

***UNITUS***

Consolidated Financial Statements

December 31, 2004

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***Report Of Independent Auditor***

***Board of Directors  
Unitus  
Redmond, Washington***

We have audited the accompanying consolidated statements of financial position of Unitus as of December 31, 2004, and the related consolidated statements of activities and cash flows for the 15-month period then ended. These financial statements are the responsibility of the Organization's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Unitus as of December 31, 2004, and the results of its operations and its cash flows for the 15-month period then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Unitus taken as a whole. The supplementary information on page 13 is presented for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Clark Nuber P.S.*

Certified Public Accountants  
March 4, 2005

## *UNITUS*

### *Consolidated Statement Of Financial Position December 31, 2004*

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#### *Assets*

Cash and cash equivalents	\$ 1,900,017
Pledges receivable, current (Notes 2 and 3)	1,158,717
Prepaid expenses	3,096
Guarantee fees receivable (Note 8)	61,968
Accounts receivable	<u>300,000</u>
<b>Total Current Assets</b>	<b>3,423,798</b>
<b>Fixed Assets:</b>	
Office equipment	44,143
Accumulated depreciation	<u>(18,760)</u>
<b>Total Fixed Assets, Net</b>	<b>25,383</b>
Pledges receivable, noncurrent (Notes 2 and 3)	<u>3,437,325</u>
<b>Total Assets</b>	<b><u>\$ 6,886,506</u></b>

#### *Liabilities And Net Assets*

Accounts payable	\$ 7,608
Accrued expenses	9,066
Guarantee liability (Note 8)	69,683
Grants payable (Note 1)	200,000
Related party note payable (Note 3)	<u>150,000</u>
<b>Total Current Liabilities</b>	<b>436,357</b>
<b>Commitments and Contingencies (Notes 4, 5, and 8)</b>	
<b>Net Assets:</b>	
Unrestricted	1,854,107
Temporarily restricted	<u>4,596,042</u>
<b>Total Net Assets</b>	<b><u>6,450,149</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,886,506</u></b>

*See accompanying notes to financial statements.*

## UNITUS

### *Consolidated Statement Of Unrestricted Revenues And Expenses For The Fifteen Months Ended December 31, 2004*

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<i>Change in Unrestricted Net Assets</i>	<i>Unitus</i>	<i>MFI Investments</i>	<i>Elimination</i>	<i>Consolidated Total</i>
<b>Support and Revenue:</b>				
Contributions	\$ 1,483,682	\$ 250,000	\$ (250,000)	\$ 1,483,682
In-kind contributions (Note 9)	62,134			62,134
Interest	15,934			15,934
	<u>1,561,750</u>	<u>250,000</u>	<u>(250,000)</u>	<u>1,561,750</u>
Satisfaction of time restrictions	<u>1,781,717</u>			<u>1,781,717</u>
<b>Total Support and Revenue</b>	<b><u>3,343,467</u></b>	<b><u>250,000</u></b>	<b><u>(250,000)</u></b>	<b><u>3,343,467</u></b>
<b>Program Expenses:</b>				
SKS India	424,149		(250,000)	174,149
Pro Mujer Mexico	210,347			210,347
Jamii Bora	286,526			286,526
Bharatha Swamukti Samsthe	100,000			100,000
Activist for Social Alternatives	100,000			100,000
General program support	502,460			502,460
	<u>1,623,482</u>		<u>(250,000)</u>	<u>1,373,482</u>
<b>Supporting Services:</b>				
Management and general	623,589			623,589
Fundraising	329,242			329,242
	<u>952,831</u>			<u>952,831</u>
<b>Total Expenses</b>	<b><u>2,576,313</u></b>		<b><u>(250,000)</u></b>	<b><u>2,326,313</u></b>
<b>Increase in Unrestricted Net Assets</b>	<b><u>\$ 767,154</u></b>	<b><u>\$ 250,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,017,154</u></b>

See accompanying notes to financial statements.

**UNITUS**

***Consolidated Statement Of Changes In Net Assets  
For The Fifteen Months Ended December 31, 2004***

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	<u>Unitus</u>	<u>MFI Investments</u>	<u>Elimination</u>	<u>Consolidated Total</u>
<b>Unrestricted Net Assets:</b>				
Total unrestricted support and revenue	\$ 1,561,750	\$ 250,000	\$ (250,000)	\$ 1,561,750
Net assets released from restrictions	1,781,717			1,781,717
Total unrestricted expenses	<u>(2,576,313)</u>		<u>250,000</u>	<u>(2,326,313)</u>
Increase in unrestricted net assets	767,154	250,000		1,017,154
<b>Temporarily Restricted Net Assets:</b>				
Contributions	4,594,817			4,594,817
Net assets released from restrictions	<u>(1,781,717)</u>			<u>(1,781,717)</u>
Increase in temporarily restricted net assets	<u>2,813,100</u>			<u>2,813,100</u>
<b>Total Change in Net Assets</b>	<b>3,580,254</b>	<b>250,000</b>		<b>3,830,254</b>
Net assets, beginning of year	<u>2,619,895</u>			<u>2,619,895</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 6,200,149</u></b>	<b><u>\$ 250,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,450,149</u></b>

See accompanying notes to financial statements.

## **UNITUS**

### ***Consolidated Statement Of Cash Flow For The Fifteen Months Ended December 31, 2004***

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<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 3,830,254
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Non-cash items included in change in net assets	
Depreciation	18,044
Loss on disposal of assets	844
Changes in assets and liabilities	
Accounts receivables	(300,000)
Pledges receivable	(2,724,434)
Prepaid expenses	1,965
Accounts payable	(10,081)
Accrued liabilities	(8,761)
Guarantees	7,715
Grants payable	200,000
	<hr/>
<b>Net Cash Provided by Operating Activities</b>	<b>1,015,546</b>
<b>Cash Flows from Investing Activities:</b>	
Purchase of equipment	(28,822)
	<hr/>
<b>Net Cash Used in Investing Activities</b>	<b>(28,822)</b>
<b>Cash Flows from Financing Activities:</b>	
Payments on related party notes payable	(100,000)
Proceeds from related party notes payable	150,000
	<hr/>
<b>Net Cash Provided by Financing Activities</b>	<b>50,000</b>
	<hr/>
<b>Net Change in Cash</b>	<b>1,036,724</b>
Cash, beginning of year	863,293
	<hr/>
<b>Cash, End of Year</b>	<b>\$ 1,900,017</b>
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*See accompanying notes to financial statements.*

## *UNITUS*

### *Notes To Consolidated Financial Statements*

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#### *Note 1 - Description Of The Organization And Summary Of Significant Accounting Policies*

The consolidated financial statements of Unitus include the accounts of Unitus and of MFI Investments, collectively referred to as "Unitus". All inter-company transactions have been eliminated in these financial statements.

Unitus is a nonprofit organization helping microfinance institutions worldwide reach more people living in poverty. In late 2001 and 2002, Unitus developed and implemented a unique business model that greatly accelerates the growth of the highest potential microfinance institutions. This accelerated growth increases the number of poor people whose lives can be improved by access to financial products.

In December 2004, Unitus formed a private nonprofit corporation, MFI Investments. MFI Investments is organized as a supporting organization as described in the IRS Code Sections 501(c)(3) and 509(a)(3). It is wholly controlled by Unitus.

Using significant capital investments and active involvement in capacity building, Unitus plans to fund and work with many organizations as partners to accomplish its goals.

As of December 31, 2004, Unitus was working with the following partners:

**Pro Mujer, Mexico (PMM)** - PMM is a Mexican microfinance institution (MFI) located in the town of Tula, state of Hidalgo, México. PMM began lending operations in April 2002 and by December 2004, thanks in part to the Unitus partnership, PMM had reached 11,063 clients. PMM offers loans in Mexican pesos that range in amount from US \$120 - 450 and have 4 to 6 month maturities. They also facilitate group savings that are held by a third party bank. In addition to loans, PMM offers re-credit loan and empowerment training. Unitus has disbursed \$376,261 to date in capacity building funds and has lent and recovered a total of US \$200,000 in on-lending funds.

**Swayam Krishi Sangam (SKS), India** - SKS is an Indian microfinance institution with its head office located in the city of Hyderabad, state of Andhra Pradesh, India. SKS began operations in June 1998 and by September 2003 had 22,210 clients. As of December 2004, SKS had grown to serve 73,320 clients. SKS offers loans in Indian rupees that range in amount between US \$50 – 500, with 4 to 12 month maturities. They also facilitate group savings. Unitus has disbursed \$50,000 in capacity building grant funds to SKS and entered into a one year loan guarantee (see Note 8).

**Jamii Bora, Kenya** - Jamii Bora is Kenya's fastest-growing MFI, including 89 percent growth in 2003. In just five years, they have expanded to 70,000 clients with 44 branches serving clients in nearly all major Kenyan cities. Unitus entered into a partnership with Jamii Bora in July 2004 with a goal of helping them serve at least 500,000 by 2009. Unitus will provide \$1.2 million in debt and capacity-building grants, and has been invited to purchase equity once Jamii Bora transforms from a nonprofit into a regulated, financial institution. Unitus has guaranteed a \$1 million credit line to fund loan portfolio growth (see Note 8). Unitus has also provided for a \$100,000 grant to help them install new computer hardware and software in branch offices, and an additional \$100,000 grant to be used for staff training in banking, management and finance.

## *UNITUS*

### *Notes To Consolidated Financial Statements*

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#### *Note 1 - Continued*

**Activists for Social Alternatives (ASA), India** - ASA began operations in 1986, and launched its microfinance program in 1993. ASA offers microfinance services to women in the drought prone, poverty-stricken communities of the south Indian state of Tamil Nadu. Since launching its microfinance program, ASA has grown to serve 66,000 clients, multiplying their size by ten times in just the past four years. In December 2004 Unitus entered into a partnership with ASA to accelerate their client base from 66,000 to 700,000 poor women in the next five years. Unitus plans to provide an initial grant of \$100,000 for customized MIS and staff training to support their upcoming rapid growth. Subsequent to December 31, 2004, Unitus also provided a \$1 million loan guarantee facility and a commitment to take a minority equity ownership position in a new, for-profit finance company to be formed.

**Bharatha Swamukti Samsthe (BSS), India** - BSS offers microcredit loans, savings and loan repayment insurance to more than 10,000 poor women in rural villages in India's Karnataka state. Unitus' recent on-site due diligence showed that BSS can accelerate their client base from 10,000 to 500,000 poor women by 2009 with Unitus' capital and capacity-building assistance. Subsequent to December 31, 2004, Unitus will provide \$1.6 million in debt and grants, and plans to negotiate an equity investment once regulated financial institution status is approved and transformation from a nonprofit NGO to an NBFC occurs. This assistance is comprised of a \$1.5 million credit line and \$100,000 in capacity-building grants to help realize BSS's growth potential. The credit line will help fund their loan portfolio growth. The grant will be used for capacity-building such as updating their MIS, optimizing internal controls and audit systems and improving HR management systems.

The significant accounting policies are:

**Basis of Presentation** - Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Unitus and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of Unitus or the passage of time.

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 or by law. 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. It is Unitus' policy to recognize restricted contributions in the unrestricted net asset class if the restrictions have been met in the same year.

**Use of Estimates** - The preparation of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## *UNITUS*

### *Notes To Consolidated Financial Statements*

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#### *Note 1 - Continued*

**Cash and Cash Equivalents** - Unitus considers all highly liquid investments with maturities of three months or less to be cash equivalents.

**Concentration Of Credit Risk** - Unitus holds its cash and cash equivalents with three financial institutions in which the balance at each institution usually exceeds federally insured deposit limits. Management has not experienced any losses and believes there is minimal risk associated with these cash balances.

**Receivables** - Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements. There is currently no allowance provided as management believes all amounts are collectible.

**Equipment** - Equipment is stated at cost if purchased and estimated fair value if donated. Equipment is depreciated on the straight-line method over the estimated useful lives of the assets, which range from 3 - 5 years.

Unitus capitalizes expenditures greater than \$1,000 that materially increase the asset lives and charges ordinary maintenance and repairs to operations as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income.

**Contributions** - Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

**Donated Services** - Donated services are reflected as contributions at their estimated fair market values at the date of receipt if they require specialized skills which would need to be purchased if they were not donated or if they create or enhance nonfinancial assets.

**Donations In-Kind** - Material gifts-in-kind items used in Unitus' program (such as supplies, free rent, equipment, etc.) are recorded at fair market value at the time received.

**Special Events** - It is Unitus' policy to record net revenues and sponsorships related to donor expeditions as special events revenue. All other contributions received at special events are reflected in contribution revenue. During the 15-month period ended December 31, 2004 special events gross revenues were \$50,453 and related expenses for direct benefits to donors were \$50,453.

## *UNITUS*

### *Notes To Consolidated Financial Statements*

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#### *Note 1 - Continued*

**Functional Expenses** - The costs of providing the various programs and other activities have been summarized in the statement of unrestricted revenues and expenses on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Unitus applies expenses either directly to respective programs or allocates expenses based on direct salary costs for each program.

**Federal Income Tax** - The IRS has determined that Unitus is exempt from federal income taxes under Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code. MFI Investments is exempt from federal income taxes under sections 501(c)(3) and 509(a)(3) of the Internal Revenue Code.

**Change in Fiscal Year End** - Subsequent to September 30, 2003, Unitus changed its fiscal year-end from September 30 to December 31.

#### *Note 2 - Pledges Receivable*

Included in pledges receivable are the following unconditional promises to give at December 31:

Amounts due in:	
Less than one year	\$ 1,158,717
One to five years	<u>3,936,250</u>
<b>Total Gross Pledges Receivable</b>	<b>5,094,967</b>
Less: Unamortized discount to present value (6%)	<u>498,925</u>
<b>Net Pledges Receivable</b>	<b><u>\$ 4,596,042</u></b>

#### *Note 3 - Related Party Transactions*

The financial statements as of and for the 15 month period ended December 31, 2004 include \$4,750,000 of pledges receivable and \$5,007,550 of contributions from a foundation controlled by an officer of the board. The foundation (Crystal Springs Foundation) also donated office space to Unitus during the year valued at \$42,000 (Note 9).

The Statement of Financial Position as of December 31, 2004 includes \$152,650 of pledges receivable from three other board members of Unitus.

A board member of Unitus has executed an agreement with Unitus to allow it to borrow up to \$1,000,000 on a line of credit. As of December 31, 2004, Unitus had borrowed \$150,000 against this line of credit. The line of credit must be repaid by September 30, 2005 and shall accrue interest on any outstanding balances at a rate equal to the Lender's line of credit with Mellon Bank, based on the broker call rate less 25 basis points. At December 31, 2004 the rate was 3.75%.

## *UNITUS*

### *Notes To Consolidated Financial Statements*

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#### *Note 3 - Continued*

In August 2001, Unitus provided a \$100,000 signing bonus to its executive director. Within the first 10 years of employment with Unitus, should the executive director be terminated at any time "for cause", the full amount of the signing bonus will be due and payable immediately. If the individual leaves Unitus for any other reason prior to the 10-year anniversary, the signing bonus will be due and payable on a pro-rated basis with one tenth forgiven for each full year of employment completed. Because this gain contingency is contingent upon unknown and unpredictable circumstances, and the likelihood of Unitus collecting this money is low, it is not shown on the Statement of Financial Position.

#### *Note 4 - Leases*

In August 2003, Unitus entered into a lease agreement with Collins Investments LLC for the rent of office space. Unitus leases the facility and land under a three-year lease expiring April 2006 with payments of \$1,950 per month.

In May 2003, Unitus entered into a lease agreement for the rent of office equipment. The lease expires in August 2006 and requires a monthly payment of \$161.

In December 2003, Unitus entered into a lease agreement for the rent of office equipment. The lease expires in March 2009.

Future minimum lease payments under all non-cancelable leases are as follows:

<i>For years Ending December 31,</i>	
2005	\$ 28,956
2006	12,712
2007	3,624
2008	3,624
2009	<u>906</u>
	<b><u>\$ 49,822</u></b>

Rental expenses for 2004 totaled \$35,192.

#### *Note 5 - Retirement Plan*

Unitus has a 403(b) retirement plan for the exclusive benefit of its employees. Under the plan, Unitus will match up to three percent of the compensation of eligible employees and an additional three percent to those employees who have made salary reduction contributions to the plan. Participants may elect to make additional contributions in excess of the three percent within the limitations set forth in the plan. Unitus' expense for the year ended December 31, 2004 was \$40,469.

## *UNITUS*

### *Notes To Consolidated Financial Statements*

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#### *Note 6 - Concentrations*

Unitus received contributions from a related party Foundation (Note 3) of \$5,007,550 for the 15-month period ended December 31, 2004. The contributions comprise 81% of the total revenues for the year ended December 31, 2004.

#### *Note 7 - Investment In SKS Microfinance Pvt. Ltd*

In August 2003, Unitus entered into an agreement with SKS Microfinance Pvt. Limited to purchase equity in the amount of \$350,000. Unitus anticipates owning 50% or less of the equity in SKS Microfinance Pvt. Limited.

As of December 31, 2004, Unitus had not transferred money or purchased any shares in SKS Microfinance Pvt. Limited. The terms of the equity purchase are being revisited due to restrictions imposed on all foreign businesses operating in India. The term sheet signed in August 2003 did not reflect the actual deal, which is currently undergoing restructuring.

In 2004, Unitus formed MFI Investments, which is a supporting organization controlled by Unitus, for the purpose of holding the equity interest in SKS Microfinance Pvt. Limited. As of December 31, 2004, \$250,000 was transferred from Unitus to MFI Investments in anticipation of SKS's imminent receipt of a non-bank financial company license. The license was awarded on January 20, 2005.

#### *Note 8 - Commitments and Contingencies*

**SKS India** - In June 2004, Unitus entered into an agreement with SKS to provide a revolving credit facility in the amount of \$550,000. The credit facility guarantees the amount SKS borrowed from a bank in India. Under the terms of the agreement, Unitus would be required to pay the outstanding balance on the line of credit upon demand by the lender. In the event of default, Unitus may declare the entire unpaid principal balance of the agreement due and exercise the right to collect from SKS all sums due. In exchange for the guarantee, Unitus receives an annual fee on the credit facility amount. This agreement expires on July 30, 2005. The guarantee liability and the corresponding guarantee fee receivable were \$9,683 and \$1,968, respectively.

**Pro Mujer Mexico** - Unitus has entered into a contract with Pro Mujer., a Washington D.C. corporation, which is the parent of Pro Mujer, Mexico (PMM). Unitus has made available to them a \$1,500,000 line of credit. As of December 31, 2004 there were no outstanding borrowings on the line of credit.

**Jamii Bora** - In December 2004, Unitus entered into an agreement with Jamii Bora to issue a standby letter of credit through a bank in the amount of \$1,000,000. The standby letter of credit guarantees the amount Jamii Bora plans to borrow from a bank in Kenya. Under the terms of the standby letter of credit, Unitus will be required to pay the outstanding balance drawn on the letter of credit should Jamii Bora not be able to pay its loan. In the event of default of the letter of credit agreement, Unitus will terminate the letter of credit, have access to all financial records of Jamii Bora, and work with Jamii Bora to cure the default. In exchange for the guarantee, Unitus receives an annual fee on the letter of credit amount. This agreement expires on December 21, 2007. The guarantee liability and the corresponding guarantee fee receivable in the amount of \$60,000 were included in the Consolidated Statement of Financial Position as of December 31, 2004. As of December 31, 2004, Jamii Bora has not borrowed from the Kenya bank, and there were no draws on the letter of credit.

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*Notes To Consolidated Financial Statements*

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*Note 9 - In-Kind Contributions*

Unitus received the following in-kind contributions for the 15-month period ended December 31:

Legal services	\$ 20,134
Rent (Note 3)	<u>42,000</u>
	<u><b>\$ 62,134</b></u>

***SUPPLEMENTAL INFORMATION***

**UNITUS**

**Statement Of Functional Expenses - Unitus  
For The Fifteen Months Ended December 31, 2004**

	<i>Program Services</i>					<i>General Program Support</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
	<i>SKS India</i>	<i>Pro Mujer Mexico</i>	<i>Jamii Bora</i>	<i>BSS</i>	<i>ASA</i>					
Salaries, payroll taxes, and employee benefits	\$ 61,924	\$ 53,607	\$ 75,369	\$ -	\$ -	\$ 272,964	\$ 463,864	\$ 319,232	\$ 224,413	\$ 1,007,509
Partner grants and support	250,000	147,261	200,502	100,000	100,000	15,000	812,763			812,763
Travel	35,499	6,312	1,097			98,746	141,654	24,550	33,894	200,098
Professional fees	51,852	2,729	8,637			17,027	80,245	114,349	2,986	197,580
Printing and reproduction	6,926		868			745	8,539	31,556	16,503	56,598
Telephone	1,943	438				13,895	16,276	28,251	3,434	47,961
In-kind rent						19,740	19,740	11,760	10,500	42,000
General program support						17,335	17,335	10,326	9,221	36,882
Employee development						11,694	11,694	13,676	3,093	28,463
Miscellaneous	11,061		10			2,753	13,824	13,829	170	27,823
Office supplies						2,303	2,303	16,453	2,398	21,154
In-kind professional fees						2,659	2,659	17,475		20,134
Dues and subscription						7,863	7,863	5,714	4,635	18,212
Postage and shipping			43			1,230	1,273	3,417	4,668	9,358
Insurance						3,935	3,935	2,344	2,093	8,372
Equipment lease						3,432	3,432	2,044	1,826	7,302
Interest expense	4,944					1,117	6,061	324		6,385
Donor cultivation									4,341	4,341
Board of directors								2,529		2,529
Business meals						1,276	1,276	550	415	2,241
Small equipment purchase						265	265	158	141	564
	<u>424,149</u>	<u>210,347</u>	<u>286,526</u>	<u>100,000</u>	<u>100,000</u>	<u>493,979</u>	<u>1,615,001</u>	<u>618,537</u>	<u>324,731</u>	<u>2,558,269</u>
Depreciation expense						8,481	8,481	5,052	4,511	18,044
<b>Total Expenses</b>	<b><u>\$ 424,149</u></b>	<b><u>\$ 210,347</u></b>	<b><u>\$ 286,526</u></b>	<b><u>\$ 100,000</u></b>	<b><u>\$ 100,000</u></b>	<b><u>\$ 502,460</u></b>	<b><u>\$ 1,623,482</u></b>	<b><u>\$ 623,589</u></b>	<b><u>\$ 329,242</u></b>	<b><u>\$ 2,576,313</u></b>

See accompanying notes to financial statements.