

# 2012 Annual Report



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*AUCA Fellows working on a group project*

# Overview



Margaret Grieve, Vice Chair of US-CAEF with AUCA Enterprise Fellows

**FORMATION**

The U.S.-Central Asia Education Foundation (the Foundation) commenced operation in May, 2007. The Foundation is a not-for profit corporation, that has been funded by a grant of \$157 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 foster 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 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 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 entrepreneurial spirit to thrive.



KIMEP Fellow from Tajikistan, Saïdkabir Azizov



Erzhan Smagulov/Vice-President, KIMEP Student Government

**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 Asia countries of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and 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 selected universities in Central Asia designed to further develop teaching skills, knowledge, and course curriculum, thereby benefiting the current and future students who will be the region's business leaders.

**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.

**PARTNER UNIVERSITIES**

Our partner universities, the American University of Central Asia (AUCA) in Bishkek, Kyrgyzstan, and the Kazakhstan Institute of Management, Economics and Strategic Research (KIMEP) 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.

**PROGRAM ADMINISTRATOR: AMERICAN COUNCILS**

American Councils for International Education was retained to facilitate the design of and to administer the Foundation's programs. American Councils, with over three decades of regional expertise in Central Asia and other republics of the former Soviet Union, is an international not-for-profit organization committed to building a world of globally competent citizens, successful institutions, and responsible nations.



# Fiscal Year 2012 Highlights



*KIMEP Enterprise Fellows, Yuliya Davydenko (second left), Gozel Ilmuradova (third right), Ayna Annaorazova (second right) at International Festival, Almaty, 2012*



Malika Ibragimova, AUCA Fellow

**Student Fellowships:**

The 2012 fiscal year was another successful year for the Foundation. We celebrated our second graduating class of Enterprise Student Fellows. Twenty 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 at which directors of the Foundation were able to congratulate the Fellows and their proud parents in person.



Zarylbek Kudabaev, AUCA Faculty Fellow

**Faculty Development:**

With the completion of the 2-year faculty training program developed and delivered by Fairfield University (Fairfield, CT, USA) follow-on activities were discussed to build upon the work accomplished through the training.

**Student Internships:**

The first International Internship Program was implemented during the fall of 2011. All Interns successfully completed their internships on December 17, 2011. Another select group of six 2012 graduates, three from each partner university, started their internship program on September 4, 2012.

This four month program in the U.S. is designed to provide meaningful academic and work experiences relevant to the Student Fellows' academic backgrounds.

The Regional Internship Program continued to be a success. Seven sophomores participated in the summer 2012 internships which provide a first-hand look at how business is done in the region and prepared them for additional internships in their junior and senior years.



**Alumni Association**

The first election of officers to the U.S.-CAEF Alumni Association took place on August 16, 2012. Seven outstanding alumni representing both partner universities and three of the five Central Asian Republics were elected for leadership positions. The Association is striving to become an important platform for communication and cooperation between all program alumni, current fellows and local business communities to join the Foundation's efforts in fostering the U.S.-CAEF spirit, promoting professional development and contributing to the economic prosperity of Central Asia.

**Newsletter Launch**

The first U.S.-CAEF quarterly newsletter was released in August, 2012. The newsletter is created by and for U.S.-CAEF Enterprise Student Fellows and Alumni. It highlights success stories and activities of our Student Fellows and Alumni, and serves as a powerful tool for fostering and encouraging communication between the AUCA and KIMEP Enterprise Fellows.

# Enterprise Student Fellowships



*Nilufar Matyakubova (second left) and Ali Hamrayev (back) meet with their professor at KIMEP*



NargizaZhakypova and Khislat Zhuraeva, Graduating class 2012



Temur Utegenov, KIMEP graduate from Uzbekistan

**GRADUATING CLASS 2012**

The 2012 graduating class upheld the high standards of the US.-CAEF program, completing their studies at AUCA and KIMEP with impressive results. Thirteen Fellows concluded their studies at KIMEP, while seven graduated from AUCA.

Four seniors from KIMEP earned academic honors of summa cum laude, magna cum laude or cum laude. The other nine graduates finished with good results, earning a cumulative GPA ranging from 3.14 to 3.98.

KIMEP Fellows who graduated with honors in 2012:

Name	Cumulative GPA	Degree
Xeniya Kurmayeva	4.25	summa cum laude *
Aidana Abdrakhmanova	4.15	magna cum laude **
Kuralay Baisalbayeva	4.08	cum laude ***
Artyom Bakulin	4.03	cum laude

\*summa cum laude (with highest honors)— 4.25 or higher  
 \*\* magna cum (with high honors)—4.15 or higher  
 \*\*\* cum laude (with honors) -4.00 or higher

All AUCA graduates earned a GPA of 3.00 and higher.

It is especially remarkable that all Enterprise Fellows who graduated in 2012 were either employed or enrolled in graduate or internship programs upon their graduation. This result affirms the high reputation of the business programs at AUCA and KIMEP among HR professionals at the leading companies in Central Asia, such as Deloitte, Ernst & Young, KPMG, Procter & Gamble, Samsung Electronics, Tengizchevroil, Caspi Bank, Henkel Central Asia & Caucasus, Cenko Logix and others.



AUCA Graduating class 2012

**FELLOWSHIPS**

All Enterprise Student Fellows showed exemplary academic performance during the 2011-2012 academic year. At AUCA, 81% of Student Fellows successfully completed the 2011-2012 academic year with a GPA of 3.00 or higher; out of which 28% of fellows have a GPA of 3.5 or higher, while at KIMEP an impressive number of Student Fellows, 55%, earned a GPA of 3.75 or higher. A total of 30 KIMEP and 11 AUCA Fellows received awards for academic achievements in 2011-2012, approximately 40% of U.S.-CAEF Student Fellows. It should be noted that the maximum GPA at KIMEP is 4.33, whereas at AUCA, it is 4.0.

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 are placed on the "Vice-President's List." AUCA Student Fellows who received President's or Vice-President's List honors for academic excellence in the 2011-2012 school year are indicated in *Table 1*.

Table 1

<b>Class of 2013</b> Bermet Nurbekova
<b>Class of 2014</b> Aizharkyn Burkanova Karina Kussainova Nazokat Omuralieva Yelena Vorobey Kalys Zhumakadyr uulu
<b>Class of 2015</b> Malika Ibragimova Ulukbek Abdubaliev Asylgul Kenzhebaeva Valentina Khomenko Nasiba Nurmatova



Chynara Erkulova, President of U.S.-CAEF Student Association

At KIMEP, full time students with a semester GPA of 4.0 or higher are placed on the "President's List", whereas those with a semester GPA of 3.75 or higher are placed on the "Dean's List". KIMEP Student Fellows who received President's and Dean's awards for academic excellence in the 2011-2012 school year are indicated in *Table 2*.

Table 2

<b>Class of 2012</b> Aidana Abdrakhmanova Ayna Annageldieva Akjamal Artykova Kuralay Baisalbaeva Artyom Bakulin Xeniya Kurmayeva Temur Utegenov	<b>Class of 2014</b> Gufrojon Ayubjonov Bakhiyar Jalilov Malika Pulotova Khedzhera Suleyeva Sakina Yasakieva Dastan Zhumagulov
<b>Class of 2013</b> Dinara Atantayeva Yulia Baliyeva Batyr Chariyev Artur Semeyutin Merey Serdanova Aigerim Tokagul	<b>Class of 2015</b> Jemal Agayeva Yusup Artykuliyyev Jennet Gurbanmammedov Amina Igbolzoda Dovletgeldi Jumayev Shahnoza Seidmedova Oguljenet Taganova Monandniso Tursunova Surur Ulugbek Darina Yakovleva Zarrina Yunuszoda

During the 2011-2012 academic year, the Foundation provided 93 fellowships for 43 Student Fellows to enroll at AUCA and 50 to attend KIMEP. In September 2012, 108 scholarships were awarded in support of new and continuing Fellows, 52 at AUCA and 56 at KIMEP. Enterprise Student Fellows represent all five of the former Central Asian Republics of the former Soviet Union.

Figure 1: Student Fellows by Institution Since Program Inception

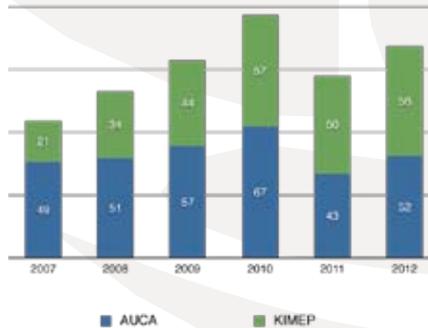


Figure 2: Student Fellows by Citizenship Since Program Inception (includes graduating class of 2012 and students newly selected in 2012).



AUCA Enterprise Fellow, Bermet Nurbekova, receiving President's Award



Shuhratjon Ashurov, U.S. CAEF recruiter at American Corners in Tajikistan

## RECRUITING AND SELECTION

Recruiting activities for the 2012–2013 Enterprise Student Fellowship Program concluded in February, 2012. A total of 275 applications were submitted, a 131% increase over the previous year statistic of 119 applications. In nearly every country, application submission was higher. The biggest growth was in Tajikistan where the number of applications grew from 54 submissions in 2011 to 113 in 2012. Applications more than doubled compared to the previous year in Kazakhstan. In spite of unfavorable recruiting conditions in Uzbekistan and Turkmenistan, the number of applications in these countries increased as well.

While the Foundation is committed to achieving geographic and regional diversity, its efforts have been challenged by the inability to conduct active outreach in Turkmenistan and Uzbekistan. Despite these challenges, the Foundation is pleased to count among its Student Fellows citizens from Turkmenistan and Uzbekistan as well as from Kazakhstan, the Kyrgyz Republic and Tajikistan. It is hoped that through improving diplomatic relations, U.S.-CAEF will soon be permitted to conduct a more robust recruiting campaign in all five countries.

## FUTURE LEADERS

AUCA and KIMEP Enterprise Student Fellows are active members of university clubs and activities, true leaders and innovators at their universities and role models that contribute immensely to the dynamic environment of their campuses. The Foundation would like to highlight only a few of many examples of their leadership. At KIMEP, Ayna Annageldiyeva serves as CEO, while Merjen Agayeva is the chairperson of the student-run business "Proud of KIMEP". In Bishkek, Kalys Zhumakadyr uulu coordinates the Business Clinic at AUCA. Kalys successfully led and implemented several community business projects. As a member of the Central Asian Tax Research Center at KIMEP, Kuralay Baisalbayeva participated in the Ernst & Young Tax Professional of the Year competition on June 1, 2012 and took first place. In October 2012, she represented Kazakhstan at the worldwide finals in Boston, USA. Nursultan Abdukhalilov who was elected a student senator at AUCA significantly improved funding for student clubs through fundraising events and grants.

In addition, U.S.-CAEF Fellows actively seek professional development opportunities that better prepare them for their future careers. To meet this demand, numerous career planning and professional development, cultural and team-building seminars and meetings are organized throughout the year. Fellows also sought opportunities to apply their knowledge and skills beyond the university. For example, Enterprise Fellows participated in the American Chamber of Commerce Tax Working Group meeting in Astana in November 2011. They won prestigious awards at business competitions organized by Procter & Gamble and the Arnhem Business School of the Netherlands. After winning a grant from the U.S. Embassy in Bishkek, several Fellows organized and implemented the "Step Up to Success" project. Step Up to Success focused on professional development training for the government employees of the Ministry of Economy and Anti-Monopoly Policy of Kyrgyzstan. Also in Bishkek, Fellows organized a round table discussion aimed at improving legislation for microfinance institutions on June 11, 2012. This high-profile forum was attended by former President of Kyrgyzstan, Roza Otunbaeva, Vice-Premier, Joomart Otorbaev, and the Speaker of the Parliament, Akmatbek Keldibekov.

In addition to these activities, Enterprise Student Fellows stood out in other ways. They 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; won scholarships and awards to participate in youth summits and camps for future world leaders; and assisted with translation at important conferences and meetings.

## NOTABLE ACHIEVEMENTS



In August 2012, Nazokat Omuralieva who won a U.S. State Department grant conducted a summer camp "Rainbow of Peace" for high school students in Batken, Kyrgyzstan. The project focused on detecting early signs of inter-ethnic conflicts and raising awareness about tolerance.



In February 2012, AUCA Fellow Izat Osmonov was selected as a finalist of the "FLEX Exchanges to Internships" program. In mid-June, he successfully finished his internship in the Prime Minister's office at the Department of Economy and Investment.



Asylgul Kenzhebaeva, AUCA Fellow, published her first novel in English in summer 2012. The novel, *Life's Games*, is a story about a young university student who is trying to determine priorities and find her place in the whirlwind of life.



In spring 2012, Aidana Abdrakhmanova, a KIMEP senior Fellow, became the winner of the prestigious business competition organized by Procter & Gamble while she was interning in the finance department of the company.

# Enterprise Intern Fellowships



Capstone Interns 2012 (from left to right): Inara Zakirova, Khislat Zhuraeva, Artyom Bakulin, Andrey Leskin, Parvina Mirzomustaqimova, Kuralay Baislabaeva

**Regional Summer Internship Program**

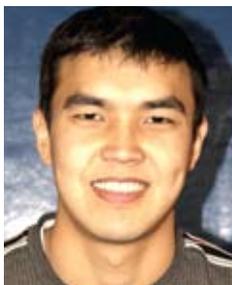
The Foundation's Regional Internship program offers Fellows an opportunity to take their first steps on their career paths.

The following Student Fellows participated in 2012 summer internships:

AUCA:  
 Kalys Zhumakadyr uulu/  
 Nazokat Omuralieva  
 Sapar Ibraev  
 Alia Sultanova

KIMEP  
 Malika Pulotova  
 Khedzhera Suleyeva  
 Dastan Zhumagulov

The Fellows had a valuable professional experience, learned practical work skills, expanded their knowledge and enjoyed the office atmosphere. "This internship was a unique one for me, because I participated in business startup and was able to see how ideas turn into reality," said Kalys Zhumakadyr uulu about his internship experience at Karakol Coffee Shop. Khedzhera Suleeva, who interned at Rosenthal Collins Group Investment Fund, thinks that this internship helped her identify her professional interest. "I learned many basic things about investments, it gave me useful knowledge and experience, I was able to see and work in the field of finance, and now I can choose it as my major."



Kalys Zhumakadyr uulu/  
 Intern, Karakol Coffee Shop



Dastan Zhumagulov/ Intern,  
 ADM Capital



Khedzhera Suleeva (right)/Intern, Rosenthal Collins Group

Similarly, the host companies expressed their pleasure with their roles and confirmed their eagerness to work with U.S.-CAEF interns again. A. Kanatbekova, Sapar Ibraev's supervisor at Talas Copper Gold LLC, expressed great interest in hosting an intern next year: "We are interested in further cooperation with the program, as the level of preparedness of interns meets the requirements of our company and we will be happy to contribute to their further development through practical training and application of their existing knowledge. On behalf of the company and myself, thank you for your cooperation and for an excellent job in training and development of professionals for our country, and we look forward to further partnership."

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:

- |                                       |                                  |
|---------------------------------------|----------------------------------|
| <i>ADM Capital</i>                    | <i>Kyrgyz Concept</i>            |
| <i>Beeline</i>                        | <i>Kyrgyz Kredit Bank</i>        |
| <i>Asia Universal Bank</i>            | <i>MegaCom</i>                   |
| <i>Alpha Telecom</i>                  | <i>National Leasing Company</i>  |
| <i>Ardamina Textile Company</i>       | <i>Polygon International Ltd</i> |
| <i>CAI Consulting</i>                 | <i>Project Hope</i>              |
| <i>Flamingo Park</i>                  | <i>Sberbank of Russia</i>        |
| <i>HSBC Bank Kazakhstan,</i>          | <i>Talas Copper Gold LLC</i>     |
| <i>International Business Council</i> | <i>Karakol Coffee Shop</i>       |
| <i>KazInvest</i>                      | <i>7 TV Channel</i>              |
|                                       | <i>RCG Investment Fund</i>       |

### Enterprise International Internship Program

The first group of Fellows successfully completed their internship program in Washington, DC, in December, 2011. Upon their return to Central Asia, 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 in their program evaluations that the experience helped them become independent thinkers, enhance their networking skills, identify new career paths, and prepare them for the job market. Aigerim Yestayeva who interned at the U.S. Small Business Administration wrote: "The work at this company helped me understand business more broadly. I can now easily apply all my gained experience in my current job...and give examples from global business experiences." Tangulu Diushakhmatova who gained confidence in her leadership skills through this program became the first president of the U.S.-CAEF Alumni Association.

Six new U.S.-CAEF Fellows were selected by the Foundation to participate in the 2012 U.S. International Internship Program: Artyom Bakulin, Kuralay Baisalbayeva and Parvina Mizomustaqimova from KIMEP; Andrey Leskin, Khislat Zhuraeva and Inara Zakirova from AUCA. The Fellows were placed in internships that fit their interests and the skills they possessed and hoped to acquire. The internship hosts include private, nonprofit and government organizations.

*U.S. Small Business Development Administration*  
*MicroVest*  
*The Urban Institute*  
*Study Sparkz*  
*Manchester Trade*  
*World Learning*

The International Internship program is administered by American Councils in partnership with The Washington Center, TWC ([www.twc.edu](http://www.twc.edu)), Washington, DC. The program is specifically designed to help postgraduate interns decide on a career direction and acquire the skills and experience needed to pursue it.



Kuralay Baisalbayeva, Capstone Intern 2012

All interns were excited to embark on this established experiential learning program. Below are the quotes of the Interns which reflect their experiences of the first month of their internships:



"Currently Ernst & Young is participating in Tax Administration Policy reform which is going on in Kazakhstan with the support of the World Bank. I hope to get involved in the project and expect that knowledge gained during my internship at the Urban Institute will enable me to contribute to this work."

***Kuralay Baisalbayeva/  
The Urban Institute***



"The program is extremely interesting and challenging at the same time. It is definitely a fact that every new day I spend in DC opens new possibilities and provides me with life-changing perspectives."

***Artyom Bakulin/the U.S. Business Development Administration***



"The atmosphere in the workplace is very friendly and this has a very positive impact on my work capacity. I would like to note that my first month was very productive. I learned a lot of interesting, useful skills, and tools that will help me build my career in the future."

***Parvina Mirzomustaqimova/  
World Learning***



"My experience shows that I have chosen the right path, specifically doing what I am really passionate about—financial investments."

***Andrey Leskin/MicroVest***

In addition to their internships, the Fellows take an academic course of their choice at TWC once a week. These courses are taught by professors from local universities in the Washington area, leading practitioners with terminal degrees in their fields.

Interning with The Washington Center is a great life experience for the Fellows. The U.S. capital is a crossroads of national and international policy, think tanks and non-profits, media organizations and cultural institutions. The events organized by The Washington Center provide the opportunity for the interns 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 the internship, the Fellows had many opportunities to meet fellow interns from the U.S. and other countries. Moreover, all TWC students had the chance to learn about Kyrgyzstan, Kazakhstan, Turkmenistan and Tajikistan, the intern's home countries, during The Washington Center International Festival.

The Foundation honored the six interns during a special reception held in the Senate Foreign Relations Chamber. The Foundation Board of Directors used the occasion to recognize Senator Richard Lugar, one of the founders of legislation that established Enterprise Funds across Eastern Europe and the former Soviet Union two decades ago. The reception was followed by a dinner with the interns hosted by the U.S.-CAEF Board.



Senator Richard Lugar with Capstone Interns, U.S.-CAEF Capitol Hill Reception



Capstone Interns with Amy Holler of American Councils (first left) at U.S.-CAEF Capitol Hill Reception

# Enterprise Faculty Fellowships



*KIMEP Faculty Fellows, Yulia Frolova and Albina Kozhakhmetova*



AUCA Faculty Fellow Natalia Korosteleva

In March, 2012, Kathryn Nantz and David Schmidt, faculty members from Fairfield University, traveled to Almaty and Bishkek for meetings with US.-CAEF faculty participants and university administrators and students to identify outcomes from the series of workshops, discuss specific follow-on activities, and assess further needs for faculty development at AUCA and KIMEP. In addition to the meetings, David Schmidt presented a guest lecture on emotions in business pedagogy at each institution that was well attended by students and faculty.



AUCA Faculty Fellows (from left) Olga Galimova, Natalia Slastnikova, Natalia Korosteleva, Robert Anderson

The discussions helped define three major themes on which faculty participants of both institutions will focus:

#### **Assessment, Evaluation and Curriculum Design**

Significant changes in institutional climate, particularly those related to accreditation and national ministry guidelines for programs and curricula, led to shifting more attention to curriculum design and assessment of student learning outcomes and faculty performance.

#### **Student-Centered Teaching Methods**

Both institutions remain committed to faculty development projects that help promote student-centered teaching methods. Faculty indicated their desire for workshops and resources that help them create courses that are focused on building student skills and particularly expressed interest in learning more about directing students in research projects and in best practices for writing publishable research with student coauthors.

#### **Central Asia Business Case Studies Textbook and Teaching Guide**

The scarcity of teaching resources in English, particularly about business in Central Asia, remains one of the key issues. The US.-CAEF Faculty Development program continues to explore the development of teaching materials specific to the Central Asia business environment.





US-CAEF alumna Tangulu Diushakhmatova (center) interprets at a meeting between Omurbek Babanov, Prime Minister of Kyrgyzstan (left) and Rudolf Colm, a Board member of Bosch.

### ALUMNI OFFICERS

The first election of officers to the US.-CAEF Alumni Association was completed on August 16, 2012. Forty-six out of an eligible 70 alumni, or 657%, took part in the voting which showed great interest of Enterprise Alumni in advancing the Foundation's goals and building lifelong relationships of mutual support and growth. The leadership team represents both AUCA and KIMEP and three of the five Central Asian Republics:

**Tangulu Diushakhmatova**  
President  
AUCA, the Kyrgyz Republic

**Oksana Kovalenko**  
Vice-President for Communication  
AUCA, the Kyrgyz Republic

**Alyona Li**  
Vice-President for Membership and Outreach  
AUCA, the Kyrgyz Republic

**Aziz Yuldashev**  
Vice-President for Membership and Outreach  
KIMEP, Uzbekistan

**Arystan Moldabekov**  
Treasurer  
KIMEP, Kazakhstan

**Aisalkyn Musabaeva**  
Vice-President for Social Activities  
AUCA, the Kyrgyz Republic

**Moldir Kussainova**  
Vice-President for Social Activities  
KIMEP, Kazakhstan

The Association is planning to organize both professional and social events that will benefit Alumni and current Student Fellows in their career goals and promote partnerships and alliances inside and outside the US-CAEF program.

US.-CAEF Alumni Association Mission Statement: *"The US.-CAEF Alumni Association is created to become an important channel of communication between all 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."*

## INAUGURAL NEWSLETTER

The inaugural issue of the US.-CAEF newsletter released in August 2012 featured graduation events at AUCA and KIMEP.

The US.-CAEF newsletter is created by Enterprise Fellows in order to provide communication and exchange of information and knowledge which would reflect the diverse interests, talents, and backgrounds of the program participants, help nurture the bonds that connect the US.-CAEF family and build lasting relationships between Enterprise Fellows and Alumni of AUCA and KIMEP.



**U.S.-Central Asia Education Foundation** **NEWSLETTER**  
August 2012 ISSUE #1

U.S.-Central Asia Education Foundation (U.S.-CAEF) Enterprise Student Fellowships is an undergraduate business education scholarship program for academically gifted students sponsored by the U.S.-Central Asia Education Foundation (The Foundation) and administered by American Councils for International Education. The Foundation, in partnership with the American University of Central Asia in Bishkek (AUCA) and the Kazakhstan Institute of Management, Economics and Strategic Research (KIMEP University) in Almaty, provides educational opportunities in business and other activities for students from Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan to cultivate a principled entrepreneurial environment in Central Asia that fosters the growth of free enterprise and open markets.

### Welcome to our Inaugural U.S.-CAEF Newsletter

Terrance Graham  
Director, Higher Education Programs—American Councils



Dear Enterprise Fellows,

It is my pleasure to introduce to you the inaugural issue of the U.S.-Central Asia Education Foundation newsletter. This summer 2012 newsletter is a special edition of the newsletter, dedicated to the spring graduation events in Almaty and Bishkek. The entire U.S.-CAEF community is proud of our second graduating class and we wish them the best of success as they embark on their professional careers.

It is hard to believe that summer is drawing to a close and the academic year will soon be upon us. We are thrilled to welcome new Enterprise Fellows to our community: 15 new Fellows at AUCA and 20 at KIMEP. I hope that our sophomores, juniors, and seniors will reach out to the first-year students and provide them with advice and support that will help them to understand that being a U.S.-CAEF Fellow is something special. Be sure to sign up to become a mentor to a new Fellow!

This newsletter is another way of expressing what it means to be a part of U.S.-CAEF. This newsletter

is the result of your efforts; it is created by you and for you. I want to thank the Fellows who contributed their time and imagination to making this newsletter a reality: Nailba Nurmatova (2011, Kyrgyzstan) from AUCA, and KIMEP Fellows, Dinara Atantayeva (2009, Kazakhstan), Bostan Seyipova (2009, Turkmenistan), Malika Pulatova (2010, Kazakhstan), and Jililov Bakhtiyor (2010, Turkmenistan).

I invite all of you to think about what stories you would like to see in future newsletters. With the second issue, the fall 2012 Newsletter, we will begin introducing regular sections to the newsletter. For example, each issue will have a section dedicated to alumni. We are currently holding elections for officers of the U.S.-CAEF Alumni Association and will share the results with you in the next newsletter. Another regular section will be success stories and updates from you, so please share with us any achievements you are proud of and we will include them in the newsletter. An important reason for this newsletter is to encourage more communication between the AUCA and KIMEP Fellows. We are all a part of the U.S.-CAEF family and hope that you will enjoy connecting with your peers studying across the border.

### In this Issue:



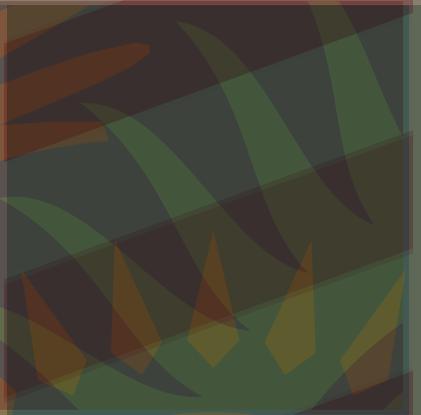
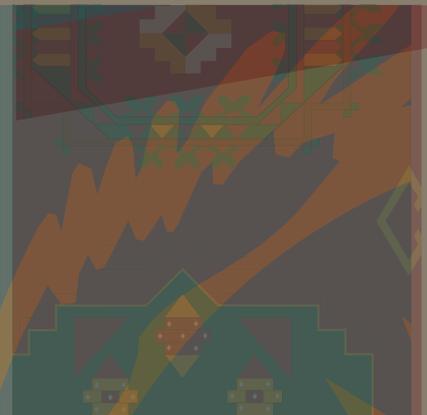
**GRADUATION 2012 AUCA**  
Seven U.S.-CAEF Fellows graduated on June 2, 2012 at AUCA in Bishkek, Kyrgyzstan  
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**GRADUATION 2012 KIMEP**  
Thirteen U.S.-CAEF Fellows graduated on May 26, 2012 at KIMEP University in Almaty, Kazakhstan  
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# Financials



## INDEPENDENT AUDITORS' REPORT

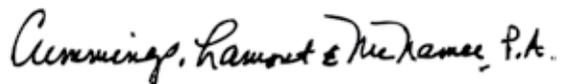
January 23, 2013

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

We have audited the accompanying statements of financial position of US. - Central Asia Education Foundation (a not-for-profit organization) as of September 30, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of US. - Central Asia Education Foundation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of US. - Central Asia Education Foundation as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Cummings, Lamont and McNamee, PA.  
Certified Public Accountants  
Portsmouth, New Hampshire

## STATEMENTS OF FINANCIAL POSITION

Years Ended SEPTEMBER 30,	2012	2011
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 107,627	\$ 81,333
Accrued interest and dividends receivable	33,692	35,643
Prepaid expenses and other assets	104,740	1,511
Total Current Assets	246,059	118,487
OTHER ASSETS		
Investments (Note 4)	9,822,005	10,261,957
Hybrid financial instruments (Including increase in fair value of \$58,064 in 2012 and decrease in fair value of \$210,842 in 2011) (Note 5).	1,734,085	1,703,158
Total Other Assets	11,556,090	11,965,115
Total Assets	\$ 11,802,149	\$ 12,083,602
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 16,696	\$ 23,799
Total Current Liabilities	16,696	23,799
NET ASSETS		
Unrestricted net assets	11,785,453	12,059,803
Total Net Assets	11,785,453	12,059,803
Total Liabilities and Net Assets	\$ 11,802,149	\$ 12,083,602

*See Notes to Financial Statements*

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Years Ended SEPTEMBER 30,	2012	2011
<b>REVENUES AND OTHER SUPPORT</b>		
Contributed services (Note 6)	\$ 82,740	\$ 113,306
Investment income (Note 4)	230,726	263,382
Miscellaneous income	330	-
<b>Total Revenues and Other Support</b>	<b>313,796</b>	<b>376,688</b>
<b>EXPENSES</b>		
Program services (Note 1)		
Enterprise Student Fellowships	1,137,373	1,137,765
Enterprise Faculty Fellowships	80,639	89,699
Enterprise Intern Fellowships	182,597	37,128
<b>Total program services</b>	<b>1,400,609</b>	<b>1,264,592</b>
Management and general	180,778	209,675
<b>Total Expenses</b>	<b>1,581,387</b>	<b>1,474,267</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS</b>		
Realized and unrealized gains (losses) on investments	993,241	(341,312)
<b>CHANGE IN NET ASSETS</b>	<b>(274,350)</b>	<b>(1,438,891)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>12,059,803</b>	<b>13,498,694</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 11,785,453</b>	<b>\$ 12,059,803</b>

*See Notes to Financial Statements*

**STATEMENTS OF CASH FLOWS**

Years Ended SEPTEMBER 30,	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (274,350)	\$ (1,438,891)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gains) losses on investments	-	-
Changes in operating assets and liabilities:	(993,241)	341,312
Accrued interest and dividends receivable	1,951	(9,211)
Prepaid expenses and other assets	(103,229)	58,489
Accounts payable and accrued expenses	(7,103)	(84,183)
Net cash provided by (used in) operating activities	(1,375,972)	(1,132,484)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(3,221,487)	(2747,188)
Proceeds from maturities of investments	1,437,733	1,149,735
Proceeds from sales of investments	3,186,020	2,217,451
Net cash provided by (used in) investing activities	1,402,266	619,998
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>26,294</b>	<b>(512,486)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>81,333</b>	<b>593,819</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 107,627</b>	<b>\$ 81,333</b>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES:</b>		
Interest expense paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

**SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:**

There were no noncash investing and financing activities during 2012 and 2011.

*See Notes to Financial Statements*

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

### 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.

**NOTES TO FINANCIAL STATEMENTS**

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

**Note 2 - Summary of Significant Accounting Policies (Continued)**

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 and 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.

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, 2012 and 2011.

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, 2012 and 2011.

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).

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, 2012 and 2011 amounts for certain contributed services meeting the criteria for recognition under this standard have been reflected in the Statement of Activities (see Note 6).

**NOTES TO FINANCIAL STATEMENTS**

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

**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, 2012, 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, 2012.

Description	Fair Values	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 2,637,824	\$ 2,637,824	\$ -	\$ -
Structured investments	1734,085	1734,085	-	-
Fixed income	7,184,181	7,184,181	-	-
Total	\$ 11,556,090	\$ 11,556,090	\$ -	\$ -

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

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

### Note 4 - Investments

Investments consist of the following at September 30:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Equities	\$ 2,334,391	\$ 2,637,824	\$ 2,790,698	\$ 2,658,687
Fixed income	7,030,882	7,184,181	7,617,040	7,603,270
Total	\$ 9,365,273	\$ 9,822,005	\$ 10,407,738	\$ 10,261,957

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

	2012	2011
Interest and dividend income	\$ 230,726	\$ 263,382

### 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 increased in value by \$268,906 during the year ended September 30, 2012 and decreased in value by \$195,302 during the year ended September 30, 2011. 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 \$82,740 for the year ended September 30, 2012 and \$113,306 for the year ended September 30, 2011. Contributed 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 and 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, 2012 and 2011.

At September 30, 2012 and 2011 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 \$11,708,266 and \$11,468,251 at September 30, 2012 and 2011, respectively.

**NOTES TO FINANCIAL STATEMENTS**

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

**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 \$570,524 grant award for Enterprise Student Fellowships and a \$285,262 grant award for Enterprise Intern Fellowships to be paid in 2013.

**Note 10 - Enterprise Student Fellowships – Future Costs**

Under its Enterprise Student Fellowship program, during the year ended September 30, 2012, the Foundation awarded 35 new Student Fellowships and renewed 76 Student Fellowships for the 2012 academic year. During the year ended September 30, 2011, the Foundation awarded 31 Student Fellowships and renewed 71 Student Fellowships for the 2011 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: \$885,774 in 2013, \$765,596 in 2014, \$539,000 in 2015 and \$276,821 in 2016. 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 2013 through 2016 to be approximately \$2,383,496.

**Note 11 - Subsequent Events**

Subsequent events have been evaluated by management through January 23, 2013, which is the date the financial statements were available to be issued. There were no material subsequent events at January 23, 2013 that require disclosure in the financial statements.



# Board of Directors



US-CAEF Board with Capstone Interns, Reception on Capitol Hill, Washington DC., 2012  
From left to right: Margaret M. Grieve, Khislat Zhuraeva, Inara Zakirova, Steven F Shea, Kuralay Baisalbaeva, Artyom Bakulin, Parvina Mirzomustaqimova, Mary S. Ginsberg, Andrey Leskin, Stephen D. Weinroth

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[www.americancouncils.org](http://www.americancouncils.org)

## Board of Directors

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Director, Hovnanian Enterprises, Inc.

Margaret M. Grieve – *Vice Chair*  
President, PMG Management, Inc.

Mary S. Ginsberg  
Former Curator, Department of Asia  
The British Museum

Jennifer J. Raab  
President, Hunter College

Steven F Shea  
President & Chief Executive Officer (retired),  
Rockingham Bancorp

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Erin McKee  
Regional Mission Director  
U.S. Agency for International Development

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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, PA.

