Financial Statements

For the Year Ended September 30, 2019

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Clark Nuber PS

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, 2019 and the related statements of activities, functional expenses 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, 2019, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended September 30, 2019. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020, 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
March 10, 2020

VILLAGEREACH

Statement of Financial Position
September 30, 2019
(With Comparative Totals for 2018)

	2019	2018
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,003,969	$ 876,851
Short term investments	253,035	248,257
Contracts and grants receivable, current portion	3,713,711	3,332,655
Accounts and loans receivable, net (Note 2)	285,715	571,429
Prepaid expenses	184,525	151,153
Total Current Assets	**7,440,955**	**5,180,345**
Contracts and grants receivable, net of current portion	1,250,000	
Deposits	10,202	9,471
Fixed assets, net (Note 3)	179,935	275,608
Total Assets	**$ 8,881,092**	**$ 5,465,424**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,709,608	$ 2,043,658
Deferred revenue	171,101	225,000
Total Current Liabilities	**1,880,709**	**2,268,658**
Deferred rent	29,941	26,661
Total Liabilities	**1,910,650**	**2,295,319**
Net Assets:		
Without donor restrictions	987,375	1,511,508
With donor restrictions	5,983,067	1,658,597
Total Net Assets	**6,970,442**	**3,170,105**
Total Liabilities and Net Assets	**$ 8,881,092**	**$ 5,465,424**

See accompanying notes.

VILLAGEREACH

Statement of Activities
For the Year Ended September 30, 2019
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018
Operating Activities				
Public Support and Revenue:				
Public support-				
Contributions and grants	$ 4,427,645	$ 10,346,244	$ 14,773,889	$ 4,094,748
In-kind contributions				107,027
Net assets released from restrictions	6,021,774	(6,021,774)		
Total public support	10,449,419	4,324,470	14,773,889	4,201,775
Contract revenue	4,951,344		4,951,344	5,424,040
Interest and dividends	6,021		6,021	3,725
Other income	9,316		9,316	1,511
Total Public Support and Revenue	**15,416,100**	**4,324,470**	**19,740,570**	**9,631,051**
Expenses:				
Program services	12,630,028		12,630,028	11,660,394
Supporting services-				
Management and general	2,737,661		2,737,661	1,723,974
Fundraising	228,624		228,624	193,717
Total supporting services	2,966,285		2,966,285	1,917,691
Total Expenses	**15,596,313**		**15,596,313**	**13,578,085**
Change in Net Assets From Operating Activities	**(180,213)**	**4,324,470**	**4,144,257**	**(3,947,034)**
Nonoperating Activities				
(Loss) gain on sale of investment in VidaGas, net	(285,714)		(285,714)	512,437
Loss on disposal of vehicles	(6,967)		(6,967)	
Loss on foreign currency exchange	(51,239)		(51,239)	(12,443)
Change in Net Assets From Nonoperating Activities	**(343,920)**		**(343,920)**	**499,994**
Change in Net Assets	**(524,133)**	**4,324,470**	**3,800,337**	**(3,447,040)**
Net assets, beginning of year	1,511,508	1,658,597	3,170,105	6,617,145
Net Assets, End of Year	**$ 987,375**	**$ 5,983,067**	**$ 6,970,442**	**$ 3,170,105**

See accompanying notes.

VILLAGEREACH

Statement of Functional Expenses
For the Year Ended September 30, 2019
(With Comparative Totals for 2018)

	Program Services	Management and General	Fundraising	2019 Total	2018 Total
Salaries	$ 5,331,169	$ 1,504,699	$ 129,653	$ 6,965,521	$ 5,851,592
Employee benefits and payroll taxes	1,762,972	358,518	51,893	2,173,383	1,933,017
Total Salaries and Related Expenses	**7,094,141**	**1,863,217**	**181,546**	**9,138,904**	**7,784,609**
Subagreements	1,958,166			1,958,166	1,345,744
Professional fees	1,356,557	205,536	11,000	1,573,093	1,509,723
Travel and lodging	1,190,381	160,716	4,620	1,355,717	1,135,098
Computer related services and supplies	176,601	139,911	3,652	320,164	370,739
Occupancy	116,334	120,367		236,701	226,630
Vehicles	149,886	4,010	128	154,024	271,677
Supplies	88,831	5,792	10,937	105,560	127,706
Depreciation	85,839	14,565		100,404	89,021
Staff training and education	94,686	3,719		98,405	28,098
Telephone	67,241	26,117	330	93,688	100,996
Bank charges and service fees	21,560	59,437		80,997	70,561
Insurance	38,350	37,165	24	75,539	56,488
Meals and entertainment	45,952	13,189	130	59,271	59,867
Contract labor	44,374	13,376		57,750	87,573
Repairs and maintenance	34,275	319	10,896	45,490	29,733
Taxes and licenses	6,930	30,240		37,170	27,293
Printing and publications	23,313	7,421	829	31,563	34,262
Conferences	20,094	10,652		30,746	47,334
Dues and subscriptions	5,923	14,209	1,044	21,176	21,867
Advertising	5,438	4,932	45	10,415	21,147
Miscellaneous	2,953	2,083	3,375	8,411	11,710
Postage and mailing	2,203	688	68	2,959	5,135
In-kind professional fees					107,027
Bad Debt					8,047
2019 Total Expenses	**$ 12,630,028**	**$ 2,737,661**	**$ 228,624**	**$ 15,596,313**	
2018 Total Expenses	**$ 11,660,394**	**$ 1,723,974**	**$ 193,717**		**$ 13,578,085**

See accompanying notes.

VILLAGEREACH

Statement of Cash Flows
For the Year Ended September 30, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash Flows From Operating Activities:		
Change in net assets	$ 3,800,337	$ (3,447,040)
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities-		
Noncash operating and investing:		
Depreciation	100,404	89,021
Loss (gain) on sale of VidaGas	285,714	(613,719)
Loss on disposal of fixed assets	6,967	
Gain on short term investments	(4,778)	(1,257)
Changes in assets and liabilities:		
Contracts and grants receivable	(1,631,056)	(398,922)
Prepaid expenses	(33,372)	(20,017)
Deposits	(731)	(9,471)
Accounts payable and accrued expenses	(334,050)	1,086,273
Deferred revenue	(53,899)	225,000
Deferred rent	3,280	12,256
Net Cash Provided by (Used in) Operating Activities	**2,138,816**	**(3,077,876)**
Cash Flows From Investing Activities:		
Purchases of fixed assets	(11,698)	(101,204)
Purchase of short term investments		(247,000)
Proceeds from sale of VidaGas		119,796
Net Cash Used in Investing Activities	**(11,698)**	**(228,408)**
Net Change in Cash and Cash Equivalents	**2,127,118**	**(3,306,284)**
Cash and cash equivalents balance, beginning of year	876,851	4,183,135
Cash and Cash Equivalents Balance, End of Year	**$ 3,003,969**	**$ 876,851**

See accompanying notes.

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.

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 general 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, 2019 and 2018.

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, 2019 and 2018.

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.

Note 1 - Continued

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:

> Net Assets Without Donor Restrictions - Net assets that are not subject to externally-imposed restrictions.
>
> Net Assets With Donor Restrictions - Net assets subject to externally-imposed restrictions that will be met either by action of the Organization or the passage of time or that must be maintained in perpetuity. All net assets with donor restrictions as of September 30, 2019 and 2018 are purpose restricted for specific projects.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of 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 $170,411 in conditional contributions outstanding at September 30, 2019, and the Organization expects to satisfy the conditions during the year end September 30, 2020. The Organization had $300,000 in conditional contributions outstanding at September 30, 2018, and the Organization satisfied the conditions during the year end September 30, 2019.

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:

	2019	2018
Professional services	$ -	$ 104,106
Other		2,921
Total In-Kind Contributions	**$ -**	**$ 107,027**

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. It is the policy of the Organization to allocate costs directly whenever costs are identifiable to specific programs or supporting service. Cost that are not directly identifiable to a specific function are allocated based on utilization. These costs are primarily personnel costs and are allocated based on labor utilization.

Note 1 - Continued

Tax Exempt Status - The Organization is a Section 501(c)(3) organization under the Internal Revenue Code 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 gain or loss related to 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, 2019, the Organization had cash and short-term investments on deposit in excess of the federally insured limits.

For the year ended September 30, 2019, the Organization received 58% of its total revenue from three entities, of which 13% was received from a United States Federal Agency. At September 30, 2019, 66% of total contracts, grants and loans receivable were from three entities.

For the year ended September 30, 2018, the Organization received 37% of its total revenue from three entities, of which 11% was received from a United States Federal Agency. At September 30, 2018, 52% of total contracts, grants and loans receivable were from four entities.

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, 2019 and 2018, the Organization held $387,276 and $308,865 of cash and cash equivalents in foreign countries, of which $105,117 and $69,172 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, 2019 and 2018, the Organization recognized foreign currency translation losses of $51,239 and $12,443, 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, 2018, from which the summarized information was derived.

Note 1 - Continued

Adoption of New Accounting Pronouncement - For the year ended September 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (“ASU”) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return among not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. The Organization has also included information about the liquidity and availability of its financial assets (Note 9).

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 and $28,571 for an allowance related to the anticipated timing of the payments. The net gain of $512,437 is reported on the statement of activities as nonoperating activity during the year ended September 30, 2018.

During the year ended September 30, 2018, $119,796 was received as payment in cash from which the loan receivable was repaid. As of September 30, 2019, the remaining balance of the sales proceeds of $285,715 is included in accounts and loans receivable on the statement of financial position and consists of the net sales proceeds of $600,000, less the allowance of $28,571 related to the anticipated timing of the payments and an allowance for doubtful accounts of $285,714, which the Organization recognized as a nonoperating loss on the statement of activities during the year ended September 30, 2019. The Organization continues to pursue collection via all avenues available.

Note 3 - Fixed Assets

Fixed assets consisted of the following as of September 30:

	2019	2018
Software	$ 435,600	$ 435,600
Vehicles	341,249	360,249
Leasehold improvements	133,761	122,064
Furniture and fixtures	101,012	101,012
Equipment	46,744	46,744
Total fixed assets	1,058,366	1,065,669
Less accumulated depreciation	(878,431)	(790,061)
Fixed Assets, Net	**$ 179,935**	**$ 275,608**

Note 4 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of grants with purpose restrictions. Grants received from foundations and corporations are restricted to fund specific programs of the Organization or are restricted for a specific purpose. The grants are generally for terms of one to three years. Net assets released from restriction totaled $6,021,774 during the year ended September 30, 2019, as the program or purpose restriction had been satisfied.

Note 5 - Leases

Effective January 1, 2017, the Organization renewed its lease agreement for office space in Seattle, Washington. The initial monthly rent under the renewed lease of $7,767 increases annually by 9% throughout the five-year lease term that expires on December 31, 2021.

Rent expense recorded on the straight line basis related to this lease was $116,345 for each of the years ended September 30, 2019, and 2018, and is included in occupancy expense.

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

For the Year Ending September 30,

2020	$ 123,968
2021	134,704
2022	34,361
Thereafter	
Total	**$ 293,033**

Note 5 - Continued

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 $104,091 and $86,362 for the years ended September 30, 2019 and 2018, respectively.

Note 6 - 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 for the plan totaled $202,239 and $131,568 for the years ended September 30, 2019 and 2018, 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 2019 was $19,000, with "catch-up" provisions allowing $6,000 additional deferrals for participants over 50 years old. 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 $44,714 and $20,108 for the years ended September 30, 2019 and 2018, respectively.

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. Employer contributions totaled $90,762 and $98,075 for the years ended September 30, 2019 and 2018, respectively.

Note 7 - Commitments and Contingencies

Conditional Awards - The Organization has outstanding sub-award commitment totaling $725,869 and $1,191,504 as of September 30, 2019 and 2018, 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 8 - 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. There were no amounts outstanding on the line of credit as of September 30, 2019.

Note 9 - Liquidity and Availability

The Organization is substantially supported by grants and contracts. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of $1,500,000, which can be drawn upon as needed (Note 8).

The following reflects the Organization's financial assets as of the statement of financial position dates, reduced by amounts not available for general use within one year of the statement of financial position dates because of contractual or donor-imposed restrictions:

Cash and cash equivalents	$ 3,003,969
Short term investments	253,035
Contracts and grants receivable, current portion	3,713,711
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 6,970,715**

Note 10 - Subsequent Events

The Organization has evaluated subsequent events through March 10, 2020, the date on which the financial statements were approved and authorized for issuance by management.