



ANNUAL
REPORT

2014

 U.S. Central Asia
Education Foundation



FROM LEFT TO RIGHT: ULUKBEK ABDUBALIEV, ZARRINA YUNUSZODA,
MEDINA ABYLKASYMOVA, CHYNGYZ ZHANYBEKOV,
AMANTUR TYNBYBEKOV, ALISHER MAMUNOV & KIMEP SENIORS



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TABLE OF CONTENTS

1 | U.S.-CAEF OVERVIEW

2 | FISCAL YEAR HIGHLIGHTS

4 | STUDENT FELLOWSHIPS

12 | INTERN FELLOWSHIPS

16 | FACULTY FELLOWSHIPS

18 | ENTERPRISE ALUMNI

22 | FINANCIAL STATEMENTS

36 | BOARD OF DIRECTORS

CAPSTONE INTERNS:
YELENA VOROBAY
& **MALIKA PULOTOVA**
(PHOTO BY THE
WASHINGTON
CENTER)

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, Tajikistan, Turkmenistan, Uzbekistan and the Kyrgyz Republic.

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, Kyrgyzstan, 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 nonprofit 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 2014 HIGHLIGHTS



STEPHEN D. WEINROTH, CHAIRMAN
OF U.S.-CAEF BOARD, AT KIMEP
UNIVERSITY COMMENCEMENT 2014

STUDENT FELLOWSHIPS

The 2014 fiscal year was another successful year for the Foundation. We celebrated our fourth graduating class of Enterprise Student Fellows. Twenty five 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.

STUDENT INTERNSHIPS

The third International Capstone Internship Program was implemented during the fall of 2013. Three interns successfully completed their internships on December 13, 2013. Another select group of four graduates started their internship programs on September 2, 2014. 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. Seven sophomores participated in summer 2014 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

U.S.-CAEF released *Business Education in Central Asia: Best Practices in Integrative Study and Teaching*, a collection of groundbreaking essays exploring innovative approaches to business education in Central Asia. Edited by Dr. Kathryn Nantz, Professor of Economics at Fairfield University, the volume contains 21 articles by faculty of KIMEP University in Almaty, Kazakhstan, and the American University of Central Asia (AUCA) in Bishkek, Kyrgyzstan exploring such topics as collaborative learning techniques, role playing, curriculum design, classroom simulation exercises, and the instructional value of Central Asian case studies.

ALUMNI ASSOCIATION

The Alumni Association (Association) continued to engage in activities that benefited both alumni and current Student Fellows and promoted social and professional contacts within and beyond the U.S.-CAEF program. After two years of service, the first alumni council passed its duties onto a new leadership team. The newly elected members are eager to continue the traditions set by their predecessors and look forward to fostering the U.S.-CAEF spirit further and contributing to the economic prosperity of Central Asia.



YULIYA DAVYDENKO,
PARTICIPANT OF
U.S.-CAEF REGIONAL
INTERNSHIP PROGRAM



ALIMA DOSTIYAROVA,
ONE OF THE AUTHORS
OF THE FACULTY BOOK



DILOBAR TUYCHIEVA, ALI HAMRAYEV & KHEDZHERA SULEEVA, CLASS OF 2014, KIMEP UNIVERSITY

STUDENT FELLOWSHIPS



GRADUATING CLASS 2014

The class of 2014 is the fourth graduating class of U.S.-CAEF Enterprise Fellows, bringing the total number of alumni to 112. U.S.-CAEF is the largest scholarship provider at KIMEP University, and among the largest financial supporters of AUCA students. Twelve AUCA and thirteen KIMEP University Fellows graduated this year. Two KIMEP students—**Bakhtiyar Jalilov** of Turkmenistan and **Aigerim Nurgalieva** of Kazakhstan—graduated a semester early, and Ali Hamrayev of Turkmenistan completed his degree at KIMEP University a year ahead of his cohort. All four directors of U.S.-CAEF traveled to Central Asia to celebrate the accomplishments of the class of 2014. Presidents of both universities, Dr. Chan Bang and Dr. Andrew Wachtel, honored the contributions of U.S.-CAEF and its fellows by inviting Stephen Weinroth, chair of U.S.-CAEF, to join administrators and honored guests on the stage during commencement ceremonies in Almaty and Bishkek on May 24 and May 31, 2014, respectively.

Following the traditions started by the previous cohorts, the 2014 graduating class upheld the high standards of the U.S.-CAEF program, completing their studies at AUCA and KIMEP University with impressive results. Of twenty five seniors, 16 have been recognized on the President's, Vice- President's and Dean's Lists. Seven seniors majoring in Business Administration earned academic honors of summa cum laude, magna cum laude and cum laude:

KARINA KUSSAINOVA
AUCA | SUMMA CUM LAUDE

AIZHARKYN BURKANOVA
AUCA | MAGNA CUM LAUDE

MALIKA PULOTOVA
KIMEP UNIVERSITY | CUM LAUDE

NAZOKAT OMURALIEVA
AUCA | SUMMA CUM LAUDE

MADINA DAMIR KYZY
AUCA | MAGNA CUM LAUDE

ALI HAMRAYEV
KIMEP UNIVERSITY | CUM LAUDE



KALYS ZHUMAKADYR UULU
AUCA | MAGNA CUM LAUDE

In addition, Kalys Zhumakadyr uulu received a special award for the best senior thesis at AUCA. His thesis, "Context Effect on Financial Product Choice," was included in the fall 2014 issue of the Central Asia Business Journal, which publishes research on key business and economic issues of the region. Appearing each spring and fall, CABJ is published by the Bang College of Business at KIMEP University.



YELENA VOROBAY
RECEIVING PRESIDENT'S
AWARD

In AUCA's Economics Department, senior **Yelena Vorobey** was recognized on the President's List for outstanding academic achievements throughout her four years of study. Her senior thesis "Impact of Intellectual Property Rights on Inflows of Direct Foreign Investments" was published in the 2014 2nd edition of *Vestnik*, the academic journal of the Kyrgyz Economic University.



Six seniors, received full scholarships to continue their studies in Hungary, Turkey, France, Russia, United States and Spain.

- RUSTAM BAKIBAYEV
- AMANGELDI DZHUMABAEV
- KALYS ZHUMAKADYR UULU
- SAIDKABIR AZIZOV
- BAKHTIYAR JALILOV
- ALI HAMRAEV

AUCA Student Fellows who received honors in the 2013-2014 academic year:

CLASS OF 2014

AIZHARKYN BURKANOVA

MADINA DAMIR KYZY

KARINA KUSSAINOVA

NAZOKAT OMURALIEVA

YELENA VOROBEY

KALYS ZHUMAKADYR UULU

CLASS OF 2015

MALIKA IBRAGIMOVA

ASYLGUL KENZHEBAEVA

VALENTINA KHOMENKO

CLASS OF 2016

DILDANA ABBASOVA

ANISA ATALOVA

ADEL SULTANBEKOVA

TYNYSTAN TALANTOV

ULUKBEK ABDUBALIEV

CLASS OF 2017

RAKHNAZA ABAKIROVA

ANISA HOJIEVA

SAGYNAI KOICHUEVA

ASEL KALDYBAEVA

ZHAMILIA KLYCHEVA

SAMATBEK OSMONOV

INNA TSOI

Upon their graduation, 97% 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 as Ernst & Young, KPMG, Amity Consulting, General Electric, International Business Council, Kazakhin-strakh, Business and Project Management International Institute 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 and scholarship awards.



ASYLGYL KENZHEBAEVA, CLASS OF 2015

“I am a graduate of the business program. I chose Finance as my major because I have always been interested in improving the economy of Kazakhstan. I would like to express my gratitude for your guidance and financial support throughout my studies at KIMEP University... I felt constant support from the program through the events that the coordinators and U.S.-CAEF Student Association organized. This support means a lot, especially for fellows like me who are far away from their home towns. I can surely say that without the help of U.S.-CAEF I could not achieve my goals and find my place in this life,” **Aigerim Nurgalieva** wrote in her letter to the Foundation directors. Currently Aigerim works in the audit department of Ernst & Young, Almaty, where she is gaining professional experience that she considers crucial for her future career in finance.



SURUR ULUKBEK HOLDS THE HIGHEST GPA OF 4.26 (OF 4.33) AMONG KIMEP UNIVERSITY FELLOWS



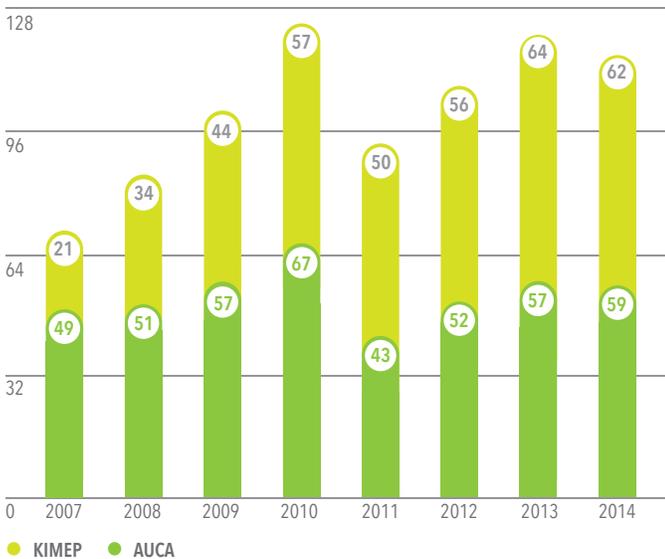
INNA TSOI HOLDS A PERFECT CUMULATIVE GPA OF 4.00 AT AUCA

FELLOWSHIPS

During the 2013-2014 academic year, the Foundation provided **121** fellowships for 57 Student Fellows to enroll at AUCA and 64 to attend KIMEP University. The Foundation awarded the same number of scholarships for the 2014-15 academic year, supporting 59 students at AUCA and 62 at KIMEP University. Enterprise Student Fellows represented all five of the former Central Asian Republics of the former Soviet Union.

The academic performance of 2013-2014 Enterprise Student Fellows was exemplary. Overall, the program-wide average GPA stayed high, at **3.52**. The program average GPA for all previous semesters since the program's launch in 2007 is 3.41. The number of fellows earning a GPA of 3.00 or higher stands at 83.3%. It should be noted that 60.4% of AUCA Student Fellows earned a cumulative GPA of between 3.50 and 4.00 – the highest since the program's inception. At KIMEP University, an impressive 91.1% of fellows completed their academic year in good standing. Here we observe a rise in the number of fellows earning a GPA of 3.00-3.74, an increase of 3.7% over AY 2012-2013.

FIGURE 2: STUDENT FELLOWS BY INSTITUTION SINCE PROGRAM INCEPTION

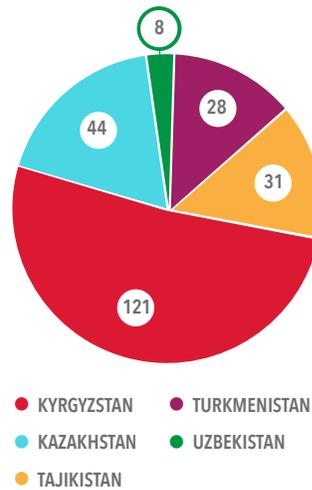


RECRUITING & SELECTION

Recruiting activities for the 2013-2014 Enterprise Student Fellowship Program concluded in February 2014 and produced a robust pool of 255 applicants. As in previous years, Tajikistan and Kyrgyzstan accounted for the largest number of applicants. Applications from Kazakhstan increased by 10%. Continued high application numbers from Kazakhstan, Kyrgyzstan and Tajikistan reflected U.S.-CAEF's growing reputation in 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.

However, in Uzbekistan and Turkmenistan, application numbers were low again due to government policies that do not permit direct recruitment. 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.

FIGURE 1: STUDENT FELLOWS BY CITIZENSHIP SINCE PROGRAM INCEPTION



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 year of study with a GPA of 3.67 or higher are placed on the Vice-President's List. Twenty one Fellows or 37% of our AUCA students were recognized on the President's and Vice-President's Lists in AY 2013-2014. For comparison, last year thirteen students achieved this academic distinction. At KIMEP, full time students with a semester GPA of 4.0 or higher are named to the President's List, while those with a semester GPA of 3.75 to 3.9 are named to the Dean's List.

Of 60 KIMEP Student Fellows, 36 received honors in AY 2013-2014:

CLASS OF 2014
GUFRONJON AYUBJONOV
BAKHTIYAR JALILOV
AIGERIM NURGALIEVA
MALIKA PULOTOVA
KHEDZHERA SULEEVA
DILOBAR TUYCHIEVA
SAKINA YASAKIEVA
DASTAN ZHUMAGULOV
CLASS OF 2015
JEMAL AGAYEVA
JENNET GURBANMAMMEDOVA
AMINA IGBOLZODA
SURUR ULUGBEK
SHAHNOZA SEIDMEDOVA
DARINA YAKOVLEVA
ZARRINA YUNUSZODA
CLASS OF 2016
AISULUU ABDURAKMANOVA
AIIIDA BAGYTZHANOVA
YULIA DAVYDENKO
CHYNARA ERKULOVA
BATIMA MYRZABEKOVA
SAMAT NURTOLEUOV
ILHAN YOLLIYEV
NAZERKE ZARLYKHANOVA
CLASS OF 2017
BUNYOD ABDUKARIMOV
TIMUR AZIZOV
KARIMKHON BUKHADUROV
SHAHNOZ JONMAMADOVA
TIMUR KARIMOV
SITORA KHALDAROVA
DANA KUSSAIN
ZARRINAKHON MULLOBEOVA
MALIKA ORAZYMBETOVA
AIGERIM RYSBAYEVA
AKNUR TASSYBEKOVA
JAMSHED UMARZODA
ALEXEY YAN

FUTURE LEADERS



BUNYOD ABDUKARIMOV

AUCA and KIMEP Enterprise Student Fellows are leaders, innovators, role models, and active members of university clubs and charitable organizations 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 Bishkek, **Nasiba Nurmatova**, President of Alumni Association of the Future Leaders Exchange (FLEX) program was named Best Alumni Coordinator by the Eurasia FLEX Alumni office in October 2014 for her dedication, leadership and successful implementation of multiple community projects. Sophomore **Gulnaza Khalmanbetova**, Vice-President of Communications and Public Relations for AIESEC, an international student organization, contributed to developing the leadership potential of youth through providing opportunities for experiential learning, volunteer experiences and professional internships. In addition, as a member of the Young Social Entrepreneurs club, Gulnaza attended several international conferences devoted to addressing Central Asia's most pressing social problems.



**AIZHARKYN BURKANOVA
& SAPAR IBRAEV**

In Almaty, several U.S.-CAEF Student Fellows are currently serving as officers of the KIMEP Student Association (KSA), actively contributing to a vibrant university environment. **Nursultan Irisov** of Uzbekistan was elected KSA Deputy for the Bang College of Business to represent the interests of all first-year students. In his new role of International Student Deputy, **Bunyod Abdukarimov** of the Kyrgyz Republic organized activities to help international students adjust to life on campus. **Yerzhan Smagulov** of Kazakhstan was reelected as KSA's Vice-President of Finance and continued to effectively manage the organization's budget and boost campus-wide activities. In recognition of his remarkable contribution to university life, Yerzhan was also named by his peers as Student of the 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:

On March 11-15, 2014 two AUCA fellows, **Askar Ibraev** and **Asel Kaldybaeva** of the Kyrgyz Republic, were selected from a highly competitive pool of over 1500 applicants to participate in the 17th World Business Dialogue, one of the biggest student-run conferences in Cologne, Germany. Three hundred delegates took part in exciting workshops and discussions about the current trends in the business world with top managers of Lufthansa, Daimler, Nokia, KPMF, Microsoft and others. In February, 2014 another AUCA fellow, **Nursultan Abdukhalilov**, took part in the Harvard Project for Asian and International Relations (HPAIR). Meetings and panel discussions with professors and alumni of the Harvard Business School, speakers representing well-known companies and young leaders inspired Nursultan to promote entrepreneurship among the youth in his native Kyrgyzstan and create his own business.



**U.S.-CAEF FELLOW STUDENTS PARTICIPATING IN BUSINESS
BRAIN BUSTERS**



**GULNAZA KHALMANBETOVA (LEFT)
WITH ROZA OTUNBAYEVA, EX-PRESIDENT OF KYRGYZ
REPUBLIC, AT SOCIAL ENTERPRISE CONFERENCE**

Similarly, our KIMEP University Student Fellows used every opportunity to enrich their knowledge and experiences. In August 2014, **Yerassyl Toleugazinov** of Kazakhstan was selected to participate in the United Nations Alliance of Civilizations (UNAOC) and Education First (EF) Summer School 2014 in Tarrytown, New York. The school brought together 75 youth from across the globe to address pressing challenges within the context of cultural and religious diversity. Workshops on global citizenship, advocacy and social entrepreneurship were conducted by leading professors from Harvard, Columbia and the University of Toronto. "The main benefit of the program for me was meeting with leaders from all over the world who inspired me to continue working on community projects to make positive social changes. This summer school was an important tool to empower youth by strengthening their skills and knowledge so that they can be more closely involved in cooperation actions across divides," Yerassyl wrote. **Chynara Erkulova** of the Kyrgyz Republic attended the One Young World Summit (OYW) held in Johannesburg, South Africa on October, 2013 and interned at Teach for Malaysia, part of the Teach For All global network of independent social enterprises working to expand educational opportunity in high-need areas. The experiences allowed Chynara to learn from famous entrepreneurs, government dignitaries, and Nobel Prize winners. It also expanded her international network significantly, and, perhaps most importantly, motivated Chynara to create Teach for Kyrgyzstan to help address her country's educational needs.

Several students were motivated by professional development activities to launch their own startups. In his senior year, **Saidkabir Azizov** of KIMEP University opened two companies in Tajikistan – Aa Research and Aa Traders. Aa Research focuses on helping local businesses conduct market research and develop marketing strategies. Aa Traders became the first licensed company to provide consulting on investments and financial services in Tajikistan. At AUCA, two seniors created businesses: **Aizharkyn Burkanova** opened the Zebra coffee shop on campus and **Ignat Kim** cofounded Mamont Group, a startup providing marketing and product promotion services.

During the 2013-14 academic year, Enterprise Student Fellows also participated in international internships around the world through AIESEC, a global youth organization; organized charitable 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.

Recognizing the need to bring global perspectives to the economies of Central Asia, many Enterprise Fellows 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 Austria, Germany, Hong Kong, Latvia, the Netherlands, Norway, Poland, Singapore, Slovenia, South Korea, Spain, Sweden, Turkey and the United States.



**YERASSYL
TOLEUGAZINOV**



**CHYNARA ERKULOVA AT OYW,
JOHANNESBURG, SOUTH AFRICA**



**NASIBA NURMATOVA
WITH AMBASSADOR PAMELA L. SPRATLEN**

NOTABLE ACHIEVEMENTS



NURSULTAN IRISOV
Deputy of RCB



JENNET GURBANMAMMEDOVA (RIGHT) AT BT CONFERENCE IN NYC



SAIDKABIR AZIZOV

"...I learned so much during this short time and I truly believe that the conference was only the beginning that will lead to long lasting friendships and business connections,..."

-Jennet

JENNET GURBANMAMMEDOVA

Senior Jennet Gurbanmammedova of Turkmenistan was the only representative of Central Asia at the 40th International Business Today Conference organized by Princeton students in New York City on November 23-25, 2014. Jennet was selected from a highly competitive pool of applicants from all over the world and became one of 130 students taking part in this international event intended to foster dialogue between students and business leaders.

"Business Today was a great experience and I am so glad I had a chance to be a part of this event. Everyone I met was awesome. The interaction of current business leaders and young, curious minds was really inspiring. This year's theme was "Morality in Business." The speakers talked about the compatibility of business and morality given the conditions of the 21st century. Keynote speakers included Paul Fribourg, Chairman & CEO of the Continental Grain Company; Stephen A. Schwarzman, Chairman & CEO of the The Blackstone Group; Mark Thompson, CEO & President of the New York Times Company; Jeffrey Immelt, Chairman & CEO of General Electric; Steve Forbes, Editor-in-Chief of Forbes Media; Kevin McKnight, Chief Sustainability Officer of Alcoa; and many others. In addition, we had a case study competition organized by Deloitte Consulting. I learned so much during this short time and I truly believe that the conference was only the beginning that will lead to long lasting friendships and business connections," -Jennet



ADEL SULTANBEKOVA (RIGHT) WITH ANDREW WACHTEL, AUCA PRESIDENT, & EMPLOYEES OF THE NATIONAL CARDIO CENTER



ADEL SULTAMNBEKOVA

November 27, 2013 was a special day for Mirrakhimov National Cardio Center in Bishkek as the hospital received much needed medical equipment donated by U.S.-CAEF sophomore Adel Sultanbekova and her team, who had worked tirelessly for several months to raise funds to purchase cardiac support devices.

"We talked to the president of Kyrgyzstan's Association of Physicians, the director, & head physician of the main cardiology hospital in our country and found out that there is a huge demand for medical devices called defibrillators in local hospitals & ambulance centers because defibrillators are very expensive and the price per unit can reach \$9,000. Therefore, we decided to purchase one & donate it to the main cardiology hospital," -Adel shared

Adel started working on this project in July, 2013, carefully planning every step of the complex venture. Finally, together with her peers, she was able to hold a charitable concert dedicated to World Heart Day on October 19, a fundraising event that helped the students generate the targeted amount. "Through this project we were able to create partnerships with local media representatives, businesses, government officials and artists and collect enough money to donate a defibrillator and other cardiac devices to the National Heart Center on November 27," Adel wrote after the successful outcome of the project.

The administration of the National Heart Center expressed its heartfelt appreciation and gratitude to Adel's team for this important contribution to ongoing efforts to save the lives of people suffering from cardio-vascular diseases.

"Through this project we were able to create partnerships with local media representatives, businesses, government officials and artists and collect enough money to donate a defibrillator and other cardiac devices to the National Heart Center on November 27."

- Adel Sultamnbekova

INTERN FELLOWSHIPS



CAPSTONE INTERNS 2014 (FROM LEFT TO RIGHT):
SAKINA YASAKIEVA, KHEDZHERA SULEEVA,
MALIKA PULOTOVA & YELENA VOROBAY

REGIONAL SUMMER INTERNSHIP PROGRAM

The Foundation's Regional Internship program offers Fellows an important opportunity to take the first steps on their career paths. Although students enjoy a wide range of options for employment and internship activity in the summer, the Regional Internship program continues to be a welcome opportunity for Fellows to explore career options in Central Asia, to develop important professional experience, and to gain important contacts for the future. A total of seven sophomores chose to participate in summer regional internships this year:

The quotes below, excerpted from student evaluations, reflect their thoughts & experiences. Similarly, host companies expressed their satisfaction with the program and confirmed their eagerness to continue working with U.S.-CAEF interns in the future.



AISULU ABDYRAKMANOVA
KIMEP UNIVERSITY

"My internship at Eurasian Bank turned out to be unique and useful. It was great to immerse myself in a business environment where everybody is involved in big financial projects with billions of dollars for loans. The feeling that I was also contributing to something big made me more interested in this financial sphere. This was a great practical interpretation of what I have learned in my finance classes at KIMEP...The opportunity given to me by U.S.-CAEF this summer greatly helped me realize what I want to focus on and where I see myself in the future. Having experienced all this, I feel more confident about my major. I certainly know that I want to continue my education in the financial sphere and get some experience in trading." -Aisulu Abdurakhmanova, KIMEP University.



YULIYA DAVYDENKO
KIMEP UNIVERSITY



ASEL RAIYMBEKOVA
AUCA



ADEL SULTANBEKOVA
AUCA



ANISA ATALOVA
AUCA

Being highly impressed by Anisa Atalova's contribution, Ms. Amanda Walters, Human Resources Officer at the U.S. Embassy in Bishkek, wrote: "Anisa's biggest accomplishment was the redevelopment of our HR internal website, a task that no one on my team had been able to handle up to that point.... Anisa's positive & go-getter attitude was a breath of fresh air. She is so resourceful and hardworking. We're hoping she will apply for jobs in our section after she finishes school... If I could hire 100 Anisas, I would."



TYNYSTAN TALANTOV
AUCA

"I enjoyed every task at Promotank. I learned to search for information, write research papers, work in a team, and improved my communication skills. I did not know how to prepare official documents and budgets, and how to work with government organizations. Now I know. It was a great experience for me." -Tynystan Talantov, AUCA.



MEDINA ABYLKASYMOVA
AUCA

"We are interested in a long-term agreement to host interns if they have similar level of knowledge & possess similar human qualities as Medina," Medina Abylkasymova's supervisor, Mr. Turmushbek Balbakov, head of the internal audit department at Ministry of Finance of the Kyrgyz Republic, wrote in the internship evaluation form.

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
- EURASIAN BANK
- FINCA
- FLAMINGO PARK
- GARANT, LLC
- HSBC BANK
- INTERNATIONAL BUSINESS COUNCIL
- KARAKOL COFFEE SHOP
- KAZINVEST
- KAZNETEVENTS
- KYRGYZ CONCEPT
- KYRGYZ KREDIT BANK
- MEGACOM
- MINISTRY OF FINANCE
- NATIONAL LEASING COMPANY
- POLYGON INTERNATIONAL, LTD
- PROJECT HOPE
- PROMOTANK
- RCG INVESTMENT FUND
- SBERBANK OF RUSSIA
- SK LEASING JSC
- TALAS COPPER GOLD, LLC
- THE FARM
- THE UNITED NATIONS
- THE U.S. EMBASSY IN BISHKEK

ENTERPRISE INTERNATIONAL CAPSTONE INTERNSHIP PROGRAM



MALIKA PULOTOVA AT VOICE OF AMERICA



CAPSTONE INTERNS YELENA VOROBEY & MALIKA PULOTOVA
WITH AMBASSADOR KAIRAT UMAROV

The U.S.-CAEF Enterprise International Capstone Internship Program is administered by American Councils in partnership with The Washington Center, TWC (www.twc.edu). Located in Washington, D.C., the program is designed to help postgraduate interns decide a career direction and acquire the skills and experience needed to succeed.

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

Our 2013 Capstone Fellows-- **Batyr Charyyev**, **Bostan Seyipova** and **Artur Semeyutin**-- successfully completed their fall semester program. The interns' quotes below indicate that the program helped them gain valuable workplace skills, explore career options, and build international professional networks.

"The TWC program is very well-designed to develop and uncover many professional qualities of any person coming to D.C., especially when an individual comes from another part of the world. I believe that I am a great example of such a person. I was able to see how American business operates and have gained a lot of knowledge of how real business must be conducted. The program significantly contributed to the development of my professional core, prepared me for working in a multicultural environment. I met many new and interesting people, learned to interact with a very diverse TWC community and to appreciate the value of networking and developing business contacts. I had a great chance to visit unique places important for my professional development, such as the World Bank, IFC, USDA, and IMF," Artur Semeyutin wrote of the experience. Artur is currently completing a master's degree in International Business Management at the University of Huddersfield, UK.

Batyr Charyyev wrote, "Interning with Bennett Group Financial Services drastically changed my view about the financial industry and the way I understood my professional path... This internship was useful because of the way I engaged in the tasks I was assigned. I did not just do the assignments; I tried to get benefit from every task and learn something new every day." Batyr believes that the Capstone experience played a major role in his employment by Schlumberger Limited, the world's largest oilfield services company with representative offices in 85 countries, including a branch in Ashgabat, Turkmenistan where Batyr is currently employed.

Six outstanding U.S.-CAEF Fellows were selected by the Foundation to participate in the 2014 U.S. International Capstone Internship Program, which began in September, 2014: **Madina Damir kyzy**, **Ignat Kim** and **Yelena Vorobey** from AUCA, and **Malika Pulotova**, **Khedzhera Suleeva** and **Sakina Yasakieva** from KIMEP University.

Unfortunately, due to U.S. visa complications in Bishkek, only four interns were able to join their programs this year; three were graduates of KIMEP University and one, Yelena Vorobey, was a recent alumna of AUCA. As a result of ongoing visa issues in Kyrgyzstan, the U.S.-CAEF Board is now exploring the possibility of providing Capstone Interns who are Kyrgyz citizens an alternative internship site in the United Kingdom through a new partnership with Global Experiences.

In keeping with their interests and skills, the Fellows were placed in internships at Voice of America, Thoron Capital, United Planning Organization and World Learning. All four interns were excited to embark on this experiential learning program.



INTERNS REPRESENTING CENTRAL ASIA
AT TWC'S INTERNATIONAL DAY



SAKINA YASAKIEVA AT TWC

"I am enjoying my internship at Voice of America and find my tasks challenging and stimulating as I get a lot of information related not only to marketing but also to media, journalism and communications. I like that there are a lot of training opportunities at VOA--the organization is truly interested in educating their personnel," wrote **Malika Pulotova**, reflecting on the experiences of the first month of her internship.

"My internship as a Business Research Analyst at the United Planning Organization Community Development Corporation (UPO CDC) is directly related to my academic background. It is very stimulating since I work on important issues for the organization. I started with conducting research about the fastest growing industries in Washington DC, which includes processing and analyzing statistical data and coming up with graphic representations. Right now I am working on researching and establishing a new service of providing business loans which will be proposed to the board of directors in October," **Yelena Vorobey** wrote.

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 Anatomy of Entrepreneurship. I took this course, because I would like to learn more about entrepreneurship. Currently, I am working on a business idea, and I want to write a good business plan for it. This is actually so exciting to know that your idea is being appreciated by your professor and that motivates me a lot. I am glad that I am part of this class," **Sakina Yasakieva** wrote.

As part of their program, Capstone Interns also participate in civic engagement projects that expose them to a wide range of U.S. social issues. "Through this project I've improved my research and analytical skills and learned about new ways of engaging in community service as I am deeply involved in investigating the roots of homelessness and analyzing the current criminalization laws regarding homeless people," **Khedzhera Suleeva** wrote about the impact of the Civic Engagement program.

Interns value highly the rich educational opportunities afforded by Washington, D.C.'s wide range of national and international policy centers, think tanks, media organizations, and cultural institutions. This year, our interns participated in IMF and World Bank conferences and attended lectures at Johns Hopkins University and The George Washington University. They also took part in events organized by the embassies of their countries, including the second U.S. Kazakhstan Convention, which brought together members of the U.S. Congress, diplomats, U.S. Department of State personnel and business leaders to discuss the country's future.

Special events organized by The Washington Center help interns build their international and professional contacts and interact with experts and leaders from the business world and the non-profit sector. In addition to the vocational and educational components of their internship program, Fellows have many valuable opportunities to develop friendships with peers from the U.S. and other countries. TWC also arranges an International Festival, during which all interns have the opportunity to present their home-country cultures and learn about those of their fellow participants.

FACULTY FELLOWSHIPS



FACULTY BOOK RELEASE

In May 2014, the Foundation released *Business Education in Central Asia: Best Practices in Integrative Study and Teaching*, a collection of groundbreaking essays exploring innovative approaches to business education in Central Asia. Edited by Dr. Kathryn Nantz, Professor of Economics at Fairfield University, the volume contains 21 articles by faculty of KIMEP University and AUCA, exploring such topics as collaborative learning techniques, role playing, curriculum design, classroom simulation exercises, and the instructional value of Central Asian case studies. The collection provides both a theoretical grounding for more learner-centered approaches to business instruction and practical advice for faculty seeking to develop innovative exercises, assignments, and activities for students of economics, marketing, management, accounting, and other business fields.

The collection was the final product of a four-year series of faculty development workshops funded by U.S.-CAEF and conducted in Central Asia by Dr. Nantz with colleagues from Fairfield's English and Business Departments. Over 25 faculty from AUCA and KIMEP University attended the training series, which culminated in June 2013, when participants drafted articles describing pedagogical innovations they had successfully introduced in their classrooms since beginning the workshop. Participants continued to consult with Professor Nantz and Fairfield's editorial team throughout the coming year as they developed their articles for the final volume.

The administrations of KIMEP University and AUCA hosted book release events to celebrate the accomplishments of their colleagues on May 27 in Almaty and on May 30 in Bishkek. Both events were attended by members of the U.S.-CAEF Board of Directors, AUCA and KIMEP University faculty and administrators, students, and representatives of local universities, international organizations, and libraries. During the book release, KIMEP faculty Liza Rybina, Alima Dostiyarova and Farikha Yerzhanova, and AUCA faculty Natalia Slastnikova, Natalia Korosteleva and Steven Lustig reflected upon their participation in the faculty development workshops and expressed their gratitude to the Foundation for making the publication a reality. Andrew Wachtel, President of AUCA, and Stanley Currier, Director of Development at KIMEP University, expressed their respective intuitions' deep appreciation for the new publication and for the important faculty development seminars sponsored by U.S.-CAEF.



BOOK RELEASE AT AUCA



NATALIA SLASTNIKOVA,
EXECUTIVE DIRECTOR
LEADERSHIP DEVELOPMENT, AUCA



BOOK RELEASE AT KIMEP UNIVERSITY

PEER REVIEW

Dr. Kathy Nantz, Professor of Economics at Fairfield University, and Dr. David Schmidt, Professor of Business Ethics at Fairfield, conducted a peer review of Economics and Business Administration programs at AUCA and KIMEP from March 21 to March 29. The review included an extensive series of surveys on curricula, pedagogy, resources, and support for staff. During discussions with administrators, students, faculty, and department heads, Professors Nantz and Schmidt asked interviewees to consider the strengths, weaknesses, opportunities and threats facing their respective institutions. The review team also conducted extensive focus-group discussions with faculty and students, and attended several classes. Conversations were markedly open, constructive, informative, and productive. The reviewers were deeply impressed by the quality of teaching they observed, the academic programs they audited, the pride students took in their respective institutions, and the faculty's commitment to quality teaching and student support.



KIMEP UNIVERSITY
FACULTY FELLOWS
DURING PEER REVIEW

ALUMNI



U.S.-CAEF ALUMNI (FROM LEFT TO RIGHT):
MEREY SERDANOVA , GUFRONJON AYUBJONOV
AND MOLDIR KUSSAINOVA



ALUMNI WITH U.S.-CAEF DIRECTORS, MAY 2014

Although the U.S.-CAEF alumni community is relatively young, within this short time our fellows have shown their commitment to contribute to the vibrant economic development of Central Asia. Over 80% of alumni have remained in the region and are currently working in the private, public and nonprofit sectors, and about 18% are eager to return to their native countries after completing graduate degrees or temporary employment contracts abroad. To date, 15 % of our alumni have advanced to leadership positions within the most competitive businesses in their home countries and nine alumni have already created their own businesses, making real and lasting contributions to the development of the entrepreneurial environment and fostering the growth of free enterprise and open markets in Central Asia.

During the past year, alumni association officers continued to arrange networking events, professional development seminars for alumni and current Fellows, and charitable activities. One of the major events organized by the Association was the alumni reunion on May 24, 2014 in Almaty. Fifteen AUCA alumni traveled to Almaty to attend the U.S.-CAEF graduation reception and to welcome the new graduating class of 2014 to the Association. Fellows believe that the tradition initiated by the KIMEP graduates last year helps create a bridge between the AUCA and KIMEP alumni. Prior to the reception, the officers organized a training session on strategic management and effective business communication, conducted by Inna Kravchenko, a certified ICF (International Coach Federation) coaching specialist. Alumni also participated in a Skype conference with current graduate students enrolled in MBA programs in the Darden School of Business at the University of Virginia and IE Business School of Madrid, who shared their experiences and provided helpful tips on admissions processes for graduate schools.

Another highlight of the period was the election of Association officers. The first team should be highly commended for laying the Association's foundations, creating its strategic plan to support the U.S.-CAEF mission and organizing events to benefit both alumni and current Student Fellows.

The new alumni council is elected for a 2-year term that starts on January 1, 2015. The officers believe that the Association's most important function is to strengthen the bond between alumni & current Student Fellows, to assist alumni in developing their careers and launching new businesses, & to help current Fellows and alumni become fully integrated within the larger business community.

ALUMNI OFFICERS 2012-2014

Below are the names of the first officers who played a key role in getting the Association's work off to a good start:



TANGULU DIUSHAKHMATOVA
PRESIDENT

AISALKYN MUSABAEVA
VICE-PRESIDENT FOR SOCIAL ACTIVITIES

AZIZ YULDASHEV
VICE-PRESIDENT
FOR MEMBERSHIP & OUTREACH

OXSANA KOVALENKO
VICE-PRESIDENT FOR COMMUNICATION

MOLDIR KUSSAINOVA
VICE-PRESIDENT FOR SOCIAL ACTIVITIES

ALYONA LI
VICE-PRESIDENT
FOR MEMBERSHIP & OUTREACH

OXSANA KOVALENKO
VICE-PRESIDENT FOR COMMUNICATION

ARYSTAN MOLDABEKOV
TREASURER

“I am honored to be able to give back to the program through serving as the Association’s President.

Together with the new team of alumni officers, I plan to conduct a series of events on leadership, communication, project planning, and reporting.”

- Yelena Vorobey

To better serve the mission of U.S.-CAEF, the alumni council has reorganized and changed several positions. One of the most significant changes was the introduction of the position of the Vice-President for Professional Development.

THE NEW LEADERSHIP TEAM REPRESENTS BOTH AUCA AND KIMEP UNIVERSITY:



YELENA VOROBEY
PRESIDENT
INTERN | TAX & LEGAL DEPARTMENT KPMG
ALMATY, KAZAKHSTAN



IGNAT KIM
TREASURER
HEAD OF FINANCIAL DEPARTMENT,
BISHKEK BRANCH OF MANAS AIRPORT
KYRGYZ REPUBLIC



MALIKA PULOTOVA
VICE-PRESIDENT FOR MEMBERSHIP & OUTREACH
JUNIOR BUYER
APEX INTERACTIVE
ALMATY, KAZAKHSTAN



KARINA KUSSAINOVA
VICE-PRESIDENT FOR PROFESSIONAL
DEVELOPMENT BUSINESS COACH
AMITY CONSULTING
BISHKEK, KYRGYZ REPUBLIC



TALGAT KADIROV
VICE-PRESIDENT FOR PROFESSIONAL
DEVELOPMENT
ASSURANCE | ERNST & YOUNG
ALMATY, KAZAKHSTAN



MADINA DAMIR KYZY
VICE-PRESIDENT FOR MEMBERSHIP & OUTREACH
ASSISTANT AUDITOR | KPMG
BISHKEK, KYRGYZ REPUBLIC



NEW ALUMNI RECEIVING
U.S.-CAEF BADGES
U.S.-CAEF FELLOWS
& ALUMNI IN ALMATY



ALUMNI SPOTLIGHT



“I think that continuous improvement is the key factor for every successful business development.”

- Saddam Bayaliev

SADDAM BAYALIEV

CLASS OF 2011

CEO of three companies:
LLC Zamat Cargo
BM Technologies
UMAI Payment Systems

Although less than four years have passed since Saddam’s graduation from AUCA, he has already achieved remarkable results and has contributed to the development of the business sector of Kyrgyzstan. He is a successful entrepreneur and CEO of three companies - LLC Zamat Cargo, BM Technologies and UMAI Payment Systems.

Saddam started his business career together with his older brother at LLC Zamat Cargo, a company dealing with customs duties and logistics for transporting textile cargo from Kyrgyzstan to Russia. Within a year the company made a profit of 2 million USD thanks to the efficient system Saddam had developed to simplify and automate customs procedures.

Saddam’s first successful venture inspired him to create another company, BM Technologies. Through this company he created an online platform to help convey information and ideas between teachers, students and parents. Called Class.kg, the platform has been adopted by several schools in Kyrgyzstan, where it serves as an efficient and useful communication tool.

UMAI Payment Systems, Saddam’s next venture, will develop a user application for convenient, every day mobile payments.

At his young age, Saddam not only manages to identify promising business opportunities, but to conduct a thorough study of best business practices and apply them in the local context. Despite the many demands on his time, Saddam continues to envision new and even more ambitious endeavors, hoping one day to develop a new technological product created in Kyrgyzstan and used worldwide.

FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

January 31, 2015

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, 2014 and 2013, 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.

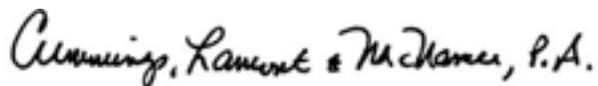
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2014 and 2013, 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



Certified Public Accountants
Portsmouth, New Hampshire

STATEMENTS OF FINANCIAL POSITION

• SEE NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30		2014	2013
ASSETS			
CURRENT ASSETS	CASH & CASH EQUIVALENTS	\$800,378	\$580,994
	ACCRUED INTEREST & DIVIDENDS RECEIVABLE	\$31,406	\$26,383
	PREPAID EXPENSES & OTHER ASSETS	\$107,988	\$39,609
	TOTAL CURRENT ASSETS	\$939,772	\$645,986
OTHER ASSETS	INVESTMENTS (NOTE 4)	\$9,054,864	\$9,514,726
	HYBRID FINANCIAL INSTRUMENTS (Including decrease in fair value of \$26,833 in 2014 and \$20,820 in 2013) (NOTE 5)	\$120,408	\$772,661
	TOTAL OTHER ASSETS	\$9,175,272	\$10,287,387
TOTAL ASSETS		\$10,115,044	\$10,933,373
LIABILITIES & NET ASSETS			
CURRENT LIABILITIES	ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$18,371	\$16,630
	TOTAL CURRENT LIABILITIES	\$18,371	\$16,630
NET ASSETS	UNRESTRICTED NET ASSETS	\$10,096,673	\$10,916,743
	TOTAL NET ASSETS	\$10,096,673	\$10,916,743
TOTAL LIABILITIES & NET ASSETS		\$10,115,044	\$10,933,373

STATEMENTS OF FINANCIAL POSITION

• SEE NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30		2014	2013
REVENUES & OTHER SUPPORT	CONTRIBUTED SERVICES (NOTE 6)	\$74,454	\$76,136
	MISCELLANEOUS INCOME	\$178,708	\$209,628
	TOTAL REVENUES & OTHER SUPPORT	\$253,162	\$285,764
EXPENSES	PROGRAM SERVICES (NOTE 1)		
	ENTERPRISE STUDENT FELLOWSHIPS	\$1,248,798	\$1,243,835
	ENTERPRISE FACULTY FELLOWSHIPS	\$54,682	\$25,541
	ENTERPRISE INTERN FELLOWSHIPS	\$169,729	\$216,235
	TOTAL PROGRAM SERVICES	\$1,473,209	\$1,485,611
	MANAGEMENT & GENERAL	\$158,678	\$174,860
	TOTAL EXPENSES	\$1,631,887	\$1,660,471
CHANGE IN UNRESTRICTED NET ASSETS BEFORE REALIZED & UNREALIZED GAINS (LOSSES) ON INVESTMENTS		(\$1,378,725)	(\$1,374,707)
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS		\$558,655	\$505,997
CHANGE IN NET ASSETS		(\$820,070)	(\$868,710)
NET ASSETS, BEGINNING OF YEAR		\$10,916,743	\$11,785,453
NET ASSETS, END OF YEAR		\$10,096,673	\$10,916,743

STATEMENTS OF FINANCIAL POSITION

• SEE NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30		2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES				
CHANGE IN NET ASSETS				
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		(\$820,070)		(\$868,710)
REALIZED & UNREALIZED (GAINS) LOSSES ON INVESTMENTS		(\$558,655)		(\$505,997)
CHANGES IN OPERATING ASSETS & LIABILITIES:	ACCRUED INTEREST & DIVIDENDS RECEIVABLE	(\$5,023)		\$7,309
	PREPAID EXPENSES & OTHER ASSETS	(\$69,379)		\$66,131
	ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$1,741		(\$66)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		(\$1,451,386)		(\$1,301,333)
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF INVESTMENTS		(\$2,988,775)		(\$3,944,541)
PROCEEDS FROM MATURITIES OF INVESTMENTS		\$810,255		\$1,716,943
PROCEEDS FROM SALES OF INVESTMENTS		\$3,849,290		\$4,002,298
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		\$1,670,770		\$1,774,700
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		\$219,384		\$473,367
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR		\$580,994		\$107,627
CASH & CASH EQUIVALENTS, END OF YEAR		\$800,378		\$580,994
SUPPLEMENTAL CASH FLOW DISCLOSURES:	INTEREST EXPENSE PAID	\$--		\$--
	INCOME TAXES PAID			
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:				
There were no noncash investing and financing activities during 2013 and 2012.				

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2014 & 2013

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, 2014 and 2013.

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, 2014 and 2013.

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 Founda-

tion'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, 2015. 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, 2014 and 2013 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, 2014, 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, 2014.

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	\$5,232,035	\$ 5,232,035	--	--
STRUCTURED INVESTMENTS	\$120,408	\$120,408	--	--
FIXED INCOME	\$3,822,829	\$3,822,829	--	--
TOTAL	\$9,175,272	\$9,175,272	--	--

NOTE 4 INVESTMENTS

Investments consist of the following at September 30,:

	2014		2013	
	COST	FAIR VALUE	COST	FAIR VALUE
EQUITIES	\$4,572,218	\$5,232,035	\$3,434,271	\$4,138,310
FIXED INCOME	\$3,815,059	\$3,822,829	\$5,354,193	\$5,376,416
TOTAL	\$8,387,277	\$9,054,864	\$8,788,464	\$9,514,726

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

	2014	2013
INTEREST & DIVIDEND INCOME	\$178,708	\$209,628

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 \$26,833 and \$20,820 during the year ended September 30, 2014 and 2013, respectively. These 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 \$74,454 for the year ended September 30, 2014 and \$76,136 for the year ended September 30, 2013. 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 & 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, 2014 and 2013.

At September 30, 2014 and 2013 the Foundation maintained investments in a brokerage account. The value of these in-

vestments exceeded the custodial credit risk coverage provided by the Securities Investor Protection Corporation by \$9,437,064 and \$10,324,864 at September 30, 2014 and 2013, 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, 2014, 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 \$601,754 grant award for Enterprise Student Fellowships and a \$300,877 grant award for Enterprise Intern Fellowships to be paid in 2015.

NOTE 10

ENTERPRISE STUDENT FELLOWSHIPS

FUTURE COSTS

Under its Enterprise Student Fellowship program, during the year ended September 30, 2014, the Foundation awarded 29 new Student Fellowships and renewed 92 Student Fellowships for the 2014 academic year. During the year ended September 30, 2013, the Foundation awarded 36 Student Fellowships and renewed 86 Student Fellowships for the 2013 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: \$957,552 in 2015, \$740,967 in 2016, \$526,039 in 2017 and \$251,575 in 2018. 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 2015 through 2018 to be approximately \$2,476,132.

NOTE 11

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through January 19, 2015, which is the date the financial statements were available to be issued. There were no material subsequent events at January 19, 2015 that require disclosure in the financial statements.



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