



Consolidated Financial Statements

For the Years Ended September 30, 2023 and 2022

Table of Contents

	Page
Independent Auditor's Report	1 - 3
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets	5 - 6
Consolidated Statements of Functional Expenses	7 - 8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 28
Supplementary Information:	
Schedule of Expenditures of Nonfederal Bilateral and Multilateral Awards	29 - 33

Independent Auditor's Report

**To the Board of Trustees
The Asia Foundation
San Francisco, California**

Opinion

We have audited the accompanying consolidated financial statements of The Asia Foundation and subsidiary (collectively, the Organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and related ASUs, for the year ended September 30, 2023. Our opinion is not modified with respect to this matter.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 5 and 6 and pages 29 to 33 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
January 18, 2024

THE ASIA FOUNDATION AND SUBSIDIARY

Consolidated Statements of Financial Position
September 30, 2023 and 2022
(In Thousands)

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 35,062	\$ 30,447
Accounts receivable, net	14,565	19,794
Pledges receivable, net	1,357	669
Books for Asia inventory	2,097	9,332
Prepaid expenses and other assets	1,988	2,626
Investments	27,097	13,819
Property and equipment, net	1,055	1,095
Operating lease right-of-use asset	5,109	
	<u>5,109</u>	<u> </u>
Total Assets	<u>\$ 88,330</u>	<u>\$ 77,782</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 11,368	\$ 10,001
Deferred support	36,668	30,287
Accrued post-retirement benefit obligation	125	92
Operating lease liabilities	4,558	
	<u>4,558</u>	<u> </u>
Total Liabilities	52,719	40,380
Net Assets:		
Without donor restrictions	21,964	15,937
With donor restrictions	13,647	21,465
	<u>13,647</u>	<u>21,465</u>
Total Net Assets	<u>35,611</u>	<u>37,402</u>
Total Liabilities and Net Assets	<u>\$ 88,330</u>	<u>\$ 77,782</u>

See accompanying notes.

THE ASIA FOUNDATION AND SUBSIDIARY

**Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2023
(In Thousands)**

	Without Donor Restrictions				With Donor Restrictions					Total
	Operations	Books for Asia	Investments	Total	Operations	Books for Asia	Investments	Restricted in Perpetuity	Total	
Support and Revenue:										
Support-										
Government, bilateral and multilateral institutions Foundations, corporations and individuals	\$ 100,451	\$ -	\$ -	\$ 100,451	\$ 55	\$ -	\$ -	\$ -	\$ 55	\$ 100,506
Books for Asia program	1,768			1,768	8,921	36		1,805	10,726	12,494
Net asset reclassifications	1,670		(1,670)		162		(162)		36	36
Net assets released from donor restriction and board designation	12,269	7,271		19,540	(12,269)	(7,271)			(19,540)	
Total support	116,158	7,271	(1,670)	121,759	(3,131)	(7,235)		1,643	(8,723)	113,036
Revenue-										
Investment return, net			813	813				644	905	1,718
Other	1,644			1,644						1,644
Total Support and Revenue	117,802	7,271	(857)	124,216	(3,131)	(7,235)	261	2,287	(7,818)	116,398
Expenses:										
Program, grants and related services	93,773			93,773						93,773
Books for Asia distribution		7,271		7,271						7,271
Supporting services-										
Administration and general	16,069			16,069						16,069
Fundraising	1,076			1,076						1,076
Total Expenses	110,918	7,271		118,189						118,189
Change in Net Assets	6,884		(857)	6,027	(3,131)	(7,235)	261	2,287	(7,818)	(1,791)
Net assets, beginning of year	8,432		7,505	15,937	6,981	9,332	817	4,335	21,465	37,402
Net Assets, End of Year	\$ 15,316	\$ -	\$ 6,648	\$ 21,964	\$ 3,850	\$ 2,097	\$ 1,078	\$ 6,622	\$ 13,647	\$ 35,611

See accompanying notes.

THE ASIA FOUNDATION AND SUBSIDIARY

**Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2022
(In Thousands)**

	Without Donor Restrictions				With Donor Restrictions					Total
	Operations	Books for Asia	Investments	Total	Operations	Books for Asia	Investments	Restricted in Perpetuity	Total	
Support and Revenue:										
Support-										
Government, bilateral and multilateral institutions	\$ 90,571	\$ -	\$ -	\$ 90,571	\$ 1,426	\$ -	\$ -	\$ -	\$ 1,426	\$ 91,997
Foundations, corporations and individuals	30			30	6,565			38	6,603	6,633
Books for Asia program						2,708			2,708	2,708
Net Asset reclassifications	725		(725)							
Net assets released from restriction	10,342	2,439	(599)	12,182	(9,243)	(2,439)	(500)		(12,182)	
Total support	101,668	2,439	(1,324)	102,783	(1,252)	269	(500)	38	(1,445)	101,338
Revenue-										
Investment return, net and other	216		(3,236)	(3,020)			(260)		(260)	(3,280)
Total Support and Revenue	101,884	2,439	(4,560)	99,763	(1,252)	269	(760)	38	(1,705)	98,058
Expenses:										
Program, grants and related services	86,703			86,703						86,703
Books for Asia distribution		2,439		2,439						2,439
Supporting services-										
Administration and general	14,977			14,977						14,977
Fundraising	1,076			1,076						1,076
Total Expenses	102,756	2,439		105,195						105,195
Change in Net Assets	(872)		(4,560)	(5,432)	(1,252)	269	(760)	38	(1,705)	(7,137)
Net assets, beginning of year	9,304		12,065	21,369	8,233	9,063	1,577	4,297	23,170	44,539
Net Assets, End of Year	\$ 8,432	\$ -	\$ 7,505	\$ 15,937	\$ 6,981	\$ 9,332	\$ 817	\$ 4,335	\$ 21,465	\$ 37,402

See accompanying notes.

THE ASIA FOUNDATION AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2023
(In Thousands)**

	Program Grants and Related Services	Supporting Services		Total
		Administration and General	Fundraising	
Program grants and subcontracts	\$ 27,555	\$ -	\$ -	\$ 27,555
Staff salaries	19,391	7,582	350	27,323
Non-staff salaries	11,767			11,767
Payroll taxes and employee benefits	14,081	3,726	150	17,957
Office rent and utilities	2,855	601	29	3,485
Travel	7,432	718	31	8,181
Professional fees	370	1,494	147	2,011
Employee housing	1,537			1,537
Personnel - moving expenses	281			281
Communications and supplies	1,141	648	18	1,807
Equipment expenses	1,311	337	62	1,710
General insurance	43	108	3	154
Conferences, training and other	5,859	814	140	6,813
Foreign currency exchange	81			81
Public relations		41		41
	<u>93,704</u>	<u>16,069</u>	<u>930</u>	<u>110,703</u>
Books for Asia book distribution	7,271			7,271
Other in-kind expenses	69		146	215
Total Expenses	<u>\$ 101,044</u>	<u>\$ 16,069</u>	<u>\$ 1,076</u>	<u>\$ 118,189</u>

See accompanying notes.

THE ASIA FOUNDATION AND SUBSIDIARY

**Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2022
(In Thousands)**

	Program Grants and Related Services	Supporting Services		Total
		Administration and General	Fundraising	
Program grants and subcontracts	\$ 27,686	\$ -	\$ -	\$ 27,686
Staff salaries	19,275	7,363	327	26,965
Non-staff salaries	10,839			10,839
Payroll taxes and employee benefits	12,731	3,652	144	16,527
Office rent and utilities	2,562	520	23	3,105
Travel	4,459	248	12	4,719
Professional fees	479	1,736	119	2,334
Employee housing	1,307	7		1,314
Personnel - moving expenses	369	22		391
Communications and supplies	1,007	517	12	1,536
Equipment expenses	1,394	261	28	1,683
General insurance	178	103	3	284
Conferences, training and other	4,221	458	122	4,801
Foreign currency exchange	142			142
Public relations		90		90
	<u>86,649</u>	<u>14,977</u>	<u>790</u>	<u>102,416</u>
Books for Asia book distribution	2,439			2,439
Other in-kind expenses	54		286	340
Total Expenses	<u>\$ 89,142</u>	<u>\$ 14,977</u>	<u>\$ 1,076</u>	<u>\$ 105,195</u>

See accompanying notes.

THE ASIA FOUNDATION AND SUBSIDIARY

**Consolidated Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022
(In Thousands)**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (1,791)	\$ (7,137)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities-		
Noncash activity included in change in net assets:		
Depreciation and amortization	477	477
Realized and unrealized (gain) loss on investments	(1,253)	4,130
Loss (Gain) on disposal of property and equipment	10	(18)
Accrued post-retirement benefit obligation	33	(58)
Gifts-in-kind contributions for Books for Asia program	(36)	(2,708)
Distribution of books for Books for Asia program	7,271	2,439
Contributions to endowment	(1,805)	(38)
Changes in assets and liabilities:		
Accounts receivable	5,229	(10,762)
Pledges receivable	(688)	359
Prepaid expenses and other assets	638	(687)
Accounts payable and accrued expenses	1,367	170
Deferred support	6,381	8,395
Lease liabilities, net	(551)	
Net Cash Provided (Used) by Operating Activities	15,282	(5,438)
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	866	3,928
Purchases of investments	(12,891)	(3,064)
Proceeds from the sale of property and equipment	26	415
Purchases of property and equipment	(473)	(595)
Net Cash (Used) Provided by Investing Activities	(12,472)	684
Cash Flows From Financing Activities:		
Proceeds from contributions to endowment	1,805	38
Net Cash Provided by Financing Activities	1,805	38
Net Change in Cash and Cash Equivalents	4,615	(4,716)
Cash and cash equivalents, beginning of year	30,447	35,163
Cash and Cash Equivalents, End of Year	\$ 35,062	\$ 30,447

See accompanying notes.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 1 - Foundation

The Asia Foundation (the Foundation) is a nonprofit international development foundation, chartered as a public benefit corporation organized under the laws of the State of California. The Foundation's focus is on international development and is committed to improving lives across a dynamic and developing Asia. Informed by nearly seven decades of experience and deep local expertise, its programs address critical issues affecting Asia in the 21st century - governance and law, economic development, women's empowerment, environment and regional cooperation. In addition, its Books for Asia and professional exchange programs are among the ways it encourages Asia's continued development as a peaceful, just and thriving region of the world. The Foundation is headquartered in San Francisco, California. The Foundation works through its network of offices in 18 countries across Asia and the Pacific and in Washington, D.C. Working with public and private partners, the Foundation receives funding from a diverse group of bilateral and multilateral development agencies, foundations, corporations and individuals.

The Foundation is funded by an annually approved appropriation from the U.S. Congress, competitively bid awards from governmental and multilateral development agencies, including the U.S. Agency for International Development, U.S. Department of State, Australian Department of Foreign Affairs and Trade, U.K. Foreign, Commonwealth and Development Office, and by private foundations and corporations.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - The financial statements of the Foundation have been prepared on the accrual basis of accounting under accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements include the accounts of the Foundation and its wholly controlled Indian subsidiary Asia Pacific Consulting and Advisory Private Limited (collectively, the Foundation) after elimination of intra-entry balances and transactions. All amounts in these consolidated financial statements are stated in United States Dollars.

Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated that funds be maintained in perpetuity. The investment income from these funds is available for current use. Subject to the Foundation's endowment policy.

Support and revenue are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Purpose and time restrictions expire when the donor-stipulated purpose has been fulfilled and/or the donor-stipulated time period has elapsed. Expirations of purpose or time restrictions result in the reclassifications between the applicable classes of net assets. It is the Foundation's policy to recognize restricted support and revenue in the net assets without donor restrictions classification if the restrictions have been met in the same year the support and revenue was recognized, except for donations to the Books for Asia program, which are reported as contributions with donor restrictions and are released from restriction upon use.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 2 - Continued

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Foundation considers all highly liquid funds with an original maturity of three months or less, including those held in the Foundation's investment portfolio, to be cash equivalents.

Accounts Receivable - Accounts receivable consists of program and other receivables that are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to support revenue and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to program or other receivables. An allowance for doubtful accounts was deemed unnecessary at September 30, 2023 and 2022.

Pledges Receivable - Pledges receivable, unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using a risk adjusted rate. Management provides for probable uncollectible amounts through a charge to support revenue and a credit to a valuation allowance based on management's assessment of individual balances. An allowance for doubtful accounts was deemed unnecessary at September 30, 2023 and 2022.

Books for Asia Inventory - The Foundation recognizes gifts-in-kind consisting of books, software and related shipping services donated to the Foundation's Books for Asia program (the Program). These gifts-in-kind are recognized at fair value on the date received as Program revenue and inventory and are recorded as expense and a reduction to inventory when the goods are either distributed or used in the Program. Inventory is released using a specific identification method and is reviewed at least annually for impairment. Inventory is considered impaired when it becomes obsolete, damaged, or otherwise, is determined to be unusable (Note 5).

Investments - Investments in equity securities with readily determinable market values and all debt securities are recorded at fair value. Investments in securities traded on organized securities exchanges are valued at the closing price on the last business day of the fiscal year. The Foundation's beneficial interest in a charitable remainder trust is recorded at fair value based on the investments held in the trust. Securities are generally held in custodial investment accounts administered by certain financial institutions.

Investment securities, in general, are exposed to various risks, including interest rate, credit and overall market volatility. Due to the level of risk associated with certain long-term investments, it is possible that changes in the values of these investments may occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investment return, including dividends, interest and realized and unrealized gains and losses, are reported in the consolidated statements of activities and changes in net assets. Where directed by the donor or grantor, interest earned on award advances is credited to a specific restricted fund for future use as specified in the award agreement. All other interest earned is credited to other fund balances with or without donor restrictions as appropriate.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 2 - Continued

Leases - Effective October 1, 2022, the Foundation adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (ASC Topic 842) using the modified retrospective approach with comparative accounting periods continuing to be presented under previous lease guidance (ASC Topic 840). The Foundation has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Foundation accounted for its existing leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Additionally, the Foundation did not elect the practical expedient to use hindsight in determining the lease term (that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the entity's right-of-use (ROU) assets. As a result of the adoption of the new lease accounting guidance, the Foundation recognized on October 1, 2022 (a) a lease liability of \$5,922,177, (b) a right-of-use asset of \$6,736,713, and (c) removal of deferred rent liabilities of \$545,832.

The Foundation determines if an arrangement contains a lease at inception. Operating leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation's leases do not provide an implicit rate of return; thus, the Foundation uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. The ROU asset also includes prepaid lease payments and unamortized initial direct costs and excludes lease incentives. The Foundation has lease agreements with lease and non-lease components which are accounted for as a single lease component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less or when monthly lease payments are less than \$500.

Property and Equipment - The Foundation capitalizes property and equipment with a cost of \$5,000, or greater. Property and equipment are recorded at cost if purchased, or if donated, at fair value at the date of the gift. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range from three to ten years, with the exception of leasehold improvements. Leasehold improvements are capitalized if they add to the value of the property or prolong its useful life. Leasehold improvements are amortized over the shorter of the life of the leasehold improvement or the lease term. Internally developed software with external costs exceeding \$5,000 are capitalized and depreciated over the software's estimated useful life, which is up to ten years.

Deferred Support - Deferred support consists of the advance payments for conditional grants and awards or for activities performed under contracts.

Post-Retirement Benefit Obligation - The post-retirement benefit obligation considers payout patterns as well as investment returns on available assets prior to payment. The discount rate used to value the post-retirement benefit obligation is the risk-adjusted rate commensurate with the duration of anticipated payments (Note 8).

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 2 - Continued

Revenue Recognition - Unconditional contributions and grants are recognized as revenue in the period received. Conditional promises to give are recognized as revenue when the conditions on which they depend are satisfied. Most government, bilateral and multilateral awards are considered conditional grants, and revenue is recognized generally on a cost-reimbursement basis when qualifying expenditures are incurred. Outstanding conditional contributions and grants totaled approximately \$184 million and \$187 million as of September 30, 2023 and 2022, respectively, and are expected to be recognized as revenue over the next five years. Approximately 50% and 57%

of these amounts as of September 30, 2023 and 2022, respectively, are from the U.S. Government. Contributions also include nonfinancial gifts-in-kind which are valued at estimated fair value on the date received. The Foundation has been named as beneficiary of certain revocable wills and trusts for which the amount and date of expected future contributions cannot be determined. Accordingly, these conditional pledges are not reflected in the accompanying financial statements. Fees for services performed in exchange transactions are recognized as revenue in the period the performance obligation is completed, which is typically aligned with costs incurred.

Concentration of Credit Risk - Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents, investments and accounts receivable. Cash and cash equivalents and investments held by financial institutions, at times, exceed Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insured limits.

The Foundation operates in a number of foreign countries. As of September 30, 2023 and 2022, the Foundation held approximately \$4.53 million and \$3.97 million in foreign countries, of which \$1.82 million and \$1.76 million was held in foreign currencies, respectively. Repatriation of funds restrictions may exist in a small number of foreign currency accounts. The Foundation has not experienced any losses in such accounts and closely monitors its cash and investments. Therefore, management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents or investments.

Receivables for awards and contracts from the U.S. Government represented 79% and 53% of the Foundation's total accounts receivable at September 30, 2023 and 2022, respectively. Revenue from awards and contracts from the U.S. Government provided 59% and 56% of the Foundation's total support for the years ended September 30, 2023 and 2022, respectively.

Included in the total receivables and revenue from the U.S. Government is an annually approved appropriation from the U.S. Congress. The receivable related to this appropriation represented 20% and 15% of the Foundation's total accounts receivable at September 30, 2023 and 2022, respectively. Revenue from this Congressional appropriation provided 21% and 24% of the Foundation's total support for the years ended September 30, 2023 and 2022, respectively.

Receivables for awards from one multilateral development agency represented 15% and 11% of the Foundation's total accounts receivable at September 30, 2023 and 2022, respectively. Revenue for awards from one bilateral development agency provided 17% and 20% of the Foundation's total support for the years ended September 30, 2023 and 2022, respectively.

Approximately 77% and 57% of pledges receivable were due from one and two individual donors at September 30, 2023 and 2022, respectively.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 2 - Continued

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 activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Additionally, the Foundation incurs various fundraising expenses. Each Foundational unit has a facilities cost pool. This cost pool is allocated to projects in proportion to aggregated time charges by staff assigned to that unit. Where there are multiple Foundational units residing in an office location, a central facilities cost pool is utilized to collect costs and distribute to each of the residing unit's facilities cost pool based on each unit's staff count. In addition, program unit administrative expenses are accumulated in a cost pool. This cost pool is allocated in proportion to aggregated time charges by staff in that unit.

Tax Exempt Status - The Internal Revenue Service has determined that the Foundation is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as an Foundation that is not a private foundation under Section 501(a) of the IRC. The Foundation is also recognized by the California Franchise Tax Board as exempt in California under the California Revenue and Taxation Code Section 23701d and is, therefore, exempt from California income and franchise taxes on operations related to its exempt purpose and investment income. The Foundation files tax returns with the United States and various state, local and foreign governments. The Foundation may be subject to tax examinations by the tax authorities of these governments for the current year and certain prior years based on the applicable laws and regulations of each jurisdiction.

Foreign Currency Translation - Substantially all assets and liabilities of the Foundation that are held in foreign currencies are translated to U.S. dollars at year end exchange rates. Revenue, gains and other support, and expenses are translated at the average weekly exchange rates during the year. Gains and losses from foreign currency translation for the year are included in the consolidated statements of activities and changes in net assets. Net foreign currency translation losses totaled \$81,000 and \$142,000 for the years ended September 30, 2023 and 2022, respectively.

Special Events - Special events held during the years ended September 30, 2023 and 2022, resulted in gross receipts of approximately \$659,000 and \$892,000 respectively, which are included in support from foundations, corporations and individuals on the consolidated statements of activities and changes in net assets. Estimated expenses for direct donor benefits from special events totaled \$349,000 and \$366,000 during the years ended September 30, 2023 and 2022, respectively, and are included in fundraising expense on the statements of activities and changes in net assets.

Use of Estimates - The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Note 3 - Program Receivables

Program receivables, included in accounts receivable on the statements of financial position, represent amounts due under funding agreements with public and private entities for program activities performed. All program receivables are deemed collectible at September 30, 2023 and 2022.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 3 - Continued

Program receivables were as follows at September 30:

	In Thousands	
	2023	2022
Billed	\$ 4,851	\$ 6,287
Unbilled	7,457	12,073
Total Program Receivables	\$ 12,308	\$ 18,360

Note 4 - Pledges Receivable

Pledges receivable were due as follows at September 30:

	In Thousands	
	2023	2022
Pledges due in less than one year	\$ 293	\$ 578
Pledges due in two to five years	1,327	165
	1,620	743
Less present value discount (0.68%)	(263)	(74)
Total Pledges Receivable	\$ 1,357	\$ 669

Note 5 - Books for Asia Inventory and Gifts-in-Kind

The Foundation receives gifts-in-kind consisting of books, software and related shipping services donated to the Foundation's Books for Asia program (the Program). Donated books and software are recorded as inventory and revenue at the time received and as Program services expense and a reduction of inventory in the period in which the books are used by or distributed under the Program (Note 2).

Contribution revenue is recognized based on the fair value of the books and software on the date received. The fair value of the gifts-in-kind support is determined based on the lowest published price, by title of book or software, obtained from independent third parties. The lowest published price is obtained in the principal market or, in the absence of a principal market, the most advantageous market, reflecting the highest and best use of each title. The principal market for these books is one which offers the greatest volume and level of activity for sales of each title.

Program expense is recognized as the books are used in or distributed under the Program, at their carrying value as discussed above, on the date of transaction based on specific book or software title. Although it is the Foundation's policy to distribute gifts-in-kind as promptly as possible, the Foundation may hold some gifts-in-kind at year end. Books and software not yet distributed under the Program at year end are reported as Books for Asia inventory in the statements of financial position. The value of the books and software held at year end and reported on the statements of financial position is reduced if it is determined the value has changed due to obsolescence, damage, or disposal.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 5 - Continued

Gifts-in-kind inventory, revenue and expense consisted of the following as of and for the years ended September 30:

	In Thousands	
	2023	2022
Books for Asia inventory, beginning of year	\$ 9,387	\$ 9,112
Donated books and software	36	2,714
Books and software used or distributed	(7,271)	(2,439)
Books for Asia inventory, end of year	2,152	9,387
Allowance	(55)	(55)
Books for Asia Inventory, Net	\$ 2,097	\$ 9,332

Note 6 - Investments and Fair Value Measurements

U.S. GAAP provides a framework for measuring fair value. To increase consistency and comparability in fair value measurements, the framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

The framework uses a three-level valuation hierarchy based on observable and nonobservable inputs. Observable inputs consist of data obtained from independent sources. Nonobservable inputs reflect market assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Assets and liabilities classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, or model-derived valuations whose inputs are observable. Assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis. There have been no changes in the methodologies used at September 30, 2023 and 2022.

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Foundation at year end.

Equity Securities - Valued at the closing price reported on the active market on which the securities are traded.

Fixed Income Securities - Valued based on bid and ask data on active markets.

Beneficial Interest in Charitable Remainder Trust - Valued at the present value of estimated future cash flows to be received by the Foundation based on the value of trust assets, which approximates fair value.

THE ASIA FOUNDATION AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022**

Note 6 - Continued

Assets and liabilities recorded at fair value on a recurring basis were as follows at September 30, 2023:

	In Thousands			Total
	Level 1	Level 2	Level 3	
Assets at Fair Value on a Recurring Basis:				
Mutual funds-				
Equity - large cap U.S.	\$ 5,618	\$ -	\$ -	\$ 5,618
Equity - small/mid cap U.S.	524			524
Equity - international	3,940			3,940
Fixed income	3,685			3,685
Fixed income - global	561			561
Total mutual funds	14,328			14,328
Equity securities-				
Technology	138			138
Energy	22			22
Consumer cyclical	90			90
Basic materials	19			19
Industrials	104			104
Communication services	9			9
Healthcare	102			102
Consumer Defensive	9			9
Real Estate	11			11
Financial Services	22			22
Total equity securities	526			526
Fixed income-				
United States Treasuries			12,016	12,016
Total fixed income			12,016	12,016
Beneficial interest in charitable remainder trust			227	227
Total Assets at Fair Value on a Recurring Basis	\$ 14,854	\$ -	\$ 227	\$ 27,097

THE ASIA FOUNDATION AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022**

Note 6 - Continued

Assets and liabilities at fair value on a recurring basis were as follows at September 30, 2022:

	In Thousands			Total
	Level 1	Level 2	Level 3	
Assets at Fair Value on a Recurring Basis:				
Mutual funds-				
Equity - large cap U.S.	\$ 4,696	\$ -	\$ -	\$ 4,696
Equity - small/mid cap U.S.	517			517
Equity - international	3,568			3,568
Fixed income	3,492			3,492
Fixed income - global	842			842
	<u>13,115</u>			<u>13,115</u>
Total mutual funds				
Equity securities-				
Technology	135			135
Energy	9			9
Consumer cyclical	90			90
Basic materials	79			79
Industrials	8			8
Communication services	117			117
Healthcare	27			27
Financial services	22			22
	<u>487</u>			<u>487</u>
Total equity securities				
Beneficial interest in charitable remainder trust				
			217	217
	<u> </u>	<u> </u>	<u>217</u>	<u>217</u>
Total Assets at Fair Value on a Recurring Basis	<u>\$ 13,602</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 13,819</u>

There were no purchases, sales or transfers of assets reported as Level 3 during the years ended September 30, 2023 and 2022.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 6 - Continued

Investment return on cash and investments was comprised of the following for the years ended September 30:

	In Thousands	
	2023	2022
Interest and dividends	\$ 518	\$ 860
Realized and unrealized gains (losses)	1,253	(4,130)
Investment management fees	(53)	(10)
Investment Return, Net	\$ 1,718	\$ (3,280)

Note 7 - Property and Equipment

Property and equipment consisted of the following at September 30:

	In Thousands	
	2023	2022
Furniture, equipment and computers	\$ 1,530	\$ 1,529
Leasehold improvements	2,073	2,167
Automobiles	1,212	1,192
Capitalized software	1,143	1,143
	5,958	6,031
Less accumulated depreciation and amortization	(4,903)	(4,936)
Property and Equipment, Net	\$ 1,055	\$ 1,095

As of September 30, 2023 and 2022, \$163,000 and \$90,000 respectively, of property and equipment was not yet placed in service and no depreciation or amortization had been recognized on these items.

Note 8 - Pension Plans and Post-Retirement Benefits

The Foundation provides a defined contribution retirement plan for eligible U.S. employees paid by the Foundation under the provisions of Section 403(b) of the IRC. The Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) is the issuer of the 403(b) plan's annuity contracts and custodian of the plan. Employees are eligible to make salary deferral contributions to the 403(b) plan on their date of hire. Employees are eligible to receive discretionary employer contributions when certain requirements have been met. The Foundation's contributions to the 403(b) plan totaled \$1.51 million and \$1.483 million for the years ended September 30, 2023 and 2022, respectively, and were based on a percentage of salary expense taking into account the start date of the employee.

The Foundation sponsors an unqualified 457(b) deferred compensation plan that allows eligible employees to defer a portion of their compensation. Participant accounts, together with accumulated earnings, are 100% vested upon a participant's contribution. The Foundation does not make contributions to this plan.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 8 - Continued

The Foundation also provides various defined contribution retirement plans for its local employees at the Asian and Pacific country offices. The plans vary by country with the majority of contributions based on a percentage of salary expense. The total contributions made by the Foundation to these plans totaled \$1,097,000 and \$986,000 for the years ended September 30, 2023 and 2022, respectively.

In addition to the defined contribution retirement plans, the Foundation provides certain health care and life insurance benefits to retired U.S. employees and their dependents (the Plan). The Plan was amended and curtailed in 2001 to exclude all current and future employees from coverage. The Foundation has the right to modify or terminate these benefits at its discretion.

Pension funding requirements are computed by an actuary and are subject to certain actuarial assumptions regarding discount rates and mortality rates. The benefits are computed based on the accrued annual benefit stipulated in the Plan document. The actuarial present value of benefit obligations, funded status and change in benefit obligations computed by the actuary were as follows as of and for the years ended September 30:

	In Thousands	
	<u>2023</u>	<u>2022</u>
Change in benefit obligation-		
Accumulated benefit obligation, beginning of year	\$ (100)	\$ 42
Net periodic cost - interest	(39)	(46)
Benefits paid	(31)	(53)
Adjustment to unrestricted net assets	<u>(101)</u>	<u>(43)</u>
Accumulated benefit obligation, end of year	(271)	(100)
Change in plan assets-		
Fair value of plan assets, beginning of year		53
Employer contributions		(53)
Benefits and expenses paid	<u>(31)</u>	<u>(53)</u>
Fair value of plan assets, end of year	<u>(31)</u>	<u> </u>
Accumulated Accrued Pension Liability, End of Year	<u>\$ (240)</u>	<u>\$ (100)</u>

Unrecognized net gain, included as a deduction from net assets without donor restrictions, for the years ended September 30, 2023 and 2022, totaled \$116,000 and \$218,000 respectively. The gains are being amortized over the average future lifetime of covered retirees.

THE ASIA FOUNDATION AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022**

Note 8 - Continued

Assumptions used by the actuary in accounting for the above Plan were as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Medical cost increases (trends) for-		
Medical benefits	5.0%	5.0%
Prescription drug coverage	5.0%	5.0%
Dental benefits	4.0%	4.0%
Subsequent year rate of increase-		
Medical benefits	0.0%	0.0%
Prescription drug coverage	0.0%	0.0%
Weighted average discount rate used in determining the accumulated postretirement benefit obligation	4.81%	4.81%

The Foundation expects to make contributions to the Plan as benefit payments are required. Projected benefit payments are expected to be paid as follows:

For the Years Ending September 30,	<u>In Thousands</u>
2024	\$ 26
2025	21
2026	17
2027	14
2028	11
Succeeding 5 years	28

Note 9 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following at September 30:

	<u>In Thousands</u>	
	<u>2023</u>	<u>2022</u>
Undesignated	\$ 13,635	\$ 8,397
Board designated for long-term investment	8,294	7,505
Board designated for Indonesia operations	35	35
Total Net Assets Without Donor Restrictions	<u>\$ 21,964</u>	<u>\$ 15,937</u>

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 9 - Continued

Net assets designated for long-term investment represent the Foundation's operating reserve and funds available for future activities and initiatives. Management does not expect to utilize these funds in the near term; therefore, the reserve is held in an investment portfolio that can be liquidated as needed. Management allocates approximately 5% of the reserve balance each year to be available for operations.

Note 10 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at September 30:

	In Thousands	
	2023	2022
Subject to expenditure for specific purpose or passage of time-		
Books for Asia	\$ 2,097	\$ 9,332
Restricted purpose projects	3,624	6,764
Accumulated unappropriated endowment earnings to be used for programs and scholarships	1,078	817
Beneficial interest in remainder trust	226	217
	<u>7,025</u>	<u>17,130</u>
Endowments - donor restricted in perpetuity	<u>6,622</u>	<u>4,335</u>
Total Net Assets With Donor Restrictions	<u>\$ 13,647</u>	<u>\$ 21,465</u>

Net assets were released from restriction for program purposes met as specified by donors as follows during the years ended September 30:

	In Thousands	
	2023	2022
Books for Asia	\$ 7,271	\$ 2,439
Restricted purpose projects	12,269	9,243
Programs and scholarships		500
Total Net Assets With Donor Restrictions Released	<u>\$ 19,540</u>	<u>\$ 12,182</u>

Note 11 - Endowments

The Foundation's net assets restricted in perpetuity consist of eight individual and one general donor-restricted endowment funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 11 - Continued

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been adopted by the State of California. The Board of Trustees of the Foundation has reviewed UPMIFA and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this determination, the Foundation classifies as net assets restricted in perpetuity within the net assets with donor restrictions classification (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 in net assets restricted in perpetuity is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers:

- The duration and preservation of the endowment fund;
- The purposes of the Foundation and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

THE ASIA FOUNDATION AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022**

Note 11 - Continued

Changes in donor-restricted endowment net assets were as follows for the years ended September 30:

	In Thousands		
	Subject to Appropriation	Restricted in Perpetuity	Total
Endowment Net Assets, October 1, 2021	\$ 1,515	\$ 4,297	\$ 5,812
Endowment investment return, net	(260)		(260)
Contributions to endowments		38	38
Appropriation of endowment for expenditure	(438)		(438)
Endowment Net Assets, September 30, 2022	817	4,335	5,152
Endowment investment return, net	261	644	905
Contributions to endowments		1,805	1,805
Appropriation of endowment for expenditure		(162)	(162)
Endowment Net Assets, September 30, 2023	\$ 1,078	\$ 6,622	\$ 7,700

Funds With Deficiencies - From time to time, the fair value of investments associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. When such deficiencies occur, spending from the endowment fund continues in accordance with the Foundation's spending policy. There were no such deficiencies at September 30, 2023 and 2022.

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets included those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk. The Foundation currently expects its endowment funds, over time, to provide an average rate of return of approximately 5.50%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 11 - Continued

Spending Policy and How the Investment Objectives Relate to the Spending Policy - The Foundation has a policy of appropriating for distribution each year 5% of its perpetually restricted endowment fund's weighted-average fair value over the prior 20 quarters at June 30. The valuation takes place three months before the start of the next fiscal year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation currently expects the current spending policy to allow its endowment to earn an average of 5.50%. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The earnings on the donor-restricted endowments are to be used for general support to the Foundation as well as to support fellowships in conflict resolution, the Washington, D.C. Public Affairs program, advancing human rights, student internships and scholarships.

Note 12 - Operating Leases

The Foundation leases certain office, equipment and warehouse facilities in the United States and other countries in which it works throughout Asia. The various operating leases expire from 2023 through 2033. The leases include payments for common area maintenance, utilities, and taxes that are considered variable lease payments and are excluded from determining the lease liability.

Future minimum payments required under operating leases were as follows at September 30, 2023:

For the Year as of September 30,	<u>in Thousands</u>
2024	\$ 1,987
2025	1,593
2026	938
2027	225
2028	39
Thereafter	<u>165</u>
Total undiscounted cash flows	4,947
Less present value discount	<u>(388)</u>
Total Lease Liabilities	<u>\$ 4,558</u>

Future minimum lease payments under noncancelable lease agreements were as follows at September 30, 2022:

For the Year as of September 30,	<u>In Thousands</u>
2023	\$ 1,081
2024	925
2025	878
2026	<u>690</u>
	<u>\$ 3,574</u>

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 12 - Continued

The components of lease expense for the year ended September 30, 2023 are as follows:

	<u>In Thousands</u>
Operating lease cost	\$ 2,357
Variable lease cost	176
Short-term and other lease costs	<u>452</u>
Total Leasing Expense	<u>\$ 2,985</u>

Supplemental cash flow information related to leases as of September 30, 2023 is as follows:

	<u>In Thousands</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 2,308
Right-of-use assets obtained in exchange for new operating lease liabilities	6,403
Weighted-average remaining lease term - operating lease	3 years
Weighted-average discount rate - operating lease	6%

Note 13 - Commitments and Contingencies

Termination Rights - The Foundation is liable for accumulated termination rights of employees working overseas in certain countries. The Foundation's policy is to accrue termination rights when local law mandates that payment be made on separation irrespective of the specific circumstances. Accrued termination rights totaled \$4.04 million and \$3.78 million at September 30, 2023 and 2022, respectively, and are included in accounts payable and accrued expenses on the statements of financial position.

Awards - Under the terms and conditions of award agreements with the Foundation's funders, support funds not spent in accordance with the intent of the agreements may be recovered by the funder. In the opinion of management, adequate provision has been made in the accompanying financial statements for any funds that may be recovered by or are not recoverable from the Foundation's funders.

The Foundation receives funds that are subject to audits by the funders. In the opinion of management, the Foundation's liability, if any, resulting from such claims will not materially affect the Foundation's financial position or its results of activities.

Conditional Grants - Commitments due by the Foundation under grant agreements to subrecipients for services not yet provided totaled \$17.77 million and \$13.83 million as of September 30, 2023 and 2022, respectively.

THE ASIA FOUNDATION AND SUBSIDIARY

Notes to Consolidated Financial Statements For the Years Ended September 30, 2023 and 2022

Note 13 - Continued

Contingencies - Lawsuits and claims are filed from time to time against the Foundation in the ordinary course of operations. Management does not believe that any outstanding matters will have a material adverse impact on the financial statements.

Note 14 - Related Party Transactions

Contributions and pledge payments received from the Foundation's Board of Trustees totaled approximately \$1,526,000 and \$728,000 for the years ended September 30, 2023 and 2022, respectively.

Note 15 - Liquidity and Availability of Financial Assets

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in short-term investments. In general, funds subject to expenditure for specific purposes are available for use when received subject to restrictions placed by donors. Board designated funds may be made available for use at the Board's discretion.

The Foundation's financial assets available to meet general expenditures within one year of the statements of financial position are as follows at September 30:

	In Thousands	
	2023	2022
Cash and cash equivalents	\$ 35,062	\$ 30,447
Accounts receivable, net	14,565	19,794
Pledges receivable, net	1,357	669
Investments	27,097	13,819
Total financial assets	78,081	64,729
net cash provided (used) by operating activities-		
Contractual and donor-imposed restrictions-		
Pledges due in two to five years, net	(1,064)	(91)
Deferred support beyond one year	(16,244)	(4,136)
Restricted purpose projects	(3,624)	(6,764)
Restricted for programs and scholarships	(1,078)	(817)
Beneficial interest in remainder trust	(226)	(217)
Restricted in perpetuity	(6,622)	(4,335)
Board designated for long-term investment	(8,294)	(7,505)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 40,929	\$ 40,864

THE ASIA FOUNDATION AND SUBSIDIARY

**Notes to Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022**

Note 16 - Subsequent Events

The Foundation has evaluated subsequent events through January 18, 2024, the date on which the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any events occurred, the nature of which would require disclosure.

SUPPLEMENTARY INFORMATION

THE ASIA FOUNDATION AND SUBSIDIARY

Schedule of Expenditures of Nonfederal Bilateral and Multilateral Awards For the Year Ended September 30, 2023

Nonfederal Grantor/Program Title	Country	Award Number	Expenditures
Multilateral Awards:			
British Council - Sri Lanka-			
Supporting Effective Dispute Resolution in Sri Lanka	Sri Lanka		\$ 424,287
Development Officer (Mediation) Induction Training Program	Sri Lanka		2,878
Total British Council - Sri Lanka			427,165
European Commission-			
Enabling Better Access to Justice for Domestic Violence Victims Through Strengthened Implementation of the Anti-Domestic Violence Law in China	China	EIDHR/2017/393-928	3,450
Total European Commission			3,450
European Union-			
Promoting Regional Cooperation Capacity of MoFA (PRCC-MoFAO Project - Phase II)	Afghanistan	ACA/2017/386-784	42,185
South Asia Regional Project to Raise Awareness and Strengthen Community and Local Responses to Counter the Impacts of COVID-19	Pakistan	ICSP/2020/417-844	(35,890)
Inside Justice: Empowering human rights defenders in addressing domestic violence against women in Sri Lanka	Sri Lanka	NDICI HR INTPA/2022/441-152	91,804
Democratic Perception Study 2023	Bangladesh	NDICI/2023/444-669/PC-30302	22,811
Total European Union			120,910
Ministry of Rural Rehabilitation and Development-			
Booster Survey 2021	Afghanistan	MRRD CCAP CN-327 ARTF TFA03827	21,407
Total Ministry of Rural Rehabilitation and Development			21,407
Ramboll Group-			
Southeast Asia Urban Services Facility - ASEAN Smart Cities Initiative	Programs	TA-9554	18,252
Total Ramboll Group			18,252
The World Bank-			
Local Development Support Project (LDSP)	Sri Lanka	7199859	27,828
Total The World Bank			27,828
United Nations Development Programme-			
Diagnostic Study on Local Government Institutions and Finances and Capacity Needs	Sri Lanka	COL/CDLG/118837/001/006	129,968
Conduct a Social Innovation Programme through Design Thinking Exercises	Sri Lanka	CNT/RFP/CDLG/2021/79	109,430
Strengthening Alternative Dispute Resolution Mechanisms	Sri Lanka	TAF/J U RE / 1 29929 / 001	193,017
Support to Effective and Responsive Institutions Project (SERIP) Project	Myanmar	2021/UNDP-MMR/CONT/040	128,721
Total United Nations Development Programme			561,136
United Nations Children's Fund-			
Enhancing Child Protection System to Keep Filipino Children Safe Online	Philippines	PHI/PCA201946	416,582
Program to Enhance Leadership & Gender Equality	Cambodia	43338470	218,122
Total United Nations Children's Fund			634,704
United Nations Educational Programme-			
Hooked on Peace - UNESCO	Bangladesh	4500469419 450048j092	19,190
Total United Nations Educational Programme			19,190
World Health Organization			
National parliamentary forum in S. Korea	Program Specialists - TH	PO 203039169	10,800
Total United Nations Educational Programme			10,800
Total Multilateral Awards			1,844,842
Bilateral Awards:			
Australian Broadcasting Company			
Timor-Leste Media Development Program	Timor - Leste		8,524
Total Australian Broadcasting Company			8,524
Australian Department of Foreign Affairs and Trade (AusDFAT, formerly AusAID)-			
Strategic Partnership on Subnational Governance in Nepal	Nepal	72580/4	135,263
Coalitions for Change Program Phase 2	Philippines	74632	3,061,495
Strengthened Access to Justice for Women Affected by Violence Through Proven Culturally Sensitive Approaches 2 (A2J-II)	Afghanistan	74074	(31,324)
Ponlok Chomnes: Data and Dialogue for Development	Cambodia	72580/19	(3,691)

See independent auditor's report.

THE ASIA FOUNDATION AND SUBSIDIARY

Schedule of Expenditures of Nonfederal Bilateral and Multilateral Awards (Continued) For the Year Ended September 30, 2023

Nonfederal Grantor/Program Title	Country	Award Number	Expenditures
Bilateral Awards:			
Strengthening the Australia-ASEAN Partnership: Regional Capacity Building and Policy Dialogues	Thailand	72580/23	1,603,956
Public Accountability Through Court Transformation (PACT)	Philippines	75032	213,401
Shaping the Future of Mekong Regional Architecture	Thailand	72580/22	91
Gender-Sensitive Corporate Responsibilities Among Chinese Textile Investors in Cambodia	China	72281 72580/12	5
Cohesion, Advocacy, Resilience and Expansive Engagement (CARE) for Peace in the Philippines 2	Philippines	76206	614,739
Reclaiming Civic Space to Promote Democratic Resilience	Indonesia	76581	418,204
Accelerate Women's Entrepreneurship for Peace in Sulu	Philippines	76603	2,089
Sub-National Governance Program Bridging Phase	Nepal	76659	9,737
Ponlok Chomnes: Data and Dialogue for Development in Cambodia - Stream 2	Cambodia	72580/34	827,826
Strengthening Public Resilience to Dis/misinformation in Democratic Process Indonesia	Indonesia		(739)
Increasing the Resilience of Mongolian Women Entrepreneurs to Challenges Posed by the COVID-19 Pandemic	Mongolia	72580/35	40,363
AG Survey 2021-2025	Afghanistan	76700 CR 31958	3,470
Better Economic Decision-making in Lao PDR - Australia Mekong Partnership Economic Governance	Laos	72580/36	248,100
Australia Thailand Economic Resilience Partnership (ATERP)	Thailand	72580/37	500,110
Mekong Australia Partnership for Infrastructure Development Safeguards	Thailand	72580/38	790,381
COVID-19 Emergency Response for Nepal (Education Support Program)	Nepal	76986	141,068
Australia Korea & U.S. Trilateral Dialogue	Korea, South	AKF2021106	(1,294)
ALIAS DC - North Cotabato	Philippines	77290	139,370
Supporting Lao PDR Preparations for ASEAN Chair	Laos	77315	182,357
Waypoints: Navigating Civil Maritime Security Reform	Philippines	77289	519,613
Thailand-Australia Critical Infrastructure Dialogue	Thailand		(1,804)
Adhika Para Sa Katarungan II: Rebuilding Communities through Human Rights Empowerment (Adhika II)	Philippines	77318	457,407
PROTECT: Prevention of Violent Extremism Through Empowered Courts	Philippines	77378	172,601
SNGP II	Nepal	77510	3,137,355
Inside Mediation, Counter Violent Extremism, and Conflict Transformation			
Building Bridges in Thailand's far South	Thailand	2022-12-TAF-Thailand	176,210
Research project for Vietnam to pursue high-quality FDI	Vietnam		13,584
Prevention of Human Trafficking through Strengthened Legislation	Nepal	77694	97,967
Promoting Civil Society Activism in Countering Mis/Disinformation	Indonesia		53,164
Nabilan (Ending Violence Against Women and Children) Phase III	Timor - Leste	77752	3,017,851
The Australia-Malaysia Reform Partnership	Malaysia	INO069	223,133
Accelerate Women's Entrepreneurship for Peace and Prosperity in Sulu	Philippines	77844	500,307
ASEAN-Australia Women Leaders' Side Event: Unlocking Women's Entrepreneurship			
Towards Regional Economic Growth	Cambodia	77867	70,711
Political Economy Analysis Training	Program Specialists - TH	72580/41	52,171
DFAT - Flash Survey 2022-23	Afghanistan	CR 31958 76700	337,226
DFAT-TAF Partnership - Supporting Australia's contribution to a stable and prosperous Indo-Pacific	Programs	72580/1	227,465
National Survey of Lao views of Australia, the region and key contemporary issues	Laos		22,912
Communities of Inclusion and Resilience through Collaborative Local Engagement (CIRCLE)	Philippines	77885	278,552
Scoping study about foreign direct investment (FDI) in the Mekong region	Malaysia	23/996#9	46,813
Formal Name: Reclaiming Civic Space to Promote Democratic Resilience Phase 2	Indonesia	78208	163,100
Ponlok Chomnes II: Data and Dialogue for Development in Cambodia	Cambodia	72580/45	410,743
Impact Evaluation of Bolsa da Mae - Jerasaun Foun (Bdm JF)	Timor - Leste	72580/46	218,983
Study on the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS)	Thailand	72580/44	40,313
ASEAN-Australia High-Level Dialogue on Climate Change and Energy Transition in 2023	Thailand	72580/47	139,746
Total Australian Department of Foreign Affairs and Trade (AusDFAT, formerly AusAID)			19,271,100
Australian High Commissions-			
The Research Survey Initiative	Bangladesh	77740	113,313
Total Australian High Commissions			113,313
Australia-Korea Foundation			
2023 AUS-KO-US Trilateral	Korea, South		49,166
Total British Embassy			49,166
Canadian DFATD-			
An Effective Basis For Peace Support In Myanmar Peace And Stabilization Operations Program	Program Specialists - TH	PSOP 21-063	104,390
Total Canadian DFATD			104,390

THE ASIA FOUNDATION AND SUBSIDIARY

Schedule of Expenditures of Nonfederal Bilateral and Multilateral Awards (Continued) For the Year Ended September 30, 2023

Nonfederal Grantor/Program Title	Country	Award Number	Expenditures
Bilateral Awards (Continued):			
Climate and Land Use Alliance- To promote ecological fiscal transfer and to support implementation of a jurisdictional approach in Jayapura, Papua	Indonesia		109,502
Total Climate and Land Use Alliance			109,502
Cowater International Inc- Improving Legal Aid Services for Women Survivors of GBV (Phase 2) (ACCESS GBV Phase 2)	Cambodia	Cowater Prime	102,369
Total Cowater International Inc			102,369
Cowater Sogema- Australia-Cambodia Cooperation for Equitable Sustainable Services (ACCESS)	Cambodia	1240-ACCESS-PPA-009	393
Total Cowater Sogema			393
Deakin University Support Australian War College Academic Services	Program Specialists - TH		8,400
Total Deakin University			8,400
Department of International Development Research Border Conflicts Data Development Phase 2	Program Specialists - TH Nepal	300100 203385-103	729,209 1,172,915
Total Department of International Development			1,902,124
DT Global Asia Pacific Implementation of SASUKAT Strengthening the Timor-Leste Knowledge Sector Strengthening Subnational Governance (SSG) Inception Phase	Timor - Leste Sri Lanka	AC49900/TAF/1 AC48800/TAF/1	510,810 354,349
Total DT Global Asia Pacific			865,159
DT Global Australia- Implementation of Accelerating Prison Reform Agenda by Promoting Restorative Justice (RJ) and Alternative Sentences to Imprisonment under DFAT - AIPJ2	Indonesia	AC46900/AIPJ2/TAF/GA/89-05-202	720,107
Total DT Global Australia			720,107
Deutsche Gesellschaft fur Internationale Zusammenarbeit- Reuce, Reuse, Recycle to Protect the Marine Environment and Coral Reefs	Cambodia	81276865 / 81273455	381,817
Total Deutsche Gesellschaft fur Internationale Zusammenarbeit			381,817
Ernst & Young- South East Asia Infrastructure and Economic Governance Facility (SEAEGIF): P4i Mission to Timor Leste Partnerships for Infrastructure (P4i)	Timor - Leste Program Specialists - SF	E&Y Prime Contract#: 76501 E&Y Prime Contract#: 76501	1,344,210 51,191
Total Ernst & Young			1,395,401
UK Foreign, Commonwealth and Development Office (UK FCDO)- Myanmar Regional Forum Phase 2 Award Name: Activate Bangsamoro Phase II: Promoting Active Citizen Engagement with the BARMM Parliament SETAPAK 3 - Improving Governance and Civil Society Engagement to Prevent Deforestation and Land Degradation in Indonesia B-CAPP/ PERI6 Activate Bangsamoro 3 UK PACT Project BRIDGE SETAPAK 4: Improving Fore	Program Specialists - TH Philippines Indonesia Bangladesh Philippines Vietnam Philippines Indonesia	95F25DF2-3641-474F-AD00-78D47 301120-401 CR 32678 Amendment No.1/2023 GFS3\27 301106-402	139,344 147,708 446,485 302,703 376,547 12,749 79,684 10,363
Total UK FCDO			1,515,583

THE ASIA FOUNDATION AND SUBSIDIARY

Schedule of Expenditures of Nonfederal Bilateral and Multilateral Awards (Continued) For the Year Ended September 30, 2023

Nonfederal Grantor/Program Title	Country	Award Number	Expenditures
Bilateral Awards (Continued):			
Global Affairs Canada-			
Women's Voice and Leadership - Sri Lanka	Sri Lanka	PO 7398950 Proj Num P002677	696,382
Women's Economic Empowerment	Mongolia	P006469 PO 7418774	925,684
Strengthening Social Cohesion in Sri Lanka	Sri Lanka	20-051	595,004
Total Global Affairs Canada			2,217,070
Abt JTA			
Governance Helpdesk	Program Specialists - SF	Abt Prime: CA_TH-GHD-462	509
Total Abt JTA			509
International Development Research-			
Regional Study on Impacts of the Fourth Industrial Revolution (4IR) on marginalized and vulnerable groups	Thailand	110120-001	6,203
Total International Development Research			6,203
Korea International Development Corporation Centre-			
ODA Project Implementing Organization Youth Internship	Korea, South		27,053
Total Korea International Development Corporation Centre			27,053
Minister Foreign Trade Development-			
Supporting Economic Participation and Entrepreneurship for Women with Disabilities in China	China	4000005698	100,213
Total Minister Foreign Trade Development			100,213
Ministry of Gender Equality-			
Prevention of Violence Against Women (VAW) in Mongolia	Korea, South		(2,217)
2023 Prevention of Violence Against Women (VAW) in Mongolia	Korea, South		85,502
Total Ministry of Gender Equality			83,285
Multiple Funders-			
Institutionalizing the Survey of the Afghan People 2016-2021	Afghanistan	31959 31960 31961	(299,579)
Agile Research Facility	Myanmar	DAI/FCDO & SDC	440,136
Total Multiple Funders			140,557
New Zealand Embassy-			
Timor-Leste Tourism Development Activity Phase 2 (2019-2024)	Timor - Leste	File Ref: WPG-0101849	841,866
Promoting the Transparent and Accountable Management of Local Fund in Cambodia	Cambodia	WPG-0102266; DOC-4062782	167,171
LAO: Legislative Development Support to the Institute of Legislative Studies	Laos	WFG-0102243;DOC-4062530	319,279
Total New Zealand Embassy			1,328,316
New Zealand Ministry of Foreign Affairs-			
BERDAYA: Improving Access to Legal and Social Services for Women in Papua	Indonesia	ACT-0102414; WPG-0103286-DOC-4	822,132
PASK - Programa Apoio Seguransa Komunitade	Timor - Leste	Ref WPG-0103027-DOC-4093073	1,416,634
Design of Strengthening Women, Peace and Security in ASEAN	Thailand	WPG-0104062-DOC-4141329	96,371
Total New Zealand Ministry of Foreign Affairs			2,335,137

THE ASIA FOUNDATION AND SUBSIDIARY

Schedule of Expenditures of Nonfederal Bilateral and Multilateral Awards (Continued) For the Year Ended September 30, 2023

Nonfederal Grantor/Program Title	Country	Award Number	Expenditures
Bilateral Awards (Continued):			
Palladium Group- Financial Inclusion and Economic Empowerment for the Low-Income Population and Women in Vietnam Phase II	Vietnam	Service order 1 Deed 65670	306,859
Total Palladium Group			306,859
Royal Netherlands Embassy- Engaging Employers to Address Domestic Violence in China	China	400001426	(16,885)
Total Royal Netherlands Embassy			(16,885)
Swiss Agency for Development and Cooperation- Urban Governance Project Exit Phase SDC-SNP 2022	Mongolia Nepal	81062600 81074411	101,626 61,577
Total Swiss Agency for Development and Cooperation			163,203
Tetra Tech RT4D	Program Specialists - SF	Tetra Tech Prime#: 77782	18,733
Total Tetra Tech			18,733
Australian Water Partnership- Political Economy of Water Management and Community Perceptions in the Pacific Islands	Pacific Islands	662039.87	(9,494)
Total The Australian Water Part			(9,494)
Total Bilateral Awards			33,248,107
Total Multilateral and Bilateral Awards			\$ 35,092,949

Note to the Schedule of Expenditures of Nonfederal Bilateral and Multilateral Awards

The schedule of expenditures of nonfederal bilateral and multilateral awards (the Schedule) was prepared on the accrual basis of accounting. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of operations to amounts reported as expenditures in prior years.

Funds from certain nonfederal grantors are classified as bilateral awards, as the funding received originated from other governments as reflected in the award agreements with the Foundation.