

COMBINED FINANCIAL STATEMENTS

**GLOBAL COMMUNITIES AND
RELATED ENTITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2013**

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, 2014, 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*. 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, 2014, 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' 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013, is consistent, in all material respects, with the audited 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 31, the Combining Schedule of Financial Position on page 32 and the Combining Schedule of Change in Net Assets on page 33 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

March 13, 2015

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents (Note 2)	\$ 38,844,072	\$ 35,810,028
Investments (Notes 3 and 16)	39,165,046	34,312,179
Loans receivable, net of allowance (Note 4)	158,278,821	136,205,954
Federal grants and contracts receivable	3,821,014	995,338
Non-Federal grants and contracts receivable (Note 5)	30,011,920	37,839,943
Interest and accounts receivable	2,159,193	1,531,009
Prepaid expenses and other assets	1,381,047	1,103,780
Fixed assets (Note 6)	1,930,523	2,092,962
Security deposits	<u>324,310</u>	<u>297,503</u>
TOTAL ASSETS	<u>\$ 275,915,946</u>	<u>\$ 250,188,696</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Credit lines (Note 7)	\$ 4,183,496	\$ 6,580,428
Notes payable (Note 8)	100,253,438	78,508,993
Accounts payable and accrued expenses	6,557,553	5,129,727
Accrued salaries and benefits	8,547,131	7,789,576
Deferred revenue	<u>2,343,099</u>	<u>-</u>
Total liabilities	<u>121,884,717</u>	<u>98,008,724</u>

NET ASSETS

Unrestricted:		
Global Communities	77,952,785	74,359,433
Related Entities:		
Controlling Interest	28,085,653	26,171,859
Noncontrolling Interest	<u>2,400,915</u>	<u>2,241,166</u>
Total unrestricted net assets	<u>108,439,353</u>	<u>102,772,458</u>
Temporarily restricted (Note 9):		
Project Funds	41,635,047	45,450,685
Loan Capital	<u>3,956,829</u>	<u>3,956,829</u>
Total temporarily restricted net assets	<u>45,591,876</u>	<u>49,407,514</u>
Total net assets	<u>154,031,229</u>	<u>152,179,972</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 275,915,946</u>	<u>\$ 250,188,696</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

**COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Grants and contributions (Notes 12, 13 and 14)	\$ 77,349,282	\$ 22,686,084	\$ 100,035,366	\$ 119,474,651
Contracts (Notes 12 and 13)	14,714,354	-	14,714,354	11,726,146
In-kind contributions	94,779	-	94,779	463,886
Interest and investment income (Notes 3 and 4)	25,031,368	-	25,031,368	23,721,675
Other income	2,178,620	-	2,178,620	1,900,764
Net assets released from restrictions - satisfaction of donor restrictions (Note 9)	<u>26,501,722</u>	<u>(26,501,722)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>145,870,125</u>	<u>(3,815,638)</u>	<u>142,054,487</u>	<u>157,287,122</u>
EXPENSES				
Technical Assistance	104,301,894	-	104,301,894	111,528,697
Capital Assistance	20,353,565	-	20,353,565	17,968,975
General and Administrative	<u>17,095,488</u>	<u>-</u>	<u>17,095,488</u>	<u>17,531,440</u>
Total expenses	<u>141,750,947</u>	<u>-</u>	<u>141,750,947</u>	<u>147,029,112</u>
Change in net assets before other items	4,119,178	(3,815,638)	303,540	10,258,010
OTHER ITEMS				
Currency loss	(525,826)	-	(525,826)	(657,307)
Net gain from Related Entities	<u>2,073,543</u>	<u>-</u>	<u>2,073,543</u>	<u>2,721,421</u>
CHANGE IN NET ASSETS	<u>\$ 5,666,895</u>	<u>\$ (3,815,638)</u>	<u>\$ 1,851,257</u>	<u>\$ 12,322,124</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013

	Unrestricted			Temporarily Restricted			2014 Total	2013 Total	
	Related Entities			Project Funds	Loan Capital Funds				
	Global Communities	Controlling Interest	Noncontrolling Interest		Total	Project Funds	Loan Capital Funds	Total	2014 Total
Balance at beginning of year	\$ 74,359,433	\$ 26,171,859	\$ 2,241,166	\$ 102,772,458	\$ 45,450,685	\$ 3,956,829	\$ 49,407,514	\$ 152,179,972	\$ 137,007,886
Proceeds from issuance of units	-	-	-	-	-	-	-	-	261,500
Gain resulting from the transfer of ownership (Liberia)	-	-	-	-	-	-	-	-	2,588,462
Change in net assets	<u>3,593,352</u>	<u>1,913,794</u>	<u>159,749</u>	<u>5,666,895</u>	<u>(3,815,638)</u>	<u>-</u>	<u>(3,815,638)</u>	<u>1,851,257</u>	<u>12,322,124</u>
BALANCE AT END OF YEAR	<u>\$ 77,952,785</u>	<u>\$ 28,085,653</u>	<u>\$ 2,400,915</u>	<u>\$ 108,439,353</u>	<u>\$ 41,635,047</u>	<u>\$ 3,956,829</u>	<u>\$ 45,591,876</u>	<u>\$ 154,031,229</u>	<u>\$ 152,179,972</u>

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,851,257	\$ 12,322,124
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase/(decrease) in loan allowance	682,661	(646,184)
Realized and unrealized gains on investments	(1,230,017)	(3,135,383)
Depreciation and amortization	581,038	573,747
Loss on sale/disposal of furniture and equipment	5,271	20,044
Loss resulting from the transfer of ownership (Liberia)	-	2,588,462
(Increase) decrease in:		
Federal grants and contracts receivable	(2,825,676)	(995,338)
Non-Federal grants and contracts receivable	7,828,023	(8,094,842)
Interest and accounts receivable	(628,184)	717,405
Prepaid expenses and other assets	(277,267)	532,116
Security deposits	(26,807)	(50,156)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,427,826	(1,335,115)
Accrued salaries and benefits	757,555	902,213
U.S. Government refundable advances	-	(150,122)
Deferred revenue	2,343,099	-
Funds held in trust	-	(168,039)
Net cash provided by operating activities	<u>10,488,779</u>	<u>3,080,932</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in gross loans receivable	(22,755,528)	(23,739,879)
Purchase of property and equipment	(432,868)	(554,476)
Investment purchases and reinvestments	(4,622,850)	(24,070,747)
Proceeds from sales of investments	1,000,000	394,630
Proceeds from sales of furniture and equipment	8,998	1,377
Net cash used by investing activities	<u>(26,802,248)</u>	<u>(47,969,095)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from credit lines	211,566	5,150,038
Repayment on credit lines	(2,608,498)	(2,097,992)
Proceeds from notes payable	35,838,934	63,809,744
Principal payments on notes payable	(14,094,489)	(17,394,132)
Proceeds from the issuance of units	-	261,500
Net cash provided by financing activities	<u>19,347,513</u>	<u>49,729,158</u>
Net increase in cash and cash equivalents	3,034,044	4,840,995
Cash and cash equivalents at beginning of year	<u>35,810,028</u>	<u>30,969,033</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 38,844,072</u>	<u>\$ 35,810,028</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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 located in Jordan(MEMCC) and Bosnia(LIDER); and for-profit entities registered in Lebanon (ATAS-M). Global Communities also owns a majority interest in CHF Development Finance International, LLC. (Vitas Group), a for-profit limited liability corporation established under the laws of the State of Maryland. Global Communities also formed a company, Atas, Inc., a for-profit LLC established under the laws of the State of Delaware (ATAS-DE). Global Communities owns 98% of ATAS-DE. ATAS-DE and Vitas Group were incorporated in Maryland and Delaware, respectively. The other related entities are legally incorporated within their respective countries. Global Communities maintains significant control over the entities. All of the entities were established to manage micro-enterprise loan programs within their respective jurisdictions.

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). Global Communities has full control of the entity's board of directors.

Ownership-Noncontrolling interest -

Global Communities owns 80% of Vitas Group and Bamboo Finance (formerly Blue Orchard) owns the other 20%. Accordingly, as of September 30, 2013, Global Communities owned 586,547 membership units and Bamboo Finance owned 146,637 membership units.

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 between Global Communities and the Related Entities (together "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, 2013, from which the summarized information was derived.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

Basis of presentation (continued) -

The accompanying combined financial statements include the world-wide operations of Global Communities. At September 30, 2014, assets held in foreign countries totaled approximately \$200,000,000.

Income taxes -

Global Communities is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying combined financial statements. Global Communities is not a private foundation as described in Section 509(a)(2) of the Internal Revenue Code. Global Communities is subject to unrelated business income taxes under Section 512 of the Internal Revenue Code.

The related entities located in Jordan (MEMCC) and Bosnia (LIDER) are registered (in each respective country) as tax-exempt organizations. 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. ATAS-DE and Vitas Group are registered as for-profit limited liability corporations under the laws of the States of Delaware and Maryland, respectively, and file their income tax returns on the accrual basis of accounting. Under Subchapter K of the Internal Revenue Code, ATAS-DE and Vitas Group have elected not to be taxed as a corporation and the members have consented to include the profit or loss in their individual tax returns.

Uncertain tax positions -

For the year ended September 30, 2014, 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.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

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.

Grants and contributions -

Grants and contributions received from non-Federal sources are recognized as revenue in the year the support is received from the donor. Grants and contributions with donor-imposed restrictions are recorded as temporarily restricted revenue in the accompanying Combined Statement of Activities; grants and contributions received in which donor-imposed restrictions have not been met as of fiscal year-end are reflected as temporarily restricted net assets in the accompanying Combined Statement of Financial Position. Awards received from the U.S. Government are treated as exchange transactions and recognized as unrestricted revenue in the accompanying Combined Statement of Activities upon incurring qualifying direct and indirect expenditures.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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.

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 (excluding money market funds held by investment managers in the amount of \$728,933) as of September 30, 2014.

Interest and accounts receivable -

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.

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 non-U.S. currencies 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.

Contributions of \$94,779, representing the fair value of the use of these goods and services, have been recorded as revenue and expenses in the accompanying combined financial statements for the year ended September 30, 2014. Global Communities also receives additional 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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

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. 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 uncollectable.

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.

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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

Credit risk (continued) -

Significant changes in the economy, depreciation of local currencies against the 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 result 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 (USD). 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 USD's as a result of currency movements.

Operational environment risk -

Within the last several years, the European banking sector faced a sovereign debt crisis triggered by significant fiscal disequilibria and large public debt positions in several European countries. The ongoing fears that the deteriorating financial conditions could contribute, at a later stage to a further retrenchment in confidence, prompted coordinated efforts of governments and Central banks to adopt special measures aimed at countering the vicious circle of growing risk aversion and to helping restore normal market functioning.

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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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

Operational environment risk (continued) -

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.

2. CONCENTRATION OF CREDIT RISK

At times, Global Communities maintains cash balances at financial institutions in excess of Federal Deposit Insurance Corporation (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 AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

2. CONCENTRATION OF CREDIT RISK (Continued)

Global Communities had approximately \$35,000,000 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2014. The majority of funds invested in foreign countries are uninsured.

3. INVESTMENTS

Investments at September 30, 2014 consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Money market funds	\$ 728,933	\$ 728,933
Common stocks and mutual funds	35,825,364	31,475,595
U.S. Government obligations	1,757,645	1,769,060
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	10,578	10,578
Investment in Pakistani microcredit institution	250,000	250,000
Investment in Palestine microcredit institution	100,000	100,000
Investment in BOAFO (local microfinance institution in Ghana)	408,670	406,832
Investment in AMAL (local microfinance institution in Palestine)	<u>83,856</u>	<u>225,000</u>
TOTAL INVESTMENTS	<u>\$ 39,165,046</u>	<u>\$ 34,965,998</u>

During the year ended September 30, 2014, Global Communities recorded realized and unrealized gains on its investments of \$1,230,017. The gains have been included in interest and investment income in the accompanying Combined Statement of Activities.

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.

Loans receivable, as of September 30, 2014, consisted of the following:

Loans receivable	\$ 163,046,405
Less: Allowance for bad debts	<u>(4,767,584)</u>
NET LOANS RECEIVABLE	<u>\$ 158,278,821</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

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

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

Year Ending September 30,

2015	\$ 101,572,993
2016	30,910,297
2017	22,743,252
2018	7,149,602
2019	661,977
Thereafter	<u>8,284</u>
	<u>\$ 163,046,405</u>

During the year ended September 30, 2014, the total allowance for loan losses increased by \$682,661. The total bad debt expense was \$1,026,537 during the year ended September 30, 2014. During the year ended September 30, 2014, interest and fee income earned on loans receivable totaled approximately \$22,000,000 and is included in interest and investment income in the accompanying financial statements.

5. NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE

As of September 30, 2014, contributors to Global Communities have made written promises to give of which \$30,011,920. remained outstanding as of fiscal year-end.

As of September 30, 2014, non-federal grants and contracts are due as follows:

Less than one year	\$ 22,032,670
One to five years	<u>7,979,250</u>
NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE	<u>\$ 30,011,920</u>

6. FIXED ASSETS

Furniture, equipment and leasehold improvements consisted of the following at September 30, 2014:

Furniture and fixtures	\$ 976,421
Computers and equipment	1,831,876
Vehicles	903,063
Leasehold improvements	<u>1,610,652</u>
	5,322,012
Less: Accumulated depreciation and amortization	<u>(3,629,271)</u>
	1,692,741
Net intangible assets	<u>237,782</u>
FIXED ASSETS, NET	<u>\$ 1,930,523</u>

Total depreciation and amortization expense for the year ended September 30, 2014 was \$581,038, of which \$169,544 was related to assets held by Global Communities and \$411,494 was related to assets held by the related entities.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

7. CREDIT LINES

Global Communities has the following unsecured credit lines as of September 30, 2014:

Related Entities:

- On April 18, 2005, Global Communities (through its related entity in Jordan) entered into a revolving credit agreement with Societe General de Banque Jordanian to borrow up to 1,000,000 Jordanian dinars. Outstanding balances accrue interest of 9.0% per annum. \$ 1,112,420
 - On December 28, 2005, Global Communities (through its related entity MEMCC Jordan) signed a loan contract with the Egyptian Arab Land Bank to obtain a revolving loan for the total amount of one million Jordanian dinars renewable on yearly basis and a withdraw repayment term of 12 months. The interest rate is 9.5% and shall be paid plus the principal due on monthly basis. The purpose of this loan is to provide Global Communities (through its related entity MEMCC Jordan) with the funding needed for financing its lending operations. 806,006
 - On July 31, 2009, Global Communities (through its related entity in Jordan) entered into a revolving credit agreement with the Housing Bank for Trade and Finance to borrow up to 1,000,000 Jordanian dinars. Outstanding balances accrue interest of 9% per annum. 582,733
 - On July 3, 2008, Global Communities (through its related entity MEMCC Jordan) signed a loan contract with the Capital Bank to obtain a revolving loan for the total amount of one million Jordanian dinars renewable on yearly basis and a withdraw repayment term of 12 months. The interest rate is 9.5% and shall be paid plus the principal due on monthly basis. The purpose of this loan is to provide Global Communities (through its related entity MEMCC Jordan) with the funding needed for financing its lending operations. 963,799
 - On July 28, 2013, Global Communities (through its related entity MEMCC Jordan) signed a loan contract with the Cairo Amman Bank to obtain a Revolving loan for the total amount of one million and half Jordanian dinars and a withdraw repayment term of 24 months. The interest rate is 9% and shall be paid plus the principal due on monthly basis. The purpose of this loan is to provide Global Communities (through its related entity MEMCC Jordan) with the funding needed for financing its lending operations. 577,494
 - On September 12, 2013, Global Communities (through its related entity MEMCC Jordan) signed a loan contract with the Capital Bank to obtain a revolving loan for the total amount of 300,000 Jordanian dinars renewable on yearly basis and a withdraw repayment term of 6 months. The interest rate is 6.5% and shall be paid plus the principal due on monthly basis. The purpose of this loan is to provide Global Communities (through its related entity MEMCC Jordan) with the funding needed for financing its lending operations. The loan matures on October 1, 2014. 141,044
- \$ 4,183,496**

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. NOTES PAYABLE

As of September 30, 2014, Global Communities has outstanding notes payable aggregating \$100,253,438. The notes are due between October 1, 2014 and June 15, 2025. All notes payable are secured by Global Communities' loans receivable, unless otherwise noted.

Following is a list of all notes payable as of September 30, 2014:

Global Communities:

- On June 29, 2007, Global Communities entered into a loan agreement with Calvert Social Investment Foundation, which provided \$1,000,000 of loan capital for the original purpose of providing microcredit loans in Romania. The loan was amended in 2008, 2009, 2010 and 2011 to obtain additional borrowings. The loan bears interest of 4.8% per annum and, after it was extended on April 4, 2014 with borrowing additional \$2,000,000, matures on April 4, 2017. The funds are current used in Iraq and Palestine. \$ 5,000,000
- On July 10, 2008, Ryada - Global Communities in Palestine entered into an agreement with Kiva Microfunds, a California non-profit benefit corporation, to utilize its website to raise capital to make loans to local borrowers. The loans are non-interest bearing and may be terminated by either party upon a 30-day written notice. 539,190
- On March 25, 2010, Global Communities International Access to Credit Services Initiative (ACSI) entered into an agreement with Kiva Microfunds, a California non-profit public benefit corporation to utilize its website to raise capital to make loans to local borrowers. The loans are non-interest bearing and may be terminated by either party upon a 30-day written notice. 128,698
- On October 14, 2011, Global Communities entered into a loan agreement with Dexia Micro-Credit Fund (Bamboo Finance), which provided \$1,500,000 of loan capital for the purpose of providing microcredit loans in Jordan and Palestine. On February 27, 2012 an additional \$1,000,000 was provided for the same purposes. The loan bears interest of 5.25% per annum and is due according to the following schedule: \$1,125,000 on October 14, 2013; \$250,000 on March 1, 2014; \$750,000 on March 1, 2015. 750,000
- On October 22, 2012, Global Communities entered into a loan agreement with Monarch Community Fund LLC which provided \$500,000 of loan capital for the purpose of providing microcredit loans in Palestine. The loan bears interest of 5% per annum and is due in full on August 31, 2015. 500,000
- On October 31, 2012, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$137,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Termino Fijo, 4.26% as of September 30, 2014) + 4.33% per annum and is due in full on October 31, 2014. 5,135

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. NOTES PAYABLE (Continued)

Global Communities (Continued):

- On December 21, 2012, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$65,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 4.33% per annum and is due in full on December 21, 2014. \$ 7,056
- On April 30, 2013, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$219,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) +3.80% per annum and is due in full on April 30, 2015. 57,514
- On June 28, 2013, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$181,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 2.95% per annum and is due in full on June 28, 2015. 64,704
- On July 29, 2013, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$238,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) +3.45% per annum and is due in full on July 29, 2015. 92,434
- On August 30, 2013, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$155,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) +2.95% per annum and is due in full on August 30, 2015. 67,785
- On September 30, 2013, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$131,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 2.95% per annum and is due in full on September 30, 2015. 61,623
- On October 31, 2013, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$100,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 2.95% per annum and is due in full on October 31, 2014. 4,108

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. NOTES PAYABLE (Continued)

Global Communities (Continued):

- On October 31, 2013, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$318,500 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 2.95% per annum and is due in full on October 31, 2015. \$ 173,570
- On December 24, 2013, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$294,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 2.95% per annum and is due in full on December 24, 2015. 184,867
- On February 29, 2014, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$294,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 3.45% per annum and is due in full on February 28, 2016. 209,516
- On March 28, 2014, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$343,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 3.45% per annum and is due in full on March 28, 2016. 258,814
- On April 28, 2014, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$343,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 3.00% per annum and is due in full on April 28, 2016. 253,679
- On May 28, 2014, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$367,500 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 3.00% per annum and is due in full on May 28, 2016. 308,112

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. NOTES PAYABLE (Continued)

Global Communities (Continued):

- On June 27, 2014, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$392,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 3.45% per annum and is due in full on June 27, 2016. \$ 345,086
- On July 28, 2014, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$392,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 3.45% per annum and is due in full on July 28, 2016. 361,519
- On August 28, 2014, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$392,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 2.95% per annum and is due in full on August 28, 2016. 377,951
- On September 30, 2014, Global Communities entered into a loan agreement with Bancoldex, which provided the US Dollar equivalent of \$395,000 in Colombian Pesos of loan capital for the purpose of providing microcredit loans in Colombia. The loan bears interest at a rate of DTF (Depósitos Terminado Fijo, 4.26% as of September 30, 2014) + 2.95% per annum and is due in full on September 30, 2016. 394,384

Related Entities:

- On December 12, 2013, Global Communities (through its related entity Vitas Jordan) obtained a loan from Triodos in the amount of JOD 705,000. The loan bears interest at a rate of 9.75% per annum and is due on January 1, 2016. The loan terms also require an up-front commission fee of 1% of the loan principal. 994,357
- On December 26, 2013, Global Communities (through its related entity Vitas Jordan) entered into two loan agreements with the Capital Bank, for JOD 700,000 each. The amounts are due in periodic payments through December 2015. The loans bear interest at a rate of 4.625% and 9.5% per annum, respectively. 1,974,612
- On January 15, 2014, Global Communities (through its related entity Vitas Jordan) entered into two loan agreements with the Capital Bank, for JOD 700,000 each. The amounts are due in periodic payments through December 2015. The loans bear interest at rate of 4.625% and 9.5% per annum, respectively. 1,100,000

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. NOTES PAYABLE (Continued)

Related Entities (Continued):

- On January 15, 2014, Global Communities (through its related entity Vitas Jordan) entered into three loan agreements with SICAV (Lux) for \$400,000, \$250,000 and \$250,000, respectively. The three loans are due on January 15, 2015 and bear interest at a rate of 10.5% per annum. \$ 900,000
- On March 1, 2014, Global Communities (through its related entity Vitas Jordan) obtained a revolving loan from the Cairo Amman Bank for JOD 1,000,000. Amounts are due 24 months from withdrawal and bear interest at a rate of 9% per annum. 674,013
- On July 21, 2014, Global Communities (through its related entity Vitas Jordan) obtained a revolving loan from the Al-Etihad Bank for JOD 1,000,000. Amounts are due 24 months from withdrawal and bear interest at a rate of 9% per annum. The loan terms also require an up-front commission fee of 1% of the loan principal. 1,028,444
- During 2014, Global Communities (through its related entity Vitas Jordan) entered into three loan agreements with SANAD, for \$1,000,000 each. The loans were granted on May 13, 2014, June 17, 2014 and September 25, 2014, respectively. The first two loans in the amount of \$1,000,000 each are due on April 5, 2016 and bear interest at a rate of 10% per annum. The third loan in the amount of \$1,000,000 is due on October 5, 2017 and bears interest at a rate of 9.6%. The loan terms also require an up-front commission fee of .5% of the loan principal. 3,000,000
- On April 15, 2009, Global Communities (through Vitas Group's subsidiary in Romania) entered in to a loan agreement with Overseas Private Investments Corporation (OPIC). The loan authorizes up to \$10 million in loans to be drawn in tranches no less than \$1 million each. The second tranche of \$2 million was issued on September 16, 2011. In June 2009, Global Communities (through Vitas Group's subsidiary in Romania) received the first tranche of \$2 million that bears a fixed interest rate of 5.54%. In September 2011, Global Communities (through Vitas Group's subsidiary in Romania) received the second tranche of \$2 million with a fixed interest rate of 3.88%. In September 2013, Global Communities (through Vitas Group's subsidiary in Romania) received a third tranche of \$1 million with a fixed interest rate of 3.77%. The tranches are repayable in ten (10) semi-annual equal installments commencing September 2013 through March 2018. 3,480,508
- On June 26, 2012, Global Communities (through Vitas Group's subsidiary in Romania) obtained a loan of Euro 500,000 from CoopEst Netherlands B.V. for the purpose of furthering its lending activities in Romania. The loan has a five year term and is repayable in one bullet installment in June 2017. The loan bears a variable interest rate equal to the six month Eurobor + 5%. 638,397

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. NOTES PAYABLE (Continued)

Related Entities (Continued):

- On February 14, 2013, Global Communities (through Vitas Group's subsidiary in Romania) obtained a loan of 2,400,000 of Romanian Lei (RON) from Ecumenical Development Cooperative Society U.A. ("Oikocredit") for the purpose of furthering its lending activities in Romania. The loan was disbursed in three tranches of RON 800,000 each and is repayable in seven equal installments on a semi-annual basis starting February 2014. The borrowing bears interest equal to the six month ROBOR rate plus 5.75%, but not lower than 8.75% per annum. \$ 490,084
- On May 15, 2013, Global Communities (through Vitas Group's subsidiary in Romania) obtained loan of Euro 800,000 from CoopEst Netherlands B.V. for the purpose of furthering its lending activities in Romania. The loan is repayable in one bullet installment in December 2017. The loan bears a variable interest rate equal to the six month Eurobor + 4.75%, but not lower than 6.5% per annum and not higher than 9.0% per annum. 1,017,479
- During December 2013, Global Communities (through Vitas Group's subsidiary in Romania) obtained loan of Euro 500,000 from Bank Im Bistum Essen eG ("BIBEssen"). The loan is repayable in one bullet installment on December 2016 and bears a fixed interest rate of 7.6% per annum. 637,715
- During June 2014, Global Communities (through Vitas Group's subsidiary in Romania) obtained loan of Euro 500,000 from BlueOrchard Microfinance Fund. The loan is repayable in three installments on June 2015, December 2015 and June 2016. The loan bears interest at a rate of 6% per annum. 635,334
- During August 2014, Global Communities (through Vitas Group's subsidiary in Romania) obtained loan of Euro 500,000 from to Responsibility SICAV (Lux). The loan is repayable in two equal installments on August 2016 and August 2017 and bears interest at a rate of 6.1% per annum. 635,095
- On December 11, 2007, Global Communities (through its related entity in Bosnia) entered into a SPARK loan agreement with a Dutch funder. The SPARK loan proceeds were used to provide loans to Business Plan Competition winners in Bosnia with the program ending on December 31, 2010. Negotiations are underway with the Dutch funder to extend the repayment terms for the end clients up to three years, and to provide for repayment of loan principal in tranches. The SPARK loan is non-interest bearing. 13,358
- On March 28, 2013, Global Communities (through its related entity in Bosnia) obtained a loan of Euro 400,000 from Bank IM Bistum Essen for the purpose of furthering its lending activities in Bosnia. The loan bears interest of 8% per annum and is repayable in full on April 26, 2016. 508,040

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. NOTES PAYABLE (Continued)

Related Entities (Continued):

- On March 28, 2013, Global Communities (through its related entity in Bosnia) obtained loan of Euro 400,000 from Bank IM Bistum Essen for the purpose of furthering its lending activities in Bosnia. The loan bears interest of 8% per annum and is repayable in full on April 26, 2016. \$ 508,040
- On July 19, 2013, Global Communities (through its related entity in Bosnia) obtained a loan of Euro 400,000 from Coopest Netherlands B.V. for the purpose of furthering its lending activities in Bosnia. The loan bears interest of 7.5% per annum and is repayable in full on December 31, 2014. 635,051
- During August 2012, Global Communities (through its related entity Al Tamweel As Saree, LLC (ATAS-DE) entered into a loan agreement with the Overseas Private Investments Corporation (OPIC) that authorizes up to \$65,000,000 in loans to be drawn in tranches. In October 2012, ATAS-DE received the first tranche of \$30,000,000, that bears a fixed interest rate of 4.75%. In March 2013, ATAS-DE received the second tranche of \$6,000,000, with a fixed interest of 5.03%. In June 2013, ATAS-DE received the third tranche of \$6,000,000, with a fixed interest of 4.98%. In September 2013, ATAS-DEC received a fourth tranche of \$3,000,000, with a fixed interest of 5.74%. In February 2014, ATAS-DE received a fifth tranche of \$920,000 with a fixed interest rate of 5.77%; and in May 2014, ATAS-DE received a sixth tranche of \$6,000,000 with a fixed interest rate of 5.52%. The tranches are repayable in sixteen (16) semi-annual equal installments. The balance is payable beginning 2018. 51,920,000
- On June 1, 2012, Global Communities (through its related entity MEMCC Jordan) obtained a loan of 1 million Jordanian dinars from Capital Bank to obtain a commercial loan with a withdraw repayment term of 36 months. The interest rate is 9.5% and shall be paid plus the principal due on a monthly basis. The purpose of this loan is to provide Global Communities (through its related entity MEMCC Jordan) with the funding needed for financing its lending operations. The loan matures on June 15, 2015. 285,614
- On June 3, 2013, Global Communities (through its related entity in Jordan) obtained a loan of 1 million Jordanian dinars from Capital Bank for the purpose of furthering its lending activities in Jordan. The loan bears interest of 9.5% per annum and is repayable in full on July 1, 2016. 822,285
- On July 24, 2013, Global Communities (through its related entity in Jordan) signed a Loan Contract with the Egyptian Arab Land Bank to obtain a loan of 1 million Jordanian dinars for the purpose of furthering its lending activities in Jordan. The loan bears interest of 9.5% + 1% per annum and is payable on a monthly basis through August 30, 2016. 896,612

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. NOTES PAYABLE (Continued)

Related Entities (Continued):

- On July 31, 2013, Global Communities (through its related entity in Jordan) signed a Loan Contract with the Housing Bank for Trade and Finance to obtain a loan of 1 million Jordanian dinars for the purpose of furthering its lending activities in Jordan. The loan bears interest of 9.25% per annum and is payable on a monthly basis through December 1, 2016. \$ 914,770
- On August 15, 2013, Global Communities (through its related entity in Jordan) signed a loan Contract with SANAD FUND to obtain a loan for the total amount of \$3 Million. The interest rate is 9.25% and the loan is repayable in two equal installments on July 5, 2014 and January 5, 2015. The purpose of this loan is to provide Global Communities (through its related entity MEMCC Jordan) with the funding needed for financing its lending operations. The loan matures on January 5, 2015. 500,000
- On September 1, 2013, Global Communities (through its related entity in Jordan) obtained loan of 1 million Jordanian dinars from Societe Generale De Banque Jordan (SGBJ) for the purpose of furthering its lending activities in Jordan. The loan bears interest of 6% + 1% per annum and is repayable monthly through March 31, 2017. 1,136,185
- On April 30 2014, Global Communities (through its related entity MEMCC Jordan) signed a loan Contract with the IFC FUND to obtain a loan for the total amount of \$2 Million. The interest rate is 12.19% and the loan is repayable in seven equal installments. The purpose of this loan is to provide Global Communities (through its related entity MEMCC Jordan) with the funding needed for financing its lending operations. The loan matures on May 21, 2017. 1,714,688
- On April 30 2014, Global Communities (through its related entity MEMCC Jordan) signed a loan Contract with the SGBJ Bank to obtain a loan for the total amount of 1 million Jordanian dinars and a withdraw repayment term of 36 months. The interest rate is 9% and shall be paid plus the principal due on monthly basis. The purpose of this loan is to provide Global Communities (through its related entity MEMCC Jordan) with the funding needed for financing its lending operations. The loan matures on April 30, 2017. 1,214,545
- On July 21, 2008, Global Communities (through Vitas Group's subsidiary in Lebanon) entered into a loan agreement with KIVA Microfunds to utilize its website to raise capital to make loans to local borrowers. The loans are non-interest bearing, and may be terminated by either party upon a 30-day written notice. 80,577
- On September 28, 2012, Global Communities (through Vitas Group's subsidiary in Lebanon) entered into an agreement with the International Finance Corporation (IFC) to obtain a loan for the total amount of \$2,000,000 for extending its lending in Lebanon. The loan bears interest at the rate of 5.66% per annum and is repayable in quarterly installments of \$200,000 starting on June 15, 2013. 800,000

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

8. NOTES PAYABLE (Continued)

Related Entities (Continued):

- On October 3, 2012, Global Communities (through Vitas Group's subsidiary in Lebanon) obtained financing from a financial fund, ResponsAbility SICAV (Luxembourg) and signed three promissory notes totaling \$1,500,000. The notes bear interest at the rate of 6.5% per annum and are due (including accrued interest) in October 2014. \$ 1,500,000
 - During 2014, Global Communities (through Vitas Group's subsidiary in Lebanon) signed an agreement with a non-profit organization (International Executive Service Corps) for a loan in an amount up to \$747,327. During the fiscal year ended 2014, \$373,664 had been disbursed. The loan is not subject to interest and may be transitioned to a grant, provided that the related funds are used for the purpose specified, based on the evaluation of the lenders. During the year ended September 30, 2014, \$346,373 of the disbursed amounts were transitioned to a grant. 27,291
 - During 2014, Global Communities (through Vitas Group's subsidiary in Lebanon) obtained three loans from local banks in the amount of \$3,316,750 each. As of September 30, 2014, amounts disbursed under the loans totaled \$9,424,599. The loans mature in various installments beginning in September 2016 through March 2022. The loans bear interest at a rate of 4.79% per annum. 9,424,599
- \$ 100,253,438**

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

Year Ending September 30,

2015	\$ 15,464,831
2016	8,439,992
2017	14,496,077
2018	10,978,037
2019	8,480,050
2020 and Thereafter	<u>42,394,451</u>
	<u>\$ 100,253,438</u>

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted primarily of cash and cash equivalents, grants receivable and loans receivable (net of allowance for bad debts), received from governmental agencies, corporations and private foundations, for which donor-imposed restrictions have not been met.

All temporarily restricted net assets at September 30, 2014 are to provide support for Global Communities' programs.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

9. TEMPORARILY RESTRICTED NET ASSETS (Continued)

Following is a summary of temporarily restricted net assets at September 30, 2014:

Project Funds:	
Brazil	\$ 2,891,505
Colombia	15,197,659
Ghana	802,373
Haiti	8,034,312
Honduras	7,785,616
India	369,200
Jordan	596,287
Lebanon	1,331,224
Liberia	74,006
Nicaragua	93,940
Palestine	2,557,703
Rwanda	455,502
South Sudan	221,286
Yemen	711,775
Various headquarters projects	<u>512,659</u>
Project Funds Total	<u>\$ 41,635,047</u>
 Loan Capital:	
Colombia	\$ 3,120,067
Palestine	<u>836,762</u>
Loan Capital Total	<u>\$ 3,956,829</u>

During the year ended September 30, 2014, temporarily restricted net assets of \$26,501,722 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, 2014:

Project Funds:	
Brazil	\$ 243,495
Colombia	11,605,100
Ghana	986,555
Haiti	1,465,688
Honduras	4,400,676
India	664,237
Jordan	489,122
Lebanon	2,884,717
Liberia	484,333
Nicaragua	184
Palestine	1,835,367
Philippines	43,369
Rwanda	544,498
South Sudan	347,506
Tajikistan	6,429
Yemen	320,657
Various headquarters projects	<u>179,789</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 26,501,722</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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, 2014, total retirement plan expense aggregated approximately \$968,000.

11. COMMITMENTS

On February 20, 2004, Global Communities entered into a 129-month lease agreement for office space. The lease commenced on July 1, 2004 and includes a 2.5% annual lease payment escalation. The lease agreement also stipulates that Global Communities will be obligated to pay its proportionate share of the building's operating expenses and real estate taxes. The aforementioned lease ends on March 31, 2015.

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.

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 under these non-cancelable operating leases as of September 30, 2014:

The following is a schedule of future minimum payments required as of September 30, 2014:

Year Ending September 30,

2015	\$ 920,978
2016	347,554
2017	850,813
2018	867,829
2019	885,185
Thereafter	<u>8,278,409</u>
	<u>\$ 12,150,768</u>

Total rent expense under long-term lease commitments for the year ended September 30, 2014 was approximately \$1,200,000.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

11. COMMITMENTS (Continued)

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, 2014 was approximately \$2,100,000.

12. CONTINGENCIES

United States Government funding -

Global Communities receives grants, cooperative agreements and contracts from various agencies of the United States government. Such awards are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under these awards 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 provisions of OMB Circular A-133 have been completed for all required fiscal years through 2014.

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 capital assistance and technical 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, 2014, Global Communities had cash, property and equipment and loans receivable in various countries in the Middle East, Eastern Europe, Africa, Asia and Central and South America, totaling approximately \$200,000,000, which represents approximately 72% of Global Communities' total assets as of September 30, 2014.

13. ECONOMIC DEPENDENCY

Approximately 55% of Global Communities's total revenue and support, excluding in-kind contributions for the year ended September 30, 2014 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's 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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2014

14. FUTURE COMMITMENTS FROM THE U.S. GOVERNMENT (Continued)

As of September 30, 2014, Global Communities has received outstanding commitments from these agencies for future years totaling approximately \$178,000,000, of which the agencies have obligated, but Global Communities has not drawn down, approximately \$102,000,000. Such amounts have not been included in the accompanying combined financial statements.

15. SUPPLEMENTAL CASH FLOW INFORMATION

The Combined Statement of Cash Flows classifies changes in cash according to operating, investing and financing activities.

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

Interest Paid - Global Communities International	<u>\$ 2,671,825</u>
Interest Paid - Related Entities	<u>\$ 3,496,062</u>
Taxes Paid - Related Entities	<u>\$ 254,560</u>

16. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements*, 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 at September 30, 2014.

- *Money market funds* - Fair value is equal to the reported net asset value of the fund.
- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *U.S. Government obligations* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - Fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

16. FAIR VALUE MEASUREMENTS (Continued)

The table below summarizes, by level within the fair value hierarchy, Global Communities' investments as of September 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Category:				
Money market funds	\$ 728,933	\$ -	\$ -	\$ 728,933
Common stocks and mutual funds	35,825,364	-	-	35,825,364
U.S. Government obligations	1,757,645	-	-	1,757,645
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	-	-	10,578	10,578
Investment in Palestine microcredit institution	-	-	100,000	100,000
Investment in Pakistani microcredit institution	-	-	250,000	250,000
Investment in BOAFO (local microfinance institution in Ghana)	-	-	408,670	408,670
Investment in AMAL (local microfinance institution in Palestine)	-	-	83,856	83,856
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$38,311,942</u>	<u>\$ -</u>	<u>\$ 853,104</u>	<u>\$39,165,046</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of Global Communities's financial assets for the year ended September 30, 2014:

	<u>Investments</u>
Beginning balance as of October 1, 2013	\$ 836,450
Net unrealized loss on investment	(83,346)
Additional investments	<u>100,000</u>
BALANCE AS OF SEPTEMBER 30, 2014	<u>\$ 853,104</u>

17. SUBSEQUENT EVENTS

In preparing these combined financial statements, Global Communities has evaluated events and transactions for potential recognition or disclosure through March 13, 2015, 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, 2014

	<u>Technical Assistance</u>	<u>Capital Assistance</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 3,757,514	\$ 1,285,887	\$ 8,189,040	\$ 13,232,441
Fringe benefits	1,219,280	417,259	2,673,802	4,310,341
Local salaries and fringe	18,653,736	9,048,796	372,005	28,074,537
Other allowances	1,353,684	226,704	155,410	1,735,798
Printing and production	106,379	33,945	40,199	180,523
Professional fees	605,931	421,760	610,904	1,638,595
Occupancy	1,606,748	915,617	1,375,309	3,897,674
Security costs	237,960	974,409	2,172	1,214,541
Insurance	465,754	79,875	307,223	852,852
Depreciation and amortization	-	70,506	99,038	169,544
Telecommunications	398,840	243,567	136,926	779,333
Travel	2,066,832	562,972	498,843	3,128,647
Consulting fees	1,392,144	229,782	812,703	2,434,629
Postage and delivery	50,292	37,431	28,508	116,231
Repairs and maintenance	205,946	22,406	461,403	689,755
Supplies	499,169	233,396	68,937	801,502
Dues, subscriptions and publications	54,093	54,700	206,762	315,555
Conferences	468,618	17,663	95,360	581,641
In-kind equipment and materials	37,976	-	-	37,976
In-kind professional fees	56,803	-	-	56,803
Interest expense	-	2,671,825	-	2,671,825
Equipment purchase and rental	1,088,217	754,775	562,901	2,405,893
Temporary help	511,882	40,549	95,474	647,905
Contracts	13,040,085	167,263	22,407	13,229,755
Assistance awards, not subject to OH	43,461,992	2,839	-	43,464,831
Assistance awards, subject to OH	3,228,077	-	-	3,228,077
Vehicle purchase and expense	2,049,154	159,893	3,578	2,212,625
Office operating expense	13,017	26,703	18,620	58,340
Participant training	2,224,445	79,403	2,079	2,305,927
Staff training and development	176,080	50,891	62,130	289,101
Construction expense and materials	5,015,932	-	11,246	5,027,178
Bad debt expense	-	1,026,537	-	1,026,537
Other	255,314	496,212	182,509	934,035
TOTAL	<u>\$ 104,301,894</u>	<u>\$ 20,353,565</u>	<u>\$ 17,095,488</u>	<u>\$ 141,750,947</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2014

	Global Communities	Related Entities							Subtotal	Eliminations	TOTAL
		LIDER	ATAS-M	MEMCC	Vitas Group	ATAS-DE	MCSE	GC Brazil			
ASSETS											
Cash and cash equivalents	\$ 28,783,722	\$ 568,798	\$ 103,703	\$ 874,527	\$ 7,728,207	\$ 693,713	\$ 69,035	\$ 22,367	\$ 38,844,072	\$ -	\$ 38,844,072
Investments	55,377,985	-	-	1,480,578	100,000	-	-	-	56,958,563	(17,793,517)	39,165,046
Loans receivable, net of allowance	34,727,820	7,883,760	-	26,723,357	34,198,658	54,745,226	-	-	158,278,821	-	158,278,821
Federal grants and contracts receivable	3,821,014	-	-	-	-	-	-	-	3,821,014	-	3,821,014
Non-Federal grants and contracts receivable	30,011,920	-	-	-	-	-	-	-	30,011,920	-	30,011,920
Interest and accounts receivable	603,088	6,131	-	301,582	1,441,223	-	-	-	2,352,024	(192,831)	2,159,193
Intracompany receivables	31,302,966	-	-	-	-	-	-	-	31,302,966	(31,302,966)	-
Intercompany receivables	3,180,405	-	-	277,654	-	9,508,500	-	-	12,966,559	(12,966,559)	-
Prepaid expenses and other assets	1,081,735	25,726	35,173	191,045	41,788	-	5,580	-	1,381,047	-	1,381,047
Furniture, equipment and leasehold improvements, net	215,107	98,292	167,951	1,006,568	437,050	-	5,555	-	1,930,523	-	1,930,523
Security deposits	314,600	-	-	-	-	-	9,710	-	324,310	-	324,310
TOTAL ASSETS	\$ 189,420,362	\$ 8,582,707	\$ 306,827	\$ 30,855,311	\$ 43,946,926	\$ 64,947,439	\$ 89,880	\$ 22,367	\$ 338,171,819	\$ (62,255,873)	\$ 275,915,946
LIABILITIES											
Credit lines	\$ -	\$ -	\$ -	\$ 4,183,496	\$ -	\$ -	\$ -	\$ -	\$ 4,183,496	\$ -	\$ 4,183,496
Notes payable	10,145,746	1,664,488	-	7,484,699	30,013,505	51,920,000	-	-	101,228,438	(975,000)	100,253,438
Accounts payable and accrued expenses	4,175,353	124,397	34,189	271,275	1,556,040	687,303	543	1,591	6,850,691	(293,138)	6,557,553
Intracompany payables	31,302,966	-	-	-	-	-	-	-	31,302,966	(31,302,966)	-
Intercompany payables	9,619,147	11,826	123,527	1,900,000	141,808	-	76,236	18,706	11,891,250	(11,891,250)	-
Accrued salaries and benefits	8,289,390	11,988	11,411	-	232,272	-	-	2,070	8,547,131	-	8,547,131
Deferred revenue	2,343,099	-	-	-	-	-	-	-	2,343,099	-	2,343,099
Total liabilities	65,875,701	1,812,699	169,127	13,839,470	31,943,625	52,607,303	76,779	22,367	166,347,071	(44,462,354)	121,884,717
NET ASSETS											
Unrestricted	77,952,785	6,770,008	137,700	17,015,841	10,488,772	12,340,136	13,101	-	124,718,343	(16,278,990)	108,439,353
Noncontrolling interest	-	-	-	-	1,514,529	-	-	-	1,514,529	(1,514,529)	-
Temporarily restricted	45,591,876	-	-	-	-	-	-	-	45,591,876	-	45,591,876
Total net assets	123,544,661	6,770,008	137,700	17,015,841	12,003,301	12,340,136	13,101	-	171,824,748	(17,793,519)	154,031,229
TOTAL LIABILITIES AND NET ASSETS	\$ 189,420,362	\$ 8,582,707	\$ 306,827	\$ 30,855,311	\$ 43,946,926	\$ 64,947,439	\$ 89,880	\$ 22,367	\$ 338,171,819	\$ (62,255,873)	\$ 275,915,946

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Global Communities	Related Entities							Subtotal	Eliminations	TOTAL
		LIDER	ATAS-M	MEMCC	Vitas Group	ATAS-DE	MCSE	GC Brazil			
UNRESTRICTED:											
Beginning of year net assets	\$ 74,359,433	\$ 7,200,527	\$ 137,700	\$ 15,312,132	\$ 10,224,556	\$ 11,190,531	\$ 11,493	\$ -	\$ 118,436,372	\$ (15,663,914)	\$ 102,772,458
Minority interest equity contribution	-	-	-	-	980,000	-	-	-	980,000	(980,000)	-
Change in net assets	3,593,352	(430,519)	-	1,703,709	798,745	1,149,605	1,608	-	6,816,500	(1,149,605)	5,666,895
END OF YEAR NET ASSETS	\$ 77,952,785	\$ 6,770,008	\$ 137,700	\$ 17,015,841	\$ 12,003,301	\$ 12,340,136	\$ 13,101	\$ -	\$ 126,232,872	\$ (17,793,519)	\$ 108,439,353
TEMPORARILY RESTRICTED:											
Beginning of year net assets	\$ 49,407,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,407,514	\$ -	\$ 49,407,514
Change in net assets	(3,815,638)	-	-	-	-	-	-	-	(3,815,638)	-	(3,815,638)
END OF YEAR NET ASSETS	\$ 45,591,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,591,876	\$ -	\$ 45,591,876
TOTAL:											
Beginning of year net assets	\$ 123,766,947	\$ 7,200,527	\$ 137,700	\$ 15,312,132	\$ 10,224,556	\$ 11,190,531	\$ 11,493	\$ -	\$ 167,843,886	\$ (15,663,914)	\$ 152,179,972
Minority interest equity contribution	-	-	-	-	980,000	-	-	-	980,000	(980,000)	-
Change in net assets	(222,286)	(430,519)	-	1,703,709	798,745	1,149,605	1,608	-	3,000,862	(1,149,605)	1,851,257
END OF YEAR NET ASSETS	\$ 123,544,661	\$ 6,770,008	\$ 137,700	\$ 17,015,841	\$ 12,003,301	\$ 12,340,136	\$ 13,101	\$ -	\$ 171,824,748	\$ (17,793,519)	\$ 154,031,229