

GIVE2ASIA AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013



GIVE2ASIA AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Give2Asia:

We have audited the accompanying consolidated financial statements of Give2Asia and its subsidiary, which comprise the consolidated statements of financial position as of September 30, 2014 and 2013, 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 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 subsidiary as of September 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Burr Pilger Mayer, Inc.

San Francisco, California
January 20, 2015

GIVE2ASIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2014 and 2013

| | 2014 | 2013 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 7,510,509 | \$ 9,999,204 |
| Contributions receivable | 3,080,527 | 4,185,676 |
| Investments, at fair value | 2,305,444 | 3,934,101 |
| Other assets | 86,863 | 54,307 |
| Program related investment | - | 42,053 |
| Property and equipment, net | 25,725 | 30,768 |
| Software development in progress | 163,495 | 24,954 |
| | \$ 13,172,563 | \$ 18,271,063 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Grants payable | \$ 3,964,842 | \$ 9,591,428 |
| Deferred revenue | 54,000 | - |
| Other liabilities | 112,550 | 478,453 |
| Note payable - related party | 60,000 | - |
| | 4,191,392 | 10,069,881 |
| Net assets: | | |
| Unrestricted: | | |
| Board-designated - Disaster relief funds | 963,018 | 1,169,686 |
| Undesignated | 2,986,527 | 1,625,612 |
| | 3,949,545 | 2,795,298 |
| Temporarily restricted | 3,574,882 | 4,015,578 |
| Permanently restricted - donor endowment | 1,456,744 | 1,390,306 |
| | 8,981,171 | 8,201,182 |
| | \$ 13,172,563 | \$ 18,271,063 |

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

GIVE2ASIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended September 30, 2014 and 2013

| | 2014 | | | 2013 | | | | |
|---------------------------------------|---------------------|---------------------------|---------------------------|---------------------|---------------------|---------------------------|---------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Support and revenue: | | | | | | | | |
| Contributions | \$ 26,893,913 | \$ 3,331,453 | \$ 66,438 | \$ 30,291,804 | \$ 29,852,405 | \$ 1,875,974 | \$ 102,222 | \$ 31,830,601 |
| Net investment income | 82,680 | 151,538 | - | 234,218 | 80,819 | 105,489 | - | 186,308 |
| Net assets released from restrictions | 3,923,687 | (3,923,687) | - | - | 3,634,919 | (3,634,919) | - | - |
| Total support and revenue | 30,900,280 | (440,696) | 66,438 | 30,526,022 | 33,568,143 | (1,653,456) | 102,222 | 32,016,909 |
| Expenses: | | | | | | | | |
| Program | 28,973,230 | - | - | 28,973,230 | 30,633,739 | - | - | 30,633,739 |
| General and administrative | 561,142 | - | - | 561,142 | 836,831 | - | - | 836,831 |
| Fundraising | 211,661 | - | - | 211,661 | 458,476 | - | - | 458,476 |
| Total expenses | 29,746,033 | - | - | 29,746,033 | 31,929,046 | - | - | 31,929,046 |
| Change in net assets | 1,154,247 | (440,696) | 66,438 | 779,989 | 1,639,097 | (1,653,456) | 102,222 | 87,863 |
| Net assets, beginning of year | 2,795,298 | 4,015,578 | 1,390,306 | 8,201,182 | 1,156,201 | 5,669,034 | 1,288,084 | 8,113,319 |
| Net assets, end of year | \$ 3,949,545 | \$ 3,574,882 | \$ 1,456,744 | \$ 8,981,171 | \$ 2,795,298 | \$ 4,015,578 | \$ 1,390,306 | \$ 8,201,182 |

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

GIVE2ASIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended September 30, 2014 and 2013

| | 2014 | | | | 2013 | | | |
|----------------------------|----------------------|-------------------------------|-------------------|----------------------|----------------------|-------------------------------|-------------------|----------------------|
| | Supporting Services | | | | Supporting Services | | | |
| | Program | General and Administrative | Fundraising | Total | Program | General and Administrative | Fundraising | Total |
| Expense: | | | | | | | | |
| Grants | \$ 27,239,585 | \$ - | \$ - | \$ 27,239,585 | \$ 29,001,656 | \$ - | \$ - | \$ 29,001,656 |
| Salaries and wages | 822,851 | 232,719 | 121,014 | 1,176,584 | 776,746 | 447,628 | 172,396 | 1,396,770 |
| Payroll taxes and benefits | 186,974 | 75,393 | 39,204 | 301,571 | 240,791 | 138,423 | 53,443 | 432,657 |
| Contractual services | 570,666 | 90,723 | 17,722 | 679,111 | 401,805 | 127,204 | 101,790 | 630,799 |
| Facilities | 84,190 | 33,948 | 17,653 | 135,791 | 77,211 | 38,462 | 58,287 | 173,960 |
| Information technology | 10,663 | 64,761 | 2,479 | 77,903 | 52,666 | 12,682 | 21,783 | 87,131 |
| Office expenses | 12,316 | 31,765 | 2,727 | 46,808 | 57,859 | 21,401 | 32,817 | 112,077 |
| Communication and supplies | 22,735 | 9,167 | 4,767 | 36,669 | 19,143 | 7,945 | 9,030 | 36,118 |
| Travel | 21,922 | 8,839 | 4,597 | 35,358 | 5,862 | 6,429 | 8,930 | 21,221 |
| Insurance | - | 10,750 | - | 10,750 | - | 17,127 | - | 17,127 |
| Other expenses | 1,328 | 3,077 | 1,498 | 5,903 | - | 19,530 | - | 19,530 |
| Total expenses | <u>\$ 28,973,230</u> | <u>\$ 561,142</u> | <u>\$ 211,661</u> | <u>\$ 29,746,033</u> | <u>\$ 30,633,739</u> | <u>\$ 836,831</u> | <u>\$ 458,476</u> | <u>\$ 31,929,046</u> |

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

GIVE2ASIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended September 30, 2014 and 2013

| | 2014 | 2013 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 779,989 | \$ 87,863 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Net realized and unrealized gain on investments | (205,901) | (75,472) |
| Depreciation | 5,043 | 10,243 |
| Contributions for endowment | (66,438) | (102,222) |
| Investment income and gains restricted for endowment | (151,538) | (105,489) |
| Change in operating assets and liabilities: | | |
| Contributions receivable | 1,005,149 | 1,510,346 |
| Other assets | (32,556) | (17,459) |
| Grants payable | (5,626,586) | (2,167,767) |
| Deferred revenue | 54,000 | - |
| Other liabilities | (365,903) | 222,789 |
| Net cash used in operating activities | (4,604,741) | (637,168) |
| Cash flows from investing activities: | | |
| Cost of developing software | (138,541) | (24,954) |
| Proceeds from sales of investments | 2,261,132 | 149,466 |
| Purchases of investments | (426,574) | (1,530,619) |
| Payments received from program related investment | 42,053 | 83,459 |
| Net cash provided by (used in) investing activities | 1,738,070 | (1,322,648) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of related party debt | 60,000 | - |
| Investment income and gains restricted for endowment | 151,538 | 105,489 |
| Endowment cash received | 166,438 | 502,222 |
| Net cash provided by financing activities | 377,976 | 607,711 |
| Net decrease in cash and cash equivalents | (2,488,695) | (1,352,105) |
| Cash and cash equivalents, beginning of year | 9,999,204 | 11,351,309 |
| Cash and cash equivalents, end of year | \$ 7,510,509 | \$ 9,999,204 |
| Supplementary disclosure of cash flow information: | | |
| Interest paid | \$ 16 | \$ - |

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

GIVE2ASIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

1. Organization and Nature of Activities

Give2Asia is a nonprofit public benefit corporation which was incorporated on October 2, 2000. From its headquarters in San Francisco, California, Give2Asia provides philanthropic services which enhance the growth of civil society in Asia by increasing the flow of philanthropic capital to that region. Give2Asia 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 grantmaking opportunities in a particular country or for a particular cause. Give2Asia 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 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 in conducting due diligence inquiries before disbursing funds and monitor grantees as needed. As of and for the year ended September 30, 2014, The Asia Foundation had neither a controlling interest in Give2Asia 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 and shares a common purpose and mission to expand Give2Asia's reach for philanthropy in Asia. The Foundation is operated by the same management team as Give2Asia and is governed by a blended board combining members of the Board of Directors of Give2Asia and independent directors. Accordingly, since Give2Asia exerts control over the operations and governance of the Foundation, the Foundation is consolidated into these financial statements. All intercompany balances and transactions have been eliminated in consolidated financial statements.

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.

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.

Continued

GIVE2ASIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

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.

Management and General

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 and the Foundation. All material intercompany transactions and balances have been eliminated. 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.

Continued

GIVE2ASIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

2. Summary of Significant Accounting Policies, continued

Basis of Consolidation and Presentation, continued

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 September 30, 2014 and 2013, 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 5 to 10 years for furniture, equipment, and computer software. Additions of property are capitalized if the cost is \$1,000 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.

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.

Continued

GIVE2ASIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

2. Summary of Significant Accounting Policies, continued

Grants Payable and Program Expense

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. Program expenses consist of distributions to grantees in addition to the direct costs associated with qualifying the grantee, providing program management assistance and oversight, and reporting on the use of grant funds.

Note Payable - Related Party

Give2Asia has an outstanding loan from a related party. Interest on the loan is recognized over the term of the loan.

Revenue Recognition

Contributions are recognized as revenue 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.

Functional Expense Allocations

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

Income Taxes

Give2Asia 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 Give2Asia Foundation Ltd. 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.

Continued

GIVE2ASIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

2. Summary of Significant Accounting Policies, continued

Income Taxes, continued

Following the accounting guidance for uncertain tax positions, management concluded there are no uncertain tax positions at September 30, 2014 and 2013.

Give2Asia files annual information tax returns in the U.S. federal jurisdiction and the California state jurisdiction. Pursuant to the statute of limitations, tax years open to audit by the Internal Revenue Service (IRS) are 2011-2013 and by the California Franchise Tax Board (FTB) taxing authority are 2010-2013. Give2Asia currently does not have any examinations in progress with the IRS or FTB.

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.

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 unlisted derivative financial instruments and 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. The types of instruments which would generally be included in this category include privately held investments, partnership interests and similar interests.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

2. Summary of Significant Accounting Policies, continued

Reclassifications

Certain reclassifications have been made to the 2013 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 September 30:

| | 2014 | 2013 |
|------------------------------|--------------|--------------|
| Due within one year | \$ 1,930,527 | \$ 3,835,676 |
| Due within two to five years | 1,150,000 | 350,000 |
| Total | \$ 3,080,527 | \$ 4,185,676 |

4. Fair Value Measurements and Investments

The following tables provide information about Give2Asia's financial assets measured at fair value on a recurring basis at September 30:

| | Level 1 | |
|-----------------------------------|--------------|---------------|
| | 2014 | 2013 |
| Cash equivalents | \$ 6,909,423 | \$ 8,648,425 |
| Investments: | | |
| Cash equivalents | - | 1,276,457 |
| Mutual funds - equity securities | - | 121,500 |
| Mutual funds - balanced funds | 1,028,118 | 529,182 |
| Mutual funds - fixed income funds | 1,277,326 | 2,006,962 |
| Total investments | 2,305,444 | 3,934,101 |
| Total | \$ 9,214,867 | \$ 12,582,526 |

5. Program Related Investment

Give2Asia had a note receivable from one of its grantees. The original principal amount of the note was \$325,000, earning interest of 2% per year. Repayments of \$42,457, including interest and principal, were made semi-annually over 4 years. Give2Asia recognized \$403 and \$1,870 of interest income during the years ended September 30, 2014 and 2013, respectively. The balance of principal and interest at September 30, 2013 was \$42,053. The balance of the note was received in full during the year ended September 30, 2014.

Continued

GIVE2ASIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

6. Grants Payable

Grants payable are expected to be disbursed as follows:

| Year ending September 30: | |
|---------------------------|---------------------|
| 2015 | \$ 3,603,479 |
| 2016 | 361,363 |
| | <u>3,964,842</u> |
| | <u>\$ 3,964,842</u> |

7. Note Payable - Related Party

Give2Asia entered into a loan agreement with a board member in July 2014. The note for \$60,000 is payable over 3 years with interest paid monthly at a rate of 0.31%. At September 30, 2014, the outstanding balance was \$60,000. According to the agreement, loan payments are due as follows:

| Year ending September 30: | |
|---------------------------|------------------|
| 2015 | \$ 20,000 |
| 2016 | 20,000 |
| 2017 | 20,000 |
| | <u>60,000</u> |
| | <u>\$ 60,000</u> |

8. Board Designated Net Assets

Board designated net assets consist of the following at September 30:

| | <u>2014</u> | <u>2013</u> |
|--|--------------------|---------------------|
| Board designated net assets, beginning of year | \$ 1,169,686 | \$ 217,427 |
| Designated funds | 1,141,305 | 1,085,773 |
| Amounts appropriated for expenditure | <u>(1,347,973)</u> | <u>(133,514)</u> |
| Board designated net assets, end of year | <u>\$ 963,018</u> | <u>\$ 1,169,686</u> |

Continued

GIVE2ASIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

9. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at September 30:

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| Endowment earnings | \$ 291,416 | \$ 149,806 |
| Disaster preparedness | 1,160,288 | - |
| Podcast production | 150 | - |
| Contributions receivable/time restrictions | <u>2,123,028</u> | <u>3,865,772</u> |
| Total | <u>\$ 3,574,882</u> | <u>\$ 4,015,578</u> |

Temporarily restricted net assets released from restrictions consisted of the following during the years ended September 30:

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| Endowment appropriations | \$ 9,928 | \$ 6,826 |
| Grant making efforts in China | - | 21,869 |
| Disaster preparedness | 339,713 | - |
| Podcast production | 58,275 | - |
| Contributions receivable/time restrictions | <u>3,515,771</u> | <u>3,606,224</u> |
| Total | <u>\$ 3,923,687</u> | <u>\$ 3,634,919</u> |

10. Endowment

The endowment consists of two donor-restricted funds: one established for a variety of activities to strengthen the lives of rural poor children and women with a preference to the Guizhou Province and the other to support higher education in Sri Lanka.

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.

Continued

GIVE2ASIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

10. Endowment, continued

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2014 and 2013

10. Endowment, continued

Endowment Spending and Distribution Policy, continued

Changes in endowment net assets for the years ended September 30:

| | 2014 | | |
|---|---------------------------|---------------------------|--------------|
| | Temporarily Restricted | Permanently Restricted | Total |
| Endowment net assets, beginning of year | \$ 149,806 | \$ 1,390,306 | \$ 1,540,112 |
| Contributions | - | 66,438 | 66,438 |
| Net realized and unrealized gains | 151,538 | - | 151,538 |
| Amounts appropriated for expenditure | (9,928) | - | (9,928) |
| Endowment net assets, end of year | \$ 291,416 | \$ 1,456,744 | \$ 1,748,160 |
| | 2013 | | |
| | Temporarily Restricted | Permanently Restricted | Total |
| Endowment net assets, beginning of year | \$ 51,143 | \$ 1,288,084 | \$ 1,339,227 |
| Contributions | - | 102,222 | 102,222 |
| Net realized and unrealized gains | 105,489 | - | 105,489 |
| Amounts appropriated for expenditure | (6,826) | - | (6,826) |
| Endowment net assets, end of year | \$ 149,806 | \$ 1,390,306 | \$ 1,540,112 |

11. Commitments and Contingencies

Lease Commitments

Give2Asia occupies office space in San Francisco and Hong Kong under non-cancelable operating leases. During 2012, Give2Asia signed a five year lease for office space in San Francisco, which expires August 2017. During 2013, Give2Asia signed a one year lease for office space in Hong Kong, which expired September 2014. In September 2014, a new lease for the office space in Hong Kong was signed, which expires September 2016.

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

| Year ending September 30: | |
|---------------------------|------------|
| 2015 | \$ 171,040 |
| 2016 | 171,040 |
| 2017 | 107,287 |
| | \$ 449,367 |

Total rent expense was \$135,359 and \$120,589 for the years ended September 30, 2014 and 2013, respectively.

Continued

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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12. Related Party Transactions

The Asia Foundation paid \$0 and \$1,886,684 in administrative costs and supporting services on behalf of Give2Asia during the years ended September 30, 2014 and 2013, respectively. Give2Asia reimbursed The Asia Foundation \$0 and \$1,509,705 for the years ended September 30, 2014 and 2013, respectively. Give2Asia intends that no further expenses will be incurred by and reimbursed to The Asia Foundation during the next fiscal year. As of September 30, 2014 and 2013, Give2Asia had a payable due to The Asia Foundation of \$0 and \$376,979, respectively. During the year ended September 30, 2013, The Asia Foundation made a 4-year grant commitment totaling \$900,000. The payments received for this grant were \$250,000 and \$300,000 during the years ended September 30, 2014 and 2013, respectively. The balance outstanding from The Asia Foundation for this grant were \$350,000 and \$600,000 as of September 30, 2014 and 2013, respectively.

Give2Asia made grants to The Asia Foundation totaling \$26,778 and \$51,544 during the years ended September 30, 2014 and 2013, respectively.

Give2Asia employees are covered by a defined contribution pension plan. Give2Asia provides a 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). Prior to October 2013, the plan was operated and funded by The Asia Foundation. Give2Asia's contributions to the plan were \$83,454 and \$118,231 for the years ended September 30, 2014 and 2013, respectively.

Give2Asia entered into a loan agreement with a board member in July 2014 for \$60,000 (see Note 7).

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 91% of contributions receivable is from four donors and 29% of contribution revenue is from two donors as of and for the year ended September 30, 2014. Approximately 61% of contributions receivable is from three donors and 20% of contribution revenue is from two donors as of and for the year ended September 30, 2013. Approximately 42% of grants payable is to three grantees and 15% of grant expense was to one grantee for the year ended September 30, 2014. Approximately 62% of grants payable is to five grantees and 23% of grant expense was to two grantees for the year ended September 30, 2013.

14. Subsequent Events

Give2Asia evaluated its September 30, 2014 financial statements for subsequent events through January 20, 2015, 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.