

COMBINED FINANCIAL STATEMENTS

**GLOBAL COMMUNITIES AND
RELATED ENTITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2017**

GLOBAL COMMUNITIES AND RELATED ENTITIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Global Communities and Related Entities
Silver Spring, Maryland

We have audited the accompanying combined financial statements of Global Communities and Related Entities (Global Communities), which comprise the combined statement of financial position as of September 30, 2018, and the related combined statements of activities, change in net assets and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Global Communities as of September 30, 2018, and the combined change in its net assets and its combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited Global Communities' 2017 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Schedule of Functional Expenses Without Related Entities on page 27, the Combining Schedule of Financial Position on page 28, the Combining Schedule of Activities on page 29 and the Combining Schedule of Change in Net Assets on page 30 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019 on our consideration of Global Communities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Global Communities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Global Communities' internal control over financial reporting and compliance.



March 18, 2019

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

ASSETS	2018	2017
Cash and cash equivalents	\$ 50,202,694	\$ 66,318,749
Investments	45,691,858	43,176,523
Loans receivable, net of allowances	247,832,319	223,249,532
Federal grants and contracts receivable	4,207,774	7,226,625
Non-Federal grants and contracts receivable	11,609,875	16,857,001
Interest and accounts receivable	3,197,250	3,304,069
Prepaid expenses and other assets	1,326,770	1,465,591
Fixed and intangible assets, net	5,657,069	5,326,262
Security deposits	882,086	975,017
TOTAL ASSETS	\$ 370,607,695	\$ 367,899,369
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes payable	\$ 183,092,603	\$ 176,174,832
Capital lease obligation	6,347	31,029
Accounts payable and accrued expenses	11,436,416	10,283,494
Accrued salaries and benefits	8,079,754	8,793,988
Deferred revenue	6,605,614	2,669,713
Deferred rent	2,406,231	2,562,347
Funds held in trust	5,809,362	6,671,387
Total liabilities	217,436,327	207,186,790
NET ASSETS		
Unrestricted:		
Global Communities	85,603,087	82,151,591
Related Entities:		
Controlling Interest	38,743,112	38,696,901
Noncontrolling Interest	5,843,975	4,924,811
Total unrestricted net assets	130,190,174	125,773,303
Temporarily Restricted :		
Project Funds	21,144,432	29,982,447
Loan Capital	1,836,762	4,956,829
Total temporarily restricted net assets	22,981,194	34,939,276
Total net assets	153,171,368	160,712,579
TOTAL LIABILITIES AND NET ASSETS	\$ 370,607,695	\$ 367,899,369

GLOBAL COMMUNITIES AND RELATED ENTITIES

**COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 76,441,248	\$ 13,404,003	\$ 89,845,251	\$ 107,930,876
Contracts	18,445,844	-	18,445,844	14,956,002
In-kind contributions	117,885	-	117,885	108,228
Interest and investment income	3,876,979	-	3,876,979	5,071,611
Other income	5,750,058	-	5,750,058	5,660,912
Net assets released from restrictions - satisfaction of donor restrictions	<u>22,242,018</u>	<u>(22,242,018)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>126,874,032</u>	<u>(8,838,015)</u>	<u>118,036,017</u>	<u>133,727,629</u>
EXPENSES				
Program Services:				
Technical Assistance	101,821,258	-	101,821,258	113,437,710
Capital Assistance	<u>1,331,061</u>	<u>-</u>	<u>1,331,061</u>	<u>1,116,165</u>
Total program services	<u>103,152,319</u>	<u>-</u>	<u>103,152,319</u>	<u>114,553,875</u>
General and Administrative	<u>20,216,400</u>	<u>-</u>	<u>20,216,400</u>	<u>22,112,068</u>
Total expenses	<u>123,368,719</u>	<u>-</u>	<u>123,368,719</u>	<u>136,665,943</u>
Change in net assets before other items	3,505,313	(8,838,015)	(5,332,702)	(2,938,314)
OTHER ITEMS				
Gain on currency translation	25,001	-	25,001	34,330
Transfer of loan capital from expired projects	3,120,067	(3,120,067)	-	-
Loss resulting from write off of investment of related entities	(3,198,885)	-	(3,198,885)	-
Net gain from related entities	<u>3,353,148</u>	<u>-</u>	<u>3,353,148</u>	<u>4,187,770</u>
CHANGE IN NET ASSETS	<u>\$ 6,804,644</u>	<u>\$ (11,958,082)</u>	<u>\$ (5,153,438)</u>	<u>\$ 1,283,786</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	<u>Unrestricted</u>			<u>Temporarily Restricted</u>			<u>2018 Total</u>	<u>2017 Total</u>	
	<u>Related Entities</u>								
	<u>Global</u>	<u>Controlling</u>	<u>Noncontrolling</u>	<u>Total</u>	<u>Project</u>	<u>Loan Capital</u>			
	<u>Communities</u>	<u>Interest</u>	<u>Interest</u>		<u>Funds</u>	<u>Funds</u>	<u>Total</u>		
Balance at beginning of year	\$ 82,151,591	\$ 38,696,901	\$ 4,924,811	\$ 125,773,303	\$ 29,982,447	\$ 4,956,829	\$ 34,939,276	\$ 160,712,579	\$ 157,983,903
Proceeds from issuance/ repurchase of units	-	-	-	-	-	-	-	-	1,564,890
Colombia equity conversion	-	4,447,958	-	4,447,958	-	-	-	4,447,958	-
Exit of control	-	(6,545,523)	-	(6,545,523)	-	-	-	(6,545,523)	-
Dividends declared	-	-	(290,208)	(290,208)	-	-	-	(290,208)	(120,000)
Change in net assets	<u>3,451,496</u>	<u>2,143,776</u>	<u>1,209,372</u>	<u>6,804,644</u>	<u>(8,838,015)</u>	<u>(3,120,067)</u>	<u>(11,958,082)</u>	<u>(5,153,438)</u>	<u>1,283,786</u>
BALANCE AT END OF YEAR	<u>\$ 85,603,087</u>	<u>\$ 38,743,112</u>	<u>\$ 5,843,975</u>	<u>\$ 130,190,174</u>	<u>\$ 21,144,432</u>	<u>\$ 1,836,762</u>	<u>\$ 22,981,194</u>	<u>\$ 153,171,368</u>	<u>\$ 160,712,579</u>

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (5,153,438)	\$ 1,283,786
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Decrease (increase) in loan allowance	3,797,563	(197,382)
Change in present value discount	1,877	(230,947)
Realized and unrealized gain on investments	(2,002,602)	(4,462,830)
Depreciation and amortization	897,774	762,179
Loss on sale/disposal of furniture and equipment	35,844	-
Colombia equity conversion	4,447,958	-
Bosnia exit from control	(6,545,523)	-
Decrease (increase) in:		
Federal grants and contracts receivable	3,018,851	(6,960,908)
Non-Federal grants and contracts receivable	5,245,249	4,578,218
Interest and accounts receivable	106,819	(748,880)
Prepaid expenses and other assets	138,821	403,134
Security deposits	92,931	(425,206)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,152,922	1,182,436
Accrued salaries and benefits	(714,234)	1,193,028
Deferred revenue	3,935,901	(1,508,561)
Deferred rent	(156,116)	(127,736)
Funds held in trust	(862,025)	(622,064)
Net cash provided (used) by operating activities	<u>7,438,572</u>	<u>(5,881,733)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in gross loans receivable	(28,380,350)	(29,562,691)
Purchase of fixed assets, net	(1,335,031)	(188,684)
Proceeds from sales of fixed assets	70,606	-
Investment purchases and reinvestments	(2,204,230)	(558,827)
Proceeds from sales of investments	1,691,497	1,172,926
Net cash used by investing activities	<u>(30,157,508)</u>	<u>(29,137,276)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	44,129,043	61,753,773
Principal payments on notes payable	(37,211,272)	(27,772,066)
Net activity from repurchase of issued units	-	546,327
Proceeds from the issuance of units	-	1,018,563
Payment of dividends	(290,208)	(120,000)
Principal payments under capital lease obligation	(24,682)	(22,553)
Net cash provided by financing activities	<u>6,602,881</u>	<u>35,404,044</u>
Net (decrease) increase in cash and cash equivalents	(16,116,055)	385,035
Cash and cash equivalents at beginning of year	<u>66,318,749</u>	<u>65,933,714</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 50,202,694</u>	<u>\$ 66,318,749</u>

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Global Communities (formerly CHF International) was incorporated as a non-profit organization under the laws of the State of New Jersey in 1952. Global Communities currently provides technical assistance to individuals, international governmental organizations, and private organizations that, in turn, assist their citizens or members in improving their homes and communities. Global Communities also provides capital assistance, which includes making home and community improvement loans to low income individuals in developing countries. Global Communities' programs are funded primarily through grants and cooperative agreements with the United States Agency for International Development.

Related entities -

Global Communities has assisted with the establishment of two non-profit entities with one located in Jordan (Entiqal for Training Company) and one located in Bosnia (LIDER); and for-profit entities registered in Lebanon (ATAS-M). These related entities are legally incorporated within their respective countries.

Global Communities' Board of Directors passed a resolution dated September 21, 2018 whereby the Board of Directors permitted Global Communities' exit from Lider, and as well as its deconsolidation of Lider from its balance sheet (such activity collectively referred to as the "Exit"). That the Exit became effective as of September 30, 2018.

Global Communities now owns 100% of CHF Development Finance International, LLC. (Vitas Group) a for-profit limited liability corporation, established under the laws of the State of Maryland. On September 11, 2017, the Vitas Group repurchased the units that were previously owned by Bamboo Finance. Prior to the repurchase of units, Bamboo Finance owned 29% of the Vitas Group.

Global Communities also formed a for-profit limited liability corporation, Atas, Inc. (ATAS-DE), established under the laws of the State of Delaware. Global Communities owns 98% of ATAS-DE. In April of 2016, Global Communities transferred ownership interest in the ACSI loan portfolio to ATAS-DE. All activity is now reported under ATAS-DE.

On November 25, 2012, Global Communities established a Joint Stock Company in Egypt, (MCSE-CHF Management and Consulting Services Egypt S.A.E). Global Communities owns 99.9% of the Egyptian entity, which is organized and existing under the laws of the Arab Republic of Egypt. The Egyptian entity implements the services agreement dated September 22, 2011 between the Overseas Private Investment Corporation (OPIC) and Global Communities.

On July 11, 2014, Global Communities established a civil association in Brazil (GC Brazil), governed but its Bylaws and the applicable legal provisions in Brazil. Global Communities has full control of the entity's board of directors.

On November 4, 2014, Global Communities established a national society, Express Microfinanzas - S.A.S., in Bogota, Colombia to operate the Microcredit T1 Loan Program. The loan program was formerly a program administered by the Global Communities Colombia field office. Express Microfinanzas-SAS promotes microfinance in Bogota and urban areas and provides access to credit and financial services.

On November 3, 2017, Express Microfinanzas, a wholly owned subsidiary of Global Communities, closed a transaction with Banco W, a Colombian commercial bank, to sell its entire loan portfolio to the aforementioned bank. On December 21, 2017, Global Communities began the process of liquidating Express Microfinanzas.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Related entities (continued) -

As result of this transaction, Global Communities received approximately \$1.5 million in FY18 and FY19. The deregistration and the final liquidation of Express Microfinanzas is expected to be fully completed by May 31, 2019.

On January 25, 2015, Global Communities established a for profit microfinance company, Vitas Palestine, in Palestine. In early 2015, all of Ryada assets (a loan program of Global Communities) were transferred to Vitas Palestine which is registered with an authorized capital of \$14,453,744. Global Communities owns 97% of Vitas Palestine and Vitas Group owns the other 3%.

In late 2017, Vitas Group signed a shareholder's agreement with Egyptian private equity firm BPE Partners to create a new microfinance institution under the Financial Regulatory Authority in Egypt. BPE, through its subsidiary Ebtikar, and Vitas registered a new company, 'Vitas Misr for Microfinance SAE' (Commercial Register 112419), which received GAFI approval on November 8, 2018. Vitas Egypt received its Financial Regulatory Authority temporary license on February 27, 2018. On January 20, 2019 the FRA provided Vitas Egypt with a final approval of the operating license.

Global Communities maintains significant control over these related entities. All of these entities were established to manage micro-enterprise loan programs within their respective jurisdictions.

Basis of presentation -

The accompanying combined financial statements have been prepared on the accrual basis of accounting and in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. All significant intercompany transactions among Global Communities and Related Entities (collectively "Global Communities") have been eliminated in combination.

The combined financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Global Communities' combined financial statements for the year ended September 30, 2017, from which the summarized information was derived.

The accompanying combined financial statements include the world-wide operations of Global Communities. At September 30, 2018, assets held in foreign countries totaled approximately \$287,500,000.

Income taxes -

Global Communities is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Global Communities is not a private foundation as described in Section 509(a)(1) of the Internal Revenue Code. Global Communities is subject to unrelated business income taxes under Section 512 (a)(7) of the Internal Revenue Code. Beginning January 1, 2018, it is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. The amount of the tax for the year ended September 30, 2018 totaled \$22,500.

The related entity located in Jordan (Entiqal) is registered (in its respective country) as a tax-exempt organization. ATAS-M is a registered for-profit entity in Lebanon (with the majority of operations in Iraq) and is subject to tax on any profit during the given fiscal year.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Income taxes (continued) -

ATAS-DE files its income tax return on the accrual basis of accounting. Under Subchapter K of the Internal Revenue Code, ATAS-DE has elected not to be taxed as a corporation and the members have consented to include the profit or loss in their individual tax returns. MCSE is subject to income tax under the laws of the Arab Republic of Egypt. GC Brazil is exempted from income tax under Law 9532 / 97, amended by Law No. 9718, of November 27, 1998. Express Microfinanzas S.A.S is a National Society duly registered with the Chamber of Commerce in Colombia subject to tax on any profit during the given fiscal year. Vitas Palestine is subject to the local banking and microfinance sector regulations. It is registered by the Palestinian Monetary Authority as a for profit company and subject to local taxes.

Vitas Group is considered a disregarded entity for corporate tax reporting, therefore all financial transactions are reported under Global Communities' filing status.

Uncertain tax positions -

For the year ended September 30, 2018, Global Communities and Related Entities have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Cash equivalents -

Global Communities considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

For financial statement purposes, Global Communities considers money market accounts and funds invested with local banks in foreign countries (see Note 2), including short-term certificates of deposit, to be cash equivalents and excluding money market funds held by investment managers in the amount of \$1,090,044, as of September 30, 2018.

Cash equivalents also include amounts held in an escrow account in the amount of \$5,809,362 as of September 30, 2018 (see Funds held in trust note.)

Grants and contracts receivable -

Grants and contracts receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Loans, interest and accounts receivable -

Loans, interest and accounts receivable is comprised of interest receivable, advances to staff, amounts due from suppliers, and commissions receivable. Interest and commissions receivable represent amounts due currently on loans and advances to customers as well as partner banks. All amounts are stated at fair value and considered fully collectible.

Investments -

Investments are recorded at their readily determinable fair value, with unrealized and realized gains and losses included in interest and investment income. Certain investments are valued at cost, as a readily obtainable fair value is undeterminable. Investments donated to Global Communities are recorded at fair value as of the date of donation.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fixed assets -

Fixed assets purchased by Global Communities with unrestricted funds (and with an acquisition value of \$10,000 or more) are stated at cost and are depreciated on the straight-line basis over their related estimated useful lives, generally three to five years.

Fixed assets purchased with restricted funds are expensed and charged to the corresponding program. Leasehold improvements are recorded at cost and are amortized over the life of the lease. The cost of software, which has been capitalized, is being amortized over three years. Intangible assets are recorded at cost and amortized over their related estimated useful lives.

Funds held in trust -

On August 4, 2016, pursuant to the service agreement with the Overseas Private Investment Corporation (OPIC) dated as of September 22, 2011, the remaining aggregate amount of expenses payable by OPIC of \$6,671,387 was deposited in an escrow account. U.S. Bank National Association (Escrow Agent) has agreed to accept, hold and disburse the funds deposited in accordance with the terms of the Escrow Agreement. The escrow account has a balance of \$5,809,362 as of September 30, 2018.

Grants, contributions and contracts -

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying combined financial statements.

Global Communities receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

Foreign currency translation -

The dollar ("dollars") is the functional currency for Global Communities' worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Combined Statement of Financial Position.

In-kind contributions -

In-kind contributions consisted of donated skilled labor, materials, and donations from local donors/municipalities. The value of these contributions is recorded at their fair value as of the date the donations were provided.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

In-kind contributions (continued) -

In-kind contributions of \$117,885 have been recorded as revenue and expenses in the accompanying combined financial statements for the year ended September 30, 2018. Global Communities also receives contributed services and materials (housing materials, supplies and tools) for which an estimate of the fair value is not determinable.

Additionally, Global Communities' programs are furthered through the contribution of land and buildings. Because the title does not vest with Global Communities, the value of these items are not reflected in the accompanying combined financial statements in accordance with accounting principles generally accepted in the United States of America.

Allocation of functional expenses -

The costs of providing program and supporting services have been summarized on a functional basis in the Combined Statement of Activities. Expenses that relate directly to a program or supporting service are charged to that program or supporting service. Certain supporting service expenses have been allocated among the programs benefited based on employee time records and ratios determined by management.

Use of estimates -

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Allowances for impairment -

Global Communities established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specified loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy -

Global Communities will write-off a loan (and any related allowance for impairment losses) when the Risk Committee determines that the loans and advances to the customer are uncollectible.

This determination is reached after considering information, such as the occurrence of significant changes in the borrower's financial position, such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on a product-specific past due status.

Collaterals -

Global Communities holds collaterals against loans to customers in the form of mortgage interest over property, other registered advances to customers over assets and guarantees. Estimates of value are based on the value of the collateral assessed at the time of borrowing and generally are not updated.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Collaterals (continued) -

Changes in fair market value at various intervals is difficult to determine due to the fact that the loans made by Global Communities are generally short-term and the change in value of any collateral is negligible in relation to the term of the loan.

Collateral generally is not held over cash deposited with banks and other financial institutions.

Credit risk -

Credit risk is the risk of financial loss to Global Communities if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Global Communities' lending activity.

Global Communities takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Allowances for impairment are accounted for where there is objective evidence that the loans and advances to customers are impaired.

Significant changes in the economy, depreciation of local currencies against currencies of the indexed portfolios, or in the health of a particular industry segment, could result in evidence that the expected future cash flows are different from those provided for at the end of the reporting period. Management, therefore, carefully monitors and manages its exposure to credit risk.

Market risk -

Market risk is defined as external influences, generally outside of the control of the organization's executive management, but which can be identified, assessed and mitigating actions put in place to reduce any adverse impact.

Interest rate risk -

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Global Communities takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a results of such changes but may reduce or create losses in the event that unexpected movements arise. Management sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored monthly.

The loans receivable as well as notes payable are at fixed interest rates. The loans receivable mature much faster than the related borrowings, a fact that allows Global Communities to adjust the fixed interest of its receivables to market conditions. As part of its financing strategy, Global Communities also seeks to attract longer term, fixed-rate financing.

Currency risk -

Global Communities is exposed to currency risk through transactions in foreign currencies against the U.S. Dollar. There is also a statement of financial position risk that the net monetary liabilities in foreign currencies will take a higher value when translated into U.S. Dollar as a result of currency movements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Operational environment risk -

The identification and valuation of investments influenced by the illiquid market conditions, the determination of compliance with debt agreements and other contract covenants, and the evaluation of significant uncertainties, including uncertainties associated with an entity's ability to continue as a going concern for a reasonable period of time, bring their own challenges. The effects of these on the financial markets have been seen in the form of volatility of the foreign exchange rates and an increase in the country's credit default swap.

The debtors of Global Communities and Related Entities may also be affected by the lower liquidity and solvency situations, which could in turn impact their ability to repay their outstanding loans.

Deteriorating operating conditions for customers may also have an impact on the management of cash flow forecasts and assessments of the impairment of financial and non-financial assets. To the extent that information is available, management has reflected revised estimates of expected future cash flows in its impairment assessment.

Management is unable to predict all development which could have an impact on the foreign financial institutions sector and, consequently, what effect, if any, they could have on these combined financial statements.

Liquidity risk -

Liquidity risk is the risk that a company will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with a liquidity approach, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities. Management monitors the maturity profile of its financial assets and liabilities to ensure that adequate liquidity is maintained. The average loan term is 12 months for Global Communities and Related Entities' share of the outstanding loan balance.

Fair value measurements -

Global Communities adopted the provisions of FASB ASC 820, *Fair Value Measurements*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

Global Communities accounts for a significant portion of their financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements -

In 2015, the FASB issued ASU 2015-07, *Fair Value Measurement* (Topic 820). The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU becomes effective for years beginning after December 15, 2016. The ASU should be applied on a retrospective basis in the year the ASU is first applied. During the year ended September 30, 2018, Global Communities adopted the new guidance above and applied it retrospectively.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements (not yet adopted) -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions.

The change in each of the classes of net assets must be reported on the Combined Statement of Activities. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of Global Communities' combined financial statements, it is not expected to alter Global Communities' reported financial position.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. Global Communities has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. Global Communities has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Combined Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

Global Communities plans to adopt the new ASUs at the respective required implementation dates.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

2. CONCENTRATION OF CREDIT RISK

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times, Global Communities maintains cash balances at financial institutions in excess of FDIC limits. Management believes the risk in these situations to be minimal.

Global Communities maintains significant cash balances for short periods of time prior to transferring funds to its field offices. For additional protection of the funds in excess of FDIC limits, Global Communities opened sweep accounts to transfer the funds into U.S. Treasuries at the close of each business day.

Global Communities had approximately \$30,000,000 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2018. The majority of funds invested in foreign countries are uninsured.

3. INVESTMENTS

Investments at September 30, 2018, consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Money market funds	\$ 1,090,044	\$ 1,090,044
Common stocks and mutual funds	33,887,427	26,294,639
Fixed income	6,191,533	6,272,616
Hedge funds	2,643,066	2,601,214
Venture Capital- Partnerships	666,067	590,503
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	10,578	10,578
Investment in BOAFO (local microfinance institution in Ghana)	851,303	406,832
Investment in Vitas Egypt	<u>351,840</u>	<u>570,000</u>
TOTAL INVESTMENTS	<u>\$ 45,691,858</u>	<u>\$ 37,836,426</u>

During the year ended September 30, 2018, Global Communities recorded realized and unrealized gains on its investments of \$2,002,602. The gains have been included in interest and investment income in the accompanying Combined Statement of Activities.

There are no uncalled commitments, lock up or liquidity provisions associated with the hedge funds or partnerships.

4. LOANS RECEIVABLE AND PROVISION FOR LOAN LOSSES

Loans receivable include loans made by Global Communities to financial institutions, who in turn lend these funds to low-income individuals or families in foreign countries for a variety of microfinance activities.

Loans receivable also include loans made directly by Global Communities to individuals for similar purposes. These loans, the majority of which are at the prevailing market interest rates ranging between 0.67% and 5.58% per month, mature at various times over the next five years and are disbursed and repaid in either U.S. dollars or the local currency of the respective country.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

4. LOANS RECEIVABLE AND PROVISION FOR LOAN LOSSES (Continued)

Loans receivable, as of September 30, 2018, consisted of the following:

Loans receivable	\$ 268,575,292
Less: Allowance for bad debts	(9,483,245)
Less: Unearned revenue	<u>(11,259,728)</u>
NET LOANS RECEIVABLE	<u>\$ 247,832,319</u>

The following is a schedule of required principal receipts (due Global Communities) under the aforementioned loans (net of allowance):

Year Ending September 30,

2019	\$ 137,511,346
2020	62,712,073
2021	29,776,028
2022	10,402,351
2023	5,080,036
Thereafter	<u>2,350,485</u>
	<u>\$ 247,832,319</u>

During the year ended September 30, 2018, the total allowance for loan losses decreased by \$3,797,563. The total bad debt expense was \$5,707,330. During the year ended September 30, 2018, interest and fee income earned on loans receivable totaled approximately \$62,670,000.

5. NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE

As of September 30, 2018, contributors to Global Communities have made written promises to give of which \$11,744,085 remained outstanding as of fiscal year-end. As of September 30, 2018, non-federal grants and contracts are due as follows:

Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 5.25%.

Less than one year	\$ 9,621,431
One to five years	<u>2,122,654</u>
	11,744,085
Less: Allowance to discount balance to present value	<u>(134,210)</u>
NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE	<u>\$ 11,609,875</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

6. FIXED AND INTANGIBLE ASSETS

Furniture, equipment and leasehold improvements consisted of the following at September 30, 2018:

Furniture and fixtures	\$ 2,046,915
Computers and equipment	1,558,130
Vehicles	1,157,442
Leasehold improvements	<u>5,235,608</u>
	9,998,095
Less: Accumulated depreciation and amortization	<u>(4,505,490)</u>
	5,492,605
Net intangible assets	<u>164,464</u>
FIXED ASSETS, NET	<u>\$ 5,657,069</u>

Total depreciation and amortization expense for the year ended September 30, 2018 was \$897,774, of which \$397,031 was related to assets held by Global Communities and \$500,743 was related to assets held by the related entities.

7. CAPITAL LEASE OBLIGATION

In 2016, Global Communities entered into a capital lease obligation for a six printers, which expires in 2019. As of September 30, 2018, the cost and related accumulated amortization of the leased asset were \$69,145 and \$63,383, respectively. Amortization of assets held under capital leases is included with depreciation expense.

Future minimum lease payments at September 30, 2018 are as follows:

2019	\$ 6,424
Less: Interest	<u>(77)</u>
TOTAL	<u>\$ 6,347</u>

8. NOTES PAYABLE

As of September 30, 2018, Global Communities has outstanding notes payable aggregating \$183,092,603. The notes are due between October 1, 2018 and June 30, 2025. All notes payable are secured by Global Communities' loans receivable.

Following is a table of all notes payable as of September 30, 2018:

Entity	Lender's Name	Date of Issue	Loan Currency	Loan Original Amount (USD)	Date of Maturity	Interest Rate	Commission	Loan Balance September 30, 2018 (USD)
GC HQ	Calvert Foundation	04/04/2018	USD	\$ 5,000,000	04/03/2021 6/2024-	4.80%		\$ 5,000,000
ATAS DE	OPIC	03/14/2017	USD	65,000,000	12/2033	5.08%		65,000,000
Vitas Palestine	ResponsAbility SICAV	04/21/2016	USD	1,000,000	04.23/2019	4.95%		333,334
Vitas Palestine	ResponsAbility SICAV	06/12/2016	USD	1,000,000	06/10/2019	4.95%		333,334
Vitas Palestine	ResponsAbility SICAV	07/12/2016	USD	1,500,000	07/12/2019	4.95%		500,000
Vitas Palestine	ResponsAbility SICAV	09/20/2016	USD	1,500,000	09/20/2019	4.95%		500,000

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

8. NOTES PAYABLE (Continued)

Entity	Lender's Name	Date of Issue	Loan Currency	Loan Original Amount (USD)	Date of Maturity	Interest Rate	Commission	Loan Balance September 30, 2018 (USD)
Vitas Palestine	ResponsAbility SICAV	10/11/2016	USD	\$ 1,000,000	10/11/2019	4.95%		\$ 666,667
Vitas Palestine	ResponsAbility SICAV	11/10/2016	USD	1,000,000	11/10/2019	4.95%		666,667
Vitas Palestine	ResponsAbility SICAV	06/29/2017	USD	3,000,000	06/29/2020	5.00%		2,000,004
Vitas Palestine	ResponsAbility SICAV	06/26/2018	USD	3,500,000	06/28/2021	6.25%		3,500,000
Vitas Palestine	Quds Bank	07/01/2015	USD	1,000,000	10/22/2018	5.00%	1.00%	83,333
Vitas Palestine	Quds Bank	12/27/2015	USD	1,000,000	09/21/2019	4.50%	1.00%	301,868
Vitas Palestine	Quds Bank	03/20/2016	USD	2,000,000	03/20/2021	4.50%	1.00%	1,055,569
Vitas Palestine	Quds Bank	08/24/2016	USD	1,000,000	08/24/2021	4.50%	1.00%	626,477
Vitas Palestine	Quds Bank	02/27/2017	USD	1,000,000	02/27/2022	4.86%	1.00%	724,793
Vitas Palestine	Quds Bank	10/25/2017	USD	1,000,000	10/25/2017	5.05%	1.00%	910,854
Vitas Palestine	Quds Bank	11/21/2017	USD	2,000,000	11/21/2017	5.13%	1.00%	1,822,023
Vitas Palestine	Bank of Palestine	05/25/2016	USD	1,000,000	05/25/2021	4.65%	0.50%	675,467
Vitas Palestine	Bank of Palestine	09/07/2016	USD	1,000,000	05/25/2021	4.99%	0.50%	676,698
Vitas Palestine	Bank of Palestine	01/02/2017	USD	1,000,000	05/25/2021	5.07%	0.50%	675,377
Vitas Palestine	Bank of Palestine	04/17/2017	USD	1,000,000	05/25/2021	5.19%	0.50%	677,117
Vitas Palestine	SANAD	03/07/2017	USD	5,000,000	05/25/2021	5.00%	0.50%	4,000,000
Vitas Palestine	Palestinian Fund for Employment and Social Protection	02/05/2016	USD	1,050,000	02/05/2022	2.00%		745,989
Vitas Palestine	Palestinian Fund for Employment and Social Protection	01/30/2018	USD	2,011,022	01/30/2024	2.00%		2,011,022
Vitas Palestine	GGF (SANAD)	12/04/2017	USD	2,000,000	12/15/2020	4.80%	1.00%	2,000,000
Vitas Palestine	European Investment Bank	05/24/2018	USD	2,500,000	02/01/2023	5.31%		2,500,000
Vitas Palestine	Palestinian Investment Fund	12/04/2017	USD	2,000,000	12/04/2021	3.00%		1,865,091
Vitas Jordan	Triodos	12/12/2013	JOD	1,414,000	01/01/2019	8.30%	1.00%	1,994,358
Vitas Jordan	Capital Bank	09/03/2015	JOD	4,000,000	Revolving	9.50%		1,851,201
Vitas Jordan	Al-Ethad Bank	01/07/2014	JOD	4,500,000	Revolving	8.75%	0.25%	5,031,130
Vitas Jordan	Al-Ethad Bank	01/05/2015	JOD	2,000,000	01/10/2019	9.25%		640,212
Vitas Jordan	SANAD	17/12/2015	USD	2,000,000	05/01/2019	8.50%	0.50%	400,000
Vitas Jordan	SANAD	15/03/2016	USD	2,000,000	05/01/2019	8.50%	0.50%	400,000
Vitas Jordan	Cairo Amman Bank	01/03/2015	JOD	3,500,000	Revolving	9.25%		164,940
Vitas Jordan	SANAD	29/03/2018	USD	4,000,000	05/04/2021	8.10%		4,000,000
Vitas Jordan	Societe Generale Bank Jordan	04/05/2016	JOD	1,000,000	01/10/2019	9.00%	0.50%	509,325
Vitas Jordan	Housing Bank for Trade and Finance	05/05/2016	JOD	2,000,000	Revolving	9.25%		2,809,750
Vitas Jordan	Societe Generale Bank Jordan	26/10/2015	JOD	1,000,000	Revolving	8.75%	0.50%	1,218,006
Vitas Jordan	Egyptian Arab Land Bank	23/03/2016	JOD	2,800,000	Revolving	9.25%		2,085,214
Vitas Jordan	Jordan Kuwait Bank	16/06/2016	JOD	700,000	16/06/2019	8.75%		296,202
Vitas Jordan	Jordan Kuwait Bank	16/06/2016	JOD	300,000	16/06/2019	6.25%		133,804
Vitas Jordan	Invest Bank	30/03/2017	JOD	5,000,000	Revolving	8.75%		3,867,371
Vitas Jordan	SANAD	15/04/2017	USD	4,000,000	05/04/2020	7.90%	0.50%	3,200,000
Vitas Jordan	Al-Ethad Bank	30/04/2017	JOD	2,000,000	30/07/2021	9.25%		1,981,824
Vitas Jordan	Jordan Kuwait Bank	30/04/2017	JOD	1,000,000	31/03/2020	9.25%		846,270
Vitas Jordan	Societe Generale Bank Jordan	30/04/2017	JOD	1,000,000	01/11/2020	8.50%	0.50%	940,270
Vitas Jordan	ResponsAbility Global	23/11/2016	USD	2,600,000	30/11/2018	7.15%		1,300,000
Vitas Jordan	ResponsAbility Mikrifinanz	23/11/2016	USD	1,100,000	30/11/2018	7.15%		550,000
Vitas Jordan	ResponsAbility Financial	23/11/2016	USD	600,000	30/11/2018	7.15%		300,000
Vitas Jordan	ResponsAbility Leaders	23/11/2016	USD	700,000	30/11/2018	7.15%		350,000
Vitas Jordan	Egyptian Arab Land Bank	13/02/2018	JOD	200,000	13/02/2020	6.00%	1.00%	203,152
Vitas Jordan	Societe Generale Bank Jordan	19/03/2018	JOD	1,000,000	30/09/2021	8.50%		1,410,440
Vitas Jordan	Housing Bank for Trade and Finance	01/03/2018	JOD	2,000,000	01/08/2021	9.25%		2,762,103
Vitas Jordan	Jordan Kuwait Bank	01/03/2018	JOD	730,000	01/10/2020	9.50%		1,029,620
Vitas Jordan	Jordan Kuwait Bank	01/03/2018	JOD	270,000	01/10/2020	9.50%		380,818
Vitas Lebanon	KIVA Microfunds	07/21/2018	USD	-	N/A	0.00%		234,344
Vitas Lebanon	Fransabank sal	08/24/2013	LBP	3,316,750	12/31/2021	4.79%		2,155,887
Vitas Lebanon	Jammal Trust Bank sal	09/30/2013	LBP	3,316,750	09/30/2021	4.79%		1,990,050
Vitas Lebanon	Jammal Trust Bank sal	02/28/2014	LBP	3,316,750	03/31/2022	4.79%		2,321,725
Vitas Lebanon	Fransabank sal	06/25/2017	LBP	3,316,750	09/30/2022	4.79%		2,653,349
Vitas Lebanon	Jammal Trust Bank sal	11/14/2014	LBP	3,316,750	09/30/2022	4.79%		2,653,388

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

8. NOTES PAYABLE (Continued)

Entity	Lender's Name	Date of Issue	Loan Currency	Loan Original Amount (USD)	Date of Maturity	Interest Rate	Commission	Loan Balance September 30, 2018 (USD)
Vitas Lebanon	Fransabank sal	11/12/2015	LBP	\$ 3,316,750	12/31/2023	4.79%		\$ 3,316,722
Vitas Lebanon	International Finance Corporation	08/31/2016	USD	4,000,000	06/15/2020	6.75%	0.50%	2,257,503
Vitas Lebanon	SANAD	11/14/2016	USD	4,000,000	10/05/2019	5.75%	0.75%	2,455,739
Vitas Lebanon	Saradar Bank	02/20/2018	LBP	3,316,750	12/31/2025	4.00%		3,316,750
Vitas Jordan	Saradar Bank	02/22/2018	LBP	3,316,750	12/31/2025	4.00%		3,316,750
Vitas Jordan	Saradar Bank	04/11/2018	LBP	3,316,750	12/31/2025	4.00%		3,316,750
Vitas Romania	European Investment Bank	10/06/2014	RON	8,840,000	09/30/2019	6.75%	0.75%	626,199
Vitas Romania	Oikocredit, Ecumenical Development Co-operative Society, U.A. - Oikocredit 4 (ii)	08/17/2016	RON	6,660,000	08/25/2021	8.68%	1.00%	1,107,416
Vitas Romania	Oikocredit, Ecumenical Development Co-operative Society U.A. - Oikocredit 5 (iii)	12/14/2017	RON	5,000,000	06/20/2022	6.50%	1.00%	1,256,349
Vitas Romania	CoopEst Netherlands B.V. - CoopEst 2 (iv)	05/15/2013	EUR	800,000	12/31/2019	4.30%	1.00%	926,321
Vitas Romania	CoopEst Netherlands B.V. - CoopEst 4 (v)	05/10/2017	EUR	250,000	05/11/2018	4.30%	1.50%	292,859
Vitas Romania	CoopEst Netherlands B.V. - CoopEst 5 (vi)	06/30/2017	EUR	500,000	06/30/2019	4.30%	2.00%	581,902
Vitas Romania	CoopEst Netherlands B.V. - CoopEst 6 (vii)	06/11/2018	EUR	450,000	06/20/2021	4.25%	2.00%	518,678
Vitas Romania	ResponsAbility SICAV, Global Microfinance Fund - ResponsAbility (C) (viii)	03/09/2017	EUR	250,000	03/09/2020	5.20%		193,865
Vitas Romania	ResponsAbility SICAV, Mikrofinanz Fonds - ResponsAbility (D) (ix)	03/09/2017	EUR	250,000	03/09/2020	5.20%		193,865
Vitas Romania	ResponsAbility SICAV, Global Microfinance Fund - ResponsAbility (E) (x)	03/13/2017	RON	1,133,000	03/13/2020	6.25%		188,402
Vitas Romania	ResponsAbility SICAV, Mikrofinanz Fonds - ResponsAbility (F) (xi)	03/13/2017	RON	1,133,000	03/13/2020	6.25%		188,402
Vitas Romania	ResponsAbility SICAV, Micro and SME Finance Leaders - ResponsAbility (G) (xii)	09/07/2017	RON	2,065,000	09/13/2021	6.00%		386,320
Vitas Romania	ResponsAbility SICAV, Mikro- und KMU-Finanz-Fonds - ResponsAbility (H) (xiii)	09/07/2017	RON	1,600,000	09/13/2021	6.00%		299,329
Vitas Romania	ResponsAbility SICAV, Financial Inclusion Fund - ResponsAbility (I) (xiv)	09/07/2017	RON	920,000	09/13/2021	6.00%		172,114
Vitas Romania	ResponsAbility SICAV, Financial Inclusion Fund - ResponsAbility (K) (xv)	08/30/2018	RON	2,300,000	09/10/2021	7.15%	1.00%	568,699
Vitas Romania	ResponsAbility SICAV, Micro and SME Finance Leaders - ResponsAbility (L) (xvi)	08/30/2018	RON	3,000,000	09/10/2021	7.15%	1.00%	741,781
Vitas Romania	Symbiotics SA - Symbiotics (xvii)	06/29/2017	EUR	500,000	06/29/2020	4.70%	1.00%	583,005
Vitas Romania	Symbiotics SICAV, Global Financial Inclusion Fund - Symbiotics (A) (xviii)	08/17/2017	RON	2,035,000	08/17/2020	6.00%	1.00%	506,439
Vitas Romania	Symbiotics SICAV, Global Financial Inclusion Fund- Symbiotics (B) (xix)	09/04/2017	RON	2,035,000	09/15/2020	6.00%	1.00%	503,908
Vitas Romania	Symbiotics SICAV, SEB V Microfinance Fund - Symbiotics (C) (xx)	05/23/2018	RON	5,000,000	05/25/2021	6.42%	1.00%	1,260,292
Vitas Romania	Symbiotics SICAV, Emerging Impact Bond Fund - Symbiotics (D) (xxi)	06/05/2018	RON	1,300,000	06/15/2021	6.50%	1.00%	326,500
Vitas Romania	CoopEst Netherlands B.V	10/03/2016	EUR	500,000	10/15/2023	6.50%	1.00%	585,233
Vitas Romania	ResponsAbility Management Company SA	01/28/2016	EUR	500,000	01/28/2021	8.17%		<u>588,074</u>
								<u>\$ 183,092,603</u>

The following is a schedule of required principal payments due under the aforementioned loans:

Year Ending September 30,

2019	\$ 47,013,915
2020	32,190,878
2021	23,787,540
2022	6,629,078
2023	3,247,881
Thereafter	<u>70,223,311</u>
	<u>\$ 183,092,603</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted primarily of cash and cash equivalents, loans receivable (net of allowance for bad debts) and grants receivable, received from governmental agencies, corporations and private foundations and loan capital, for which donor-imposed restrictions have not been met. All temporarily restricted net assets at September 30, 2018 are to provide support for Global Communities' programs. Following is a summary of temporarily restricted net assets at September 30, 2018:

Project Funds:	
Argentina	\$ 1,135,300
Brazil	1,198,002
Haiti	3,956,611
Honduras	8,775,359
Kenya	300,571
Liberia	649
Malawi	419,588
Palestine	1,195,937
South Sudan	13,075
Tanzania	457,788
Turkey-Syria	483,610
Various headquarters projects	<u>3,207,942</u>
Project Funds Total	<u>\$ 21,144,432</u>
Loan Capital:	
Jordan	\$ 333,333
Lebanon	333,333
Palestine	<u>1,170,096</u>
Loan Capital Total	<u>\$ 1,836,762</u>

During the year ended September 30, 2018, temporarily restricted net assets of \$25,362,085 were released from restrictions by incurring programmatic expenses or through the passage of time, both satisfying Global Communities's donor-imposed restrictions. Following is a summary of net assets released from restrictions, by country program, for the year ended September 30, 2018:

Project Funds:	
Argentina	\$ 145,640
Brazil	1,061,895
Ghana	360,798
Haiti	7,563,015
Honduras	3,973,287
India	179,208
Jordan	2,865
Kenya	2,022,043
Liberia	23,363
Malawi	735,476
Palestine	1,773,895
Puerto Rico	90,113
South Sudan	428
Tanzania	778,223
Turkey-Syria	2,287,824
Various headquarters projects	<u>1,243,945</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 22,242,018</u>
Loan Capital:	
Colombia	<u>\$ 3,120,067</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

10. RETIREMENT PLANS

Defined contribution plan -

Global Communities sponsors a defined contribution plan (profit-sharing plan) that covers all current employees who have completed one year of service. Contributions to the plan are discretionary and are determined each year by the management of Global Communities. The plan has a four-year graduated vesting schedule. In addition, Global Communities has also adopted a Safe Harbor Plan that contributes 3% of total compensation to each employees account that is vested immediately.

Deferred compensation plan -

Global Communities also has a deferred compensation plan for certain key staff. Amounts contributed are vested immediately.

During the year ended September 30, 2018, total retirement plan expense aggregated \$2,000,000.

11. COMMITMENTS

On November 6, 2014, Global Communities entered into a 156-month lease agreement for office space. The lease commences on April 1, 2015 and includes a 2.5% annual lease payment escalation. The lease agreement also stipulates that Global Communities will be obligated to pay a proportionate share of the building's operating expenses and real estate taxes.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the combined Statement of Financial Position.

Global Communities is also obligated under several non-cancelable leases for office equipment and vehicles.

The following is a schedule of future minimum payments required as of September 30, 2018:

Year Ending September 30,

2019	\$ 894,037
2020	911,918
2021	930,156
2022	948,760
2023	967,735
Thereafter	<u>4,597,335</u>
	<u>\$ 9,249,941</u>

Total rent expense under long-term lease commitments for the year ended September 30, 2018 was approximately \$898,000. The deferred rent liability was \$2,406,231.

Global Communities also leases office space in numerous foreign countries under short-term lease agreements. Total rent expense under short-term lease agreements for the year ended September 30, 2018 was approximately \$2,354,000.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

12. CONTINGENCIES

United States Government funding -

Global Communities receives grants from various agencies of the United States Government. Beginning with the fiscal year ended September 30, 2016, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2018. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Foreign operations -

Global Communities provides technical assistance and capital assistance in numerous third world countries through its field offices and related entities in each of those countries. Global Communities also maintains cash accounts as well as loan portfolios in several of those countries. The future results of those programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate.

As of September 30, 2018, Global Communities had cash, loans receivable and fixed assets in various countries in the Middle East, Eastern Europe, Africa, Asia and Central and South America, totaling approximately \$287,500,000, which represents approximately 78% of Global Communities' total assets as of September 30, 2018.

13. ECONOMIC DEPENDENCY

Approximately 77% of Global Communities' total revenue and support, excluding in-kind contributions and related entity activity for the year ended September 30, 2018 was derived from grants and contracts awarded directly by the United States Federal Government or from pass-through entities, excluding loan capital. Global Communities has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew agreements or withholding of funds) would adversely affect Global Communities' ability to finance ongoing operations.

14. FUTURE COMMITMENTS FROM THE U.S. GOVERNMENT

Global Communities receives a significant amount of its funding from various agencies of the United States Government.

As of September 30, 2018, Global Communities has outstanding commitments from these agencies for future years totaling approximately \$197,000,000, of which the agencies have obligated, but Global Communities has not drawn down, approximately \$90,000,000. Such amounts have not been included in the accompanying combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2018

15. SUPPLEMENTAL CASH FLOW INFORMATION

The following is supplementary information relating to the Combined Statement of Cash Flows:

Interest Paid - Global Communities International	\$ <u>1,780</u>
Interest Paid - Related Entities	\$ <u>11,560,827</u>
Taxes Paid - Related Entities	\$ <u>1,542,778</u>

16. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, Global Communities has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Combined Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market Global Communities has the ability to access.

Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of September 30, 2018.

- *Money market funds* - The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission and is deemed to be actively traded.
- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Global Communities' are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Global Communities are deemed to be actively traded.
- *Fixed income* - Valued at the closing price reported on the active market in which the individual securities are traded.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

16. FAIR VALUE MEASUREMENT (Continued)

- *Interests in hedge funds, limited partnerships, private equity funds and other investments* - Valued at net asset value (NAV) of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

Global Communities uses net asset value (NAV) per share, or its equivalent, as a practical expedient: Certain alternative investments that are measured at fair value using the NAV (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy; however, the fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position. Following is a description of those alternative investments:

- Rockefeller Opportunistic Credit Fund, LLC is a fund-of-funds that invests primarily in third-party hedge funds that focus on stressed and distressed credit, fixed income, and other investments, both domestically and outside of the US.
- Rockefeller Access Fund 2015, LLC is a fund-of-funds that provides a level of diversified exposure to private equity investments, primarily through investments in “top-tier” growth equity funds and buyout funds, with select exposure to venture funds, special situations funds and credit funds.
- Aberdeen Private Ventures Fund is a fund-of-funds that provides a level of diversified exposure to early and multi-stage venture capital funds.

The table below summarizes, by level within the fair value hierarchy and those invested and measured at NAV for practical expedient as of September 30, 2018.

Asset Category:	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,090,044	\$ -	\$ -	\$ 1,090,044
Common stocks and mutual funds	33,887,427	-	-	33,887,427
Fixed income	6,191,533	-	-	6,191,533
Other investments:				
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	-	-	10,578	10,578
Investment in BOAFO (local microfinance institution in Ghana)	-	-	851,303	851,303
Investment in Vitas Egypt	-	-	351,840	351,840
Investments Measured at Net Asset Value:				
Hedge funds	-	-	-	2,643,066
Venture Capital- Partnerships	-	-	-	666,067
TOTAL	\$ 41,169,004	\$ -	\$ 1,213,721	\$ 45,691,858

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

16. FAIR VALUE MEASUREMENT (Continued)

There were no transfers between levels in the fair value hierarchy during the years ended September 30, 2018. Transfers between levels are recorded at the end of the reporting period, if applicable.

Level 3 Financial Assets

The following table provides a summary of changes in fair value of Global Communities' financial assets for the year ended September 30, 2018:

	<u>Investments</u>
Beginning balance as of September 30, 2017	\$ 754,350
Purchases	570,000
Net unrealized loss on investments	<u>(110,629)</u>
BALANCE AS OF SEPTEMBER 30, 2018	<u>\$ 1,213,721</u>

17. SUBSEQUENT EVENTS

In preparing these combined financial statements, Global Communities has evaluated events and transactions for potential recognition or disclosure through March 18, 2019, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

GLOBAL COMMUNITIES AND RELATED ENTITIES

SCHEDULE OF FUNCTIONAL EXPENSES WITHOUT RELATED ENTITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Technical Assistance</u>	<u>Capital Assistance</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 6,508,571	\$ 737,090	\$ 10,801,647	\$ 18,047,308
Fringe benefits	2,103,425	238,211	3,507,349	5,848,985
Local salaries and fringe	25,981,347	28,690	488,171	26,498,208
Other benefits	2,360,408	42,655	13,042	2,416,105
Printing and production	82,399	224	20,695	103,318
Professional fees	588,661	52,194	463,305	1,104,160
Occupancy	1,960,267	13,610	816,256	2,790,133
Security costs	185,421	-	-	185,421
Insurance	531,976	-	170,028	702,004
Depreciation and amortization	-	-	397,031	397,031
Telecommunications	359,075	3,002	253,885	615,962
Travel	2,309,190	46,338	564,752	2,920,280
Consulting fees	2,014,268	89,334	685,213	2,788,815
Postage and delivery	62,742	13,232	8,823	84,797
Repairs and maintenance	322,975	559	483,801	807,335
Supplies	1,034,551	167	44,636	1,079,354
Dues, subscriptions and publications	34,450	346	280,032	314,828
Conferences	197,622	808	91,344	289,774
In-kind professional fees	117,885	-	-	117,885
Equipment purchase and rental	1,283,613	2,493	543,453	1,829,559
Temporary help	238,186	1,708	28,363	268,257
Contracts	11,347,964	-	-	11,347,964
Assistance awards, not subject to OH	26,974,754	-	-	26,974,754
Assistance awards, subject to OH	1,430,600	-	-	1,430,600
Vehicle expense	649,368	-	2,384	651,752
Office operating expense	693	198	17,835	18,726
Participant training	4,291,113	-	1,211	4,292,324
Staff training and development	61,172	-	89,818	150,990
Construction expense and materials	7,750,049	-	-	7,750,049
Other	<u>1,038,513</u>	<u>60,202</u>	<u>443,326</u>	<u>1,542,041</u>
TOTAL	<u>\$ 101,821,258</u>	<u>\$ 1,331,061</u>	<u>\$ 20,216,400</u>	<u>\$ 123,368,719</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2018

	Related Entities									Subtotal	Eliminations	Total
	Global Communities	ATAS-M	Entiqal	Vitas Group	ATAS-DE	MCSE	GC Brazil	Vitas Palestine	Express Microfinanzas-SAS - Colombia			
ASSETS												
Cash and cash equivalents	\$ 26,686,727	\$ 274,125	\$ 3,770,077	\$ 8,869,017	\$ 5,164,466	\$ 13,363	\$ 48,912	\$ 5,221,242	\$ 154,765	\$ 50,202,694	\$ -	\$ 50,202,694
Investments	107,882,281	-	4,378,618	890,951	-	-	-	-	-	113,151,850	(67,459,992)	45,691,858
Loans receivable, net of allowance	-	-	-	119,394,934	78,198,553	-	-	50,238,832	-	247,832,319	-	247,832,319
Federal grants and contracts receivable	4,207,774	-	-	-	-	-	-	-	-	4,207,774	-	4,207,774
Non-Federal grants and contracts receivable	11,609,875	-	-	-	-	-	-	-	-	11,609,875	-	11,609,875
Interest and accounts receivable	124,464	-	100,460	2,258,904	348,666	-	-	103,093	209,814	3,145,401	51,849	3,197,250
Intracompany receivables	193,128	-	-	-	-	-	-	-	-	193,128	(193,128)	-
Intercompany receivables	8,864,825	-	13,308,525	22,807	346,130	-	-	-	-	22,542,287	(22,542,287)	-
Prepaid expenses and other assets	669,648	82,161	15,608	469,053	-	11,604	-	78,696	-	1,326,770	-	1,326,770
Fixed and intangible assets	2,310,581	228,661	29,149	2,481,420	-	3	-	603,482	3,773	5,657,069	-	5,657,069
Security deposits	234,716	-	-	578,290	-	19,080	-	50,000	-	882,086	-	882,086
TOTAL ASSETS	\$ 162,784,019	\$ 584,947	\$ 21,602,437	\$ 134,965,376	\$ 84,057,815	\$ 44,050	\$ 48,912	\$ 56,295,345	\$ 368,352	\$ 460,751,253	\$ (90,143,558)	\$ 370,607,695
LIABILITIES												
Notes payable	5,000,000	-	-	94,069,608	65,000,000	-	-	29,851,684	-	193,921,292	(10,828,689)	183,092,603
Capital lease obligation	6,347	-	-	-	-	-	-	-	-	6,347	-	6,347
Accounts payable and accrued expenses	3,808,516	36,049	14,525	4,047,553	901,681	8,755	5,207	2,481,041	5,513	11,308,840	127,576	11,436,416
Intracompany payables	193,128	-	-	-	-	-	-	-	-	193,128	(193,128)	-
Intercompany payables	-	346,130	-	3,035,619	676,733	13,744	11,001	5,065,203	-	9,148,430	(9,148,430)	-
Accrued salaries and benefits	5,979,695	65,068	216,318	516,561	-	805	32,704	1,268,305	298	8,079,754	-	8,079,754
Deferred revenue	6,605,614	-	-	-	-	-	-	-	-	6,605,614	-	6,605,614
Deferred rent	2,406,231	-	-	-	-	-	-	-	-	2,406,231	-	2,406,231
Funds held in trust	5,809,362	-	-	-	-	-	-	-	-	5,809,362	-	5,809,362
Total liabilities	29,808,893	447,247	230,843	101,669,341	66,578,414	23,304	48,912	38,666,233	5,811	237,478,998	(20,042,671)	217,436,327
NET ASSETS												
Unrestricted												
Controlling interest	109,993,932	137,700	21,371,594	19,611,175	17,479,401	20,746	-	17,629,112	362,541	186,606,201	(62,260,002)	124,346,199
Noncontrolling interest	-	-	-	13,684,860	-	-	-	-	-	13,684,860	(7,840,885)	5,843,975
Temporarily restricted	22,981,194	-	-	-	-	-	-	-	-	22,981,194	-	22,981,194
Total net assets	132,975,126	137,700	21,371,594	33,296,035	17,479,401	20,746	-	17,629,112	362,541	223,272,255	(70,100,887)	153,171,368
TOTAL LIABILITIES AND NET ASSETS	\$ 162,784,019	\$ 584,947	\$ 21,602,437	\$ 134,965,376	\$ 84,057,815	\$ 44,050	\$ 48,912	\$ 56,295,345	\$ 368,352	\$ 460,751,253	\$ (90,143,558)	\$ 370,607,695

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF ACTIVITIES
AS OF SEPTEMBER 30, 2018

Related Entities

	Related Entities										Total	
	Global Communities	ATAS-M	Entiqal	Vitas Group	ATAS-DE	MCSE	GC Brazil	Vitas Palestine	Express Microfinance-SAS - Colombia	Eliminations		Related Entity Subtotal
REVENUE AND SUPPORT												
Grants and contributions	\$ 89,845,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,845,251
Contracts	18,445,844	-	-	-	-	264,526	-	-	-	(264,526)	-	18,445,844
In-kind contributions	117,885	-	-	-	-	-	-	-	-	-	-	117,885
Interest and investment income	678,094	13,234	-	28,457,015	16,499,266	-	5,444	8,596,576	316,983	(21,065)	53,867,453	54,545,547
Commission income	-	-	-	3,434,189	4,593,786	-	-	1,089,619	31,607	(4,593,786)	4,555,415	4,555,415
Other income	30,165,904	1,124,226	1,104,484	339,485	-	-	508,640	412,589	545,057	(31,276,917)	2,143,541	2,923,468
Total revenue and support	139,252,978	1,137,460	1,104,484	32,230,689	21,093,052	264,526	514,084	10,098,784	893,647	(36,156,294)	60,566,409	170,433,410
EXPENSES	123,368,719	1,137,460	825,218	27,978,682	21,057,366	262,695	514,084	9,452,701	2,476,233	(11,486,310)	57,213,261	175,586,848
CHANGE IN NET ASSETS/ NET INCOME (LOSS)	\$ 15,884,259	\$ -	\$ 279,266	\$ 4,252,007	\$ 35,686	\$ 1,831	\$ -	\$ 646,083	\$ (1,582,586)	\$ (24,669,984)	\$ 3,353,148	\$ (5,153,438)

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Related Entities										Subtotal	Eliminations	Total
	Global Communities	LIDER	ATAS-M	Entiqal	Vitas Group	ATAS-DE	MCSE	GC Brazil	Vitas Palestine	Express Microfinanzas-SAS - Colombia			
UNRESTRICTED:													
Beginning of year net assets	\$ 82,151,591	\$ 6,550,523	\$ 137,700	\$ 21,092,328	\$ 25,951,738	\$ 17,443,715	\$ 8,261	\$ -	\$ 16,983,029	\$ 1,945,127	\$ 172,264,012	\$ (46,490,709)	\$ 125,773,303
Proceeds from issuance of units	-	-	-	-	1,000,000	-	-	-	-	-	1,000,000	(1,000,000)	-
Proceeds from ownership investment	-	-	-	-	-	-	10,654	-	-	-	10,654	(10,654)	-
Colombia equity conversion	-	-	-	-	-	-	-	-	-	-	-	4,447,958	4,447,958
Bosnia exit from control	-	(6,550,523)	-	-	-	-	-	-	-	-	(6,550,523)	5,000	(6,545,523)
Convertible debt option reserve	-	-	-	-	2,640,895	-	-	-	-	-	2,640,895	(2,640,895)	-
Dividends declared	-	-	-	-	(548,605)	-	-	-	-	-	(548,605)	258,397	(290,208)
Change in net assets	27,842,341	-	-	279,266	4,252,007	35,686	1,831	-	646,083	(1,582,586)	31,474,628	(24,669,984)	6,804,644
END OF YEAR NET ASSETS	\$ 109,993,932	\$ -	\$ 137,700	\$ 21,371,594	\$ 33,296,035	\$ 17,479,401	\$ 20,746	\$ -	\$ 17,629,112	\$ 362,541	\$ 200,291,061	\$ (70,100,887)	\$ 130,190,174
TEMPORARILY RESTRICTED:													
Beginning of year net assets	\$ 34,939,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,939,276	\$ -	\$ 34,939,276
Change in net assets	(11,958,082)	-	-	-	-	-	-	-	-	-	(11,958,082)	-	(11,958,082)
END OF YEAR NET ASSETS	\$ 22,981,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,981,194	\$ -	\$ 22,981,194
TOTAL:													
Beginning of year net assets	\$ 117,090,867	\$ 6,550,523	\$ 137,700	\$ 21,092,328	\$ 25,951,738	\$ 17,443,715	\$ 8,261	\$ -	\$ 16,983,029	\$ 1,945,127	\$ 207,203,288	\$ (46,490,709)	\$ 160,712,579
Proceeds from issuance of units	-	-	-	-	1,000,000	-	-	-	-	-	1,000,000	(1,000,000)	-
Proceeds from ownership investment	-	-	-	-	-	-	10,654	-	-	-	10,654	(10,654)	-
Colombia equity conversion	-	-	-	-	-	-	-	-	-	-	-	4,447,958	4,447,958
Bosnia exit from control	-	(6,550,523)	-	-	-	-	-	-	-	-	(6,550,523)	5,000	(6,545,523)
Convertible debt option reserve	-	-	-	-	2,640,895	-	-	-	-	-	2,640,895	(2,640,895)	-
Dividends declared	-	-	-	-	(548,605)	-	-	-	-	-	(548,605)	258,397	(290,208)
Change in net assets	15,884,259	-	-	279,266	4,252,007	35,686	1,831	-	646,083	(1,582,586)	19,516,546	(24,669,984)	(5,153,438)
END OF YEAR NET ASSETS	\$ 132,975,126	\$ -	\$ 137,700	\$ 21,371,594	\$ 33,296,035	\$ 17,479,401	\$ 20,746	\$ -	\$ 17,629,112	\$ 362,541	\$ 223,272,255	\$ (70,100,887)	\$ 153,171,368