770)	(156,630)	1,910,563	1,753,933
Net Assets – beginning of year	<u>441,670</u>	<u>2,046,550</u>	<u>2,488,220</u>	<u>598,300</u>	<u>135,987</u>	<u>734,287</u>
Net Assets – end of year	<u>\$ 401,820</u>	<u>\$ 1,670,630</u>	<u>\$ 2,072,450</u>	<u>\$ 441,670</u>	<u>\$ 2,046,550</u>	<u>\$ 2,488,220</u>

ASHESI UNIVERSITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008				2007			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 10,000	\$ 23,496	\$ 38,496	\$ 71,992	\$ 10,766	\$ 11,028	\$ 34,000	\$ 55,794
Payroll taxes	649	1,800	2,948	5,397	544	699	2,643	3,886
Employee benefits	2,827	6,416	15,186	24,429	2,458	3,161	11,941	17,560
	<u>13,476</u>	<u>31,712</u>	<u>56,630</u>	<u>101,818</u>	<u>13,768</u>	<u>14,888</u>	<u>48,584</u>	<u>77,240</u>
Grants to Ashesi University	700,000	-	-	700,000	388,047	-	-	388,047
Professional fees	11,213	21,168	800	33,181	3,950	9,810	192	13,952
Travel	3,142	5,285	21,800	30,227	2,182	2,546	9,822	14,550
Occupancy	251	5,628	786	6,665	891	1,040	4,012	5,943
Copying and printing	387	300	4,085	4,772	1,224	-	135	1,359
Equipment	-	1,479	3,096	4,575	217	-	4,300	4,517
Local events and transportation	2,529	3	253	2,785	4,550	207	172	4,929
Supplies	-	1,622	201	1,823	-	189	419	608
Insurance	-	1,722	-	1,722	-	1,704	-	1,704
Miscellaneous	543	270	294	1,107	-	110	125	235
Postage	217	15	641	873	887	296	738	1,921
Dues and fees	59	88	263	410	85	80	513	678
Depreciation	-	-	-	-	-	494	-	494
Total Expenses	<u>\$ 731,817</u>	<u>\$ 69,292</u>	<u>\$ 88,849</u>	<u>\$ 889,958</u>	<u>\$ 415,801</u>	<u>\$ 31,364</u>	<u>\$ 69,012</u>	<u>\$ 516,177</u>

ASHESI UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Cash received from:		
Donors	\$ 657,748	\$ 1,199,242
Investment income	29,704	19,086
Cash paid for:		
Grants to Ashesi University	(700,000)	(388,047)
Services and supplies	<u>(296,023)</u>	<u>(253,552)</u>
Net Cash (Used) Provided by Operating Activities	(308,571)	576,729
Cash Flows Provided by Investing Activities		
Proceeds from sale of investments	54,434	41,088
Cash Flows Used by Financing Activities		
Repayment of Notes Payable	<u>-</u>	<u>(28,470)</u>
Change in Cash and Cash Equivalents	(254,137)	589,347
Cash and Cash Equivalents - beginning of year	<u>1,180,640</u>	<u>591,293</u>
Cash and Cash Equivalents - end of year	<u>\$ 926,503</u>	<u>\$ 1,180,640</u>
Reconciliation of Changes in Net Assets to Net Cash Flows from Operating Activities		
Changes in net assets	\$ (415,770)	\$ 1,753,933
Adjustments to reconcile changes in net assets to net cash (Used) provided by operating activities		
Depreciation	-	494
Net gain on investments	-	(560)
Donated securities	-	(76,974)
Forgiveness of debt	-	(80,000)
(Decrease) increase in promises to give	107,018	(1,015,145)
Increase in prepaid expenses	(2,425)	(3,549)
(Increase) decrease in accounts payable	<u>2,606</u>	<u>(1,470)</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (308,571)</u>	<u>\$ 576,729</u>

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Ashesi University Foundation (the Foundation) was founded in 1999 to provide educational opportunities in Ghana. It accomplishes this purpose by forming and providing operating and capital support to Ashesi University College in Ghana. The University's mission is to educate a new generation of ethical, entrepreneurial leaders in Africa; to cultivate within our students the critical thinking skills, the concern for others and the courage it will take to transform a continent.

Basis of Presentation

In accordance with generally accepted accounting principles, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net assets of the Foundation are classified as follows:

Unrestricted net assets are available without restriction for support of the Foundation's mission.

Temporarily restricted net assets are restricted by the donors to be used for certain purposes. Temporarily restricted net assets are available as follows as of December 31:

	<u>2008</u>	<u>2007</u>
University Capital Improvements	\$1,653,371	\$2,038,754
Scholarships	16,019	7,796
University Equipment	<u>1,240</u>	<u>-</u>
	<u>\$1,670,630</u>	<u>\$2,046,550</u>

Permanently restricted net assets represent endowment gifts given with the intent that the principal will be maintained intact in perpetuity, and the income used for various restricted and unrestricted purposes. The Foundation had no permanently restricted net assets as of December 31, 2008.

Fair value of financial instruments

The Foundation's significant financial instruments are cash, investments, receivables and other short term assets and liabilities. For these financial instruments, carrying value approximates fair value.

Cash and cash equivalents

Cash and cash equivalents represent checking, savings, and money market accounts held at various regional financial institutions. The carrying amount of these assets approximates fair value because of the short maturity of the instruments. The Foundation maintains cash deposits in bank accounts which exceed federally insured limits. The Foundation has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value based on published quotations and consist primarily of donated securities pending sale. Donated securities are recorded at market rate on the date acquired.

Promises to give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are shown net of an allowance for uncollectibility. The fair value of promises to give is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities. Amortization of the discount is reported as contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Equipment

Equipment is recorded at cost or, if donated, at the estimated fair market value at date of donation. Equipment purchases that exceed \$2,000 are capitalized as assets. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, typically five years. Equipment with a recorded cost of \$23,419 was fully depreciated as of December 31, 2008 and 2007.

Restricted support

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

In-kind goods and services

Contributed materials and use of facilities have been recorded on the basis of rates that otherwise would have been paid for similar items. Donated services are recorded as in-kind contributions and are recognized as revenue at estimated values at the date of receipt if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activity and of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal income taxes

The Internal Revenue Service has recognized the Foundation as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

The Foundation has elected to defer the provisions of FIN 48, Accounting for Income Taxes, under the provisions of FSP FIN 48-3. The Foundation uses a FAS 5, Loss Contingencies, approach for evaluating uncertain tax positions, and continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

NOTE B - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are due as follows as of December 31, 2008:

Receivable in less than one year	\$1,029,857
Receivable in one to five years	<u>255,050</u>
Total unconditional promises to give	1,284,907
Less:	
Discounts to net present value (5% discount rate)	(5,025)
Allowance for uncollectible pledges	<u>(142,000)</u>
	<u>\$1,137,882</u>

As of December 31, 2008, 93% of unconditional promises to give were due from five major donors. Of the total amount, 62% was due from a single individual donor.

NOTE C - CONDITIONAL PROMISE TO GIVE

In November 2007, the Foundation received a conditional promise to give in the form of a \$400,000 challenge grant. To receive the promised funds, the Foundation must raise additional contributions from the members of its Board of Directors by December 2009. This conditional promise to give will be recognized when the condition on which it depends (the raising of the matching funds) is substantially met.

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE D - ASHESI UNIVERSITY

Ashesi University was founded in 2002 by Patrick Awuah, a Ghanaian who chose to return to Ghana after a successful career in the US software industry. He believed that for Africa to move forward, it needed a new kind of university, one that focused on quality, ethics and personal empowerment. Ashesi hopes to be a catalyst for change not only in the lives of the students but in the manner education is conducted in Ghana and other parts of Africa.

Ashesi has built an impressive track record over the past six years and is widely considered the highest quality private university in the country. Ashesi's curriculum combines a liberal arts core that emphasizes critical thinking, communication skills and ethics with in-depth major programs in Business Administration, Computer Science and Management Information Systems.

Relationships with top Universities in the United States including the University of Washington, University of California, Berkeley, Swarthmore College and New York University help ensure that the University's classes are meeting global standards. Top Ghanaian companies are now actively recruiting students from Ashesi. Graduates typically find employment, gain admission to graduate school, or start their own businesses within three months of graduation. In addition to academic quality, Ashesi is committed to diversity in its classrooms and offers scholarships to women and students from disadvantaged backgrounds.

As stated in Note A, the Foundation accomplishes its stated mission of providing educational opportunities in Ghana by providing operating and capital support to Ashesi University. During the years ended December 31, 2008 and 2007, \$700,000 and \$385,414, respectively, in cash grants and \$0 and \$2,633, respectively, in in-kind grants were provided to the University. The President of the Foundation also currently serves as the President of the University.

NOTE E - COMMITMENT

Subsequent to December 31, 2008, the University signed a loan agreement with the International Finance Corporation for \$2,500,000 to facilitate the construction of the University's new campus. Per the terms of this agreement, Ashesi University Foundation, as the Sponsor of the University, is required to make a grant to the University in the amount of \$1,600,000 as a condition of disbursement of funds. In addition, any cost overruns on the project are to be funded by the Foundation.