

**GIVE2ASIA AND SUBSIDIARIES**

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**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017 and September 30, 2016



# GIVE2ASIA AND SUBSIDIARIES

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600 California Street, Suite 600, San Francisco, CA 94108

Phone (415) 421-5757 Fax (415) 288-6288 Email bpm@bpmcpa.com Web bpmcpa.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of Give2Asia

We have audited the accompanying consolidated financial statements of Give2Asia and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017 and September 30, 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the fifteen-month period ended December 31, 2017 and for the year ended September 30, 2016, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Give2Asia and its subsidiaries as of December 31, 2017 and September 30, 2016, and the changes in their net assets and their cash flows for the fifteen-month period ended December 31, 2017 and for the year ended September 30, 2016 in accordance with accounting principles generally accepted in the United States of America.

BPM LLP

San Francisco, California  
July 16, 2018

**GIVE2ASIA AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As of December 31, 2017 and September 30, 2016

	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,675,500	\$ 1,779,509
Investments, at fair value	6,961,820	6,183,365
Property held for sale	120,000	77,500
Contributions receivable	4,056,854	5,575,008
Other assets	141,850	230,317
Property and equipment, net	15,398	58,886
Total assets	\$ 21,971,422	\$ 13,904,585
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 304,305	\$ 140,472
Grants payable	9,573,429	4,075,088
Deferred revenue	500	17,500
Total liabilities	9,878,234	4,233,060
Net assets:		
Unrestricted:		
Board-designated - disaster relief funds	209,565	172,608
Undesignated	5,334,771	2,561,948
Total unrestricted net assets	5,544,336	2,734,556
Temporarily restricted	4,886,016	5,274,133
Permanently restricted	1,662,836	1,662,836
Total net assets	12,093,188	9,671,525
Total liabilities and net assets	\$ 21,971,422	\$ 13,904,585

The accompanying notes are an integral part of these consolidated financial statements.

## GIVE2ASIA AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the fifteen-month period from October 1, 2016 to December 31, 2017  
and for the year ended September 30, 2016

	Fifteen-Month Period from October 1, 2016 to December 31, 2017				Year Ended September 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	\$ 28,880,936	\$ 2,173,205	\$ -	\$ 31,054,141	\$ 24,364,802	\$ 2,236,575	\$ -	\$ 26,601,377
Net investment income	160,622	65,218	-	225,840	232,636	21,599	-	254,235
Net realized and unrealized gain on investments	504,689	194,290	-	698,979	167,587	144,098	-	311,685
Advisory services revenue	241,943	-	-	241,943	343,635	-	-	343,635
Net assets released from temporary restrictions	2,820,830	(2,820,830)	-	-	3,575,743	(3,575,743)	-	-
Loss on sale of property and equipment	(2,471)	-	-	(2,471)	(14,971)	-	-	(14,971)
<b>Total support and revenue</b>	<b>32,606,549</b>	<b>(388,117)</b>	<b>-</b>	<b>32,218,432</b>	<b>28,669,432</b>	<b>(1,173,471)</b>	<b>-</b>	<b>27,495,961</b>
Expenses:								
Program	28,480,725	-	-	28,480,725	28,507,654	-	-	28,507,654
General and administrative	815,134	-	-	815,134	466,665	-	-	466,665
Fundraising	500,910	-	-	500,910	294,985	-	-	294,985
<b>Total expenses</b>	<b>29,796,769</b>	<b>-</b>	<b>-</b>	<b>29,796,769</b>	<b>29,269,304</b>	<b>-</b>	<b>-</b>	<b>29,269,304</b>
<b>Change in net assets</b>	<b>2,809,780</b>	<b>(388,117)</b>	<b>-</b>	<b>2,421,663</b>	<b>(599,872)</b>	<b>(1,173,471)</b>	<b>-</b>	<b>(1,773,343)</b>
Net assets, beginning of year	2,734,556	5,274,133	1,662,836	9,671,525	3,334,428	6,447,604	1,662,836	11,444,868
<b>Net assets, end of year</b>	<b>\$ 5,544,336</b>	<b>\$ 4,886,016</b>	<b>\$ 1,662,836</b>	<b>\$ 12,093,188</b>	<b>\$ 2,734,556</b>	<b>\$ 5,274,133</b>	<b>\$ 1,662,836</b>	<b>\$ 9,671,525</b>

The accompanying notes are an integral  
part of these consolidated financial statements.

## GIVE2ASIA AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the fifteen-month period from October 1, 2016 to December 31, 2017  
and for the year ended September 30, 2016

	Fifteen-Month Period from October 1, 2016 to December 31, 2017				Year Ended September 30, 2016			
	Supporting Services				Supporting Services			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Expense:								
Grants	\$ 26,322,425	\$ -	\$ -	\$ 26,322,425	\$ 26,880,074	\$ -	\$ -	\$ 26,880,074
Salaries and wages	821,406	359,255	290,868	1,471,529	630,657	218,142	166,055	1,014,854
Contractual services	781,821	214,429	27,674	1,023,924	536,005	80,605	20,451	637,061
Payroll taxes and benefits	222,267	113,997	79,512	415,776	175,600	69,503	50,959	296,062
Facilities	138,261	32,599	24,994	195,854	153,023	35,929	22,829	211,781
Information technology	71,363	34,510	22,819	128,692	72,614	19,712	17,527	109,853
Travel	64,272	10,871	32,610	107,753	32,246	2,526	8,200	42,972
Communication and supplies	44,863	19,713	17,360	81,936	14,666	3,343	7,304	25,313
Office expenses	9,802	20,718	2,147	32,667	9,551	30,874	799	41,224
Insurance	3,370	7,250	1,115	11,735	3,218	5,593	744	9,555
Other expenses	875	1,792	1,811	4,478	-	438	117	555
Total expenses	\$ 28,480,725	\$ 815,134	\$ 500,910	\$ 29,796,769	\$ 28,507,654	\$ 466,665	\$ 294,985	\$ 29,269,304

The accompanying notes are an integral  
part of these consolidated financial statements.

## GIVE2ASIA AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

For the fifteen-month period from October 1, 2016 to December 31, 2017  
and for the year ended September 30, 2016

	Fifteen-Month Period from October 1, 2016 to December 31, 2017	Year Ended September 30, 2016
Cash flows from operating activities:		
Change in net assets	\$ 2,421,663	\$ (1,773,343)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	(698,979)	(311,685)
Loss on sale of property and equipment	2,471	14,971
Depreciation	60,162	60,259
Contribution of property held for sale	(42,500)	(77,500)
Investment income restricted for endowment	(65,218)	(21,599)
Change in operating assets and liabilities:		
Contributions receivable	1,518,154	436,051
Other assets	88,467	(29,708)
Grants payable	5,498,341	(686,693)
Deferred revenue	(17,000)	11,500
Accounts payable and accrued expenses	163,833	(108,909)
Net cash provided by (used in) operating activities	8,929,394	(2,486,656)
Cash flows from investing activities:		
Purchases of property and equipment	(19,145)	(5,273)
Proceeds from sale of investments	4,819,385	1,581,026
Purchase of investments	(4,898,861)	(2,332,836)
Net cash used in investing activities	(98,621)	(757,083)
Cash flows from financing activities:		
Investment income restricted for endowment	65,218	21,599
Net cash provided by financing activities	65,218	21,599
Net increase (decrease) in cash and cash equivalents	8,895,991	(3,222,140)
Cash and cash equivalents, beginning of year	1,779,509	5,001,649
Cash and cash equivalents, end of year	\$ 10,675,500	\$ 1,779,509

The accompanying notes are an integral  
part of these consolidated financial statements.

# GIVE2ASIA AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

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### 1. Organization and Nature of Activities

Give2Asia (“Give2Asia US”) is a nonprofit public benefit corporation which was incorporated on October 2, 2000. From its headquarters in San Francisco, California, Give2Asia US provides philanthropic services which enhance the growth of civil society in Asia by increasing the flow of philanthropic capital to that region. Give2Asia US offers donors a flexible menu of giving options, providing individuals, families, corporations and foundations with the ability to recommend support to a specific charity, or to request advice on grant-making opportunities in a particular country or for a particular cause. Give2Asia US provides services to overcome the challenges associated with giving overseas, with a goal of making United States-Asia philanthropy cost-effective, accessible and secure.

Give2Asia US was originally founded by another nonprofit organization, The Asia Foundation, but established separate legal standing in 2012. In certain countries, the Asia Foundation’s field office staff continue to assist Give2Asia US in conducting due diligence inquiries before disbursing funds and monitor grantees as needed. The Asia Foundation has neither a controlling interest in Give2Asia US nor an economic interest.

In February 2012, the Give2Asia Foundation Ltd. (the “Foundation”) was incorporated as a new not-for-profit organization under the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Foundation was set up by Give2Asia US and shares a common purpose and mission to expand Give2Asia US’s reach for philanthropy in Asia. The Foundation is operated by the same management team as Give2Asia US and is governed by a blended board combining members of the Board of Directors of Give2Asia US and independent directors. Accordingly, since Give2Asia US exerts control over the operations and governance of the Foundation, the Foundation is consolidated into these financial statements. The two entities are collectively referred to as “Give2Asia.” All intercompany balances and transactions have been eliminated in consolidated financial statements.

During 2016, China implemented a new law that requires all foreign non-governmental organizations to register and establish a formal presence in mainland China before they are able to issue grants. Give2Asia successfully registered a Country Representative Office in June 2017.

In April 2016, GA Advisors, LLC (“GA Advisors”) was formed in Delaware as a for-profit limited liability company for the purpose of holding the registered China grant-making entity, once the registration process is complete. GA Advisors is a consolidated single member LLC, but had no activity during the fiscal years ended December 31, 2017 and 2016.

Effective 2017, Give2Asia changed its fiscal year to January 1 – December 31.

### ***Programs***

Give2Asia makes grants to charitable projects in 25 Asia-Pacific countries and territories including Afghanistan, Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Korea, Laos, Malaysia, Mongolia, Myanmar, Nepal, New Zealand, the Pacific Islands, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Timor-Leste and Vietnam. Give2Asia offers the following services to help both donors and charitable groups:

**Advised Grant Making:** Give2Asia supports charitable projects in Asia by making gifts from Donor Advised Funds, Endowed Funds and Advised Giving accounts. Grants from these accounts are advised upon by donors, and support a wide range of charitable causes across 25 different countries and territories in the Asia Pacific region. Donations into these accounts are tax deductible for donors giving from the United States or Hong Kong.

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## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

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#### 1. **Organization and Nature of Activities**, continued

##### *Programs*, continued

**Fiscal Sponsorship:** Give2Asia helps partners with charitable projects in Asia to benefit from donations to Give2Asia from their U.S.-based supporters. This service is a partnership between Give2Asia and entities in Asia such as universities, nonprofits, and other groups allowing them to raise money for their charitable projects from US donors.

**Disaster Preparedness & Response:** Give2Asia makes grants to partners in Asia working to help communities prepare for and respond to local disasters. Funds for these programs come from third-party donations and online fundraising for special funds at Give2Asia. When grants are made, Give2Asia makes decisions on specific projects to support based on its research and input from on-the-ground advisors.

**Advisory Services:** Give2Asia provides research and special staffing for philanthropic partners wishing to understand issue-specific needs in Asia, identify potential Asia-based partners, vet specific charitable groups and projects, manage grant portfolios, oversee the grant-making process, and support relationships between various donor and grantee stakeholders.

**Crowd Funding:** Give2Asia supports the charitable interests of donors by providing services that enable them to collect funds from multiple other donors within their professional and personal network. This service enables donors to create an online giving page at Give2Asia.org, and also provides a platform for receiving other forms of contributions into their account at Give2Asia. Often these services help to facilitate tax-deductible giving from corporate employees or into charitable campaigns started by associations, foundations and individuals.

##### *General and Administrative*

Give2Asia's management and general includes the functions necessary to support the grant making programs, ensure an adequate working environment, secure proper administrative functioning of the management and manage financial and budgetary responsibilities.

##### *Fundraising*

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

#### 2. **Summary of Significant Accounting Policies**

##### *Basis of Consolidation and Presentation*

The consolidated financial statements are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America specific to nonprofit organizations. The consolidated financial statements include the accounts of Give2Asia US, the Foundation, and GA Advisors, collectively referred to as "Give2Asia." All material intercompany transactions and balances have been eliminated.

Continued

## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

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#### 2. Summary of Significant Accounting Policies, continued

##### *Basis of Consolidation and Presentation*, continued

Give2Asia presents information about its net assets and activities by net assets classes: unrestricted, temporarily restricted, and permanently restricted.

##### **Unrestricted**

Unrestricted net assets result from support and revenue received without donor stipulations. Board designated funds are those unrestricted net assets subject to self-imposed limits by action of the board.

##### **Temporarily Restricted**

Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit the use of the donated assets. When a stipulated 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.

##### **Permanently Restricted**

Net assets that are subject to donor-imposed restrictions requiring that they be retained permanently by Give2Asia.

##### *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash, money market accounts and highly liquid investments with original maturities of three months or less. This balance also includes cash in Asia which is maintained in foreign currencies and translated, for reporting purposes, into U.S. dollars at the appropriate free market exchange rates.

##### *Contributions Receivable*

Contributions receivable include certain unconditional promises to give. Contributions receivable expected to be collected within one year are recorded at net realizable value. An allowance for uncollectible contributions receivable is established based upon estimated losses related to specific accounts and is recorded through a provision for bad debt which is charged to expense. At December 31, 2017 and September 30, 2016, all contributions receivable are considered to be collectible in full, and accordingly, an allowance for uncollectible contributions is not considered necessary.

##### *Property and Equipment*

Property and equipment is stated at cost and depreciated on a straight-line basis over the estimated useful life of the assets, generally 3 to 5 years for furniture, equipment, and computer software. Additions of property are capitalized if the cost is \$2,000 or greater. Maintenance and repairs are charged to expense as incurred. Costs for software development are capitalized as incurred and depreciated upon placement into service.

Continued

## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

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#### 2. Summary of Significant Accounting Policies, continued

##### *Investments*

Give2Asia's debt and equity securities are carried at fair value. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales are calculated on an adjusted cost basis. Adjusted cost is the fair value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are recorded when earned.

##### *Property Held for Sale*

Give2Asia received a donation of condominium building during 2017. The building is presented as property held for sale as Give2Asia intends to sell the building. It is valued at December 31, 2017 based on independent appraisal. The appraisal uses the sales comparison approach to arrive at the property valuation. The sales comparison approach considers recent closed sales of comparable properties and makes transactional and location adjustments to address dissimilarities as necessary.

##### *Grants Expense and Payable*

Grants payable consist of unpaid approved grant commitments. These commitments are recognized upon board of director approval and receipt of a signed grant agreement. In the case of fiscal sponsorship accounts, the entire balance of cash, investments, and contributions receivable of all fiscal sponsorship funds is considered payable at year-end.

##### *Contributions*

Contributions are recognized when they are received or unconditionally promised. Investments received through gifts are recorded at fair value at the date of donation.

The majority of the contributions received by Give2Asia, including certain contributions received with donor recommendations for use of those contributions, are subject to the variance power acknowledged by the donor's signed agreement form or other forms of communications. This variance power provides Give2Asia's Board of Directors the ability to modify the use of the contribution in a manner that differs from a donor's original recommendation. As a result of this variance power, such contributions are classified as unrestricted for financial statement reporting purposes.

##### *Advisory Services Revenue*

Advisory services revenue is recorded at the time the services are performed. These services are contracted separately from any advised funds or grants, but often result in a grant being made.

##### *Functional Expense Allocations*

Certain expenses, such as some salaries and related payroll taxes and benefits, as well as insurance, facilities, and other expenses, are allocated among program, general and administrative, and fundraising expense classifications based on estimates made by Give2Asia's management.

Continued

## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

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#### 2. Summary of Significant Accounting Policies, continued

##### *Income Taxes*

Give2Asia US has been recognized by the Internal Revenue Service as an organization exempt from income tax under Internal Revenue Code Section 501(c)(3) on income other than unrelated business income and classified by the Internal Revenue Service as other than a private foundation and exempt from taxes on investment income, and has been recognized by the California Franchise Tax Board as exempt from California franchise taxes on income other than unrelated business income under Revenue and Taxation Code Section 23701(d).

The Foundation was incorporated as a not-for-profit organization under the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Foundation is exempt from income tax under section 88 of the Inland Revenue Ordinance.

##### *Fair Value Measurements*

Fair value is the amount 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. There is a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of the asset or liability as of the measurement date. Instruments with readily available actively quoted prices, or for which fair value can be measured from actively quoted prices in an orderly market, will generally have a higher degree of market price transparency and a lesser degree of judgment used in measuring fair value.

The three levels are defined as follows:

*Level 1* – Inputs are quoted prices (unadjusted) in active markets for identical assets as of the measurement date. The types of instruments which would generally be included in Level 1 include listed equity securities, exchange traded securities and mutual funds.

*Level 2* – Inputs are observable for the asset or liability, either directly or indirectly, as of the measurement date, but are other than quoted prices in active markets as in Level 1. The types of instruments which would generally be included in this category include fixed income investments.

*Level 3* – Inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by the reporting entity.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

##### *Use of Estimates*

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

Continued

## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

#### 2. Summary of Significant Accounting Policies, continued

##### *Recent Accounting Pronouncements*

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The ASU changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. The main difference between previous GAAP and Topic 958 is that net assets will now be presented in two classes rather than three. Not-for-Profit entities will report amounts for net assets with donor restrictions and net assets without donor restrictions. The new guidance is effective for Give2Asia for the year beginning January 1, 2018. Give2Asia is currently evaluating the impact that this guidance will have on its financial statements.

In May 2014, as part of its ongoing efforts to assist in the convergence of U.S. GAAP and International Financial Reporting Standards (“IFRS”), the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This standard affects all entities and industries for contracts with customers to transfer goods or services. The new standard eliminates current revenue recognition guidance and industry standards and replaces it with a principles-based 5-step framework. Revenue recognition will be focused on when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Contracts with multiple elements will need to break out the separate revenue streams. The ASU provides alternative methods of initial adoption and will become effective for nonpublic companies for annual periods beginning after December 15, 2018. The FASB has issued several updates to the standard which 1) defer the original effective date from January 1, 2018 to January 1, 2019, while allowing for early adoption as of January 1, 2018 (ASU 2015-14); 2) clarify the application of the principal versus agent guidance (ASU 2016-08); 3) clarify the guidance on inconsequential and perfunctory promises and licensing (ASU 2016-10). Currently, Give2Asia is evaluating the impact of the standard on revenue recognition.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU revises standard that is aimed at increasing transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. For nonpublic entities, the ASU is effective for annual reporting periods beginning after December 15, 2019 with early adoption permitted. The Foundation has elected to early adopt ASU 2016-02 in 2017. Give2Asia is currently evaluating the impact that this guidance will have on its financial statements.

##### *Reclassifications*

Certain reclassifications have been made to the 2016 financial statements in order to conform to the current fiscal year presentation.

#### 3. Contributions Receivable

Contributions receivable are expected to be received as follows at December 31, 2017 and September 30, 2016:

	2017	2016
Due within one year	\$ 2,856,934	\$ 3,775,108
Due within two to five years	1,199,920	1,799,900
Total	<u>\$ 4,056,854</u>	<u>\$ 5,575,008</u>

Continued

## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

#### 4. Conditional Promises to Give

During the year ended September 30, 2016, Give2Asia received a \$150,000 promise to give which it considers conditional based on the requirement Give2Asia disburse the funds to a particular organization located in China. This promise to give was recognized as revenue in 2017 when the funds were disbursed. There are no conditional promises to give at December 31, 2017.

#### 5. Fair Value Measurements and Investments

The following tables provide information about Give2Asia's financial assets measured at fair value on a recurring basis at December 31, 2017 and September 30, 2016:

	2017			2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash equivalents	\$ 2,790,206	\$ -	\$ 2,790,206	\$ 28,441	\$ -	\$ 28,441
Investments:						
Equity securities	2,540,115	-	2,540,115	395,191	-	395,191
Other exchange - traded securities	2,891,822	-	2,891,822	379,518	-	379,518
Mutual funds - equity securities	698,552	-	698,552	3,468,148	-	3,468,148
Fixed income securities and mutual funds	209,145	622,186	831,331	1,129,112	647,806	1,776,918
Other	-	-	-	163,590	-	163,590
Total investments	6,339,634	622,186	6,961,820	5,535,559	647,806	6,183,365
Total	\$ 9,129,840	\$ 622,186	\$ 9,752,026	\$ 5,564,000	\$ 647,806	\$ 6,211,806

#### 6. Grants Payable

Grants payable are expected to be disbursed as follows:

Year ending December 31:	
2018	\$ 9,173,429
2019	400,000
	\$ 9,573,429

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## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

#### 7. Board Designated Net Assets

Board designated net assets consist of funds raised for disaster relief. Activities were as follows as of and for the fifteen-month period ended December 31, 2017 and year ended September 30, 2016:

	2017	2016
Board designated net assets, beginning of year	\$ 172,608	\$ 402,237
Designated funds added	237,647	48,467
Amounts appropriated for expenditure	(200,690)	(278,096)
Board designated net assets, end of year	\$ 209,565	\$ 172,608

#### 8. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2017 and September 30, 2016:

	2017	2016
Accumulated Endowment earnings	\$ 397,192	\$ 245,892
Disaster preparedness	919,860	188,995
Sustainable seafood project	11,388	776,561
School reconstruction project	-	9,000
Contributions receivable/time restrictions	3,557,576	4,053,685
Total	\$ 4,886,016	\$ 5,274,133

Temporarily restricted net assets released from restrictions consisted of the following during the fifteen-month period ended December 31, 2017 and year ended September 30, 2016:

	2017	2016
Endowment appropriations	\$ 108,208	\$ 73,665
Disaster preparedness	369,135	356,394
Sustainable seafood project	765,173	537,625
Podcast production	9,000	-
School reconstruction project	-	150,000
Contributions receivable/time restrictions	1,569,314	2,458,059
Total	\$ 2,820,830	\$ 3,575,743

Continued

## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

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#### 9. Endowment

The endowment consists of a donor-restricted fund established for a variety of activities to strengthen the lives of rural poor children and women with a preference to the Guizhou Province.

The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) has been adopted by the State of California. Give2Asia considers the language of a specific endowment agreement as the primary determinant of the application of spending policy to a donor-restricted endowment. UPMIFA permits the continued payout of a prudent amount under the endowment agreement, even when the fair value of the endowment principal is below its historic-dollar-value, with the expectation that over time the endowment principal will remain intact. The historic-dollar-value is defined as the fair value of the original gift and subsequent gifts as of the gift date, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor instrument.

#### *Interpretation of the Law*

Give2Asia’s Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the gift of donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, Give2Asia classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Give2Asia in a manner consistent with the standard of prudence prescribed by UPMIFA.

#### *Endowment Spending and Distribution Policy*

In accordance with the UPMIFA, Give2Asia considers the following factors in making a determination to distribute or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Give2Asia and the endowment funds
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of Give2Asia
7. The investment policies of Give2Asia

Give2Asia has a policy of appropriating for distribution a maximum each year of 5% of its endowment fund’s average fair value, except for pledges, over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy Give2Asia considered the long-term expected return on its endowment. Accordingly, over the long term, Give2Asia expects the current spending policy to allow its endowment to grow at a rate equal to or greater than planned payouts over a complete market cycle. Additional real growth will be provided by new gifts. Depending upon market conditions and the needs and available resources of Give2Asia, appropriations from individual endowments may be temporarily suspended to facilitate preservation of the endowment.

Continued



## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

#### 9. Endowment, continued

Changes in endowment net assets were as follows for the fifteen-month period ended December 31:

	2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 245,892	\$ 1,662,836	\$ 1,908,728
Net investment gain	259,508	-	259,508
Amounts appropriated for expenditure	(108,208)	-	(108,208)
Endowment net assets, end of year	\$ 397,192	\$ 1,662,836	\$ 2,060,028

Changes in endowment net assets were as follows for the year ended September 30:

	2016		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 153,860	\$ 1,662,836	\$ 1,816,696
Net investment gain	165,697	-	165,697
Amounts appropriated for expenditure	(73,665)	-	(73,665)
Endowment net assets, end of year	\$ 245,892	\$ 1,662,836	\$ 1,908,728

#### 10. Commitments and Contingencies

##### *Lease Commitments*

Give2Asia occupies office space in Beijing under non-cancelable operating leases. During 2017, a lease for office space in Beijing was signed, which expires September 2020. During 2016, Give2Asia signed a six month agreement for shared office space in San Francisco, which expired in February 2017 and on a month-to-month term thereafter.

These non-cancelable operating leases provide for minimum aggregate rental commitments as follows:

Year ending December 31:	
2018	\$ 55,985
2019	56,994
2020	42,746
	\$ 155,725

Total rent expense was \$186,298 and \$196,823 for the fifteen-month period ended December 31, 2017 and year ended September 30, 2016, respectively.

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## GIVE2ASIA AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and September 30, 2016

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#### 11. Related Party Transactions

As part of delivering its disaster preparedness and recovery program, Give2Asia collaborates with International Institute of Rural Reconstruction (“IIRR”), a non-profit organization in Philippines who are experts in delivering such services. Give2Asia and IIRR share one board member. Give2Asia paid \$215,846 and \$155,768 to IIRR for their services during the fifteen-month period ended December 31, 2017 and year ended September 30, 2016, respectively.

#### 12. Pension

Give2Asia employees are covered by a defined contribution pension plan. Give2Asia provides a 403(b) defined contribution retirement plan for its U.S. employees as a cooperating institution in the Teachers Insurance and Annuity Association/College Retirement Equities Fund (“TIAA/CREF”). Give2Asia’s contributions to the plan were \$138,555 and \$90,487 for the fifteen-month period ended December 31, 2017 and year ended September 30, 2016, respectively.

#### 13. Concentration of Credit Risks

Financial instruments that potentially subject Give2Asia to concentrations of credit risk consist principally of cash, cash equivalents, and investments. Give2Asia places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the FDIC and SIPC insurance coverage limits. From time to time throughout the year, Give2Asia’s cash and investment balances may exceed the amount of applicable insurance coverage. However, Give2Asia does not anticipate nonperformance by these institutions.

Approximately 78% of contributions receivable is from three donors and 15% of contribution revenue is from one donor as of and for the fifteen-month period ended December 31, 2017. Approximately 69% of contributions receivable is from four donors and 30% of contribution revenue is from two donors as of and for the year ended September 30, 2016. Approximately 54% of grants payable is to two grantees and 5% of grant expense was to one grantee for the fifteen-month period ended December 31, 2017. Approximately 41% of grants payable is to two grantees and 18% of grant expense was to one grantee for the year ended September 30, 2016.

#### 14. Subsequent Events

Give2Asia evaluated its December 31, 2017 financial statements for subsequent events through July 16, 2018, the date the financial statements were available to be issued. Give2Asia is not aware of any subsequent events which would require recognition or disclosure in the financial statements.