

Ashoka and Affiliates

Consolidated Financial Report
August 31, 2020

Contents

Independent auditor's report	1-2
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Financial statements	
Consolidated statement of financial position	3
Consolidated statement of activities	4
Consolidated statement of functional expenses	5
Consolidated statement of cash flows	6
Notes to consolidated financial statements	7-22



RSM US LLP

Independent Auditor's Report

Board of Directors
Ashoka

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ashoka and Affiliates (Ashoka), which comprise the consolidated statement of financial position as of August 31, 2020, the related consolidated statement 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).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Ashoka and Affiliates as of August 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Ashoka's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
September 3, 2021

Ashoka and Affiliates

Consolidated Statement of Financial Position August 31, 2020 (With Comparative Totals for 2019)

	2020	2019
Assets		
Cash and cash equivalents	\$ 16,367,740	\$ 13,374,784
Promises to give, net	27,791,828	36,868,904
Endowment and other investments	35,311,664	23,244,923
Prepaid expenses and other assets	2,026,470	1,534,974
Property and equipment, net	1,470,391	1,330,189
	<u>1,470,391</u>	<u>1,330,189</u>
Total assets	\$ 82,968,093	\$ 76,353,774
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,360,669	\$ 1,938,401
Stipends payable	5,374,521	6,375,882
Total liabilities	6,735,190	8,314,283
Commitments and contingencies (Notes 6, 10, 12 and 14)		
Net assets:		
Without donor restrictions (deficit)	10,246,397	(1,400,032)
With donor restrictions	65,986,506	69,439,523
Total net assets	76,232,903	68,039,491
Total liabilities and net assets	\$ 82,968,093	\$ 76,353,774

See notes to consolidated financial statements.

Ashoka and Affiliates

Consolidated Statement of Activities Year Ended August 31, 2020 (With Comparative Totals for 2019)

	2020		Total	2019 Total
	Without Donor Restrictions	With Donor Restrictions		
Support and revenue:				
Contributions	\$ 27,090,679	\$ 16,415,213	\$ 43,505,892	\$ 64,429,685
Investment income (loss), net	20,051	2,460,056	2,480,107	(1,033,354)
Miscellaneous income	2,217,697	-	2,217,697	921,800
Net assets released from restriction	23,150,249	(23,150,249)	-	-
Total support and revenue	52,478,676	(4,274,980)	48,203,696	64,318,131
Expenses:				
Program services:				
Leading social entrepreneurship	10,592,312	-	10,592,312	13,707,281
Empathy and young changemaking	6,220,265	-	6,220,265	7,021,252
Organizing for changemaking	8,477,520	-	8,477,520	7,616,081
Idea spread and framework change	4,557,009	-	4,557,009	5,000,320
Total program services	29,847,106	-	29,847,106	33,344,934
Supporting services:				
Management and general	9,594,036	-	9,594,036	9,044,869
Fundraising	1,743,375	-	1,743,375	3,923,620
Total supporting services	11,337,411	-	11,337,411	12,968,489
Total expenses	41,184,517	-	41,184,517	46,313,423
Change in net assets before loss on translation	11,294,159	(4,274,980)	7,019,179	18,004,708
Gain (loss) on translation of affiliate net assets	352,270	821,963	1,174,233	(1,012,298)
Change in net assets	11,646,429	(3,453,017)	8,193,412	16,992,410
Net assets:				
Beginning (deficit)	(1,400,032)	69,439,523	68,039,491	51,047,081
Ending	\$ 10,246,397	\$ 65,986,506	\$ 76,232,903	\$ 68,039,491

See notes to consolidated financial statements.

Ashoka and Affiliates

Consolidated Statement of Functional Expenses Year Ended August 31, 2020 (With Comparative Totals for 2019)

	Program Services					Supporting Services			2019 Total Expenses	
	Leading Social Entrepreneurship	Empathy and Young Changemaking	Organizing for Changemaking	Idea Spread and Framework Change	Total	Management and General	Fundraising	Total Expenses		
Salaries	\$ 2,825,926	\$ 2,211,353	\$ 4,366,341	\$ 1,793,671	\$ 11,197,291	\$ 3,424,643	\$ 702,595	\$ 4,127,238	\$ 15,324,529	\$ 14,788,261
Payroll taxes	532,443	352,024	796,744	204,774	1,885,985	943,608	105,046	1,048,654	2,934,639	2,541,706
Employee benefits	406,789	278,050	421,394	216,067	1,322,300	352,094	108,351	460,445	1,782,745	1,152,427
Consulting	1,790,575	1,528,631	989,507	980,700	5,289,413	2,057,918	187,958	2,245,876	7,535,289	9,626,351
Outside services	549,805	457,957	343,343	552,253	1,903,358	865,517	423,567	1,289,084	3,192,442	3,556,823
Total personnel and related expenses	6,105,538	4,828,015	6,917,329	3,747,465	21,598,347	7,643,780	1,527,517	9,171,297	30,769,644	31,665,568
Fellowship	2,975,805	-	-	-	2,975,805	-	-	-	2,975,805	3,855,177
Office supplies and expenses	6,759	21,253	9,961	7,770	45,743	32,293	1,718	34,011	79,754	97,734
Occupancy	57,133	179,261	381,394	357,394	975,182	665,083	44,539	709,622	1,684,804	1,780,463
Telephone, telex and facsimile	65,852	9,322	18,451	24,292	117,917	29,789	6,575	36,364	154,281	109,913
Postage and messenger	17,616	6,650	11,996	4,501	40,763	17,307	3,111	20,418	61,181	159,743
Printing and publications	7,700	7,708	17,973	12,569	45,950	15,673	4,018	19,691	65,641	415,058
Equipment rental and repair	3,127	3,119	8,295	4,215	18,756	11,349	1,791	13,140	31,896	48,308
Equipment expended	35,508	65,565	102,142	34,833	238,048	60,856	11,441	72,297	310,345	427,129
Accounting and audit	13,247	21,472	8,960	3,019	46,698	239,972	3,706	243,678	290,376	608,285
Bad debt expense	-	-	-	-	-	-	-	-	-	1,555,703
Bank and brokerage fees	15,729	10,958	22,243	6,985	55,915	43,283	3,179	46,462	102,377	155,090
Travel	354,790	259,869	315,204	106,621	1,036,484	210,100	90,872	300,972	1,337,456	2,292,287
Conferences	130,329	47,616	57,514	111,834	347,293	46,237	2,536	48,773	396,066	914,143
Miscellaneous expenses	56,885	36,184	129,796	24,862	247,727	150,278	19,355	169,633	417,360	99,185
Local transportation and meals	73,903	32,588	37,530	20,034	164,055	29,772	7,401	37,173	201,228	412,034
Awards	598,685	601,200	296,267	10,818	1,506,970	9,667	146	9,813	1,516,783	885,347
Dues, books, license fees and subscriptions	15,431	16,028	55,558	20,206	107,223	22,402	5,452	27,854	135,077	87,623
Training	13,806	21,240	4,269	20,814	60,129	33,010	186	33,196	93,325	84,712
Insurance	9,263	18,744	19,159	17,042	64,208	84,199	2,253	86,452	150,660	142,073
Taxes and penalties	11,788	13,918	13,605	6,715	46,026	173,077	1,700	174,777	220,803	120,084
Total expenses before depreciation	10,568,894	6,200,710	8,427,646	4,541,989	29,739,239	9,518,127	1,737,496	11,255,623	40,994,862	45,915,659
Depreciation of equipment	23,418	19,555	49,874	15,020	107,867	75,909	5,879	81,788	189,655	397,764
Total expenses	\$ 10,592,312	\$ 6,220,265	\$ 8,477,520	\$ 4,557,009	\$ 29,847,106	\$ 9,594,036	\$ 1,743,375	\$ 11,337,411	\$ 41,184,517	\$ 46,313,423

See notes to consolidated financial statements.

Ashoka and Affiliates

Consolidated Statement of Cash Flows
Year Ended August 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 8,193,412	\$ 16,992,410
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	189,655	397,764
Net realized and unrealized (gain) loss on investments	(1,522,291)	2,139,643
Bad debt expense	-	1,555,703
Decrease in allowance for uncollectible pledges	(62,962)	(1,261,152)
(Decrease) increase in discount for pledge receivables	(180,942)	52,903
Contributions restricted for long-term investment	(228,886)	(1,085,000)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Promises to give	9,320,980	(18,564,157)
Prepaid expenses and other assets	(491,496)	370,269
Increase (decrease) in:		
Accounts payable and accrued expenses	(577,732)	506,161
Stipends payable	(1,001,361)	(472,380)
Net cash provided by operating activities	13,638,377	632,164
Cash flows from investing activities:		
Purchases of property and equipment	(329,857)	(382,810)
Purchases of investments	(17,350,064)	(1,244,509)
Proceeds from sales or maturity of investments	6,805,614	57,877
Net cash used in investing activities	(10,874,307)	(1,569,442)
Cash flows from financing activities:		
Proceeds from the line of credit	7,500,000	5,000,000
Repayments to the line of credit	(7,500,000)	(5,000,000)
Collection of endowment fund support	228,886	1,085,000
Net cash provided by financing activities	228,886	1,085,000
Net increase in cash and cash equivalents	2,992,956	147,722
Cash and cash equivalents:		
Beginning	13,374,784	13,227,062
Ending	\$ 16,367,740	\$ 13,374,784
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 54,723	\$ 25,480

See notes to consolidated financial statements.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities

Nature of Activities: Ashoka and Affiliates (Ashoka) is a nonprofit organization headquartered in Arlington, Virginia, with offices throughout the world. Ashoka is a nonprofit, publicly supported corporation 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 nonprofit affiliates that are represented by a controlling interest:

Ashoka Conosur Este (Argentina)	Ashoka Southern Africa	Ashoka Thailand
Ashoka Indonesia	Ashoka Canada	Ashoka France
Ashoka Romania	Ashoka East Africa (Kenya)	Ashoka West Africa (Nigeria)
Ashoka CEE (Austria)	Ashoka Spain	Ashoka Turkiye (Turkey)
Ashoka Nordics	Ashoka Chile	Ashoka Deutschland (Germany)
Ashoka Sahel (Senegal)	Ashoka Korea	Ashoka Philippines
Ashoka Italia	Ashoka Colombia	Ashoka UK
Ashoka Singapore and Malaysia	Ashoka Mexico	Ashoka Poland
Ashoka Brazil	Ashoka Switzerland	Ashoka Venezuela
Ashoka Japan	Ashoka Arab World (Egypt)	Ashoka India
	Ashoka Netherlands	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 funding without restrictions for Ashoka. Ashoka LLC is a disregarded entity for tax purposes.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 1. Nature of Activities (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:

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

Adoption of recent accounting pronouncement: In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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 nonprofits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where Ashoka is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018. Where Ashoka is a resource provider, the ASU is effective for annual periods beginning after December 15, 2019. Early adoption is permitted. Ashoka adopted this ASU during 2020. As a result of adopting this standard, this guidance is applied on a modified prospective basis, meaning there is no cumulative-effect adjustment reflected in the opening balance of net asset. There was no material impact to the consolidated financial statements as a result of this adoption.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Basis of presentation: Ashoka reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

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:

Net assets without donor restrictions: Represent funds that are not restricted by donor-imposed stipulations. Certain amounts have been designated by Ashoka's Board to function as an endowment.

Net assets with donor restrictions: Result from unconditional contributions whose use is limited by donor-imposed stipulations. Net assets with donor restrictions may be temporary in nature for various purposes, such as use in future periods or use for specified purposes. When a restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as assets released from restrictions. Net assets with donor restrictions may be permanent in nature 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.

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 had \$14,626,892 in foreign accounts, some of which are not insured as of August 31, 2020. Ashoka has not experienced, nor does it anticipate, any losses in such accounts.

Ashoka's endowment investment committee 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.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Contributions and promises to give: Ashoka records unconditional promises to give as a receivable and revenue when donors make a promise to give. Contributions received are classified as net assets with or without donor restrictions 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 \$50,078 at August 31, 2020.

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 \$3,161,179 for the year ended August 31, 2020.

During the year ended August 31, 2020, Ashoka received a total of \$1,585,600 as part of the Payroll Protection Plan (PPP) funds, from the U.S. Small Business Administration (SBA) in April 2020 to support U.S. based salaries. The amount received was recognized as a liability until conditions were met. \$1,585,600 is included as unrestricted revenue for the year ended August 31, 2020 in the consolidated statements of activities as all conditions were met and funds were forgiven in 2021.

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 \$5,374,521 as of August 31, 2020.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

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. Direct costs associated with specific programs are recorded as program expenses. Certain expenses are allocated among the programs and supporting services benefited in the consolidated statement of functional expenses and statement of activities. Those expenses include depreciation, rent, information technology, and leadership team cost which are allocated based on a weighted average of global program salaries. Remaining management and general expenses are unallocated in the consolidated statement of activities.

Foreign currency translation and transactions: 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 gains amounted to \$1,174,233 for the year ended August 31, 2020.

Use of estimates: The preparation of consolidated financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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, GAW! and Youth Venture are all recognized as non-profit organizations and are exempt from income tax under the provisions of section 501(c)(3) of the Internal Revenue Code (IRC). In addition, Ashoka, Get America Working! and Youth Venture have 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.

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.

Reclassifications: Certain items in the 2019 summarized comparative information have been reclassified to conform with the current year presentation. These reclassifications had no effect on previously reported change in net assets or net assets.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 2. Significant Accounting Policies (Continued)

Recent accounting pronouncements: In May 2014, the FASB issued ASU 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 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 one year. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, further delaying the effective date an additional year, making it effective for annual reporting periods beginning after December 15, 2019. Management is currently evaluating the effect that the standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 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 consolidated statement financial position 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 consolidated statement of activities. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which defers the effective date an additional year, making it effective for annual reporting periods beginning after December 15, 2021. 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 consolidated 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 2018, the FASB issued ASU 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 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.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a nonprofit entity to present contributed nonfinancial assets in the consolidated statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and for interim periods within annual periods beginning after June 15, 2022. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

Subsequent events: Ashoka evaluated subsequent events through September 3, 2021, which is the date the consolidated financial statements were available to be issued.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 3. Promises to Give

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 2.0% was used for fiscal years ended August 31, 2020.

Unconditional promises to give as of August 31, 2020 are due as follows:

Within one year	\$ 18,125,510
Two to five years	9,838,782
Gross pledges receivable	<u>27,964,292</u>
Allowance for uncollectible pledges	(50,078)
Discount to present value	(122,386)
Net pledges receivable	<u><u>\$ 27,791,828</u></u>

Note 4. Investments and Fair Value Measurements

As of August 31, 2020, the fair value of investments were as follows:

Cash and money market funds	\$ 4,489,790
Certificates of deposit	9,623,504
Equities	7,424,284
Mutual funds	6,071,613
Exchange traded funds	2,192,175
Real estate investment trusts	88,036
Corporate bonds	845,949
U.S. government agency securities	77,836
U.S. treasuries	4,498,477
	<u><u>\$ 35,311,664</u></u>

Investment income (loss) for the year ended August 31, 2020, consists of the following:

Realized and unrealized gain, net	\$ 1,522,291
Interest and dividends	961,258
Investment management fees	(3,442)
	<u><u>\$ 2,480,107</u></u>

The Accounting Standards Codification (ASC) 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.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 4. Investments and Fair Value Measurements (Continued)

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, 2020.

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, 2020:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash and money market funds	\$ 4,489,790	\$ -	\$ -	\$ 4,489,790
Certificates of deposit	-	9,623,504	-	9,623,504
Equities	7,424,284	-	-	7,424,284
Mutual funds	6,071,613	-	-	6,071,613
Exchange traded funds	2,192,175	-	-	2,192,175
Real estate investment trusts	88,036	-	-	88,036
Corporate bonds	-	845,949	-	845,949
U.S. government agency securities	-	77,836	-	77,836
U.S. treasuries	4,498,477	-	-	4,498,477
	<u>\$ 24,764,375</u>	<u>\$ 10,547,289</u>	<u>\$ -</u>	<u>\$ 35,311,664</u>

Note 5. Property and Equipment, Net

Property and equipment as of August 31, 2020, are comprised of the following:

Furniture and equipment	\$ 899,931
Leasehold improvements	169,708
Software	<u>2,268,407</u>
	3,338,046
Less accumulated depreciation and amortization	<u>(1,867,655)</u>
	<u>\$ 1,470,391</u>

Depreciation and amortization expense was \$189,655 for the year ended August 31, 2020.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

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 (LIBOR) for deposits having a maturity of 30 days, adjusted daily plus the percentage rate spread. The line of credit is secured by Ashoka's investment accounts. At August 31, 2020, the line of credit has no outstanding balance. Total interest expense for the year ended August 31, 2020 was \$54,723.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at August 31, 2020:

Leading social entrepreneurship	\$ 18,223,297
Empathy and young changemaking	3,173,174
Organizing for changemaking	4,668,031
Idea spread and framework change	4,777,247
Fundraising	1,263,493
Other restricted use	6,595,005
Endowment funds in perpetuity:	
Social entrepreneurs within emerging market countries	1,089,999
Fellows	733,340
Fellows within a specific country	340,818
Fellows who are women	228,238
Fellows for education and social development	647,619
Fellows for health and hunger	235,842
Fellows for the environment	151,334
Fellows for justice and peace	841,898
General purpose	23,017,171
	<u>\$ 65,986,506</u>

Net assets were released from donor restrictions during the year ended August 31, 2020, by incurring expenses satisfying the restricted purposes as follows:

Leading social entrepreneurship	\$ 6,680,920
Empathy and young changemaking	4,438,683
Organizing for changemaking	4,478,830
Idea spread and framework change	1,967,577
Fundraising	805,719
Other restricted use	4,778,520
Total restrictions released	<u>\$ 23,150,249</u>

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 8. Endowments

Ashoka is building an endowment and now has 43 specific endowments that together totaled \$27,286,259 and \$24,597,317 on August 31, 2020 and 2019, respectively. The individual endowments typically are given by individuals or institutions to ensure permanent support in an area of concern to the donor and commonly are named to honor someone of the donor's choosing. The endowment is important to Ashoka for two reasons:

- Ashoka's work supporting the people and ideas most critical to society's ability to change and adapt, is a permanent one. The issues will change but not the need for social entrepreneurs.
- Since Ashoka's average commitment to the social entrepreneurs it helps launch is for three years whereas most contributions are for one year, it needs the funding stability the endowment provides.

The Amaterasu Endowment: For the support of women Fellows working outside the Americas in the areas of women's reproductive rights, women's empowerment or sustainable community.

The Henry Beal Endowment: In memory of Henry Beal, a founding friend of Ashoka and an inspired national environmental leader. For environment issues and HIV/AIDS.

The E. Noel Bergere Endowment: In memory of Noel Bergere who, crippled by polio at three years old, became Master of the High Court and a leader of the disabled. For supporting a Fellow who is handicapped and/or whose work relates either to education or the law.

The Joan Bergere Endowment: In memory of Joan Bergere, a loving parent and a citizen of the world with broad interests. Joan Bergere came to America as a young musician and later helped other young musicians get their key career openings and first major New York City public concerts.

The Benjamin and Anne Bloom Endowment: In memory of Ben Bloom, who was a successful lawyer and businessman as well as the son of immigrant parents. To honor his desire to provide opportunities for those who are willing to work hard but need a chance in life. Without donor restrictions.

The Columbia Ashoka Fellowships I and II: The Columbia Foundation created two endowments to enable Ashoka to elect more women as Fellows.

The C.M. Cresta Fund: The C.M. Cresta Fund was established in 1986. The endowment contains no restrictions.

The Padma Rag Datta Endowment: Established In memory of Dr. Padma Rag Datta and his father, Parasuram Datta, by their family to continue their legacy and allow Ashoka Fellows to find their own paths to the simple and profound acts that make a difference.

The Sarah Dunbar Endowment: Sarah Dunbar had an enduring concern for downtrodden people whose environment had been destroyed or reduced by modern times, especially war and industry, and a passion for maintaining a people-friendly environment.

The General Endowment Fund for Ashoka: The General Endowment for Ashoka was established in 1998 from numerous individual contributions. Without donor restrictions.

The Ashoka Endowment Fund B: In late 1999 and early 2000, Ashoka received a major anonymous endowment gift. No restrictions.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 8. Endowments (Continued)

The Michael Fein Honorary Endowment: In memory of Michael Fein and his ability to touch so many lives. He was very passionate about the social enterprises that Ashoka fulfilled.

The Maurice Fitzgerald Ashoka Fellowship: Maurice Fitzgerald taught in the Philippines after the Spanish American War. For a teaching and education fellowship.

The John and Eleanor Forrest Fellowship: Established in 1986, this endowment contains no restrictions.

The Fort Hill Endowment Fund: The Fort Hill Endowment was established in 1993. No restrictions.

The Fox Peace Endowment: Inspired by the Peace Testimony articulated by George Fox in 1651 and by the commitment of Tom Fox, who was killed in Iraq in 2006, while serving as a witness for peace. For identifying and launching social entrepreneurs dedicated to the development of structure, conditions and communities that nurture peace.

The Buckminster Fuller Ashoka Fellowship: For Fellows working to alleviate hunger in South Asia.

The Sanjoy Ghose Endowment: This endowment is a tribute to the work and sacrifice that Ashoka Fellow Sanjoy Ghose made in building a culture of volunteerism and a sense of citizen responsibility among the youth in India's northeastern state of Assam. Without donor restrictions.

William T. Golden Ashoka Endowment: Bill Golden helped launch Ashoka in 1980 and was a close partner, advisor and endowment trustee for over three decades. In common with Ashoka, Bill brought opportunity to people with ideas for highly constructive ends.

The James P. Grant Ashoka Endowment: Named for the late Executive Director of the UNICEF and created by his friends, colleagues and family to "continue his life's work and world vision" of supporting social development among children and the disadvantaged.

Harding Innovation Fund: Dedicated to funding innovation at Ashoka, in memory of John and Judy Harding, who encouraged and supported innovation throughout Ashoka's history.

The Jeroen Hehuwat Endowment: In memory of Jeroen Hehuwat who lost his life in a landslide caused by an earthquake while hiking in Nepal's Langtang Valley. For Ashoka Fellows and Youth Venturers in Indonesia.

The Albert O. Hirschman Fellowship: Given to honor Professor Hirschman's long leadership in the field of practical, grassroots development. Without donor restrictions.

The Jimmy Hopkins Fellowship: Jimmy Hopkins was a Judge in the New York State Supreme Court, Appellate Division. Created for a Fellow in the legal or judicial arena.

The Harris and Eliza Kempner Fund Ashoka Fellowship: For support of Fellows working in Mexico.

The Abdul Waheed Khan Memorial Endowment: In memory of Abdul Waheed Khan, an Ashoka Fellow in Pakistan who was assassinated in 2013 following death threats for his work in education in poor communities.

The Martin Klitzner Endowment: Marty Klitzner was a loved and respected man in the financial community. Known for his integrity, the endowment hopes to reverse greed and excesses in the financial community in Marty's honor.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 8. Endowments (Continued)

Svayam Krishi Endowment: The Svayam Krishi Endowment was created to support social entrepreneurs and changemakers to build models for sustainable villages and self-reliance among villagers and to spread the models across villages in India.

The W. Arthur Lewis Ashoka Fellowship: Given to honor Professor Lewis's remarkably broad contributions to our understanding of development and of key areas of the world. Without donor restrictions.

The Mack Lipkin Sr. Memorial Endowment: In memory of Dr. Mack Lipkin, a leader in the medical profession and a founding friend to Ashoka. For innovations in the effectiveness and humane quality of healthcare.

The Jan Schmidt Marmor Endowment: In memory of Jan Marmor, a fine poet and artist and a close friend to Ashoka from its launch.

The Francisco "Chico" Mendes Endowment: In memory of Chico Mendes, a friend and early Ashoka Fellow, who created a grassroots approach to organizing in the Amazon basin. Preferred use for grassroots work and environmental issues, though the endowment carries no restrictions.

The Helen Meresman Fellowship: In memory of Helen Meresman, the personification of breaking boundaries with determination, grace and charm. Without donor restrictions.

The Jawaharlal Nehru Endowment: In memory of the first prime minister in India, Jawaharlal Nehru. Without donor restrictions.

The Nguyen-Phuong Family Endowment: Dedicated to supporting social entrepreneurs who operate in emerging markets; a permanent symbol of the family's keen commitment to social services in the developing world.

The Jacob H. Oxman Memorial Fund: In memory of Dr. Jacob H. Oxman, a devoted husband and father, and a kind, caring, generous and principled man. Without donor restrictions.

Diane Pierce Phillips Ashoka Fellowship Endowment: Diane Pierce Phillips led an exemplary life of spiritual integrity and servant leadership. Without donor restrictions.

The Eiler Ravnholt Ashoka Endowment: In memory of Eiler Ravnholt, a dedicated public servant and active citizen, generous with his time, voice and heart. Funds devoted to social justice.

The Daniel Saks Ashoka Fellowship: In memory of Daniel Saks, one of Ashoka's earliest creators beginning in 1963, and a leader in changing U.S. employment policies. For creating work opportunities for the poor or otherwise disadvantaged.

The Morton Sand Memorial Endowment: Mort Sand, long a highly successful business entrepreneur, turned his energy and creativity to solving society's ills over his last decades. Although it is without donor restrictions, the Endowment will give priority to enabling disadvantaged young people through opportunities in business.

The Richard H. Ullman Endowment: In memory of Dick Ullman, a man who deeply cared about the wellbeing of others. He intuitively knew why the Ashoka Fellows are so powerful, and he recognized the importance of supporting them.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 8. Endowments (Continued)

The Father Eugene Watrin Endowment: In memory of Father Watrin, a remarkable educational founder and builder for over 50 years in Nepal and Ashoka's volunteer representative there for our first 15 years. For the support of Fellows working in Nepal.

The Ibrahim Sobhan Endowment: In memory of Muhammed Ibrahim Sobhan, the first Ashoka Fellow in Bangladesh. He launched the innovative Association for School Based Education (ASBE) to improve rural primary education for Bangladeshi children attending government, non-government and community schools.

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 donor-restricted net assets that are permanent in nature the original value of the perpetually 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 donor-restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard prudence prescribed by UPMIFA.

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 net assets with donor restrictions, 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 funds without donor restrictions 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 net assets with or without donor restrictions, 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 and Affiliates

Notes to Consolidated Financial Statements

Note 8. Endowments (Continued)

Ashoka's endowment funds consist of the following at August 31, 2020:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 27,286,259	\$ 27,286,259
	\$ -	\$ 27,286,259	\$ 27,286,259

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 relevant market indices 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.

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, 2020, consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2019	\$ -	\$ 24,597,317	\$ 24,597,317
Interest and dividends	-	943,471	943,471
Net appreciation (realized and unrealized)	-	1,519,952	1,519,952
Contributions	-	228,886	228,886
Appropriation for expenditure	-	-	-
Investment fees	-	(3,367)	(3,367)
Endowment net assets, August 31, 2020	\$ -	\$ 27,286,259	\$ 27,286,259

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 9. Stipends Payable

Stipends payable at August 31, 2020, were as follows:

Prior year Fellows	\$ 3,057,054
New Fellows and extensions in 2020	2,317,467
	<u>\$ 5,374,521</u>
Global	\$ 2,970,361
Asia	601,026
Africa	135,552
South America	136,053
Central America	113,157
North America	150,006
Europe	1,268,366
	<u>\$ 5,374,521</u>

Note 10. 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:	
2021	\$ 1,298,248
2022	159,418
2023	43,492
	<u>\$ 1,501,158</u>

Rental expense for the year ended August 31, 2020 was \$1,662,405.

Note 11. Retirement Plan

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 ended August 31, 2020.

Note 12. Commitments Budget (Unaudited)

Ashoka commits to provide financial support to its Fellows for an average of 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 Commitment 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 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 Commitment Budget is managed on a worldwide basis, inclusive of all Ashoka affiliates.

Ashoka and Affiliates

Notes to Consolidated Financial Statements

Note 12. Commitments Budget (Unaudited) (Continued)

During the fiscal years ended August 31, 2020, 2019 and 2018, Ashoka spent (not including payments to Fellows committed to and funded in prior years) and committed (to new Fellows) \$36,929,000, \$40,085,000 and \$38,399,000. Ashoka raised (new donations received for the current year, distributed endowment income, and certain net assets that Ashoka's Board of Directors requested not be counted entirely in the year they were raised) \$40,477,450, \$42,458,013 and \$38,155,799 for those years, respectively. Ashoka's utilization of commitments budget allowed it to grow its board spread, or surplus, into future years.

Note 13. Liquidity

Ashoka regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. Financial assets available for general expenditure, this is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 16,367,740
Promises to give, net	27,791,828
Endowment investments	<u>35,311,664</u>
	<u>79,471,232</u>
Less those unavailable for general expenditure within one year due to:	
Contractual or imposed restrictions:	
Investments held for net assets with donor restrictions	<u>(65,986,506)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,484,726</u>

Ashoka various sources of liquidity at its disposal, including cash and investments. As part of liquidity management, Ashoka invests cash in excess of daily requirements in short-term investments. Ashoka assesses its operating budget and cash flow projections monthly to monitor the availability of resources to support operations.

Note 14. COVID-19

The continued global pandemic in 2020 has created substantial volatility in financial markets and the economy, including the geographical areas in which Ashoka operates. While Ashoka has mitigated the financial impact to its business, it is unknown how long these conditions will last. Accordingly, there could be further negative impact to operations, the extent to which will depend on future developments, which are highly uncertain and cannot be predicted, and as such cannot be determined.