Dear friends,

The Aga Khan Foundation is different. For 50 years, we have been committed to working with communities across Asia and Africa to break the cycle of poverty.

As a member of the Aga Khan Development Network, the Foundation partners with some of the world’s most vulnerable and isolated communities to build better futures together. Each year, the Network helps improve the quality of life for tens of millions of people in over 30 countries.

We help provide more equitable healthcare, create economic opportunities, and support vibrant civil societies—all cornerstones of thriving communities.

Last year, we shared how our work aligns with our partners in helping to achieve the Sustainable Development Goals, a movement to end global poverty by 2030. We remain committed and part of that movement.

In many places where we work, the Foundation invests in institutions for the long term in fragile settings where communities are especially vulnerable. We acknowledge, too, that education must continue even in these conflict environments. For example, in Syria, we focus our efforts on early childhood development, safeguarding families to cope with the crisis and provide nurturing care for their children. In Afghanistan, we work with the Afghan government to deliver quality education and support access to learning opportunities for children across the country, especially girls.

In the past year, we have seen growing awareness globally that investments in early life bring long-term transformations for communities and societies. With the World Bank and other partners, we highlighted Investing in the Early Years, an initiative that recognizes how helping each child fulfill his or her potential also helps whole societies rise economically. Disadvantaged young children who received high-quality early stimulation as infants and toddlers later earned up to 25 percent higher wages as adults.

The fact is, for over 100 years the Aga Khan Development Network has been investing in education across the entire ladder of learning, starting from supporting a stimulating environment for early child development, followed by each rung up that ladder: from primary and secondary school, to university studies, to continuing education as adults.

So this year we celebrate those milestones in education. Each year, the Network reaches 2 million students. Here, we spotlight a handful of them. Thank you for joining us on this journey that is so important for them and for us all, for building a better future.

Aleem Walji
CEO, AGA KHAN FOUNDATION USA

Sara represents young people across Africa and Asia whose lives are touched by the Aga Khan Foundation’s programs. Follow her journey up the ladder of education throughout this report!

LEARN MORE ABOUT SARA: www.akfusa.org/our-stories/meet-sara
We are proud to share stories that highlight AKF’s contributions to the ladder of education here.

A NURTURING NEST
In 2017, we celebrated with communities in the Kyrgyz Republic as they opened new and renovated kindergartens. In this story, Sagyn, a kindergarten director, illustrates the impact of the early childhood care centers on children there.

STRETCHING THEIR WINGS
In East Africa last year, we supported learners and families through many channels. Viola, a student from a notoriously poor neighborhood in Nairobi, Kenya, shares how she found a passion for reading in the new library provided with local partners.

TAKING FLIGHT
In 2017, we launched the University of Central Asia (UCA) in the Kyrgyz Republic, opening the campus for its very first class of undergraduates. Students like Alyna, featured here, played an important role in shaping the start of a strong student culture, with campus tours and a journalism club.

REACHING NEW HEIGHTS
The UCA’s School of Professional and Continuing Education also opened its doors in 2017, providing opportunity for adults of all learning levels—including fashion designer Dilangez from Tajikistan—gain new skills to improve their business.

EARLY CHILDHOOD
page 6

PRIMARY AND SECONDARY
page 10

HIGHER EDUCATION
page 14

CONTINUING EDUCATION
page 18
In fragile and conflict settings around the world, education—a key component in driving economic growth and promoting stability—continues to be threatened. As the crisis in Syria flares up, for instance, students face overcrowded classrooms, scarce learning materials, and no electricity or running water.

At the Aga Khan Foundation (AKF), we believe that education is a critical investment, especially in crisis environments. For decades, AKF has worked to strengthen education systems to equip girls and boys worldwide with the knowledge, skills, attitudes, and values that will prepare them for success.

As part of the Aga Khan Development Network (AKDN), the Foundation works across all the Network agencies to make long-term investments in education. A learning hub for the entire Network, which employs 80,000 people in over 30 countries, AKF views its work in education as essential not only for the work of all the Network agencies, but also for the improvement of whole societies. Our integrated approach to development means that we work across all sectors to expand opportunity and improve quality of life for the world’s most marginalized communities.

For over 100 years, the AKDN has worked to ensure that students of all ages have access to quality learning at every rung of the educational ladder: from early childhood programs and primary and secondary schools to higher education and continuing professional development.
A healthy start opens a world of opportunity.

**PROJECT:** Social Cohesion through Community-Based Development

**PARTNERS:** World Bank

**LAUNCHED:** 2014

**COUNTRY:** Kyrgyz Republic

Every year, AKDN reaches 1 million children under 8 years old.
One fall afternoon, five women in the playroom of the new kindergarten in the Kyrgyz Republic talked about the changes they saw with the kindergarten and its importance. Several had two children, and one had a grandchild in the kindergarten. Before, when September ended and the kindergarten got too cold to use, it was difficult—the children stayed home and became restless. Since April 2017, the renovation has been a success. Each of the women noted something different as a favorite part: the renovated nap room with new sturdy wood beds, the new windows, the warm floor, the heating system, and the working toilets.

With the working group of the Social Cohesion project, the parents had offered their views in the public hearing. Sagyn Turganova, the kindergarten’s director, has worked there for 9 years. She has sent many applications for support like this before, but this was the first that succeeded.

Of all their pressing needs—including a vital need for secure, clean water—why did they choose a kindergarten as their top priority?

Ms. Turganova answered: “There’s a Kyrgyz saying, ‘A child is like a bird. What they see in the nest, they’ll see in their later life.’” In other words, if you give them a healthy, stimulating space at the start, they’ll grow into many opportunities. “If a child starts in a clean environment, it leads to a bright future.”

She added that the kindergarten provides nutritional supplements—a few families have kids there who don’t get much food at home. Here they can have a nutritious juice and a warm meal. On behalf of all the parents, they thanked people like you who support them through AKDN.

“There’s a Kyrgyz saying, ‘A child is like a bird. What they see in the nest, they’ll see in their later life.’”

—Sagyn, Kindergarten Director

KYRGYZ REPUBLIC
PRIMARY AND SECONDARY
Stretching Their Wings
An investment in school libraries helps these students fly.

PROJECT: Yetu Initiative
PARTNERS: U.S. Agency for International Development (USAID)
LAUNCHED: 2014
COUNTRY: Kenya

AKF improved 6,168 schools in 2017.
In Mathare, a notoriously poor neighborhood in Nairobi, few families have books. Even schools lack suitable reading material. Across Kenya, only 2 percent of public schools have libraries.

Viola is now a Grade 9 student at Joy Primary School in Mathare. Before, she and her friends had very few chances to practice reading. The whole school had just a box of a few textbooks. When Viola first arrived several years ago, she was far behind her peers, with no way to catch up. “I was not good at reading,” she admits.

That changed when Joy School gained a library, thanks to a Kenyan nonprofit that raised funds for libraries with its Start-A-Library campaign, supported by the Aga Khan Foundation and the Yetu Initiative. The new library at Joy brought in 1,000 storybooks, and Viola started devouring them.

“I come [to the library] at least once a week,” Viola says. At home, she made time to read every night. “The library has helped me improve my reading, language skills, and writing composition.”

The Start-A-Library campaign made headlines when it first launched, a shining example of online philanthropy. The nonprofit arm of a Kenyan publisher founded by author Muthoni Garland, has a mission to put a book in the hand of every Kenyan child. Yetu helped grow their campaign strategy.

At Joy School, students performed better, and teachers saw improvements in the learning atmosphere. The school library won the National Library of the Year Award in 2016.

The Joy library also boosted students’ confidence to practice conversing in English outside of class. Seeing this newfound confidence in their students’ English skills, teachers started a debate club to boost their growth even more. Soon Joy School students were competing with other clubs across Nairobi, and winning.

The library, Viola says, “helped me to have the confidence to speak frequently in front of many people.”

These results are a dream come true. Garland says they have soared past their campaign target of launching 100 school libraries across Kenya. Viola shows how that investment gives wings to Kenya’s future.
Taking Flight

The University of Central Asia allows students’ minds to soar.

PROJECT: University of Central Asia
PARTNERS: U.S. Overseas Private Investment Corporation (OPIC)
LAUNCHED: 2015
COUNTRY: Tajikistan and Kyrgyz Republic, with a future campus in Kazakhstan

AKDN universities have graduated more than 14,240 alumni globally.
Alyna is one of the undergraduates who have brought life to the new Naryn campus of the University of Central Asia. (Eventually, the university will span three countries with campuses in the Kyrgyz Republic, Tajikistan, and Kazakhstan.) Like her peers, she got there through a competitive, merit-based, and needs-blind admissions process. All qualified students are accepted; none are denied admission for financial reasons. The students come from cities and communities across the Kyrgyz Republic, Tajikistan, Kazakhstan, Pakistan, Afghanistan, Iran, and Syria. Of the first 71 students, nearly 40% are women. Ultimately, the campus at Naryn, when at capacity, will accommodate 1,200 students.

Alyna is a second-year student from Pakistan, and leads the campus tour for prospective students. She shows visitors the elements of student life from her own perspective, and the spectacular setting that surrounds the campus: the snow-capped mountains rising up outside every window.

The science lab is one of her favorites. She explains how “this lab provided me an opportunity to think critically rather than follow what I was being told.” She shares one of her own recent experiments.

“We had to make a hot-air balloon, which works on the principle that you need to get the temperature of the air inside the balloon hot enough so that the balloon will rise.” The experiments are not always easy. “We all failed doing that,” she adds with a laugh. With other exercises, the teacher provides no specifications. You choose the materials, test your assumptions, and learn.

Along with science, art and music are topics that students are encouraged to explore. Looking at an artwork of a large felt egg in a nest of found wood, Alyna explains the piece evokes an eagle’s nest. In Pamir stories, the eagle is an exemplary parent, nurturing its young to prepare them to take to their wings as soon as they can.

The students are young eagles finding their wings. When they take flight, they will take the values of inquiry and inclusion with them.

“This lab provided me an opportunity to think critically rather than follow what I was being told.”

—Alyna, Student
UNIVERSITY OF CENTRAL ASIA
NARYN, KYRGYZ REPUBLIC
CONTINUING EDUCATION

Reaching New Heights

From part-time seamstress to designer and employer.

PROJECT: University of Central Asia
PARTNERS: U.S. Agency for International Development (USAID)
LAUNCHED: 2014
COUNTRY: Tajikistan, Kyrgyz Republic, and Afghanistan, with future campus in Kazakhstan

UCA’s Continuing Education programs reached more than 7,096 adult learners across Central Asia in 2017.
Dilangez grew up in a family of six in a small village in Tajikistan. From a young age, she was passionate about design. Her mother taught her how to sew at home, and soon she was designing clothes herself. In the 10th grade, she sewed her first dress. Friends and family started putting in requests, asking her to sew clothes for them. Dilangez soon realized she might have a chance at starting her own business. It was a dream of hers for a long time—and maybe an avenue out of poverty for her family. Her grandmother lent her a sewing machine and she took steps to make this a reality: from taking orders at home to doing side-jobs as a seamstress.

With the help of a small grant, Dilangez launched her business with just two employees. Yet Dilangez soon realized that her design expertise, and even her university degree, would only take her so far. She needed entrepreneurial skills to sustain and grow her business. Dilangez discovered that UCA’s School of Professional and Continuing Education offered a business planning course and she enrolled. Within weeks, her business approach transformed.

“The course was a turning point for my business. It improved my knowledge and helped me expand and make a successful pitch to receive funding.”

—Dilangez, Fashion Designer

Dilangez is determined to develop her capacity further by studying fashion design. She hopes to create more jobs for other women and one day offer her products to the entire country. For Dilangez and students like her, UCA’s SPCE program offers an opportunity to not only take flight and launch a small business, but also to reach new heights as an entrepreneur.
Education was also a theme of our second U.S. fundraising gala, held at the Metropolitan Museum of Art. The gala honored AKF’s 50 years of innovative programming that improves the quality of life for millions—and came in the wake of two major awards presented to His Highness the Aga Khan: the United Nations Foundation’s Champion for Global Change Award and the Asia Society’s Lifetime Achievement Award.

We’re incredibly proud of our North-east and Gala teams for raising 2.5 million dollars—surpassing the initial goal by half a million dollars.

At the gala, two young graduates of the Aga Khan Academies shared their stories with the supporters gathered there: Mary Favour, a graduate who credits the Academy for helping her find her voice, and Zarina Mamadbekova, a graduate who says that education at the Academy opened up an opportunity for her to spread her wings and soar to new heights.

We hear these young women tell their stories:

Mary Favour: www.akfusa.org/our-stories/maryfavour
Zarina Mamadbekova: www.akfusa.org/our-stories/zarinasstory

Discover more stories from our volunteers:

www.akfusa.org/ourwork/our-stories
INSTITUTIONAL PARTNERS
We appreciate our great institutional partners. A selection of key institutions who invest in and contribute to the success of our education programs include:

World Bank
Hilton Foundation
USAID
OPIC

For a list of all our valued supporters, visit our website: www.akfusa.org/about-us/supporters.

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ASSOCIATE DIRECTOR, FINANCE
Dan Spealman
DIRECTOR, PROGRAMS AND PARTNERSHIPS
The Aga Khan Foundation USA's overall FY 2017 financial performance continued to be strong. Operating expenses are funded by grants from His Highness the Aga Khan and sponsorships apart from those recovered indirectly from federal grants. No donations from individuals, foundations, or corporations are used for operating expenses.

The financial results depicted here are derived from the AKF USA audited consolidated financial statements, performed by BDO USA, LLP. AKF USA’s complete audited statement is available at our website in the “About Us” section.

Nazlin Pepermintwala
ASSOCIATE DIRECTOR, FINANCE

AKF USA is a non-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Service code. We are proud to have a 4-star rating from Charity Navigator, America’s largest independent evaluator of charities.

NOTES
1. Donations made to AKF USA are generally tax-deductible.
2. AKF USA accepts unconditional donations. Decisions about allocation of resources are made by the Foundation’s Board of Directors.
3. Operating expenses are funded from grants from the Foundation's affiliates and other sources of income. Donations from individuals and corporations are not used for this purpose.
4. In conformity with accounting principles generally accepted in the United States of America, this report include contributions pledged by individuals and corporations but not yet received.
5. AKF USA’s financial statements are audited by BDO USA, LLP, which is available for review at AKF USA’s office or AKF website.

Dollars in Thousands

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<tr>
<th>ASSETS</th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Cash and cash equivalents</td>
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<td>$29,998</td>
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<td>Investments</td>
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<td>Notes Receivable</td>
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<td>Accounts receivable and other current assets</td>
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<td>Donor agency receivables</td>
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<td>946</td>
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<td>Receivables from affiliates</td>
<td>4,164</td>
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<td>Contributions receivable, net</td>
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<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$358,083</strong></td>
<td><strong>$174,582</strong></td>
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<tr>
<th>FIXED ASSETS</th>
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<th>2016</th>
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<td>Property held for charitable purposes</td>
<td>102,820</td>
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<td>Other fixed assets</td>
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<tr>
<td>Less accumulated depreciation</td>
<td>(21,330)</td>
<td>(20,111)</td>
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<td><strong>Fixed assets, net</strong></td>
<td><strong>81,502</strong></td>
<td><strong>74,299</strong></td>
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<tr>
<th>TOTAL ASSETS</th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td><strong>$358,083</strong></td>
<td><strong>$174,582</strong></td>
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<th>LIABILITIES</th>
<th>2017</th>
<th>2016</th>
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<td>Accounts payable and accrued liabilities</td>
<td>$388</td>
<td>$1,961</td>
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<td>Payable to affiliates</td>
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<td>986</td>
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<td>Deferred Rent</td>
<td>100</td>
<td>83</td>
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<td>Deferred revenues</td>
<td>2,849</td>
<td>3,496</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>4,453</strong></td>
<td><strong>6,526</strong></td>
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<th>NET ASSETS</th>
<th>2017</th>
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<tr>
<td><strong>353,630</strong></td>
<td><strong>168,056</strong></td>
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<tr>
<th>TOTAL LIABILITIES AND NET ASSETS</th>
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<tr>
<td><strong>$358,083</strong></td>
<td><strong>$174,582</strong></td>
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### REVENUES

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<tr>
<th>Source</th>
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<tr>
<td>Contributions</td>
<td>$219,633</td>
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<td>Federal grants</td>
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<td>Other grants</td>
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<td>1,314</td>
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<td>Investment income</td>
<td>365</td>
<td>409</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td><strong>$235,299</strong></td>
<td><strong>$41,839</strong></td>
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### EXPENSES

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<th>Expense</th>
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<tr>
<td>Program grants</td>
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<td>28,073</td>
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<td><strong>GENERAL AND ADMINISTRATIVE EXPENSES</strong></td>
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<tr>
<td>Salaries</td>
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<td>Legal, accounting and consulting</td>
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<td>192</td>
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<tr>
<td>Travel</td>
<td>143</td>
<td>145</td>
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<tr>
<td>Doubtful pledges provision</td>
<td>14,634</td>
<td>(51)</td>
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<td>General office</td>
<td>259</td>
<td>222</td>
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<td>Taxes &amp; Licenses</td>
<td>358</td>
<td>621</td>
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<td>Premises</td>
<td>331</td>
<td>355</td>
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<tr>
<td>Communications</td>
<td>139</td>
<td>150</td>
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<tr>
<td>Total general and administrative expenses</td>
<td>19,058*</td>
<td>4,381</td>
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<tr>
<td>Fundraising</td>
<td>1,703</td>
<td>1,232</td>
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<tr>
<td>Depreciation and amortization</td>
<td>1,229</td>
<td>1,474</td>
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<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>49,725</strong></td>
<td><strong>35,160</strong></td>
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<td><strong>CHANGE IN NET ASSETS</strong></td>
<td><strong>185,574</strong></td>
<td><strong>6,679</strong></td>
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<tr>
<th>Source</th>
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<tr>
<td>Net assets at beginning of year</td>
<td>168,056</td>
<td>161,377</td>
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<tr>
<td>Net assets at end of year</td>
<td>$353,630</td>
<td>$168,056</td>
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### SOURCES OF FUNDS
- Contributions
- Federal Grants
- Other Grants

### USES OF FUNDS
- Program Grants
- General and Admin*
- Fundraising

*NOTE: In 2017, AKF USA’s general and administrative expenses reflect provision for doubtful pledges for increased contributions.
Learn more about our work in Africa and Asia by visiting our website www.akfusa.org

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Enjoy our Instagram @akdn

AGA KHAN FOUNDATION

The Aga Khan Foundation USA is a non-denominational, non-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.