



VITAL VOICES

GLOBAL PARTNERSHIP

Financial Statements

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)



and
Report Thereon



VITAL VOICES GLOBAL PARTNERSHIP, INC.

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For the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' 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, 2018, 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.

Auditors' 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 auditors' 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.

Continued

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Opinion

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of Vital Voices Global Partnership, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter*Report on Summarized Comparative Information*

Vital Voices' 2017 financial statements, were audited by Raffa, P.C., whose practice was combined with Marcum LLP as of October 1, 2018, and whose report dated June 7, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Marcum LLP". The signature is written in a cursive, flowing style.

Washington, DC
June 24, 2019

VITAL VOICES GLOBAL PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2018

(With Summarized Financial Information as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 5,364,825	\$ 4,394,908
Certificates of deposit	70,733	70,733
Grants and contributions receivable, net	2,961,877	3,334,339
Government grants and contracts receivable	658,454	802,771
Accounts receivable	41,459	69,972
Prepaid expenses	225,921	215,115
Inventory	31,474	20,337
Property and equipment, net	<u>60,506</u>	<u>87,989</u>
TOTAL ASSETS	<u>\$ 9,415,249</u>	<u>\$ 8,996,164</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 343,783	\$ 462,553
Accrued leave	83,351	77,536
Deferred revenue	50,000	-
Refundable advances	-	-
Funds held on behalf of others	3,977	12,930
Deferred rent and lease benefit	<u>226,917</u>	<u>301,509</u>
TOTAL LIABILITIES	<u>708,028</u>	<u>854,528</u>
Net Assets		
Without donor restrictions	2,620,063	1,736,276
With donor restrictions	<u>6,087,158</u>	<u>6,405,360</u>
TOTAL NET ASSETS	<u>8,707,221</u>	<u>8,141,636</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,415,249</u>	<u>\$ 8,996,164</u>

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

VITAL VOICES GLOBAL PARTNERSHIP, INC.

STATEMENT OF ACTIVITIES

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 1,633,608	\$ 5,647,798	\$ 7,281,406	\$ 8,991,484
Government grants and contracts	3,948,409	-	3,948,409	4,570,691
Special events revenue	1,583,225	52,500	1,635,725	2,272,891
In-kind goods and services	690,971	-	690,971	646,055
Other revenue	48,660	-	48,660	4,545
Net foreign currency gain (loss)	-	(10,814)	(10,814)	47,793
Net assets released from restrictions:				
Satisfaction of program restrictions	5,224,686	(5,224,686)	-	-
Satisfaction of time restrictions	783,000	(783,000)	-	-
	<u>13,912,559</u>	<u>(318,202)</u>	<u>13,594,357</u>	<u>16,533,459</u>
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program Services:				
Signature Programs	5,364,485	-	5,364,485	5,722,429
Network Activation	2,928,396	-	2,928,396	2,660,471
Individualized Investments	1,784,272	-	1,784,272	1,996,573
Global Engagement and Public Awareness	348,451	-	348,451	396,109
	<u>10,425,604</u>	<u>-</u>	<u>10,425,604</u>	<u>10,775,582</u>
Supporting Services:				
Management and general	809,599	-	809,599	615,513
Development and fundraising	1,639,174	-	1,639,174	1,548,373
Fundraising – cost of direct benefit to donors	154,395	-	154,395	144,042
	<u>1,793,569</u>	<u>-</u>	<u>1,793,569</u>	<u>1,692,415</u>
	<u>2,603,168</u>	<u>-</u>	<u>2,603,168</u>	<u>2,307,928</u>
TOTAL EXPENSES				
	<u>13,028,772</u>	<u>-</u>	<u>13,028,772</u>	<u>13,083,510</u>
CHANGE IN NET ASSETS	883,787	(318,202)	565,585	3,449,949
NET ASSETS, BEGINNING OF YEAR	<u>1,736,276</u>	<u>6,405,360</u>	<u>8,141,636</u>	<u>4,691,687</u>
NET ASSETS, END OF YEAR	<u>\$ 2,620,063</u>	<u>\$ 6,087,158</u>	<u>\$ 8,707,221</u>	<u>\$ 8,141,636</u>

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, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Program Services				Supporting Services			2018 Total	2017 Total	
	Signature Programs	Network Activation	Individualized Investments	Global Engagement and Public Awareness	Total Program Services	Management and General	Development and Fundraising			Total Supporting Services
Salaries and benefits	\$ 2,062,914	\$ 955,003	\$ 510,781	\$ 247,414	\$ 3,776,112	\$ 233,493	\$ 701,785	\$ 935,278	\$ 4,711,390	\$ 4,496,925
Grants and other assistance	170,624	1,522,041	494,207	-	2,186,872	-	-	-	2,186,872	2,601,057
Professional fees	951,912	190,584	410,878	35,173	1,588,547	304,501	400,495	704,996	2,293,543	2,302,151
Travel	1,282,882	44,964	195,604	6,459	1,529,909	97,543	78,878	176,421	1,706,330	1,648,706
Occupancy	231,237	138,201	84,187	16,442	470,067	87,425	84,631	172,056	642,123	575,373
Training and conferences	459,521	10,005	47,890	-	517,416	-	-	-	517,416	524,753
Receptions and special events	-	741	-	14,740	15,481	-	406,885	406,885	422,366	443,596
Postage, office supplies and small furniture	75,770	20,988	13,226	5,197	115,181	8,263	31,890	40,153	155,334	155,570
Other expenses	56,349	14,675	8,731	5,437	85,192	57,220	33,126	90,346	175,538	144,549
Printing	6,023	3,530	1,694	3,591	14,838	2,470	38,968	41,438	56,276	50,795
Insurance	14,909	8,911	5,428	1,060	30,308	5,637	5,457	11,094	41,402	46,015
Telephone and internet	28,832	12,194	7,650	1,369	50,045	8,898	7,438	16,336	66,381	41,270
Depreciation and amortization	10,850	4,171	2,541	8,829	26,391	2,638	2,554	5,192	31,583	32,673
Repairs and maintenance	12,662	2,388	1,455	2,740	19,245	1,511	1,462	2,973	22,218	20,077
TOTAL OPERATING EXPENSES	\$ 5,364,485	\$ 2,928,396	\$ 1,784,272	\$ 348,451	\$ 10,425,604	\$ 809,599	\$ 1,793,569	\$ 2,603,168	\$ 13,028,772	\$ 13,083,510

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, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 565,585	\$ 3,449,949
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	31,583	32,673
Amortization of deferred lease benefit	11,746	11,746
Changes in assets and liabilities:		
Grants and contributions receivable	372,462	(2,155,887)
Government grants and contracts receivable	144,317	(543,376)
Accounts receivable	28,513	(46,720)
Prepaid expenses	(10,806)	110,572
Inventory	(11,137)	(6,930)
Accounts payable and accrued expenses	(118,770)	235,948
Accrued leave	5,815	12,756
Deferred revenue	50,000	-
Refundable advances	-	-
Funds held on behalf of others	(8,953)	1,573
Deferred rent and lease benefit	(86,336)	(68,328)
	<u>974,019</u>	<u>1,033,976</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(4,102)	(33,567)
	<u>(4,102)</u>	<u>(33,567)</u>
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	969,917	1,000,409
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,394,908</u>	<u>3,394,499</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,364,825</u>	<u>\$ 4,394,908</u>

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

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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. Vital Voices identifies and partners with creative and fearless women leaders around the world by searching for women leaders with a daring vision for change and then working with them to make that vision a reality. As a venture catalyst, Vital Voices provides leaders with capacity building, skills training, grants, access to a network of their peers, mentorship, visibility, recognition and guidance to accelerate change on a global scale. These activities are funded primarily through foundation and corporate grants, contributions from individuals, and United States and foreign government awards.

Vital Voices operates outside the United States through Vital Voices Europe, Ltd. Vital Voices also operates through a network of partners based in Argentina, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Poland and Ukraine. Each of the foreign entities operates as a separate and distinct organization, with its own governance and financial structure.

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 to be cash equivalents.

Certificates of Deposit

Certificates of deposit are reported at cost, which approximates fair value. The certificates of deposit are held as security for the letter of credit issued in connection with the office space lease.

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 10 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 improvements in excess of \$5,000. Expenditures for purchases less than \$5,000 are expensed when incurred.

Classification of Net Assets

The net assets of Vital Voices are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of Vital Voices at the discretion of Vital Voices' management and the Board of Directors (the Board).

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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

Classification of Net Assets (continued)

- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of Vital Voices or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2018, Vital Voices had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

Grants and contributions are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. Vital Voices reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Grants and contributions that are expected to be collected within one year are recorded at net realizable value. Grants and contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management determines the allowance for probable uncollectible grants and contributions by reviewing all outstanding grants and contributions receivable for possible uncollectibility. Receivables are charged to the allowance account when deemed uncollectible.

Vital Voices has grants and contracts with United States 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. All amounts are deemed to be fully collectible. 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.

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 donations are recorded as revenue and expense at the estimated fair value as of the date of the donation, as based upon comparable market rates for similar goods and services.

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.

Continued

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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

Foreign Currency Transactions

Vital Voices occasionally receives grants denominated in a foreign currency. Vital Voices records such grants at the United States dollar equivalent as of the date of the transaction. Any outstanding pledge in a foreign currency is revalued in United States dollars at the current exchange rate as of the statement of financial position date. Any resulting foreign currency gain or loss is recorded in the accompanying statement of activities.

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. Expenses directly attributed to a specific functional area of Vital Voices are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Shared costs are management and general costs which are pooled and allocated at year-end. These costs include salaries and benefits, professional fees, travel, occupancy, depreciation, repairs and maintenance, insurance, printing, postage, and office supplies and are allocated based on total direct expenses of the functional areas of expenses.

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

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. Vital Voices has adjusted the presentation of these statements accordingly. The major changes of the ASU affecting Vital Voices include (a) requiring the representation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”; and (b) requiring the disclosure of qualitative and quantitative information regarding the liquidity and availability of resources.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

2. Grants and Contributions Receivable

Grants and contributions receivable include amounts due from individuals, foundations and corporations. The amounts were expected to be collected as follows as of December 31, 2018:

Due in less than 1 year	\$ 1,752,157
Due in 1 to 5 years	<u>1,350,000</u>
Total Grants and Contributions Receivable	3,102,157
Less: Discount to Present Value (4.5%)	(105,280)
Less: Allowance for Doubtful Accounts	<u>(35,000)</u>
Grants and Contributions Receivable, Net	<u>\$ 2,961,877</u>

Vital Voices received an award of \$480,000 in support of its VV GROW Fellowship program, of which \$320,000 as of December 31, 2018, is contingent upon Vital Voices meeting certain milestones and benchmarks. Accordingly, this conditional amount of \$320,000 has not been reflected as a receivable as of December 31, 2018, in the accompanying financial statements.

3. Property and Equipment

Vital Voices held the following property and equipment as of December 31, 2018:

Furniture and equipment	\$ 62,080
Leasehold improvements	175,174
Software and website	<u>132,985</u>
Total Property and Equipment	370,239
Less: Accumulated Depreciation and Amortization	<u>(309,733)</u>
Property and Equipment, Net	<u>\$ 60,506</u>

For the year ended December 31, 2018, depreciation and amortization expense was \$31,583.

4. Net Assets With Donor Restrictions

As of December 31, 2018, net assets with donor restrictions were for the following purposes or time specifications:

Subject to expenditure for specified purpose:	
Signature Programs	\$ 2,794,094
Individualized Investments	853,083
Network Activation	355,395
Building Fund	73,233
Global Engagement and Public Awareness	<u>14,133</u>
Total Subject to Expenditure for Specified Purpose	<u>4,089,938</u>

Continued

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

4. Net Assets With Donor Restrictions (continued)

Subject to occurrence of specified events/passage of time:	
Passage of time	\$ 1,944,720
Specified events	<u>52,500</u>
Total Subject to Occurrence of Specified Events/ Passage of Time	<u>1,997,220</u>
Total Net Assets With Donor Restrictions	<u>\$ 6,087,158</u>

5. In-Kind Goods and Services

Vital Voices received donated professional services, lodging, airfare and other goods during the year ended December 31, 2018, valued at \$690,971, representing the fair value based upon comparable market rates for similar goods and services. The in-kind donations have been recorded as revenue and expenses in the accompanying financial statements.

6. Line of Credit

Vital Voices obtained a \$600,000 secured revolving line of credit with a bank, available through June 30, 2019. The line of credit was 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 Daily Floating Rate plus 2.5%. As of December 31, 2018, the interest rate was 5%. There were no borrowings during the year ended December 31, 2018, and, as of December 31, 2018, 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, D.C. The annual base rent was \$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 was to 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. A \$70,733 irrevocable letter was issued by Vital Voices' financial institution in lieu of a cash security deposit. The letter of credit renews annually and is secured by the certificates of deposit reported in the accompanying statement of financial position.

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.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

7. Commitments and Contingencies (continued)

Lease (continued)

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 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 was to expire on June 30, 2016. On July 16, 2015, Vital Voices entered into an agreement to extend the sublease for a period of 24 months. The extension commenced on July 1, 2016, and expired on June 30, 2018. The subtenant rental terms were approximately the same as those contained in the master lease between the landlord and Vital Voices.

As of December 31, 2018, future minimum lease payments required under this operating lease and exclusive of pass-through operating expenses were as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2019	\$ 759,774
2020	778,830
2021	<u>132,667</u>
Total	<u>\$ 1,671,271</u>

For the year ended December 31, 2018, net rent expense was \$642,123, 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, 2018, Vital Voices recognized \$54,245 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 grants and other assistance in the accompanying statement of functional expenses. The total remaining balance of \$27,256 of grants executed as of December 31, 2018, will be recognized in future periods upon achievement of the agreed-upon milestones and approval of funding by Vital Voices.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

7. Commitments and Contingencies (continued)

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, 2018, Vital Voices had approximately \$5,454,000 composed of demand deposits, money market funds and certificates of deposit, which exceeded the maximum limit insured by the FDIC by approximately \$5,204,000. 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.

Compliance Audit

Vital Voices has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time although Vital Voices expects such amounts, if any, to be insignificant.

8. Availability and Liquidity

Vital Voices regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Vital Voices' financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2018, were as follows:

Cash and cash equivalents	\$ 5,364,825
Grants and contracts receivable	2,961,877
Government grants and contracts and accounts receivable	<u>699,913</u>
Total Financial Assets Available	9,026,615
Less:	
Amounts unavailable for general expenditures within one year due to following donor's restriction:	
Grants and contributions related to specific programs and events	(218,671)
Pledges receivable to be collected in one year or more	(1,244,720)
Funds held on behalf of others	<u>(3,977)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 7,559,247</u>

Vital Voices has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due.

Continued

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

8. Availability and Liquidity (continued)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Vital Voices considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended December 31, 2018, donor restricted contributions of \$3,896,268 were included in financial assets available to meet cash needs for general expenditures within one year. Management is focused on sustaining the financial liquidity of Vital Voices throughout the year. This is done through monitoring and reviewing Vital Voices' cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of Vital Voices' cash flow related to Vital Voices' various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, Vital Voices has a secured line of credit of \$600,000, which was unused and available to draw upon as of December 31, 2018.

9. Retirement Plan

Vital Voices sponsors a tax-deferred annuity plan that is qualified under Section 403(b) of the Internal Revenue Code (the 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 \$59,171 for the year ended December 31, 2018, and is included in salaries and benefits expense in the accompanying statement of functional expenses.

10. 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, 2018, no provision for income taxes was made, as Vital Voices had no significant net unrelated business income. Vital Voices performed an evaluation of its uncertainty in income taxes for the year ended December 31, 2018, 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, 2018, the statute of limitations for tax years 2015 through 2017 remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Vital Voices files tax returns; however, there are currently no audits for any tax periods in progress. It is Vital Voices' policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2018, Vital Voices had no accruals for interest and/or penalties.

11. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Vital Voices' financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Continued

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

12. Subsequent Events

In preparing these financial statements, Vital Voices has evaluated events and transactions, for potential recognition or disclosure, through June 24, 2019, the date the financial statements were available to be issued. Except for the real estate sales contract disclosed below, there were no subsequent events identified through June 24, 2019, that require recognition or disclosure in these financial statements.

On May 15, 2019, Vital Voices entered into a real estate sales contract to purchase the right, title and interest in real property in Washington, D.C. that will potentially serve as its headquarters office. In accordance with the terms of the agreement, Vital Voices was required to pay an initial deposit of \$2,400,000 to be applied towards the total purchase price. An inspection period of 60 days from the effective date of May 15, 2019, is provided to Vital Voices to review property documents and inspect the property to determine if it can be used for Vital Voices intended purposes. The deposit is fully refundable if Vital Voices elects to terminate the contract within the 60-day period.