

**COMBINED FINANCIAL STATEMENTS**

**GLOBAL COMMUNITIES AND  
RELATED ENTITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2015**

# 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, 2016, 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.

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## 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, 2016, 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.

## Report on Summarized Comparative Information

We have previously audited Global Communities' 2015 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, 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 25, the Combining Schedule of Financial Position on page 26, the Combining Schedule of Activities on page 27 and the Combining Schedule of Change in Net Assets on page 28 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.



March 8, 2017

**GLOBAL COMMUNITIES AND RELATED ENTITIES**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

<b>ASSETS</b>	<b>2016</b>	<b>2015 As Restated (Note 17)</b>
	<b>2016</b>	<b>2015 As Restated (Note 17)</b>
Cash and cash equivalents (Note 2)	\$ 65,933,714	\$ 51,561,773
Investments (Notes 3 and 16)	39,327,792	38,211,236
Loans receivable, net of allowance (Notes 4 and 8)	193,489,459	166,187,109
Federal grants and contracts receivable	265,717	3,741,806
Non-Federal grants and contracts receivable (Note 5)	21,204,272	30,261,709
Interest and accounts receivable	2,555,189	2,337,319
Prepaid expenses and other assets	1,868,725	1,876,652
Fixed and intangible assets (Notes 6 and 7)	5,899,757	4,470,945
Security deposits	549,811	337,493
<b>TOTAL ASSETS</b>	<b>\$ 331,094,436</b>	<b>\$ 298,986,042</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Credit lines	\$ -	\$ 513,436
Notes payable (Note 8)	142,193,125	119,053,150
Capital lease obligation (Note 7)	53,582	-
Accounts payable and accrued expenses	9,101,058	7,627,216
Accrued salaries and benefits	7,600,960	9,322,662
Deferred revenue	4,178,274	1,914,145
Deferred rent (Note 11)	2,690,083	2,064,235
Funds held in trust	7,293,451	-
Total liabilities	173,110,533	140,494,844
<b>NET ASSETS</b>		
Unrestricted:		
Global Communities	77,505,596	76,607,313
Related Entities:		
Controlling Interest	32,216,066	28,115,642
Noncontrolling Interest	5,772,986	5,158,563
Total unrestricted net assets	115,494,648	109,881,518
Temporarily Restricted (Note 9):		
Project Funds	37,532,426	43,652,851
Loan Capital	4,956,829	4,956,829
Total temporarily restricted net assets	42,489,255	48,609,680
Total net assets	157,983,903	158,491,198
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 331,094,436</b>	<b>\$ 298,986,042</b>

See accompanying notes to combined financial statements.

**GLOBAL COMMUNITIES AND RELATED ENTITIES**  
**COMBINED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015 As Restated (Note 17)
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE AND SUPPORT</b>				
Grants and contributions (Notes 12, 13 and 14)	\$ 86,169,756	\$ 29,400,399	\$ 115,570,155	\$ 128,868,573
Contracts (Notes 12 and 13)	15,414,601	-	15,414,601	16,078,772
In-kind contributions	108,510	-	108,510	672,556
Interest and investment income (Notes 3 and 4)	21,293,529	-	21,293,529	18,009,540
Other income	2,384,626	-	2,384,626	3,005,351
Net assets released from restrictions - satisfaction of donor restrictions (Note 9)	<u>28,046,851</u>	<u>(28,046,851)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>153,417,873</u>	<u>1,353,548</u>	<u>154,771,421</u>	<u>166,634,792</u>
<b>EXPENSES</b>				
Program Services:				
Technical Assistance	115,250,189	-	115,250,189	120,575,603
Capital Assistance	<u>16,133,159</u>	<u>-</u>	<u>16,133,159</u>	<u>16,999,257</u>
Total program services	<u>131,383,348</u>	<u>-</u>	<u>131,383,348</u>	<u>137,574,860</u>
General and Administrative	<u>21,555,045</u>	<u>-</u>	<u>21,555,045</u>	<u>19,949,577</u>
Total expenses	<u>152,938,393</u>	<u>-</u>	<u>152,938,393</u>	<u>157,524,437</u>
Change in net assets before other items	479,480	1,353,548	1,833,028	9,110,355
<b>OTHER ITEMS</b>				
Currency income (loss)	418,803	-	418,803	(334,608)
Reduction of award by donor (Note 9)	-	(7,473,973)	(7,473,973)	-
Net gain from related entities	<u>4,714,847</u>	<u>-</u>	<u>4,714,847</u>	<u>588,707</u>
<b>CHANGE IN NET ASSETS</b>	<b><u>\$ 5,613,130</u></b>	<b><u>\$ (6,120,425)</u></b>	<b><u>\$ (507,295)</u></b>	<b><u>\$ 9,364,454</u></b>

**GLOBAL COMMUNITIES AND RELATED ENTITIES**  
**COMBINED STATEMENT OF CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<u>Unrestricted</u>			<u>Temporarily Restricted</u>			<u>2016 Total</u>	<u>2015 Total As Restated (Note 17)</u>	
	<u>Related Entities</u>			<u>Project Funds</u>	<u>Loan Capital Funds</u>	<u>Total</u>			
	<u>Global Communities</u>	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>				<u>Total</u>		
Balance at beginning of year, as restated (Note 17)	\$ 76,607,313	\$ 28,115,642	\$ 5,158,563	\$ 109,881,518	\$ 43,652,851	\$ 4,956,829	\$ 48,609,680	\$ 158,491,198	\$ 146,927,814
Proceeds from issuance of units	-	-	-	-	-	-	-	-	2,198,780
Minority interest equity contribution	-	-	-	-	-	-	-	-	150
Change in net assets	<u>898,283</u>	<u>4,100,424</u>	<u>614,423</u>	<u>5,613,130</u>	<u>(6,120,425)</u>	<u>-</u>	<u>(6,120,425)</u>	<u>(507,295)</u>	<u>9,364,454</u>
<b>BALANCE AT END OF YEAR</b>	<b><u>\$ 77,505,596</u></b>	<b><u>\$ 32,216,066</u></b>	<b><u>\$ 5,772,986</u></b>	<b><u>\$ 115,494,648</u></b>	<b><u>\$ 37,532,426</u></b>	<b><u>\$ 4,956,829</u></b>	<b><u>\$ 42,489,255</u></b>	<b><u>\$ 157,983,903</u></b>	<b><u>\$ 158,491,198</u></b>

See accompanying notes to combined financial statements.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

**COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2016  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (507,295)	\$ 9,364,454
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase (decrease) in loan allowance	1,637,642	(522,161)
Change in present value discount	363,280	-
Realized and unrealized (gain) loss on investments	(1,964,483)	2,202,699
Depreciation and amortization	913,800	693,420
Gain on sale/disposal of furniture and equipment	-	(14,413)
(Increase) decrease in:		
Federal grants and contracts receivable	3,476,089	79,208
Non-Federal grants and contracts receivable	8,694,157	(249,789)
Interest and accounts receivable	(217,870)	(178,126)
Prepaid expenses and other assets	7,927	(495,605)
Security deposits	(212,318)	(13,183)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,473,842	1,732,763
Accrued salaries and benefits	(1,721,702)	112,431
Deferred revenue	2,264,129	(428,954)
Deferred rent	625,848	2,064,235
Funds held in trust	<u>7,293,451</u>	<u>-</u>
Net cash provided by operating activities	<u>22,126,497</u>	<u>14,346,979</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net increase in gross loans receivable	(28,939,992)	(14,489,542)
Purchase of fixed assets	(2,273,467)	(3,253,284)
Proceeds from sales of fixed assets	-	33,855
Investment purchases and reinvestments	(1,402,073)	(1,248,889)
Proceeds from sales of investments	<u>2,250,000</u>	<u>-</u>
Net cash used by investing activities	<u>(30,365,532)</u>	<u>(18,957,860)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment on credit lines	(513,436)	(3,670,060)
Proceeds from notes payable	41,800,184	35,211,506
Principal payments on notes payable	(18,660,209)	(16,411,794)
Proceeds from the issuance of units	-	2,198,780
Proceeds from minority equity contribution	-	150
Principal payments under capital lease obligation	<u>(15,563)</u>	<u>-</u>
Net cash provided by financing activities	<u>22,610,976</u>	<u>17,328,582</u>
Net increase in cash and cash equivalents	14,371,941	12,717,701
Cash and cash equivalents at beginning of year	<u>51,561,773</u>	<u>38,844,072</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 65,933,714</u></b>	<b><u>\$ 51,561,773</u></b>

See accompanying notes to combined financial statements.



## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

#### 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). These related entities are legally incorporated within their respective countries. Global Communities formed a for-profit limited liability corporation, CHF Development Finance International, LLC. (Vitas Group), established under the laws of the State of Maryland. Global Communities owns a majority interest in 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. All of these entities were established to manage micro-enterprise loan programs within their respective jurisdictions. Global Communities maintains significant control over these related entities.

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

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

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

On 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%.

##### Ownership-Noncontrolling interest -

Global Communities owns 71% of Vitas Group and Bamboo Finance (formerly Blue Orchard) owns the other 29%. Accordingly, as of September 30, 2013, Global Communities owned 586,547 membership units and Bamboo Finance owned 146,637 membership units. Furthermore, during the year ended September 30, 2015 Vitas Group issued three additional subscriptions for a total of 220,268. As of September 2016 and 2015, Global Communities owned 678,151 membership units, and Bamboo owned 275,301 membership units.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

#### 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, 2015, from which the summarized information was derived.

The accompanying combined financial statements include the world-wide operations of Global Communities. At September 30, 2016, assets held in foreign countries totaled approximately \$240,000,000.

##### 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 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, 2016, 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, 2016

#### 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 and contributions -

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 \$1,086,776, as of September 30, 2016.

##### Grants and contracts receivable -

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

##### Loans, interest and accounts receivable -

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

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

##### 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 \$7,293,451 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.

Contributions of \$108,510, representing the fair value of the use of goods and services, have been recorded as revenue and expenses in the accompanying combined financial statements for the year ended September 30, 2016. Global Communities also receives contributed services and materials (housing materials, supplies and tools) for which an estimate of the fair value is not determinable.

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

##### Allocation of functional expenses -

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

##### Use of estimates -

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

##### Allowances for impairment -

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

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

##### 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.

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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

##### Interest rate risk (continued) -

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. 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 AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

Fair value measurements (continued) -

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

Reclassification -

Certain amounts in the prior year combined financial statements have been reclassified to conform to the presentation of the current year's combined financial statements.

#### 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 \$41,000,000 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2016. The majority of funds invested in foreign countries are uninsured.

#### 3. INVESTMENTS

Investments at September 30, 2016, consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Money market funds	\$ 1,086,776	\$ 1,086,776
Common stocks and mutual funds	31,688,857	29,189,765
U.S. Government obligations	1,733,391	1,730,224
Hedge funds	3,905,475	3,919,212
Venture Capital- Partnerships	200,012	202,280
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	10,578	10,578
Investment in BOAFO (local microfinance institution in Ghana)	624,456	406,832
Investment in AMAL (local microfinance institution in Palestine)	<u>78,247</u>	<u>225,000</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 39,327,792</u></b>	<b><u>\$ 36,770,667</u></b>

During the year ended September 30, 2016, Global Communities recorded unrealized gain on its investments of \$1,964,483. The losses have been included in interest and investment income in the accompanying Combined Statement of Activities.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

#### 3. INVESTMENTS (Continued)

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, 2016, consisted of the following:

Loans receivable	\$ 207,066,927
Less: Allowance for bad debts	(6,030,991)
Less: Unearned revenue	<u>(7,546,477)</u>
<b>NET LOANS RECEIVABLE</b>	<b><u>\$ 193,489,459</u></b>

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

#### Year Ending September 30,

2017	\$ 121,286,907
2018	41,654,544
2019	13,565,089
2020	4,354,457
2021	1,501,203
Thereafter	<u>11,127,259</u>
	<b><u>\$ 193,489,459</u></b>

During the year ended September 30, 2016, the total allowance for loan losses increased by \$1,637,642. The total bad debt expense was \$3,549,005 (Global Communities had a bad debt recovery of \$427,269) during the year ended September 30, 2016. During the year ended September 30, 2016, interest and fee income earned on loans receivable totaled approximately \$51,348,873 of which approximately \$17,958,214 was earned by Global Communities only.

#### 5. NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE

As of September 30, 2016, contributors to Global Communities have made written promises to give of which \$21,204,272 remained outstanding as of fiscal year-end.



**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**5. NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE (Continued)**

As of September 30, 2016, non-federal grants and contracts are due as follows:

Less than one year	\$ 13,729,224
One to five years	<u>7,838,328</u>
	21,567,552
Less: Allowance to discount balance to present value	<u>(363,280)</u>
<b>NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE</b>	<b>\$ <u>21,204,272</u></b>

**6. FIXED AND INTANGIBLE ASSETS**

Furniture, equipment and leasehold improvements consisted of the following at September 30, 2016:

Furniture and fixtures	\$ 2,513,596
Computers and equipment	1,943,748
Vehicles	1,313,305
Leasehold improvements	<u>5,065,879</u>
	10,836,528
Less: Accumulated depreciation and amortization	<u>(5,325,977)</u>
	5,510,551
Net intangible assets	<u>389,206</u>
<b>FIXED ASSETS, NET</b>	<b>\$ <u>5,899,757</u></b>

Total depreciation and amortization expense for the year ended September 30, 2016 was \$913,800, of which \$439,202 was related to assets held by Global Communities and \$474,598 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, 2016, the cost and related accumulated amortization of the leased asset were \$69,145 and \$17,286, respectively. Amortization of assets held under capital leases is included with depreciation expense.

Future minimum lease payments at September 30, 2016 are as follows:

**Year Ending December 31,**

2017	\$ 26,462
2018	26,462
2019	<u>6,423</u>
	59,347
Less: Interest	<u>(5,765)</u>
	53,582
Less: Current portion	<u>(22,553)</u>
<b>LONG-TERM PORTION</b>	<b>\$ <u>31,029</u></b>

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**8. NOTES PAYABLE**

As of September 30, 2016, Global Communities has outstanding notes payable aggregating \$142,193,125. The notes are due between October 1, 2016 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, 2016:

Entity	Lender's Name	Date of Issue	Loan Currency	Loan Original Amount (USD)	Date of Maturity	Interest Rate	Commission	Loan Balance September 30, 2016 (USD)
GC HQ	Calvert Foundation	04/04/2014	USD	\$ 5,000,000	04/04/2017	4.80%		\$ 3,600,000
ATAS DE	OPIC	10/05/2012	USD	30,000,000	06/30/2025	4.74%		30,000,000
ATAS DE	OPIC	03/20/2013	USD	6,000,000	06/30/2025	5.03%		6,000,000
ATAS DE	OPIC	6/26/2013	USD	6,000,000	06/30/2025	4.98%		6,000,000
ATAS DE	OPIC	09/10/2013	USD	3,000,000	06/30/2025	5.74%		3,000,000
ATAS DE	OPIC	02/21/2014	USD	920,000	06/30/2025	5.77%		920,000
ATAS DE	OPIC	05/30/2014	USD	6,000,000	06/30/2025	5.52%		6,000,000
ATAS DE	OPIC	01/04/2015	USD	5,000,000	06/30/2025	4.80%		5,000,000
LIDER Bosnia	CoopEst	07/19/2013	EUR	561,050	12/31/2017	7.50%		561,050
LIDER Bosnia	CoopEst	12/09/2014	EUR	561,050	09/30/2018	7.50%		561,050
LIDER Bosnia	ResponsAbility Management Company SA	11/20/2015	EUR	785,470	11/20/2018	6.75%		785,470
LIDER Bosnia	ResponsAbility SICAV	11/20/2015	EUR	336,630	11/20/2018	6.75%		336,630
LIDER Bosnia	ResponsAbility SICAV	06/14/2016	EUR	841,575	06/14/2019	6.00%		841,575
LIDER Bosnia	ResponsAbility SICAV	06/14/2016	EUR	280,525	06/14/2019	6.00%		280,525
EMF Colombia SAS	BANCO DE OCCIDENTE	11/26/2015	COP	225,825	11/01/2017	11.12%		141,786
EMF Colombia SAS	BANCO DE OCCIDENTE	05/21/2015	COP	159,785	05/10/2017	10.84%		46,297
EMF Colombia SAS	BANCO DE OCCIDENTE	01/27/2016	COP	304,716	01/01/2018	11.89%		231,485
EMF Colombia SAS	BANCO DE OCCIDENTE	06/21/2016	COP	302,728	06/11/2018	12.36%		273,442
EMF Colombia SAS	BANCO DE OCCIDENTE	09/30/2016	COP	69,446	09/20/2018	12.28%		69,446
EMF Colombia SAS	BANCOLDEX	12/18/2015	COP	209,998	12/12/2017	10.45%		151,912
EMF Colombia SAS	BANCOLDEX	04/28/2016	COP	339,763	04/15/2018	10.97%		274,889
EMF Colombia SAS	BANCOLDEX	04/22/2016	COP	341,448	03/16/2018	10.74%		260,421
EMF Colombia SAS	BANCOLDEX	12/22/2015	COP	210,040	12/16/2017	10.29%		151,912
EMF Colombia SAS	BANCOLDEX	09/23/2016	COP	209,606	09/08/2019	10.38%		208,337
EMF Colombia SAS	BANCOLDEX	09/23/2015	COP	391,423	09/18/2017	9.38%		208,337
EMF Colombia SAS	BANCOLDEX	10/23/2014	COP	97,566	09/19/2017	9.56%		2,894
EMF Colombia SAS	BANCOLDEX	04/24/2015	COP	161,864	09/19/2017	9.38%		40,510
EMF Colombia SAS	BANCOLDEX	02/24/2015	COP	481,964	09/19/2017	9.56%		86,807
EMF Colombia SAS	BANCOLDEX	03/25/2015	COP	257,243	09/20/2017	9.38%		56,425
EMF Colombia SAS	BANCOLDEX	05/25/2016	COP	261,445	05/18/2018	10.97%		231,486
EMF Colombia SAS	BANCOLDEX	09/01/2016	COP	473,528	08/11/2019	10.38%		472,616
EMF Colombia SAS	BANCOLDEX	06/25/2015	COP	200,650	09/20/2017	9.38%		67,058
EMF Colombia SAS	BANCOLDEX	09/26/2016	COP	137,083	09/11/2019	11.28%		138,891
EMF Colombia SAS	BANCOLDEX	03/22/2016	COP	326,180	02/18/2018	10.83%		245,953
EMF Colombia SAS	BANCOLDEX	11/26/2015	COP	225,825	11/20/2017	10.37%		141,785
EMF Colombia SAS	BANCOLDEX	06/26/2015	COP	195,602	09/21/2017	9.46%		65,105
EMF Colombia SAS	BANCOLDEX	05/27/2015	COP	330,380	09/22/2017	9.46%		97,224
EMF Colombia SAS	BANCOLDEX	05/27/2016	COP	108,034	05/20/2018	11.05%		95,488
EMF Colombia SAS	BANCOLDEX	07/27/2015	COP	279,969	09/22/2017	9.46%		115,743
EMF Colombia SAS	BANCOLDEX	08/27/2015	COP	247,027	09/22/2017	9.46%		127,317
EMF Colombia SAS	BANCOLDEX	01/28/2015	COP	188,987	09/23/2017	9.64%		26,042
EMF Colombia SAS	BANCOLDEX	07/01/2016	COP	342,582	06/15/2019	11.28%		318,293
EMF Colombia SAS	BANCOLDEX	04/28/2015	COP	268,616	09/23/2017	9.46%		65,829
EMF Colombia SAS	BANCOLDEX	05/01/2016	COP	140,295	04/21/2018	11.05%		109,956
EMF Colombia SAS	BANCOLDEX	10/28/2015	COP	220,274	10/23/2017	9.73%		122,253
EMF Colombia SAS	BANCOLDEX	09/30/2015	COP	96,094	09/25/2017	9.46%		52,084
EMF Colombia SAS	BANCOLDEX	03/30/2015	COP	136,887	09/25/2017	9.46%		30,382
EMF Colombia SAS	BANCOLDEX	10/30/2014	COP	489,105	10/31/2016	9.64%		14,468
EMF Colombia SAS	BANCOLDEX	09/03/2015	COP	31,823	09/28/2017	9.56%		17,361
EMF Colombia SAS	BANCOLDEX	08/01/2016	COP	454,287	07/25/2019	8.78%		459,113
EMF Colombia SAS	OIKOCREDIT	10/23/2016	COP	410,206	10/23/2019	12.95%		324,311
Vitas Palestine	KIVA Microfunds	10/07/2008	USD	N/A	N/A	0.00%		198,512
Vitas Palestine	ResponsAbility SICAV	04/21/2016	USD	1,000,000	04/23/2019	4.95%		1,000,000
Vitas Palestine	ResponsAbility SICAV	06/12/2016	USD	1,000,000	06/10/2019	4.95%		1,000,000
Vitas Palestine	ResponsAbility SICAV	07/12/2016	USD	1,500,000	07/12/2019	4.95%		1,500,000
Vitas Palestine	ResponsAbility SICAV	09/20/2016	USD	1,500,000	09/20/2019	4.95%		1,500,000
Vitas Palestine	Quds Bank	07/01/2015	USD	1,000,000	10/22/2018	5.00%		750,000
Vitas Palestine	Quds Bank	12/27/2015	USD	1,000,000	09/21/2019	4.50%		866,551
Vitas Palestine	Quds Bank	03/20/2016	USD	2,000,000	03/20/2021	4.50%		1,819,425
Vitas Palestine	Quds Bank	08/24/2016	USD	1,000,000	08/24/2021	4.50%		1,000,000
Vitas Palestine	Bank of Palestine	05/25/2016	USD	1,000,000	05/25/2021	4.65%		1,000,000
Vitas Palestine	Bank of Palestine	09/07/2016	USD	1,000,000	05/25/2021	4.99%		1,000,000
Vitas Palestine	SANAD	03/25/2015	USD	1,500,000	05/25/2021	5.75%		1,500,000
Vitas Palestine	Palestinian Fund for Employment and Social Protection	02/05/2016	USD	1,050,000	02/05/2022	2.00%		1,050,000
Vitas Jordan	Triodos	12/12/2014	USD	3,000,000	01/01/2017	9.50%	0.50%	3,000,000
Vitas Jordan	Capital Bank	09/03/2015	JOD	2,000,000	09/02/2017	8.50%		2,303,714
Vitas Jordan	Al-Ethad Bank	06/01/2016	JOD	3,000,000	05/31/2019	8.75%	0.00%	2,233,192
Vitas Jordan	Global Microfinance Fund	05/01/2015	USD	2,100,000	01/30/2017	8.25%		2,100,000
Vitas Jordan	Al-Ethad Bank	12/17/2015	JOD	2,000,000	05/01/2019	8.75%		2,071,396

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**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, 2016 (USD)
Vitas Jordan	Sanad	12/17/2015	USD	\$ 2,000,000	01/05/2019	8.50%	0.50%	\$ 2,000,000
Vitas Jordan	Sanad	03/15/2016	USD	2,000,000	01/05/2019	8.50%	0.50%	2,000,000
Vitas Jordan	Triodos	12/12/2013	JOD	1,414,000	01/01/2019	9.75%	1.00%	1,994,358
Vitas Jordan	Cairo Amman Bank	03/01/2015	JOD	3,000,000	05/28/2018	8.25%		1,747,233
Vitas Jordan	Sanad	11/14/2012	USD	1,750,000	10/05/2017	9.60%	0.50%	1,650,000
Vitas Jordan	Societe Generale Bank Jordan	05/04/2016	JOD	1,000,000	12/31/2017	8.00%	0.25%	1,410,437
Vitas Jordan	Housing Bank for Trade and Finance	05/05/2016	JOD	1,000,000	05/04/2018	8.25%		1,234,134
Vitas Jordan	Societe Generale Bank Jordan	10/26/2015	JOD	1,000,000	10/25/2017	8.00%	0.25%	1,156,205
Vitas Jordan	Egyptian Arab Land Bank	03/23/2016	JOD	1,000,000	03/22/2018	8.25%		1,113,192
Vitas Jordan	Jordan Kuwait Bank	06/16/2016	JOD	700,000	06/16/2019	7.50%		987,306
Vitas Jordan	Global Microfinance Fund	09/28/2015	USD	900,000	09/28/2017	8.30%		450,000
Vitas Jordan	Jordan Kuwait Bank	06/16/2016	JOD	300,000	06/16/2019	6.00%		423,131
Vitas Jordan	ResponsAbility SICAV	01/29/2015	USD	400,000	01/30/2017	8.25%		400,000
Vitas Jordan	ResponsAbility SICAV	09/28/2015	USD	600,000	09/28/2017	8.30%		300,000
Vitas Jordan	ResponsAbility SICAV	01/29/2015	USD	250,000	01/30/2017	8.25%		250,000
Vitas Jordan	ResponsAbility SICAV	01/29/2015	USD	250,000	01/30/2017	8.25%		250,000
Vitas Jordan	ResponsAbility SICAV	09/28/2015	USD	300,000	09/28/2017	8.30%		150,000
Vitas Jordan	ResponsAbility SICAV	09/28/2015	USD	200,000	09/28/2017	8.30%		100,000
Vitas Lebanon	KIVA Microfunds	07/21/2008	USD	N/A	N/A	0.00%		196,158
Vitas Lebanon	Fransabank sal	08/24/2013	LBP	3,316,750	12/31/2021	4.79%		3,316,750
Vitas Lebanon	Jammal Trust Bank sal	09/30/2013	LBP	3,316,750	09/30/2021	4.79%		3,316,750
Vitas Lebanon	Jammal Trust Bank sal	02/28/2014	LBP	3,316,750	03/31/2022	4.79%		3,316,750
Vitas Lebanon	SANAD	10/20/2014	USD	2,500,000	10/05/2017	5.85%	0.50%	989,458
Vitas Lebanon	Franksbank 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	Franksbank sal	11/12/2015	LBP	3,316,750	12/31/2023	4.79%		3,316,722
Vitas Romania	OPIC	04/14/2009	USD	2,000,000	03/15/2018	5.54%	0.25%	593,356
Vitas Romania	OPIC	04/14/2009	USD	2,000,000	03/15/2018	3.88%	0.25%	600,970
Vitas Romania	OPIC	04/14/2009	USD	1,000,000	03/15/2018	3.77%	0.25%	300,471
Vitas Romania	OPIC	04/14/2009	USD	1,000,000	03/15/2018	3.47%	0.25%	751,084
Vitas Romania	OIKOCREDIT	02/14/2013	RON	2,400,000	02/20/2017	8.75%	1.00%	86,446
Vitas Romania	CoopEst	05/15/2013	EUR	800,000	12/31/2017	6.50%	1.00%	906,701
Vitas Romania	Bank Im Bistum Essen eG	12/19/2013	EUR	500,000	12/27/2016	7.60%	1.00%	569,741
Vitas Romania	ResponsAbility SICAV	08/04/2014	EUR	500,000	08/14/2017	6.11%		281,838
Vitas Romania	European Investment Fund	10/06/2014	RON	8,840,000	09/30/2019	6.75%	0.75%	1,888,223
Vitas Romania	ResponsAbility SICAV	11/11/2015	EUR	250,000	11/16/2017	5.56%		285,422
Vitas Romania	ResponsAbility SICAV	11/11/2015	EUR	250,000	11/16/2017	5.56%		285,422
Vitas Romania	OIKOCREDIT	08/17/2016	RON	6,660,000	08/29/2021	6.26%	1.00%	488,718
Vitas Romania	CoopEst	06/26/2012	EUR	500,000	06/30/2017	4.82%	1.50%	562,824
Vitas Romania	ResponsAbility Management Company SA	01/26/2016	EUR	500,000	01/28/2021	8.17%		567,140
								<b>\$ 142,193,125</b>

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

**Year Ending September 30,**

2017	\$ 36,130,085
2018	28,372,450
2019	20,410,401
2020	12,503,208
2021	12,890,534
Thereafter	<u>31,886,447</u>
	<b>\$ 142,193,125</b>

Subsequent to fiscal year ended September 30, 2016, ATAS-DE and OPIC have entered into a secondary loan agreement whereby the terms supersede the previous agreements noted above. The new agreement would make available an additional \$87,000,000 in notes payable, to be drawn on multiple future intervals. The terms of the new agreement would make payments due (on existing and new funding) starting June 30, 2024 and ending December 30, 2033.

**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.

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**9. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

All temporarily restricted net assets at September 30, 2016 are to provide support for Global Communities' programs.

Following is a summary of temporarily restricted net assets at September 30, 2016:

<b>Project Funds:</b>	
Brazil	\$ 1,568,163
Ghana	31,427
Haiti	3,417,595
Honduras	19,546,215
India	620,769
Jordan	2,921
Kenya	1,630,143
Lebanon	1,066,570
Liberia	676,142
Malawi	1,826,252
Nepal	6
Palestine	2,468,053
Rwanda	12,410
South Sudan	218,049
Tanzania	1,848,590
Turkey-Syria	1,060,406
Yemen	8,249
Various headquarters projects	<u>1,530,466</u>
<b>Project Funds Total</b>	<b><u>\$ 37,532,426</u></b>
<b>Loan Capital:</b>	
Colombia	\$ 3,120,067
Jordan	333,333
Lebanon	333,333
Palestine	<u>1,170,096</u>
<b>Loan Capital Total</b>	<b><u>\$ 4,956,829</u></b>

During the year ended September 30, 2016, temporarily restricted net assets of \$28,046,851 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, 2016:

<b>Project Funds:</b>	
Brazil	\$ 692,600
Colombia	3,156,349
Ghana	24,822
Haiti	7,440,490
Honduras	4,656,262
India	389,689
Jordan	596,704
Kenya	1,729,211
Lebanon	2,496,440
Liberia	48,141
Malawi	763,746
Palestine	1,395,465
Rwanda	56,388
South Sudan	1,249
Tanzania	790,417
Turkey-Syria	3,028,149
Yemen	288,637
Various headquarters projects	<u>492,092</u>
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 28,046,851</u></b>

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

#### 9. TEMPORARILY RESTRICTED NET ASSETS (Continued)

During the year ended September 30, 2016, Global Communities reduced temporarily restricted net assets by \$7,473,973 to account for reduction of two awards by a donor. The reduction is presented under Other items in the accompanying Combined Statement of Activities.

#### 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, 2016, total retirement plan expense aggregated \$1,668,293.

#### 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, 2016:

##### Year Ending September 30,

2017	\$ 850,813
2018	867,829
2019	885,185
2020	902,889
2021	920,947
Thereafter	<u>6,454,573</u>
	<b><u>\$ 10,882,236</u></b>

Total rent expense under long-term lease commitments for the year ended September 30, 2016 was approximately \$890,000. The deferred rent liability was \$2,690,083.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

#### 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, 2016 was approximately \$2,309,000.

#### 12. CONTINGENCIES

United States Government funding -

Global Communities receives grants from various agencies of the United States Government. For fiscal years through September 30, 2015, such grants were subject to audit under the provisions of OMB Circular A-133. Beginning 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 2016. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Foreign operations -

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

As of September 30, 2016, 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 \$240,000,000, which represents approximately 72% of Global Communities' total assets as of September 30, 2016.

#### 13. ECONOMIC DEPENDENCY

Approximately 62% of Global Communities' total revenue and support, excluding in-kind contributions for the year ended September 30, 2016 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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2016

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

As of September 30, 2016, Global Communities has outstanding commitments from these agencies for future years totaling approximately \$200,000,000, of which the agencies have obligated, but Global Communities has not drawn down, approximately \$106,000,000. 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>\$ 2,886,566</u>
Interest Paid - Related Entities	<u>\$ 5,238,543</u>
Taxes Paid - Related Entities	<u>\$ 1,100,968</u>

The following is the Schedule of Non-cash Investing and Financing Transactions relating to the Combined Statement of Cash Flows:

Capital Lease Obligation Incurred For the Use of Equipment	<u>\$ 69,145</u>
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#### 16. FAIR VALUE MEASUREMENT

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

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

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

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

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

During the year ended September 30, 2016, certain investments were transferred from Level 1 to Level 3 after Global Communities evaluated the value at closing and considered the current practice among other similar non-profit entities. Global Communities recognizes transfers between levels in the fair value hierarchy at the end of the reporting period and is considered the current practice. There has been no change in the methodologies used at September 30, 2016.

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**16. FAIR VALUE MEASUREMENT (Continued)**

Following is a description of the valuation methodology used for investments measured at fair value.

- *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.
- *U.S. Government obligations* - 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, 2016:

<b>Asset Category:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Money market funds	\$ 1,086,776	\$ -	\$ -	\$ 1,086,776
Common stocks and mutual funds	31,688,857	-	-	31,688,857
U.S. Government obligations	1,733,391	-	-	1,733,391
Hedge funds	-	-	3,905,475	3,905,475
Venture Capital- Partnerships	-	-	200,012	200,012
Other investments:				
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	-	-	10,578	10,578
Investment in BOAFO (local microfinance institution in Ghana)	-	-	624,456	624,456
Investment in AMAL (local microfinance institution in Palestine)	-	-	78,247	78,247
<b>TOTAL</b>	<b><u>\$34,509,024</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,818,768</u></b>	<b><u>\$ 39,327,792</u></b>

**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, 2016:

	<b><u>Investments</u></b>
Beginning balance as of October 1, 2015	\$ 4,955,740
Net unrealized loss on investment	113,028
Proceeds from sale	(142,827)
Realized loss on sale	<u>(107,173)</u>
<b>BALANCE AS OF SEPTEMBER 30, 2016</b>	<b><u>\$ 4,818,768</u></b>



**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**17. CHANGE IN ACCOUNTING POLICY**

Global Communities' related entity, Vitas Palestine, has changed its revenue recognition accounting policy effective October 1, 2015. Vitas Palestine began recognizing interest as the interest accrues using the effective interest method.

Accordingly, management has made a prior period adjustment and restated its combined prior year financial statements as a result of the change in accounting policy as follows:

	<b>Balance as Previously Stated</b>	<b>Balance as Restated</b>
Loans receivable, net of allowance	\$ 166,985,950	\$ 166,187,109
Interest and accounts receivable	\$ 2,392,445	\$ 2,337,319
Prepaid expenses and other assets	\$ 1,874,019	\$ 1,876,652
Total Assets	\$ 299,837,376	\$ 298,986,042
Accounts payable and accrued expenses	\$ 7,585,269	\$ 7,627,216
Total liabilities	\$ 140,452,897	\$ 140,494,844
Unrestricted Net Assets at September 30, 2015:		
Related Entities:		
Controlling Interest	\$ 29,008,923	\$ 28,115,642
Total Unrestricted Net Assets	\$ 110,774,799	\$ 109,881,518
Total Net Assets at September 30, 2015	\$ 159,384,479	\$ 158,491,198

**18. SUBSEQUENT EVENTS**

In preparing these combined financial statements, Global Communities has evaluated events and transactions for potential recognition or disclosure through March 8, 2017, the date the financial statements were issued. See Note 8 for details of note payable transaction entered into subsequent to year end.

**SUPPLEMENTAL INFORMATION**

## GLOBAL COMMUNITIES AND RELATED ENTITIES

SCHEDULE OF FUNCTIONAL EXPENSES WITHOUT RELATED ENTITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Technical Assistance</u>	<u>Capital Assistance</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 6,200,962	\$ 607,476	\$ 10,829,251	\$ 17,637,689
Fringe benefits	2,046,666	200,501	3,590,762	5,837,929
Local salaries and fringe	21,471,464	7,530,037	400,622	29,402,123
Other benefits	2,070,804	46,712	-	2,117,516
Printing and production	156,805	23,488	93,823	274,116
Professional fees	529,437	249,529	576,202	1,355,168
Occupancy	2,274,702	747,280	833,869	3,855,851
Security costs	371,300	1,270,282	8,508	1,650,090
Insurance	643,388	80,648	175,500	899,536
Depreciation and amortization	-	82,079	357,123	439,202
Telecommunications	394,607	20,296	233,942	648,845
Travel	2,502,174	449,735	822,560	3,774,469
Consulting fees	1,672,107	27,764	778,517	2,478,388
Postage and delivery	66,175	38,313	37,460	141,948
Repairs and maintenance	334,569	120,008	403,911	858,488
Supplies	887,078	149,120	142,103	1,178,301
Dues, subscriptions and publications	70,371	20,146	291,410	381,927
Conferences	290,274	40,242	134,880	465,396
In-kind equipment and materials	2,030	-	-	2,030
In-kind professional fees	106,480	-	-	106,480
Interest expense	-	2,882,501	4,476	2,886,977
Equipment purchase and rental	1,763,789	642,144	781,390	3,187,323
Temporary help	176,200	-	86,639	262,839
Contracts	20,769,125	-	55,405	20,824,530
Assistance awards, not subject to OH	35,132,944	-	-	35,132,944
Assistance awards, subject to OH	1,819,212	-	-	1,819,212
Vehicle purchase and expense	2,219,270	23,486	4,652	2,247,408
Office operating expense	792	18,227	10,361	29,380
Participant training	6,160,592	-	3,425	6,164,017
Staff training and development	114,280	29,620	70,470	214,370
Construction expense and materials	3,953,578	-	-	3,953,578
Bad debt expense/recovery	-	427,269	-	427,269
Other	1,049,014	406,256	827,784	2,283,054
<b>TOTAL</b>	<b><u>\$ 115,250,189</u></b>	<b><u>\$ 16,133,159</u></b>	<b><u>\$ 21,555,045</u></b>	<b><u>\$ 152,938,393</u></b>

GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2016

Related Entities

	Global Communities	Related Entities									Subtotal	Eliminations	TOTAL
		LIDER	ATAS-M	MEMCC	Vitas Group	ATAS-DE	MCSE	GC Brazil	Vitas Palestine	Express Microfinanzas- SAS - Colombia			
<b>ASSETS</b>													
Cash and cash equivalents	\$ 48,819,122	\$ 965,649	\$ 1,104,475	\$ 2,705,097	\$ 8,818,960	\$ 806,530	\$ 23,483	\$ 57,238	\$ 2,544,903	\$ 88,257	\$ 65,933,714	\$ -	\$ 65,933,714
Investments	80,921,512	-	-	3,410,578	433,333	-	-	-	-	-	84,765,423	(45,437,631)	39,327,792
Loans receivable, net of allowance	-	8,384,069	-	12,947,665	71,241,007	61,223,221	-	-	31,367,076	8,326,421	193,489,459	-	193,489,459
Federal grants and contracts receivable	265,717	-	-	-	-	-	-	-	-	-	265,717	-	265,717
Non-Federal grants and contracts receivable	21,204,272	-	-	-	-	-	-	-	-	-	21,204,272	-	21,204,272
Interest and accounts receivable	129,652	85,103	1,750	117,899	1,788,203	-	-	-	106,083	422,946	2,651,636	(96,447)	2,555,189
Intracompany receivables	33,056,185	-	-	-	-	-	-	-	-	-	33,056,185	(33,056,185)	-
Intercompany receivables	4,798,719	-	-	2,549	-	12,765,501	-	27	-	-	17,566,796	(17,566,796)	-
Prepaid expenses and other assets	1,065,206	63,367	27,014	454,665	155,248	-	6,327	-	64,204	32,694	1,868,725	-	1,868,725
Fixed and intangible assets	3,479,611	147,458	110,777	1,153,726	572,596	-	1,716	-	317,390	116,483	5,899,757	-	5,899,757
Security deposits	489,721	-	-	-	-	-	10,090	-	50,000	-	549,811	-	549,811
<b>TOTAL ASSETS</b>	<b>\$ 194,229,717</b>	<b>\$ 9,645,646</b>	<b>\$ 1,244,016</b>	<b>\$ 20,792,179</b>	<b>\$ 83,009,347</b>	<b>\$ 74,795,252</b>	<b>\$ 41,616</b>	<b>\$ 57,265</b>	<b>\$ 34,449,656</b>	<b>\$ 8,986,801</b>	<b>\$ 427,251,495</b>	<b>\$ (96,157,059)</b>	<b>\$ 331,094,436</b>
<b>LIABILITIES</b>													
Notes payable	3,600,000	3,366,299	-	-	58,578,681	56,920,000	-	-	14,184,487	5,543,658	142,193,125	-	142,193,125
Capital lease obligation	53,582	-	-	-	-	-	-	-	-	-	53,582	-	53,582
Accounts payable and accrued expenses	4,174,940	79,348	67,178	591,811	1,943,840	800,117	450	14,785	1,073,702	359,192	9,105,363	(4,305)	9,101,058
Intracompany payables	33,056,185	-	-	-	-	-	-	-	-	-	33,056,185	(33,056,185)	-
Intercompany payables	12,768,364	9,021	1,005,386	87,060	107,114	-	32,166	-	3,649,825	-	17,658,936	(17,658,936)	-
Accrued salaries and benefits	6,419,987	11,540	33,752	-	469,385	-	4	14,729	581,099	70,464	7,600,960	-	7,600,960
Deferred revenue	4,178,274	-	-	-	-	-	-	-	-	-	4,178,274	-	4,178,274
Deferred rent	2,690,083	-	-	-	-	-	-	-	-	-	2,690,083	-	2,690,083
Funds held in trust	7,293,451	-	-	-	-	-	-	-	-	-	7,293,451	-	7,293,451
<b>Total liabilities</b>	<b>74,234,866</b>	<b>3,466,208</b>	<b>1,106,316</b>	<b>678,871</b>	<b>61,099,020</b>	<b>57,720,117</b>	<b>32,620</b>	<b>29,514</b>	<b>19,489,113</b>	<b>5,973,314</b>	<b>223,829,959</b>	<b>(50,719,426)</b>	<b>173,110,533</b>
<b>NET ASSETS</b>													
Unrestricted, as restated	77,505,596	6,179,438	137,700	20,113,308	17,620,178	17,075,135	8,996	27,751	14,960,543	3,013,487	156,642,132	(41,147,484)	115,494,648
Noncontrolling interest	-	-	-	-	4,290,149	-	-	-	-	-	4,290,149	(4,290,149)	-
Temporarily restricted	42,489,255	-	-	-	-	-	-	-	-	-	42,489,255	-	42,489,255
<b>Total net assets</b>	<b>119,994,851</b>	<b>6,179,438</b>	<b>137,700</b>	<b>20,113,308</b>	<b>21,910,327</b>	<b>17,075,135</b>	<b>8,996</b>	<b>27,751</b>	<b>14,960,543</b>	<b>3,013,487</b>	<b>203,421,536</b>	<b>(45,437,633)</b>	<b>157,983,903</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 194,229,717</b>	<b>\$ 9,645,646</b>	<b>\$ 1,244,016</b>	<b>\$ 20,792,179</b>	<b>\$ 83,009,347</b>	<b>\$ 74,795,252</b>	<b>\$ 41,616</b>	<b>\$ 57,265</b>	<b>\$ 34,449,656</b>	<b>\$ 8,986,801</b>	<b>\$ 427,251,495</b>	<b>\$ (96,157,059)</b>	<b>\$ 331,094,436</b>

## GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF ACTIVITIES  
AS OF SEPTEMBER 30, 2016

## Related Entities

	Related Entities												TOTAL
	Global Communities	LIDER	ATAS-M	MEMCC	Vitas Group	ATAS-DE	MCSE	GC Brazil	Vitas Palestine	Express Microfinance-SAS - Colombia	Eliminations	Related Entity Subtotal	
<b>REVENUE AND SUPPORT</b>													
Grants and contributions	\$ 108,096,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$108,096,182
Contracts	15,414,601	-	-	-	-	-	191,412	-	-	-	(191,412)	-	15,414,601
In-kind contributions	108,510	-	-	-	-	-	-	-	-	-	-	-	108,510
Interest and investment income	21,293,529	1,527,561	948	-	16,746,072	13,459,351	-	8,515	3,948,929	2,563,186	(13,468,814)	24,785,748	46,079,277
Commission income	-	208,023	-	301,867	2,395,555	3,694,308	-	-	822,976	605,883	(3,694,308)	4,334,304	4,334,304
Other income	2,384,626	132,353	1,002,509	8,291,228	189,134	-	-	393,893	210,162	169,779	(1,396,402)	8,992,656	11,377,282
Total Revenue and Support	147,297,448	1,867,937	1,003,457	8,593,095	19,330,761	17,153,659	191,412	402,408	4,982,067	3,338,848	(18,750,936)	38,112,708	185,410,156
<b>EXPENSES</b>	152,519,590	1,663,414	1,003,457	6,816,704	17,202,826	17,069,664	193,760	374,657	4,132,855	3,607,465	(18,666,941)	33,397,861	185,917,451
<b>CHANGE IN NET ASSETS/ NET INCOME (LOSS)</b>	<b>\$ (5,222,142)</b>	<b>\$ 204,523</b>	<b>\$ -</b>	<b>\$ 1,776,391</b>	<b>\$ 2,127,935</b>	<b>\$ 83,995</b>	<b>\$ (2,348)</b>	<b>\$ 27,751</b>	<b>\$ 849,212</b>	<b>\$ (268,617)</b>	<b>\$ (83,995)</b>	<b>\$ 4,714,847</b>	<b>\$ (507,295)</b>

**GLOBAL COMMUNITIES AND RELATED ENTITIES**  
**COMBINING SCHEDULE OF CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Related Entities

	Global Communities	Related Entities									Subtotal	Eliminations	TOTAL
		LIDER	ATAS-M	MEMCC	Vitas Group	ATAS-DE	MCSE	GC Brazil	Vitas Palestine	Express Microfinanzas- SAS - Colombia			
<b>UNRESTRICTED:</b>													
Beginning of year net assets, as restated	\$ 76,607,313	\$ 5,974,915	\$ 137,700	\$ 18,336,917	\$ 19,782,392	\$ 7,215,501	\$ 11,344	\$ -	\$ 14,111,331	\$ 3,282,104	\$ 145,459,517	\$(35,577,999)	\$ 109,881,518
Proceeds from ownership investment	-	-	-	-	-	9,775,639	-	-	-	-	9,775,639	(9,775,639)	-
Change in net assets	898,283	204,523	-	1,776,391	2,127,935	83,995	(2,348)	27,751	849,212	(268,617)	5,697,125	(83,995)	5,613,130
<b>END OF YEAR NET ASSETS</b>	<b>\$ 77,505,596</b>	<b>\$ 6,179,438</b>	<b>\$ 137,700</b>	<b>\$ 20,113,308</b>	<b>\$ 21,910,327</b>	<b>\$ 17,075,135</b>	<b>\$ 8,996</b>	<b>\$ 27,751</b>	<b>\$ 14,960,543</b>	<b>\$ 3,013,487</b>	<b>\$ 160,932,281</b>	<b>\$(45,437,633)</b>	<b>\$ 115,494,648</b>
<b>TEMPORARILY RESTRICTED:</b>													
Beginning of year net assets	\$ 48,609,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,609,680	\$ -	\$ 48,609,680
Change in net assets	(6,120,425)	-	-	-	-	-	-	\$ -	-	-	(6,120,425)	-	(6,120,425)
<b>END OF YEAR NET ASSETS</b>	<b>\$ 42,489,255</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,489,255</b>	<b>\$ -</b>	<b>\$ 42,489,255</b>
<b>TOTAL:</b>													
Beginning of year net assets, as restated	\$ 125,216,993	\$ 5,974,915	\$ 137,700	\$ 18,336,917	\$ 19,782,392	\$ 7,215,501	\$ 11,344	\$ -	\$ 14,111,331	\$ 3,282,104	\$ 194,069,197	\$(35,577,999)	\$ 158,491,198
Proceeds from investment	-	-	-	-	-	9,775,639	-	-	-	-	9,775,639	(9,775,639)	-
Change in net assets	(5,222,142)	204,523	-	1,776,391	2,127,935	83,995	(2,348)	\$ 27,751	849,212	(268,617)	(423,300)	(83,995)	(507,295)
<b>END OF YEAR NET ASSETS</b>	<b>\$ 119,994,851</b>	<b>\$ 6,179,438</b>	<b>\$ 137,700</b>	<b>\$ 20,113,308</b>	<b>\$ 21,910,327</b>	<b>\$ 17,075,135</b>	<b>\$ 8,996</b>	<b>\$ 27,751</b>	<b>\$ 14,960,543</b>	<b>\$ 3,013,487</b>	<b>\$ 203,421,536</b>	<b>\$(45,437,633)</b>	<b>\$ 157,983,903</b>