



Financial Statements

For the Year Ended September 30, 2018

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## Independent Auditor's Report

To the Board of Directors  
VillageReach  
Seattle, Washington

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of VillageReach (the Organization), which comprise the statement of financial position as of September 30, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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 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 May 14, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization's 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 the Organization's internal control over financial reporting and compliance.

*Clark Nuber P.S.*

Certified Public Accountants

May 14, 2019

**VILLAGEREACH****Statement of Financial Position  
September 30, 2018  
(With Comparative Totals for 2017)**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 876,851	\$ 4,183,135
Short term investments	248,257	
Contracts and grants receivable	3,332,655	2,933,733
Accounts and loans receivable, net (Note 2)	571,429	66,000
Prepaid expenses	151,153	131,136
	<u>5,180,345</u>	<u>7,314,004</u>
<b>Total Current Assets</b>	<b>5,180,345</b>	<b>7,314,004</b>
Investment in VidaGas (Note 2)		11,506
Deposits	9,471	
Fixed assets, net (Note 3)	275,608	263,425
	<u>275,608</u>	<u>263,425</u>
<b>Total Assets</b>	<b><u>\$ 5,465,424</u></b>	<b><u>\$ 7,588,935</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 2,043,658	\$ 957,385
Deferred revenue	225,000	
	<u>2,268,658</u>	<u>957,385</u>
<b>Total Current Liabilities</b>	<b>2,268,658</b>	<b>957,385</b>
Deferred rent	26,661	14,405
	<u>26,661</u>	<u>14,405</u>
<b>Total Liabilities</b>	<b>2,295,319</b>	<b>971,790</b>
<b>Net Assets:</b>		
Unrestricted	1,511,508	1,051,212
Temporarily restricted	1,658,597	5,565,933
	<u>3,170,105</u>	<u>6,617,145</u>
<b>Total Net Assets</b>	<b>3,170,105</b>	<b>6,617,145</b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 5,465,424</u></b>	<b><u>\$ 7,588,935</u></b>

See accompanying notes.

VILLAGEREACH

Statement of Activities  
For the Year Ended September 30, 2018  
(With Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	2018 Total	2017
<b>Operating Activities</b>				
<b>Public Support and Revenue:</b>				
Public support-				
Contributions and grants	\$ 271,709	\$ 3,823,039	\$ 4,094,748	\$ 3,810,197
In-kind contributions	107,027		107,027	21,770
Net assets released from restrictions	<u>7,730,375</u>	<u>(7,730,375)</u>		
Total public support	8,109,111	(3,907,336)	4,201,775	3,831,967
Contract revenue	5,424,040		5,424,040	2,854,046
Interest and dividends	3,725		3,725	3,935
Other income	<u>1,511</u>		<u>1,511</u>	<u>15,360</u>
<b>Total Public Support and Revenue</b>	<b>13,538,387</b>	<b>(3,907,336)</b>	<b>9,631,051</b>	<b>6,705,308</b>
<b>Expenses:</b>				
Program services	11,660,394		11,660,394	8,670,622
Supporting services-				
Management and general	1,723,974		1,723,974	1,329,366
Fundraising	<u>193,717</u>		<u>193,717</u>	<u>207,735</u>
Total supporting services	<u>1,917,691</u>		<u>1,917,691</u>	<u>1,537,101</u>
<b>Total Expenses</b>	<b>13,578,085</b>		<b>13,578,085</b>	<b>10,207,723</b>
<b>Change in Net Assets From Operating Activities</b>	<b>(39,698)</b>	<b>(3,907,336)</b>	<b>(3,947,034)</b>	<b>(3,502,415)</b>
<b>Nonoperating Activities</b>				
Gain on sale of investment in VidaGas, net	512,437		512,437	
Loss on disposal of vehicles				(2,957)
Loss on foreign currency exchange	<u>(12,443)</u>		<u>(12,443)</u>	<u>(2,965)</u>
<b>Change in Net Assets From Nonoperating Activities</b>	<b>499,994</b>		<b>499,994</b>	<b>(5,922)</b>
<b>Change in Net Assets</b>	<b>460,296</b>	<b>(3,907,336)</b>	<b>(3,447,040)</b>	<b>(3,508,337)</b>
Net assets, beginning of year	<u>1,051,212</u>	<u>5,565,933</u>	<u>6,617,145</u>	<u>10,125,482</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 1,511,508</u></b>	<b><u>\$ 1,658,597</u></b>	<b><u>\$ 3,170,105</u></b>	<b><u>\$ 6,617,145</u></b>

See accompanying notes.

VILLAGEREACH

Statement of Cash Flows  
For the Year Ended September 30, 2018  
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (3,447,040)	\$ (3,508,337)
Adjustments to reconcile change in net assets to net cash used in operating activities-		
Noncash operating and investing:		
Depreciation	89,021	94,143
Gain on sale of VidaGas	(613,719)	
Loss on disposal of fixed assets		2,957
Gain on short term investments	(1,257)	
Donated leasehold improvements		(10,000)
Changes in assets and liabilities:		
Contracts and grants receivable	(398,922)	2,080,773
Loans receivable, net		(15,660)
Prepaid expenses	(20,017)	(10,256)
Deposits	(9,471)	
Accounts payable and accrued expenses	1,086,273	323,772
Deferred revenue	225,000	
Deferred rent	12,256	14,405
<b>Net Cash Used in Operating Activities</b>	<b>(3,077,876)</b>	<b>(1,028,203)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of fixed assets	(101,204)	(189,982)
Purchase of short term investments	(247,000)	
Proceeds from sale of VidaGas	119,796	
Proceeds from sale of fixed assets		12,206
<b>Net Cash Used in Investing Activities</b>	<b>(228,408)</b>	<b>(177,776)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(3,306,284)</b>	<b>(1,205,979)</b>
Cash and cash equivalents balance, beginning of year	4,183,135	5,389,114
<b>Cash and Cash Equivalents Balance, End of Year</b>	<b>\$ 876,851</b>	<b>\$ 4,183,135</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Noncash investing activities - donated leasehold improvements	\$ -	\$ 10,000

See accompanying notes.

## VILLAGEREACH

### Notes to Financial Statements For the Year Ended September 30, 2018

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#### Note 1 - Nature of Operations and Significant Accounting Policies

**Nature of Operations** - VillageReach (the Organization) is a nonprofit organization operating in Seattle, Washington, and multiple low-resource countries, primarily in sub-Saharan Africa. It is a Section 501(c)(3) entity per the Internal Revenue Code (IRC) in the United States and registered as a nongovernmental organization in the countries of Mozambique, Malawi, South Africa, Tanzania and Democratic Republic of Congo. The Organization's mission is to save lives and improve health by increasing access to quality healthcare for the most underserved communities. The Organization partners with governments, businesses, nonprofits and other organizations to improve health system performance and fill gaps in supporting infrastructure at the service delivery level or "last mile" in rural areas through health system strengthening, developing and deploying information communications technologies, and establishing and growing social businesses that support the health system.

During the year ended September 30, 2017, the Organization acquired an unrelated entity that shares the Organization's mission. The assets acquired are reflected as temporarily restricted contribution revenue on the statement of activities for the year ended September 30, 2017, and unspent funds are included in temporarily restricted net assets as of September 30, 2018 and 2017.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Cash and Cash Equivalents** - The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

**Short-Term Investments** - Short-term investments consist of a certificate of deposit (CD) held with an investment bank, reported at fair value. U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 inputs are those other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities that are not active, or other inputs that are observable or can be corroborated by observable market data. The CD is valued using quoted prices in active markets for similar instruments, which is considered a Level 2 input.

**Grants Receivable** - Grants and contributions, including any unconditional promises to give, are recognized in the period made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk adjusted interest rates applicable to the years in which the payments are to be received. Management has determined an allowance for doubtful accounts was not necessary as of September 30, 2018 and 2017.

**Contracts Receivable** - Contracts receivable are carried at original invoice amount less an estimate made for doubtful accounts. Management has determined that an allowance for doubtful accounts was not deemed necessary as of September 30, 2018 and 2017.

## VILLAGEREACH

### Notes to Financial Statements For the Year Ended September 30, 2018

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#### Note 1 - Continued

**Fixed Assets** - The Organization capitalizes assets with a cost equal to or greater than \$5,000 and an estimated useful life of one or more years. Depreciation is computed utilizing the straight-line method based on estimated useful lives of three to five years for equipment, software, vehicles, furniture and fixtures. Leasehold improvements are depreciated over the shorter of their useful life or lease term.

The costs of repairs and maintenance are expensed as incurred. The costs of improvements and acquisitions are capitalized. Contributed property and equipment are recorded at fair value at the date of donation.

**Net Assets** - Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to externally-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to externally-imposed restrictions that will be met either by action of the Organization or the passage of time. All temporarily restricted net assets as of September 30, 2018 and 2017 are purpose restricted for specific projects.

Permanently Restricted Net Assets - Net assets subject to externally-imposed restrictions that stipulate the resources be maintained permanently. The Organization had no permanently restricted net assets as of September 30, 2018 and 2017.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Revenue Recognition** - Contributions are recognized in the period received, including unconditional promises to give. Conditional contributions are recognized when the conditions are substantially met. Contract revenue is recognized as services are provided. Payments received in advance of services provided or for conditional contributions before the conditions are satisfied are recorded as deferred revenue. The Organization had \$300,000 in conditional contributions outstanding at September 30, 2018, and the Organization expects to satisfy those conditions during the next year.

**In-Kind Contributions** - The Organization receives donated goods and services. Donated goods and use of facilities are recorded at fair value at the date of receipt. Donated services are recorded only if specific professional expertise is provided or the services are for constructing a fixed asset, in accordance with U.S. GAAP.

Donated goods and services consisted of the following for the years ended September 30:

	2018	2017
Leasehold improvements	\$ -	\$ 10,000
Professional services	104,106	4,296
Other	2,921	7,474
<b>Total In-Kind Contributions</b>	<b>\$ 107,027</b>	<b>\$ 21,770</b>

## VILLAGEREACH

### Notes to Financial Statements For the Year Ended September 30, 2018

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#### Note 1 - Continued

**Functional Allocation of Expenses** - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Tax Exempt Status** - The Organization is a Section 501(c)(3) organization under the IRC and, as such, is exempt from federal income tax. Accordingly, the Organization has not made any provision for income tax expense in the accompanying financial statements. The Organization submits tax returns as required in the various countries in which it operates.

**Operating Activities and Nonoperating Activities** - Operating activities represent all sources of revenue and expenses except those designated as nonoperating. Nonoperating activities consist of gains and losses related to foreign currency exchange, the sale of fixed assets and the sale of the investment in VidaGas.

**Concentrations** - The Organization places its cash and short-term investments with FDIC and SIPC insured financial institutions. As of September 30, 2018, the Organization had cash and short-term investments on deposit in excess of the federally insured limits.

For the years ended September 30, 2018 and 2017, the Organization received 13% and 68%, of its total revenue from one entity, respectively. As of September 30, 2018 and 2017, 52% and 15% of total receivables were from four and one entities, respectively.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Foreign Operations and Foreign Currency Translation** - The Organization operates in a number of foreign countries. As of September 30, 2018 and 2017, the Organization held approximately \$308,865 and \$53,201 of cash and cash equivalents in foreign countries, of which \$69,172 and \$4,367 and was in foreign currencies, respectively. Repatriation of funds restrictions may exist in a small number of foreign currency accounts. The Organization has not experienced any losses in such accounts and closely monitors its cash and investments. Therefore, management believes the Organization is not exposed to any significant credit risk on cash and equivalents.

The functional currencies of the Organization's foreign operations are the local currencies. The financial statements of the Organization's foreign operations have been translated into U.S. dollars in accordance with U.S. GAAP. Substantially all assets and liabilities have been translated using the exchange rate in effect at the statement of financial position date. Revenues, expenses, gains and losses have been translated using the month end exchange rate. For the years ended September 30, 2018 and 2017, the Organization recognized foreign currency translation losses of \$12,443 and \$2,965, respectively.

**Summarized Information for Prior Year** - The 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

## VILLAGEREACH

### Notes to Financial Statements For the Year Ended September 30, 2018

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#### Note 1 - Continued

**Reclassifications** - Certain reclassifications have been made to the 2017 amounts to conform to the 2018 presentation. The reclassifications have no effect on the previously reported total assets, liabilities, net assets or change in net assets for 2017.

#### Note 2 - Investment in VidaGas

The Organization had a 29% ownership in VidaGas, a for-profit liquid propane supplier, formed in 2002, in Mozambique. An additional 40% was owned by Oasis Capital Limited, and the remaining 31% was owned by a local nongovernmental organization (Foundation for Community Development) that partners with the Organization in its mission to improve health care access in Mozambique. The partnership was formed because of the importance of a ready supply of liquid propane for the distribution and storage of vaccines. It is considered an extension of the Organization's mission in Mozambique. Propane sales are made to the public.

The investment in VidaGas was accounted for under the equity method in the financial statements of the Organization. The net profits, net losses, and credits of VidaGas were allocated 29% to the Organization and 71% to the remaining partners in accordance with the partnership agreement. In January 2015, the Organization loaned \$66,000 in addition to its 29% ownership interest.

The Organization's 29% ownership, along with that of Oasis Capital's 40% ownership were sold on May 11, 2018 to Vida Energy Ltd. The Organization's gross proceeds from the sale were \$719,796, which resulted in a realized gain on the sale of \$642,290, less \$101,282 for capital gains tax. The net gain of \$512,437 is reported on the statement of activities a nonoperating. During the year ended September 30, 2018, \$119,796 was received as payment in cash from which the loan receivable was repaid. The remaining balance of the sales proceeds of \$600,000 is included in other accounts and loans receivable on the statement of activities, net of an allowance of \$28,571 due to delays in collection of the final payment.

#### Note 3 - Fixed Assets

Fixed assets consisted of the following as of September 30:

	<u>2018</u>	<u>2017</u>
Software	\$ 435,600	\$ 435,600
Vehicles	360,249	283,430
Leasehold improvements	122,064	122,064
Furniture and fixtures	101,012	101,012
Equipment	<u>46,744</u>	<u>22,360</u>
Total fixed assets	1,065,669	964,466
Less accumulated depreciation	<u>(790,061)</u>	<u>(701,041)</u>
<b>Fixed Assets, Net</b>	<b><u>\$ 275,608</u></b>	<b><u>\$ 263,425</u></b>

## VILLAGEREACH

### Notes to Financial Statements For the Year Ended September 30, 2018

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#### Note 4 - Leases

Effective January 2017, the Organization entered into a five-year lease agreement for office space located in Seattle, Washington. The initial monthly rent of \$3,686 was increased every December by 3% until termination of the lease on December 9, 2016. During the year ended September 30, 2018, the lease was renewed through December 31, 2021.

Rent expense recorded on the straight line basis related to this lease was \$116,345 and \$87,259 for the years ended September 30, 2018, and 2017, respectively, and is included in occupancy expense.

Future minimum lease payments under the noncancelable lease is as follows:

For the Year Ending September 30,

2019	\$	114,119
2020		123,968
2021		134,704
2022		34,361
<b>Total</b>	<b>\$</b>	<b><u>407,152</u></b>

The Organization has entered into lease agreements for office space located in several countries in which it works. The leases are generally for terms of one to two years and several are cancellable. Monthly rent under these leases is between \$125 to \$4,560. Rent expense for these leases totaled \$86,362 and \$88,439 for the years ended September 30, 2018 and 2017, respectively.

#### Note 5 - Retirement Plans

The Organization has a 401(k) retirement plan that covers all U.S. based employees and U.S. citizens employed in foreign offices who are at least 21 years of age with at least three months of service. The Organization matches 100% of each participant's contribution up to a maximum of 3% of eligible compensation and 50% of each participant's contribution on the next 2% of eligible compensation, up to a maximum of 4% or the IRC limitation for a safe-harbor matching contribution. Total matching contributions totaled \$131,568 and \$116,500 for the years ended September 30, 2018 and 2017, respectively.

During 2015, the Organization established a nonqualified 457(b) deferred compensation plan that is covered under section 457 of the IRC. Only employees specifically designated by the Board of Trustees are eligible. The maximum salary deferral under this plan in calendar year 2018 was \$18,000, with "catch-up" provisions allowing additional deferrals up to the lesser of two times the \$18,000 limit or the sum of an unused portion of the \$18,000 in any prior year of participation in the plan. There are no matching provisions. The nonqualified deferred compensation plan is administered by the Organization.

During 2017, the Organization established an international defined contribution retirement plan for third country national employees in foreign offices. All such employees are required to become members of and contribute 5% of gross earnings to the plan with a mandatory Organization match of 100%. The Organization's contributions to the plan totaled \$20,108 and \$12,330 for the years ended September 30, 2018 and 2017, respectively.

## VILLAGEREACH

### Notes to Financial Statements For the Year Ended September 30, 2018

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#### Note 5 - Continued

The Malawi Parliament adopted a bill establishing a national pension fund to which employers and employees make periodic, mandatory pension contributions. Employers are required to make contributions for individuals employed for at least 12 months. Employee contributions totaled \$98,075 and \$51,842 for the years ended September 30, 2018 and 2017, respectively.

#### Note 6 - Commitments and Contingencies

**Conditional Awards** - The Organization has outstanding sub-award commitment totaling \$1,191,504 and \$220,214 as of September 30, 2018 and 2017, respectively. These amounts will be recognized as expense by the Organization in the period in which the conditions are substantially met. These amounts are not recorded on the statement of financial position, as conditions exist that must be met prior to recognizing this as a liability of the Organization.

**Potential Disallowed Costs** - Expenses incurred under certain programs are subject to audit by the awarding entities. If, as a result of such audit, certain expenses incurred are determined to be nonreimbursable, the Organization may be obligated to repay the disallowed expenses previously claimed or received.

**Contingencies** - In the normal course of operations, the Organization has various claims in process and other contingencies. In management's opinion, the outcome from these matters will not materially impact the Organization's financial position or results of activities.

#### Note 7 - Subsequent Events

The Organization has evaluated subsequent events through May 14, 2019, the date on which the financial statements were approved and authorized for issuance by management.

**Line of Credit** - On November 30, 2018, the Organization obtained a line of credit for up to \$1,500,000 with a commercial bank for working capital purposes. The line of credit is for a term of one year. Interest on the line of credit is at a variable rate based on prime rate. The interest rate was 5.25% at the time the line of credit was obtained. The line of credit is collateralized by the assets of the Organization.

**SUPPLEMENTARY INFORMATION**

VILLAGEREACH

Schedule of Functional Expenses  
 For the Year Ended September 30, 2018  
 (With Comparative Totals for 2017)

	Program Services	Management and General	Fundraising	2018 Total	2017 Total
Salaries	\$ 4,976,953	\$ 751,492	\$ 123,147	\$ 5,851,592	\$ 4,495,765
Employee benefits and payroll taxes	1,705,023	181,373	46,621	1,933,017	1,579,341
<b>Total Salaries and Related Expenses</b>	<b>6,681,976</b>	<b>932,865</b>	<b>169,768</b>	<b>7,784,609</b>	<b>6,075,106</b>
Professional fees	1,323,673	178,987	7,063	1,509,723	1,380,689
Subagreements	1,345,744			1,345,744	547,573
Travel and lodging	1,068,605	66,400	93	1,135,098	987,819
Computer related services and supplies	215,459	151,432	3,848	370,739	237,374
Vehicles	271,269	408		271,677	188,288
Occupancy	105,193	121,437		226,630	180,221
Taxes and licenses	8,954	18,279	60	27,293	7,806
Supplies	121,292	6,183	231	127,706	116,964
In-kind professional fees	58,796	46,230	2,000	107,026	
Telephone	73,394	27,602		100,996	72,173
Depreciation	70,456	18,565		89,021	94,143
Contract labor	65,778	21,795		87,573	35,553
Bank charges and service fees	15,738	54,811	12	70,561	24,463
Meals and entertainment	50,068	8,379	1,420	59,867	47,593
Insurance	30,160	26,328		56,488	46,908
Conferences	42,732	4,132	470	47,334	46,053
Printing and publications	22,056	6,665	5,541	34,262	16,997
Repairs and maintenance	28,570	1,163		29,733	11,899
Staff training and education	24,704	3,394		28,098	34,221
Dues and subscriptions	5,540	15,316	1,011	21,867	11,958
Advertising	14,463	6,624	60	21,147	4,994
Miscellaneous	3,336	6,273	2,101	11,710	38,928
Bad Debt	8,047			8,047	
Postage and mailing	4,391	706	39	5,136	
<b>Total Expenses</b>	<b>\$ 11,660,394</b>	<b>\$ 1,723,974</b>	<b>\$ 193,717</b>	<b>\$ 13,578,085</b>	<b>\$ 10,207,723</b>

See independent auditor's report.