

**AUDIT REPORT ON COMBINED FINANCIAL STATEMENTS**

**GLOBAL COMMUNITIES AND  
RELATED ENTITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2021**

## 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

#### Opinion

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, 2022, 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.

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, 2022, 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.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Global Communities and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Communities's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814  
(301) 951-9090 · WWW.GRFCPA.COM

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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

## **Auditor's Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Global Communities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Communities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited Global Communities' 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Combining Schedule of Functional Expenses Without Related Entities on page 34, the Combining Schedule of Financial Position on pages 35 - 36, the Combining Schedule of Activities on pages 37 - 38 and the Combining Schedule of Change in Net Assets on pages 39 - 40 are presented for purposes of additional analysis and are not a required part of the 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 combined 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.

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 23, 2023, 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.

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

March 23, 2023

**GLOBAL COMMUNITIES AND RELATED ENTITIES**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2022**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 72,418,043	\$ 86,602,655
Investments	50,564,905	61,516,054
Loans receivable, net of allowances	225,487,423	216,612,578
Federal grants and contracts receivable	9,079,496	8,290,447
Non-Federal grants and contracts receivable	32,801,876	15,713,272
Interest and accounts receivable	7,266,753	8,955,436
Prepaid expenses and other assets	4,336,181	4,601,856
Inventory	-	237,089
Fixed and intangible assets, net	11,989,423	10,074,384
Security deposits	682,529	873,927
<b>TOTAL ASSETS</b>	<b>\$ 414,626,629</b>	<b>\$ 413,477,698</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Notes payable	\$ 188,147,041	\$ 192,311,255
Accounts payable and accrued expenses	21,912,135	19,283,663
Accrued salaries and benefits	13,513,781	13,616,895
Refundable advance	161,156	326,887
Deferred contracts	1,559,123	889,758
Deferred rent	1,932,665	2,210,378
Other liabilities	3,954,979	3,721,663
Funds held in trust	2,438,275	2,819,108
Total liabilities	233,619,155	235,179,607
<b>NET ASSETS</b>		
Without donor restrictions:		
Global Communities	106,081,406	112,903,953
Related Entities:		
Controlling interest	24,407,548	30,231,700
Noncontrolling interest	5,978,611	5,963,440
Total net assets without donor restrictions	136,467,565	149,099,093
With donor restrictions:		
Global Communities:		
Project Funds	34,510,199	18,261,830
Loan Capital	1,836,762	1,836,762
Related Entities:		
Controlling interest	8,192,948	9,100,406
Total net assets with donor restrictions	44,539,909	29,198,998
Total net assets	181,007,474	178,298,091
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 414,626,629</b>	<b>\$ 413,477,698</b>

See accompanying notes to combined financial statements.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

**COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 147,962,678	\$ 36,035,937	\$ 183,998,615	\$ 154,357,971
Contracts	15,100,952	-	15,100,952	18,206,909
Contributed nonfinancial assets	130,015	-	130,015	152,721
Interest and investment income (loss)	37,849,370	(19,461)	37,829,909	55,373,215
Commission income	7,120,499	-	7,120,499	6,197,330
Other income	2,231,838	-	2,231,838	2,214,578
Net assets released from restrictions - satisfaction of donor restrictions	<u>20,675,565</u>	<u>(20,675,565)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>231,070,917</u>	<u>15,340,911</u>	<u>246,411,828</u>	<u>236,502,724</u>
<b>EXPENSES</b>				
Program Services:				
Technical Assistance	155,369,732	-	155,369,732	144,785,410
Capital Assistance	<u>56,966,987</u>	<u>-</u>	<u>56,966,987</u>	<u>48,497,344</u>
Total program services	<u>212,336,719</u>	<u>-</u>	<u>212,336,719</u>	<u>193,282,754</u>
Supporting Services:				
General and Administrative	<u>35,162,784</u>	<u>-</u>	<u>35,162,784</u>	<u>34,171,066</u>
Total supporting services	<u>35,162,784</u>	<u>-</u>	<u>35,162,784</u>	<u>34,171,066</u>
Total expenses	<u>247,499,503</u>	<u>-</u>	<u>247,499,503</u>	<u>227,453,820</u>
Change in net assets before other items	(16,428,586)	15,340,911	(1,087,675)	9,048,904
<b>OTHER ITEMS</b>				
Gain on currency translation	3,797,058	-	3,797,058	46,993
Deobligation of grant funds	-	-	-	(193,901)
Extinguishment of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,236,300</u>
<b>CHANGE IN NET ASSETS</b>	<b><u>\$ (12,631,528)</u></b>	<b><u>\$ 15,340,911</u></b>	<b><u>\$ 2,709,383</u></b>	<b><u>\$ 12,138,296</u></b>

**GLOBAL COMMUNITIES AND RELATED ENTITIES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022					2021	
	Program Services			Supporting Services		Total Expenses	Total Expenses
	Technical Assistance	Capital Assistance	Total Program Services	General and Administrative	Total Supporting Services		
Salaries and wages	\$ 8,244,357	\$ 846,847	\$ 9,091,204	\$ 15,698,385	\$ 15,698,385	\$ 24,789,589	\$ 24,318,657
Fringe benefits	2,669,261	274,182	2,943,443	5,027,649	5,027,649	7,971,092	5,234,934
Local salaries and fringe	32,393,290	23,551,678	55,944,968	3,271,641	3,271,641	59,216,609	63,231,348
Other benefits	2,085,449	49,272	2,134,721	158,189	158,189	2,292,910	1,664,695
Printing and production	138,583	152,927	291,510	12,778	12,778	304,288	362,463
Professional fees	7,010,979	2,845,657	9,856,636	1,393,522	1,393,522	11,250,158	8,198,250
Occupancy	2,113,530	1,581,332	3,694,862	1,234,075	1,234,075	4,928,937	5,044,349
Security costs	174,640	393,730	568,370	-	-	568,370	876,143
Insurance	798,161	629,793	1,427,954	377,015	377,015	1,804,969	1,647,203
Depreciation and amortization	11,383	899,831	911,214	281,710	281,710	1,192,924	989,739
Lease amortization	-	456,358	456,358	39,190	39,190	495,548	715,916
Telecommunications	446,476	1,426,197	1,872,673	298,944	298,944	2,171,617	3,158,121
Travel	2,534,899	825,993	3,360,892	942,931	942,931	4,303,823	3,056,381
Consulting fees	2,328,139	-	2,328,139	787,344	787,344	3,115,483	3,006,906
Postage and delivery	72,461	2,727	75,188	11,517	11,517	86,705	57,732
Repairs and maintenance	409,107	232,822	641,929	430,078	430,078	1,072,007	1,092,376
Supplies	828,985	500,428	1,329,413	68,718	68,718	1,398,131	7,856,876
Dues, subscriptions and publications	29,801	127,452	157,253	332,428	332,428	489,681	454,992
Conferences	537,739	49,915	587,654	316,757	316,757	904,411	367,040
In-kind equipment and materials	12,250	-	12,250	-	-	12,250	1,752,881
In-kind professional fees	117,765	-	117,765	-	-	117,765	88,921
Equipment purchase and rental	2,494,165	274,211	2,768,376	921,826	921,826	3,690,202	2,359,724
Temporary help	663,555	66,298	729,853	35,997	35,997	765,850	180,253
Contracts	19,428,366	-	19,428,366	566,400	566,400	19,994,766	22,438,686
Assistance awards	35,971,761	-	35,971,761	-	-	35,971,761	30,652,562
Vehicle expense	1,448,226	26,213	1,474,439	65,484	65,484	1,539,923	1,317,142
Office operating expense	651	550,512	551,163	162,959	162,959	714,122	1,130,210
Participant training	11,931,895	15,194	11,947,089	660,180	660,180	12,607,269	3,406,860
Staff training and development	51,138	-	51,138	122,675	122,675	173,813	1,136,287
Construction expense and materials	17,961,174	-	17,961,174	57,850	57,850	18,019,024	12,453,943
Bad debt expense/recovery	-	5,695,974	5,695,974	-	-	5,695,974	6,153,111
Interest and taxes	6,170	13,955,708	13,961,878	49,310	49,310	14,011,188	14,626,901
Other	2,455,376	1,535,736	3,991,112	1,837,232	1,837,232	5,828,344	(1,577,782)
<b>TOTAL</b>	<b>\$ 155,369,732</b>	<b>\$ 56,966,987</b>	<b>\$ 212,336,719</b>	<b>\$ 35,162,784</b>	<b>\$ 35,162,784</b>	<b>\$ 247,499,503</b>	<b>\$ 227,453,820</b>

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, 2022**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	Without Donor Restrictions			With Donor Restrictions						
	Related Entities			Related Entities						
	Global Communities	Controlling Interest	Noncontrolling Interest	Total	Project Funds	Loan Capital Funds	Controlling Interest	Total	2022 Total	2021 Total
Balance at beginning of year	\$ 112,903,953	\$ 30,231,700	\$ 5,963,440	\$ 149,099,093	\$ 18,261,830	\$ 1,836,762	\$ 9,100,406	\$ 29,198,998	\$ 178,298,091	\$ 166,159,795
Change in net assets	<u>(6,822,547)</u>	<u>(5,824,152)</u>	<u>15,171</u>	<u>(12,631,528)</u>	<u>16,248,369</u>	<u>-</u>	<u>(907,458)</u>	<u>15,340,911</u>	<u>2,709,383</u>	<u>12,138,296</u>
<b>BALANCE AT END OF YEAR</b>	<b><u>\$ 106,081,406</u></b>	<b><u>\$ 24,407,548</u></b>	<b><u>\$ 5,978,611</u></b>	<b><u>\$ 136,467,565</u></b>	<b><u>\$ 34,510,199</u></b>	<b><u>\$ 1,836,762</u></b>	<b><u>\$ 8,192,948</u></b>	<b><u>\$ 44,539,909</u></b>	<b><u>\$ 181,007,474</u></b>	<b><u>\$ 178,298,091</u></b>

See accompanying notes to combined financial statements.

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,709,383	\$ 12,138,296
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Increase in loan allowance	4,394,637	1,739,472
Change in present value discount for grants receivable	390,059	(63,812)
Realized and unrealized loss (gain) on investments	11,728,767	(8,269,571)
Depreciation and amortization	1,192,924	989,739
Lease amortization	495,548	715,916
Provision on Lebanese loans	(19,682,059)	-
Extinguishment of debt	-	(3,236,300)
(Increase) decrease in:		
Federal grants and contracts receivable	(789,049)	(2,549,378)
Non-Federal grants and contracts receivable	(17,478,663)	(7,686,601)
Interest and accounts receivable	1,688,683	1,306,466
Prepaid expenses and other assets	(229,873)	984,384
Inventory	237,089	494,256
Security deposits	191,398	(268,775)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,628,472	4,463,880
Accrued salaries and benefits	(103,114)	616,845
Refundable advance	(165,731)	(997,924)
Deferred contracts	669,365	889,758
Deferred rent	(277,713)	(220,708)
Other liabilities	233,316	171,076
Funds held in trust	(380,833)	(751,498)
Net cash (used) provided by operating activities	<u>(12,547,394)</u>	<u>465,521</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (decrease) increase in gross loans receivable	(13,269,482)	1,190,040
Purchase of fixed assets	(3,107,963)	(6,048,925)
Investment purchases and reinvestments	(1,135,940)	(51,995,848)
Proceeds from sales of investments	<u>358,322</u>	<u>51,043,760</u>
Net cash used by investing activities	<u>(17,155,063)</u>	<u>(5,810,973)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	42,788,476	45,509,214
Principal payments on notes payable	<u>(27,270,631)</u>	<u>(65,059,202)</u>
Net cash provided (used) by financing activities	<u>15,517,845</u>	<u>(19,549,988)</u>
Net decrease in cash and cash equivalents	(14,184,612)	(24,895,440)
Cash and cash equivalents at beginning of year	<u>86,602,655</u>	<u>111,498,095</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 72,418,043</u></b>	<b><u>\$ 86,602,655</u></b>

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 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 a non-profit entity located in Jordan, Entiqal for Training Company (Entiqal); and for-profit entities registered in Lebanon (ATAS-M). These related entities are legally incorporated within their respective countries.

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 U.S. International Development Finance Corporation (DFC), (formerly 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 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 began disbursing its first loans in April 2019.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

Related entities (continued) -

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.

Ebtikar and Vitas Group terminated the Trademark Agreement and Software License and Purchase agreement by mutual consent, effective December 31, 2022.

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 2022.

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 had entered into a merger agreement to work with more communities around the world to achieve long-lasting, transformational change. PCI operates 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 is the West Coast home of Global Communities and the base for expanding the impact of critical ongoing domestic health programs.

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 continues to maintain certain projects funded by private foundations and other donors with the assistance of Global Communities.

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*.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

Basis of presentation (continued) -

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, 2021, from which the summarized information was derived.

The accompanying combined financial statements include the world-wide operations of Global Communities. At September 30, 2022, assets held in foreign countries totaled approximately \$336,000,000.

New accounting pronouncements adopted -

During the year ended September 30, 2022, the Global Communities adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which 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 Update 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 was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

Income taxes -

Global Communities is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

##### Income taxes (continued) -

Global Communities is not a private foundation as described in Section 509(a)(1) 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-CHF 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.

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.

##### Uncertain tax positions -

For the year ended September 30, 2022, 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 \$2,385,717 as of September 30, 2022. Cash equivalents also include amounts held in an escrow account in the amount of \$2,438,275 as of September 30, 2022 (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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

##### 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.

##### 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.

##### Grants and contracts receivable -

Grants and contracts receivable approximate fair value. Non-federal grants and contracts receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give, including Federal grants and contracts receivable, are not included as support until the conditions are substantially met. All Federal grants and contracts receivable are expected to be collected within one year. 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 (loss). 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.

##### Fixed and intangible 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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

##### Funds held in trust -

On August 4, 2016, pursuant to the service agreement with the U.S. International Development Finance Corporation (DFC) dated as of September 22, 2011, the remaining aggregate amount of expenses payable by DFC 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 \$2,438,275 as of September 30, 2022.

##### 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 \$279,257,000 in unrecognized conditional awards as of September 30, 2022.

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.

Receivables from contracts with customers and deferred revenue were \$211,373 and \$0 as of September 30, 2020.



## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

##### Commission income -

Commission income that are integral to the effective interest rate on a financial asset (loans and advances to customers) are included in the measurement of the effective interest rate and assimilated to interest income. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period of time (loan term). Commission fees relate mainly to transaction and service fees, which are recognized as the services are delivered and accounted for under fees and commission income. Global Communities recognizes commission fee income as the service are provided to customers.

##### 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.

##### Contributed nonfinancial assets -

Contributed nonfinancial assets (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 \$130,015 have been recorded as revenue and expenses in the accompanying combined financial statements for the year ended September 30, 2022. Global Communities also receives contributed services and materials (housing materials, supplies and tools) for which an estimate of the fair value is not determinable. 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, 2022

#### 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.

##### 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.

##### 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 AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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.

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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

##### Fair value measurements -

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 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 for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Global Communities follows the measurement provisions of Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities that Calculate Net Asset per Share (or Its Equivalent)*. The guidance permits, as a practical expedient, the fair value of investments within its scope to be estimated using net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

Global Communities follows the disclosure provisions of accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosure for Investment in Certain Entities that Calculate Net Asset Value Per Share (or Its Equivalent)*. 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.

For disclosure of inputs and valuation techniques, see Note 17.

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

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 Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities 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 AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for the Global Communities for the year ending December 31, 2023 but early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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

#### 2. CONCENTRATION OF CREDIT RISK

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

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

Global Communities had approximately \$47,670,000 of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2022. The majority of funds invested in foreign countries are uninsured.

#### 3. INVESTMENTS

Investments at September 30, 2022, consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>
Money market funds	\$ 2,385,717	\$ 2,385,717
Common stocks and mutual funds	27,583,803	31,665,135
Fixed income	12,938,043	12,002,891
Alternatives/Private	6,642,801	4,524,097
Investments held by TSDF	145,328	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)	<u>832,460</u>	<u>406,832</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 50,564,905</u></b>	<b><u>\$ 51,160,179</u></b>

During the year ended September 30, 2022, Global Communities recorded realized and unrealized losses on its investments of \$(11,728,767). The losses have been included in interest and investment income (loss) in the accompanying Combined Statement of Activities.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 3. INVESTMENTS (Continued)

There are no uncalled commitments, lock up or liquidity provisions associated with the hedge funds or partnerships. Global Communities 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, 2022, consisted of the following:

Loans receivable	\$ 282,736,501
Less: Allowance for bad debts	(25,885,422)
Less: Unearned revenue	(11,681,597)
Less: Provision for Lebanese currency	<u>(19,682,059)</u>

**NET LOANS RECEIVABLE** **\$ 225,487,423**

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

#### Year Ending September 30,

2023	\$ 115,856,283
2024	56,200,814
2025	32,693,374
2026	15,060,329
2027	3,502,229
Thereafter	<u>2,174,394</u>
	<b><u>\$ 225,487,423</u></b>

During the year ended September 30, 2022, the total allowance for loan losses increased by \$4,394,637. The total bad debt expense, net of recoveries was \$5,695,974. During the year ended September 30, 2022, interest income earned on loans receivable, including other investment income, totaled approximately \$57,400,000.

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

As of September 30, 2022, contributors to Global Communities have made written promises to give of which \$33,306,250 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 6.25%.

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

As of September 30, 2022, non-Federal grants and contracts are due as follows:

Less than one year	\$ 17,186,038
One to five years	<u>16,120,212</u>
	33,306,250
Less: Allowance to discount balance to present value	<u>(504,374)</u>
<b>NON-FEDERAL GRANTS AND CONTRACTS RECEIVABLE</b>	<b><u>\$ 32,801,876</u></b>

**6. FIXED AND INTANGIBLE ASSETS**

Fixed and intangible assets consisted of the following at September 30, 2022:

Furniture and fixtures	\$ 2,668,486
Building	5,533,551
Computers and equipment	2,559,377
Vehicles	1,193,634
Leasehold improvements	5,266,294
Land	<u>770,000</u>
	17,991,342
Less: Accumulated depreciation and amortization	<u>(7,841,054)</u>
	10,150,288
Net intangible assets	<u>1,839,135</u>
<b>FIXED AND INTANGIBLE ASSETS, NET</b>	<b><u>\$ 11,989,423</u></b>

Total depreciation and amortization expense for the year ended September 30, 2022 was \$1,192,924, of which \$246,100 was related to assets held by Global Communities and \$946,824 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, 2022, Global Communities has outstanding notes payable aggregating \$188,147,041. The notes are due between October 1, 2022, 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, 2022:

Entity	Lender's Name	Date of Issue	Loan Currency	Original Amount in USD	Date of Maturity	Interest Rate	Commission	Balance 9/30/2022 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	DFC	10/05/2012	USD	30,000,000	06/30/2025	5.00 %	0.00 %	30,000,000
ATAS DE	DFC	03/20/2013	USD	6,000,000	06/30/2025	5.00 %	0.00 %	6,000,000
ATAS DE	DFC	06/26/2013	USD	6,000,000	06/30/2025	5.00 %	0.00 %	6,000,000
ATAS DE	DFC	09/10/2013	USD	3,000,000	06/30/2025	6.00 %	0.00 %	3,000,000
ATAS DE	DFC	02/21/2014	USD	920,000	06/30/2025	6.00 %	0.00 %	920,000

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 7. NOTES PAYABLE (Continued)

Following is a table of all notes payable as of September 30, 2022 (continued):

Entity	Lender's Name	Date of Issue	Loan Currency	Original Amount in USD	Date of Maturity	Interest Rate	Commission	Balance 9/30/2022 in USD
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	Quds Bank	10/25/2017	USD	1,000,000	2/24/2023	6.00 %	0.00 %	108,732
Vitas Palestine	Quds Bank	11/21/2017	USD	2,000,000	2/21/2023	6.00 %	0.00 %	218,452
Vitas Palestine	Quds Bank	08/11/2022	USD	1,000,000	9/11/2027	6.00 %	0.00 %	1,000,000
Vitas Palestine	Sanad – Finance in motion The Palestinian Fund for	11/16/2020	USD	2,000,001	04/08/2024	4.00 %	0.00 %	1,142,858
Vitas Palestine	Employment and Social Financing	01/30/2018	USD	2,011,022	04/30/2024	2.00 %	0.00 %	904,095
Vitas Palestine	Palestine Investment Fund	05/21/2021	USD	3,000,000	05/15/2024	4.00 %	0.00 %	1,425,108
Vitas Palestine	Palestine Investment Fund	12/29/2020	USD	2,000,000	06/29/2025	4.00 %	0.00 %	1,413,004
Vitas Palestine	European Investment Bank	05/24/2018	USD	2,500,000	02/01/2023	5.00 %	0.00 %	312,500
Vitas Palestine	European Investment Bank	03/22/2019	USD	2,500,000	02/01/2024	5.00 %	0.00 %	937,500
Vitas Palestine	European Investment Bank Nederlandse Financierings- Maatschappij Ontwikkelingslanden	10/14/2021	USD	3,300,000	06/15/2026	4.00 %	0.00 %	2,640,000
Vitas Palestine	N.V (FMO)	05/14/2022	USD	5,000,000	04/22/2025	4.00 %	0.00 %	3,750,000
Vitas Palestine	Sanad – Finance in motion	06/29/2020	USD	2,000,000	04/08/2024	4.00 %	0.00 %	\$ 1,142,858
Vitas Palestine	EPCGF Societe Promotion Et De Participation Pour La Cooperation	12/04/2017	USD	1,000,000	03/31/2024	6.00 %	0.00 %	335,677
Vitas Palestine	Economique S.A (PROPARCO)	08/27/2020	USD	5,000,000	08/18/2025	4.00 %	0.00 %	4,285,714
Vitas Palestine	EBRD	12/13/2021	USD	1,500,000	10/14/2025	5.00 %	0.00 %	1,218,750
Vitas Palestine	EBRD	07/14/2022	USD	1,500,000	01/12/2026	7.00 %	0.00 %	1,500,000
Vitas Palestine	Palestine Investment Fund	01/05/2022	USD	770,000	12/31/2026	6.00 %	0.00 %	770,000
Vitas Palestine	Bank of Palestine	03/24/2022	USD	4,900,000	10/22/2026	5.00 %	0.00 %	4,900,000
Vitas Palestine	The National Bank	09/12/2022	USD	4,000,000	03/12/2028	6.00 %	0.00 %	4,000,000
Vitas Jordan	Housing Bank	05/05/2016	JOD	9,000,000	withdrawal	10.00 %	0.00 %	10,056,461
Vitas Jordan	Cairo Amman Bank Revolving	01/03/2015	JOD	6,500,000	withdrawal	9.00 %	0.00 %	8,514,626
Vitas Jordan	SANAD	11/19/2021	USD	8,000,000	01/05/2025	6.00 %	0.00 %	8,000,000
Vitas Jordan	Jordan Commercial Bank	05/08/2019	JOD	5,000,000	withdrawal	8.00 %	0.00 %	6,821,175
Vitas Jordan	Al-Etihad Bank Revolving	07/01/2014	JOD	4,500,000	withdrawal	9.00 %	0.00 %	6,084,473
Vitas Jordan	Capital Bank Loan	07/01/2014	JOD	4,000,000	withdrawal	8.00 %	0.00 %	5,202,632
Vitas Jordan	EALB	03/23/2016	JOD	3,000,000	withdrawal	8.00 %	0.00 %	3,752,433
Vitas Jordan	Invest Bank Loan- Revolving	03/30/2017	JOD	6,000,000	withdrawal	9.00 %	0.00 %	3,622,003
Vitas Jordan	Jordan Kuwait	08/31/2021	JOD	2,000,000	12/01/2023	6.00 %	0.00 %	1,880,564
Vitas Jordan	SGBJ Bank Loan	10/26/2015	JOD	1,000,000	withdrawal	9.00 %	0.00 %	1,063,654
Vitas Jordan	Symbiotics	12/20/2021	USD	1,250,000	12/20/2023	6.00 %	0.00 %	937,501
Vitas Jordan	SANAD	12/19/2019	USD	4,000,000	10/05/2022	8.00 %	0.00 %	800,000
Vitas Jordan	Symbiotics	08/01/2022	USD	750,000	08/31/2023	6.00 %	0.00 %	750,000
Vitas Jordan	Symbiotics	12/20/2021	USD	750,000	12/20/2023	6.00 %	0.00 %	562,501
Vitas Jordan	Symbiotics	08/01/2022	USD	500,000	08/31/2023	6.00 %	0.00 %	500,000
Vitas Jordan	Symbiotics	08/01/2022	USD	500,000	08/31/2023	6.00 %	0.00 %	500,000
Vitas Jordan	KIVA Microfunds	07/21/2008	USD	n/a	09/30/2023	0.00 %	0.00 %	592,972
Vitas Lebanon	Fransabank sal	11/12/2015	LBP	3,316,750	12/31/2023	5.00 %	0.00 %	829,160
Vitas Lebanon	Saradar Bank	02/20/2018	LBP	3,316,750	12/31/2025	4.00 %	0.00 %	2,155,887
Vitas Lebanon	Saradar Bank	02/22/2018	LBP	3,316,750	12/31/2025	4.00 %	0.00 %	2,155,887
Vitas Lebanon	Saradar Bank	04/11/2018	LBP	3,316,750	12/31/2025	4.00 %	0.00 %	2,155,887
Vitas Lebanon	Symbiotics SA	12/19/2018	USD	5,000,000	09/30/2023	7.00 %	1.00 %	5,577,704
Vitas Lebanon	BlueOrchard Microfinance Fund	05/31/2019	USD	5,000,000	09/30/2023	7.00 %	1.00 %	5,723,007
Vitas Lebanon	responsAbility Investments AG	07/31/2019	USD	8,000,000	09/30/2023	6.00 %	1.00 %	9,283,191
Vitas Lebanon	Facility BDL under Circular 547 European Fund for SouthEast	02/07/2020	USD	2,122,770	07/31/2023	0.00 %	0.00 %	144,316
Vitas Romania	Europe 2nd loan European Fund for SouthEast	12/09/2020	RON	1,929,898	12/31/2023	12.00 %	1.00 %	1,066,460
Vitas Romania	Europe 3rd loan	07/02/2021	RON	2,930,512	07/15/2024	12.00 %	1.00 %	2,651,194
Vitas Romania	CoopEst B.V. 2	05/15/2013	EUR	784,482	06/30/2023	4.00 %	3.00 %	789,849
Vitas Romania	CoopEst B.V. 2	06/11/2018	EUR	441,271	09/30/2023	4.00 %	4.00 %	442,904
Vitas Romania	responsAbility SICAV, Micro and SME Finance Debt Fund	06/30/2018	RON	198,141	07/01/2024	7.00 %	1.00 %	133,606
Vitas Romania	responsAbility SICAV, Micro and SME Finance Debt Fund	06/30/2021	RON	594,424	07/01/2024	7.00 %	1.00 %	400,819
Vitas Romania	responsAbility SICAV, Global Micro and SME Finance Fund	06/30/2021	EUR	490,301	07/01/2024	7.00 %	1.00 %	494,418
Vitas Romania	responsAbility SICAV,Financial Inclusion Fund	06/30/2021	EUR	490,301	07/01/2024	7.00 %	1.00 %	494,418
Vitas Romania	European Investment Fund Symbiotics SICAV, SEB	05/15/2020	RON	1,783,273	05/15/2030	5.00 %	0.00 %	1,771,880
Vitas Romania	Microfinance Fund VII Symbiotics SICAV, SEB	08/31/2022	RON	1,486,061	06/30/2024	7.00 %	1.00 %	1,480,201
Vitas Romania	Microfinance Fund VIII	09/01/2022	RON	1,089,778	05/21/2025	7.00 %	1.00 %	1,085,548
Vitas Romania	Credit Agricole	03/20/2020	RON	1,436,634	03/11/2024	8.00 %	1.00 %	848,836
Vitas Romania	CoopEst B.V. 3	10/03/2016	EUR	490,301	10/15/2023	6.00 %	1.00 %	497,685
Vitas Lebanon	Provision for Lebanese currency	N/A	N/A	N/A	N/A	0.00 %	0.00 %	(19,682,059)

**\$188,147,041**



**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**7. NOTES PAYABLE (Continued)**

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

<u>Year Ending September 30,</u>	
2023	\$ 61,797,543
2024	37,791,243
2025	18,657,545
2026	11,233,330
2027	9,022,354
Thereafter	<u>49,645,026</u>
	<b><u>\$ 188,147,041</u></b>

**8. 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, 2022 are to provide support for Global Communities' programs.

Following is a summary of net assets with restrictions at September 30, 2022:

<b>Project Funds:</b>	
Argentina	\$ 125,386
Botswana	1,846
Brazil	420
Colombia	523,002
Guatemala	359,803
Honduras	24,947,723
India	8,224,310
Kenya	25,194
Kosovo	20,329
Nicaragua	62,931
Palestine	1,564,893
Sri Lanka	5,800
Syria	1,733,050
Tanzania	18,030
Ukraine	670,581
Yemen	56,327
Various headquarters projects	3,642,211
Accumulated endowment earnings	<u>19,480</u>
	42,001,316
Amounts to be held in perpetuity - endowment	<u>701,831</u>
<b>PROJECT FUNDS TOTAL</b>	<b><u>\$ 42,703,147</u></b>
<b>Loan Capital:</b>	
Jordan	\$ 333,333
Lebanon	333,333
Palestine	<u>1,170,096</u>
<b>LOAN CAPITAL TOTAL</b>	<b><u>\$ 1,836,762</u></b>
<b>TOTAL</b>	<b><u>\$ 44,539,909</u></b>

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

During the year ended September 30, 2022, net assets with restrictions of \$20,675,565 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, 2022:

<b>Project Funds:</b>	
Argentina	\$ 284,048
Botswana	1,088
Brazil	42,440
Colombia	849,388
Ghana	22,929
Guatemala	450,407
Honduras	4,989,270
India	8,784,724
Kenya	270,323
Kosovo	25,030
Malawi	329,465
Nicaragua	321
Palestine	1,101,272
Syria	488,505
Tanzania	456,140
Ukraine	28,830
Yemen	43,673
Various headquarters projects	<u>2,507,712</u>
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 20,675,565</u></b>

**9. 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	\$ 72,418,043
Investments	50,564,905
Current portion of loans receivable, net of allowances	115,856,283
Federal grants and contracts receivable	9,079,496
Non-Federal grants and contracts receivable	32,801,876
Interest and accounts receivable	<u>7,266,753</u>
Subtotal financial assets available	287,987,356
Less: Donor restricted funds	(43,838,078)
Less: Endowment funds to be invested in perpetuity	(701,831)
Less: Funds held in trust	<u>(2,438,275)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 241,009,172</u></b>

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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 9. LIQUIDITY AND AVAILABILITY (Continued)

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. In addition, Global Communities has a line of credit agreement (as further discussed in Note 15) which allows for additional available borrowings up to \$3,000,000.

#### 10. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended September 30, 2022, Global Communities was the beneficiary of donated goods and services which allowed the Global Communities to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended September 30, 2022. The value of these contributions is recorded at their fair value as of the date the donations were provided. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended September 30, 2022.

Services	\$ 117,765
Goods	<u>12,250</u>
	<u>\$ 130,015</u>

The following programs have benefited from these donated materials and services:

<b>Technical Assistance</b>	<b>\$ <u>130,015</u></b>
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#### 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 had a defined contribution plan (the Plan), which was terminated effective March 31, 2022.. the Plan covered 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 could elect to contribute a discretionary amount each year.

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, 2022, total retirement plan expense for Global Communities and PCI aggregated \$2,207,043 and \$29,500, respectively.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 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.

Global Communities 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.

Global Communities 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. The lease allows for early termination in December 2023. Global Communities exercised this option subsequent to September 30, 2022, paying \$388,495 in early termination fees.

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, 2022:

#### Year Ending September 30.

2023	\$ 1,726,430
2024	1,383,568
2025	1,074,837
2026	1,026,968
2027	1,047,507
Thereafter	<u>528,939</u>
	<u>\$ 6,788,249</u>

Total rent expense under long-term lease commitments for the year ended September 30, 2022, was approximately \$1,762,000 for Global Communities. The deferred rent liability was \$1,932,665.

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, 2022, was approximately \$3,168,000 for Global Communities. Total rent expense for Global Communities and related entities totaled approximately \$4,930,000.

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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 12. COMMITMENTS (Continued)

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, 2022, the right-of-use asset and lease liability balances were \$2,925,069 and \$2,820,404, 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. The weighted average rate used to discount lease payments was 6.99% as of September 30, 2022. 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, 2022:

Operating lease expense	\$ 107,469
Depreciation charge of right-of-use assets	495,548
Interest expense	<u>101,763</u>
<b>TOTAL</b>	<b><u>\$ 704,780</u></b>

#### 13. CONTINGENCIES

United States Government funding -

Global Communities receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. 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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 13. CONTINGENCIES (Continued)

Foreign operations (continued) -

As of September 30, 2022, Global Communities had assets in various countries in the Middle East, Eastern Europe, Africa, Asia and Central and South America, totaling approximately \$336,000,000, which represents approximately 81% of Global Communities' total assets as of September 30, 2022.

#### 14. ECONOMIC DEPENDENCY

Approximately 83% of Global Communities' total revenue and support, excluding in-kind contributions and related entity revenue for the year ended September 30, 2022, 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

Global Communities has a \$3,000,000 line of credit with a bank. The line of credit has an interest rate of OBFR plus 1.5%. The line of credit is secured by the long-term investment portfolio.

As of September 30, 2022, there was no outstanding balance on the line of credit.

#### 16. SUPPLEMENTAL CASH FLOW INFORMATION

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

<b>Inventory Decreases in Deferred Revenue</b>	<b>\$ <u>(237,089)</u></b>
<b>Interest Paid - Related Entities</b>	<b>\$ <u>10,368,462</u></b>
<b>Taxes Paid - Related Entities</b>	<b>\$ <u>3,984,295</u></b>

#### 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.

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 17. FAIR VALUE MEASUREMENT (Continued)

**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, 2022.

- *Money Market Funds* - The money market funds are open-end mutual funds that are registered with the Securities and Exchange Commission and are 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.
- *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 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.

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

Following is a description of those alternative investments (continued):

- 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, 2022. Global Communities accounts for other investments using the equity method as noted.

<b>Asset Category:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Investments Measured at NAV</b>	<b>Investments Measured with Equity Method</b>	<b>Total</b>
Money market funds	\$ 2,385,717	\$ -	\$ -	\$ -	\$ -	\$ 2,385,717
Common stocks and mutual funds	27,583,803	-	-	-	-	27,583,803
Fixed income	12,938,043	-	-	-	-	12,938,043
Other investments:						
Investment in Tanmyeh (Union Company of Micro Financiers in Jordan)	-	-	-	-	11,753	11,753
Investment held by TSDf	-	-	145,328	-	-	145,328
Investment in Europe UG	-	-	-	-	25,000	25,000
Investment in BOAFO (local microfinance institution in Ghana)	-	-	-	-	832,460	832,460
Alternatives/Private	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,642,801</u>	<u>-</u>	<u>6,642,801</u>
<b>TOTAL</b>	<b><u>\$42,907,563</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 145,328</u></b>	<b><u>\$ 6,642,801</u></b>	<b><u>\$ 869,213</u></b>	<b><u>\$50,564,905</u></b>

There were no transfers between levels in the fair value hierarchy during the year ended September 30, 2022. 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, 2022:

	<b><u>Investments</u></b>
Beginning balance as of September 30, 2021	\$ 164,790
Net unrealized loss on investments	<u>(19,462)</u>
<b>BALANCE AS OF SEPTEMBER 30, 2022</b>	<b><u>\$ 145,328</u></b>



**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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.

Endowment net asset composition by type of fund as of September 30, 2022:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 701,831	\$ 701,831
Accumulated investment earnings	-	19,480	19,480
<b>TOTAL ENDOWMENT FUNDS</b>	<b>\$ -</b>	<b>\$ 721,311</b>	<b>\$ 721,311</b>

Endowment assets are compromised of the following at September 30, 2022:

Investments managed by Global Communities	\$ 575,983
Investments held by TSDF	145,328
<b>TOTAL ENDOWMENT FUNDS</b>	<b>\$ 721,311</b>

## GLOBAL COMMUNITIES AND RELATED ENTITIES

### NOTES TO COMBINED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

#### 18. ENDOWMENT (Continued)

##### 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 appropriations for certain programs that was deemed prudent by the Board of Directors. There were no deficiencies as of September 30, 2022.

##### Return Objectives and Risk Parameters -

Global Communities 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 -

Global Communities 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 23, 2023, the date the combined financial statements were issued.

On February 1, 2023, the Central Bank of Lebanon devalued the official exchange rate from 1,507 Lebanese pounds per dollar to 15,000 Lebanese pounds per dollar. This event weakened the value of Lebanese currency by 90 percent. The official currency devaluation, along with the unofficial capital controls, have impacted the value in which Vitas Lebanon's monetary assets and liabilities are represented on a U.S. dollar basis for purposes of reporting under generally accepted accounting principles. Since operations of Vitas Lebanon occur in local currency, the impact of the currency devaluation is deemed to be an annual financial statement translation event only. Management has provided sufficient detail and projections to alleviate any going concern issues and will be closely monitoring the situation in Lebanon, and its impact on Vitas Lebanon, during the 2023 fiscal year. As of September 30, 2022, Management has made a provision for the currency devaluation in the amount of \$19,682,059 on both monetary assets and liabilities under the assumption that liabilities will be renegotiated based on the economic conditions in Lebanon.

**SUPPLEMENTAL INFORMATION**

## GLOBAL COMMUNITIES AND RELATED ENTITIES

SCHEDULE OF FUNCTIONAL EXPENSES WITHOUT RELATED ENTITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Technical Assistance</u>	<u>Capital Assistance</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and wages	\$ 8,244,357	\$ 846,847	\$ 15,698,385	\$ 24,789,589
Fringe benefits	2,669,261	274,182	5,027,649	7,971,092
Local salaries and fringe	32,017,342	23,790	1,289,696	33,330,828
Other benefits	2,085,449	49,272	158,189	2,292,910
Printing and production	139,636	-	12,883	152,519
Professional fees	1,488,580	101,144	1,006,834	2,596,558
Occupancy	2,084,375	5,571	1,198,009	3,287,955
Security costs	174,640	-	-	174,640
Insurance	798,161	-	367,101	1,165,262
Depreciation and amortization	-	-	246,100	246,100
Telecommunications	421,663	1,477	255,609	678,749
Travel	2,508,023	30,129	765,377	3,303,529
Consulting fees	2,328,139	-	787,344	3,115,483
Postage and delivery	72,461	2,727	11,517	86,705
Repairs and maintenance	406,373	-	411,838	818,211
Supplies	768,599	121	25,923	794,643
Dues, subscriptions and publications	29,801	-	326,710	356,511
Conferences	516,149	30,936	284,948	832,033
In-kind equipment and materials	12,250	-	-	12,250
In-kind professional fees	117,765	-	-	117,765
Equipment purchase and rental	2,494,165	19,358	921,826	3,435,349
Temporary help	663,555	-	35,997	699,552
Contracts	19,428,366	-	561,210	19,989,576
Assistance awards, not subject to OH	28,216,813	-	-	28,216,813
Assistance awards, subject to OH	1,585,655	-	-	1,585,655
Vehicle expense	1,404,529	-	-	1,404,529
Office operating expense	651	-	31,210	31,861
Participant training	11,931,895	-	-	11,931,895
Staff training and development	51,138	-	122,675	173,813
Construction expense and materials	17,986,592	-	408	17,987,000
Other	<u>2,464,094</u>	<u>420,742</u>	<u>959,099</u>	<u>3,843,935</u>
<b>TOTAL</b>	<b><u>\$ 143,110,477</u></b>	<b><u>\$ 1,806,296</u></b>	<b><u>\$ 30,506,537</u></b>	<b><u>\$ 175,423,310</u></b>

## GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2022

	Global Communities	Related Entities				
		Project Concern International	ATAS-M	Entiqal	Vitas Group	ATAS-DE
<b>ASSETS</b>						
Cash and cash equivalents	\$ 26,228,299	\$ 3,419,225	\$ 845,510	\$ 1,817,527	\$ 27,791,338	\$ 3,993,617
Investments	109,443,194	-	-	11,755,387	665,982	-
Loans receivable, net of allowances	-	-	-	-	95,511,198	76,230,291
Federal grants and contracts receivable	9,079,496	-	-	-	-	-
Non-Federal grants and contracts receivable	25,889,653	6,912,223	-	-	-	-
Interest and accounts receivable	507,584	-	-	481,786	5,183,274	-
Intracompany receivables	751,748	-	-	-	-	-
Intercompany receivables	10,601,364	-	-	7,228,280	10,032	653,348
Prepaid expenses and other assets	702,431	500	676,666	63,011	2,158,474	-
Fixed and intangible assets, net	2,188,050	-	130,918	23,135	7,862,378	-
Security deposits	410,061	-	-	-	217,768	-
<b>TOTAL ASSETS</b>	<b>\$ 185,801,880</b>	<b>\$ 10,331,948</b>	<b>\$ 1,653,094</b>	<b>\$ 21,369,126</b>	<b>\$ 139,400,444</b>	<b>\$ 80,877,256</b>
<b>LIABILITIES</b>						
Notes payable	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 86,836,877	\$ 76,000,000
Accounts payable and accrued expenses	9,483,451	372,513	23,596	263,348	2,607,579	975,311
Intracompany payables	751,748	-	-	-	-	-
Intercompany payables	-	723,161	653,348	4,352	6,385,508	394,987
Accrued salaries and benefits	9,782,953	29,039	127,059	48,960	992,080	-
Refundable advance	-	161,156	-	-	-	-
Deferred contracts	754,906	-	-	804,217	-	-
Deferred rent	1,932,665	-	-	-	-	-
Other liabilities	-	149,147	711,391	32,867	1,601,671	940,889
Funds held in trust	2,438,275	-	-	-	-	-
Total liabilities	28,143,998	1,435,016	1,515,394	1,153,744	98,423,715	78,311,187
<b>NET ASSETS</b>						
Without donor restrictions:						
Controlling interest	121,289,277	725,628	137,700	20,215,382	23,190,543	2,566,069
Noncontrolling interest	-	-	-	-	17,786,186	-
With donor restrictions	36,368,605	8,171,304	-	-	-	-
Total net assets	157,657,882	8,896,932	137,700	20,215,382	40,976,729	2,566,069
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 185,801,880</b>	<b>\$ 10,331,948</b>	<b>\$ 1,653,094</b>	<b>\$ 21,369,126</b>	<b>\$ 139,400,444</b>	<b>\$ 80,877,256</b>

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**COMBINING SCHEDULE OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2022**

<u>Related Entities (Continued)</u>						
	<u>MCSE</u>	<u>GC Brazil</u>	<u>Vitas Palestine</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,970	\$ 395,724	\$ 7,921,833	\$ 72,418,043	\$ -	\$ 72,418,043
Investments	-	-	-	121,864,563	(71,299,658)	50,564,905
Loans receivable, net of allowances	-	-	53,745,934	225,487,423	-	225,487,423
Federal grants and contracts receivable	-	-	-	9,079,496	-	9,079,496
Non-Federal grants and contracts receivable	-	-	-	32,801,876	-	32,801,876
Interest and accounts receivable	-	-	779,430	6,952,074	314,679	7,266,753
Intracompany receivables	-	-	-	751,748	(751,748)	-
Intercompany receivables	34,826	-	-	18,527,850	(18,527,850)	-
Prepaid expenses and other assets	2,645	-	732,454	4,336,181	-	4,336,181
Fixed and intangible assets, net	-	-	1,784,942	11,989,423	-	11,989,423
Security deposits	4,700	-	50,000	682,529	-	682,529
<b>TOTAL ASSETS</b>	<b>\$ 47,141</b>	<b>\$ 395,724</b>	<b>\$ 65,014,593</b>	<b>\$ 504,891,206</b>	<b>\$ (90,264,577)</b>	<b>\$ 414,626,629</b>
<b>LIABILITIES</b>						
Notes payable	\$ -	\$ -	\$ 32,005,252	\$ 197,842,129	\$ (9,695,088)	\$ 188,147,041
Accounts payable and accrued expenses	3,096	144	8,187,883	21,916,921	(4,786)	21,912,135
Intracompany payables	-	-	-	751,748	(751,748)	-
Intercompany payables	-	331,941	20,000	8,513,297	(8,513,297)	-
Accrued salaries and benefits	9,318	63,639	2,460,733	13,513,781	-	13,513,781
Refundable advance	-	-	-	161,156	-	161,156
Deferred contracts	-	-	-	1,559,123	-	1,559,123
Deferred rent	-	-	-	1,932,665	-	1,932,665
Other liabilities	-	-	519,014	3,954,979	-	3,954,979
Funds held in trust	-	-	-	2,438,275	-	2,438,275
Total liabilities	12,414	395,724	43,192,882	252,584,074	(18,964,919)	233,619,155
<b>NET ASSETS</b>						
Without donor restrictions:						
Controlling interest	34,727	-	21,821,711	189,981,037	(59,492,083)	130,488,954
Noncontrolling interest	-	-	-	17,786,186	(11,807,575)	5,978,611
With donor restrictions	-	-	-	44,539,909	-	44,539,909
Total net assets	34,727	-	21,821,711	252,307,132	(71,299,658)	181,007,474
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 47,141</b>	<b>\$ 395,724</b>	<b>\$ 65,014,593</b>	<b>\$ 504,891,206</b>	<b>\$ (90,264,577)</b>	<b>\$ 414,626,629</b>

## GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Related Entities					
	Global Communities	Project Concern International	ATAS-M	Entiqal	Vitas Group	ATAS-DE
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 171,882,351	\$ 12,116,264	\$ -	\$ -	\$ -	\$ -
Contracts	14,539,338	-	-	561,614	-	-
Contributed nonfinancial assets	130,015	-	-	-	-	-
Interest and investment income	(10,638,084)	41,155	26,343	-	25,176,266	15,251,732
Commission income	-	-	-	-	2,352,185	3,367,358
Other income	8,957,156	12,231	1,494,451	(823,285)	5,004,646	-
Total revenue and support	<u>184,870,776</u>	<u>12,169,650</u>	<u>1,520,794</u>	<u>(261,671)</u>	<u>32,533,097</u>	<u>18,619,090</u>
<b>EXPENSES</b>	<u>175,423,310</u>	<u>13,047,681</u>	<u>1,520,794</u>	<u>2,974,134</u>	<u>32,080,669</u>	<u>20,929,350</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 9,447,466</u>	<u>\$ (878,031)</u>	<u>\$ -</u>	<u>\$ (3,235,805)</u>	<u>\$ 452,428</u>	<u>\$ (2,310,260)</u>

**GLOBAL COMMUNITIES AND RELATED ENTITIES**

**COMBINING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Related Entities (Continued)</u>					
	<u>MCSE</u>	<u>GC Brazil</u>	<u>Vitas Palestine</u>	<u>Eliminations</u>	<u>Related Entity Subtotal</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ 12,116,264	\$ 183,998,615
Contracts	165,606	-	-	(165,606)	561,614	15,100,952
Contributed nonfinancial assets	-	-	-	-	-	130,015
Interest and investment income	-	82,319	7,998,841	(108,663)	48,467,993	37,829,909
Commission income	-	-	1,400,956	-	7,120,499	7,120,499
Other income	-	485,284	367,244	(9,468,831)	1,812,504	6,028,896
Total revenue and support	165,606	567,603	9,767,041	(9,743,100)	70,078,874	250,208,886
<b>EXPENSES</b>	171,065	567,603	8,523,674	(7,738,777)	76,816,957	247,499,503
<b>CHANGE IN NET ASSETS</b>	<b>\$ (5,459)</b>	<b>\$ -</b>	<b>\$ 1,243,367</b>	<b>\$ (2,004,323)</b>	<b>\$ (6,738,083)</b>	<b>\$ 2,709,383</b>



## GLOBAL COMMUNITIES AND RELATED ENTITIES

COMBINING SCHEDULE OF CHANGE IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Global Communities	Related Entities				ATAS-DE
		Project Concern International	ATAS-M	Entiqal	Vitas Group	
<b>WITHOUT DONOR RESTRICTIONS</b>						
Beginning of year net assets	\$ 128,111,824	\$ 674,557	\$ 137,700	\$ 23,451,187	\$ 35,389,608	\$ 4,876,329
Increased share capital through converting debt options	-	-	-	-	5,134,693	-
Change in net assets	(6,822,547)	51,071	-	(3,235,805)	452,428	(2,310,260)
<b>END OF YEAR NET ASSETS</b>	<b>121,289,277</b>	<b>725,628</b>	<b>137,700</b>	<b>20,215,382</b>	<b>40,976,729</b>	<b>2,566,069</b>
<b>WITH DONOR RESTRICTIONS</b>						
Beginning of year net assets	20,098,592	9,100,406	-	-	-	-
Change in net assets	16,270,013	(929,102)	-	-	-	-
<b>END OF YEAR NET ASSETS</b>	<b>36,368,605</b>	<b>8,171,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>						
Beginning of year net assets	148,210,416	9,774,963	137,700	23,451,187	35,389,608	4,876,329
Increased share capital through converting debt options	-	-	-	-	5,134,693	-
Change in net assets	9,447,466	(878,031)	-	(3,235,805)	452,428	(2,310,260)
<b>END OF YEAR NET ASSETS</b>	<b>\$ 157,657,882</b>	<b>\$ 8,896,932</b>	<b>\$ 137,700</b>	<b>\$ 20,215,382</b>	<b>\$ 40,976,729</b>	<b>\$ 2,566,069</b>

GLOBAL COMMUNITIES AND RELATED ENTITIES  
COMBINING SCHEDULE OF CHANGE IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Related Entities (Continued)		Subtotal	Eliminations	Total
	MCSE	Vitas Palestine			
<b>WITHOUT DONOR RESTRICTIONS</b>					
Beginning of year net assets	\$ 40,186	\$20,578,344	\$ 213,259,735	\$ (64,160,642)	\$ 149,099,093
Increased share capital through converting debt options	-	-	5,134,693	(5,134,693)	-
Change in net assets	(5,459)	1,243,367	(10,627,205)	(2,004,323)	(12,631,528)
<b>END OF YEAR NET ASSETS</b>	<b>34,727</b>	<b>21,821,711</b>	<b>207,767,223</b>	<b>(71,299,658)</b>	<b>136,467,565</b>
<b>WITH DONOR RESTRICTIONS</b>					
Beginning of year net assets	-	-	29,198,998	-	29,198,998
Change in net assets	-	-	15,340,911	-	15,340,911
<b>END OF YEAR NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>44,539,909</b>	<b>-</b>	<b>44,539,909</b>
<b>TOTAL</b>					
Beginning of year net assets	40,186	20,578,344	242,458,733	(64,160,642)	178,298,091
Increased share capital through converting debt options	-	-	5,134,693	(5,134,693)	-
Change in net assets	(5,459)	1,243,367	4,713,706	(2,004,323)	2,709,383
<b>END OF YEAR NET ASSETS</b>	<b>\$ 34,727</b>	<b>\$21,821,711</b>	<b>\$ 252,307,132</b>	<b>\$ (71,299,658)</b>	<b>\$ 181,007,474</b>