



VITAL VOICES

GLOBAL PARTNERSHIP

Financial Statements

For the Year Ended December 31, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)



and
Report Thereon



VITAL VOICES GLOBAL PARTNERSHIP, INC.

TABLE OF CONTENTS

	<i>Page</i>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7-14
Supplemental Information:	
Department for International Development Grant: Vital Voices Global Leadership Network for Women, Component Code 202882-103, Purchase Order 40062132, Schedule of Revenue and Expenses	15



Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Vital Voices Global Partnership, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Vital Voices Global Partnership, Inc. (Vital Voices), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vital Voices as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, management has elected to change its policy for allocating expenses among its various programs and supporting services in 2014. Our opinion is not modified with respect to that matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited Vital Voices' 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of revenue and expenses of the Department for International Development Grant is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Raffa, P.C.

Raffa, P.C.

Washington, DC
June 15, 2015

VITAL VOICES GLOBAL PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(With Summarized Financial Information as of December 31, 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 2,722,843	\$ 3,010,638
Certificates of deposit	70,733	145,003
Contributions receivable, net	3,064,205	4,061,473
Government grants and contracts receivable	892,178	602,202
Accounts receivable	59,420	35,192
Prepaid expenses	197,816	258,283
Inventory	22,009	10,720
Property and equipment, net	<u>156,752</u>	<u>213,096</u>
TOTAL ASSETS	<u>\$ 7,185,956</u>	<u>\$ 8,336,607</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 314,467	\$ 351,502
Accrued leave	79,196	66,236
Deferred revenue	117,683	96,646
Refundable advances	142,144	-
Funds held on behalf of others	17,055	16,138
Deferred rent and lease benefit	<u>395,263</u>	<u>380,116</u>
TOTAL LIABILITIES	<u>1,065,808</u>	<u>910,638</u>
Net Assets		
Unrestricted	1,485,070	1,468,014
Temporarily restricted	<u>4,635,078</u>	<u>5,957,955</u>
TOTAL NET ASSETS	<u>6,120,148</u>	<u>7,425,969</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,185,956</u>	<u>\$ 8,336,607</u>

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

VITAL VOICES GLOBAL PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)

	Unrestricted	Temporarily Restricted	2014 Total	2013 Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 697,863	\$ 4,502,786	\$ 5,200,649	\$ 9,309,336
Government grants and contracts	2,409,821	-	2,409,821	2,011,247
Special events revenue	1,931,446	136,000	2,067,446	1,834,784
In-kind goods and services	234,279	-	234,279	58,597
Interest income	36	-	36	523
Other revenue	17,823	-	17,823	7,486
Net assets released from restrictions:				
Satisfaction of program restrictions	5,730,263	(5,730,263)	-	-
Satisfaction of time restrictions	231,400	(231,400)	-	-
	11,252,931	(1,322,877)	9,930,054	13,221,973
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program Services:				
Signature Fellowships	3,473,760	-	3,473,760	3,132,079
Activating the Network	3,383,973	-	3,383,973	3,808,332
Strategic Investments	1,355,119	-	1,355,119	1,882,552
Global Engagement and Public Awareness	604,292	-	604,292	466,276
Total Program Services	8,817,144	-	8,817,144	9,289,239
Supporting Services:				
Management and general	652,544	-	652,544	724,226
Development and fundraising	1,670,812	-	1,670,812	1,389,894
Fundraising - cost of direct benefit to donors	95,375	-	95,375	95,200
Total Supporting Services	2,418,731	-	2,418,731	2,209,320
TOTAL EXPENSES	11,235,875	-	11,235,875	11,498,559
CHANGE IN NET ASSETS	17,056	(1,322,877)	(1,305,821)	1,723,414
NET ASSETS, BEGINNING OF YEAR	1,468,014	5,957,955	7,425,969	5,702,555
NET ASSETS, END OF YEAR	\$ 1,485,070	\$ 4,635,078	\$ 6,120,148	\$ 7,425,969

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

VITAL VOICES GLOBAL PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)

	Program Services				Supporting Services				2014 Total	2013 Total
	Signature Fellowships	Activating the Network	Strategic Investments	Global Engagement and Public Awareness	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services		
Salaries and benefits	\$ 1,198,217	\$ 945,398	\$ 315,480	\$ 284,273	\$ 2,743,368	\$ 927,480	\$ 658,606	\$ 1,586,086	\$ 4,329,454	\$ 3,972,451
Professional fees	524,392	396,985	368,945	177,140	1,467,462	107,001	271,309	378,310	1,845,772	1,777,396
Travel	573,558	674,432	141,702	27,678	1,417,370	67,884	157,384	225,268	1,642,638	1,741,555
Nonfederal grants awards	322,377	282,098	201,778	-	806,253	-	-	-	806,253	1,659,052
Occupancy	-	-	-	-	-	562,929	-	562,929	562,929	645,720
Training and conferences	196,462	204,648	87,829	-	488,939	-	-	-	488,939	589,585
Receptions and special events	-	18,716	875	-	19,591	-	367,643	367,643	387,234	314,066
Federal subrecipient awards	-	304,986	56,684	-	361,670	-	-	-	361,670	50,664
In-kind goods and services	126,888	30,751	-	-	157,639	51,217	25,423	76,640	234,279	58,597
Other expenses	39,314	42,218	5,528	12,328	99,388	70,716	17,344	88,060	187,448	277,817
Telephone and internet	21,644	13,962	1,833	2,274	39,713	44,345	2,386	46,731	86,444	100,498
Postage, office supplies and small furniture	17,968	9,136	1,561	2,184	30,849	35,681	16,942	52,623	83,472	78,843
Depreciation and amortization	11,667	14,289	-	-	25,956	46,388	-	46,388	72,344	74,128
Printing	2,712	6,721	35	7,614	17,082	12,529	27,086	39,615	56,697	84,591
Repairs and maintenance	11,610	11,872	-	13,713	37,195	9,067	-	9,067	46,262	27,071
Insurance	-	-	-	-	-	44,040	-	44,040	44,040	46,525
Allocation of general and administrative expenses	426,951	427,761	172,869	77,088	1,104,669	(1,326,733)	222,064	(1,104,669)	-	-
TOTAL EXPENSES	\$ 3,473,760	\$ 3,383,973	\$ 1,355,119	\$ 604,292	\$ 8,817,144	\$ 652,544	\$ 1,766,187	\$ 2,418,731	\$ 11,235,875	\$ 11,498,559

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

VITAL VOICES GLOBAL PARTNERSHIP, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)
Increase (Decrease) in Cash and Cash Equivalents

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,305,821)	\$ 1,723,414
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	72,344	74,128
Amortization of deferred lease benefit	11,746	11,746
Changes in assets and liabilities:		
Contributions receivable	997,268	(1,209,771)
Government grants and contracts receivable	(289,976)	(357,319)
Accounts receivable	(24,228)	17,601
Prepaid expenses	60,467	(82,537)
Inventory	(11,289)	(1,814)
Accounts payable and accrued expenses	(37,035)	(161,735)
Accrued leave	12,960	20,567
Deferred revenue	21,037	(54,184)
Refundable advances	142,144	-
Funds held on behalf of others	917	9,305
Deferred rent and lease benefit	3,401	19,319
	(346,065)	8,720
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	-	(145,003)
Proceeds from redemption of certificates of deposit	74,270	-
Acquisition of property and equipment	(16,000)	-
	58,270	(145,003)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(287,795)	(136,283)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,010,638	3,146,921
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,722,843	\$ 3,010,638

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

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. Organization and Summary of Significant Accounting Policies

Organization

Vital Voices Global Partnership, Inc. (Vital Voices) was incorporated on March 1, 1999, under the laws of the state of Delaware as a nonprofit 501(c)(3) public charity. The mission of Vital Voices is to identify, invest in and bring visibility to extraordinary women around the world by unleashing their leadership potential to transform lives and accelerate peace and prosperity in their communities. These activities are funded primarily through foundation and corporate grants, contributions from individuals, and United States and foreign government awards.

Basis of Accounting

The financial statements of Vital Voices have been prepared on the accrual basis of accounting.

Cash Equivalents

Vital Voices considers money market funds and certificates of deposit with original maturity dates of 90 days or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2014

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted market prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of and for the year ended December 31, 2014, only Vital Voices' certificates of deposit were measured at fair value on a recurring basis, which are valued using inputs such as quoted prices for similar assets in active markets (Level 2 as indicated above). The certificates of deposit are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

Property and Equipment and Related Depreciation and Amortization

Furniture, equipment and software are stated at cost and are depreciated and amortized on a straight-line basis over three to ten years, with no salvage value. Leasehold improvements are amortized over the shorter of their useful life or the remaining life of the lease. Vital Voices capitalizes expenditures for furniture, equipment, software and leasehold repairs and improvements in excess of \$5,000. Expenditures for purchases, repairs and maintenance costs of less than \$5,000 are expensed when incurred.

Classification of Net Assets

The net assets of Vital Voices are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of Vital Voices.
- Temporarily restricted net assets are specifically restricted by donors for various programs or future periods.

Revenue Recognition

Grants and contributions are reported as revenue in the year in which payments are received and/or unconditional promises are made. Vital Voices reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. 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 accompanying statement of activities as net assets released from restrictions.

Continued

VITAL VOICES GLOBAL PARTNERSHIP, INC.

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014**

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Vital Voices has grants and contracts with United States and foreign government agencies in exchange for services. Revenue from these grants and contracts is recognized as allowable costs are incurred on the basis of direct costs plus allowable indirect costs. Revenue recognized on grants and contracts for which payments have not been received is reflected as government grants and contracts receivable in the accompanying statement of financial position. Grant and contract awards received but not yet expended for the purpose of the award are included as deferred revenue in the accompanying statement of financial position. Grant funds received in advance which are not going to be expended for their original purpose are recognized as refundable advances in the accompanying statement of financial position. These grant funds will be returned to the grantors.

Grant Expenses

Unconditional grants are expensed in the year in which the grant commitment is made to the partner organizations. Conditional grants are not included as expenses until such time as the conditions are substantially met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon various methods deemed to justify the benefits received by those programs and supporting services.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Contributions Receivable

Net contributions receivable of \$3,064,205 includes contributions from individuals, foundations, corporations and organizations, of which \$1,623,226 is restricted for Signature Fellowship programs; \$600,000 is restricted for Activating the Network programs; \$263,344 is restricted for Strategic Investment programs; \$131,833 is for development and fundraising; and \$445,802 is for general support. All contributions receivable are deemed fully collectible.

During 2012, Vital Voices received an award of \$354,169 in support of its Human Rights and Anti-Trafficking program, of which \$179,179 as of December 31, 2014, is contingent upon Vital Voices meeting certain requirements and the donor's agreement to provide the additional funding. Accordingly, this conditional amount of \$179,179 has not been reflected as a receivable as of December 31, 2014, in the accompanying financial statements.

Continued

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

2. Contributions Receivable (continued)

As of December 31, 2014, Vital Voices' contributions receivable are due as follows:

Due in less than one year	\$ 2,933,455
Due in one to five years	<u>135,000</u>
Contributions Receivable, Gross	3,068,455
Less: Discount on Multiyear Contributions (average rate of 3.25%)	<u>(4,250)</u>
Contributions Receivable, Net	<u>\$ 3,064,205</u>

3. Property and Equipment

Vital Voices held the following property and equipment as of December 31, 2014:

Furniture and equipment	\$ 149,815
Leasehold improvements	170,700
Software and website	<u>95,315</u>
Total Property and equipment	415,830
Less: Accumulated Depreciation and Amortization	<u>(259,078)</u>
Property and Equipment, Net	<u>\$ 156,752</u>

For the year ended December 31, 2014, depreciation and amortization expense was \$72,344.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes and time periods as of December 31, 2014:

Signature Fellowships	\$ 1,964,314
Strategic Investments	1,056,369
Activating the Network	990,092
Time-restricted – general operations (\$200,000 for 2015; and \$96,853 for 2016)	296,853
Global Engagement and Public Awareness	191,450
Development and fundraising	<u>136,000</u>
Total	<u>\$ 4,635,078</u>

5. In-Kind Goods and Services

Vital Voices receives donated professional services, lodging, airfare and other goods in support of all of its programs and supporting services. In-kind goods and services of \$234,279, representing the fair value of these goods and services, as based upon comparable market rates for similar services, have been recorded as revenue and expense in the accompanying financial statements for the year ended December 31, 2014.

Continued

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

6. Line of Credit

In May 2013, Vital Voices obtained a \$600,000 secured revolving line of credit with a bank, available through June 30, 2015. The line of credit is secured by a blanket lien on all of Vital Voices' assets. Amounts drawn on this line of credit accrue interest at the London Interbank Offered Rate (LIBOR) Daily Floating Rate plus 2.5%. There were no borrowings during the year ended December 31, 2014, and as of December 31, 2014, Vital Voices had no outstanding balance under this line of credit.

7. Commitments and Contingencies

Lease

On June 30, 2010, Vital Voices entered into a noncancelable operating lease for office space in Washington, DC. The annual base rent is \$39 per square foot for 10,882 square feet of space, with an escalation of approximately 2.5% annually and an abatement of one-half of each of the first six monthly installments in the first year.

The lease commenced on November 1, 2010, and will expire on January 31, 2019. Under the lease agreement, Vital Voices was required to provide the landlord with a security deposit of two months' rent. An irrevocable letter of credit for \$70,733 in lieu of a cash security deposit was provided. The letter of credit is provided by a financial institution and secured by the certificates of deposit which are reported in the accompanying statement of financial position and automatically renew annually unless Vital Voices is notified by the bank.

On September 8, 2011, Vital Voices entered into the lease's first amendment. The amendment commenced on January 1, 2012, and extends the term of the lease through February 28, 2021. The amendment also expanded the premises to include an additional 4,287 square feet of space. The annual base rent for the expanded premises is \$42.75 per square foot, with an escalation of approximately 2.5% annually and an abatement of one-half of each of the first four monthly installments in the first year. Additionally, the lease provided Vital Voices with a tenant allowance of \$107,668 which Vital Voices used in 2012.

Under accounting principles generally accepted in the United States of America (GAAP), all rental payments, including fixed rent increases, less any rental abatements and other incentives are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent and lease benefit in the accompanying statement of financial position.

On June 21, 2013, Vital Voices entered into an agreement to sublease a portion of its office space. The sublease commenced on July 1, 2013, and is set to expire on June 30, 2016. The subtenant rental terms are approximately the same as those contained in the master lease between the landlord and Vital Voices.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

7. Commitments and Contingencies (continued)

Lease (continued)

As of December 31, 2014, future minimum lease payments required under this operating lease, exclusive of pass-through operating expenses and net of subtenant rent, are as follows:

<u>For the Year Ending December 31,</u>	<u>Total</u>	<u>Sublease</u>	<u>Net</u>
2015	\$ 670,378	\$ (127,028)	\$ 543,350
2016	700,046	(64,298)	635,748
2017	723,205	-	723,205
2018	741,217	-	741,217
2019	759,774	-	759,774
Thereafter	<u>911,496</u>	<u>-</u>	<u>911,496</u>
Total	<u>\$ 4,506,116</u>	<u>\$ (191,326)</u>	<u>\$ 4,314,790</u>

For the year ended December 31, 2014, net rent expense was \$562,929 which is included in occupancy expense in the accompanying statement of functional expenses.

Conditional Grants

Vital Voices provides certain grants to organizations, small businesses and individuals each year that are core to its mission. These grants are contingent on grant awardees' achievement of certain goals and milestones mutually agreed upon with Vital Voices as well as conditional funding approval for future years from Vital Voices. During the year ended December 31, 2014, Vital Voices recognized \$420,843 in expenses relating to these grants based on the full execution of agreements and the achievement of the agreed-upon milestones, which amount is included in nonfederal grant awards expense in the accompanying statement of functional expenses. The total remaining balance of \$192,759 of grants executed as of December 31, 2014, will be recognized in future periods upon achievement of the agreed upon milestones and approval of funding by Vital Voices.

Concentration of Risk

Vital Voices maintains its cash and cash equivalents and certificates of deposit with certain commercial financial institutions for which aggregate balances may exceed at times the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2014, Vital Voices had approximately \$2,842,000 comprised of demand deposits, money market funds and certificates of deposit, which exceeded the maximum limit insured by the FDIC by approximately \$2,439,000. Vital Voices monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents and certificates of deposit.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

7. Commitments and Contingencies (continued)

Office of Management and Budget Circular A-133

Vital Voices has instructed its independent auditors to audit its applicable federal programs for the year ended December 31, 2014, in compliance with Circular A-133 issued by the U.S. Office of Management and Budget (OMB). Until such audit is reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal or state agencies of the independent auditor's reports for fiscal year 2014 will not have a material effect on Vital Voices' financial position as of December 31, 2014, or its results of operations for the year then ended.

Provisional Indirect Cost Rates

Billings under cost-reimbursable government contracts and grants are calculated using provisional rates that permit the recovery of indirect costs. These rates are subject to audit by the Division of Cost Analysis, U.S. Department of State (DOS). The audit results in the negotiation and determination of the final indirect cost rates, which may create a liability for indirect cost recovery for amounts billed in excess of the actual rates or may allow for additional billings for unbilled indirect costs.

The Division of Cost Analysis, DOS, has yet to audit the costs and indirect cost rates for the year ended December 31, 2014. Management believes that cost disallowances, if any, arising from DOS's audit for 2014 will not have a material effect on Vital Voices' financial position as December 31, 2014, or its results of operations for the year then ended.

8. Retirement Plan

Vital Voices sponsors a tax-deferred annuity plan that is qualified under Section 403(b) of the Internal Revenue Code (IRC). Participating employees may make salary reduction contributions to the plan up to the maximum amount permitted by the IRC. Vital Voices makes a discretionary matching contribution to each participant's account. The retirement expense was \$62,617 for the year ended December 31, 2014, and is included in salaries and benefits in the accompanying statement of functional expenses.

9. Income Taxes

Under Section 501(c)(3) of the IRC, Vital Voices is exempt from federal taxes on income other than net unrelated business income. For the year ended December 31, 2014, no provision for income taxes was made as Vital Voices had no net unrelated business income. Vital Voices performed an evaluation of its uncertain tax positions for the year ended December 31, 2014, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2014, the statute of limitations for tax years 2011 through 2013 remains open with the U.S. federal

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

9. Income Taxes (continued)

jurisdiction or the various states and local jurisdictions in which Vital Voices files tax returns. It is Vital Voices' policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2014, Vital Voices had no accruals for interest and/or penalties.

10. Change in Accounting Principle

During the year ended December 31, 2014, management changed its method of allocating certain costs among the programs and supporting services of Vital Voices. In prior years, all management and general costs other than in-kind expenses were allocated to program services and fundraising in the statement of activities. In 2014, a portion of the administrative costs has been presented as management and general costs in the statement of activities based on an evaluation of the specific types of costs and employee responsibilities, thereby more accurately presenting the costs to operate each functional area of Vital Voices. As a result of the change in method, expenses for the year ended December 31, 2013, have been reallocated based on the new methodology, which resulted in total program expenses decreasing by \$596,806, development and fundraising decreasing by \$95,690 and management and general expenses increasing by \$692,496.

11. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Vital Voices' financial statements for the year ended December 31, 2013, from which the summarized information was derived.

12. Reclassifications

During the year ended December 31, 2014, Vital Voices revised its program service expense categories to reflect its new strategic program objectives. Accordingly, the 2013 program service categories in the accompanying financial statements have been reclassified to conform with the 2014 financial statement presentation.

13. Subsequent Events

In preparing these financial statements, Vital Voices has evaluated events and transactions for potential recognition or disclosure through June 15, 2015, the date the financial statements were available to be issued. There were no subsequent events identified through June 15, 2015, that require recognition or disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

VITAL VOICES GLOBAL PARTNERSHIP, INC.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT GRANT:
VITAL VOICES GLOBAL LEADERSHIP NETWORK FOR WOMEN
DEPARTMENT FOR INTERNATIONAL DEVELOPMENT GRANT
COMPONENT CODE 202882-103,
PURCHASE ORDER 40062132

SCHEDULE OF REVENUE AND EXPENSES
For the Year Ended December 31, 2014

Grant Revenue	<u>\$ 705,576</u>
 TOTAL REVENUE	 <u>705,576</u>
Direct Expenses:	
Personnel	218,611
Travel	195,163
Professional fees	115,619
Onsite training expenses	48,998
Subawards	26,850
Other direct costs	<u>25,301</u>
 Total Direct Costs	 <u>630,542</u>
 Indirect Expenses	 <u>75,034</u>
 TOTAL EXPENSES	 <u>705,576</u>
 REVENUE IN EXCESS OF EXPENSES	 <u><u>\$ -</u></u>