

ASHESI UNIVERSITY FOUNDATION

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2009 AND 2008

ASHESI UNIVERSITY FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	2
STATEMENTS OF FINANCIAL POSITION December 31, 2009 and 2008	3
STATEMENTS OF ACTIVITY Years ended December 31, 2009 and 2008	4
STATEMENTS OF FUNCTIONAL EXPENSES Years ended December 31, 2009 and 2008	5
STATEMENTS OF CASH FLOWS Years ended December 31, 2009 and 2008	6
NOTES TO FINANCIAL STATEMENTS	7 - 12

INDEPENDENT AUDITOR'S REPORT

September 25, 2010

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, 2009 and 2008 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, 2009 and 2008, 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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,774,992	\$ 926,503
Investments	3,661	-
Promises to Give	647,437	1,137,882
Prepaid Expenses	13,853	11,716
Property & Equipment	<u>3,180</u>	<u>-</u>
	<u>\$ 2,443,123</u>	<u>\$ 2,076,101</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	<u>\$ 2,467</u>	<u>\$ 3,651</u>
Net Assets		
Unrestricted	590,990	401,820
Temporarily restricted	1,749,666	1,670,630
Permanently restricted	<u>100,000</u>	<u>-</u>
Total Net Assets	<u>2,440,656</u>	<u>2,072,450</u>
	<u>\$ 2,443,123</u>	<u>\$ 2,076,101</u>

ASHESI UNIVERSITY FOUNDATION

STATEMENTS OF ACTIVITY

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009				2008		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue							
Contributions	\$ 238,361	\$ 1,037,972	\$ 100,000	\$ 1,376,333	\$ 134,342	\$ 416,388	\$ 550,730
In-kind contributions	21,125	-	-	21,125	15,419	-	15,419
Interest and dividends	2,555	-	-	2,555	29,704	-	29,704
Net gain on investments	188	-	-	188	-	-	-
Total Public Support and Revenue	262,229	1,037,972	100,000	1,400,201	179,465	416,388	595,853
Net Assets Released from Restrictions							
Satisfaction of purpose restrictions	1,025,936	(1,025,936)	-	-	700,000	(700,000)	-
Total Public Support, Revenue, and Other Support	1,288,165	12,036	100,000	1,400,201	879,465	(283,612)	595,853
Expenses							
Program services	950,857			950,857	731,817		731,817
Management and general	81,858			81,858	69,292		69,292
Fundraising	11,175			11,175	-		-
Capital campaign	98,963			98,963	88,849		88,849
Total Expenses	1,142,853			1,142,853	889,958		889,958
Gains and losses							
Net (recovery) loss on uncollectible promises to give	(43,858)	(67,000)	-	(110,858)	29,357	92,308	121,665
Changes in Net Assets	189,170	79,036	100,000	368,206	(39,850)	(375,920)	(415,770)
Net Assets – beginning of year	401,820	1,670,630	-	2,072,450	441,670	2,046,550	2,488,220
Net Assets – end of year	\$ 590,990	\$ 1,749,666	\$ 100,000	\$ 2,440,656	\$ 401,820	\$ 1,670,630	\$ 2,072,450

ASHESI UNIVERSITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009					2008			
	Program Services	Management and General	Fundraising	Capital Campaign	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 10,416	\$ 27,995	\$ 3,633	\$ 60,161	\$ 102,205	\$ 10,000	\$ 23,496	\$ 38,496	\$ 71,992
Payroll taxes	969	2,603	338	5,594	9,504	649	1,800	2,948	5,397
Employee benefits	3,339	9,132	1,165	19,285	32,921	2,827	6,416	15,186	24,429
	14,724	39,730	5,136	85,040	144,630	13,476	31,712	56,630	101,818
Grants to Ashesi University	930,372	-	-	-	930,372	700,000	-	-	700,000
Professional fees	5,400	25,636	-	1,200	32,236	11,213	21,168	800	33,181
Travel	-	2,046	210	10,625	12,881	3,142	5,285	21,800	30,227
Occupancy	361	11,185	191	27	11,764	251	5,628	786	6,665
Equipment	-	316	3,288	-	3,604	-	1,479	3,096	4,575
Copying and printing	-	-	1,202	733	1,935	387	300	4,085	4,772
Insurance	-	1,814	-	-	1,814	-	1,722	-	1,722
Local events and transportation	-	-	14	1,192	1,206	2,529	3	253	2,785
Postage	-	266	640	25	931	217	15	641	873
Supplies	-	424	271	77	772	-	1,622	201	1,823
Dues and fees	-	154	213	-	367	59	88	263	410
Depreciation	-	187	-	-	187	-	-	-	-
Miscellaneous	-	100	10	44	154	543	270	294	1,107
Total Expenses	\$ 950,857	\$ 81,858	\$ 11,175	\$ 98,963	\$ 1,142,853	\$ 731,817	\$ 69,292	\$ 88,849	\$ 889,958

ASHESI UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Cash received from:		
Donors	\$ 1,841,304	\$ 657,748
Investment income	2,555	29,704
Cash paid for:		
Grants to Ashesi University	(928,172)	(700,000)
Services and supplies	(196,690)	(296,023)
Net Cash Provided (Used) by Operating Activities	<u>718,997</u>	<u>(308,571)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,367)	-
Proceeds from sale of investments	32,859	54,434
Net Cash Provided by Operating Activities	<u>29,492</u>	<u>54,434</u>
Cash Flows Provided by Financing Activities		
Proceeds from contribution restricted to endowment	<u>100,000</u>	-
Change in Cash and Cash Equivalents	848,489	(254,137)
Cash and Cash Equivalents - beginning of year	<u>926,503</u>	<u>1,180,640</u>
Cash and Cash Equivalents - end of year	<u>\$ 1,774,992</u>	<u>\$ 926,503</u>
Reconciliation of Changes in Net Assets to Net Cash		
Flows from Operating Activities		
Changes in net assets	\$ 368,206	\$ (415,770)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	187	-
Net gain on investments	(188)	-
Donated securities	(36,332)	-
Contributions restricted to endowment	(100,000)	-
Decrease in promises to give	490,445	107,018
Increase in prepaid expenses	(2,137)	(2,425)
(Decrease) increase in accounts payable	(1,184)	2,606
Net Cash Provided (Used) by Operating Activities	<u>\$ 718,997</u>	<u>\$ (308,571)</u>

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

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>2009</u>	<u>2008</u>
University Capital Improvements	\$1,749,416	\$1,653,371
Scholarships	250	16,019
University Equipment	-	1,240
	<u>\$1,749,666</u>	<u>\$1,670,630</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 \$100,000 of permanently restricted net assets as of December 31, 2009.

Cash and cash equivalents

Cash and cash equivalents represent checking, savings, and money market accounts held at various regional financial institutions. 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.

Investments

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

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. New purchases of \$3,367 were capitalized in 2009 and depreciated based on months in service for a total accumulated depreciation of \$23,606 as of December 31, 2009.

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 fair 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, 2009 AND 2008

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.

NOTE B - 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 U.S. 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 eight 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. Ashesi is the only university in Ghana to feature a student honor code which places responsibility for reporting exam malpractice on the students.

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 and international 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, 2009 and 2008, \$928,172 and \$700,000, respectively, in cash grants and \$2,200 and \$0, respectively, in in-kind grants were provided to the University. The President of the Foundation also currently serves as the President of the University.

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are due as follows as of December 31, 2009:

Receivable in less than one year	\$ 566,741
Receivable in one to five years	<u>112,094</u>
Total unconditional promises to give	678,835
Less:	
Discounts to net present value (1 % discount rate)	(1,398)
Allowance for uncollectible pledges	<u>(30,000)</u>
	<u>\$ 647,437</u>

As of December 31, 2009, 59% of outstanding pledges are due from two donors, both of which are Trustees with a history of timely payments.

NOTE D - 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 needed to raise additional contributions from the members of its Board of Trustees by December 2009. This challenge was completed in 2009 and \$200,000 has been paid to date by the donor. The remaining \$200,000 is included in unconditional promises to give as of December 31, 2009.

NOTE E - COMMITMENT

In 2009, the University signed a loan agreement with the International Finance Corporation (IFC) 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. The Foundation transferred \$1,600,000 to the University to support the Capital Campaign and in February 2010 the IFC made the first disbursement of \$900,000 to the University.

NOTE F - FAIR VALUE MEASUREMENTS

In accordance with Financial Accounting Standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial Accounting Standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE F - FAIR VALUE MEASUREMENTS (Continued)

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Assets carried at fair value on a recurring basis (at least annually) using level 1 inputs include mutual funds. The Foundation had no items carried at fair value on a recurring basis using level 2 or 3 inputs as of December 31, 2009 or 2008.

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return which is a level 3 input.

NOTE G - ENDOWMENTS

The Foundation's endowment fund was established in November 2009 and consists of one fund that is donor-restricted for student scholarships. As of December 31, 2009, the endowment assets were invested in money market funds and included in cash and equivalents, pending adoption of an investment and spending policy. No earnings were attributed to the endowment in 2009. In March 2010, the Board adopted an Endowment Investment and Spending Policy in an attempt to provide a predictable stream of funding for programs supported by the endowment while seeking to maintain the purchasing power of endowed assets and honor the donor's desired restrictions. The Foundation's investment policy guidelines and performance of invested assets are reviewed by the Foundation's Board no less than annually.

The Board of Trustees of the Foundation has interpreted Washington's enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) and determined that requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary is appropriate. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. In accordance with financial accounting standards, the portion of each donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets (time restricted) until appropriated for expenditure by the Foundation's Board of Trustees.

ASHESI UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE H - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2009 through September 25, 2010 which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2009, including the estimates inherent in the processing of financial statements.