



ASHESI UNIVERSITY FOUNDATION

Financial Statements

For the Year Ended December 31, 2023

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 18

Independent Auditor's Report

**To the Board of Directors
Ashesi University Foundation
Seattle, Washington**

Opinion

We have audited the financial statements of Ashesi University Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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.

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



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

10900 NE 4th St
Suite 1400
Bellevue WA
98004

clarknuber.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Clark Nuber P.S.

Certified Public Accountants
August 1, 2024

ASHESI UNIVERSITY FOUNDATION

Statement of Financial Position December 31, 2023

Assets

Current Assets:

Cash and cash equivalents	\$ 5,108,269
Promises to give, current portion	807,118
Interest and other receivables	53,888
Notes receivable, current portion	115,385
Prepaid expenses	81,630
Investments	1,996,973
Investments in transit	965,311
University Fund investments	3,881,583

Total Current Assets **13,010,157**

Promises to give, less current portion	2,270,354
Notes receivable, less current portion, net (Note 4)	637,516
AFM Scholarship Fund investments	155,262
Endowment investments	9,820,131

Total Assets **\$ 25,893,420**

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 19,391
Accrued liabilities	40,357
Funds held for the benefit of Ashesi University	4,846,894
Refundable advance	256,233
Loans payable, current portion	119,232

Total Current Liabilities **5,282,107**

Loans payable, net of discount and current portion (Note 5)	649,438
---	---------

Total Liabilities **5,931,545**

Net Assets:

Without donor restrictions	3,841,329
With donor restrictions	16,120,546

Total Net Assets **19,961,875**

Total Liabilities and Net Assets **\$ 25,893,420**

See accompanying notes.

ASHESI UNIVERSITY FOUNDATION

**Statement of Activities
For the Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions	\$ 2,395,470	\$ 10,253,263	\$ 12,648,733
Grants from government agencies		640,598	640,598
In-kind contributions	35,591	2,370	37,961
Interest on notes receivable	61,447		61,447
Investment return	291,576	762,691	1,054,267
Releases of restrictions	2,887,424	(2,887,424)	
Total Revenue	5,671,508	8,771,498	14,443,006
Expenses:			
Program services	4,386,530		4,386,530
Management and general	359,984		359,984
Fundraising	603,953		603,953
Total Expenses	5,350,467		5,350,467
Gains and Losses:			
Net recovery on uncollectible promises to give	(10,493)		(10,493)
Total Gains and Losses	(10,493)		(10,493)
Change in Net Assets	310,548	8,771,498	9,082,046
Net assets, beginning of year	3,530,781	7,349,048	10,879,829
Net Assets, End of Year	\$ 3,841,329	\$ 16,120,546	\$ 19,961,875

See accompanying notes.

ASHESI UNIVERSITY FOUNDATION

**Statement of Functional Expenses
For the Year Ended December 31, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 160,588	\$ 152,452	\$ 328,072	\$ 641,112
Employee benefits	20,376	19,642	36,508	76,526
Payroll taxes	13,917	13,325	27,237	54,479
Total Personnel Expenses	194,881	185,419	391,817	772,117
Grants to Ashesi University	4,057,700			4,057,700
Professional fees	39,115	136,886	116,339	292,340
Travel and training	26,825	10,090	37,818	74,733
Office and other expenses	15,435	16,194	33,116	64,745
Interest expense	60,489			60,489
Occupancy	7,907	8,132	17,131	33,170
Miscellaneous	1,599	3,263	8,996	13,858
Total Expenses Before Shared Costs	4,209,070	174,565	213,400	4,597,035
Less Ashesi University Foundation Canada shared costs	(17,421)		(1,264)	(18,685)
Total Expenses	\$ 4,386,530	\$ 359,984	\$ 603,953	\$ 5,350,467

See accompanying notes.

ASHESI UNIVERSITY FOUNDATION

Statement of Cash Flows For the Year Ended December 31, 2023

Cash Flows From Operating Activities:

Change in net assets	\$ 9,082,046
Adjustments to reconcile change in net assets to net cash provided by operating activities-	
Unrealized and realized gains on investments	(799,852)
Change in allowance and discount on promises to give	(8,333)
Contributions restricted for endowment	(4,000,000)
Changes in operating assets and liabilities:	
Promises to give	1,036,150
Interest and other receivables	5,829
Prepaid expenses	(3,429)
Accounts payable	(63)
Accrued liabilities	(8,941)
Funds held for the benefit of Ashesi University	1,378,320
Refundable advance	175,933

Net Cash Flows Provided by Operating Activities **6,857,660**

Cash Flows From Investing Activities:

Payments on notes receivable from Ashesi University	92,417
Purchases of investments	(21,247,501)
Sales of investments	13,851,141

Net Cash Flows Used in Investing Activities **(7,303,943)**

Cash Flows From Financing Activities:

Proceeds from contributions and pledges restricted for endowment	1,914,500
Payments on loans payable	(95,050)

Net Cash Flows Used in Financing Activities **1,819,450**

Change in Cash and Cash Equivalents **1,373,167**

Cash and cash equivalents, beginning of period 3,735,102

Cash and Cash Equivalents, at End of Year **\$ 5,108,269**

Supplementary Disclosure of Cash Flow Information:

Cash paid for interest \$ 39,077

See accompanying notes.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 1 - Operations and Summary of Significant Accounting Policies

Ashesi University Foundation (the Foundation) was founded in 1999 to provide educational opportunities in Ghana. It accomplishes this purpose by forming and providing operating, program, scholarship and capital support to Ashesi University (the University) in Ghana. The University's mission is to educate a new generation of ethical, entrepreneurial leaders in Africa; to cultivate within our students the critical thinking skills, the concern for others and the courage it will take to transform their continent.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes - The Internal Revenue Service has recognized the Foundation as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Basis of Presentation - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets with donor restrictions when received. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activity as net assets released from restriction.

Cash and Cash Equivalents - Cash and cash equivalents represent checking, savings and money market accounts held at various regional financial institutions.

Investments - Investments are stated at fair value and include investments held for board reserves, scholarships and endowment fund investments. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses. The fair values of investments are subject to market risk. However, the Foundation believes that the investment policies and guidelines are prudent for its long-term financial stability.

Concentrations - The Foundation maintains cash deposits in bank accounts which exceed federally insured limits. The Foundation has not experienced any losses in these accounts and management does not believe it is exposed to any significant credit risk.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 1 - Continued

For the year ended December 31, 2023, two donors represented 79% of total support and revenue. As of December 31, 2023, an outstanding pledge from one donor represent 71% of total promises to give.

Support and Revenue Recognition - The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

The Foundation's federal grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

During the year ended December 31, 2022, the Foundation received a grant award in the amount of \$1,800,000 for University scholarships, conditioned upon the awarding of scholarships to students meeting the stated grant criteria. As of December 31, 2023, \$920,000 had been received to date. During the years ended December 2023 and 2022, allowable qualifying scholarships, incidentals, and supplemental support were recognized of \$294,067 and \$369,700, respectively, leaving a refundable grant balance of \$256,233 at December 31, 2023. Per the grant agreement and Foundation policy, of each grant advance amount received, the Foundation allocates 5% towards unrestricted operating expenses.

In-Kind Goods and Services - Contributed materials and use of facilities have been recorded on the basis of rates that otherwise would have been paid for similar items. Donated services are recorded as in-kind contributions and are recognized as revenue at estimated fair values at the date of receipt if they (a) create or enhance nonfinancial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services are utilized.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activity and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated based on employee counts and estimated percentage of effort.

Subsequent Events - The Foundation has evaluated subsequent events through August 1, 2024, the date on which the financial statements were available to be issued.

Note 2 - Promises to Give

Promises to give are shown net of an allowance for collectability. The fair value of promises to give is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities. Amortization of the discount is reported as contribution revenue.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 2 - Continued

Unconditional promises to give are due as follows as of December 31, 2023:

Receivable in less than one year	\$ 2,900,770
Receivable in less than one to five years	<u>238,750</u>
Total unconditional promises to give	3,139,520
Less-	
Discounts to net present value (0.97% - 4.79% discount rate)	(30,653)
Allowance for uncollectible pledges	<u>(31,395)</u>
	<u><u>\$ 3,077,472</u></u>

Unconditional promises to give contain pledges for donor restricted endowment are to be restricted in perpetuity, as such, are classified as noncurrent on the consolidated statement of financial position as of December 31, 2023.

Note 3 - Fair Value Measurements

Fair Value Measurement - In accordance with financial accounting standards, a three- tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1 - Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3 - Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Fair value of assets measured on a recurring basis as of December 31. All investments of the Foundation are Level 1.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 3 - Continued

Investments are presented on the statement of financial position and consisted of the following as of December 31, 2023:

	<u>Investments</u>	<u>University Fund Investments</u>	<u>AMF Scholarship Fund Investments</u>	<u>Endowment Investments</u>	<u>Total</u>
Equity	\$ -	\$ 1,769,580	\$ 80,487	\$ 4,184,402	\$ 6,034,469
ETF funds	1,004,552				1,004,552
Fixed income	992,421	979,305	65,834	2,441,781	4,479,341
Cash and cash equivalents		1,132,698	8,941	3,193,948	4,335,587
Total Investments	<u>\$ 1,996,973</u>	<u>\$ 3,881,583</u>	<u>\$ 155,262</u>	<u>\$ 9,820,131</u>	<u>\$ 15,853,949</u>

Note 4 - Notes Receivable

In prior years, the Foundation entered into two loan agreements totaling \$1,500,000 whereby the capital raised from the issuance of the Unsecured Student Housing Revenue Notes discussed in Note 5 was loaned to the University. The loan proceeds were used by the University to build a dormitory.

The notes receivable are considered below-market rate notes. As such, when the note proceeds were advanced, the Foundation recorded a grant to the University and a note discount for the difference between the stated rate of 4.35% and the estimated market rate of 7.36%. The notes are reported in the statements of financial position net of unamortized discount of \$93,253 as of December 31, 2023.

Notes receivable are stated at the amount the Foundation expects to collect. The Foundation has determined that based upon historical credit loss rates and the relationship between the Foundation and the University, adjusted for current economic conditions, that an allowance for credit losses would not be material. As such, the Foundation has not recorded an allowance for credit losses at December 31, 2023.

Note 5 - Loans Payable

In a prior year, the Foundation launched a project that raised funds to build housing on the University's campus and allowed more students to have full access to the Ashesi education experience. The Foundation solicited and collected funds from investors through the issuance of Unsecured Student Housing Revenue Notes (loans).

The loans have a 15-year term and pay interest at a 4% annual rate. As described in Note 4, the Foundation loaned the capital raised from the issuance of these loans to the University to use the note proceeds to build a dormitory at the University. Repayment of the investor loans will be dependent upon the Foundation's receipt of repayment of the note between the Foundation and the University.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 5 - Continued

The loans payable are considered below-market rate loans. As such, when the loan proceeds are advanced, the Foundation records support and a loan discount for the difference between the stated rate of 4% and the estimated market rate of 7.36%. The loans are reported in the statements of financial position net of unamortized discounts. The discount on the loans is amortized to interest expense over the lives of the loans. Total remaining unamortized discount on the loans payable as of December 31, 2023 was \$89,022.

Loans payable consisted of the following as of December 31, 2023:

Unsecured note of \$200,000 issued December 31, 2013, with interest only payments due annually in 2014 and 2015 and principal and interest payments to be paid annually beginning 2016 through the amended maturity in 2029.	\$ 92,308
Six unsecured notes totaling \$850,000 issued April 30, 2014, with interest only payments due annually in 2015 and 2016 and principal and interest payments to be paid annually beginning 2017 through the amended maturity in 2030.	457,692
Unsecured note of \$500,000 issued April 30, 2015, with interest only payments due annually in 2016 and 2017 and principal and interest payments to be paid annually beginning 2018 through the amended maturity in 2031.	307,692
Total remaining unamortized discount	<u>(89,022)</u>
Total Loans Payable, Net	<u><u>\$ 768,670</u></u>

Minimum future principal payments on the loans are as follows for the years ending December 31:

For the Year Ending December 31,	
2024	\$ 119,232
2025	119,232
2026	119,232
2028	119,232
2029	119,232
Thereafter	261,532
Total remaining unamortized discount	<u>(89,022)</u>
	<u><u>\$ 768,670</u></u>

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 6 - Net Assets Without Donor Restrictions

The Board of Directors of the Foundation has designated certain otherwise unrestricted net assets as follows as of December 31, 2023:

Foundation Operating Reserve	\$ 1,400,000
Board-designated for use by the University-	
University Critical Needs Reserve	650,000
University Capital and Equipment	62,800
University Presidential Leadership Fund	684,493
University Faculty Development and Research	220,000
University General Programs and Support	<u>280,550</u>
	1,897,843
Unrestricted, nondesignated	<u>543,486</u>
Total Net Assets Without Donor Restrictions	<u><u>\$ 3,841,329</u></u>

To ensure financial assets are sufficient to meet Foundation cash needs for the year, the Board has designated a Foundation Operating Reserve to be available for use by the Foundation for operating expenses included in the board-approved budget if there is a shortfall of available funds. The target amount of the Foundation Operating Reserve is 100% of the Foundation's personnel and operations expenses for one calendar year.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows as of December 31, 2023:

Subject to expenditure for specific purposes-	
AFM Scholarship Fund	\$ 155,262
Entrepreneurship Center	590,000
Faculty development and research	598,450
Scholarships	2,036,708
University programs	367,590
University Capital Fund	24,134
Unamortized discount on loans payable	89,022
Available for future periods	<u>353,749</u>
	4,214,915
Endowments-	
Subject to endowment spending policy and appropriation:	
Ashesi Future Innovators Endowment	437,535
Dr. Victor and Mary Pappoe Scholarship Endowment	218,767
Doug and Maria Bayer Scholarship Endowment	51,096
Emmanuel Kofi Effah Osei Scholarship	27,637
Fred and Vera Orthlieb Scholarship	98,140
Jan Stenbeck Scholarship	564,563
Kofi Tawiah Good Citizenship Scholar Award	1,047,497
Ofori Laing Family Scholarship Endowment	64,279
Scholars in Impact Scholarship Fund	2,000,000
Scholarship Endowment	90,356
University Priorities Endowment	<u>5,220,261</u>
	9,820,131
Not subject to spending policy or appropriation:	
Pledges to Ofori Laing Family Endowment	38,000
Pledges to Doug and Maria Bayer Scholarship Endowment	47,500
Pledges to University Priorities Endowment	<u>2,000,000</u>
	<u>2,085,500</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 16,120,546</u></u>

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 8 - Endowments

The Foundation's endowment fund was established in November 2009 and consists of funds that are donor-restricted for student scholarships and University priorities. The Board has adopted an Endowment Investment and Spending Policy in an attempt to provide a predictable stream of funding for programs supported by the endowment, while seeking to maintain the purchasing power of endowed assets and honor the donors' desired restrictions.

The Foundation's investment policy guidelines and performance of invested assets are reviewed by the Foundation's Finance Committee no less than annually. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law - The Foundation has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and has determined that requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary, is appropriate. As a result of this interpretation, the Foundation classifies as perpetually restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment, as applicable, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with PMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Change in endowment funds, not including uncollected pledges, consisted of the following for the year ended December 31, 2023:

	Accumulated Unspent Earnings	Corpus	Total
Endowment net assets, beginning of year	\$ (72,070)	\$ 2,401,750	\$ 2,329,680
Contributions		6,773,750	6,773,750
Collection on pledges for endowments		42,750	42,750
Endowment investment return, net	738,774		738,774
Appropriations	(64,823)		(64,823)
Endowment Net Assets, End of Year	<u>\$ 601,881</u>	<u>\$ 9,218,250</u>	<u>\$ 9,820,131</u>

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 8 - Continued

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or PMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature for the year ended December 31, 2023.

Return Objectives and Risk Parameters - The Foundation has adopted investment policies for endowment assets that focus on long-term results. At a minimum, these policies attempt to provide a predictable stream of funding to programs supported by The Foundation, while seeking to maintain the purchasing power of the endowment assets. Under the policy, the endowment assets are invested in a manner that is intended to produce maximum long-term total returns consistent with reasonable risk to principal for their asset category.

Strategies Employed for Achieving Objectives - To satisfy its long-term total return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield.

To enhance return and reduce risk, the endowment portfolio is composed of diversified assets, including equities and fixed-income investments. The equities are intended to provide current income, growth of income and appreciation of principal. The fixed-income investments are intended to provide a predictable and reliable source of interest income while reducing the volatility of the portfolio.

The current allocation ratio goal is 0% - 30% cash, 30% - 70% equities and 30% - 70% fixed income. The Foundation's investment policy guidelines are reviewed and reconfirmed or revised on at least an annual basis. Performance of the Foundation's investments is reviewed on a regular basis by the Finance Committee.

Spending Policy and How the Investment Objectives Relate to Spending Policy - At the Foundation's first Board meeting of each fiscal year after the Finance Committee has prepared the endowment analysis, the Finance Committee will recommend to the Board Spending Rates and distribution for the upcoming academic year.

The approved Spending Rate will be applied to the average of the market value of all endowment funds for the preceding 12 quarters. To honor individual endowment agreements for four-year scholarships, the Finance Committee can approve endowment spending in line with current tuition rates and evaluate the frequency of four-year scholarships to maintain endowment principal.

Note 9 - Related Party Transactions

Ashesi University - The University was founded in 2002 by Patrick Awuah, a Ghanaian who chose to return to Ghana after a successful career in the U.S. software industry. He believed that for Africa to move forward, it needed a new kind of university, one that focused on quality, ethics and personal empowerment.

The University aims to be a catalyst for change not only in the lives of the students but in the manner education is conducted in Ghana and other parts of Africa. The University has built an impressive track record over the past twenty-two years and is widely considered the highest quality private university in the country. The University's curriculum combines a liberal arts core that emphasizes critical thinking, communication skills and ethics, with in-depth major programs in Business Administration, Computer Science, Management Information Systems and Engineering.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 9 - Continued

The University is the only university in Ghana to feature a student honor code which places responsibility for reporting exam malpractice on the students. Relationships with top universities around the world help ensure that the University's classes are meeting global standards.

Top Ghanaian and international companies actively recruit students from the University. On average, 90% (unaudited) of Ashesi graduates receive job offers, enter graduate school, or launch a business within six months (unaudited) of starting their search. In addition to academic quality, the University is committed to diversity in its classrooms and offers scholarships to women and students from disadvantaged backgrounds.

The President of the Foundation also currently serves as the President of the University. The Foundation is the sole member of the University, however, does not have control, and therefore the financial statements of the University are not consolidated with the Foundation.

Related party transactions with the University include the following:

Grants - As stated in Note 1, the Foundation accomplishes its mission of providing educational opportunities in Ghana by providing operating, program, scholarship and capital support to the University. During the year ended December 31, 2023, \$4,055,330 (of which \$0 was prepaid as of year end), in cash grants was provided to the University.

Notes Receivable - The Foundation loans funds to the University as described in Note 4.

Donations Sent Directly to Ashesi University - Ashesi University Foundation and Ashesi University both have staff who cultivate and solicit gifts. On occasion, a donor or grantor who has been working with Foundation staff to develop their gift may prefer to make their gift directly to the University. Those gifts are acknowledged in the Foundation's reports because they resulted from Foundation efforts. However, they are not included in the Foundation's financial statements.

Ashesi University Fund - The Foundation created a new support structure for the University based on the interest of the University in diversifying and investing certain of its assets into securities and other investment instruments made available within the United States. To that end, the Foundation created an investment account, the University Fund (the Fund), and has set up a corresponding liability, Funds held for the benefit of Ashesi University. The University has sent funds to the Foundation for deposit into the Fund. The transfer of funds is governed by the University Fund Transfer Agreement and the management of the Fund is governed by the University Fund Investment Management Agreement. As of December 31, 2023 the fair market value of the Fund investments and corresponding liability total \$4,846,894.

Ashesi University Foundation Canada - The Ashesi University Foundation Canada (AUFC) is a Canadian charity established to contribute to the Ashesi mission of educating a new generation of ethical, entrepreneurial leaders in Africa.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 9 - Continued

AUFC was launched in 2021 with an initial donation from a private foundation. Through its current programming, AUFC will provide scholarships, enable original research and empower entrepreneurs. It will also drive the growth of the Education Collaborative-an education initiative focused on deepening collaboration within African higher education-to transform education outcomes for the continent's young people and influence education policies broadly. AUFC will be working closely with both the Ashesi University Foundation in the US and Ashesi University in Ghana. While AUFC is hiring staff and getting established, Foundation staff are providing administrative support. The costs associated with this administrative support are reimbursed to the Foundation and is governed by a contract between the two institutions. These administrative costs totaled \$18,685 in 2023, of which \$6,854 was due from AUFC as of December 31, 2023.

The Foundation was the sole member of AUFC until September 2023 when the University was added as a second member. As a result, control became split evenly between the Foundation and the University. It was determined the Foundation had control of AUFC from inception through the period in which the University became a member.

During the period the Foundation had control, the financial statements should have been consolidated. This included the year ended December 31, 2022 and through September 2023, when control ceased. Net assets as of January 1, 2023 of AUFC as reported in AUFC's audited 2023 financial statements totaled \$246,279,852 and are excluded from the Foundation's net assets as of January 1, 2023. Activity for the period beginning January 1, 2023 through September 30, 2023, has been excluded from these financials, as if the Foundation and AUFC were not consolidated as of the beginning of the period. As such, amounts totaling \$4,752,266 in revenue and \$882,473 in expense as reported by internally produced financials (unaudited), are not included in the amounts presented on the statement of activities for the year ended December 31, 2023.

Loans Payable - The Foundation has loans payable (as described in Note 5) with three members of the Board of Directors totaling \$603,846 as of December 31, 2023.

Note 10 - Retirement Plan

During 2019, the Foundation adopted a retirement savings plan (the Plan) under section 401(k) of the Internal Revenue Code. Employees are eligible to participate in the Plan after three consecutive months of employment in which they complete at least 240 hours of service. Eligible employees may contribute pre-tax or post-tax (Roth) compensation deferrals to the Plan. The Plan also provides for discretionary employer contributions which are fully vested after three years of service. In 2023, the employer contribution consisted of 3% of employee compensation plus a 4.5% match of employee contributions. Employer contributions to the Plan totaled \$38,242 for the year ended December 31, 2023.

Note 11 - Liquidity

The Foundation maintains funds with donor restrictions for grants to the University as well as funds designated by the Board of Directors for use by the University. As described in Note 6, the operating reserve as of December 31, 2023, totaled \$1,400,000, and those funds are included in the total below of financial assets available to meet cash needs for general expenditures within one year.

As part of its liquidity management plan, the Foundation invests cash in excess of daily requirements in a U.S. Treasury money fund.

ASHESI UNIVERSITY FOUNDATION

Notes to Financial Statements For the Year Ended December 31, 2023

Note 11 - Continued

Financial assets available for general expenditure within one year as of December 31, 2023 are as follows:

Cash and cash equivalents	\$ 5,108,269
Promises to give, total	3,077,472
Interest and other receivables	53,888
Notes receivable, total	752,901
Investments	1,996,973
University Fund investments	3,881,583
Investments in transit	965,311
AFM Scholarship Fund investments	155,262
Endowment investments	<u>9,820,131</u>
Total financial assets	25,811,790
Financial assets not available for general expenditure-	
Notes receivable in more than one year	(637,516)
Funds held for the benefit of Ashesi University	(4,846,894)
Donor-imposed restrictions-	
Subject to expenditure for specific purposes	(4,214,915)
Endowments	<u>(11,905,631)</u>
Net financial asset after donor-imposed restrictions	4,206,834
Internal designations-	
University Critical Needs Reserve	(650,000)
University Capital and Equipment	(62,800)
University Presidential Leadership Fund	(684,493)
University Faculty Development and Research	(220,000)
University General Programs and Support	<u>(543,486)</u>
	<u>\$ 2,046,055</u>