

COMBINED FINANCIAL STATEMENTS

**GLOBAL COMMUNITIES AND
RELATED ENTITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2016**

GLOBAL COMMUNITIES AND RELATED ENTITIES

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Combined Statement of Financial Position, as of September 30, 2017, with Summarized Financial Information for 2016	4
EXHIBIT B - Combined Statement of Activities, for the Year Ended September 30, 2017, with Summarized Financial Information for 2016	5
EXHIBIT C - Combined Statement of Change in Net Assets, for the Year Ended September 30, 2017, with Summarized Financial Information for 2016	6
EXHIBIT D - Combined Statement of Cash Flows, for the Year Ended September 30, 2017, with Summarized Financial Information for 2016	7
NOTES TO COMBINED FINANCIAL STATEMENTS	8 - 26
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Schedule of Functional Expenses Without Related Entities, for the Year Ended September 30, 2017	27
SCHEDULE 2 - Combining Schedule of Financial Position, for the Year Ended September 30, 2017	28
SCHEDULE 3 - Combining Schedule of Activities, for the Year Ended September 30, 2017	29
SCHEDULE 4 - Combining Schedule of Change in Net Assets, for the Year Ended September 30, 2017	30

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, 2017, 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, 2017, 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.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

Report on Summarized Comparative Information

We have previously audited Global Communities' 2016 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, 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 15, 2018 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 15, 2018

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 66,318,749	\$ 65,933,714
Investments	43,176,523	39,327,792
Loans receivable, net of allowances	223,249,532	193,489,459
Federal grants and contracts receivable	7,226,625	265,717
Non-Federal grants and contracts receivable	16,857,001	21,204,272
Interest and accounts receivable	3,304,069	2,555,189
Prepaid expenses and other assets	1,465,591	1,868,725
Fixed and intangible assets	5,326,262	5,899,757
Security deposits	<u>975,017</u>	<u>549,811</u>
TOTAL ASSETS	\$ <u>367,899,369</u>	\$ <u>331,094,436</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes payable	\$ 176,174,832	\$ 142,193,125
Capital lease obligation	31,029	53,582
Accounts payable and accrued expenses	10,283,494	9,101,058
Accrued salaries and benefits	8,793,988	7,600,960
Deferred revenue	2,669,713	4,178,274
Deferred rent	2,562,347	2,690,083
Funds held in trust	<u>6,671,387</u>	<u>7,293,451</u>
Total liabilities	<u>207,186,790</u>	<u>173,110,533</u>
NET ASSETS		
Unrestricted:		
Global Communities	82,151,591	77,505,596
Related Entities:		
Controlling Interest	38,696,901	32,216,066
Noncontrolling Interest	<u>4,924,811</u>	<u>5,772,986</u>
Total unrestricted net assets	<u>125,773,303</u>	<u>115,494,648</u>
Temporarily Restricted :		
Project Funds	29,982,447	37,532,426
Loan Capital	<u>4,956,829</u>	<u>4,956,829</u>
Total temporarily restricted net assets	<u>34,939,276</u>	<u>42,489,255</u>
Total net assets	<u>160,712,579</u>	<u>157,983,903</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>367,899,369</u>	\$ <u>331,094,436</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

**COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 95,245,885	\$ 12,684,991	\$ 107,930,876	\$ 115,570,155
Contracts	14,956,002	-	14,956,002	15,414,601
In-kind contributions	108,228	-	108,228	108,510
Interest and investment income	5,071,611	-	5,071,611	21,293,529
Other income	5,660,912	-	5,660,912	2,384,626
Net assets released from restrictions - satisfaction of donor restrictions	<u>20,234,970</u>	<u>(20,234,970)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>141,277,608</u>	<u>(7,549,979)</u>	<u>133,727,629</u>	<u>154,771,421</u>
EXPENSES				
Program Services:				
Technical Assistance	113,437,710	-	113,437,710	115,250,189
Capital Assistance	<u>1,116,165</u>	<u>-</u>	<u>1,116,165</u>	<u>16,133,159</u>
Total program services	<u>114,553,875</u>	<u>-</u>	<u>114,553,875</u>	<u>131,383,348</u>
General and Administrative	<u>22,112,068</u>	<u>-</u>	<u>22,112,068</u>	<u>21,555,045</u>
Total expenses	<u>136,665,943</u>	<u>-</u>	<u>136,665,943</u>	<u>152,938,393</u>
Change in net assets before other items	4,611,665	(7,549,979)	(2,938,314)	1,833,028
OTHER ITEMS				
Gain on currency translation	34,330	-	34,330	418,803
Reduction of award by donor	-	-	-	(7,473,973)
Net gain from related entities	<u>4,187,770</u>	<u>-</u>	<u>4,187,770</u>	<u>4,714,847</u>
CHANGE IN NET ASSETS	<u>\$ 8,833,765</u>	<u>\$ (7,549,979)</u>	<u>\$ 1,283,786</u>	<u>\$ (507,295)</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

	Unrestricted Related Entities			Temporarily Restricted			2017 Total	2016 Total	
	Global Communities	Controlling Interest	Noncontrolling Interest	Total	Project Funds	Loan Capital Funds			Total
Balance at beginning of year	\$ 77,505,596	\$ 32,216,066	\$ 5,772,986	\$ 115,494,648	\$ 37,532,426	\$ 4,956,829	\$ 42,489,255	\$ 157,983,903	\$ 158,491,198
Proceeds from issuance/ repurchase of units	-	2,746,582	(1,181,692)	1,564,890	-	-	-	1,564,890	-
Dividends declared	-	(120,000)	-	(120,000)	-	-	-	(120,000)	-
Change in net assets	<u>4,645,995</u>	<u>3,854,253</u>	<u>333,517</u>	<u>8,833,765</u>	<u>(7,549,979)</u>	<u>-</u>	<u>(7,549,979)</u>	<u>1,283,786</u>	<u>(507,295)</u>
BALANCE AT END OF YEAR	<u>\$ 82,151,591</u>	<u>\$ 38,696,901</u>	<u>\$ 4,924,811</u>	<u>\$ 125,773,303</u>	<u>\$ 29,982,447</u>	<u>\$ 4,956,829</u>	<u>\$ 34,939,276</u>	<u>\$ 160,712,579</u>	<u>\$ 157,983,903</u>

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,283,786	\$ (507,295)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
(Decrease) increase in loan allowance	(197,382)	1,637,642
Change in present value discount	(230,947)	363,280
Realized and unrealized gain on investments	(4,462,830)	(1,964,483)
Depreciation and amortization	762,179	913,800
(Increase) decrease in:		
Federal grants and contracts receivable	(6,960,908)	3,476,089
Non-Federal grants and contracts receivable	4,578,218	8,694,157
Interest and accounts receivable	(748,880)	(217,870)
Prepaid expenses and other assets	403,134	7,927
Security deposits	(425,206)	(212,318)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,182,436	1,473,842
Accrued salaries and benefits	1,193,028	(1,721,702)
Deferred revenue	(1,508,561)	2,264,129
Deferred rent	(127,736)	625,848
Funds held in trust	(622,064)	7,293,451
Net cash (used) provided by operating activities	<u>(5,881,733)</u>	<u>22,126,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in gross loans receivable	(29,562,691)	(28,939,992)
Purchase of fixed assets	(188,684)	(2,273,467)
Investment purchases and reinvestments	(558,827)	(1,402,073)
Proceeds from sales of investments	<u>1,172,926</u>	<u>2,250,000</u>
Net cash used by investing activities	<u>(29,137,276)</u>	<u>(30,365,532)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on credit lines	-	(513,436)
Proceeds from notes payable	61,753,773	41,800,184
Principal payments on notes payable	(27,772,066)	(18,660,209)
Net activity from repurchase of issued units	546,327	-
Proceeds from the issuance of units	1,018,563	-
Payment of dividends	(120,000)	-
Principal payments under capital lease obligation	<u>(22,553)</u>	<u>(15,563)</u>
Net cash provided by financing activities	<u>35,404,044</u>	<u>22,610,976</u>
Net increase in cash and cash equivalents	385,035	14,371,941
Cash and cash equivalents at beginning of year	<u>65,933,714</u>	<u>51,561,773</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 66,318,749	\$ 65,933,714

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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 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.

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.

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 by 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 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%.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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

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, 2016, from which the summarized information was derived.

The accompanying combined financial statements include the world-wide operations of Global Communities. At September 30, 2017, assets held in foreign countries totaled approximately \$280,000,000.

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 (Entiqal) 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. Vitas Group and ATAS-DE file their income tax returns on the accrual basis of accounting. Under Subchapter K of the Internal Revenue Code, Vitas Group and ATAS-DE 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. 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.

Uncertain tax positions -

For the year ended September 30, 2017, 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.

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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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

Fixed assets (continued) -

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, 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.

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 -

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 \$820,377, as of September 30, 2017.

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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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

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.

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.

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.

In-kind contributions of \$108,228 have been recorded as revenue and expenses in the accompanying combined financial statements for the year ended September 30, 2017. 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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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. 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.

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, 2017

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

Credit risk (continued) -

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.

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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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

Operational environment risk (continued) -

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, 2017, Global Communities adopted the new guidance above and applied it retrospectively.

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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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

New accounting pronouncements (not yet adopted) (continued) -

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 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.

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 \$50,000,000 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2017. The majority of funds invested in foreign countries are uninsured.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

3. INVESTMENTS

Investments at September 30, 2017, consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Money market funds	\$ 820,377	\$ 820,377
Common stocks and mutual funds	30,315,659	23,938,481
Fixed income	8,171,314	8,157,601
Hedge funds	2,713,801	2,721,222
Venture Capital- Partnerships	401,022	390,957
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	10,578	10,578
Investment in BOAFO (local microfinance institution in Ghana)	743,772	406,832
Investment in AMAL (local microfinance institution in Palestine)	<u>-</u>	<u>225,000</u>
TOTAL INVESTMENTS	<u>\$ 43,176,523</u>	<u>\$ 36,671,048</u>

During the year ended September 30, 2017, Global Communities recorded realized and unrealized gains on its investments of \$4,462,830. 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.

Loans receivable, as of September 30, 2017, consisted of the following:

Loans receivable	\$ 236,211,335
Less: Allowance for bad debts	(5,685,682)
Less: Unearned revenue	<u>(7,276,121)</u>
NET LOANS RECEIVABLE	<u>\$ 223,249,532</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

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

Year Ending September 30,

2018	\$ 114,118,277
2019	50,532,492
2020	34,972,965
2021	16,214,081
2022	4,679,676
Thereafter	<u>2,732,041</u>
	<u>\$ 223,249,532</u>

During the year ended September 30, 2017, the total allowance for loan losses decreased by \$197,382. The total bad debt expense was \$4,301,965. During the year ended September 30, 2017, interest and fee income earned on loans receivable totaled approximately \$54,700,000.

5. NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE

As of September 30, 2017, contributors to Global Communities have made written promises to give of which \$16,989,334 remained outstanding as of fiscal year-end. As of September 30, 2017, 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 4.25%.

Less than one year	\$ 13,743,278
One to five years	<u>3,246,056</u>
	16,989,334
Less: Allowance to discount balance to present value	<u>(132,333)</u>
NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE	<u>\$ 16,857,001</u>

6. FIXED AND INTANGIBLE ASSETS

Furniture, equipment and leasehold improvements consisted of the following at September 30, 2017:

Furniture and fixtures	\$ 1,913,817
Computers and equipment	1,497,830
Vehicles	1,091,831
Leasehold improvements	<u>4,791,374</u>
	9,294,852
Less: Accumulated depreciation and amortization	<u>(4,261,133)</u>
	5,033,719
Net intangible assets	<u>292,543</u>
FIXED ASSETS, NET	<u>\$ 5,326,262</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

6. FIXED AND INTANGIBLE ASSETS (Continued)

Total depreciation and amortization expense for the year ended September 30, 2017 was \$762,179, of which \$405,836 was related to assets held by Global Communities and \$356,343 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, 2017, the cost and related accumulated amortization of the leased asset were \$69,145 and \$40,335, respectively. Amortization of assets held under capital leases is included with depreciation expense.

Future minimum lease payments at September 30, 2017 are as follows:

Year Ending December 31,

2018	\$ 26,462
2019	<u>6,423</u>
	32,885
Less: Interest	<u>(1,856)</u>
	31,029
Less: Current portion	<u>(26,462)</u>
LONG-TERM PORTION	<u>\$ 4,567</u>

8. NOTES PAYABLE

As of September 30, 2017, Global Communities has outstanding notes payable aggregating \$176,174,832. The notes are due between October 1, 2017 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, 2017:

<u>Entity</u>	<u>Lender's Name</u>	<u>Date of Issue</u>	<u>Loan Currency</u>	<u>Loan Original Amount (USD)</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Commission</u>	<u>Loan Balance September 30, 2017 (USD)</u>
GC HQ	Calvert Foundation	04/04/2014	USD	\$ 5,000,000	01/04/2018	4.80%		\$ 3,600,000
ATAS DE	OPIC	03/14/2017	USD	65,000,000	12/30/2033	5.08%		65,000,000
LIDER Bosnia	CoopEst Netherlands B.V.	07/19/2013	EUR	561,050	12/31/2017	7.50%		590,300
LIDER Bosnia	CoopEst Netherlands B.V.	12/09/2014	EUR	561,050	09/30/2018	7.50%		590,300
LIDER Bosnia	ResponsAbility Management Company SA	11/20/2015	EUR	785,470	11/20/2018	6.75%		413,209
LIDER Bosnia	ResponsAbility SICAV (Lux)	11/20/2015	EUR	336,630	11/20/2018	6.75%		177,090
LIDER Bosnia	ResponsAbility SICAV (Lux)	06/14/2016	EUR	841,575	06/14/2019	6.00%		885,450
LIDER Bosnia	ResponsAbility SICAV (Lux)	06/14/2016	EUR	280,525	06/14/2019	6.00%		295,150
LIDER Bosnia	ASA BANKA	05/12/2017	EUR	301,816	05/12/2020	5.49%		270,677
LIDER Bosnia	ASA BANKA	05/30/2017	EUR	603,631	05/30/2018	5.25%		603,631
LIDER Bosnia	ADDIKO BANK	09/12/2017	EUR	603,631	09/30/2018	5.00%		422,542

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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, 2017 (USD)
EMF Colombia SAS	BANCO DE OCCIDENTE	11/26/2015	COP	\$ 238,365	11/15/2017	9.92%		\$ 19,864
EMF Colombia SAS	BANCO DE OCCIDENTE	01/27/2016	C9P	340,522	01/16/2018	9.91%		56,754
EMF Colombia SAS	BANCO DE OCCIDENTE	06/21/2016	COP	306,470	06/11/2018	10.46%		114,926
EMF Colombia SAS	BANCO DE OCCIDENTE	09/30/2016	COP	68,104	09/20/2018	10.46%		34,052
EMF Colombia SAS	BANCO DE OCCIDENTE	10/28/2016	COP	102,157	10/28/2018	10.47%		55,335
EMF Colombia SAS	BANCO DE OCCIDENTE	11/28/2016	COP	85,130	11/28/2018	10.46%		49,660
EMF Colombia SAS	BANCO DE OCCIDENTE	01/19/2017	COP	81,725	01/09/2019	10.46%		54,483
EMF Colombia SAS	BANCO DE OCCIDENTE	02/20/2017	COP	54,483	02/20/2019	10.45%		38,592
EMF Colombia SAS	BANCO DE OCCIDENTE	04/10/2017	COP	153,235	04/10/2019	10.52%		121,311
EMF Colombia SAS	BANCOLDEX	12/18/2015	COP	238,365	12/12/2017	8.90%		29,795
EMF Colombia SAS	BANCOLDEX	04/22/2016	COP	340,522	04/15/2018	9.59%		99,319
EMF Colombia SAS	BANCOLDEX	03/22/2016	COP	340,522	03/16/2018	9.36%		85,130
EMF Colombia SAS	BANCOLDEX	12/22/2015	COP	238,365	12/16/2017	9.59%		29,796
EMF Colombia SAS	BANCOLDEX	09/08/2016	COP	204,313	09/08/2019	8.99%		136,209
EMF Colombia SAS	BANCOLDEX	05/25/2016	COP	272,417	05/18/2018	9.59%		90,806
EMF Colombia SAS	BANCOLDEX	08/11/2016	COP	476,730	08/11/2019	8.99%		304,578
EMF Colombia SAS	BANCOLDEX	09/11/2016	COP	136,209	09/11/2019	9.82%		90,806
EMF Colombia SAS	BANCOLDEX	02/26/2016	COP	340,522	02/18/2018	9.36%		70,942
EMF Colombia SAS	BANCOLDEX	11/26/2015	COP	238,365	11/20/2017	8.90%		19,864
EMF Colombia SAS	BANCOLDEX	05/27/2016	COP	112,372	05/20/2018	9.59%		37,456
EMF Colombia SAS	BANCOLDEX	06/15/2016	COP	340,522	06/15/2019	9.82%		198,638
EMF Colombia SAS	BANCOLDEX	04/28/2016	COP	136,209	04/21/2018	9.59%		39,728
EMF Colombia SAS	BANCOLDEX	10/28/2015	COP	221,339	10/23/2017	9.73%		9,222
EMF Colombia SAS	BANCOLDEX	09/30/2015	COP	102,157	09/25/2017	9.82%		4,257
EMF Colombia SAS	BANCOLDEX	07/25/2016	COP	476,730	07/25/2019	7.14%		291,335
EMF Colombia SAS	BANCOLDEX	09/19/2016	COP	102,157	09/19/2019	9.82%		70,942
EMF Colombia SAS	BANCOLDEX	10/31/2016	COP	74,915	10/31/2019	9.82%		52,024
EMF Colombia SAS	BANCOLDEX	09/28/2016	COP	282,633	09/28/2019	9.82%		196,273
EMF Colombia SAS	BANCOLDEX	12/02/2016	COP	269,012	12/02/2019	8.81%		194,315
EMF Colombia SAS	BANCOLDEX	12/23/2016	COP	330,306	12/23/2019	7.46%		247,730
EMF Colombia SAS	BANCOLDEX	01/20/2017	COP	228,150	01/20/2020	7.46%		177,450
EMF Colombia SAS	BANCOLDEX	02/20/2017	COP	149,830	02/20/2020	9.45%		120,696
EMF Colombia SAS	OIKOCREDIT	10/23/2016	COP	410,206	10/23/2019	12.95%		170,601
Vitas Jordan	Capital Bank	09/03/2015	JOD	2,000,000	09/08/2019	9.50%		3,775,858
Vitas Jordan	Al-Ethad Bank	06/01/2016	JOD	3,000,000	05/31/2019	8.75%	0.00%	4,019,746
Vitas Jordan	Al-Ethad Bank	12/17/2015	JOD	2,000,000	05/01/2019	8.75%		1,386,141
Vitas Jordan	SANAD	12/17/2015	USD	2,000,000	01/05/2019	8.50%	0.50%	1,200,000
Vitas Jordan	SANAD	03/15/2016	USD	2,000,000	01/05/2019	8.50%	0.50%	1,200,000
Vitas Jordan	Triodos	12/12/2013	JOD	1,414,000	01/01/2019	8.30%		1,994,358
Vitas Jordan	Cairo Amman Bank	03/01/2015	JOD	3,500,000	05/28/2019	9.25%		3,106,904
Vitas Jordan	SANAD	11/14/2012	USD	1,750,000	10/05/2017	9.60%	0.50%	550,000
Vitas Jordan	Societe Generale Bank Jordan	05/04/2016	JOD	1,000,000	12/31/2019	8.75%	0.50%	1,018,650
Vitas Jordan	Housing Bank for Trade and Finance	05/05/2016	JOD	2,000,000	12/05/2019	9.25%		2,012,825
Vitas Jordan	Societe Generale Bank Jordan	10/26/2015	JOD	1,000,000	10/25/2018	8.75%	0.50%	1,065,542
Vitas Jordan	Egyptian Arab Land Bank	03/23/2016	JOD	1,000,000	10/23/2019	8.75%		2,769,307
Vitas Jordan	Jordan Kuwait Bank	06/16/2016	JOD	700,000	06/16/2019	8.25%		724,028
Vitas Jordan	Jordan Kuwait Bank	06/16/2016	JOD	300,000	06/16/2019	6.00%		316,396
Vitas Jordan	Invest Bank	05/30/2017	JOD	3,000,000	03/30/2019	7.75%		3,173,484
Vitas Jordan	SANAD	04/15/2017	USD	2,000,000	04/15/2020	7.90%	0.50%	2,000,000
Vitas Jordan	Al-Ethad Bank	04/30/2017	JOD	2,000,000	01/06/2021	8.75%		2,613,240
Vitas Jordan	Jordan Kuwait Bank	04/30/2017	JOD	1,000,000	03/31/2020	8.75%		1,410,437
Vitas Jordan	Societe Generale Bank Jordan	04/30/2017	JOD	1,000,000	01/11/2020	8.50%	0.50%	1,410,437
Vitas Jordan	ResponsAbility Global	11/23/2016	USD	2,600,000	01/11/2018	7.15%		2,600,000

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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, 2017 (USD)
Vitas Jordan	ResponsAbility Mikrifinanz	11/23/2016	USD	\$ 1,100,000	01/11/2018	7.15%		\$ 1,100,000
Vitas Jordan	ResponsAbility Financial	11/23/2016	USD	600,000	01/11/2018	7.15%		600,000
Vitas Jordan	ResponsAbility Leaders	11/23/2016	USD	700,000	01/11/2018	7.15%		700,000
Vitas Lebanon	KIVA Microfunds	07/21/2008	USD	N/A	N/A	0.00%		72,710
Vitas Lebanon	Fransabank sal	08/24/2013	LBP	3,316,750	12/31/2021	4.79%		2,819,237
Vitas Lebanon	Jammal Trust Bank sal	09/30/2013	LBP	3,316,750	09/31/2021	4.79%		2,653,400
Vitas Lebanon	Jammal Trust Bank sal	02/28/2014	LBP	3,316,750	03/31/2022	4.79%		2,985,075
Vitas Lebanon	Fransabank sal	06/25/2014	LBP	3,316,750	09/30/2022	4.79%		3,316,699
Vitas Lebanon	Jammal Trust Bank sal	11/14/2014	LBP	3,316,750	09/30/2022	4.79%		3,316,738
Vitas Lebanon	Fransabank sal	11/12/2015	LBP	3,316,750	12/31/2023	4.79%		3,316,721
Vitas Lebanon	International Finance Corporation	08/31/2016	USD	4,000,000	06/15/2020	6.75%	0.50%	3,376,712
Vitas Lebanon	SANAD	11/14/2016	USD	4,000,000	10/05/2019	5.75%	0.75%	3,174,696
Vitas Palestine	KIVA Microfunds	10/07/2008	USD	N/A	N/A	0.00%		70,120
Vitas Palestine	ResponsAbility SICAV	04/21/2016	USD	1,000,000	04/23/2019	4.95%		666,667
Vitas Palestine	ResponsAbility SICAV	06/12/2016	USD	1,000,000	06/10/2019	4.95%		666,667
Vitas Palestine	ResponsAbility SICAV	07/12/2016	USD	1,500,000	07/12/2019	4.95%		1,000,000
Vitas Palestine	ResponsAbility SICAV	09/20/2016	USD	1,500,000	09/20/2019	4.95%		1,000,000
Vitas Palestine	ResponsAbility SICAV	10/11/2016	USD	1,000,000	10/11/2019	4.95%		1,000,000
Vitas Palestine	ResponsAbility SICAV	11/10/2016	USD	1,000,000	11/10/2019	4.95%		1,000,000
Vitas Palestine	ResponsAbility SICAV	06/29/2017	USD	3,000,000	06/29/2020	5.00%		3,000,000
Vitas Palestine	Quds Bank	07/01/2015	USD	1,000,000	10/22/2018	5.00%	1.00%	416,667
Vitas Palestine	Quds Bank	12/27/2015	USD	1,000,000	09/21/2019	4.50%	1.00%	590,526
Vitas Palestine	Quds Bank	03/20/2016	USD	2,000,000	03/20/2021	4.50%	1.00%	1,445,994
Vitas Palestine	Quds Bank	08/24/2016	USD	1,000,000	08/24/2021	4.50%	1.00%	817,393
Vitas Palestine	Quds Bank	02/27/2017	USD	1,000,000	02/27/2022	4.86%	1.00%	910,459
Vitas Palestine	Bank of Palestine	05/25/2016	USD	1,000,000	05/25/2021	4.65%	0.50%	881,379
Vitas Palestine	Bank of Palestine	09/07/2016	USD	1,000,000	05/25/2021	4.99%	0.50%	881,030
Vitas Palestine	Bank of Palestine	01/02/2017	USD	1,000,000	05/25/2021	5.07%	0.50%	879,878
Vitas Palestine	Bank of Palestine	04/17/2017	USD	1,000,000	05/25/2021	5.19%	0.50%	881,481
Vitas Palestine	SANAD	03/25/2015	USD	1,500,000	05/25/2021	5.75%	0.50%	1,000,000
Vitas Palestine	SANAD	03/07/2017	USD	5,000,000	04/05/2019	5.00%	0.50%	5,000,000
Vitas Palestine	Palestinian Fund for Employment and Social Protection	02/05/2016	USD	1,050,000	02/05/2022	2.00%		949,625
Vitas Romania	European Investment Fund	10/06/2014	RON	8,840,000	09/30/2019	6.75%	0.75%	1,289,207
Vitas Romania	Overseas Private Investment Corporation	04/14/2009	USD	2,000,000	03/15/2018	5.54%	0.25%	198,235
Vitas Romania	Overseas Private Investment Corporation	04/14/2009	USD	2,000,000	03/15/2018	3.88%	0.25%	200,323
Vitas Romania	Overseas Private Investment Corporation	04/14/2009	USD	1,000,000	03/15/2018	3.77%	0.25%	100,157
Vitas Romania	Overseas Private Investment Corporation	04/14/2009	USD	1,000,000	03/15/2018	3.47%	0.25%	250,028
Vitas Romania	OIKOCREDIT, Ecumenical Development Cooperative Society U.A.	08/17/2016	RON	6,660,000	08/29/2021	6.26%	1.00%	1,517,845
Vitas Romania	CoopEst Netherlands B.V.	05/15/2013	EUR	800,000	12/31/2017	6.50%	1.00%	959,092
Vitas Romania	CoopEst Netherlands B.V.	10/05/2017	EUR	250,000	05/11/2018	4.30%	1.50%	294,968
Vitas Romania	CoopEst Netherlands B.V.	06/30/2017	EUR	500,000	06/30/2019	4.30%	2.00%	586,319
Vitas Romania	ResponsAbility SICAV, Mikrifinanz Fonds	11/16/2015	EUR	250,000	11/16/2017	5.56%		301,225
Vitas Romania	ResponsAbility SICAV, Microfinance Leader	11/16/2015	EUR	250,000	11/16/2017	5.56%		301,225
Vitas Romania	ResponsAbility SICAV, Global Microfinance Fund	09/03/2017	EUR	250,001	09/03/2020	5.20%		295,798
Vitas Romania	ResponsAbility SICAV, Mikrifinanz Fonds	09/03/2017	EUR	250,002	09/03/2020	5.20%		295,798
Vitas Romania	ResponsAbility SICAV, Global Microfinance Fund	03/13/2017	RON	1,133,000	03/13/2020	6.25%		291,542
Vitas Romania	ResponsAbility SICAV, Mikrifinanz Fonds	03/13/2017	RON	1,133,000	03/13/2020	6.25%		291,542
Vitas Romania	ResponsAbility SICAV, Micro and SME Finance Leaders	09/07/2017	RON	2,065,000	09/13/2021	6.00%		531,389

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

8. NOTES PAYABLE (Continued)

<u>Entity</u>	<u>Lender's Name</u>	<u>Date of Issue</u>	<u>Loan Currency</u>	<u>Loan Original Amount (USD)</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Commission</u>	<u>Loan Balance September 30, 2017 (USD)</u>
Vitas Romania	ResponsAbility SICAV, Micro-und KMU-Finanz-Fonds	09/07/2017	RON	\$ 1,600,000	09/13/2021	6.00%		\$ 411,730
Vitas Romania	ResponsAbility SICAV, Financial Inclusion Fund	09/07/2017	RON	920,000	09/13/2021	6.00%		236,745
Vitas Romania	Symbiotics SA	06/29/2017	EUR	500,000	06/29/2020	4.70%	1.00%	590,982
Vitas Romania	Symbiotics SICAV, Global Financial Inclusion Fund	08/17/2017	RON	2,035,000	08/17/2020	6.00%	1.00%	520,845
Vitas Romania	Symbiotics SICAV, Global Financial Inclusion Fund	09/04/2017	RON	2,035,000	09/15/2020	6.00%	1.00%	518,241
Vitas Romania	CoopEst Netherlands B.V.	03/10/2016	EUR	500,000	10/15/2023	6.50%	1.00%	594,589
Vitas Romania	ResponsAbility Management Company SA	01/28/2016	EUR	500,000	01/28/2021	8.17%		<u>598,542</u>
								<u>\$ 176,174,832</u>

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

Year Ending September 30,

2018	\$ 47,364,373
2019	35,116,072
2020	17,019,026
2021	7,549,727
2022	2,707,482
Thereafter	<u>66,418,152</u>
	<u>\$ 176,174,832</u>

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, for which donor-imposed restrictions have not been met. All temporarily restricted net assets at September 30, 2017 are to provide support for Global Communities' programs. Following is a summary of temporarily restricted net assets at September 30, 2017:

Project Funds:

Brazil	\$ 3,480,837
Haiti	1,149,342
Honduras	14,473,674
India	179,208
Jordan	2,865
Kenya	598,626
Liberia	25,344
Malawi	600,000
Palestine	1,821,092
Rwanda	13,141
South Sudan	213,504
Tanzania	694,381
Turkey-Syria	1,411,689
Various headquarters projects	<u>5,318,744</u>

Project Funds Total **\$ 29,982,447**

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

9. TEMPORARILY RESTRICTED NET ASSETS (Continued)

Loan Capital:	
Colombia	\$ 3,120,067
Jordan	333,333
Lebanon	333,333
Palestine	<u>1,170,096</u>
Loan Capital Total	\$ <u>4,956,829</u>

During the year ended September 30, 2017, temporarily restricted net assets of \$20,234,970 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, 2017:

Project Funds:	
Brazil	\$ 1,072,327
Ghana	148,229
Haiti	4,187,591
Honduras	4,857,070
India	438,811
Jordan	4,729
Kenya	1,727,801
Lebanon	788,115
Liberia	707,826
Malawi	604,786
Palestine	1,990,608
South Sudan	160
Tanzania	698,434
Turkey-Syria	1,939,670
Various headquarters projects	<u>1,068,813</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ <u>20,234,970</u>

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, 2017, total retirement plan expense aggregated \$2,287,536.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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, 2017:

Year Ending September 30,

2018	\$ 876,507
2019	894,037
2020	911,918
2021	930,156
2022	948,760
Thereafter	<u>5,565,070</u>
	<u>\$ 10,126,448</u>

Total rent expense under long-term lease commitments for the year ended September 30, 2017 was approximately \$859,000. The deferred rent liability was \$2,562,347.

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, 2017 was approximately \$2,279,000.

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 2017. 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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2017

12. CONTINGENCIES (Continued)

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, 2017, 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 \$280,000,000, which represents approximately 76% of Global Communities' total assets as of September 30, 2017.

13. ECONOMIC DEPENDENCY

Approximately 80% of Global Communities' total revenue and support, excluding in-kind contributions and related entity activity for the year ended September 30, 2017 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, 2017, Global Communities has outstanding commitments from these agencies for future years totaling approximately \$180,000,000, of which the agencies have obligated, but Global Communities has not drawn down, approximately \$92,000,000. Such amounts have not been included in the accompanying combined financial statements.

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

Interest Paid - Global Communities International	\$ <u>3,909</u>
Interest Paid - Related Entities	\$ <u>10,017,799</u>
Taxes Paid - Related Entities	\$ <u>1,524,165</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).

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

16. FAIR VALUE MEASUREMENT (Continued)

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, 2017

- *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.
- *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.
- *Fixed Income* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Interests in hedge funds, limited partnerships, private equity funds and other investments* - These instruments do not have a readily determinable fair value. The fair values used are generally determined by an external valuation expert and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.

The table below summarizes, by level within the fair value hierarchy, Global Communities' investments as of September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Category:				
Money market funds	\$ 820,377	\$ -	\$ -	\$ 820,377
Common stocks and mutual funds	30,315,659	-	-	30,315,659
Fixed income	8,171,314	-	-	8,171,314
Other investments:				
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	-	-	10,578	10,578
Investment in BOAFO (local microfinance institution in Ghana)	-	-	743,772	743,772
Investments Measured at Net Asset Value (1):				
Hedge funds	-	-	-	2,713,801
Venture Capital- Partnerships	-	-	-	401,022
TOTAL	<u>\$ 39,307,350</u>	<u>\$ -</u>	<u>\$ 754,350</u>	<u>\$ 43,176,523</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

16. FAIR VALUE MEASUREMENT (Continued)

Investments Measured at Net Asset Value(1): Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There were no transfers between levels in the fair value hierarchy during the years ended September 30, 2017. 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, 2017:

	<u>Investments</u>
Beginning balance as of September 30, 2016	\$ 713,281
Net unrealized gain on investment	119,315
Proceeds from sale	(74,541)
Realized loss on sale	<u>(3,705)</u>
BALANCE AS OF SEPTEMBER 30, 2017	<u>\$ 754,350</u>

17. SUBSEQUENT EVENTS

In preparing these combined financial statements, Global Communities has evaluated events and transactions for potential recognition or disclosure through March 15, 2018, the date the financial statements were issued.

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. The liquidating process is expected to be fully completed by May 31, 2018.

SUPPLEMENTAL INFORMATION

GLOBAL COMMUNITIES AND RELATED ENTITIES

SCHEDULE OF FUNCTIONAL EXPENSES WITHOUT RELATED ENTITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Technical Assistance</u>	<u>Capital Assistance</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 6,728,935	\$ 727,603	\$ 11,454,341	\$ 18,910,879
Fringe benefits	2,245,645	242,823	3,839,205	6,327,673
Local salaries and fringe	24,035,998	27,389	562,705	24,626,092
Other benefits	2,299,794	38,160	126	2,338,080
Printing and production	133,261	-	14,811	148,072
Professional fees	643,143	65,493	587,376	1,296,012
Occupancy	2,287,223	6,016	844,903	3,138,142
Security costs	277,452	-	-	277,452
Insurance	531,280	-	174,765	706,045
Depreciation and amortization	-	-	405,836	405,836
Telecommunications	340,672	2,582	253,230	596,484
Travel	2,226,810	59,337	901,443	3,187,590
Consulting fees	2,400,276	4,180	693,602	3,098,058
Postage and delivery	50,809	11,466	32,035	94,310
Repairs and maintenance	365,800	-	408,621	774,421
Supplies	1,460,234	12	61,912	1,522,158
Dues, subscriptions and publications	74,789	-	303,530	378,319
Conferences	131,170	1,507	185,335	318,012
In-kind professional fees	108,228	-	-	108,228
Equipment purchase and rental	1,187,510	1,099	666,707	1,855,316
Temporary help	411,926	-	56,361	468,287
Contracts	17,967,354	12,716	-	17,980,070
Assistance awards, not subject to OH	27,309,647	-	-	27,309,647
Assistance awards, subject to OH	1,625,199	-	-	1,625,199
Vehicle expense	1,218,096	-	1,588	1,219,684
Office operating expense	947	567	10,734	12,248
Participant training	6,205,837	-	43,762	6,249,599
Staff training and development	121,714	4,620	74,256	200,590
Construction expense and materials	10,237,525	-	154	10,237,679
Other	<u>810,436</u>	<u>(89,405)</u>	<u>534,730</u>	<u>1,255,761</u>
TOTAL	<u>\$ 113,437,710</u>	<u>\$ 1,116,165</u>	<u>\$ 22,112,068</u>	<u>\$ 136,665,943</u>

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2017

	Related Entities									Express Microfinanzas- SAS - Colombia	Subtotal	Eliminations	TOTAL
	Global Communities	LIDER	ATAS-M	Entiqal	Vitas Group	ATAS-DE	MCSE	GC Brazil	Vitas Palestine				
ASSETS													
Cash and cash equivalents	\$ 23,819,983	\$ 674,196	\$ 244,131	\$ 9,947,337	\$ 9,795,647	\$ 18,004,244	\$ 44,086	\$ 67,334	\$ 3,698,258	\$ 10,454	\$ 66,305,670	\$ 13,079	\$ 66,318,749
Investments	84,770,243	-	-	4,378,618	518,371	-	-	-	-	-	89,667,232	(46,490,709)	43,176,523
Loans receivable, net of allowance	-	9,877,290	-	-	100,432,216	65,663,328	-	-	42,189,788	5,086,910	223,249,532	-	223,249,532
Federal grants and contracts receivable	7,226,625	-	-	-	-	-	-	-	-	-	7,226,625	-	7,226,625
Non-Federal grants and contracts receivable	16,857,001	-	-	-	-	-	-	-	-	-	16,857,001	-	16,857,001
Interest and accounts receivable	517,122	108,971	-	28,848	1,982,321	358,570	2,315	-	59,607	331,652	3,389,406	(85,337)	3,304,069
Intracompany receivables	201,079	-	-	-	-	-	-	-	-	-	201,079	(201,079)	-
Intercompany receivables	5,722,620	-	-	6,996,386	113,628	246,277	-	-	-	-	13,078,911	(13,078,911)	-
Prepaid expenses and other assets	749,827	73,029	172,397	2,587	358,416	-	13,520	-	94,546	1,269	1,465,591	-	1,465,591
Fixed and intangible assets	2,707,612	155,709	96,621	-	1,868,564	-	3	-	382,348	115,405	5,326,262	-	5,326,262
Security deposits	513,990	-	-	-	394,387	-	16,640	-	50,000	-	975,017	-	975,017
TOTAL ASSETS	\$ 143,086,102	\$ 10,889,195	\$ 513,149	\$ 21,353,776	\$ 115,463,550	\$ 84,272,419	\$ 76,564	\$ 67,334	\$ 46,474,547	\$ 5,545,690	\$ 427,742,326	\$ (59,842,957)	\$ 367,899,369
LIABILITIES													
Notes payable	3,600,000	4,248,349	-	-	83,121,847	65,000,000	-	-	23,057,886	3,312,889	182,340,971	(6,166,139)	176,174,832
Capital lease obligation	31,029	-	-	-	-	-	-	-	-	-	31,029	-	31,029
Accounts payable and accrued expenses	3,938,545	74,942	70,462	2,863	3,093,431	854,910	6,657	-	1,899,529	219,886	10,161,225	122,269	10,283,494
Intracompany payables	201,079	-	-	-	-	-	-	-	-	-	201,079	(201,079)	-
Intercompany payables	383	2,430	246,277	3,616	2,138,574	973,794	61,238	25,754	3,655,233	-	7,107,299	(7,107,299)	-
Accrued salaries and benefits	6,320,752	12,951	58,710	254,969	1,157,960	-	408	41,580	878,870	67,788	8,793,988	-	8,793,988
Deferred revenue	2,669,713	-	-	-	-	-	-	-	-	-	2,669,713	-	2,669,713
Deferred rent	2,562,347	-	-	-	-	-	-	-	-	-	2,562,347	-	2,562,347
Funds held in trust	6,671,387	-	-	-	-	-	-	-	-	-	6,671,387	-	6,671,387
Total liabilities	25,995,235	4,338,672	375,449	261,448	89,511,812	66,828,704	68,303	67,334	29,491,518	3,600,563	220,539,038	(13,352,248)	207,186,790
NET ASSETS													
Unrestricted	82,151,591	6,550,523	137,700	21,092,328	15,009,905	17,443,715	8,261	-	16,983,029	1,945,127	161,322,179	(40,473,687)	120,848,492
Noncontrolling interest	-	-	-	-	10,941,833	-	-	-	-	-	10,941,833	(6,017,022)	4,924,811
Temporarily restricted	34,939,276	-	-	-	-	-	-	-	-	-	34,939,276	-	34,939,276
Total 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
TOTAL LIABILITIES AND NET ASSETS	\$ 143,086,102	\$ 10,889,195	\$ 513,149	\$ 21,353,776	\$ 115,463,550	\$ 84,272,419	\$ 76,564	\$ 67,334	\$ 46,474,547	\$ 5,545,690	\$ 427,742,326	\$ (59,842,957)	\$ 367,899,369

GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF ACTIVITIES
AS OF SEPTEMBER 30, 2017

	Related Entities											Total	
	Global Communities	LIDER	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	\$ 107,930,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$107,930,876
Contracts	14,956,002	-	-	-	-	-	196,461	-	-	-	(196,461)	-	14,956,002
In-kind contributions	108,228	-	-	-	-	-	-	-	-	-	-	-	108,228
Interest and investment income	5,071,611	1,730,229	42,295	-	21,901,824	16,855,532	-	10,024	6,719,453	2,513,074	(74,460)	49,697,971	54,769,582
Commission income	-	264,727	-	-	2,496,783	3,304,911	-	-	1,096,258	459,086	(3,304,911)	4,316,854	4,316,854
Other income	5,695,242	351,457	916,930	4,864,432	2,028,336	-	-	566,461	563,782	402,636	(2,928,374)	6,765,660	12,460,902
Total revenue and support	133,761,959	2,346,413	959,225	4,864,432	26,426,943	20,160,443	196,461	576,485	8,379,493	3,374,796	(6,504,206)	60,780,485	194,542,444
EXPENSES	136,665,943	1,975,328	959,225	3,885,412	24,809,038	19,791,863	197,196	604,236	6,357,007	4,443,156	(6,429,746)	56,592,715	193,258,658
CHANGE IN NET ASSETS/ NET INCOME (LOSS)	\$ (2,903,984)	\$ 371,085	\$ -	\$ 979,020	\$ 1,617,905	\$ 368,580	\$ (735)	\$ (27,751)	\$ 2,022,486	\$ (1,068,360)	\$ (74,460)	\$ 4,187,770	\$ 1,283,786

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Related Entities

	Global Communities	LIDER	ATAS-M	Entiqal	Vitas Group	ATAS-DE	MCSE	GC Brazil	Vitas Palestine	Express Microfinanzas- SAS - Colombia	Subtotal	Eliminations	TOTAL
UNRESTRICTED:													
Beginning of year net assets	\$ 77,505,596	\$ 6,179,438	\$ 137,700	\$ 20,113,308	\$ 21,910,327	\$ 17,075,135	\$ 8,996	\$ 27,751	\$ 14,960,543	\$ 3,013,487	\$ 160,932,281	\$ (45,437,633)	\$ 115,494,648
Proceeds from issuance of units	-	-	-	-	2,543,506	-	-	-	-	-	2,543,506	(978,616)	1,564,890
Dividends declared	-	-	-	-	(120,000)	-	-	-	-	-	(120,000)	-	(120,000)
Change in net assets	4,645,995	371,085	-	979,020	1,617,905	368,580	(735)	(27,751)	2,022,486	(1,068,360)	8,908,225	(74,460)	8,833,765
END 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
TEMPORARILY RESTRICTED:													
Beginning of year net assets	\$ 42,489,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,489,255	\$ -	\$ 42,489,255
Change in net assets	(7,549,979)	-	-	-	-	-	-	-	-	-	(7,549,979)	-	(7,549,979)
END OF YEAR NET ASSETS	\$ 34,939,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,939,276	\$ -	\$ 34,939,276
TOTAL:													
Beginning of year net assets	\$ 119,994,851	\$ 6,179,438	\$ 137,700	\$ 20,113,308	\$ 21,910,327	\$ 17,075,135	\$ 8,996	\$ 27,751	\$ 14,960,543	\$ 3,013,487	\$ 203,421,536	\$ (45,437,633)	\$ 157,983,903
Proceeds from issuance of units	-	-	-	-	2,543,506	-	-	-	-	-	2,543,506	(978,616)	1,564,890
Dividends declared	-	-	-	-	(120,000)	-	-	-	-	-	(120,000)	-	(120,000)
Change in net assets	(2,903,984)	371,085	-	979,020	1,617,905	368,580	(735)	(27,751)	2,022,486	(1,068,360)	1,358,246	(74,460)	1,283,786
END 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