

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

**Consolidated Financial Statements
and
Reports Required in Accordance with the Uniform Guidance**

For the Years Ended September 30, 2016, and 2015

(With Independent Auditors' Reports Thereon)

Table of Contents

| | Page |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Consolidated Statements of Financial Position | 4-5 |
| Consolidated Statements of Activities | 6 |
| Consolidated Statements of Cash Flows | 7 |
| Notes to Consolidated Financial Statements | 8 |
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 24 |
| INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE | 26 |
| SUPPLEMENTARY INFORMATION | |
| Combined Schedule of Expenditures of Federal Awards | 29 |
| Notes to Combined Schedule of Expenditure of Federal Awards | 30 |
| Schedule of Findings and Questioned Costs | 31 |
| Consolidated Schedules of Functional Expenses | 32 |

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ethiopian Community Development Council, Inc.
Arlington, VA

We have audited the accompanying consolidated statements of financial position of the Ethiopian Community Development Council, Inc., and subsidiaries (collectively, the Organization) as of September 30, 2016, and September 30, 2015, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2016, and September 30, 2015, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 14, 2017, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of the Organization. The consolidated schedules of functional expenses on pages 33 and 34 are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. The accompanying combined schedule of expenditures of federal awards, on page 30, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic consolidated financial statements of the Organization. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated 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 basic consolidated financial statements as a whole.

AL OF ANDERSON GIBBS CHARTERED
Largo, MD
February 14, 2017

This page is intentionally left blank.

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of September 30,

| ASSETS | 2016 | 2015 |
|---|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 7,256,140 | \$ 5,012,619 |
| Investments | 168,076 | 149,753 |
| Grants receivable | 3,660,563 | 3,469,917 |
| Microloan notes receivable, net of allowance for loan losses (current portion) | 1,815,627 | 1,517,101 |
| Accrued interest receivable, net of allowance for interest losses | 14,450 | 13,957 |
| Rents receivable | 5,747 | 8,748 |
| Other receivable | 191,142 | 163,321 |
| Inventories | 81,961 | 94,985 |
| Prepaid expenses | 78,629 | 35,863 |
| TOTAL CURRENT ASSETS | 13,272,335 | 10,466,264 |
| MICROLOAN NOTES RECEIVABLE, NET OF ALLOWANCE FOR LOAN LOSSES (LONG-TERM PORTION) | 1,666,369 | 1,662,760 |
| PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION | 6,033,119 | 5,963,230 |
| OTHER ASSETS | | |
| Cash restricted in microloan revolving fund accounts - SBA | 2,294,989 | 1,372,929 |
| Cash restricted in microloan revolving fund accounts - Other | 2,889,648 | 2,746,415 |
| Cash restricted in loan loss reserve fund accounts | 210,782 | 315,261 |
| Cash designated for loan loss reserves | 596,470 | 497,263 |
| Cash restricted in individual development accounts | 20,499 | 27,345 |
| Deferred financing costs, net of accumulated amortization | 12,488 | - |
| Deferred income taxes | 211,156 | 211,156 |
| Security deposits | 31,581 | 29,211 |
| TOTAL OTHER ASSETS | 6,267,613 | 5,199,580 |
| TOTAL ASSETS | \$ 27,239,436 | \$ 23,291,834 |

The accompanying notes are an integral part of these financial statements.

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of September 30,

| | 2016 | 2015 |
|--|---------------|---------------|
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Due to microloan borrowers | \$ 1,149 | \$ 117 |
| Accounts payable | 1,955,668 | 949,739 |
| Accrued expenses | 787,736 | 793,170 |
| Refundable advances | 34,518 | 34,339 |
| Deferred revenue | 472,247 | 96,670 |
| Individual development account deposits payable | 20,499 | 27,345 |
| Security deposits payable | 49,495 | 49,992 |
| Notes payable - current maturities | 595,858 | 1,166,628 |
| TOTAL CURRENT LIABILITIES | 3,917,170 | 3,118,000 |
| NONCURRENT LIABILITIES | | |
| Derivative financial instrument | | |
| Equity equivalent investment | 770,000 | 570,000 |
| Mortgage notes payable - net of current maturities | 8,455,095 | 6,870,239 |
| TOTAL NONCURRENT LIABILITIES | 9,225,095 | 7,440,239 |
| TOTAL LIABILITIES | 13,142,265 | 10,558,239 |
| NET ASSETS | | |
| Unrestricted | | |
| Undesignated | 12,569,027 | 11,543,264 |
| Board designated reserve fund | 337,834 | 285,474 |
| Designated for loan loss reserves | 596,470 | 497,263 |
| Total unrestricted | 13,503,331 | 12,326,001 |
| Temporarily restricted | 593,840 | 407,594 |
| TOTAL NET ASSETS | 14,097,171 | 12,733,595 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 27,239,436 | \$ 23,291,834 |

The accompanying notes are an integral part of these financial statements.

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Consolidated Statements of Activities

For the Years Ended September 30,

| | 2016 | | | | |
|--|----------------------|-------------------|----------------------|---------------------------|----------------------|
| | Unrestricted | | Total | Temporarily Restricted | Grand Total |
| | Undesignated | Designated | | | |
| SUPPORT, REVENUES AND GAINS | | | | | |
| Federal government grants | \$ 20,652,688 | \$ - | \$ 20,652,688 | \$ 593,840 | \$ 21,246,528 |
| State and local government grants | 649,685 | - | 649,685 | - | 649,685 |
| Private foundation grants | 195,471 | - | 195,471 | - | 195,471 |
| Monetary contributions | 164,163 | - | 164,163 | - | 164,163 |
| Loan origination fees | 41,131 | - | 41,131 | - | 41,131 |
| Event revenues | 60,414 | - | 60,414 | - | 60,414 |
| Tuition fees | 300 | - | 300 | - | 300 |
| Sales | 142,522 | - | 142,522 | - | 142,522 |
| Sponsorships | 24,000 | - | 24,000 | - | 24,000 |
| Fees for services | 51,364 | - | 51,364 | - | 51,364 |
| Contributed goods and services | 188,719 | - | 188,719 | - | 188,719 |
| Microloan interest income | 301,480 | - | 301,480 | - | 301,480 |
| Penalty micro loans | 7,591 | - | 7,591 | - | 7,591 |
| Rental income | 594,324 | - | 594,324 | - | 594,324 |
| Parking fees | 57,444 | - | 57,444 | - | 57,444 |
| Interest income on deposits | 21,234 | - | 21,234 | - | 21,234 |
| Other | 9,346 | - | 9,346 | - | 9,346 |
| Net assets released from restrictions | 308,387 | 99,207 | 407,594 | (407,594) | - |
| TOTAL SUPPORT AND REVENUE | 23,470,263 | 99,207 | 23,569,470 | 186,246 | 23,755,716 |
| EXPENSES AND LOSSES | | | | | |
| Program services | | | | | |
| Community leadership | 37,368 | - | 37,368 | - | 37,368 |
| Employment services | 2,396,672 | - | 2,396,672 | - | 2,396,672 |
| Health services | 55,274 | - | 55,274 | - | 55,274 |
| Legal, immigration, and information referral | 106,017 | - | 106,017 | - | 106,017 |
| International development | - | - | - | - | - |
| Refugee reception and placement | 16,172,411 | - | 16,172,411 | - | 16,172,411 |
| Microenterprise development | 766,418 | - | 766,418 | - | 766,418 |
| Total program services | 19,534,160 | - | 19,534,160 | - | 19,534,160 |
| Supporting services | | | | | |
| Cost of revenues | 636,879 | - | 636,879 | - | 636,879 |
| Fundraising | 226,020 | - | 226,020 | - | 226,020 |
| General and administrative | 1,995,081 | - | 1,995,081 | - | 1,995,081 |
| Total supporting services | 2,857,980 | - | 2,857,980 | - | 2,857,980 |
| TOTAL EXPENSES AND LOSSES | 22,392,140 | - | 22,392,140 | - | 22,392,140 |
| CHANGE IN NET ASSETS | 1,078,123 | 99,207 | 1,177,330 | 186,246 | 1,363,576 |
| NET ASSETS AT BEGINNING OF YEAR | 11,828,738 | 497,263 | 12,326,001 | 407,594 | 12,733,595 |
| NET ASSETS AT END OF YEAR | \$ 12,906,861 | \$ 596,470 | \$ 13,503,331 | \$ 593,840 | \$ 14,097,171 |

The accompanying notes are an integral part of these financial statements.

2015

| | | 2015 | | | | |
|----------------------|----------------------------|----------------------|---------------------------|----------------------|--|--|
| Undesignated | Unrestricted Designated | Total | Temporarily Restricted | Grand Total | | |
| \$ 16,809,673 | \$ - | \$ 16,809,673 | \$ 407,594 | \$ 17,217,267 | | |
| 287,509 | - | 287,509 | - | 287,509 | | |
| 427,911 | - | 427,911 | - | 427,911 | | |
| 375,855 | - | 375,855 | - | 375,855 | | |
| 35,013 | - | 35,013 | - | 35,013 | | |
| 39,849 | - | 39,849 | - | 39,849 | | |
| 1,720 | - | 1,720 | - | 1,720 | | |
| 147,931 | - | 147,931 | - | 147,931 | | |
| 22,000 | - | 22,000 | - | 22,000 | | |
| 46,149 | - | 46,149 | - | 46,149 | | |
| 134,037 | - | 134,037 | - | 134,037 | | |
| 300,579 | - | 300,579 | - | 300,579 | | |
| 11,023 | - | 11,023 | - | 11,023 | | |
| 621,600 | - | 621,600 | - | 621,600 | | |
| 70,485 | - | 70,485 | - | 70,485 | | |
| 3,458 | - | 3,458 | - | 3,458 | | |
| 77,128 | - | 77,128 | - | 77,128 | | |
| 927,835 | (62,668) | 865,167 | (865,167) | - | | |
| <u>20,339,755</u> | <u>(62,668)</u> | <u>20,277,087</u> | <u>(457,573)</u> | <u>19,819,514</u> | | |
| 45,315 | - | 45,315 | - | 45,315 | | |
| 1,841,185 | - | 1,841,185 | - | 1,841,185 | | |
| 97,451 | - | 97,451 | - | 97,451 | | |
| 103,560 | - | 103,560 | - | 103,560 | | |
| 10,300 | - | 10,300 | - | 10,300 | | |
| 13,077,228 | - | 13,077,228 | - | 13,077,228 | | |
| 648,491 | - | 648,491 | - | 648,491 | | |
| <u>15,823,530</u> | <u>-</u> | <u>15,823,530</u> | <u>-</u> | <u>15,823,530</u> | | |
| 562,020 | - | 562,020 | - | 562,020 | | |
| 297,527 | - | 297,527 | - | 297,527 | | |
| 1,759,882 | - | 1,759,882 | - | 1,759,882 | | |
| <u>2,619,429</u> | <u>-</u> | <u>2,619,429</u> | <u>-</u> | <u>2,619,429</u> | | |
| 18,442,959 | - | 18,442,959 | - | 18,442,959 | | |
| 1,896,796 | (62,668) | 1,834,128 | (457,573) | 1,376,555 | | |
| 9,931,942 | 559,931 | 10,491,873 | 865,167 | 11,357,040 | | |
| <u>\$ 11,828,738</u> | <u>\$ 497,263</u> | <u>\$ 12,326,001</u> | <u>\$ 407,594</u> | <u>\$ 12,733,595</u> | | |

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Year Ended September 30,

| | 2016 | 2015 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,363,576 | \$ 1,376,555 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Bad debts | 16,342 | 3,415 |
| Depreciation | 93,702 | 93,702 |
| Amortization of deferred financing costs | | 3,600 |
| Change in operating assets and liabilities | | |
| (Increase) decrease in operating assets | | |
| Grants receivable | (190,646) | (1,265,779) |
| Accrued interest receivable | (493) | 115 |
| Rents receivable | 3,001 | 4,362 |
| Other receivable | (27,821) | (97,209) |
| Inventories | 13,024 | 33,792 |
| Prepaid expenses | (42,766) | 52,847 |
| Deferred financing costs | (12,488) | |
| Security deposits | (2,370) | - |
| Increase (decrease) in operating liabilities | | |
| Due to microloan borrowers | 1,032 | 80 |
| Accounts payable | 1,005,929 | 297,428 |
| Accrued expenses | (5,434) | 77,868 |
| Refundable advances | 179 | (7,306) |
| Deferred revenue | 375,577 | (23,330) |
| Individual development accounts deposits payable | (6,846) | (76,222) |
| Security deposits payable | (497) | 4,980 |
| | 2,583,001 | 478,898 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sales (purchases) of investments | (18,323) | 507,850 |
| Cash advanced as microloans | (2,648,054) | (2,285,301) |
| Proceeds from principal repayments on microloans issued | 2,329,578 | 2,196,948 |
| (Investments in) withdrawals from cash restricted in microloan revolving fund accounts - SBA | (922,060) | 773,418 |
| (Investments in) withdrawals from cash restricted in microloan revolving fund accounts - Other | (143,233) | (2,746,415) |
| (Investments in) withdrawals from cash restricted in loan loss reserve fund accounts | 104,479 | (133,020) |
| (Investments in) withdrawals from cash designated for loan loss reserves | (99,207) | 62,668 |
| Investments in individual development accounts | 6,846 | 76,222 |
| Purchases of property and equipment | (163,591) | (296,304) |
| | (1,553,565) | (1,843,934) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Maturity of derivative financial instrument | 200,000 | |
| Proceeds from issuance of equity equivalent securities | 1,540,000 | 800,000 |
| Proceeds from borrowings on notes issued | (525,915) | (564,948) |
| Principal repayments on notes issued | | |
| | 1,214,085 | 235,052 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR | 2,243,521 | (1,129,984) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | \$ 5,012,619 | \$ 6,142,603 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 7,256,140 | \$ 5,012,619 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest paid | \$ 176,796 | \$ 152,830 |

The accompanying notes are an integral part of these financial statements.

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

A—NATURE OF ORGANIZATION

The Ethiopian Community Development Council, Inc., (ECDC), a non-profit corporation, was incorporated under the laws of the Commonwealth of Virginia on June 08, 1983. It develops and administers programs designed to (a) resettle refugees; (b) promote cultural, educational and socio-economic development programs in the immigrant community in the United States; and (c) conduct humanitarian and socio-economic development programs in the Horn of Africa. ECDC's activities are supported primarily by grants from federal, state, and local government agencies as well as private foundations; and corporate and public individual contributions of cash, goods and services.

ECDC Enterprise Development Group (EDG) is a non-profit corporation, which was organized under the laws of the Commonwealth of Virginia on June 19, 1997. EDG, which formally began operations on May 10, 2001, when its non-profit status was approved by the Internal Revenue Service, is a Community Development Financial Institution currently certified by the Community Development Financial Institutions Fund (CDFI) of the United States Department of the Treasury pursuant to the regulations of the CDFI. Its mission is to promote sustainable community and economic development among underserved populations by providing entrepreneurial financing and technical assistance; employment training; rental assistance; and a spectrum of related services. EDG's activities are supported primarily by grants and loans from federal, state, and local government agencies; financial institutions; as well as private foundations; and corporate and public individual contributions of cash, goods and services.

Highland Holdings LLC (Highland) is a business entity that operates explicitly to acquire and develop real property and engage in business activities related or incidental thereto, including leasing some or all of it to ECDC, its sole member, and EDG, an affiliate. As a limited liability company, all of Highland's taxable income or loss is allocated to its sole member, ECDC, and reported in ECDC's Federal Form 990-Return of Organization Exempt from Income Tax and state income tax returns as unrelated business income or loss. Highland is classified as a flow-through entity for Federal and state income tax purposes. Highland is, however, subject annually to an entity tax and a gross-income based limited liability fee. Highland was formed under the laws of the Commonwealth of Virginia on September 29, 2003.

ECDC and EDG are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and are not classified as private foundations as defined in Code Section 509(a) and qualify for deductible contributions as provided in Section 170(b)(1) of the Internal Revenue Code, and as such are subject to income taxes only to the extent of unrelated business income. ECDC and EDG are, however, required to file Federal Form 990-Return of Organization Exempt from Income Tax, which is an informational return only.

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Generally accepted accounting principles require ECDC to consolidate legal entities in which it has operational and financial control. ECDC consolidates all investments in subsidiaries in which ECDC's ownership exceeds 50 percent or where ECDC has control. The accompanying consolidated financial statements include the accounts of ECDC, EDG, and Highland (collectively "the Organization"). All intra-entity accounts and transactions have been eliminated in consolidation.

Basis of Accounting

These consolidated financial statements have been prepared on the accrual basis of accounting. Consequently, revenues and gains are recognized when earned rather than received, and expenses and losses are recognized when obligations are incurred rather than when cash is disbursed.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-05-6. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Unrestricted net assets*—Net assets that are not subject to donor-imposed stipulations, and, therefore, are available for various programs and administration.
- *Temporarily restricted net assets*—Net assets that are available for use but expendable only for those purposes specified by the grantor. Amounts restricted by the donor for a particular purpose are reported as temporarily restricted revenue when received, and such unexpended amounts are reported as temporarily restricted net assets at year end. When donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as 'net assets released from restrictions'. Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise stipulated by the donor.
- *Permanently restricted net assets*—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Income from the assets held is available for either general operations or specific purposes in accordance with donor stipulations.

There were no permanently restricted net assets at year end.

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

Revenue Recognition

A substantial portion of ECDC's and EDG's revenues are derived from grants, contracts and cooperative agreements with federal, state, and local government agencies. Revenues from these grants, contracts and cooperative agreements are recognized in accordance with the terms of the underlying agreements. Amounts received on the basis of these agreements prior to the incurrence of expenditures are recorded as advances. Expenses incurred under cost-reimbursement agreements prior to receipt of the revenues are recorded as receivables.

Interest income is accrued as earned. Interest on microloans accrues from the date of issue through the date of maturity. Interest on microloans is computed based on the contractual loan note rate.

Revenue is generally recognized when all significant contractual obligations have been satisfied and collection of the resulting receivables is reasonably assured. Revenue from sales of thrift store inventory is recognized when title transfers to the customer, which is generally at the time of shipment or when the customer takes possession. Revenue from services is recognized at the time services are provided. Student tuition and fees are recognized when earned in accordance with the service agreement. When tuition and fees are received in advance, they are recorded as unearned revenue and recognized as income over the academic period for which they were paid. In instances where collection of a receivable or sale is not reasonably assured, revenues and the related costs are deferred.

Cash and Cash Equivalents

Cash includes cash on hand and on deposit with banks. The Organization considers all highly liquid investments with original maturities of three months or less, when purchased, to be cash equivalents.

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist of debt securities, which are classified as held-to-maturity and carried at amortized cost.

Notes receivable and related allowance for loan losses

The reported balance of notes receivable, net of the allowance for loan losses, represents EDG's estimate of the amount that ultimately will be realized in cash. Management considers receivables over 90 days as past due. EDG reviews the adequacy of the allowance for loan losses on an ongoing basis, using historical payment trends, the age of the receivables, the current business environment and knowledge of its individual borrowers. When its analyses indicate, it increases or decreases the allowance accordingly. However, if the financial condition of the borrowers were to deteriorate, additional allowances might be required.

Inventories

Inventories consist of donated goods held for sale and are stated at the lower of cost or market. Cost is determined on an estimated fair value basis at the date of donation. Market is determined based on net realizable value. Appropriate consideration is given to obsolescence, deterioration and other factors in evaluating net realizable value.

Property and Equipment

Property and equipment are carried at cost. Acquisitions with an initial cost of \$1,000 or more are capitalized at cost, when purchased, or at fair market value at the date of gift, when donated.

Asset acquisition costs that extend the life, increase the capacity, or improve the safety or efficiency of property, are capitalized. Depreciation is computed using the straight-line method based on the assets' estimated useful lives of 39 years for building and improvements; 5-7 years for furniture, fixtures and equipment; and 10 years for motor vehicles.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

Refundable Advances

ECDC and EDG record grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. Grant expenses are recognized when incurred. Amounts that have been received but not earned are included in refundable advances.

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Cash and Other Monetary Assets

Contributions of cash and other monetary assets, including unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor and are recognized as revenues in the period the contribution is received or unconditional promise is given. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Property and Equipment

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor; the Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Services

Donated services are recognized as contributions at either the fair value of the services received or the fair value of the asset or of the asset enhancement resulting from the services if the services (a) create or enhance nonfinancial assets, including land, buildings, use of facilities or utilities, materials and supplies, intangible assets, or other services or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ECDC or EDG. Volunteers have donated significant amounts of time assisting ECDC and EDG with fundraising, special projects, and provision of program services throughout the year, which are not recognized as contributions in the financial statements since the recognition criteria codified under FASB ASC 958-605-30-10 were not met.

Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organization accounts for its financial instruments at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability.

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, the Organization uses assumptions that market participants would use in pricing the asset or liability. The Organization is required by GAAP to categorize its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The 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 the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. The financial instrument recorded on the balance sheets is categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or use model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets; pricing models whose inputs are observable for substantially the full term of the asset or liability; and pricing models whose inputs are derived principally from or corroborated by observable market data. Level 2 assets also include investment funds that do not have a readily determinable fair value but meet other criteria.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Level 3 assets may not permit redemptions at net asset value, or its equivalent, at the measurement date.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Sales Tax

The State of Colorado (“the State”) imposes a sales tax of 2.90 percent on all of ECDC’s sales to non-exempt customers, while the local municipality imposes a rate of 1.10 percent, for a combined rate of 4 percent; additionally, in the current location the thrift store sales are subject to City and County sales tax of 3.75 percent and 0.25 percent, respectively.

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sales Tax (continued)

ECDC collects the sales tax from customers and remits the entire amount to the State. ECDC's accounting policy is to include the tax collected and remitted to the State in revenue and sales tax expense. For the years ended September 30, 2016, and 2015, ECDC's revenues and sales tax expense include \$7,640 and \$8,405, respectively, of sales tax collected and remitted.

Income Taxes

Deferred income taxes are provided for carry-forwards of net operating losses available to offset future taxable income, net of valuation allowances for potential expiration and other contingencies that could impact ECDC's ability to recognize the benefit. These cumulative net operating losses were sustained by Highland.

C—INVESTMENTS

The Organization's investment of cash in excess of requirements and cash held temporarily until restrictions are met were as follows at year-end:

| | 2016 | | 2015 | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Grand Renaissance | | | | |
| Dam Bond | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| Endowment fund | | | | |
| Securities | <u>163,076</u> | <u>163,076</u> | <u>144,753</u> | <u>144,753</u> |
| | <u>\$ 168,076</u> | <u>\$ 168,076</u> | <u>\$ 149,753</u> | <u>\$ 149,753</u> |

All investments were unrestricted at year-end. Net investment income/(loss) for fiscal years 2016 and 2015 was \$18,323 and (\$1,081), respectively.

D—MICROLOAN NOTES RECEIVABLE

Microloan notes receivable consist of amounts due to EDG on loans made to small businesses as well as to individuals. These loans were funded by loan funds received from the U. S. Small Business Administration, Community Development Financial

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

D—MICROLOAN NOTES RECEIVABLE (continued)

Institution Fund of the U. S. Department of the Treasury, Small Business Loan Fund, Arlington and Fairfax Counties of the Commonwealth of Virginia, City of Alexandria of the Commonwealth of Virginia, PNC Bank, NA, and Capital One Community Development Corporation. The notes are secured and bear interest ranging between 8.9% and 12.75%.

Notes receivable are reported at net realizable value and consist of the following at September 30:

| | 2016 | 2015 |
|--|--------------------|---------------------|
| Microloan notes receivable | \$3,627,080 | \$3,341,243 |
| Allowance for loan losses | (145,084) | (161,382) |
| Microloan notes receivable net of allowances | <u>\$3,481,996</u> | <u>\$ 3,179,861</u> |

Collectability of the receivables is reviewed regularly, and an allowance is established or adjusted, as necessary, using a combination of the specific identification method and the percentage method of recording bad debts based on historical experience. Loan losses have consistently been within management's expectation.

The notes receivable are pledged to collateralize notes issued to the U.S. Small Business Administration.

Interest income on these notes totaled \$301,480 and \$300,579 for fiscal years 2016, and 2015, respectively.

E—PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2016, and 2015:

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Land | \$ 2,779,788 | \$ 2,779,788 |
| Construction-in-progress | 1,575,993 | 1,412,402 |
| Buildings and improvements | 3,050,947 | 3,050,947 |
| Furniture and equipment | 405,507 | 405,507 |
| Motor vehicles | 104,779 | 104,779 |
| Total property and equipment | <u>7,917,014</u> | <u>7,753,423</u> |
| Less: accumulated depreciation | <u>(1,883,895)</u> | <u>(1,790,193)</u> |
| Property and equipment net of depreciation | <u>\$ 6,033,119</u> | <u>\$ 5,963,230</u> |

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

F—CASH RESTRICTED IN MICROLOAN REVOLVING FUND ACCOUNTS

EDG is required to segregate cash received from the U.S. Small Business Administration under the terms of its note agreements, therewith, that restricts its use to issuing microloans and maintaining adequate loan loss reserves. Funding received under these agreements, with the U.S. Small Business Administration, are segregated in microloan revolving fund accounts at a financial institution and collateralize notes issued to the U.S. Small Business Administration to secure them. Management has elected to restrict additional cash for the purposes of debt servicing and funding of microloans not funded by the SBA.

G—CASH RESTRICTED IN LOAN LOSS RESERVE FUND ACCOUNTS

As required by the terms of its note agreements underlying the face value of \$5,300,000 and \$4,100,000 notes in 2016, and 2015, respectively, due in the aggregate to the U.S. Small Business Administration (SBA), EDG maintains as loan loss reserves an amount equivalent to 10% and 15% of the outstanding SBA funded microloan receivables in 2016, and 2015, respectively. The loan loss reserves are held in interest-bearing accounts in EDG's name and stand as collateral for the \$5,300,000 and \$4,100,000 face value of the notes due to SBA and are not available for operating purposes. These reserves are further pledged as collateral for funds due SBA. The SBA funded microloan receivables were \$2,107,818 and \$2,101,738 in 2016 and 2015, respectively, while the related cash in loan loss reserve fund accounts were \$210,782 and \$315,261 in 2016, and 2015, respectively.

H—CASH DESIGNATED FOR LOAN LOSS RESERVES

Management has internally designated certain funds contributed locally to establish a long-term reserve to cover loan losses. These reserves are reported as a component of unrestricted net assets in the accompanying financial statements.

I—CASH RESTRICTED IN INDIVIDUAL DEVELOPMENT ACCOUNTS

Cash restricted in individual development accounts (IDA) on the Consolidated Statements of Financial Position, amounting to \$20,499 and \$27,345 as of September 30, 2016, and 2015, respectively, exclusively represents client deposits - under a federally matched savings program - into a designated account for specific purpose, such as homeownership, education or business start-up, etc. These funds, which are restricted from use by ECDC or its subsidiaries, are due in full on demand or upon the client's satisfaction of the program goals. Accordingly, a corresponding liability is shown on the Consolidated Balance Sheets. Clients are being assisted in exiting the IDA program as funding for the program has ended and new client deposits are not permitted.

J—DEFERRED FINANCING COSTS

Certain costs incurred in connection with the refinanced Note of \$3,840,000 of August 4, 2016, disclosed in Note L are deferred and amortized using the straight-line method over the term of the loan. Amortization of these costs is charged to interest expense in the

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

J—DEFERRED FINANCING COSTS (continued)

accompanying statements of activities. The deferred financing costs incurred in conjunction with the \$4,500,000 note of 2010, was fully amortized in 2015.

K—DEFERRED TAX ASSET

ECDC recorded a deferred tax asset of \$221,156 as of September 30, 2016, unchanged from September 30, 2015, reflecting a potential benefit of \$2,086,116 as of September 30, 2016, and \$1,998,299 as of September 30, 2015, in net operating loss carry-forwards that expire through 2035. Realization is dependent on generating sufficient taxable income prior to the expiration of the loss carry-forwards. Management has elected to allow valuation allowances of \$343,198 as of September 30, 2016, to remain unchanged from September 30, 2015. These valuation allowances for the deferred tax asset relate principally to the uncertainty of the utilization of deferred tax assets and were calculated in accordance with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification, which requires that a valuation allowance be established or maintained when it is “more likely than not” that all or a portion of deferred tax asset will not be realized. This valuation allowance is based on management estimates of future taxable income. Although the degree of variability inherent in the estimates of future taxable income is significant and subject to change in the near term, management believes that the estimate is adequate. The estimated valuation allowance is continually reviewed, and as adjustments to the allowance become necessary, such adjustments are reflected in the current operations.

L—NOTES PAYABLE

Notes payable consisted of the following at September 30, 2016, and 2015:

Highland Holdings:

Notes payable on September 30, 2016, and 2015 were \$3,829,064 and 3674,999 respectively. On September 15, 2010, Highland Holdings along with its lender Bank of America, N.A extended the maturity date of its October 9, 2003, Note in the original amount of \$4,700,000 to December 30, 2010. Subsequently, on January 31, 2011, Highland and the lender executed an amendment to the Note providing for re-advances up to \$630,862 of amounts previously repaid under the Note, such that the maximum amount re-advanced plus the aggregate unpaid principal amount then outstanding under the Note amounted to \$4,500,000; and extended the maturity date of the Note to January 31, 2016. In December 2011, Highland borrowed the \$630,862 made available by the amended note. Prior to maturity, effective February 1, 2012, the amended Note was payable at \$18,750 per month on the principal portion, in addition to interest on all unpaid principal at the floating and fluctuating BBA LIBOR in effect from time to time plus 2.65 percentage points per annum. At maturity date, Highland is required to pay in full all amounts that remain unpaid under the Note, including all unpaid principal, all accrued unpaid interest, and any unpaid fees, charges or other amounts. The Note mandated Highland to attain a debt service coverage ratio of at least 1.0:1.0 as of the last day of each six-month period ending on March 31 and September 30 on a consolidated basis.

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

On August 4, 2016, Highland Holdings refinanced the then outstanding balance on the above note in addition to receiving a cash-out option for a total of \$3,840,000. The new note bears interest at the rate of 3.41%, matures August 4, 2023, and is repayable in monthly installments of \$22,190.54. This Note mandates that ECDC and Highland maintain, on a consolidated basis, a minimum Debt Service Coverage Ratio of at least 1.2:1.0 measured annually.

At September 30, 2016, the future maturities of the Note for succeeding years, using the terms of note agreement were as follows:

| | |
|---------------------|------------|
| 2017 | \$ 135,970 |
| 2018 | 140,749 |
| 2019 | 145,696 |
| 2020 | 150,817 |
| 2021 and thereafter | 3,255,832 |

EDG:

Notes payable consist of the following:

| | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Notes payable to U.S. Small Business Administration, originating on December 11, 2009, in the amount of \$750,000 at .50%, maturing December 11, 2019. | \$225,554 | \$309,439 |
| Notes payable to U.S. Small Business Administration, originating on February 2, 2010, in the amount of \$250,000 at 1.125%, maturing February 2, 2020. | 97,950 | 125,897 |
| Capital One National Association, originating on August 14, 2014, in the amount of \$750,000 at 2.00% Maturing July 01, 2019. Interest is payable quarterly commencing October 1, 2014. Principal is due in full at loan maturity. | 750,000 | 750,000 |
| Notes payable to U.S. Small Business Administration, originating on May 5, 2014, in the amount of \$450,000 at 0.00% in the first 12 months and interest rate of .025% starting in month 13. Maturing May 5, 2024, with principal due in the entirety at maturity. | 379,755 | 429,309 |
| Notes payable to U.S. Small Business Administration, originating on March 30, 2012, in the amount of \$400,000 at 1.250%, maturing March 30, 2022. Effective October 1, 2014, the interest has been reduced to 0.00%. | 244,445 | 288,889 |

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

| | 2016 | 2015 |
|--|-----------|-----------|
| L—NOTES PAYABLE (continued) | | |
| Notes payable to U.S. Small Business Administration, originating on March 30, 2012, in the amount of \$400,000 at 1.250%, now at 0.00%, maturing March 30, 2022. Effective October 1, 2014, the interest rate is reduced to 0.00% | \$244,445 | \$288,889 |
| Notes payable to U.S. Small Business Administration, originating on March 30, 2012, in the amount of \$250,000 at 1.250%, now at 0.00%, maturing March 30, 2022. | 152,778 | 180,556 |
| Note payable to U.S. Small Business Administration, originating on May 3, 2013, and maturing May 3, 2023, in the amount of \$800,000 at 0.00% interest rate. | 600,000 | 688,889 |
| Note payable to U.S. Small Business Administration, originating on November 19, 2014, and maturing November 11, 2024, in the amount of \$800,000 at 0.00% for months 1 -12 provided that the average microloan funded is not greater than \$10,000. If the average microloan funded is greater than \$10,000, interest will then be 0.38%. | 726,962 | 800,000 |
| Note payable to U.S. Small Business Administration, originating on July 26, 2016, and maturing July 26, 2026, in the amount of \$1,200,000 at 0.00% for months 1 -12 provided that the average microloan funded is not greater than \$10,000. If the average microloan funded is greater than \$10,000, interest will then be 1.25% minus a buy down of 1.25% for an accrual rate of 0.00%. | 1,200,000 | |
| Interest payments on the SBA loans begin on the 13 th month from date of loan origination. Interest accrued during the first twelve months is divided into 108 equal installments and added to the calculated payments of principal and interest during the 13 th through the 120 th month of the note unless the note is prepaid, in which case, all interest accrued would be payable in full at time of principal payoff. The notes are secured by a first lien and security interest in all monies in microloan revolving fund accounts, monies restricted in loan loss reserves fund accounts, and all microloan notes receivable outstanding. | | |

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements**September 30, 2016 and 2015**

| | <u>2016</u> | <u>2015</u> |
|--|--------------------|--------------------|
| L—NOTES PAYABLE (continued) | | |
| The original unsecured note payable to PNC Bank, NA at 2.75% per annum, payable quarterly, is dated August 24, 2011, was due and payable in full on September 1, 2016, along with any accrued interest on the outstanding principal. The Note contains a prepayment cost recovery provision requiring a payment to PNC Bank, NA equal to the losses incurred by PNC Bank, NA as a result of any prepayments. On December 15, 2015, the original note was refinanced with an increased funding level of \$100,000, resulting in a refinanced note of \$600,000 at 3% with interest payments starting on March 18, 2016. The note matures on December 18, 2020, at which time the entire loan principal will be due. | \$ 600,000 | \$ 500,000 |
| Total notes payable | 5,221,889 | 4,361,868 |
| Notes payable—current maturities | <u>(459,888)</u> | <u>(941,628)</u> |
| Notes payable—net of current maturities | <u>\$4,762,001</u> | <u>\$3,420,240</u> |
| Maturities of notes payable are as follows: | | |
| 2017 | | 459,888 |
| 2018 | | 547,547 |
| 2019 | | 1,874,705 |
| 2020 | | 459,037 |
| 2021 and thereafter | | 1,880,712 |

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

M—FAIR VALUE MEASUREMENT

The following table sets forth by level, within the fair value hierarchy, the Organization's financial instruments at fair value as of year-end:

| | 2016 | | | |
|----------------------------|-------------------|-------------------|-----------------|----------------|
| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Assets | | | | |
| Grand Renaissance Dam Bond | \$ 5,000 | \$ - | \$ 5,000 | \$ - |
| Endowment Securities | <u>163,076</u> | <u>163,076</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 168,076</u> | <u>\$ 163,076</u> | <u>\$ 5,000</u> | <u>\$ -</u> |
| 2015 | | | | |
| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Assets | | | | |
| Grand Renaissance Dam Bond | \$ 5,000 | \$ - | \$ 5,000 | \$ - |
| Endowment Securities | <u>144,753</u> | <u>144,753</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 149,753</u> | <u>\$ 144,753</u> | <u>\$ 5,000</u> | <u>\$ -</u> |

N—EQUITY EQUIVALENT INVESTMENT

EDG has three outstanding amounts under equity equivalent securities agreements--one with the United States Department of the Treasury (Treasury), and two with Wells Fargo Community Investment Holdings (Wells Fargo). These securities are subordinated and junior in right of payment, as to principal, interest and premium, to all claims against EDG and possess attributes of corporate stock but do not constitute a class of stock or represent any equity ownership. These obligations are not secured by the assets of EDG. The securities have not been registered under the securities Act of 1933, as amended, or the securities laws of any state.

The principal sum of \$320,000 associated with the Treasury agreement is due in full on September 29, 2019, along with all accrued interest on any outstanding principal on that date. However, EDG may elect to extend the Maturity date to September 20, 2021, with a 90 day notice of such election. Interest of 2% is payable quarterly in arrears on January 1, April 1, July 1, and October 1, of each year until the 8th year anniversary of

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

N—EQUITY EQUIVALENT INVESTMENT (continued)

the original issue date, which is September 20, 2011. Beginning with the 33rd quarterly interest payment period of the 8th year anniversary and thereafter, interest is payable at 9%.

The principal sum of \$250,000, associated with the first Wells Fargo agreement, entered into on December 14, 2012, is due in full on December 14, 2022, along with all accrued interest on any outstanding principal on that date. Interest of 2% is payable quarterly in arrears on the 15th day of the month after the end of each calendar quarter following the Disbursement Date. Unless EDG delivers to Wells Fargo within 30 days prior to the maturity date a written request, not to extend, the maturity date will automatically extend for two years beyond the maturity date. During the extended period quarterly principal payments shall be made in eight equal amounts of \$31,250 commencing March 15, 2023, with a final payment being made on December 14, 2024. During the extended period interest payments will continue at the rate above on the balance outstanding from time to time.

The principal sum of \$200,000, associated with the second Wells Fargo agreement, entered into on December 7, 2015, is due in full on December 7, 2025, along with all accrued interest on any outstanding principal on that date. Interest of 2% is payable quarterly in arrears on the 15th day of the month after the end of each calendar quarter following the Disbursement Date. Unless EDG delivers to Wells Fargo within 30 days prior to the maturity date a written request, not to extend, the maturity date will automatically extend for two years beyond the maturity date. During the extended period, quarterly principal payments shall be made in eight equal amounts of \$25,000 commencing April 1, 2026, with a final payment being made on December 14, 2027. During the extended period interest payments will continue at the rate above on the balance outstanding from time to time.

O—EMPLOYEE BENEFIT PLAN

ECDC and EDG maintain an IRC 403(b) Tax Deferred Annuity Plan for its employees. Employees are eligible to participate on the first entry date on or following completion of one year of service. ECDC and EDG make discretionary contributions to the plan on an annual basis. Employees may elect to contribute, pursuant to a salary reduction agreement, a percentage of annual compensation not to exceed the limits of IRC sections 403(b), 402(g) and 415. Contributions are invested in individual flexible premium deferred annuity contracts issued by an insurance company. Contributions for the year ended September 30, 2016, and 2015 were \$367,095 and \$580,845, respectively.

P—COMMITMENTS AND CONTINGENCIES

Grants and loans require the fulfillment of certain conditions set forth in the underlying agreements. Failure to fulfill or comply with the conditions could result in the return of funds to the grantor or lender and the termination of the funding agreements. Although this is a possibility, ECDC's and EDG's Boards of Directors consider the possibility remote, since by accepting the funds, they have accommodated the objectives of ECDC

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

P—COMMITMENTS AND CONTINGENCIES (continued)

and EDG to the provisions of the grants and loans. Amounts received under grant agreements are subject to audit and adjustments by the funding agency. Any disallowed cost, including amounts already collected, may constitute a liability for the Organization.

The amounts, if any, of expenditures, which may be disallowed by the funding agency, are recorded at the time that such amounts can be reasonably determined, normally upon notification of the agency. No such adjustments were made during 2016 nor 2015.

In the ordinary course of business, the Organization is subject to litigation for which it carries professional and general liability coverage. The insurance program is designed to provide protection to the Organization from such liabilities on a claims-made basis. Professional liability claims may be asserted arising from services provided to clients in the past. Management is unaware of any claims against the Organization.

Q—UNCERTAIN TAX POSITIONS

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, ECDC and EDG may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of ECDC and EDG and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2016 and 2015.

ECDC and EDG file their forms 990 in the U.S. federal jurisdiction and the Department of Taxation for the State of Virginia. ECDC and EDG are generally no longer subject to examination by the Internal Revenue Service for years before 2012.

R—CONCENTRATIONS

Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 limit per ownership category. At September 30, 2016, and 2015, the Organization's uninsured cash balances total \$11,084,435 and \$7,867,678, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents due to the creditworthiness of the financial institutions.

Notes to Consolidated Financial Statements

September 30, 2016 and 2015

R—CONCENTRATIONS (continued)

Revenues

During 2016 and 2015, the Organization derived approximately 89% and 86%, respectively, of its support from agreements with various U.S. Federal government agencies. Additionally, 89% and 96% of its grants receivable relate to agreements with the Federal government for those respective years. A significant variation in the level of this support, if this were to occur, would have a material effect on the Organization's programs and activities

S—RECLASSIFICATION

Certain account balances related to the EDG component of the Organization have been reclassified to make the prior year statements comparable to the current year. Such reclassifications did not change total assets, liabilities, revenues and expenses or changes in net assets reflected in the prior year statements.

T—SUBSEQUENT EVENTS

The Organization's management has evaluated the events that have occurred subsequent to September 30, 2016, through February 14, 2017, the date that the financial statements were available to be issued.

Management has determined that no events have occurred during this period that require adjustment to or disclosure in the financial statements. Management has no responsibility to update these financial statements for events and circumstances occurring after this date.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Board of Directors
Ethiopian Community Development Council, Inc.
Arlington, VA

We have audited the consolidated financial statements of the Ethiopian Community Development Council, Inc. and subsidiaries (collectively, the Organization) as of and for the year ended September 30, 2016, and have issued our report thereon dated February 14, 2017. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing standards*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ALEXANDER GIBBS CHAMBERS

Largo, MD
February 14, 2017

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Ethiopian Community Development Council, Inc.
Arlington, VA

Compliance

We have audited the compliance of Ethiopian Community Development Council, Inc. and subsidiaries (collectively, the Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2016. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on the major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ALEXANDER GRASS CHARTERED

Largo, MD
February 14, 2017

SUPPLEMENTARY INFORMATION

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Combined Schedule of Expenditure of Federal Awards

For the Year Ended September 30, 2016

| Federal Grantor/Pass-through Grantor/Program Title | Federal Catalog of Federal Domestic Assistance Number/ Contract Number | Passed Through to Subrecipients | Federal Expenditures |
|--|---|---------------------------------------|-------------------------|
| U.S. DEPARTMENT OF STATE | | | |
| Bureau of Population, Refugees, and Migration—Refugee Reception and Placement Program | 19.510 | \$8,453,948 | \$13,307,924 |
| TOTAL U.S. DEPARTMENT OF STATE | | <u>8,453,948</u> | <u>13,307,924</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Direct programs | | | |
| Administration for Children and Families—Office of Refugee Resettlement Matching Grant, Capacity Strengthening Technical Assistance Initiative and Preferred Communities | 93.576 | 2,178,289 | 4,166,009 |
| Administration for Children and Families—Office of Refugee Resettlement Micro-Enterprise Opportunities | 93.576 | | 242,982 |
| Total Administration for Children and Families - Office of Refugee Resettlement | | <u>2,178,289</u> | <u>4,408,991</u> |
| Pass-through programs | | | |
| Catholic Charities of Southern Nevada—Formula Targeted Assistance; Refugee Social Services | 93.584; 93.566 | | 409,794 |
| Public Private Partnership Transitional Cash Assistance - International Rescue Committee | 93.556 | | 78,871 |
| Fairfax County— Community Development Block Grant program | 93.576 | | 46,073 |
| | | | <u>534,738</u> |
| State of Colorado | | | |
| Temporary assistance for needy families program – CARES | 93.558 | | 1,765,890 |
| CRSP WMT | 93.566 | | 60,997 |
| Cultural Orientation | 93.558 | | 38,470 |
| Total State of Colorado | | | <u>1,865,357</u> |
| State of Maryland - Maryland Office for Refugees and Asylees | | | |
| | 93.566 | | 318,665 |
| Total pass-through programs | | | <u>2,718,760</u> |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | <u>2,178,289</u> | <u>7,127,751</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Pass-through programs | | | |
| Arlington County, Commonwealth of Virginia—Community Development Block Grant program (microenterprise loan program, business incubator program) | 14.218 | | 42,743 |
| Fairfax County —Community Development Block Grant program | 14.218 | | 37,500 |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>80,243</u> |
| U.S. DEPARTMENT OF THE TREASURY | | | |
| Community Development Financial Institution | 21.020 | | 215,000 |
| Small Business Lending Fund | 21.020 | | 218,000 |
| TOTAL U.S. DEPARTMENT OF THE TREASURY | | | <u>433,000</u> |
| U.S. SMALL BUSINESS ADMINISTRATION | | | |
| Microloan Technical Assistance program | 59.046 | | 443,141 |
| Microloan program | 59.046 | | 1,450,319 |
| TOTAL U.S. SMALL BUSINESS ADMINISTRATION | | | <u>1,893,460</u> |
| Total Expenditures of Federal Awards | | <u>\$10,632,237</u> | <u>\$22,842,378</u> |

The accompanying notes are integral part of this schedule.

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Notes to Combined Schedule of Expenditure of Federal Awards

For the Year Ended September 30, 2016

A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) present a summary of the financial activities of the Ethiopian Community Development Council, Inc. and its subsidiary, ECDC Enterprise Development Group (collectively the Organization) for the year ended September 30, 2016, which have been funded by the federal government. The Schedule has been prepared on the accrual basis of accounting, except for federal awards expenditures by sub-recipients, and the cost accounting principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and include all expenditures of federal awards, direct and pass-through, received by the Organization from federal and state grantor agencies. Federal awards are deemed to be expended by the Organization when the funds are disbursed to sub-recipients, regardless of when the sub-recipients expend the federal funds. For purposes of the Schedule, federal awards include all federal financial assistance entered into directly between the federal government and the Organization and federal funds awarded to the Organization by a prime recipient pursuant to federal financial assistance agreements.

The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Organization's basic financial statements. Because the Schedule presents only federal expenditure activities of the Organization, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Organization as a whole.

Expenditures consist of direct and indirect costs. Under cost principles embodied in the Uniform Guidance, certain types of expenditures are not allowable or are limited as to reimbursement.

B—FRINGE BENEFITS AND INDIRECT COSTS

The Organization recovers fringe benefits and indirect costs associated with federal award programs pursuant to predetermined rates negotiated with the Organization's cognizant agency, the U.S. Department of Health and Human Services. These rates are effective from October 1, 2013, until amended. The Organization had a provisional fringe benefit rate of 36.1% based on direct salaries and a provisional indirect cost rate of 26.7% based on modified total direct costs.

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2016

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified that are not considered to be material weakness?
None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified that are not considered to be material weakness?
None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a) ? No

Major programs: (1) CFDA: 19.510 Name: Refugee reception and placement program;
(2) CFDA: 59.046 Name: Microloan program;

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Consolidated Schedule of Functional Expenses

For the Year Ended September 30, 2016

| | PROGRAM SERVICES | | | | | | SUPPORTING SERVICES | | | | GRAND TOTAL | |
|-----------------------------------|----------------------|---------------------|------------------|--|---------------------------------|------------------------------|----------------------|-------------------|-------------------|----------------------------|---------------------|----------------------|
| | Community Leadership | Employment Services | Health Services | Legal Immigration and Information Referral | Refugee Reception and Placement | Micro-Enterprise Development | Total | Cost of Revenues | Fundraising | General and Administrative | | Total |
| Salaries | \$ 21,215 | \$ 1,226,515 | \$ 35,006 | \$ 77,220 | \$ 2,294,133 | \$ 464,708 | \$ 4,118,797 | \$ - | \$ 53,189 | \$ 759,628 | \$ 812,817 | \$ 4,931,614 |
| Fringe benefits | 7,658 | 442,772 | 10,502 | 27,876 | 828,263 | 167,890 | 1,484,961 | - | 19,201 | 276,281 | 295,482 | 1,780,443 |
| Bad debts | - | - | - | - | - | 16,342 | 16,342 | - | - | - | - | 16,342 |
| Subcontractors and Affiliates | - | - | - | - | 10,632,237 | - | 10,632,237 | - | - | - | - | 10,632,237 |
| Client assistance | 1,519 | 452,069 | - | - | 1,951,758 | - | 2,405,346 | - | - | 39,731 | 39,731 | 2,445,077 |
| Depreciation | - | - | - | - | - | - | - | 62,976 | - | 30,726 | 93,702 | 93,702 |
| Equipment rental | - | 3,556 | - | - | 6,841 | - | 10,397 | - | - | 2,966 | 2,966 | 13,363 |
| Insurance | - | 5,558 | - | - | 3,011 | - | 8,569 | 25,806 | - | 81,384 | 107,190 | 115,759 |
| Interest | - | - | - | - | - | 55,594 | 55,594 | 115,820 | - | - | 115,820 | 171,414 |
| International assistance | - | - | - | - | - | - | - | - | - | 78,165 | 78,165 | 78,165 |
| Licenses and taxes | - | - | - | - | 1,053 | - | 1,053 | 98,106 | 7,241 | 30,705 | 136,052 | 137,105 |
| Repairs and maintenance | - | 5,285 | - | - | 10,498 | - | 15,783 | 29,490 | 5,538 | 6,248 | 41,276 | 57,059 |
| Upkeep | - | - | - | - | 256 | - | 256 | 42,598 | - | 17,861 | 60,459 | 60,715 |
| Meeting, conference and seminars | - | 1,682 | - | 250 | 30,302 | 9,539 | 41,773 | - | 1,037 | 63,901 | 64,938 | 106,711 |
| Miscellaneous | - | 693 | - | - | 1,094 | - | 1,787 | 5,028 | - | 9,536 | 14,564 | 16,351 |
| Postage and shipping | - | 756 | - | 49 | 3,215 | 1,315 | 5,335 | - | 149 | 1,616 | 1,765 | 7,100 |
| Materials | - | - | - | - | - | - | - | 30,989 | - | 4,930 | 35,919 | 35,919 |
| Printing | 63 | 2,381 | 1,404 | - | 2,197 | 1,395 | 7,440 | - | 56 | 636 | 692 | 8,132 |
| Professional fees | 4,447 | 42,842 | - | - | 80,436 | 27,011 | 154,736 | 101,671 | 7,052 | 162,761 | 271,484 | 426,220 |
| Outreach and advertising | - | 1,154 | - | - | 806 | 10,597 | 12,557 | - | 2 | 5,303 | 5,305 | 17,862 |
| Occupancy | 2,000 | 139,813 | 5,400 | - | 101,502 | - | 248,715 | - | 107,852 | 68,311 | 176,163 | 424,878 |
| Subscriptions and membership dues | - | 263 | - | - | - | - | 263 | - | - | 28,264 | 28,264 | 28,527 |
| Supplies | 343 | 23,853 | - | 392 | 41,607 | 8,501 | 74,696 | - | 1,887 | 22,437 | 24,324 | 99,020 |
| Telephone, internet, network | - | 5,293 | - | - | 12,967 | 1,915 | 20,175 | 3,740 | 995 | 29,374 | 34,109 | 54,284 |
| Security | - | - | - | - | - | - | - | 23,326 | - | - | 23,326 | 23,326 |
| Technology | - | 905 | - | - | 952 | - | 1,857 | - | 843 | 4,459 | 5,302 | 7,159 |
| Travel | 123 | 20,956 | 1,010 | 230 | 136,614 | 1,611 | 160,544 | - | 404 | 52,315 | 52,719 | 213,263 |
| Utilities | - | 3,891 | - | - | 8,099 | - | 11,990 | 78,390 | 18,526 | - | 96,916 | 108,906 |
| In-kind Client Assistance | - | - | - | - | - | - | - | - | - | 202,442 | 202,442 | 202,442 |
| Janitorial | - | - | - | - | - | - | - | 18,939 | - | - | 18,939 | 18,939 |
| Workshop, training and incentive | - | 16,435 | 1,952 | - | 24,570 | - | 42,957 | - | 2,048 | 15,101 | 17,149 | 60,106 |
| TOTAL | \$ 37,368 | \$ 2,396,672 | \$ 55,274 | \$ 106,017 | \$ 16,172,411 | \$ 766,418 | \$ 19,534,160 | \$ 636,879 | \$ 226,020 | \$ 1,995,081 | \$ 2,857,980 | \$ 22,392,140 |

ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL, INC. AND SUBSIDIARIES

Consolidated Schedule of Functional Expenses

For the Year Ended September 30, 2015

| | PROGRAM SERVICES | | | | | | | SUPPORTING SERVICES | | | | GRAND TOTAL | |
|-----------------------------------|----------------------|---------------------|------------------|--|---------------------------------|---------------------------|------------------------------|----------------------|-------------------|-------------------|----------------------------|---------------------|----------------------|
| | Community Leadership | Employment Services | Health Services | Legal, Immigration, and Information Referral | Refugee Reception and Placement | International Development | Micro-enterprise development | Total | Cost of Revenues | Fundraising | General and Administrative | | Total |
| Salaries | \$ 28,107 | \$ 959,434 | \$ 65,890 | \$ 75,430 | \$ 2,113,425 | \$ - | \$ 400,655 | \$ 3,642,941 | \$ - | \$ 47,128 | \$ 807,609 | \$ 854,737 | \$ 4,497,678 |
| Fringe benefits | 10,146 | 346,356 | 21,694 | 27,230 | 763,101 | - | 144,636 | 1,313,163 | - | 17,013 | 291,152 | 308,165 | 1,621,328 |
| Bad debts | - | - | - | - | - | - | 3,415 | 3,415 | - | - | - | - | 3,415 |
| Subcontractors and Affiliates | - | - | - | - | 8,124,523 | - | - | 8,124,523 | - | - | 835 | 835 | 8,125,358 |
| Client assistance | 1,808 | 310,329 | 25 | - | 1,647,061 | - | 9,000 | 1,968,223 | - | 119 | 16,428 | 16,547 | 1,984,770 |
| Depreciation | - | - | - | - | - | - | - | - | 62,976 | - | 30,726 | 93,702 | 93,702 |
| Equipment rental | - | 2,751 | - | - | 2,830 | - | - | 5,581 | - | - | 2,126 | 2,126 | 7,707 |
| Insurance | - | 7,624 | - | - | 1,791 | - | - | 9,415 | 17,012 | 65 | 40,609 | 57,686 | 67,101 |
| Interest | - | - | - | - | - | - | 44,180 | 44,180 | 112,250 | - | - | 112,250 | 156,430 |
| International assistance | - | - | - | - | - | - | - | - | - | - | 53,255 | 53,255 | 53,255 |
| Licenses and taxes | - | 74 | - | - | 401 | - | - | 475 | 143,238 | 8,996 | 21,588 | 173,822 | 174,297 |
| Repairs and maintenance | - | 2,190 | - | - | 4,209 | - | - | 6,399 | 13,230 | 3,352 | 7,100 | 23,682 | 30,081 |
| Upkeep | - | 454 | - | - | 1,107 | - | - | 1,561 | 39,689 | 319 | 523 | 40,531 | 42,092 |
| Management fees | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Meeting, conference and seminars | - | 5,747 | 122 | - | 22,357 | - | 1,881 | 30,107 | - | 20,274 | 42,554 | 62,828 | 92,935 |
| Miscellaneous | - | 91 | - | - | 507 | - | - | 598 | 4,850 | - | 2,276 | 7,126 | 7,724 |
| Postage and shipping | - | 930 | - | - | 3,354 | 10,300 | 2,402 | 16,986 | - | 409 | 2,070 | 2,479 | 19,465 |
| Materials | - | - | - | - | - | - | - | - | 16,776 | - | - | 16,776 | 16,776 |
| Printing | 87 | 2,469 | 239 | - | 3,168 | - | 1,133 | 7,096 | - | 2,419 | 17,241 | 19,660 | 26,756 |
| Professional fees | 3,993 | 24,328 | - | - | 100,843 | - | 20,320 | 149,484 | 37,006 | 9,612 | 100,929 | 147,547 | 297,031 |
| Outreach and advertising | - | 338 | - | - | 1,727 | - | 7,959 | 10,024 | - | 2,378 | 9,248 | 11,626 | 21,650 |
| Occupancy | 236 | 104,615 | 5,400 | - | 115,287 | - | - | 225,538 | - | 154,503 | 16,481 | 170,984 | 396,522 |
| Subscriptions and membership dues | - | 100 | - | - | 150 | - | 63 | 313 | - | 192 | 15,957 | 16,149 | 16,462 |
| Supplies | 874 | 23,664 | - | 820 | 25,555 | - | 8,800 | 59,713 | - | 5,275 | 22,922 | 28,197 | 87,910 |
| Telephone, internet, network | - | 9,199 | - | - | 2,594 | - | 1,687 | 13,480 | 3,611 | 533 | 19,439 | 23,583 | 37,063 |
| Security | - | - | - | - | - | - | - | - | 10,643 | - | - | 10,643 | 10,643 |
| Technology | - | 1,342 | - | - | 601 | - | 1,586 | 3,529 | - | 721 | 2,209 | 2,930 | 6,459 |
| Travel | 64 | 18,727 | 1,332 | 80 | 115,748 | - | 774 | 136,725 | - | 517 | 47,406 | 47,923 | 184,648 |
| Utilities | - | 4,700 | - | - | 10,505 | - | - | 15,205 | 86,799 | 21,814 | - | 108,613 | 123,818 |
| In-kind Client Assistance | - | - | - | - | - | - | - | - | - | - | 167,831 | 167,831 | 167,831 |
| Janitorial | - | - | - | - | - | - | - | - | 13,940 | - | - | 13,940 | 13,940 |
| Workshop, training and incentive | - | 15,723 | 2,749 | - | 16,384 | - | - | 34,856 | - | 1,888 | 21,368 | 23,256 | 58,112 |
| TOTAL | \$ 45,315 | \$ 1,841,185 | \$ 97,451 | \$ 103,560 | \$ 13,077,228 | \$ 10,300 | \$ 648,491 | \$ 15,823,530 | \$ 562,020 | \$ 297,527 | \$ 1,759,882 | \$ 2,619,429 | \$ 18,442,959 |