Ashoka and Affiliates

Consolidated Financial Report
(Compiled)
August 31, 2016

Contents

RSM

RSM US LLP

Independent Accountant's Compilation Report

Board of Directors
Ashoka

Management is responsible for the accompanying consolidated financial statements of Ashoka and Affiliates (Ashoka), which comprise the consolidated statement of financial position as of August 31, 2016, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements) in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

RSM US LLP

McLean, Virginia
September 30, 2019

Ashoka and Affiliates

Consolidated Statement of Financial Position
August 31, 2016
See Independent Accountant's Compilation Report

Assets	
Cash and cash equivalents	$ 15,870,905
Pledges receivable, net	19,568,368
Investments	26,098,857
Prepaid expenses and other assets	1,214,197
Property and equipment, net	672,553
Total assets	$ 63,424,880
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued expenses	$ 1,361,944
Stipends payable	7,841,094
Total liabilities	9,203,038
Commitments and contingencies (Notes 6, 10, 11 and 12)	
Net assets:	
Unrestricted:	
Undesignated (deficiency)	(10,436,220)
Board designated	2,871,751
Total unrestricted	(7,564,469)
Temporarily restricted	38,568,029
Permanently restricted	23,218,282
Total net assets	54,221,842
Total liabilities and net assets	$ 63,424,880

See notes to consolidated financial statements.

Ashoka and Affiliates

Consolidated Statement of Activities
Year Ended August 31, 2016
See Independent Accountant's Compilation Report

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions	$ 19,409,574	$ 13,117,087	$ 64,530	$ 32,591,191
Investment income, net	1,391,247	262,973	251,920	1,906,140
Miscellaneous income	670,151	-	-	670,151
Net assets released from restriction	20,093,010	(20,093,010)	-	-
Total support and revenue	41,563,982	(6,712,950)	316,450	35,167,482
Expenses:				
Program services:				
Leading social entrepreneurs	12,439,830	-	-	12,439,830
Idea spread and education	2,885,595	-	-	2,885,595
New architecture	8,643,622	-	-	8,643,622
Group entrepreneurship	8,669,540	-	-	8,669,540
Total program services	32,638,587	-	-	32,638,587
Supporting services:				
Management and general	7,424,078	-	-	7,424,078
Fund raising	2,194,672	-	-	2,194,672
Total supporting services	9,618,750	-	-	9,618,750
Total expenses	42,257,337	-	-	42,257,337
Change in net assets from operations	(693,355)	(6,712,950)	316,450	(7,089,855)
Nonoperating activity:				
Loss on translation of affiliate net assets	(101,255)	-	-	(101,255)
	(101,255)	-	-	(101,255)
Change in net assets	(794,610)	(6,712,950)	316,450	(7,191,110)
Net assets:				
Beginning of year	(6,769,859)	45,280,979	22,901,832	61,412,952
End of year	$ (7,564,469)	$ 38,568,029	$ 23,218,282	$ 54,221,842

See notes to consolidated financial statements.

Ashoka and Affiliates

Consolidated Statement of Functional Expenses
Year Ended August 31, 2016
See Independent Accountant's Compilation Report

	Program Services					Supporting Services			
	Leading Social Entrepreneurs	Idea Spread and Education	New Architecture	Group Entrepreneurship	Total	Management and General	Fund Raising	Total	Total Expenses
Salaries	$ 3,386,231	$ 1,418,230	$ 3,885,591	$ 3,485,230	$ 12,175,282	$ 1,367,823	$ 915,833	$ 2,283,656	$ 14,458,938
Payroll taxes	380,472	155,653	356,398	365,538	1,258,061	159,724	154,390	314,114	1,572,175
Employee benefits	484,363	115,440	446,013	420,136	1,465,952	143,447	91,631	235,078	1,701,030
Consulting	1,891,829	461,814	1,182,584	1,258,461	4,794,688	512,542	349,739	862,281	5,656,969
Outside services	799,885	193,618	397,140	802,339	2,192,982	356,175	53,647	409,822	2,602,804
Total personnel and related expenses	6,942,780	2,344,755	6,267,726	6,331,704	21,886,965	2,539,711	1,565,240	4,104,951	25,991,916
Fellowship payments	3,642,332	-	-	692	3,643,024	-	-	-	3,643,024
Office supplies and expenses	25,374	4,543	25,317	47,110	102,344	47,862	2,332	50,194	152,538
Occupancy	295,020	83,756	336,687	284,567	1,000,030	466,878	54,255	521,133	1,521,163
Telephone, telex and facsimile	31,221	27,055	21,402	38,055	117,733	41,150	5,531	46,681	164,414
Postage and messenger	10,001	8,385	11,089	6,945	36,420	23,342	67,796	91,138	127,558
Printing and publications	27,489	28,819	26,442	56,614	139,364	3,037	327,259	330,296	469,660
Equipment rental and repair	8,343	3,092	7,080	8,939	27,454	20,757	1,623	22,380	49,834
Equipment expensed	82,571	45,499	178,807	107,135	414,012	201,670	34,209	235,879	649,891
Accounting and audit	39,481	6,766	38,656	38,718	123,621	397,533	9,532	407,065	530,686
Bad debt	134,241	-	511,987	406,974	1,053,202	687,189	-	687,189	1,740,391
Bank and brokerage fees	9,024	2,982	14,317	30,695	57,018	27,216	3,521	30,737	87,755
Travel	602,771	112,832	370,922	681,959	1,768,484	77,621	35,985	113,606	1,882,090
Conferences	186,310	129,339	370,122	162,092	847,863	12,552	33,105	45,657	893,520
Miscellaneous expenses	82,938	10,299	42,614	16,552	152,403	2,490,477	5,758	2,496,235	2,648,638
Local transportation and meals	108,458	20,122	95,235	85,368	309,183	34,687	6,733	41,420	350,603
Awards	119,161	13,285	236,826	290,618	659,890	25,700	293	25,993	685,883
Dues, books and subscriptions	21,507	12,055	35,007	10,543	79,112	13,468	27,096	40,564	119,676
Training	17,317	5,437	1,238	19,322	43,314	13,861	211	14,072	57,386
Insurance	40,247	14,912	43,141	34,938	133,238	78,128	10,347	88,475	221,713
Taxes and penalties	13,378	11,662	9,007	6,756	40,803	102,521	3,846	106,367	147,170
Total expenses before depreciation	12,439,964	2,885,595	8,643,622	8,666,296	32,635,477	7,305,360	2,194,672	9,500,032	42,135,509
Depreciation of equipment	(134)	-	-	3,244	3,110	118,718	-	118,718	121,828
Total expenses	$ 12,439,830	$ 2,885,595	$ 8,643,622	$ 8,669,540	$ 32,638,587	$ 7,424,078	$ 2,194,672	$ 9,618,750	$ 42,257,337

See notes to consolidated financial statements.

Ashoka and Affiliates

Consolidated Statement of Cash Flows
Year Ended August 31, 2016
See Independent Accountant's Compilation Report

Cash flows from operating activities:	
Change in net assets	$ (7,191,110)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	121,828
Net realized and unrealized gain on investments	(1,585,775)
Decrease in allowance for uncollectible pledges	(959,445)
Change in operating assets and liabilities:	
Decrease in:	
Pledges receivable	12,412,890
Prepaid expenses and other assets	(191,323)
Increase (decrease) in:	
Accounts payable and accrued expenses	812,492
Stipends payable	(3,539,652)
Net cash used in operating activities	(120,095)
Cash flows from investing activities:	
Purchases of property and equipment	(17,173)
Purchase from investments	(320,366)
Proceeds from sales or maturity of investments	47,006
Net cash used in investing activities	(290,533)
Net increase in cash and cash equivalents	(410,628)
Cash and cash equivalents:	
Beginning	16,281,533
End	$ 15,870,905

See notes to consolidated financial statements.

Note 1. Nature of Organization

Nature of Organization: Ashoka and Affiliates (Ashoka) is a non-profit organization headquartered in Arlington, Virginia, with office throughout the world. Ashoka is a non-profit, publicly supported foundation incorporated on June 3, 1980, under the laws of the District of Columbia. Ashoka envisions a global community that responds quickly and effectively to social challenges, where everyone has the freedom, confidence and societal support to address any societal problem and make change. This global community spreads innovation and the desire to change, such that everyone finds within themselves the potential to be changemakers.

Social entrepreneurs are the engines of change and role models for the citizen sector. Ashoka identifies and invests in Leading Social Entrepreneurs (Fellows) – entrepreneurs working to achieve positive social impact – supporting the individual, idea, and institution through all phases of their career.

Through Group Entrepreneurship programs, Ashoka engages communities of entrepreneurs and develops patterns of effective collaborations that accelerate and spread social impact.

Ashoka encourages the creation of sustainable social solutions by developing New Architecture for the sector to support and accelerate progress within the community. Systems include: access to social financing, bridges to business and academic sectors, and frameworks for strategic partnerships that deliver social and financial value.

Ashoka works to define and strengthen the field of social entrepreneurship through Idea Spread and Education programs, including spreading the innovations of both individual social entrepreneurs and those developed cooperatively among social entrepreneurs working on common or related problems. This includes publications, professional training of social entrepreneurs in communications, and Ashoka's web presence. Ashoka makes disbursements of funds in support of these objectives directly to individuals and groups as well as through affiliated groups and its own regional and country branches in East Asia, Southeast Asia, South Asia, Africa, South America, Mexico/the Caribbean Basin/Central America, Europe, North America and Middle East/North Africa.

Affiliates: The accompanying consolidated financial statements include the operations of the following international not-for-profit affiliates that are represented by a controlling interest:

Ashoka Conosur Este	Ashoka Indonesia	Ashoka Romania
Ashoka Cee	Ashoka Ireland	Ashoka Scandinavia
Ashoka Bangladesh	Ashoka Israel	Ashoka Sahel (Senegal)
Ashoka Belgium	Ashoka Italia	Ashoka Singapore and Malaysia
Ashoka Brasil	Ashoka Japan	Ashoka Southern Africa
Ashoka Canada	Ashoka East Africa (Kenya)	Ashoka Spain
Ashoka Chile	Ashoka Korea	Ashoka Sri Lanka
Ashoka Colombia	Ashoka Mexico	Ashoka Switzerland
Ashoka Arab World (Egypt)	Ashoka Netherlands	Ashoka Thailand
Ashoka France	Ashoka West Africa (Nigeria)	Ashoka Turkiye (Turkey)
Ashoka Deutschland (Germany)	Ashoka Philippines	Ashoka UK
Ashoka Hellas (Greece)	Ashoka Poland	Ashoka Venezuela
Ashoka India	Ashoka Portugal	Ashoka USA

Additionally, Ashoka is the sole member of Ashoka LLC. Accordingly, all financial activities of Ashoka LLC have been consolidated with Ashoka. Ashoka LLC was incorporated in order to serve Ashoka donors in a more transaction-oriented way, as well as to raise unrestricted funding for Ashoka. Ashoka LLC is a disregarded entity for tax purposes.

Note 1. Nature of Organization (Continued)

Ashoka entered into an affiliation agreement with an affiliate, Get America Working! (GAW!), which is a separately incorporated 501(c)(3) organization. The majority of funds raised for GAW! Come via Ashoka, both from Ashoka donors or via efforts managed by Ashoka employees. GAW! has three board members, each with the same voting rights. Two of these board members also serve on Ashoka's board, and the third is an employee of Ashoka. Accordingly, all financial activities of GAW! have been consolidated with Ashoka.

Ashoka has entered into an affiliation agreement with Youth Venture, Inc. (Youth Venture), a separately incorporated 501(c)(3) organization. The mission of Youth Venture is to assist disadvantaged urban youths with the establishment and operation of business and civic projects, so as to instill in the youths an entrepreneurial spirit and to develop community ties. There are programmatic overlaps between Ashoka and Youth Venture, including sharing of staff and resources. Two of the four board members also serve on Ashoka's board, and one of these overlapping board members casts the deciding vote in the event of a tie vote. Accordingly, all financial activities of Youth Venture have been consolidated with Ashoka.

Note 2. Significant Accounting Policies

A summary of Ashoka's significant accounting policies follows:

Basis of accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of Ashoka and its affiliates. All transactions between Ashoka and its affiliates have been eliminated in consolidation.

Basis of presentation: Ashoka reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

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

***Unrestricted net assets*:** Represent funds that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Certain amounts have been designated by Ashoka's Board to function as an endowment.

***Temporarily restricted net assets*:** Result from unconditional contributions whose use is limited by donor-imposed stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. When a restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as assets released from restrictions.

***Permanently restricted net assets*:** Result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by Ashoka's actions. The donors of these assets permit Ashoka to use the income and gains earned on related investments for operations or for specific purposes stipulated by donors.

Note 2. Significant Accounting Policies (Continued)

Cash and cash equivalents: Cash consists of balances in interest-bearing and non-interest-bearing accounts as well as demand deposits. Cash equivalents consist of highly liquid investments, with original maturities of 91 days or less.

Cash held in international offices primarily represents cash in foreign bank accounts that will be used for program activities. Cash held in international offices includes both cash advanced to field offices by headquarters and cash disbursed directly to field offices by donors.

Investments: Investments are carried at estimated fair value in the accompanying consolidated statement of financial position. Unrealized gains and losses are recorded in the accompanying consolidated statement of activities as a component of investment income. Dividend and interest income is recorded as earned. Donated securities are recorded at their fair value at the date of donation.

Concentration of credit and market risk: Ashoka maintains its cash and cash equivalents in various bank accounts and money market funds that, at times, may exceed federally insured limits. Ashoka's cash and cash equivalent accounts are placed with high credit quality financial institutions. Ashoka has not experienced, nor does it anticipate, any losses in such accounts.

Ashoka invests in a professionally managed portfolio that contains various securities which are exposed to various risks, such as market, interest and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Contributions and pledges receivable: Ashoka records unconditional promises to give (pledges) as a receivable and revenue when donors make a promise to give. Contributions received are classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restriction. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on outstanding pledges are computed using a risk-adjusted rate applicable to the years in which the promises are received. Amortization of the discounts is included within contribution revenue in the accompanying consolidated statement of activities. Conditional promises to give are not included as support until the conditions are substantially met.

Ashoka determines whether an allowance for uncollectible pledges should be provided for outstanding pledges receivable. Such estimates are based on management's assessment of the aged basis of receivables, current economic conditions, subsequent cash receipts and historical information. Receivables are written off against the allowance for uncollectible pledges when all reasonable collection efforts have been exhausted. The allowance for uncollectible pledges was $2,044,551 at August 31, 2016.

Contributions include in-kind gifts that consist of goods and services provided by various organizations related to Ashoka's mission as well as in the fields of law, publications, television and strategic planning. The in-kind contributions are recorded at their fair value as of the date the goods or services are provided. In-kind contributions were $1,773,730 for the year ended August 31, 2016.

Note 2. Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are recorded at cost or, in the case of donated items, at fair value as of the date of acquisitions, less accumulated depreciation. Ashoka capitalizes assets that cost more than $500 and have an estimated useful life greater than one year. Purchases with an acquisition cost of less than $500 or a useful life of less than one year are expensed in the year of purchase and allocated to functional areas based upon actual usage. Depreciation of assets is provided based upon the estimated useful lives of the assets (5 to 10 years) using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term, inclusive of expected renewals, or the estimated useful lives of the assets. Software implementation costs are amortized over a 10-year period.

Valuation of long-lived assets: Ashoka reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Stipends payable: Ashoka makes unconditional commitments to support new and existing Fellows for periods ranging from one to four years. The total commitment to senior fellows, fellows, associates and affiliates elected was $7,841,094 as of August 31, 2016.

Functional allocation of expenses: The costs of providing Ashoka's various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain expenses have been allocated amongst Ashoka's programs and supporting services.

Foreign currency transactions: Transaction gains and losses that arise from exchange rate fluctuations denominated in foreign currency are included in program services in the consolidated statement of activities, as incurred.

Foreign currency translation: The functional currency of Ashoka is the U.S. Dollar. Gains and losses resulting from translations of foreign currencies into U.S. Dollars are recognized as a nonoperating activity in the consolidated statement of activities. Where local currencies are used, assets and liabilities are translated into U.S. Dollars at the consolidated statement of financial position date at the exchange rate in effect at year-end. Translation losses amounted to approximately $101,255 for the year ended August 31, 2016.

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 that 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 may differ from those estimates.

Income taxes: Ashoka is recognized as a non-profit organization and is exempt from income tax under the provisions of section 501(c)(3) of the Internal Revenue Code (IRC). In addition, Ashoka has been determined by the Internal Revenue Service not to be a private foundation. Ashoka has obtained similar tax status under the laws of the many other countries where it works and operates. Ashoka is subject to unrelated business income taxes under Section 512 of the IRC; however, in the opinion of management, no provision for income taxes is required to be made.

Note 2. Significant Accounting Policies (Continued)

Management evaluated Ashoka's tax positions and concluded that Ashoka had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of the accounting standards on accounting for uncertainty in income taxes.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the effect that the standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim period within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a nonprofit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where Ashoka is a resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Where Ashoka is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted. Management is currently evaluating the impact of the pending adoption of this new standard on its consolidated financial statements.

Note 2. Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU results in the removal, modification and addition of certain disclosure requirements related to transfers between levels within the fair value hierarchy, valuation processes and unrealized gains/losses presentation for Level 3 measurements, and liquidation timing for investments held at net asset value. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied except for the changes related to Level 3 measurements, which should be applied prospectively. ASU No. 2018-13 is effective for fiscal years, and interim period within those fiscal years, beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Subsequent events: Ashoka evaluated subsequent events through September 30, 2019, which is the date the consolidated financial statements were available to be issued.

Note 3. Pledges Receivable, Net

Unconditional promises to give expected to be collected within one year are recorded at their net realizable value. Those expected to be collected in future years are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured utilizing a rate of return in the appropriate period during which the outstanding promises are expected to be collected. A discount rate of 4.0% was used for fiscal year ending August 31, 2016.

Unconditional promises to give as of August 31, 2016, are due as follows:

Within one year	$ 16,287,259
Two to five years	5,711,420
Over five years	-
Gross pledges receivable	21,998,679
Allowance for uncollectbile pledges	(2,044,551)
Discount to present value	(385,760)
Net pledges receivable	$ 19,568,368

Note 4. Investments and Fair Value Measurements

As of August 31, 2016, the fair value of investments were as follows:

Cash and money market funds	$ 1,556,697
Certificates of deposit	3,699,207
Equities	6,842,514
Mutual funds	4,413,751
Exchange traded funds	1,771,645
Real estate investment trusts	459,640
Corporate bonds	460,831
Pooled investment fund	6,894,572
	$ 26,098,857

Note 4. Investments and Fair Value Measurements (Continued)

Investment income for the year ended August 31, 2016, consists of the following:

Realized and unrealized gain, net	$ 1,585,775
Interest and dividends	370,808
Investment management fees	(50,443)
	$ 1,906,140

The Accounting Standards Codification (the Codification) Topic on Fair Value Measurement establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosures about fair market value measurements. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value.

The provision applies to all assets and liabilities that are being measured and reported on a fair value basis, and are disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, Ashoka performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by Ashoka at August 31, 2016.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Ashoka believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of August 31, 2016:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and money market funds	$ 1,556,697	$ -	$ -	$ 1,556,697
Certificates of deposit	-	3,699,207	-	3,699,207
Equities	6,842,514	-	-	6,842,514
Mutual funds	4,413,751	-	-	4,413,751
Exchange traded funds	1,771,645	-	-	1,771,645
Real estate investment trusts	459,640	-	-	459,640
Corporate bonds	-	460,831	-	460,831
Pooled investment fund (a)	-	-	-	6,894,572
	$ 15,044,247	$ 4,160,038	$ -	$ 26,098,857

Note 4. Investments and Fair Value Measurements (Continued)

(a) In accordance with Accounting Standards Codification Topic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

Alternative investments are less liquid than Ashoka's other investments. The following table sets forth additional disclosures of Ashoka's investments who fair value is estimated using net asset value per share (or its equivalent) as of August 31, 2016:

Investment Strategy	Fair value at August 31, 2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled investment fund	$ 6,894,572	$ -	Monthly	30 Days

Note 5. Property and Equipment, Net

Property and equipment as of August 31, 2016, are comprised of the following:

Furniture and equipment	$ 657,426
Leasehold improvements	169,708
Software	865,820
	1,692,954
Less accumulated depreciation and amortization	(1,020,401)
	$ 672,553

Depreciation and amortization expense was $121,828 for the year ended August 31, 2016.

Note 6. Line of Credit

In 2011, Ashoka entered into a $12,000,000 line of credit agreement with a bank which bears interest at a fixed rate and variable rate equal to the London InterBank Offered Rate for deposits having a maturity of 30 days (LIBOR), adjusted daily plus the percentage rate spread. The line of credit is secured by Ashoka's investment accounts. At August 31, 2016, the line of credit has no outstanding balance.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at August 31, 2016:

Leading social entrepreneurship	$ 16,961,187
Group entrepreneurship	11,526,276
New architecture	5,088,413
Idea spread/framework change	449,985
Strategic partnerships	1,326,409
Other restricted use	3,215,759
	$ 38,568,029

Note 7. Temporarily Restricted Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

Leading social entrepreneurship	$ 8,613,644
Group entrepreneurship	5,703,773
New architecture	3,858,981
Idea spread/framework change	712,953
Strategic partnerships	852,979
Other restricted use	350,680
Total restrictions released	$ 20,093,010

Note 8. Permanently Restricted Net Assets

As of August 31, 2016, permanently restricted net asset consist of the following:

Social entrepreneurs within emerging market countries	$ 1,011,000
Fellows	680,190
Fellows within a specific country	169,554
Fellows who are women	211,696
Fellows for education and social development	599,250
Fellows for health and hunger	218,749
Fellows for the environment	139,410
Fellows for justice and peace	543,013
General purpose	19,645,420
	$ 23,218,282

Note 9. Endowments

Ashoka has consistently promised endowment donors and its broader constituencies that it will maintain the real (inflation-adjusted) value of endowment gifts. (This is one of the reasons the board put control in the hands of separate endowment trustees.) This is both a contractual obligation and Ashoka policy. Moreover, management has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of original donor cash-restricted contributions as of the date of the gift, absent explicit donor stipulations to the contrary. In adhering to Ashoka's longstanding policy and its commitment to its endowment donors, in addition to following this interpretation of UPMIFA, Ashoka classifies as permanently restricted net assets the original value of permanently restricted contributions plus whatever adjustment for inflation is necessary to maintain the original whole value. Any amount above the inflation-adjusted real value of the endowments are classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard prudence prescribed by UPMIFA.

Note 9. Endowments (Continued)

In accordance with UPMIFA, Ashoka considers the following factors in making a determination to appropriate or accumulate donor-restricted cash contributions:

- The purpose of Ashoka and donor-restricted endowment fund
- The duration and preservation of the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

All earnings from the donor-restricted endowment funds are reflected as temporarily restricted net assets, until appropriated for program expenditures.

Ashoka's endowment consists of individual endowments established over many years for a variety of purposes. The endowment includes permanent endowments, as well as unrestricted funds designated by the Board of Trustees to function as an endowment. The endowment is managed by the Endowment Trustees, and they shall be responsible for the maintenance, investment and preservation of the funds.

Ashoka maintains donor-restricted and board-designated funds whose purpose is to provide long term support for programs. In classifying such funds for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Endowment Trustees looks to the explicit directions of the donor where applicable and the provisions of the law. The intent is that these funds are to be conservatively invested to minimize unrealized losses. It is the intent of the Board of Trustees that income shall not be withdrawn but remain for future growth, therefore spending for these funds are determined by the Endowment Trustees on an annual basis.

Ashoka's endowment funds consist of the following at August 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment funds	$ -	$ -	$ 23,218,282
Board-designated endowment funds	2,871,751	-	-
	$ 2,871,751	$ -	$ 23,218,282

Return Objectives and Risk Parameters

Ashoka has adopted investment and spending policies for endowment assets that attempt to provide a stream of returns that would be utilized to maintain the purchasing power of the endowment assets and with the Endowment Trustees consent, to fund various programs. Endowment assets include those assets of donor-restricted funds that Ashoka must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Endowment Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Ashoka expects its endowment funds, over time, to provide an average rate that will keep pace with or exceed inflation annually. Actual returns in any given year may vary from this amount.

Note 9. Endowments (Continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Ashoka 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). Ashoka 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.

Spending Policy

The overall goal for Ashoka's board-designated funds is to preserve the real (inflation adjusted) capital base and, over time, to cause the total value of funds to appreciate, exclusive of growth derived from donations.

Endowment fund activity for the year ended August 31, 2016, consists of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, August 31, 2015	$ 1,263,498	$ -	$ 22,901,832
Interest and dividends	313,605	57,203	-
Net appreciation (realized and unrealized)	1,128,085	205,770	251,920
Contributions	249,332	-	64,530
Appropriation for expenditure	(32,326)	(262,973)	-
Investment fees	(50,443)	-	-
Endowment net assets, August 31, 2016	$ 2,871,751	$ -	$ 23,218,282

Note 10. Stipends Payable

At August 31, 2016, stipends payable were as follows:

Prior year elected Fellows	$ 4,067,421
New Fellows and extensions	3,773,673
Global	3,793,062
Asia	914,539
Africa	534,086
South America	480,982
Central America	170,169
North America	-
Europe	1,948,256
	$ 7,841,094

Note 11. Lease Obligations

Ashoka has negotiated operating leases for office space across different countries with varying tenures. The minimum future lease payments under the terms of these operating leases are as follows:

Years ending August 31:	
2017	$ 1,082,490
2018	1,300,263
2019	1,300,375
2020	1,139,314
2021	1,071,133
Thereafter	76,591
	$ 5,970,164

Rental expense for the year ended August 31, 2016, was $1,497,921.

Note 12. Retirement Plans

Ashoka operates a 403(b) retirement plan in the US-based Global office and statutory based retirement plans in four country offices: Germany, Argentina, Sahel (Senegal) and India. Effectively all employees of these offices are eligible to participate. No match is provided under the US-based Global office plan. Matching for the other four offices is provided as required by law. Total expenses and matching costs under the plan were minimal for the year ending August 31, 2016.

Note 13. Commitments Budget

Ashoka commits on average to provide financial support to its Fellows for three years. It therefore budgets for that average three-year commitment and tries to keep outlays plus commitments balanced by income plus future pledges. The unaudited Commitments Budget reflects as expenses the full new commitments made to the Fellows elected in the current year, including several much smaller multiyear commitments, plus all non-Fellow other payments made in that year only.

Ashoka uses this unaudited Commitments Budget as the basis of its management and planning. Ashoka believes that the organization must raise as much each year as it spends and commits to spend. This Commitments Budget is managed on a worldwide basis, inclusive of all Ashoka affiliates.

During the fiscal year ended August 31, 2016, Ashoka:

Spent (not including payments to Fellows committed to and funded in prior years) and committed (to new Fellows) $36,574,000.

Raised (new current donations received, toward unrestricted pledges, endowment income and certain net assets released from restrictions that Ashoka's Board of Directors have requested not be counted entirely in the year they were raised) $39,260,000.