

AUDIT REPORT ON COMBINED FINANCIAL STATEMENTS

**GLOBAL COMMUNITIES AND
RELATED ENTITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

GLOBAL COMMUNITIES AND RELATED ENTITIES

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CPAs & ADVISORS

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, 2021, and the related combined statements of activities, functional expenses, 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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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, 2021, 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' 2020 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, 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 33, the Combining Schedule of Financial Position on page 34 - 35, the Combining Schedule of Activities on pages 36 - 37 and the Combining Schedule of Change in Net Assets on pages 38 - 39 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022 on our consideration of Global Communities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Global Communities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Global Communities' internal control over financial reporting and compliance.



March 18, 2022

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

| ASSETS | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 86,602,655 | \$ 111,498,095 |
| Investments | 61,516,054 | 52,294,395 |
| Loans receivable, net of allowances | 216,612,578 | 219,542,090 |
| Federal grants and contracts receivable | 8,290,447 | 5,741,069 |
| Non-Federal grants and contracts receivable | 15,713,272 | 7,962,859 |
| Interest and accounts receivable | 8,955,436 | 10,261,902 |
| Prepaid expenses and other assets | 4,601,856 | 6,302,156 |
| Inventory | 237,089 | 731,345 |
| Fixed and intangible assets, net | 10,074,384 | 5,015,198 |
| Security deposits | 873,927 | 605,152 |
| TOTAL ASSETS | \$ 413,477,698 | \$ 419,954,261 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Notes payable | \$ 192,311,255 | \$ 215,097,543 |
| Accounts payable and accrued expenses | 19,283,663 | 14,819,783 |
| Accrued salaries and benefits | 13,616,895 | 13,000,050 |
| Refundable advance | 326,887 | 1,324,811 |
| Deferred revenue | 889,758 | - |
| Deferred rent | 2,210,378 | 2,431,086 |
| Other liabilities | 3,721,663 | 3,550,587 |
| Funds held in trust | 2,819,108 | 3,570,606 |
| Total liabilities | 235,179,607 | 253,794,466 |
| NET ASSETS | | |
| Without donor restrictions: | | |
| Global Communities | 112,903,953 | 98,339,872 |
| Related Entities: | | |
| Controlling interest | 30,231,700 | 33,433,099 |
| Noncontrolling interest | 5,963,440 | 5,925,879 |
| Total net assets without donor restrictions | 149,099,093 | 137,698,850 |
| With donor restrictions: | | |
| Global Communities: | | |
| Project Funds | 18,261,830 | 12,549,554 |
| Loan Capital | 1,836,762 | 1,836,762 |
| Related Entities: | | |
| Controlling interest | 9,100,406 | 14,074,629 |
| Total net assets with donor restrictions | 29,198,998 | 28,460,945 |
| Total net assets | 178,298,091 | 166,159,795 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 413,477,698 | \$ 419,954,261 |

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

| | 2021 | | | 2020 |
|---|----------------------------------|----------------------------|-----------------------------|-------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| REVENUE AND SUPPORT | | | | |
| Grants and contributions | \$ 136,470,867 | \$ 17,887,104 | \$ 154,357,971 | \$ 109,582,411 |
| Contracts | 18,206,909 | - | 18,206,909 | 11,875,697 |
| In-kind contributions | 152,721 | - | 152,721 | 804,932 |
| Interest and investment income | 55,330,833 | 42,382 | 55,373,215 | 50,965,247 |
| Commission income | 6,197,330 | - | 6,197,330 | 4,827,193 |
| Other income | 2,214,578 | - | 2,214,578 | 1,298,403 |
| Net assets released from restrictions - satisfaction of donor restrictions | <u>16,997,532</u> | <u>(16,997,532)</u> | <u>-</u> | <u>-</u> |
| Total revenue and support | <u>235,570,770</u> | <u>931,954</u> | <u>236,502,724</u> | <u>179,353,883</u> |
| EXPENSES | | | | |
| Program Services: | | | | |
| Technical Assistance | 144,785,410 | - | 144,785,410 | 110,501,427 |
| Capital Assistance | <u>48,497,344</u> | <u>-</u> | <u>48,497,344</u> | <u>58,065,633</u> |
| Total program services | <u>193,282,754</u> | <u>-</u> | <u>193,282,754</u> | <u>168,567,060</u> |
| Supporting Services: | | | | |
| General and Administrative | 33,795,560 | - | 33,795,560 | 25,483,376 |
| Fundraising | <u>375,506</u> | <u>-</u> | <u>375,506</u> | <u>267,584</u> |
| Total supporting services | <u>34,171,066</u> | <u>-</u> | <u>34,171,066</u> | <u>25,750,960</u> |
| Total expenses | <u>227,453,820</u> | <u>-</u> | <u>227,453,820</u> | <u>194,318,020</u> |
| Change in net assets before other items | 8,116,950 | 931,954 | 9,048,904 | (14,964,137) |
| OTHER ITEMS | | | | |
| Gain on currency translation | 46,993 | - | 46,993 | 85,094 |
| Deobligation of grant funds | - | (193,901) | (193,901) | (4,080,073) |
| Extinguishment of debt | 3,236,300 | - | 3,236,300 | - |
| Loss resulting from write off of investment of related entities | <u>-</u> | <u>-</u> | <u>-</u> | <u>(70,479)</u> |
| CHANGE IN NET ASSETS | <u>\$ 11,400,243</u> | <u>\$ 738,053</u> | <u>\$ 12,138,296</u> | <u>\$ (19,029,595)</u> |

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

| | 2021 | | | | | 2020 | | |
|--------------------------------------|-----------------------|----------------------|------------------------|----------------------------|-------------------|----------------------|-----------------------|---------------------------|
| | Program Services | | | Supporting Services | | Total Expenses | Total Expenses | |
| | Technical Assistance | Capital Assistance | Total Program Services | General and Administrative | Fundraising | | | Total Supporting Services |
| Salaries and wages | \$ 5,648,843 | \$ 914,482 | \$ 6,563,325 | \$ 17,563,470 | \$ 191,862 | \$ 17,755,332 | \$ 24,318,657 | \$ 20,463,351 |
| Fringe benefits | 1,547,272 | 302,721 | 1,849,993 | 3,326,106 | 58,835 | 3,384,941 | 5,234,934 | 6,122,718 |
| Local salaries and fringe | 40,854,436 | 20,276,891 | 61,131,327 | 2,100,021 | - | 2,100,021 | 63,231,348 | 54,202,185 |
| Other benefits | 1,511,329 | 47,235 | 1,558,564 | 106,131 | - | 106,131 | 1,664,695 | 1,879,176 |
| Printing and production | 231,114 | 100,561 | 331,675 | 8,884 | 21,904 | 30,788 | 362,463 | 245,681 |
| Professional fees | 3,657,860 | 1,334,223 | 4,992,083 | 3,174,228 | 31,939 | 3,206,167 | 8,198,250 | 2,652,156 |
| Occupancy | 2,432,282 | 930,862 | 3,363,144 | 1,671,738 | 9,467 | 1,681,205 | 5,044,349 | 4,266,927 |
| Security costs | 135,677 | 740,466 | 876,143 | - | - | - | 876,143 | 966,663 |
| Insurance | 609,060 | 635,722 | 1,244,782 | 402,421 | - | 402,421 | 1,647,203 | 1,003,066 |
| Depreciation and amortization | 7,595 | 709,462 | 717,057 | 272,682 | - | 272,682 | 989,739 | 996,051 |
| Lease amortization | - | 676,766 | 676,766 | 39,150 | - | 39,150 | 715,916 | 649,936 |
| Telecommunications | 673,102 | 2,215,706 | 2,888,808 | 264,980 | 4,333 | 269,313 | 3,158,121 | 1,769,513 |
| Travel | 2,166,131 | 708,532 | 2,874,663 | 179,893 | 1,825 | 181,718 | 3,056,381 | 2,537,673 |
| Consulting fees | 2,359,664 | 17,717 | 2,377,381 | 629,525 | - | 629,525 | 3,006,906 | 3,753,165 |
| Postage and delivery | 45,463 | 2,960 | 48,423 | 9,309 | - | 9,309 | 57,732 | 110,297 |
| Repairs and maintenance | 345,792 | 231,767 | 577,559 | 514,817 | - | 514,817 | 1,092,376 | 798,587 |
| Supplies | 7,313,770 | 438,650 | 7,752,420 | 102,828 | 1,628 | 104,456 | 7,856,876 | 3,344,857 |
| Dues, subscriptions and publications | 44,012 | 42,271 | 86,283 | 359,318 | 9,391 | 368,709 | 454,992 | 349,552 |
| Conferences | 261,830 | 74,088 | 335,918 | 31,122 | - | 31,122 | 367,040 | 464,892 |
| In-kind equipment and materials | 1,752,881 | - | 1,752,881 | - | - | - | 1,752,881 | 757,856 |
| In-kind professional fees | 88,921 | - | 88,921 | - | - | - | 88,921 | 47,076 |
| Equipment purchase and rental | 1,418,043 | 247,160 | 1,665,203 | 694,521 | - | 694,521 | 2,359,724 | 2,374,730 |
| Temporary help | 143,578 | 27,146 | 170,724 | 9,529 | - | 9,529 | 180,253 | 252,612 |
| Contracts | 22,011,050 | - | 22,011,050 | 427,636 | - | 427,636 | 22,438,686 | 17,438,195 |
| Assistance awards | 30,639,020 | 13,542 | 30,652,562 | - | - | - | 30,652,562 | 21,698,739 |
| Vehicle expense | 1,216,062 | 43,208 | 1,259,270 | 57,872 | - | 57,872 | 1,317,142 | 458,618 |
| Office operating expense | 643,985 | - | 643,985 | 453,826 | 32,399 | 486,225 | 1,130,210 | 632,431 |
| Participant training | 3,406,860 | - | 3,406,860 | - | - | - | 3,406,860 | 3,064,751 |
| Staff training and development | 1,097,450 | 9,420 | 1,106,870 | 28,908 | 509 | 29,417 | 1,136,287 | 974,720 |
| Construction expense and materials | 12,453,943 | - | 12,453,943 | - | - | - | 12,453,943 | 10,661,038 |
| Bad debt expense/recovery | - | 6,153,111 | 6,153,111 | - | - | - | 6,153,111 | 10,866,890 |
| Interest and taxes | 1,357 | 14,445,280 | 14,446,637 | 180,264 | - | 180,264 | 14,626,901 | 15,854,265 |
| Other | 67,028 | (2,842,605) | (2,775,577) | 1,186,381 | 11,414 | 1,197,795 | (1,577,782) | 2,659,653 |
| TOTAL | \$ 144,785,410 | \$ 48,497,344 | \$ 193,282,754 | \$ 33,795,560 | \$ 375,506 | \$ 34,171,066 | \$ 227,453,820 | \$ 194,318,020 |

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINED STATEMENT OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

| | <u>Without Donor Restrictions</u> | | | | <u>With Donor Restrictions</u> | | | | <u>2021 Total</u> | <u>2020 Total</u> |
|-------------------------------|-----------------------------------|-----------------------------|--------------------------------|------------------------------|--------------------------------|----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| | <u>Global Communities</u> | <u>Controlling Interest</u> | <u>Noncontrolling Interest</u> | <u>Total</u> | <u>Project Funds</u> | <u>Loan Capital Funds</u> | <u>Controlling Interest</u> | <u>Total</u> | | |
| Balance at beginning of year | \$ 98,339,872 | \$ 33,433,099 | \$ 5,925,879 | \$ 137,698,850 | \$ 12,549,554 | \$ 1,836,762 | \$ 14,074,629 | \$ 28,460,945 | \$ 166,159,795 | \$ 168,377,124 |
| Colombia investment transfer | - | - | - | - | - | - | - | - | - | 70,176 |
| Transfer of PCI net assets | 1,730,132 | (1,730,132) | - | - | 6,291,438 | - | (6,291,438) | - | - | 16,742,090 |
| Change in net assets | <u>12,833,949</u> | <u>(1,471,267)</u> | <u>37,561</u> | <u>11,400,243</u> | <u>(579,162)</u> | <u>-</u> | <u>1,317,215</u> | <u>738,053</u> | <u>12,138,296</u> | <u>(19,029,595)</u> |
| BALANCE AT END OF YEAR | <u>\$ 112,903,953</u> | <u>\$ 30,231,700</u> | <u>\$ 5,963,440</u> | <u>\$ 149,099,093</u> | <u>\$ 18,261,830</u> | <u>\$ 1,836,762</u> | <u>\$ 9,100,406</u> | <u>\$ 29,198,998</u> | <u>\$ 178,298,091</u> | <u>\$ 166,159,795</u> |

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

| | 2021 | 2020 |
|---|-----------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 12,138,296 | \$ (19,029,595) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Increase in loan allowance | 1,739,472 | 9,256,641 |
| Change in present value discount for grants receivable | (63,812) | (81,130) |
| Realized and unrealized gain on investments | (8,269,571) | (2,706,989) |
| Depreciation and amortization | 989,739 | 996,051 |
| Lease amortization | 715,916 | 437,319 |
| Loss on sale/disposal of furniture and equipment | - | 62,856 |
| Extinguishment of debt | (3,236,300) | - |
| Contributions to be invested in perpetuity | - | (7,000) |
| Colombia investment transfer | - | 70,176 |
| Net asset transfer from PCI | - | 16,742,090 |
| (Increase) decrease in: | | |
| Federal grants and contracts receivable | (2,549,378) | 1,139,698 |
| Non-Federal grants and contracts receivable | (7,686,601) | 7,394,984 |
| Interest and accounts receivable | 1,306,466 | (5,825,134) |
| Prepaid expenses and other assets | 984,384 | (3,112,737) |
| Inventory | 494,256 | (731,345) |
| Security deposits | (268,775) | (170,910) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 4,463,880 | 2,525,972 |
| Accrued salaries and benefits | 616,845 | 4,190,503 |
| Refundable advance | (997,924) | (752,155) |
| Deferred revenue | 889,758 | - |
| Deferred rent | (220,708) | 198,502 |
| Other liabilities | 171,076 | 1,225,624 |
| Funds held in trust | (751,498) | (1,228,616) |
| Net cash provided by operating activities | <u>465,521</u> | <u>10,594,805</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net increase in gross loans receivable | 1,190,040 | 23,525,711 |
| Purchase of fixed assets | (6,048,925) | (502,418) |
| Investment purchases and reinvestments | (51,995,848) | (34,912,678) |
| Proceeds from sales of investments | <u>51,043,760</u> | <u>31,513,586</u> |
| Net cash (used) provided by investing activities | <u>(5,810,973)</u> | <u>19,624,201</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from notes payable | 45,509,214 | 38,116,129 |
| Principal payments on notes payable | (65,059,202) | (30,032,482) |
| Contributions to be invested in perpetuity | <u>-</u> | <u>7,000</u> |
| Net cash (used) provided by financing activities | <u>(19,549,988)</u> | <u>8,090,647</u> |
| Net (decrease) increase in cash and cash equivalents | (24,895,440) | 38,309,653 |
| Cash and cash equivalents at beginning of year | <u>111,498,095</u> | <u>73,188,442</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 86,602,655</u> | <u>\$ 111,498,095</u> |

See accompanying notes to combined financial statements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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 (Entiqal) and one located in Bosnia (Lider); and for-profit entities registered in Lebanon (ATAS-M). These related entities are legally incorporated within their respective countries.

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

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

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

On November 25, 2012, Global Communities established a Joint Stock Company in Egypt, (MCSE-CHF Management and Consulting Services Egypt S.A.E).

Global Communities owns 99.9% of the Egyptian entity, which is organized and existing under the laws of the Arab Republic of Egypt. The Egyptian entity implements the services agreement dated September 22, 2011, between the Overseas Private Investment Corporation (OPIC) and Global Communities.

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

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

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Related entities (continued) -

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. As a result of this transaction, Global Communities received approximately \$1.5 million in FY18 and FY19. The deregistration and the final liquidation of Express Microfinanzas was fully completed in FY 2020.

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

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

On March 28, 2019, GAFI communicated verbally to local management that Vitas Group did not receive a security clearance and was thus blocked as an investor. Local management submitted a petition to appeal the decision. On October 26, 2019, Vitas Group finally received written notice from the Ministry of Investment and International Cooperation Investor Complaints Settlement Unit that "the concerned authorities" will not grant a security clearance. To resolve the situation, Ebtikar and Vitas Group drafted a suite of agreements to change the relationship from investor to know-how provider through a Trademark Agreement and a Software License and Purchase Agreement. Vitas' exit from the company was confirmed on June 30, 2020 when its investment was liquidated. Ebtikar purchased the shares and became the sole owner of the microfinance institution.

To further financial opportunities in Iraq, on July 2, 2019, Global Communities formed a for-profit limited liability company Bell Finance, LLC. The company is established under the laws of the State of Delaware. Global Communities owns 100% of Bell Finance LLC. There was no financial activity in the fiscal year 2021.

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.

In April 2020 Global Communities and Project Concern International (PCI) announced they have entered into a merger agreement to work with more communities around the world to achieve long-lasting, transformational change. PCI will operate as a wholly owned subsidiary of Global Communities until the time it is fully integrated in Global Communities operations. Following full integration, the combined entity will be known as Global Communities, with an international headquarters in Silver Spring. San Diego will be the West Coast home of Global Communities and the base for expanding the impact of critical ongoing domestic health programs.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Related entities (continued) -

In July 2021, the United States Government through USAID's Office of the General Counsel fully accepted and signed a Novation Agreement that replaced PCI with Global Communities as the contractor of record with regard to Federal prime programs/awards. Accordingly, the majority of PCI's assets, liabilities and employees transferred to Global Communities effective September 1, 2021. PCI will continue to maintain certain projects funded by private foundations and other donors with the assistance of Global Communities. Activity from PCI starting April 1, 2020, has been combined in the accompanying financial statements.

Principles of consolidation -

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 accounts and transactions among Global Communities and Related Entities (collectively "Global Communities") have been eliminated in combination.

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*.

As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net assets categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Combined Statement of Activities as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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, 2020, from which the summarized information was derived.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Basis of presentation (continued) -

The accompanying combined financial statements include the world-wide operations of Global Communities. At September 30, 2021, assets held in foreign countries totaled approximately \$321,000,000.

New accounting pronouncements adopted -

During 2021, Global Communities adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way Global Communities recognized revenue; however, the presentation and disclosures of revenue have been enhanced. Global Communities has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Income taxes -

Global Communities is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Global Communities is not a private foundation as described in Section 509(a)(1) of the Internal Revenue Code. Global Communities is subject to unrelated business income taxes under Section 512 (a)(7) of the Internal Revenue Code.

PCI is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Global Communities is not a private foundation as described in Section 509(a)(1) of the Internal Revenue Code. PCI is subject to unrelated business income taxes under Section 512 (a)(7) of the Internal Revenue Code.

The related entity located in Jordan (Entiqal) is registered (in its respective country) as a tax-exempt organization. ATAS-M is a registered for-profit entity in Lebanon (with the majority of operations in Iraq) and is subject to tax on any profit during the given fiscal year. ATAS-DE files its income tax return on the accrual basis of accounting. Under Subchapter K of the Internal Revenue Code, ATAS-DE has elected not to be taxed as a corporation and the members have consented to include the profit or loss in their individual tax returns. MCSE-CAF is subject to income tax under the laws of the Arab Republic of Egypt.

GC Brazil is exempted from income tax under Law 9532 / 97, amended by Law No. 9718, of November 27, 1998.

Express Microfinanzas-S.A.S is a National Society duly registered with the Chamber of Commerce in Colombia subject to tax on any profit during the given fiscal year. Vitas Palestine is subject to the local banking and microfinance sector regulations. It is registered by the Palestinian Monetary Authority as a for profit company and subject to local taxes.

Vitas Group and Bell Finance LLC are considered disregarded entities for corporate tax reporting, therefore all financial transactions are reported under Global Communities' filing status.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Uncertain tax positions -

For the year ended September 30, 2021, Global Communities and Related Entities have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and have determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Cash equivalents -

Global Communities considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. For financial statement purposes, Global Communities considers money market accounts and funds invested with local banks in foreign countries (see Note 2) to be cash equivalents, excluding money market funds held by investment managers in the amount of \$1,254,678 as of September 30, 2021. Cash equivalents also include amounts held in an escrow account in the amount of \$2,819,108 as of September 30, 2021 (see Funds held in trust note.)

Loans receivable -

Loans receivable include loans made by Global Communities and related entities 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 with fixed or determinable payments. The terms of the loans range from one month to sixty months and thereafter, the majority of which are at the prevailing market interest rates.

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.

Interest and accounts receivable -

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

Investments -

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

Inventory -

Agricultural commodities received from agencies of the United States Federal Government and other in-kind goods received from other non-Federal entities for distribution are recorded as inventory and deferred revenue until distributed. Such goods are valued on the first-in, first-out basis at the lower of specified contract value or fair value.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Fixed assets -

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

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

Funds held in trust -

On August 4, 2016, pursuant to the service agreement with the Overseas Private Investment Corporation (OPIC) dated as of September 22, 2011, the remaining aggregate amount of expenses payable by OPIC of \$6,671,387 was deposited in an escrow account. U.S. Bank National Association (Escrow Agent) has agreed to accept, hold and disburse the funds deposited in accordance with the terms of the Escrow Agreement. The escrow account has a balance of \$2,819,108 as of September 30, 2021.

Grants, contributions and contracts -

The majority of Global Communities' revenue is received through contributions as well as contracts and grants from the U.S. and foreign Governments, international organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. Global Communities performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" 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 net assets with donor restrictions in the accompanying combined financial statements.

Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grant awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, Global Communities recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as conditional contributions, Global Communities had approximately \$279,000,000 in unrecognized conditional awards as of September 30, 2021.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Grants, contributions and contracts (continued) -

Contracts classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers* are recorded as revenue at a point in time when the performance obligations are met. Global Communities has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

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 \$152,721 have been recorded as revenue and expenses in the accompanying combined financial statements for the year ended September 30, 2021.

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 the various programs and other activities have been summarized on a functional basis in the Combined Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Global Communities are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or another reasonable basis.

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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

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 -

All lending operations have established policies for writing off loans. ACSI (Iraq), Vitas Jordan, Vitas Lebanon and Vitas Palestine have established a write-off policy, whereby any loan more than 180 days overdue is written-off and any related allowance for impairment losses is deducted. However, collections procedures for written-off loans continue. In the case of Vitas Romania, the regulator prevents the entity from writing off a loan until all legal recourse is exhausted. At that time, a loan is written off and any related allowance for impairment loss is deducted.

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 the cash deposited with banks and other financial institutions.

Credit risk -

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

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

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

Market risk -

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

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Interest rate risk -

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

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

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

Currency risk -

Global Communities is exposed to currency risk through transactions in foreign currencies against the U.S. Dollar. There is also a Combined 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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Liquidity risk (continued) -

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.

Expected Credit Losses and Impairment (ECL) -

Certain subsidiaries of Global Communities apply a policy on the measurement of expected credit losses and impairment. The subsidiaries apply a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortized cost. The valuation of the ECL is calculated based on a three-stage framework that measures the change in credit quality since initial recognition.

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.

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 is applied on a retrospective basis in the year the ASU is first applied. Global Communities adopted the new guidance above and applied it retrospectively.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Combined Statement of Financial Position and disclosure of key information about leasing arrangements.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

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

During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities for fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

Global Communities plans to adopt the new ASUs at the required implementation date and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying combined financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. Global Communities' operations are heavily dependent on private and public donations from individual, corporations and the Federal Government.

The outbreak may have a continued material adverse impact in economic market conditions, triggering a period of global economic slowdown. Given Global Communities' financial condition and liquidity, management does not believe this will hinder the Organization's ability to advance its mission. Management believes that Global Communities has adequate resources to cover its obligations, operations, and core activities.

The global pandemic of COVID-19 continues to rapidly evolve and the Organization continues to monitor the situation closely. The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change and the overall impact is unknown at this time.

Subsequent to year end, operations have ceased in Ukraine due to the ongoing humanitarian crisis. The overall potential impact is unknown at this time.

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 \$59,400,000 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2021. The majority of funds invested in foreign countries are uninsured.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

3. INVESTMENTS

Investments at September 30, 2021, consisted of the following:

| | Fair Value | Cost |
|--|----------------------|----------------------|
| Money market funds | \$ 1,254,678 | \$ 1,254,678 |
| Common stocks and mutual funds | 37,794,296 | 30,746,275 |
| Fixed income | 17,699,389 | 17,103,516 |
| Alternatives/Private | 3,526,304 | 1,987,864 |
| Investments held by TSDF | 164,790 | 138,754 |
| Investment in Tanmyeh (Union Company of Micro Financiers in Jordan) | 11,753 | 11,753 |
| Investment in Europe UG | 25,000 | 25,000 |
| Investment in BOAFO (local microfinance institution in Ghana) | 1,039,844 | 406,832 |
| TOTAL INVESTMENTS | \$ 61,516,054 | \$ 51,674,672 |

During the year ended September 30, 2021, Global Communities recorded realized and unrealized gains on its investments of \$8,269,571. 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. PCI cannot withdraw the funds it has invested at TSDF and there are no commitments to invest additional funds.

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 thereafter. The loans are disbursed and repaid in either U.S. Dollars or the local currency of the respective country.

Loans receivable, as of September 30, 2021, consisted of the following:

| | |
|-------------------------------|-----------------------|
| Loans receivable | \$ 248,344,357 |
| Less: Allowance for bad debts | (21,490,785) |
| Less: Unearned revenue | (10,240,994) |
| NET LOANS RECEIVABLE | \$ 216,612,578 |

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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):

| <u>Year Ending September 30,</u> | |
|----------------------------------|------------------------------|
| 2022 | \$ 127,396,964 |
| 2023 | 53,512,202 |
| 2024 | 23,537,595 |
| 2025 | 8,037,464 |
| 2026 | 2,666,271 |
| Thereafter | <u>1,462,082</u> |
| | <u>\$ 216,612,578</u> |

During the year ended September 30, 2021, the total allowance for loan losses increased by \$1,739,472. The total bad debt expense, net of recoveries was \$6,153,111. During the year ended September 30, 2021, interest income earned on loans receivable, including other investment income totaled approximately \$55,400,000.

5. NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE

As of September 30, 2021, contributors to Global Communities have made written promises to give of which \$15,747,024 remained outstanding as of fiscal year-end. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.25%.

As of September 30, 2021, non-Federal grants and contracts are due as follows:

| | |
|--|-----------------------------|
| Less than one year | \$ 13,481,049 |
| One to five years | <u>2,265,975</u> |
| | 15,747,024 |
| Less: Allowance to discount balance to present value | <u>(33,752)</u> |
| NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE | <u>\$ 15,713,272</u> |

6. FIXED AND INTANGIBLE ASSETS

Furniture, equipment and leasehold improvements consisted of the following at September 30, 2021:

| | |
|---|-----------------------------|
| Furniture and fixtures | \$ 2,353,995 |
| Building | 5,180,357 |
| Computers and equipment | 2,118,761 |
| Vehicles | 1,154,134 |
| Leasehold improvements | <u>5,506,122</u> |
| | 16,313,369 |
| Less: Accumulated depreciation and amortization | <u>(6,934,204)</u> |
| | 9,379,165 |
| Net intangible assets | <u>695,219</u> |
| FIXED ASSETS, NET | <u>\$ 10,074,384</u> |

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

6. FIXED AND INTANGIBLE ASSETS (Continued)

Total depreciation and amortization expense for the year ended September 30, 2021 was \$989,739, of which \$246,100 was related to assets held by Global Communities and \$743,639 was related to assets held by the related entities. During the year ended September 30, 2021, Vitas Lebanon paid the amount of \$5.1 million for the purchase of plot number 215 (land and building) in Achrafieh. The plot was fully registered in the name of the Company on November 3, 2021.

7. NOTES PAYABLE

As of September 30, 2021, Global Communities has outstanding notes payable aggregating \$192,311,255. The notes are due between October 1, 2021, and June 30, 2033. All notes payable are secured by Global Communities' loans receivable. Following is a table of all notes payable as of September 30, 2021:

| Entity | Lender's Name | Date of Issue | Loan Currency | Original Amount in USD | Date of Maturity | Interest Rate | Commission | Balance 9/30/2021 in USD |
|-----------------|--|---------------|---------------|------------------------|------------------|---------------|------------|--------------------------|
| GC HQ | Calvert Foundation | 11/05/2021 | USD | 3,000,000 | 11/05/2024 | 5.00 % | 0.00 % | \$ 3,000,000 |
| ATAS DE | OPIC | 10/05/2012 | USD | 30,000,000 | 06/30/2025 | 5.00 % | 0.00 % | 30,000,000 |
| ATAS DE | OPIC | 03/20/2013 | USD | 6,000,000 | 06/30/2025 | 5.00 % | 0.00 % | 6,000,000 |
| ATAS DE | OPIC | 06/26/2013 | USD | 6,000,000 | 06/30/2025 | 5.00 % | 0.00 % | 6,000,000 |
| ATAS DE | OPIC | 09/10/2013 | USD | 3,000,000 | 06/30/2025 | 6.00 % | 0.00 % | 3,000,000 |
| ATAS DE | OPIC | 02/21/2014 | USD | 920,000 | 06/30/2025 | 6.00 % | 0.00 % | 920,000 |
| ATAS DE | OPIC | 05/30/2014 | USD | 6,000,000 | 06/30/2025 | 6.00 % | 0.00 % | 6,000,000 |
| ATAS DE | OPIC | 01/04/2015 | USD | 5,000,000 | 06/30/2025 | 5.00 % | 0.00 % | 5,000,000 |
| ATAS DE | OPIC | 01/04/2015 | USD | 8,080,000 | 06/30/2025 | 5.00 % | 0.00 % | 8,080,000 |
| ATAS DE | OPIC | 01/04/2015 | USD | 3,000,000 | 06/30/2025 | 5.00 % | 0.00 % | 3,000,000 |
| ATAS DE | OPIC | 01/04/2015 | USD | 5,000,000 | 06/30/2025 | 5.00 % | 0.00 % | 5,000,000 |
| Vitas Palestine | Bank of Palestine | 05/25/2016 | USD | 1,000,000 | 02/24/2022 | 5.00 % | 0.00 % | 93,732 |
| Vitas Palestine | Bank of Palestine | 09/07/2016 | USD | 1,000,000 | 02/24/2022 | 5.00 % | 0.00 % | 85,161 |
| Vitas Palestine | Bank of Palestine | 01/02/2017 | USD | 1,000,000 | 02/24/2022 | 5.00 % | 0.00 % | 93,130 |
| Vitas Palestine | Bank of Palestine | 04/17/2017 | USD | 1,000,000 | 02/24/2022 | 5.00 % | 0.00 % | 93,442 |
| Vitas Palestine | Quds Bank | 02/27/2017 | USD | 1,000,000 | 02/27/2022 | 4.00 % | 0.00 % | 111,955 |
| Vitas Palestine | Quds Bank | 10/25/2017 | USD | 1,000,000 | 02/28/2023 | 4.00 % | 0.00 % | 319,914 |
| Vitas Palestine | Quds Bank | 11/21/2017 | USD | 2,000,000 | 02/21/2023 | 4.00 % | 0.00 % | 643,408 |
| Vitas Palestine | Sanad Fund | 12/17/2018 | USD | 2,000,000 | 10/05/2021 | 6.00 % | 0.00 % | 500,000 |
| Vitas Palestine | Sanad Fund | 05/08/2019 | USD | 2,000,000 | 10/05/2021 | 6.00 % | 0.00 % | 500,000 |
| Vitas Palestine | Sanad Fund | 11/16/2020 | USD | 2,000,001 | 04/08/2024 | 4.00 % | 0.00 % | 1,714,286 |
| Vitas Palestine | The Palestinian Fund for Employment and Social Financing | 02/05/2016 | USD | 1,050,000 | 05/05/2022 | 2.00 % | 0.00 % | 165,107 |
| Vitas Palestine | The Palestinian Fund for Employment and Social Financing | 01/30/2018 | USD | 2,011,022 | 04/30/2024 | 2.00 % | 0.00 % | 1,406,729 |
| Vitas Palestine | Palestine Investment Fund | 12/04/2017 | USD | 2,000,000 | 12/04/2021 | 4.00 % | 0.00 % | 151,087 |
| Vitas Palestine | Palestine Investment Fund | 05/21/2019 | USD | 3,000,000 | 05/15/2024 | 4.00 % | 0.00 % | 2,165,394 |
| Vitas Palestine | Palestine Investment Fund | 12/29/2020 | USD | 2,000,000 | 06/29/2025 | 4.00 % | 0.00 % | 1,885,213 |
| Vitas Palestine | European Investment Bank | 05/24/2018 | USD | 2,500,000 | 02/01/2023 | 3.00 % | 0.00 % | 937,500 |
| Vitas Palestine | European Investment Bank | 03/22/2019 | USD | 2,500,000 | 02/01/2024 | 3.00 % | 0.00 % | 1,562,500 |
| Vitas Palestine | FMO Entrepreneurial Development Bank | 05/14/2020 | USD | 5,000,000 | 04/22/2025 | 4.00 % | 0.00 % | 5,000,000 |
| Vitas Palestine | Sanad Fund | 06/29/2020 | USD | 2,000,000 | 04/08/2024 | 4.00 % | 0.00 % | 1,714,286 |
| Vitas Palestine | EPCGF | 12/31/2018 | USD | 1,000,000 | 03/31/2024 | 6.00 % | 0.00 % | 543,814 |
| Vitas Palestine | Proparco Loan Payable | 08/27/2020 | USD | 5,000,000 | 08/18/2025 | 4.00 % | 0.00 % | 5,000,000 |
| Vitas Jordan | Jordan Commercial Bank | 05/08/2019 | JOD | 5,000,000 | Revolving | 8.00 % | 0.00 % | 7,046,219 |
| Vitas Jordan | Housing Bank for trade and finance (*) | 05/05/2016 | JOD | 4,000,000 | Revolving | 8.00 % | 0.00 % | 6,892,382 |
| Vitas Jordan | Al-Etihad Bank (*) | 06/01/2014 | JOD | 4,500,000 | Revolving | 7.00 % | 0.00 % | 5,528,130 |
| Vitas Jordan | Capital Bank (*) | 03/09/2015 | JOD | 4,000,000 | Revolving | 8.00 % | 0.00 % | 5,320,874 |
| Vitas Jordan | Invest Bank (*) | 03/30/2017 | JOD | 4,000,000 | Revolving | 8.00 % | 0.00 % | 4,770,522 |
| Vitas Jordan | Cairo amman bank (*) | 01/03/2015 | JOD | 3,500,000 | Revolving | 8.00 % | 0.00 % | 4,555,080 |
| Vitas Jordan | Egyptian arab land bank (*) | 03/23/2016 | JOD | 3,000,000 | Revolving | 8.00 % | 0.00 % | 3,246,914 |
| Vitas Jordan | Jordan Kuwait bank | 08/31/2021 | JOD | 2,000,000 | 12/01/2023 | 6.00 % | 0.00 % | 2,820,874 |
| Vitas Jordan | Sanad | 12/12/2019 | USD | 4,000,000 | 05/05/2022 | 8.00 % | 0.00 % | 2,400,000 |
| Vitas Jordan | Capital Bank | 05/28/2019 | JOD | 1,000,000 | 12/05/2020 | 8.00 % | 0.00 % | 1,410,438 |
| Vitas Jordan | Societe generale bank jordan (*) | 10/26/2015 | JOD | 1,000,000 | Revolving | 8.00 % | 0.00 % | 798,134 |
| Vitas Jordan | Al-Etihad Bank | 03/19/2019 | JOD | 2,000,000 | 09/01/2022 | 8.00 % | 0.00 % | 699,099 |
| Vitas Jordan | Housing Bank for trade and finance | 03/01/2018 | JOD | 2,000,000 | 08/01/2022 | 8.00 % | 0.00 % | 646,278 |
| Vitas Jordan | Societe generale bank jordan | 12/13/2018 | JOD | 1,500,000 | 06/30/2022 | 8.00 % | 0.00 % | 470,147 |
| Vitas Jordan | Jordan Kuwait bank | 02/06/2019 | JOD | 1,500,000 | 10/01/2021 | 8.00 % | 0.00 % | 52,083 |
| Vitas Lebanon | KIVA Microfunds | 07/21/2008 | USD | n/a | 09/30/2023 | 0.00 % | 0.00 % | 605,094 |
| Vitas Lebanon | Fransabank sal | 08/24/2013 | LBP | 3,316,750 | 12/31/2021 | 5.00 % | 0.00 % | 165,837 |
| Vitas Lebanon | Fransabank sal | 06/25/2014 | LBP | 3,316,750 | 09/30/2022 | 5.00 % | 0.00 % | 663,299 |
| Vitas Lebanon | Fransabank sal | 11/12/2015 | LBP | 3,316,750 | 12/31/2023 | 5.00 % | 0.00 % | 1,492,510 |
| Vitas Lebanon | Saradar Bank | 02/20/2018 | LBP | 3,316,750 | 12/31/2025 | 4.00 % | 0.00 % | 2,819,237 |
| Vitas Lebanon | Saradar Bank | 02/22/2018 | LBP | 3,316,750 | 12/31/2025 | 4.00 % | 0.00 % | 2,819,237 |
| Vitas Lebanon | Saradar Bank | 04/11/2018 | LBP | 3,316,750 | 12/31/2025 | 4.00 % | 0.00 % | 2,819,237 |
| Vitas Lebanon | Symbiotics SA | 12/19/2018 | USD | 5,000,000 | 09/30/2023 | 7.00 % | 1.00 % | 5,441,908 |
| Vitas Lebanon | BlueOrchard Microfinance Fund | 05/31/2019 | USD | 5,000,000 | 09/30/2023 | 7.00 % | 1.00 % | 5,463,964 |
| Vitas Lebanon | responsAbility Investments AG | 07/31/2019 | USD | 8,000,000 | 09/30/2023 | 6.00 % | 1.00 % | 8,860,199 |
| Vitas Lebanon | Facility BDL under cicular 547 | 02/07/2020 | USD | 2,122,770 | 07-31-2023 | 0.00 % | 0.00 % | 1,244,938 |

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

7. NOTES PAYABLE (Continued)

Following is a table of all notes payable as of September 30, 2021 (continued):

| Entity | Lender's Name | Date of Issue | Loan Currency | Original Amount in USD | Date of Maturity | Interest Rate | Commission | Balance 9/30/2021 in USD |
|---------------|--|---------------|---------------|------------------------|------------------|---------------|------------|------------------------------|
| Vitas Romania | European Fund for SouthEast Europe 1st loan (i) | 03/08/2019 | RON | 2,203,831 | 03/15/2022 | 5.00 % | 1.00 % | \$ 489,589 |
| Vitas Romania | European Fund for SouthEast Europe 2nd loan (ii) | 12/09/2020 | RON | 2,283,544 | 12/31/2023 | 5.00 % | 1.00 % | 2,265,036 |
| Vitas Romania | European Fund for SouthEast Europe 3rd loan (iii) | 07/02/2021 | RON | 1,155,839 | 07/15/2024 | 5.00 % | 1.00 % | 1,136,544 |
| Vitas Romania | CoopEst B.V. 2 (iv) | 05/15/2013 | EUR | 927,878 | 06/30/2023 | 4.00 % | 3.00 % | 928,985 |
| Vitas Romania | CoopEst B.V. 4 (v) | 05/10/2017 | EUR | 289,962 | 11/01/2021 | 4.00 % | 4.00 % | 292,925 |
| Vitas Romania | CoopEst B.V. 6 (vi) | 06/11/2018 | EUR | 521,932 | 09/30/2023 | 4.00 % | 4.00 % | 520,817 |
| Vitas Romania | CoopEst B.V. 7 (vii) | 12/19/2018 | EUR | 289,962 | 01/10/2022 | 4.00 % | 2.00 % | 292,585 |
| Vitas Romania | CoopEst B.V. 8 (viii) | 06/26/2019 | EUR | 869,886 | 07/01/2022 | 4.00 % | 2.00 % | 874,944 |
| Vitas Romania | Oikocredit, Ecumenical Development Co-operative Society U.A. 5 (x) | 12/14/2017 | RON | 1,172,250 | 06/20/2022 | 6.00 % | 1.00 % | 297,114 |
| Vitas Romania | responsAbility SICAV, Micro and SME Finance Leaders (M) (xvi) | 08/31/2018 | RON | 1,008,135 | 07/01/2022 | 7.00 % | 1.00 % | 340,626 |
| Vitas Romania | responsAbility SICAV, Micro and SME Finance Debt Fund (N) (xvii) | 06/30/2021 | RON | 234,450 | 07/01/2024 | 7.00 % | 1.00 % | 236,582 |
| Vitas Romania | responsAbility SICAV, Micro and SME Finance Debt Fund (O) (xviii) | 06/30/2021 | RON | 703,350 | 07/01/2024 | 7.00 % | 1.00 % | 709,747 |
| Vitas Romania | Credit Agricole (xxii) | 03/20/2020 | RON | 1,699,892 | 03/11/2024 | 8.00 % | 1.00 % | 1,503,509 |
| Vitas Romania | CoopEst B.V. 3 (xxiii) | 10/03/2016 | EUR | 579,924 | 10/15/2023 | 6.00 % | 1.00 % | 587,785 |
| Vitas Romania | European Investment Fund (xxv) | 05/15/2020 | RON | 2,110,051 | 05/15/2030 | 5.00 % | 0.00 % | 2,095,175 |
| | | | | | | | | <u>\$ 192,311,255</u> |

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

Year Ending September 30,

| | |
|------------|------------------------------|
| 2022 | \$ 67,379,633 |
| 2023 | 31,152,551 |
| 2024 | 16,764,997 |
| 2025 | 12,371,387 |
| 2026 | 7,797,512 |
| Thereafter | <u>56,845,175</u> |
| | <u>\$ 192,311,255</u> |

8. FUNDING FROM THE PAYCHECK PROTECTION PROGRAM

On April 1, 2020, Global Communities received loan proceeds in the amount of \$1,950,000 under the Paycheck Protection Program. On April 20, 2020 PCI received loan proceeds in the amount of \$1,286,300 under the Paycheck Protection Program. The loans were forgivable to the extent it is used for certain allowable costs during the twenty-four weeks after funding. Global Communities and PCI expended and tracked the PPP funds for purposes outlined in the CARES Act guidance. Global Communities received full forgiveness from the SBA in April 2021 and PCI received full forgiveness from the SBA in May 2021. Accordingly, Global Communities has recorded revenue from extinguishment of debt in the amount of \$3,236,300 in the accompanying Combined Statement of Activities.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted primarily of cash and cash equivalents, loans receivable (net of allowance for bad debts) and grants receivable, received from Governmental agencies, corporations and private foundations and loan capital, for which donor-imposed restrictions have not been met. All net assets with restrictions at September 30, 2021 are to provide support for Global Communities' programs.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

9. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Following is a summary of net assets with restrictions at September 30, 2021:

| | |
|--|-----------------------------|
| Project Funds: | |
| Argentina | \$ 446,624 |
| Botswana | 2,933 |
| Brazil | 5,532 |
| Colombia | 1,372,389 |
| Guatemala | 4,493 |
| Honduras | 6,930,736 |
| India | 9,084,121 |
| Kenya | 295,517 |
| Malawi | 174,499 |
| Palestine | 1,629,427 |
| Sri Lanka | 5,800 |
| Syria | 89,792 |
| Tanzania | 422,326 |
| Various headquarters projects | 6,157,275 |
| Accumulated endowment earnings | <u>38,941</u> |
| | 26,660,405 |
| Amounts to be held in perpetuity - endowment | <u>701,831</u> |
| PROJECT FUNDS TOTAL | <u>\$ 27,362,236</u> |
| Loan Capital: | |
| Jordan | \$ 333,333 |
| Lebanon | 333,333 |
| Palestine | <u>1,170,096</u> |
| LOAN CAPITAL TOTAL | <u>\$ 1,836,762</u> |
| TOTAL | <u>\$ 29,198,998</u> |

During the year ended September 30, 2021, net assets with restrictions of \$16,997,532 were released from restrictions by incurring programmatic expenses or through the passage of time, both satisfying Global Communities' donor-imposed restrictions. Following is a summary of net assets released from restrictions, by country program, for the year ended September 30, 2021:

| | |
|--|-----------------------------|
| Project Funds: | |
| Argentina | \$ 269,232 |
| Brazil | 175,737 |
| Colombia | 67,454 |
| Ghana | 141,097 |
| Honduras | 4,585,544 |
| Guatemala | 261,097 |
| India | 5,875,356 |
| Kenya | 559,010 |
| Malawi | 604,680 |
| Mexico/U.S Border | 54,127 |
| Nicaragua | 7,775 |
| Palestine | 386,343 |
| Sri Lanka | 29,291 |
| Syria | 300,652 |
| Tanzania | 632,657 |
| Various headquarters projects | <u>3,047,480</u> |
| TOTAL NET ASSETS RELEASED FROM RESTRICTIONS | <u>\$ 16,997,532</u> |

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

9. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

During the year ended September 30, 2021, Global Communities reduced net assets with donor restrictions by \$193,901 to account for a deobligation of funds by a donor. The reduction is presented under Other items in the accompanying Combined Statement of Activities.

10. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Combined Statement of Financial Position date comprise the following:

| | |
|--|--------------------|
| Cash and cash equivalents | \$ 86,602,655 |
| Investments | 61,516,054 |
| Current portion of loans receivable, net of allowances | 127,396,964 |
| Federal grants and contracts receivable | 8,290,447 |
| Non-Federal grants and contracts receivable | 15,713,272 |
| Interest and accounts receivable | <u>8,955,436</u> |
| Subtotal financial assets available | 308,474,828 |
| Less: Donor restricted funds | (28,497,167) |
| Less: Endowment funds to be invested in perpetuity | (701,831) |
| Less: Funds held in trust | <u>(2,819,108)</u> |

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR

\$ 276,456,722

As part of Global Communities' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Global Communities works in numerous third world countries through its field offices and related entities. Cash accounts as well as loan portfolios are maintained 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 which could affect the liquidity and availability of Global Communities' available financial assets.

11. 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.

PCI sponsors a defined contribution plan (the Plan) which covers substantially all full-time employees who are legal residents of the United States of America. Through December 31, 2020, PCI made matching contributions to the Plan of up to 3% of an employee's salary. PCI also makes a non-elective contribution of 3% of an employee's salary. The Plan was amended effective January 1, 2021. After the amendment, PCI makes safe harbor non-elective contributions of 3 percent of an employee's compensation for the year. Additionally, PCI may elect to contribute a discretionary amount each year.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

11. RETIREMENT PLANS (Continued)

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, 2021, total retirement plan expense for Global Communities and PCI aggregated \$1,831,000 and \$650,000, respectively.

12. 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.

PCI leases office space in San Diego under a non-cancelable lease that expires in December 2024. The lease has escalating payments with monthly payments starting at approximately \$20,000 and provided for rent abatement for the second through sixth month of the agreement.

PCI leases office space in Washington D.C. under a non-cancelable lease that expires in November 2026. The lease has escalating lease payments with monthly payments starting at approximately \$34,000 and provided for rent abatement for the first six months of the agreement.

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, 2021:

Year Ending September 30,

| | |
|------------|-----------------------------|
| 2022 | \$ 1,762,384 |
| 2023 | 1,726,430 |
| 2024 | 1,760,270 |
| 2025 | 1,587,902 |
| 2026 | 1,552,859 |
| Thereafter | <u>1,620,903</u> |
| | <u>\$ 10,010,748</u> |

Total rent expense under long-term lease commitments for the year ended September 30, 2021 was approximately \$870,000 for Global Communities and \$1,170,000 for PCI. The deferred rent liability was \$2,210,378.

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, 2021 was approximately \$3,040,000 for Global Communities. Total rent expense for Global Communities and related entities totaled approximately \$5,080,000.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

12. COMMITMENTS (Continued)

PCI leases certain office equipment and space for field offices under non-cancelable operating leases which expire through March 2022 and have monthly payments ranging from approximately \$90 to \$3,750.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 related to *Leases* (Topic 842), in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Combined Statement of Financial Position and disclosing key information about leasing arrangements for operating leases that are greater than one year in duration.

The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Combined Statement of Financial Position. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Several of the related entities elected to early implement the ASU. As a result, the applicable related entities recorded a right-of-use asset in the amount of \$3,868,364 and an offsetting lease liability in the amount of \$3,521,351. As of September 30, 2021 the right of use asset and lease liability balances were \$3,120,003 and \$3,158,709, respectively, which is included in prepaid expenses and other assets and other liabilities in the accompanying combined financial statements, respectively.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate. Global Communities and the remaining related entities will adopt the ASU by the required implementation date.

The following is the detail of the operating lease cost components included in expense for the year ended September 30, 2021:

| | | |
|--|-----------|-------------------------|
| Operating lease expense | \$ | 107,717 |
| Depreciation charge of right-of-use assets | | 715,916 |
| Interest expense | | <u>197,392</u> |
| TOTAL | \$ | <u>1,021,025</u> |

13. 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.

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

13. CONTINGENCIES (Continued)

United States Government funding (continued) -

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021. 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, 2021, Global Communities had assets in various countries in the Middle East, Eastern Europe, Africa, Asia and Central and South America, totaling approximately \$321,000,000, which represents approximately 78% of Global Communities' total assets as of September 30, 2021.

14. ECONOMIC DEPENDENCY

Approximately 78% of Global Communities' total revenue and support, excluding in-kind contributions and related entity revenue for the year ended September 30, 2021 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.

15. LINE OF CREDIT

PCI had a \$2,500,000 line of credit with a bank which expired October 31, 2021. The line of credit had an interest rate of prime plus 0.25% and a floor of 3.5% (rate was 3.5% at time of expiration and September 30, 2021). The line of credit was secured by all of PCI's assets

At September 30, 2021, there was no outstanding balance on the line of credit. Under the terms of the line of credit agreement, PCI was required to maintain compliance with covenants. Financial covenants include having a minimum current-assets-to-current liabilities ratio of 1.2 to 1.

16. SUPPLEMENTAL CASH FLOW INFORMATION

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

| | |
|--|-----------------------------|
| Inventory Decreases in Deferred Revenue | \$ <u>(494,256)</u> |
| Interest Paid - Related Entities | \$ <u>10,793,355</u> |
| Taxes Paid - Related Entities | \$ <u>4,038,079</u> |

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

17. FAIR VALUE MEASUREMENT

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

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

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

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

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

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of September 30, 2021.

- *Money market funds* - The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission and is deemed to be actively traded.
- *Common stocks and Exchange traded funds* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Global Communities' are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Global Communities are deemed to be actively traded.
- *Fixed income* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Alternatives/Private (Interests in hedge funds, limited partnerships, private equity funds and other investments)* - Valued at net asset value (NAV) of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.
- *Investments held by TSDF* - The fair value of investments held by TSDF is based on values provided by TSDF. TSDF determines the fair values based on the unit value of PCI's interest in the pool in which the funds are invested. The unit value is based on the fair value of the underlying assets in the pool as reported to PCI by TSDF.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

17. FAIR VALUE MEASUREMENT (Continued)

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

Following is a description of those alternative investments:

- Rockefeller Opportunistic Credit Fund, LLC is a fund-of-funds that invests primarily in third-party hedge funds that focus on stressed and distressed credit, fixed income, and other investments, both domestically and outside of the US.
- Rockefeller Access Fund 2015, LLC is a fund-of-funds that provides a level of diversified exposure to private equity investments, primarily through investments in “top-tier” growth equity funds and buyout funds, with select exposure to venture funds, special situations funds and credit funds.
- Aberdeen Private Ventures Fund is a fund-of-funds that provides a level of diversified exposure to early and multi-stage venture capital funds.
- PCI investment portfolios transferred to Global communities includes investments held by TSDF. The pool is invested primarily in publicly traded fixed-income and equity funds. PCI's Controller, under the oversight of the Chief Financial Officer, reviewed and evaluated the values provided by TSDF quarterly and agrees with the valuation methods used.

The table below summarizes, by level within the fair value hierarchy and those invested and measured at NAV for practical expedient as of September 30, 2021.

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------------------|--------------------|----------------------------|-----------------------------|
| Asset Category: | | | | |
| Money market funds | \$ 1,254,678 | \$ - | \$ - | \$ 1,254,678 |
| Common stocks and mutual funds | 37,794,296 | - | - | 37,794,296 |
| Fixed income | 17,699,389 | - | - | 17,699,389 |
| Other investments: | | | | |
| Investment in Tanmyeh (Union Company of Micro Financiers in Jordan) | - | - | 11,753 | 11,753 |
| Investment held by TSDF | - | - | 164,790 | 164,790 |
| Investment in Europe UG | - | - | 25,000 | 25,000 |
| Investment in BOAFO (local microfinance institution in Ghana) | - | - | 1,039,844 | 1,039,844 |
| Investments Measured at Net Asset Value: | | | | |
| Alternatives/Private | - | - | - | 3,526,304 |
| TOTAL | <u>\$ 56,748,363</u> | <u>\$ -</u> | <u>\$ 1,241,387</u> | <u>\$ 61,516,054</u> |

GLOBAL COMMUNITIES AND RELATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2021

17. FAIR VALUE MEASUREMENT (Continued)

There were no transfers between levels in the fair value hierarchy during the year ended September 30, 2021. 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, 2021:

| | <u>Investments</u> |
|--|----------------------------|
| Beginning balance as of September 30, 2020 | \$ 1,016,171 |
| Purchases | 25,000 |
| Net unrealized gain on investments | <u>200,216</u> |
| BALANCE AS OF SEPTEMBER 30, 2021 | <u>\$ 1,241,387</u> |

18. ENDOWMENT

Global Communities' endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

The Board of Director's has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Global Communities considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The governing Board has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, the endowment assets managed by Global Communities are considered using the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

GLOBAL COMMUNITIES AND RELATED ENTITIES

**NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

18. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of September 30, 2021:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|--------------------------|
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | \$ - | \$ 701,831 | \$ 701,831 |
| Accumulated investment earnings | <u>-</u> | <u>38,941</u> | <u>38,941</u> |
| TOTAL ENDOWMENT FUNDS | <u>\$ -</u> | <u>\$ 740,772</u> | <u>\$ 740,772</u> |

Endowment assets are comprised of the following at September 30, 2021:

| | |
|---|--------------------------|
| Investments managed by Global Communities | \$ 575,982 |
| Investments held by TSDF | <u>164,790</u> |
| TOTAL ENDOWMENT FUNDS | <u>\$ 740,772</u> |

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions for donor-restricted endowment funds and continued appropriates for certain programs that was deemed prudent by the Board of Directors. There we no deficiencies as of September 30, 2021.

Return Objectives and Risk Parameters -

PCI has followed a conservative investment strategy with the endowment funds it manages to minimize risk. All PCI-managed endowment funds are invested in exchange traded funds.

Spending Policy -

PCI has a policy of appropriating for expenditure each year all earnings on the endowment assets, not to exceed 5 % of the assets' value.

Endowment assets held by TSDF -

Endowment investments held by TSDF are invested in a "Balanced Pool" portfolio, which is structured for long-term total return. To provide diversification and to moderate risk, the investments are divided into carefully defined asset classes. TSDF's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. If the market value of the endowment principal of any fund at the end of each month is less than the initial value of all contributions made to the endowment principal, then distributions will be limited to interest and dividends received.

19. SUBSEQUENT EVENTS

In preparing these combined financial statements, Global Communities has evaluated events and transactions for potential recognition or disclosure through March 18, 2022, the date the combined financial statements were issued.

SUPPLEMENTAL INFORMATION

GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF FUNCTIONAL EXPENSES WITHOUT RELATED ENTITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | <u>Technical Assistance</u> | <u>Capital Assistance</u> | <u>General and Administrative</u> | <u>Total Expenses</u> |
|--------------------------------------|---------------------------------|-------------------------------|---------------------------------------|------------------------------|
| Salaries and wages | \$ 5,445,999 | \$ 914,482 | \$ 10,903,136 | \$ 17,263,617 |
| Fringe benefits | 1,802,792 | 302,721 | 3,326,106 | 5,431,619 |
| Local salaries and fringe | 24,828,993 | 24,814 | 784,202 | 25,638,009 |
| Other benefits | 1,511,329 | 47,235 | 106,131 | 1,664,695 |
| Printing and production | 57,553 | 56 | 7,808 | 65,417 |
| Professional fees | 1,132,179 | 33,282 | 2,161,227 | 3,326,688 |
| Occupancy | 1,813,642 | 6,173 | 981,774 | 2,801,589 |
| Security costs | 135,677 | - | - | 135,677 |
| Insurance | 476,243 | - | 272,667 | 748,910 |
| Depreciation and amortization | - | - | 246,100 | 246,100 |
| Telecommunications | 319,341 | 1,188 | 169,259 | 489,788 |
| Travel | 1,206,791 | 2,436 | 68,146 | 1,277,373 |
| Consulting fees | 2,449,771 | 17,717 | 629,525 | 3,097,013 |
| Postage and delivery | 58,592 | 2,960 | 9,309 | 70,861 |
| Repairs and maintenance | 345,792 | - | 499,708 | 845,500 |
| Supplies | 649,545 | - | 13,064 | 662,609 |
| Dues, subscriptions and publications | 18,734 | 190 | 248,604 | 267,528 |
| Conferences | 254,685 | - | 5,321 | 260,006 |
| In-kind equipment and materials | 63,800 | - | - | 63,800 |
| In-kind professional fees | 86,395 | - | - | 86,395 |
| Equipment purchase and rental | 1,418,043 | 17,498 | 659,111 | 2,094,652 |
| Temporary help | 143,578 | - | 9,529 | 153,107 |
| Contracts | 20,616,075 | - | 427,636 | 21,043,711 |
| Assistance awards, not subject to OH | 22,955,794 | - | - | 22,955,794 |
| Assistance awards, subject to OH | 1,078,982 | - | - | 1,078,982 |
| Vehicle expense | 500,602 | - | - | 500,602 |
| Office operating expense | 50 | - | 350 | 400 |
| Participant training | 3,406,860 | - | - | 3,406,860 |
| Staff training and development | 31,200 | - | 28,352 | 59,552 |
| Construction expense and materials | 12,006,197 | - | - | 12,006,197 |
| Other | 837,303 | 15,575 | 251,796 | 1,104,674 |
| TOTAL | <u>\$ 105,652,537</u> | <u>\$ 1,386,327</u> | <u>\$ 21,808,861</u> | <u>\$ 128,847,725</u> |

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021

| | Related Entities | | | | | |
|---|-----------------------|----------------------------------|---------------------|----------------------|-----------------------|----------------------|
| | Global Communities | Project Concern International | ATAS-M | Entiqal | Vitas Group | ATAS-DE |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 23,494,022 | \$ 11,333,983 | \$ 1,420,636 | \$ 2,489,551 | \$ 34,157,806 | \$ 4,674,645 |
| Investments | 115,926,575 | - | - | 6,437,458 | 628,704 | - |
| Loans receivable, net of allowances | - | - | - | - | 98,379,884 | 74,501,780 |
| Federal grants and contracts receivable | 8,290,447 | - | - | - | - | - |
| Non-Federal grants and contracts receivable | 9,914,209 | 5,799,063 | - | - | - | - |
| Interest and accounts receivable | 396,338 | - | - | 217,627 | 6,408,776 | - |
| Intracompany receivables | 686,742 | - | - | - | - | - |
| Intercompany receivables | 14,045,248 | - | - | 14,894,594 | 946,462 | 1,320,666 |
| Prepaid expenses and other assets | 821,585 | 120 | 811,563 | 41,698 | 2,401,568 | - |
| Inventory | 237,089 | - | - | - | - | - |
| Fixed and intangible assets, net | 1,608,695 | - | 160,941 | 33,491 | 7,723,181 | - |
| Security deposits | 454,470 | - | - | - | 364,757 | - |
| TOTAL ASSETS | \$ 175,875,420 | \$ 17,133,166 | \$ 2,393,140 | \$ 24,114,419 | \$ 151,011,138 | \$ 80,497,091 |
| LIABILITIES | | | | | | |
| Notes payable | \$ 3,000,000 | \$ - | \$ - | \$ - | \$ 102,916,447 | \$ 73,000,000 |
| Accounts payable and accrued expenses | 7,600,778 | 1,316,747 | 17,459 | 86,289 | 2,829,494 | 975,181 |
| Intracompany payables | 686,742 | - | - | - | - | - |
| Intercompany payables | 1,022,345 | 5,617,535 | 1,320,666 | 290 | 6,923,014 | 1,356,195 |
| Accrued salaries and benefits | 9,742,915 | 57,873 | 87,563 | 74,111 | 947,549 | - |
| Refundable advance | - | 326,887 | - | - | - | - |
| Deferred revenue | 582,738 | - | - | 307,020 | - | - |
| Deferred rent | 2,210,378 | - | - | - | - | - |
| Other liabilities | - | 39,161 | 829,752 | 195,522 | 2,005,026 | 289,386 |
| Funds held in trust | 2,819,108 | - | - | - | - | - |
| Total liabilities | 27,665,004 | 7,358,203 | 2,255,440 | 663,232 | 115,621,530 | 75,620,762 |
| NET ASSETS | | | | | | |
| Without donor restrictions: | | | | | | |
| Controlling interest | 128,111,824 | 674,557 | 137,700 | 23,451,187 | 21,573,748 | 4,876,329 |
| Noncontrolling interest | - | - | - | - | 13,815,860 | - |
| With donor restrictions | 20,098,592 | 9,100,406 | - | - | - | - |
| Total net assets | 148,210,416 | 9,774,963 | 137,700 | 23,451,187 | 35,389,608 | 4,876,329 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 175,875,420 | \$ 17,133,166 | \$ 2,393,140 | \$ 24,114,419 | \$ 151,011,138 | \$ 80,497,091 |

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021

| | Related Entities (Continued) | | | | | |
|---|------------------------------|-------------------|----------------------|-----------------------|------------------------|-----------------------|
| | MCSE | GC Brazil | Vitas Palestine | Subtotal | Eliminations | Total |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 15,698 | \$ 128,890 | \$ 8,887,424 | \$ 86,602,655 | \$ - | \$ 86,602,655 |
| Investments | - | - | - | 122,992,737 | (61,476,683) | 61,516,054 |
| Loans receivable, net of allowances | - | - | 43,730,914 | 216,612,578 | - | 216,612,578 |
| Federal grants and contracts receivable | - | - | - | 8,290,447 | - | 8,290,447 |
| Non-Federal grants and contracts receivable | - | - | - | 15,713,272 | - | 15,713,272 |
| Interest and accounts receivable | 1,777 | - | 1,377,122 | 8,401,640 | 553,796 | 8,955,436 |
| Intracompany receivables | - | - | - | 686,742 | (686,742) | - |
| Intercompany receivables | 24,950 | - | - | 31,231,920 | (31,231,920) | - |
| Prepaid expenses and other assets | 2,648 | - | 522,674 | 4,601,856 | - | 4,601,856 |
| Inventory | - | - | - | 237,089 | - | 237,089 |
| Fixed and intangible assets, net | - | - | 548,076 | 10,074,384 | - | 10,074,384 |
| Security deposits | 4,700 | - | 50,000 | 873,927 | - | 873,927 |
| TOTAL ASSETS | \$ 49,773 | \$ 128,890 | \$ 55,116,210 | \$ 506,319,247 | \$ (92,841,549) | \$ 413,477,698 |
| LIABILITIES | | | | | | |
| Notes payable | \$ - | \$ - | \$ 24,686,658 | \$ 203,603,105 | \$ (11,291,850) | \$ 192,311,255 |
| Accounts payable and accrued expenses | 8,185 | - | 6,784,999 | 19,619,132 | (335,469) | 19,283,663 |
| Intracompany payables | - | - | - | 686,742 | (686,742) | - |
| Intercompany payables | - | 109,708 | 17,093 | 16,366,846 | (16,366,846) | - |
| Accrued salaries and benefits | 1,402 | 19,182 | 2,686,300 | 13,616,895 | - | 13,616,895 |
| Refundable advance | - | - | - | 326,887 | - | 326,887 |
| Deferred revenue | - | - | - | 889,758 | - | 889,758 |
| Deferred rent | - | - | - | 2,210,378 | - | 2,210,378 |
| Other liabilities | - | - | 362,816 | 3,721,663 | - | 3,721,663 |
| Funds held in trust | - | - | - | 2,819,108 | - | 2,819,108 |
| Total liabilities | 9,587 | 128,890 | 34,537,866 | 263,860,514 | (28,680,907) | 235,179,607 |
| NET ASSETS | | | | | | |
| Without donor restrictions: | | | | | | |
| Controlling interest | 40,186 | - | 20,578,344 | 199,443,875 | (56,308,222) | 143,135,653 |
| Noncontrolling interest | - | - | - | 13,815,860 | (7,852,420) | 5,963,440 |
| With donor restrictions | - | - | - | 29,198,998 | - | 29,198,998 |
| Total net assets | 40,186 | - | 20,578,344 | 242,458,733 | (64,160,642) | 178,298,091 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 49,773 | \$ 128,890 | \$ 55,116,210 | \$ 506,319,247 | \$ (92,841,549) | \$ 413,477,698 |

GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Global Communities | Related Entities | | | | ATAS-DE |
|--------------------------------|-----------------------|----------------------------------|-------------|-------------------|-------------------|-----------------------|
| | | Project Concern International | ATAS-M | Entiqal | Vitas Group | |
| REVENUE AND SUPPORT | | | | | | |
| Grants and contributions | \$ 105,222,368 | \$ 48,941,702 | \$ - | \$ - | \$ - | \$ - |
| Contracts | 17,662,139 | - | - | 544,770 | - | - |
| In-kind contributions | 150,195 | 2,526 | - | - | - | - |
| Interest and investment income | 9,647,818 | 104,036 | 12,319 | - | 24,311,152 | 14,466,999 |
| Commission income | - | - | - | - | 1,750,807 | 3,354,756 |
| Other income | 4,675,827 | 4,846,663 | 1,067,044 | 2,036,880 | 985,794 | - |
| Extinguishment of debt | 1,950,000 | 1,286,300 | - | - | - | - |
| Total revenue and support | 139,308,347 | 55,181,227 | 1,079,363 | 2,581,650 | 27,047,753 | 17,821,755 |
| EXPENSES | 128,847,725 | 53,315,584 | 1,079,363 | 2,344,718 | 26,445,452 | 22,814,153 |
| CHANGE IN NET ASSETS | \$ 10,460,622 | \$ 1,865,643 | \$ - | \$ 236,932 | \$ 602,301 | \$ (4,992,398) |

GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Related Entities (Continued) | | | | Related Entity Subtotal | Total |
|--------------------------------|------------------------------|----------------|---------------------|---------------------|----------------------------|----------------------|
| | MCSE | GC Brazil | Vitas Palestine | Eliminations | | |
| REVENUE AND SUPPORT | | | | | | |
| Grants and contributions | \$ - | \$ - | \$ - | \$ - | \$ 48,941,702 | \$ 154,164,070 |
| Contracts | 522,378 | - | - | (522,378) | 544,770 | 18,206,909 |
| In-kind contributions | - | - | - | - | 2,526 | 152,721 |
| Interest and investment income | - | 1,105 | 7,448,378 | (618,592) | 46,261,397 | 55,373,215 |
| Commission income | - | - | 1,091,767 | - | 6,197,330 | 6,197,330 |
| Other income | - | 147,934 | 473,737 | (11,972,308) | 1,926,705 | 2,261,571 |
| Extinguishment of debt | - | - | - | - | 1,286,300 | 3,236,300 |
| Total revenue and support | <u>522,378</u> | <u>149,039</u> | <u>9,013,882</u> | <u>(13,113,278)</u> | <u>105,160,730</u> | <u>239,592,116</u> |
| EXPENSES | <u>512,791</u> | <u>149,039</u> | <u>6,098,967</u> | <u>(14,153,972)</u> | <u>105,077,221</u> | <u>227,453,820</u> |
| CHANGE IN NET ASSETS | <u>\$ 9,587</u> | <u>\$ -</u> | <u>\$ 2,914,915</u> | <u>\$ 1,040,694</u> | <u>\$ 83,509</u> | <u>\$ 12,138,296</u> |

GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Related Entities | | | | | |
|-----------------------------------|-----------------------|-------------------------------------|-------------------|----------------------|----------------------|---------------------|
| | Global Communities | Project Concern International | ATAS-M | Entiqal | Vitas Group | ATAS-DE |
| WITHOUT DONOR RESTRICTIONS | | | | | | |
| Beginning of year net assets | \$ 115,341,908 | \$ 1,856,261 | \$ 137,700 | \$ 23,214,255 | \$ 34,787,307 | \$ 8,968,727 |
| Transfer of PCI net assets | 1,730,132 | (1,730,132) | - | - | - | - |
| Dividends declared | - | - | - | - | - | - |
| Contributed equity | - | - | - | - | - | 900,000 |
| Change in net assets | 11,039,784 | 548,428 | - | 236,932 | 602,301 | (4,992,398) |
| END OF YEAR NET ASSETS | \$ 128,111,824 | \$ 674,557 | \$ 137,700 | \$ 23,451,187 | \$ 35,389,608 | \$ 4,876,329 |
| WITH DONOR RESTRICTIONS | | | | | | |
| Beginning of year net assets | \$ 14,386,316 | \$ 14,074,629 | \$ - | \$ - | \$ - | \$ - |
| Transfer of PCI net assets | 6,291,438 | (6,291,438) | - | - | - | - |
| Change in net assets | (579,162) | 1,317,215 | - | - | - | - |
| END OF YEAR NET ASSETS | \$ 20,098,592 | \$ 9,100,406 | \$ - | \$ - | \$ - | \$ - |
| TOTAL | | | | | | |
| Beginning of year net assets | \$ 129,728,224 | \$ 15,930,890 | \$ 137,700 | \$ 23,214,255 | \$ 34,787,307 | \$ 8,968,727 |
| Transfer of PCI net assets | 8,021,570 | (8,021,570) | - | - | - | - |
| Dividends declared | - | - | - | - | - | - |
| Contributed equity | - | - | - | - | - | 900,000 |
| Change in net assets | 10,460,622 | 1,865,643 | - | 236,932 | 602,301 | (4,992,398) |
| END OF YEAR NET ASSETS | \$ 148,210,416 | \$ 9,774,963 | \$ 137,700 | \$ 23,451,187 | \$ 35,389,608 | \$ 4,876,329 |

GLOBAL COMMUNITIES AND RELATED ENTITIES
COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Related Entities (Continued)

| | <u>MCSE</u> | <u>Vitas Palestine</u> | <u>Subtotal</u> | <u>Eliminations</u> | <u>Total</u> |
|-----------------------------------|------------------|------------------------|-----------------------|------------------------|-----------------------|
| WITHOUT DONOR RESTRICTIONS | | | | | |
| Beginning of year net assets | \$ 30,599 | \$ 17,863,429 | \$ 202,200,186 | \$ (64,501,336) | \$ 137,698,850 |
| Transfer of PCI net assets | - | - | - | - | - |
| Dividends declared | - | (200,000) | (200,000) | 200,000 | - |
| Contributed equity | - | - | 900,000 | (900,000) | - |
| Change in net assets | 9,587 | 2,914,915 | 10,359,549 | 1,040,694 | 11,400,243 |
| END OF YEAR NET ASSETS | \$ 40,186 | \$ 20,578,344 | \$ 213,259,735 | \$ (64,160,642) | \$ 149,099,093 |
| WITH DONOR RESTRICTIONS | | | | | |
| Beginning of year net assets | \$ - | \$ - | \$ 28,460,945 | \$ - | \$ 28,460,945 |
| Transfer of PCI net assets | - | - | - | - | - |
| Change in net assets | - | - | 738,053 | - | 738,053 |
| END OF YEAR NET ASSETS | \$ - | \$ - | \$ 29,198,998 | \$ - | \$ 29,198,998 |
| TOTAL | | | | | |
| Beginning of year net assets | \$ 30,599 | \$ 17,863,429 | \$ 230,661,131 | \$ (64,501,336) | \$ 166,159,795 |
| Transfer of PCI net assets | - | - | - | - | - |
| Dividends declared | - | (200,000) | (200,000) | 200,000 | - |
| Contributed equity | - | - | 900,000 | (900,000) | - |
| Change in net assets | 9,587 | 2,914,915 | 11,097,602 | 1,040,694 | 12,138,296 |
| END OF YEAR NET ASSETS | \$ 40,186 | \$ 20,578,344 | \$ 242,458,733 | \$ (64,160,642) | \$ 178,298,091 |