



# ANNUAL REPORT 2013

**U.S. Central Asia**  
Education Foundation



# ANNUAL REPORT 2013







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KIMEP FELLOWS: (FROM LEFT TO RIGHT) SAKINA YASAKIEVA,  
GUFRONJON AYUBJONOV, KHEDZHERA SULEYEVA,  
GUMYR DAULETBAK & ALI HAMRAYEV

# OVERVIEW



## FORMATION

The U.S.-Central Asia Education Foundation (the Foundation) commenced operation in May, 2007. The Foundation is a not-for profit corporation funded by a grant of \$15.7 million from the U.S. Government-sponsored Central Asian-American Enterprise Fund (the Fund) to continue the Fund's work in Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The Foundation provides educational opportunities in business and other activities to cultivate a principled, entrepreneurial environment in Central Asia that fosters the growth of free enterprise and open markets. The Foundation is grateful for support from the Fund, the U.S. Government, and its citizens, which make its operation possible.

## MISSION

The Foundation's mission is to encourage and assist the development and growth of a vibrant, open-market, private business sector in Central Asia by: supporting the quality of - and affordable access to - Western business know-how and practices at selected institutions of higher education in the region that have adopted Western curricula and teaching methods; providing opportunities for educational, vocational, and cultural experience in countries that serve as positive examples of an open-market economy operating within a democratic environment; and promoting other activities that will generate a favorable environment in Central Asia for private business to succeed and for an entrepreneurial spirit to thrive.

## PROGRAMS

THE FOUNDATION EXECUTES ITS MISSION THROUGH THREE PROGRAMS:

### ENTERPRISE STUDENT FELLOWSHIPS

A financial need-based undergraduate business education scholarship program for academically gifted students who, due to financial hardship, would otherwise not be able to pursue a university education. Scholarships are provided at selected Central Asian universities to citizen residents of the Central Asian countries of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan & Uzbekistan.

### ENTERPRISE INTERN FELLOWSHIPS

A program for select Enterprise Student Fellows to gain practical work experience within Central Asia, as well as educational, vocational and cultural experience in the United States or other countries that serve as positive examples of democratic open-market economies.

### ENTERPRISE FACULTY FELLOWSHIPS

A program for business faculty at partner universities in Central Asia designed to further develop teaching skills, knowledge and course curricula, thereby benefiting current and future students who will be the region's business leaders.

## PARTNER UNIVERSITIES:

### AUCA & KIMEP UNIVERSITY

Our partner universities, the American University of Central Asia (AUCA) in Bishkek, the Kyrgyz Republic, and KIMEP University in Almaty, Kazakhstan, were selected based on a number of criteria including their use of English, the international language of business, as the primary language for instruction; adoption of a Western-style curriculum and teaching methodology; and a willingness to support the goals of the Foundation and its Student Fellows.

## ALUMNI ASSOCIATION

The U.S.-CAEF Alumni Association (the Association) develops and enhances the involvement of Enterprise Fellowship Program alumni in supporting and complementing the mission and goals of the Foundation through communication, service and leadership.

## PROGRAM ADMINISTRATOR

### AMERICAN COUNCILS

American Councils for International Education: ACTR/ACCELS is a premier, international non-profit creating educational opportunities that prepare individuals and institutions to succeed in this interconnected world. Founded in 1974 as an association for area and language studies, American Councils, with a team of over 450 dedicated professionals in more than 60 countries, designs, implements, and administers academic exchanges, overseas language immersion, and educational development programs that broaden individual perspectives, increase knowledge, and deepen understanding. Building on over three decades of regional expertise in Central Asia and other republics of the former Soviet Union, American Councils advances education and research worldwide through substantive cross-cultural programs that provide a global perspective essential for academic and professional excellence. American Councils was retained to facilitate the design of and to administer the Foundation's programs.

# FISCAL YEAR 2013 HIGHLIGHTS



**MARGARET GRIEVE**, U.S.-CAEF BOARD MEMBER,  
RECEIVING A PLAQUE FROM **CHAN-YOUNG BANG**,  
PRESIDENT OF KIMEP UNIVERSITY



## STUDENT FELLOWSHIPS

The 2013 fiscal year was another successful year for the Foundation. We celebrated our third graduating class of Enterprise Student Fellows. Twenty two young men and women completed their undergraduate studies at our partner universities and embarked on their careers. We recognized their achievements in ceremonies in Almaty and Bishkek. Directors of the Foundation were able to congratulate the Fellows and their proud parents in person.

## KIMEP UNIVERSITY

In July 2013 KIMEP University extended its support to our Enterprise Student Fellowship Program and entered into a cost-sharing agreement with the Foundation to provide non-Kazakhstani Enterprise Student Fellows a full tuition waiver effective retroactively to students commencing their study at KIMEP University in 2012. The number of scholarships, as well as the mix of nationalities of students, will vary from year to year depending upon factors such as restrictions on visas and travel or recruitment that may be imposed by the respective Central Asian governments. We are most gratified by KIMEP University's recognition of the value of the U.S.-CAEF program and grateful for the opportunity it presents to Enterprise Student Fellows.

## JOINT U.S.-CAEF CONFERENCE

U.S.-CAEF held its first joint conference for Fellows studying at AUCA and KIMEP University on March 4-5, 2013 in Almaty, Kazakhstan. The conference was a successful platform for exploring the topics of leadership and entrepreneurship, building relationships, and fostering a sense of community among the Fellows.

## STUDENT INTERSHIPS

The second International Internship Program was implemented during the fall of 2012. Five interns successfully completed their internships on December 14, 2012. Another select group of three graduates started their internship programs on September 3, 2013. This four-month program in the U.S. is designed to provide meaningful academic and work experience relevant to the Student Fellows' academic backgrounds. The Regional Internship Program continued to be a success. Eleven sophomores participated in the summer 2013 internships, which provided them a first-hand look at business operations in the region and prepared them for additional internships in their junior and senior years.

## FACULTY DEVELOPMENT

Fairfield University delivered a workshop for Faculty Fellows focused on integrative teaching and learning strategies for business education. Workshop participants developed new and innovative teaching materials specifically designed for business and economics courses at AUCA and KIMEP University.

## ALUMNI ASSOCIATION

The Association celebrated its first anniversary in August 2013. Through the association, alumni officers have had an opportunity to engage in dialogue with other alumni, current Fellows, and local business communities. Together they continue their efforts to foster the U.S.-CAEF spirit, promote professional development, and contribute to the economic prosperity of Central Asia.



KIMEP STUDENT FELLOWS  
BATIMA MYRZABEKOVA  
& YULIYA DAVYDENKO



U.S.-CAEF GRADUATION  
RECEPTION IN ALMATY, 2013



AUCA GRADUATING CLASS 2013



AISULUU ABDURAKMANOVA (LEFT) WITH HER PEERS  
AT UN SUMMER SCHOOL, NEW YORK, AUGUST, 2013

# STUDENT FELLOWSHIPS



AUCA GRADUATES: (FROM LEFT TO RIGHT) IZAT OSMONOV,  
BERMET NURBEKOVA, & AZHAR AKIMBAEVA

## GRADUATING CLASS 2013

The class of 2013 is the third graduating class of U.S.-CAEF Enterprise Fellows, bringing the total number of alumni to 85. Twelve Fellows concluded their studies at KIMEP University, while ten graduated from AUCA. U.S.-CAEF is the largest scholarship provider at KIMEP University, and among the largest financial supporters of AUCA students.

KIMEP University honored the contributions of the U.S.-Central Asia Education Foundation and its Fellows during graduation ceremonies marking its 20th anniversary. In recognition of the U.S.-CAEF activities, Dr. Chan Bang, President of KIMEP University, presented a commemorative plaque to Peggy Grieve, Vice-Chair of the Foundation's Board, during graduation ceremonies on May 18th, 2013 in the Republican Palace in Almaty, Kazakhstan.

The 2013 graduating class upheld the high standards of the U.S.-CAEF program, completing their studies at AUCA and KIMEP University with impressive results.

**FOUR SENIORS EARNED ACADEMIC HONORS OF SUMMA CUM LAUDE, MAGNA CUM LAUDE AND CUM LAUDE:**

**Bermet Nurbekova, AUCA-- summa cum laude \***

**Dinara Atantayeva, KIMEP University--magna cum laude \*\***

**Artur Semeyutin, KIMEP University--cum laude \*\*\***

**Nilufar Matyakubova, KIMEP University—cum laude**

ALL OTHER GRADUATES EARNED A GPA OF 3.00 OR HIGHER.

Upon their graduation, 98% of Fellows either secured employment or enrolled in graduate or internship programs – an impressive indicator of the strong reputation that AUCA and KIMEP University's business programs enjoy among such leading companies and organizations in Central Asia as Beta Groups, BETEI, LLC, DemirBank, Ernst & Young, FINCA International, KPMG, Muhammet-Balkan Construction Company, Schlumberger, Tengizchevroil, the World Bank Group, and others. Enterprise Fellows reported that their academic programs, internship experiences, and career development workshops organized by the U.S.-CAEF program played a major role in their subsequent employment.

## FELLOWSHIPS

During the 2012-2013 academic year, the Foundation provided 108 fellowships for 52 Student Fellows to enroll at AUCA and 56 to attend KIMEP University. The Foundation awarded a total of 121 scholarships for the 2013-14 academic year, supporting 57 students at AUCA and 64 at KIMEP University. Enterprise Student Fellows represented all five of the former Central Asian Republics of the former Soviet Union.

The academic performance of 2012-2013 Enterprise Student Fellows was exemplary. Overall, the program-wide average GPA (3.57) was the highest since the program's inception. At AUCA, 92% of Student Fellows successfully completed the 2012-2013 academic year with a GPA of 3.00 or higher on a 4.0 scale; among these, 44% earned a GPA of 3.5 or higher. At KIMEP, 92.9% of Fellows demonstrated a strong academic performance; of these, 48.2% maintained a GPA of 3.00 or higher, and 51.8% of Fellows held a GPA of 3.75 or higher on a 4.33 scale. A total of 35 KIMEP and 14 AUCA Fellows received awards for academic achievement in 2012-2013, approximately 46% of all U.S.-CAEF Student Fellows.



BERMET NURBEKOVA



DINARA ATANTAYEVA



ARTUR SEMEYUTIN



NILUFAR MATYAKUBOVA

FIGURE 1: STUDENT FELLOWS BY INSTITUTION SINCE PROGRAM INCEPTION

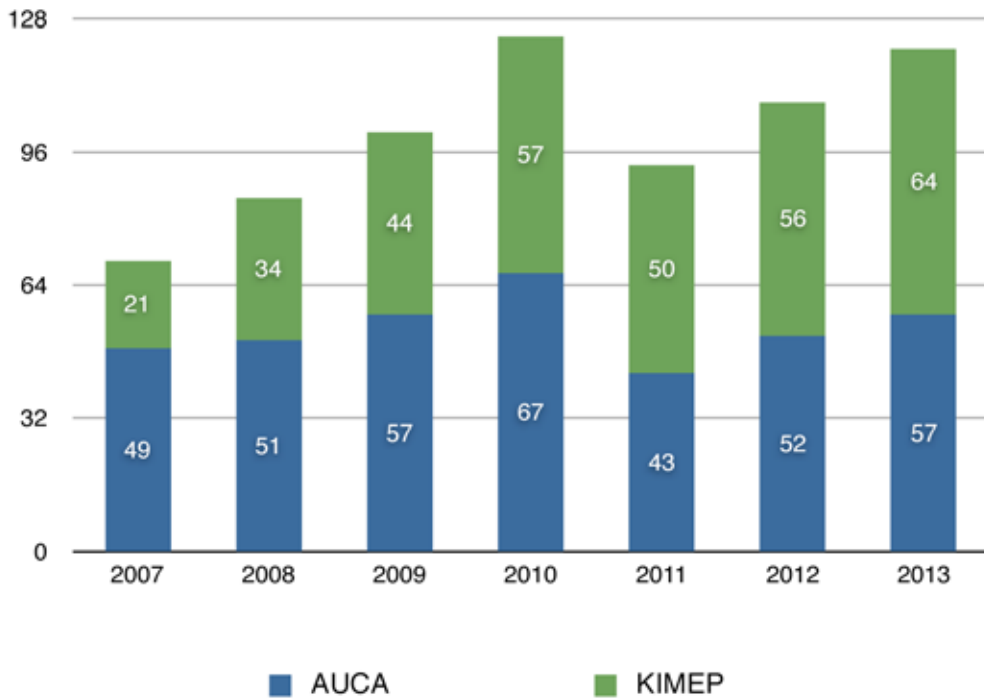
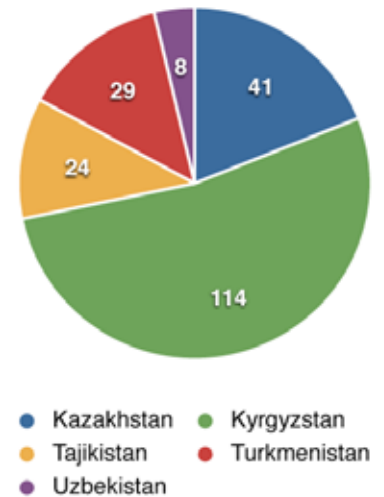


FIGURE 2: STUDENT FELLOWS BY CITIZENSHIP SINCE PROGRAM INCEPTION (INCLUDES GRADUATING CLASS 2013 AND STUDENTS NEWLY SELECTED IN 2013)



CLASS OF 2014
Aizharkyn Burkanova
Karina Kussainova
Nazokat Omuralieva
Yelena Vorobey
Kalys Zhumakadyr uulu
CLASS OF 2015
Malika Ibragimova
Ulukbek Abdubaliev
Asylgul Kenzhebaeva
Valentina Khomenko
CLASS OF 2016
Dildana Abbasova
Anisa Atalova
Adel Sultanbekova
Tynystan Talantov
Makhabat Tashbaltaeva

TABLE 1

At AUCA, fourth-year students with a cumulative GPA of 3.8 or higher are placed on the “President’s List.” Students in their second, third, or fourth years of study with a GPA of 3.67 or higher are placed on the “Vice-President’s List.” The names of AUCA Student Fellows who received such honors in the 2012-13 academic year are listed in **Table 1**.

At KIMEP, full time students with a semester GPA of 4.0 or higher are placed on the “President’s List”, while those with a semester GPA of 3.75 to 3.9 are placed on the “Dean’s List.” The names of KIMEP Student Fellows who received these honors are listed in **Table 2**.

## RECRUITING AND SELECTION

Recruiting activities for the 2013-2014 Enterprise Student Fellowship Program concluded in February 2013 and produced a robust pool of 268 applicants. Tajikistan and Kyrgyzstan accounted for the largest portion of applicants. Continued high application numbers from Tajikistan reflected strong recruitment efforts and U.S.-CAEF’s growing reputation in the country. The total number of applicants from Kyrgyzstan rose by 30% from last year, the single largest increase in any country in the region. Application numbers in Kazakhstan remained stable for the second consecutive year and reflected strong geographic diversity across the country. Feedback from recruitment efforts indicates that the U.S.-CAEF program now has widespread name recognition and high school students are largely aware of this important opportunity for those who intend to study business.

In Uzbekistan, application numbers are lower than desired due to government policies that do not permit direct recruitment. Similar policies in Turkmenistan also have hindered recruitment and produced a sharp decline in applications from Ashgabat in 2013. The Foundation remains deeply committed to achieving geographic and regional diversity in its applicant pool and hopes that future improvements in diplomatic relations will enable U.S.-CAEF to recruit actively in all five Central Asian countries.

CLASS OF 2013
Dinara Atantayeva
Yulia Balieva
Aylar Berdiyeva
Batyr Chariyev
Artur Semeyutin
Bostan Seyipova
Arslan Tajiyev
Aigerim Toktagulova
Nilufar Matyakubova
CLASS OF 2014
Bakhtiyar Jalilov
Aigerim Nurgalieva
Malika Pulotova
Khedzhera Suleyeva
Dilobar Tuychieva
Sakina Yasakieva
Dastan Zhumagulov
CLASS OF 2015
Jennet Gurbanmamedova
Amina Igbolzoda
Oguljennet Taganova
Monandniso Tursunova
Surur Ulugbek
Zarrina Yunuszoda
Darina Yakovleva
Zarrina Yunuszoda
CLASS OF 2016
Aisuluu Abdurakhmanova
Aiida Bagytzhanova
Shakhnozai Davlatzoda
Yulia Davydenko
Chynara Erkulova
Firuz Hasanova
Umedjon Kurbonali
Batima Myrzabekova
Yerassyl Toleugazinov
Ilhan Yolliyev
Nazerke Zarlykhanova

TABLE 2

## FUTURE LEADERS

AUCA and KIMEP University Enterprise Student Fellows are active members of university clubs, leaders, innovators, and role models who contribute markedly to the dynamic environment of their campuses and help each other develop the talent and perspective essential to leadership in a challenging world. The Foundation would like to highlight a few of the many examples of their leadership.

In Almaty, **Aisulu Abdyrakmanova**, President of ENACTUS (a global community of student leaders) created and implemented community-based projects that provided support for unemployed people. **Yerzhan Smagulov**, the Vice-President for Finance in the Student Government was able to maximize the impact of the college experience for students at KIMEP University through effective financial management of various campus-wide events. In Bishkek, **Nursultan Abdukhalilov**, Chairman of the Economic Committee of the Youth Parliament of the Kyrgyz Republic, participated in important discussions on the country's economic future and provided recommendations to the Kyrgyz Parliament. **Valentina Khomenko**, President of the Future Leaders Exchange (FLEX) Alumni Association (a program sponsored by the U.S. Department of State) successfully led several youth empowerment projects to respond to the needs of local communities.

Every year U.S.-CAEF Fellows actively seek professional development opportunities to better prepare for their future careers. To meet this demand, numerous career planning, professional development, cultural, and team-building seminars and meetings are organized by U.S.-CAEF. Fellows also seek opportunities to apply their knowledge and skills outside the university. This academic year was no exception. A few examples of Fellows' achievements include:

**Ignatii Kim** took part in the Global Collaborative Summer Program at Kyung Hee University in Seoul, South Korea, where he studied social economics and international business with select students from over 20 different countries. Upon his return to Bishkek, Ignatii interned in the Ministry of Culture, Information and Tourism of the Kyrgyz Republic. For his outstanding performance, Ignatii received an award from the U.S. Ambassador, Pamela L. Spratlen.



IGNATII KIM RECEIVING AN AWARD FROM THE U.S. AMBASSADOR, PAMELA L. SPRATLEN



Nursultan Abdukhalilov

**Rustam Bakibaev** organized a forum entitled "Customs Union (CU): Risks and Threats of Participation" for experts from Kazakhstan, Kyrgyzstan and Russia in Bishkek on May 15, 2013.

**Chynara Erkulova** learned to form business partnerships with a global network of leaders, developed her teamwork and entrepreneurial skills, and increased her business knowledge and cultural understanding through her participation in The Global Village for Future Leaders of Business and Industry, an intensive international internship summer program in Bethlehem, PA.

As an intern at the Kyrgyz Vision Group (affiliated with the American Chamber of Commerce), **Dildana Abbasova** explored ways to connect local businesses with interested foreign parties during her summer break.



VALENTINA KHOMENKO

During the 2012-13 academic year, Enterprise Student Fellows also participated in international internships around the world through AIESEC, a global youth organization; organized charity and fund-raising events for local orphanages; implemented environmental and health awareness projects; received scholarships and awards to participate in youth summits and camps for future world leaders; won prizes in international debate tournaments, essay competitions, and video contests; and helped organize important conferences, meetings, exhibitions, and festivals.

Enterprise Student Fellows recognize the need to bring a global perspective to the economy of the Central Asian region. Many of our students have taken advantage of overseas study opportunities offered through our partner universities. Selection for these programs is highly competitive, and Enterprise Fellows have studied abroad successfully at a wide range of prestigious overseas institutions. Fellows have recently studied in the United States, Lithuania, Hong Kong, Turkey, Norway, South Korea, and Spain.

## JOINT U.S.-CAEF CONFERENCE

The first joint U.S.-CAEF conference was held in Almaty, Kazakhstan on March 4th and 5th for Fellows studying at AUCA and KIMEP University. The idea for the event was fashioned by the Fellows themselves. Students proposed the event to American Councils as a way to foster communication and create a sense of community between the U.S.-CAEF scholars at the two institutions. The U.S.-CAEF Board of Directors welcomed the Fellows' initiative and two members of the Board, Margaret Grieve and Mary Ginsberg, traveled to Almaty to attend the event. Eighty-two out of 108 Fellows participated in the conference.

The conference was a successful platform for building relationships among the Fellows and exploring the topics of leadership and entrepreneurship. It focused on team-building activities and offered lectures, presentations, and panel discussions on topics such as leadership, business start-ups, the economy, and labor markets in Central Asia. Among the conference's guest speakers were Michael Trueblood, Director of the Economic Development Office at USAID/CAR, and Tristram Perry, a Public Affairs Officer at the U.S. Embassy in Almaty. Other presenters included consultants and representatives of the U.S.-CAEF Alumni Association, local banks, financial investment companies, and local small businesses. The speakers' presentations provided valuable insights into the economic environment and dynamic job market of Central Asia and the mechanisms through which young professionals can adjust to changes, overcome obstacles, and succeed in their careers. Interactive experiences, such as the Best Business Competition, proved to be meaningful for Fellows. After the conference, Fellows noted that the success stories of young entrepreneurs left them feeling inspired to expand their professional networks and explore new business ideas through internships and other work opportunities.

"During this first KIMEP-AUCA joint event we, U.S.-CAEF Fellows, had an amazing opportunity to network with each other, become inspired by the speakers and our peers, and meet our U.S.-CAEF Board. As a first-year student, this was a great chance to meet AUCA Fellows, with whom I will keep in touch and hopefully collaborate on future business projects throughout the upcoming three years. I believe our friendships will last and will be powerful," said Chynara Erkulova, President of the U.S.-CAEF Student Association.



AUCA & KIMEP UNIVERSITY STUDENT FELLOWS ENGAGED IN TEAM EVENTS AT U.S.-CAEF CONFERENCE

## NOTABLE ACHIEVEMENTS

### REGINA STEPANOVA



REGINA STEPANOVA

Writing has always been one of Regina's biggest passions. During her junior year, she worked for an English-language newspaper, the Times of Central Asia. As a freelance writer, she also wrote articles on a wide range of topics from world religions to analysis of the smartphone market.

This year, Regina was contacted by LAPLAMBERT Academic Publishing, a trademark of AV Akademikerverlag GmbH & Co. KG, and received an offer to publish her bachelor's thesis. LAPLAMBERT Academic Publishing is a member of an international group specializing in the publication of dissertations and high-quality theses from respected institutions worldwide. After evaluating Regina's work, the company proposed making it available globally and marketing it at no cost through global book distributors such as Amazon, Lightning Source, and More Books. Regina's work is now available at more than 80,000 booksellers worldwide.

Her thesis, "**Optimization of an Investment Portfolio for Agricultural Company**," reviews optimization of production activity by using a mathematical model based on linear programming, the managerial accounting tool, and cost-volume-profit analysis.

Regina selected the company that serves as the focus of her analysis because of its strategic importance for the Issyk-Ata region. It is a young, yet quickly growing company, able to provide qualified jobs for citizens of Regina's hometown, as well as nearby villages. Regina's senior thesis became a management-consulting project.



YERZHAN SMAGULOV

**Yerzhan Smagulov** and **Malika Pulotova** had unique opportunities to learn about government financial operations and services after winning highly competitive summer internships in the Senate and the Ministry of Economy and Budget Planning in Astana, Kazakhstan.

"I greatly expanded my view of Kazakhstan's financial sphere," Yerzhan writes, "as my responsibilities included assisting the main financial officer of the department in analyzing budget implementation reports and preparing negotiations with heads of other committees such as chairmen of the National Bank of Kazakhstan and the Accounts Committee. It was a lucky coincidence that the period of my internship coincided with submission of ministerial reports on budget implementation. It was very interesting and informative to attend meetings where vice-ministers and military officials reported on their work and the implementation of the state budget."

Malika worked in the HR unit of the Ministry of Economy and Budget Planning. She writes, "My internship allowed me to improve my knowledge about government and legislative systems in Kazakhstan. This experience showed me that management and leadership skills are of great importance, especially when you work in a very hierarchical organization."

Impressed by the interns' work ethic and professionalism, the Fellows' supervisors expressed great interest in hiring Yerzhan and Malika after they graduate in May 2014.



MALIKA PULOTOVA

# INTERN FELLOWSHIPS



CAPSTONE INTERNS 2013: ARTUR SEMEYUTIN,  
BATYR CHARYYEV, & BOSTAN SEYIPOVA



## REGIONAL SUMMER INTERNSHIP PROGRAM

The Foundation's Regional Internship Program offers Fellows an opportunity to take their first steps on their career paths. The program continues to be a welcome opportunity for many Fellows even though the program competes with other internship and job opportunities available each summer. A total of 11 sophomores chose to participate in summer regional internships this year:

Abdubaliev Ulukbek  
Almaz kyzy Aidai  
Batyrcanova Meerim  
Birlikova Aigerim

Ibragimova Malika  
Ismail kyzy Zhursun  
Kenzhebaeva Asylgul  
Mamunov Alisher

Nurmatova Nasiba  
Vahobov Rustamjon  
Yunuszoda Zarrina

The Interns had an opportunity to explore their professional interests and identify new career paths, learned practical work skills, expanded their knowledge, and enjoyed the office atmosphere. Below are some quotes reflecting their thoughts and experiences.



SOPHOMORE **ALISHER MAMUNOV** (CENTER) WITH HIS INTERNSHIP SUPERVISORS, **AISALKYN MUSABAEVA** (LEFT) & **ALYONA LI** (RIGHT), BOTH U.S.-CAEF ALUMNI

### RUSTAM VAHOBOV, THE FARM

"The Internet market is relatively new in Kazakhstan and it was thrilling to follow its breakthrough development over the past three years.... I truly believe that this experience has made a huge impact on my expertise, my future life pursuits and, most importantly, my professional as well as personal development."

### MALIKA IBRAGIMOVA, BAI TUSHUM & PARTNERS MICROFINANCE BANK

"As an economist, I was mostly interested in analytical economics, but I really enjoyed learning more about the banking and finance spheres. Now I understand that I need to expand my knowledge in these fields to become a good specialist."

### ZHURSUN ISMAIL KYZY, DEMIR KYRGYZ INTERNATIONAL BANK

"My best internship experience was working on a marketing assignment. As I started serving clients, I found out how beneficial this service is and how many people rely on and depend on banks."

### ASYLGUL KENZHEBAEVA, FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (UN FAO)

"I liked the organization I interned with, and in the future I would like to work in a similar place. The employees are friendly, eager and motivated to work. There are different projects, so I could learn different things at the same time."

Host companies expressed their satisfaction with the program and confirmed their eagerness to continue working with U.S.-CAEF interns in the future. We are pleased to note that Alisher Mamunov's supervisors at Promotank were U.S.-CAEF alumni, Aisalkyn Musabaeva and Alyona Li. This made the internship experience particularly meaningful for both parties. The Foundation hopes that this trend will continue and more program alumni will host U.S.-CAEF interns in the future.

The Foundation is grateful to the companies in Kazakhstan and the Kyrgyz Republic that have hosted Enterprise Regional Interns since the inception of this program in 2009. These companies include:

ADM Capital  
Alpha Telecom  
Ardamina Textile Company  
Asia Universal Bank  
Bai Tushum & Partners  
Microfinance Bank  
Beeline  
CAI Consulting  
Center for Educational  
Assessment &  
Teaching Methods  
Channel 7  
Demir Kyrgyz International Bank  
FINCA  
Flamingo Park  
HSBC Bank  
International Business Council  
Karakol Coffee Shop  
KazInvest  
KazNetEvents  
Kyrgyz Concept  
Kyrgyz Kredit Bank  
MegaCom  
National Leasing Company  
Polygon International, Ltd  
Project Hope  
Promotank  
RCG Investment Fund  
Sberbank of Russia  
Talas Copper Gold, LLC  
The Farm  
The United Nations  
The U.S. Embassy in Bishkek,  
Kyrgyz Republic

## ENTERPRISE INTERNATIONAL CAPSTONE INTERNSHIP PROGRAM

Two groups of outstanding U.S.-CAEF Fellows participated in the Enterprise International Capstone Internship Program during the period of this report.

Our 2012 Capstone interns successfully completed their fall-semester program and traveled home to Central Asia in December, 2012. Upon their return, the interns shared their international internship experiences with the current Enterprise Fellows and inspired them to participate in this unique experiential learning program. All interns noted that the experience prepared them for the job market and helped them become independent thinkers, enhance their networking skills, and identify new career paths.



KURALAY BAISALBAYEVA

**Andrey Leskin**, who interned at MicroVest, reported that the capstone experience was a very important part of his career development. "It is during that period in America when I dove into the ocean of corporate life and the western work atmosphere. I was able to discover the basics of a new sphere of microfinance investments and now I am thinking about applying this knowledge to the Central Asian region and exploring this subject further," wrote Andrey.

"The research work on fiscal policy and taxation at the Urban Institute and informational interviews with the experts in the field were extremely helpful in finding out about the skills and educational background required to succeed in the tax-policy and administration field.... The insights given by Mr. Remington [Associate Director, Revenue Advisory Program at the U.S. Treasury], who has a great deal of experience in taxation not only inside the U.S. but also in the countries of the former Soviet Union, confirmed my decision to obtain MSc and then PhD degrees in international taxation," shared another intern, **Kuralay Baisalbayeva**, who is currently enrolled in the Master of Advanced Studies in International Tax Law program at the Vienna University of Economics and Business, Austria.

Seven outstanding U.S.-CAEF Fellows were selected by the Foundation to participate in the 2013 U.S. International Capstone Internship Program, which began in August: Batyr Chariyev, Bostan Seyipova and Artur Semeyutin from KIMEP, and Bermet Nurbekova, Izat Osmonov, Regina Stepanova and Azhar Akimbaeva from AUCA.

Unfortunately, due to unexpected U.S. visa complications in Bishkek, only three interns were able to join their programs this year. All three are Turkmen graduates of KIMEP University. In keeping with their interests and skills, the Fellows were placed in internships at The Financial Services Roundtable, The GIC Group, and Bennett International Group, LLC. The Capstone Internship Program is administered by American Councils in partnership with The Washington Center, TWC ([www.twc.edu](http://www.twc.edu)), Washington, D.C. It is designed to help postgraduate interns decide a career direction and acquire the skills and experience needed to succeed. All three interns were excited to embark on this experiential learning program. "The most valuable work experience that I've ever had in my beginning career is the internship at The GIC group, a small agricultural consulting company. In the very beginning of my



BATYR, BOSTAN & ARTUR REPRESENTING TURKMENISTAN AT INTERNATIONAL DAY IN WASHINGTON, D.C.

“It is during that period in America when I dove into the ocean of corporate life and the western work atmosphere. I was able to discover the basics of a new sphere of microfinance investments and now I am thinking about applying this knowledge to the Central Asian region and exploring this subject further,”

- Andrey Leskin

internship I was involved in general research & market news updates which were not certainly the tasks I was looking for, however, I was given a chance to look for debt financing opportunities for one of our clients & establish myself as a dedicated and responsible person able to meet deadlines, and this positively affected my growth within the company... The successful completion of this project allowed me to be involved in more interesting & technically complicated tasks, [such] as price modeling and forecasting, which I enjoy the most,” said **Artur Semeyutin**, reflecting on the experiences of the first month of his internship.

In addition to their internships, Capstone Interns take an academic course of their choice at TWC. These courses are taught by professors – primarily leading practitioners with terminal degrees – from local universities in the Washington area. “I am taking the *International Business: Case Studies in International Trade* course. I find it useful because the professor focuses on [the] practical side and real cases rather than theory. Studying and sharing ideas with other international students from different backgrounds make the course even more interactive and valuable,” said **Bostan Seyipova**.

Interns value highly the rich educational opportunities afforded by Washington, D.C.’s wide range of national and international

policy centers, think tanks and non-profits, media organizations, and cultural institutions. “There are many events, seminars and forums in Washington, D.C. I was [recently] able to attend ‘The Southern Corridor of the New Silk Road,’ [a forum] that featured Ambassadors from Turkmenistan, Azerbaijan, and Georgia, held at the Johns Hopkins University. All of the speakers gave insightful speeches about the future opportunities and challenges in each country as well as the region. The chance to meet the Ambassador of Turkmenistan to the United States and learn more about Turkmenistan’s strategy in diversifying its exports of natural resources was exciting,” wrote **Batyr Charyyev**.

Special events organized by The Washington Center provide interns an opportunity to build their international and professional contact network and interact with experts and leaders from various sectors. In addition to the vocational and educational components of their internships, Fellows have many valuable opportunities to meet peers from the U.S. and other countries. TWC also arranges an International Day, during which all interns have the opportunity to present their home-country cultures and learn about those of their peers.

# FACULTY FELLOWSHIPS



**BETSY BOWEN** OF FAIRFIELD UNIVERSITY (CENTER) WITH  
**GULNARA NURIEVA** (LEFT) & **NURGUL TOKTOGULOVA** OF AUCA (RIGHT)

Since 2008, Fairfield University has conducted a series of faculty development workshops focused on integrative teaching and learning strategies for business education at our partner universities. These workshops culminated in June, 2013 in the Kyrgyz Republic, where 17 faculty participants met for a writing workshop led by three Fairfield professors—Kathryn Nantz, associate professor of Economics; Betsy Bowen, professor of English; and David Schmidt, professor of Business Ethics. The event was born out of feedback from KIMEP University and AUCA faculty who had expressed strong interest in developing an edited volume of case studies and teaching materials.

Participants gathered on the shores of Lake Issyk-Kul on June 12 -17 to reflect on classroom innovations they had implemented since beginning the workshops, develop new ideas, and write draft chapters for the publication. The purpose of the volume is to present materials that can be readily incorporated into a variety of business and economics courses in order to help faculty more effectively teach students the skills they need to work in an emerging market-based, international economy. Topics covered in the book include collaborative learning strategies, the use of locally focused business case studies for Central Asian students, reflective diaries as a means to improving student learning, the use of in-class debates to engage learners, the role of student contributions in the teaching of business ethics, and student research projects as a means of keeping classroom materials contemporary. Following the workshop, participants revised drafts of their manuscripts, which will be compiled and edited into a comprehensive volume of resources for teaching business in Central Asia. The book will be published in 2014 and distributed among faculty at AUCA and KIMEP University as well as other institutions of higher education in the region. The Fairfield workshop leaders commended participants for their productivity and their contributions to a collegial atmosphere across the institutions.

The Fairfield professors concluded their trip to Central Asia by conducting a special lecture, “Squashing Innovation by Protecting It: An Examination of Entrepreneurship in a Changing Environment,” for U.S.-CAEF alumni and current Fellows on June 18, 2013 in Bishkek. This presentation explored issues related to intellectual property from three perspectives: economics and externalities, ethics and violence, and writing and plagiarism. The topics aroused great interest and led to lively discussions between the presenters and audience members.



AUCA & KIMEP UNIVERSITY FACULTY FELLOWS  
WORKING ON A TEAM PROJECT



FACULTY WORKSHOP IN ISSYK-KUL, KYRGYZ REPUBLIC, JUNE, 2013



LIRA DZHURAEVA, AUCA FACULTY FELLOW,  
CONDUCTING A WORKSHOP “MANAGE YOURSELF”  
FOR U.S.-CAEF STUDENTS

# ALUMNI ASSOCIATION

- Essay for inter
- Phone/skyp
- Decision

TANGULU DIUSHAKHMATOVA,  
PRESIDENT OF U.S.-CAEF ALUMNI ASSOCIATION

This fiscal year was a milestone for the U.S.-CAEF Alumni Association. On December 1-2, 2012 the Association officers gathered in Almaty for their first formal meeting to refine and adopt the Association's bylaws and create a strategic plan to support its mission.

Following this meeting, on January 19, 2013, the association held its first event for current Fellows, entitled "Building a Career after Graduation", at both universities. The alumni met with current Fellows to share their experiences, discuss professional and educational opportunities after graduation, and provide job-search and interview tips. The meeting was a success, with 50 Fellows at AUCA and 39 Fellows at KIMEP University in attendance. It was also an important step forward in developing the alumni association's reputation and in establishing initial ties between alumni and current Fellows. These meetings were followed by a number of professional development and other events organized for current Fellows at both universities.



U.S.-CAEF ALUMNI ACTIVISTS: (FROM LEFT TO RIGHT)  
AIDANA ABDRAKHMANOVA, ARYSTAN MOLDABEKOV, & MOLDIR KUSSAINOVA

Alumni and current Fellows indicate the association's most important function is to assist with business and career development and to help students become as fully integrated as possible within the larger business community. The Alumni Association plans to organize future events to benefit both alumni and current Fellows and promote social and professional contacts within and beyond the U.S.-CAEF program.

U.S.-CAEF Alumni Association Mission Statement: "The U.S.-CAEF Alumni Association is created to become an important channel of communication between all of the Association's members, to complement the mission of the U.S.-Central Asia Education Foundation, and to join efforts in contributing to an entrepreneurial spirit and the economic prosperity of Central Asia."



U.S.-CAEF ALUMNI WITH TERENCE GRAHAM (CENTER), FORMER DIRECTOR  
AT AMERICAN COUNCILS, AT GRADUATION RECEPTION 2013

Currently the Association has 85 members. The leadership team represents both AUCA and KIMEP University and three of the five Central Asian Republics:

**TANGULU DIUSHAKHMATOVA**  
PRESIDENT  
AUDIT ASSISTANT, KPMG

**OKSANA KOVALENKO**  
VICE-PRESIDENT  
FOR COMMUNICATION  
ASSISTANT MANAGER  
LAHMEYER INTERNATIONAL

**ALYONA LI**  
VICE-PRESIDENT  
FOR MEMBERSHIP & OUTREACH  
PROJECT MANAGER  
PROMOTANK LLC

**AZIZ YULDASHEV**  
VICE-PRESIDENT  
FOR MEMBERSHIP & OUTREACH  
ADMINISTRATOR  
TASHKENT SEWERAGE PROJECT

**ARYSTAN MOLDABEKOV**  
TREASURER  
ADVANCED STAFF  
ASSURANCE DEPARTMENT  
ERNST & YOUNG

**AISALKYN MUSABAEVA**  
VICE-PRESIDENT  
FOR SOCIAL ACTIVITIES  
PROJECT MANAGER  
PROMOTANK LLC

**MOLDIR KUSSAINOVA**  
VICE-PRESIDENT  
FOR SOCIAL ACTIVITIES  
CUSTOMER MANAGER  
BEIERSDORF

# FINANCIAL STATEMENTS



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8322.80  
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8294.42  
8408.94

Total Paid In



## INDEPENDENT AUDITORS' REPORT

January 31, 2014

To the Board of Directors  
U.S. - Central Asia Education Foundation  
North Hampton, New Hampshire

We have audited the accompanying financial statements of U.S. - Central Asia Education Foundation (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to 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.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 U.S. - Central Asia Education Foundation as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

*Cummings, Lamont & Shekhar, P.A.*

**Certified Public Accountants  
Portsmouth, New Hampshire**

## STATEMENTS OF FINANCIAL POSITION

• SEE NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30		2013	2012
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>	CASH & CASH EQUIVALENTS	\$580,994	\$107,627
	ACCRUED INTEREST & DIVIDENDS RECEIVABLE	\$26,383	\$33,692
	PREPAID EXPENSES & OTHER ASSETS	\$38,609	\$104,740
	TOTAL CURRENT ASSETS	\$645,986	\$246,059
<b>OTHER ASSETS</b>	INVESTMENTS (NOTE 4)	\$9,514,726	\$9,822,005
	HYBRID FINANCIAL INSTRUMENTS (Including decrease in fair value of \$20,820 in 2013 and increase in fair value of \$58,064 in 2012) (NOTE 5)	\$772,661	\$1,734,085
	TOTAL OTHER ASSETS	\$10,287,387	\$11,556,090
<b>TOTAL ASSETS</b>		\$10,933,373	\$11,802,149
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>	ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$16,630	\$16,696
	TOTAL CURRENT LIABILITIES	\$16,630	\$16,696
<b>NET ASSETS</b>	UNRESTRICTED NET ASSETS	\$10,916,743	\$11,785,453
	TOTAL NET ASSETS	\$10,916,743	\$11,785,453
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>		\$10,933,373	\$11,802,149

YEARS ENDED SEPTEMBER 30		2013	2012
<b>REVENUES &amp; OTHER SUPPORT</b>	CONTRIBUTED SERVICES (NOTE 6)	\$76,136	\$82,740
	INVESTMENT INCOME (NOTE 4)	\$209,628	\$230,726
	MISCELLANEOUS INCOME	--	\$330
	TOTAL REVENUES & OTHER SUPPORT	\$285,764	\$313,796
<b>EXPENSES</b>	<b>PROGRAM SERVICES (NOTE 1)</b>		
	ENTERPRISE STUDENT FELLOWSHIPS	\$1,243,835	\$1,137,373
	ENTERPRISE FACULTY FELLOWSHIPS	\$25,541	\$80,639
	ENTERPRISE INTERN FELLOWSHIPS	\$216,235	\$182,597
	TOTAL PROGRAM SERVICES	\$1,485,611	\$1,400,609
	MANAGEMENT & GENERAL	\$174,860	\$180,778
	TOTAL EXPENSES	\$1,660,471	\$1,581,387
CHANGE IN UNRESTRICTED NET ASSETS BEFORE REALIZED & UNREALIZED GAINS (LOSSES) ON INVESTMENTS	(\$1,374,707)	(\$1,267,591)	
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS	\$505,997	\$993,241	
CHANGE IN NET ASSETS	(\$868,710)	(\$274,350)	
NET ASSETS, BEGINNING OF YEAR	\$11,785,453	\$12,059,803	
NET ASSETS, END OF YEAR	\$10,916,743	\$11,785,453	

## STATEMENTS OF CASH FLOWS

• SEE NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30		2013		2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>CHANGE IN NET ASSETS</b>				
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		(\$868,710)		(\$274,350)
<b>REALIZED &amp; UNREALIZED (GAINS) LOSSES ON INVESTMENTS</b>		(\$505,997)		(\$993,241)
<b>CHANGES IN OPERATING ASSETS &amp; LIABILITIES:</b>	ACCRUED INTEREST & DIVIDENDS RECEIVABLE	\$7,309		\$1,951
	PREPAID EXPENSES & OTHER ASSETS	\$66,131		(\$103,229)
	ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$(66)		(\$7,103)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		(\$1,301,333)		(\$1,375,972)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
PURCHASES OF INVESTMENTS		(\$3,944,541)		(\$3,221,487)
PROCEEDS FROM MATURITIES OF INVESTMENTS		\$1,716,943		\$1,437,733
PROCEEDS FROM SALES OF INVESTMENTS		\$4,002,298		\$3,186,020
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		\$1,774,700		\$1,402,266
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		\$473,367		\$26,294
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		\$107,627		\$81,333
CASH AND CASH EQUIVALENTS, END OF YEAR		\$580,994		\$107,627
SUPPLEMENTAL CASH FLOW DISCLOSURES:	INTEREST EXPENSE PAID	\$ -		\$ -
	INCOME TAXES PAID	\$ -		\$ -
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>				
There were no noncash investing and financing activities during 2013 and 2012.				

# NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2013 & 2012

## NOTE 1

### NATURE OF ORGANIZATION

The U.S. - Central Asia Education Foundation (the "Foundation") was incorporated in May 2007 to further the work of the Central Asian-American Enterprise Fund (the Fund) by building upon the private-sector development assistance programs established by the Fund. The Foundation's mission is to encourage and assist development and growth of a vibrant open-market private business sector in Central Asia by: supporting the quality of - and affordable access to - Western business know-how and practices at selected institutions of higher learning in the region that have adopted Western curriculum and teaching methods; providing opportunities for vocational, educational, and cultural experiences in countries that serve as positive examples of an open-market economy operating within a democratic environment; and, promoting other activities that will generate a favorable environment in Central Asia for private business to succeed and entrepreneurial spirit to thrive.

To accomplish its mission, the Foundation is sponsoring the following three programs in the Central Asian republics of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan:

#### (1) ENTERPRISE STUDENT FELLOWSHIPS

a financial need-based undergraduate business education scholarship program for academically gifted students who, due to financial hardship, otherwise would not be able to pursue a university education. Scholarships are provided at selected Central Asian universities to citizen residents of the Central Asian countries of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.

#### (2) ENTERPRISE FACULTY FELLOWSHIPS

a program for business faculty at selected universities in Central Asia to further develop their teaching skills, knowledge, and course curriculum; thereby benefiting the current and future students who will be the region's business leaders; and,

#### (3) ENTERPRISE INTERN FELLOWSHIPS

a program for select Enterprise Student Fellows to gain work experience within Central Asia - as well as educational, vocational and cultural experience in the United States or other countries that serve as positive examples of democratic open-market economies.

## NOTE 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION ARE DESCRIBED BELOW:

**METHOD OF ACCOUNTING** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**BASIS OF PRESENTATION** - Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, Financial Statements of Not-for-Profit Organizations. Under this standard, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### UNRESTRICTED NET ASSETS

Net assets that are not subject to donor-imposed stipulations.

#### TEMPORARILY RESTRICTED NET ASSETS

Net assets that are subject to donor-imposed stipulations that may or will be met by actions and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### PERMANENTLY RESTRICTED NET ASSETS

Net assets that are subject to a donor-imposed stipulation that contributed resources be maintained permanently but permits the use or expenditure of part or all of the income or other economic benefits derived from the donated assets.

**Restricted and Unrestricted Revenue and Support** - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Accounting Estimates and Assumptions** - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. Actual results could differ from those estimates.

**CASH & CASH EQUIVALENTS**- The Foundation considers highly liquid financial instruments purchased within three months or less of their maturity date to be cash and cash equivalents for purposes of the statement of cash flows.

**INVESTMENTS**- The Foundation's investments consist of investment-grade debt and equity securities. Investments maturing within one year or less are considered short-term investments. The Foundation's investments are carried at fair value, based on quoted market prices. Changes in fair value are included in gains (losses) on investments in the statement of activities.

## NOTE 2

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED)

**ACCOUNTS RECEIVABLE-** Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts was considered necessary at September 30, 2013 and 2012.

**GRANT EXPENDITURES-** The Foundation awards grants for specific academic periods. Grant expenditures are recognized in the year in which the academic period begins provided the grant is not subject to future contingencies. Grant payments made for academic periods beginning after year end are recorded as prepaid grant awards. There were no prepaid grant awards at September 30, 2013 and 2012.

**INCOME TAXES-** The Foundation is exempt from federal taxes under Internal Revenue Code Section 501(c)(3). The Foundation has also been classified as a public charity within the meaning of Section 509(a), and contributions to the Foundation are deductible by the donors as provided in section 170(b)(1)(A)(vi).

Assuming there are no significant changes in the Foundation's sources of revenues, it is anticipated that the Foundation will be classified as a private foundation effective for the fiscal year ending September 30, 2014. As a private foundation, the Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income taxes except for income from its unrelated business activities. Under Section 4940 of the Internal Revenue Code, a federal excise tax of 2% is normally imposed on a private foundation's net investment income (principally interest, dividends, and net realized capital gains, less expenses incurred in the production of investment income). This tax is reduced to 1% when a foundation meets certain distribution requirements.

The federal and State of New Hampshire tax returns of the Foundation are subject to examination, generally for three years after they are filed. The Foundation does not believe that there are any uncertain tax positions taken in preparation of the tax returns that would impact these financial statements.

**DONATED SERVICES-** Donated services are recognized as contributions in accordance with Statement of Financial Accounting Standards, Accounting for Contributions Received and Contributions Made, if the services (a) create

or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. For the years ended September 30, 2013 and 2012 amounts for certain contributed services meeting the criteria for recognition under this standard have been reflected in the Statement of Activities (see Note 6).

## NOTE 3

### FAIR VALUES OF ASSETS

Effective October 1, 2008, the Foundation adopted Statement of Financial Accounting Standards, Fair Value Measurements, which provides a framework for measuring fair value under generally accepted accounting principles. This standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also established a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

1. **MARKET APPROACH** - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other resources;
2. **COST APPROACH** - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
3. **INCOME APPROACH** - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

For the year ended September 30, 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value at September 30, 2013.

Fair values for investments and hybrid financial instruments are determined by reference to quoted market prices and other relevant information generated by market transactions.

DESCRIPTION	FAIR VALUES	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OB- SERVABLE INPUTS	SIGNIFICANT UNOBSERV- ABLE INPUTS
		(LEVEL 1)	(LEVEL 2)	(LEVEL 3)
EQUITIES	\$4,138,310	\$4,138,310	--	--
STRUCTURED INVESTMENTS	\$772,661	\$772,661	--	--
FIXED INCOME	\$5,376,416	\$5,376,416	--	--
TOTAL	\$10,287,387	\$10,287,387	--	--

## NOTE 4 INVESTMENTS

Investments consist of the following at September 30,:

	2013		2012	
	COST	FAIR VALUE	COST	FAIR VALUE
EQUITIES	\$3,434,271	\$4,138,310	\$2,334,391	\$2,637,824
FIXED INCOME	\$5,354,193	\$5,376,416	\$7,030,882	\$7,184,181
TOTAL	\$8,788,464	\$9,514,726	\$9,365,273	\$9,822,005

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30,:

	2013	2012
INTEREST & DIVIDEND INCOME	\$209,628	\$ 230,726

## NOTE 5 HYBRID FINANCIAL INSTRUMENTS

The Foundation's Structured Investments contain multiple derivatives. GAAP allows entities to elect fair value measurements on an instrument-by-instrument basis for certain financial instruments in which a derivative would otherwise have to be bifurcated. This investment decreased in value by \$20,820 during the year ended September 30, 2013 and increased in value by \$268,906 during the year ended September 30, 2012. These increases and decreases in net value are included in the change in net assets.

## NOTE 6 CONTRIBUTED SERVICES

The fair value of contributed services, recorded in the accompanying statement of activities and changes in net assets, consists of accounting, management and program services and totaled \$76,136 for the year ended September 30, 2013 and \$82,740 for the year ended September 30, 2012. Con-

tributed accounting and management services are reflected as contributions revenue and as management and general expenses. Services donated to the Foundation's programs are reflected as contributions revenue and as program service expenses. Additionally, members of the Foundation's Board of Directors donate significant amounts of their time to the Foundation's mission. Because the services contributed by the Board members did not meet the recognition criteria, the value of these services has not been reflected in the financial statements.

## NOTE 7 CONCENTRATIONS OF CREDIT RISK & MARKET RISK

The Foundation maintains cash balances comprised of bank deposit accounts and a money market fund account which are insured by the Federal Deposit Insurance Corporation. At times balances may exceed insured limits. There were no bank deposits in excess of insured limits at September 30, 2013 and 2012.

At September 30, 2013 and 2012 the Foundation maintained investments in a brokerage account. The value of these investments exceeded the custodial credit risk coverage provided by the Securities Investor Protection Corporation by \$10,324,864 and \$11,708,266 at September 30, 2013 and 2012, respectively.

The Foundation maintains its cash and securities with a high quality financial institution which the Foundation believes limits its cash and custodial risk. As of September 30, 2013, the Foundation has not experienced any loss in such accounts.

## NOTE 8 FUNCTIONAL EXPENSES

The expenses of providing various program and supporting services are presented on a functional basis. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. Allocations may be direct or indirect according to the type of expense incurred.



## **NOTE 9**

### **COMMITMENTS**

The Foundation has entered into an administration agreement with the American Councils for International Education (ACIE) to create, administer and operate its programs. Payments for these services are paid near the beginning of certain academic periods and are determined based on program operating budgets mutually agreed upon by the Foundation's Board and the ACIE. After each academic period, the Foundation and ACIE reconcile actual expenses and fees to the operating budget and make appropriate adjustments. The administrative agreement has an initial term of three years and will automatically extend for one-year periods unless earlier terminated by either party.

The Board has approved a \$626,099 grant award for Enterprise Student Fellowships and a \$313,050 grant award for Enterprise Intern Fellowships to be paid in 2014.

## **NOTE 10**

### **ENTERPRISE STUDENT FELLOWSHIPS**

#### **FUTURE COSTS**

Under its Enterprise Student Fellowship program, during the year ended September 30, 2013, the Foundation awarded 36 new Student Fellowships and renewed 86 Student Fellowships for the 2013 academic year. During the year ended September 30, 2012, the Foundation awarded 35 Student Fellowships and renewed 76 Student Fellowships for the 2012 academic year.

Although the Foundation has the unconditional right to not renew awards, the Foundation intends and expects to renew awards for each Fellow's entire four years of undergraduate academic study, as long as the Fellow remains in full compliance with the terms and conditions of the award. The Foundation anticipates future expenditures for Student Fellowship awards and renewals will be: \$981,418 in 2014, \$813,900 in 2015, \$568,660 in 2016 and \$330,391 in 2017. Using a discount rate of 3.0% the Foundation estimates the present value of the program cost to continue these awards for the academic years 2014 through 2017 to be approximately \$2,601,670.

## **NOTE 11**

### **SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through January 31, 2014, which is the date the financial statements were available to be issued. There were no material subsequent events at January 31, 2014 that require disclosure in the financial statements.

## BOARD OF DIRECTORS

**Stephen D. Weinroth**

CHAIRMAN | DIRECTOR | HOVNANIAN ENTERPRISES, INC.

**Margaret M. Grieve**

VICE CHAIR | PRESIDENT | PMG MANAGEMENT, INC.

**Mary S. Ginsberg**

FORMER CURATOR | DEPARTMENT  
OF ASIA | THE BRITISH MUSEUM

**Steven F. Shea**

PRESIDENT & CHIEF EXECUTIVE OFFICER (RETIRED),  
ROCKINGHAM BANCORP

## U.S. GOVERNMENT LIAISON TO THE BOARD

**Jonathan Addleton**

REGIONAL MISSION DIRECTOR  
U.S. AGENCY FOR INTERNATIONAL EDUCATION

## OFFICERS

**Steven F. Shea**

PRESIDENT & CEO

**Holly Burns**

SENIOR ACCOUNTANT

## PROGRAM ADMINISTRATOR

AMERICAN COUNCILS FOR INTERNATIONAL EDUCATION

## LEGAL COUNSEL

**Robert Odle, Esq.**

WEIL, GOTSHAL & MANGES LLP

## AUDITORS

Cummings, Lamont and McNamee, P.A.



U.S.-CAEF BOARD WITH CAPSTONE INTERNS:  
(FROM LEFT TO RIGHT) STEVEN SHEA,  
MARGARET GRIEVE, BOSTAN SEYIPOVA,  
STEPHEN WEINROTH, MARY GINSBERG,  
BATYR CHARYYEV, & ARTUR SEMEYUTIN





U.S. - Central Asia Education Foundation

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**COVER IMAGE:** U.S.-CAEF STUDENT FELLOWS DILOBAR TUYCHIEVA (FRONT) & MALIKA PULOTOVA

