

AGROS INTERNATIONAL AND AFFILIATE

Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

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Independent Auditor's Report

**To the Board of Directors
Agros International and Affiliate
Seattle, Washington**

We have audited the accompanying consolidated financial statements of Agros International and Affiliate (collectively, the Organization) which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 consolidated financial statements.

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



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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of functional expenses for Agros International is for purposes of additional analysis and is not a required part of the basic 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.

Clark Nuber P.S.

Certified Public Accountants
January 18, 2019

AGROS INTERNATIONAL AND AFFILIATE

**Consolidated Statements of Financial Position
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 500,255	\$ 1,064,338
Prepaid expenses and other assets	66,310	49,646
Microloans receivable from community members, net	196,907	168,551
Pledges and grants receivable, net	98,801	230,576
Land held for village development	1,920,719	1,962,505
Property and equipment, net	<u>168,222</u>	<u>104,525</u>
Total Assets	<u>\$ 2,951,214</u>	<u>\$ 3,580,141</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 291,459	\$ 332,415
Land loan payments	<u>538,453</u>	<u>493,483</u>
Total Liabilities	829,912	825,898
Net Assets:		
Unrestricted net assets-		
Undesignated	(136,661)	28,295
Board-designated for land purchases	149,172	149,172
Invested in land held for village development and property and equipment	<u>58,077</u>	<u>66,678</u>
Total unrestricted net assets	70,588	244,145
Temporarily restricted net assets	1,219,804	1,722,700
Permanently restricted net assets	<u>830,910</u>	<u>787,398</u>
Total Net Assets	<u>2,121,302</u>	<u>2,754,243</u>
Total Liabilities and Net Assets	<u>\$ 2,951,214</u>	<u>\$ 3,580,141</u>

See accompanying notes.

AGROS INTERNATIONAL AND AFFILIATE

**Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating				
Revenues:				
Contributions and grants	\$ 933,212	\$ 542,078	\$ -	\$ 1,475,290
Special events, net of related expenses of \$125,367	157,463	7,500		164,963
Interest income	39,413			39,413
Other income	83,817			83,817
Net assets released from restriction	<u>1,052,474</u>	<u>(1,052,474)</u>		
Total Revenues	2,266,379	(502,896)		1,763,483
Expenses:				
Program	1,709,270			1,709,270
Administration	300,791			300,791
Resource development	<u>494,998</u>			<u>494,998</u>
Total Expenses	2,505,059			2,505,059
Change in Net Assets Before Gains/(Losses)	(238,680)	(502,896)		(741,576)
Loan portfolio adjustments (Note 3)	1,252		43,512	44,764
Other gains and recoveries	<u>63,871</u>			<u>63,871</u>
Change in Net Assets	(173,557)	(502,896)	43,512	(632,941)
Net assets, beginning of year	<u>244,145</u>	<u>1,722,700</u>	<u>787,398</u>	<u>2,754,243</u>
Net Assets, End of Year	<u>\$ 70,588</u>	<u>\$ 1,219,804</u>	<u>\$ 830,910</u>	<u>\$ 2,121,302</u>

See accompanying notes.

AGROS INTERNATIONAL AND AFFILIATE

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Contributions and grants	\$ 1,036,318	\$ 924,801	\$ -	\$ 1,961,119
In-kind goods	2,063			2,063
Special events, net of related expenses of \$82,891	117,044	47,350		164,394
Interest income	38,937			38,937
Other income	124,936		35,826	160,762
Net assets released from restriction	1,341,273	(1,341,273)		
Total Revenues	2,660,571	(369,122)	35,826	2,327,275
Expenses:				
Program	1,842,271			1,842,271
Administration	276,399			276,399
Resource development	358,429			358,429
Total Expenses	2,477,099			2,477,099
Change in Net Assets Before Gains/(Losses)	183,472	(369,122)	35,826	(149,824)
Loan portfolio adjustments (Note 3)	31,196	2,513	58,905	92,614
Change in Net Assets	214,668	(366,609)	94,731	(57,210)
Net assets, beginning of year	29,477	2,089,309	692,667	2,811,453
Net Assets, End of Year	\$ 244,145	\$ 1,722,700	\$ 787,398	\$ 2,754,243

See accompanying notes.

AGROS INTERNATIONAL AND AFFILIATE

**Consolidated Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (632,941)	\$ (57,210)
Adjustments to reconcile change in net assets to net cash used in operating activities-		
Gain on land held for village development	(13,925)	(65,927)
Disposal of property and equipment	6,117	
Depreciation and amortization	46,606	58,246
Changes in assets and liabilities:		
Prepaid expenses and other assets	(16,664)	(9,561)
Microloans receivable from community members, net	(28,356)	(20,284)
Pledges and grants receivable, net	131,775	(40,038)
Accounts payable and accrued expenses	(40,956)	77,457
Net Cash Used in Operating Activities	(548,344)	(57,317)
Cash Flows From Investing Activities:		
Land loan payments received from villagers	100,681	137,082
Proceeds from sale of land		15,529
Purchases of property and equipment	(117,658)	(31,130)
Proceeds from sale of property and equipment	1,238	
Net Cash (Used in) Provided by Investing Activities	(15,739)	121,481
Cash Flows From Financing Activities:		
Net repayment of line of credit		(100,000)
Net Cash Used in Financing Activities		(100,000)
Net Change in Cash and Cash Equivalents	(564,083)	(35,836)
Cash and cash equivalents, beginning of year	1,064,338	1,100,174
Cash and Cash Equivalents, End of Year	\$ 500,255	\$ 1,064,338

See accompanying notes.

AGROS INTERNATIONAL AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017

Note 1 - Nature of the Organization

Agros International (Agros) was formed in October 1984. Its mission is to break the cycle of poverty for the rural poor by helping them acquire land and develop sustainable agriculture and communities. Agros has provided development assistance to 44 Agros villages (projects) in Guatemala, El Salvador, Nicaragua, Honduras and Mexico, helping more than 1,690 families achieve food security, organize self-sustaining communities, develop agricultural businesses and obtain potable water and other essential needs (unaudited).

Agros is a Washington State nonprofit corporation with headquarters in Seattle, Washington and branch offices in El Salvador, Nicaragua and Honduras.

Land Hope Life, an affiliated organization that is controlled by Agros, was incorporated on June 23, 2010, for the purpose of purchasing and holding land in other countries.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of Agros and Land Hope Life, collectively referred to as "the Organization". All inter-organization transactions have been eliminated.

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

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

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they will be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is restricted by donors, in which case they are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as releases between the applicable classes of net assets.

Noemí Fund - In October 2003, the Board of Directors authorized the formation of the Noemí Fund (the Fund), to hold gifts in perpetuity to be used for land and housing loans. These gifts are accounted for as permanently restricted net assets unless other donor restrictions apply. Monies from the Fund are advanced to acquire land and purchase building materials. The Fund holds, as its investment, cash, promissory notes and land. Losses on investments may be charged to the applicable restricted net asset class.

AGROS INTERNATIONAL AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017

Note 2 - Continued

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization at times maintains cash balances that are in excess of Federal Deposit Insurance Corporation insurance limits. Cash and cash equivalents balances in foreign countries as of June 30, 2018 and 2017, totaled \$42,391 and \$64,763, respectively.

Receivables - Accounts, microloans and notes receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Pledges and Grants Receivable - Unconditional promises to give (pledges receivable and grants from foundations) are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Conditional Pledges Receivable - The Organization holds commitments from donors who have agreed to sponsor villages. These commitments will be received over future years as village development progresses. To the extent that individual pledge commitments for a specific time period and amount have been received, they are recorded as pledges receivable. In the absence of a specific promise to give, the Organization considers those commitments to be conditional on future events and recognizes only the current-year portion.

Concentration of Credit Risk - Approximately 60% of the Organization's pledges and grants receivable were due from one donor as of June 30, 2018. Approximately 21% of the Organization's total revenues were received from two donors and 69% of pledges and grants receivable were due from three donors as of and for the year ended June 30, 2017.

Property, Equipment and Depreciation - All acquisitions of property and equipment in excess of \$150 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets, generally three to seven years for vehicles and furniture and equipment and the life of the lease for leasehold improvements.

Donated Securities and Other Assets - Donated marketable securities are recorded as contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation.

Donated Services - Donated services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no donated services recognized for the years ended June 30, 2018 and 2017.

AGROS INTERNATIONAL AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017

Note 2 - Continued

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs and administration. These services totaled 1,107 and 6,000 hours (unaudited) during the years ended June 30, 2018 and 2017, respectively. Due to applicable accounting guidelines, these were not recognized as contributions in the consolidated financial statements.

Supported Organizations - Agros works with an organization in Guatemala, which is governed by a separate board of directors in that country. Fundación Agros, operating in Guatemala, is a Guatemalan nonprofit corporation with headquarters in Guatemala City, Guatemala. Funding provided to Fundación Agros is included in the detail on the schedule of functional expenses as a part of program activities. The accompanying consolidated financial statements for the years ended June 30, 2018 and 2017 do not include the accounts of Fundación Agros.

Use of Estimates - Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Significant estimates used in preparing these consolidated financial statements include those used in recording land held for development at the lower of cost or net realizable value as well as the valuation allowance established against microloans and notes receivable. It is reasonably possible that the significant estimates used will change within the next year.

Income Tax Status - The Internal Revenue Service (IRS) has determined that Agros and Land Hope Life are exempt from U.S. income tax under section 501(c)(3) of the U.S. Internal Revenue Code (IRC). In addition, Agros qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(1).

Foreign Currency Translation - The functional currency of some of the Organization's field offices is the local currency in which the office is located. Assets and liabilities of the offices have been translated into U.S. dollars at year-end exchange rates. Revenues and expenses have been translated at average monthly exchange rates. Any translation adjustments are included in the consolidated statements of activities and changes in net assets.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and in the schedule of functional expenses. Expenses related to more than one function are charged to programs and supporting services on the basis of benefits received by each function. Management and general 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. Resource development expenses are expenses related to raising financial support for current and future activities of the Organization. Certain significant program activities, including the extension of credit for agricultural and other productive activities and purchases of land for new village development, are not recorded as expenses but are shown as increases in the corresponding assets.

Subsequent Events - The Organization has evaluated subsequent events through January 18, 2019, the date on which the consolidated financial statements were available to be issued.

Note 3 - Microloans and Notes Receivable

The Organization makes loans to families in Guatemala, El Salvador, Nicaragua, and Honduras to help build self-sustaining and thriving communities. The loans are funded by a combination of permanently restricted, temporarily restricted and unrestricted contributions.

AGROS INTERNATIONAL AND AFFILIATE

**Notes to Consolidated Financial Statements
For the Years Ended June 30, 2018 and 2017**

Note 3 - Continued

In addition, the Organization has loaned funds to Fundación Agros. Notes for the purchase of land are receivable from Fundación Agros and pay interest at varying rates with terms of ten years from the date of the land purchase, with payments commencing 24 months after the date of purchase. The balances of the notes receivable were \$252,355 and \$297,119 at June 30, 2018 and 2017, respectively, and were fully offset by an allowance for doubtful accounts. Some of the notes are denominated in the local currency and have been translated into U.S. dollars at year-end exchange rates.

Microloans and notes receivable consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Microloans	\$ 277,205	\$ 277,578
Less allowance for doubtful accounts-		
Beginning balance	(109,027)	(78,639)
Write-off of loan balances against the allowance	46,859	
Provision for loan losses	<u>(18,130)</u>	<u>(30,388)</u>
Ending balance	<u>(80,298)</u>	<u>(109,027)</u>
Microloans Receivable, Net	<u>\$ 196,907</u>	<u>\$ 168,551</u>
Notes receivable	\$ 252,355	\$ 297,119
Less allowance for doubtful accounts-		
Beginning balance	(297,119)	(420,121)
Recovery of prior allowances	<u>44,764</u>	<u>123,002</u>
Ending balance	<u>(252,355)</u>	<u>(297,119)</u>
Notes Receivable, Net	<u>\$ -</u>	<u>\$ -</u>

The following amounts of microloans were past due at June 30:

	<u>2018</u>	<u>2017</u>
30 to 60 days	\$ 1,398	\$ 19,990
61 to 90 days	2,158	12,370
91 to 120 days	918	1,573
Greater than 120 days	<u>80,057</u>	<u>21,196</u>
	<u>\$ 84,531</u>	<u>\$ 55,129</u>

AGROS INTERNATIONAL AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017

Note 3 - Continued

All of the notes receivable from Fundación Agros are past due at June 30, 2018 and 2017.

Maturities on the microloans and notes receivable range from six months to ten years. Allowances for doubtful accounts for microloans and notes receivable are established based on management's programmatic intent regarding pursuing collections, prior collection experience, current economic factors and management's review of individual account balances. Microloans and notes receivable are written off only when they are deemed to be permanently uncollectible and interest continues to accrue until the loan balances are paid in full or written off. Assessed impairment of certain loans is included in the allowance for doubtful accounts.

The Organization is subject to certain business risks that could affect net assets. These risks include a geographic concentration in Nicaragua and Honduras at June 30, 2018 and 2017.

Note 4 - Pledges and Grants Receivable

Pledges receivable are discounted at rates ranging from 1.37 percent to 2.43 percent and are due as follows at June 30:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 95,311	\$ 214,799
One to five years	<u>10,090</u>	<u>35,477</u>
	105,401	250,276
Less allowance for doubtful pledges	(5,600)	(18,700)
Less discount to present value	<u>(1,000)</u>	<u>(1,000)</u>
	<u>\$ 98,801</u>	<u>\$ 230,576</u>

AGROS INTERNATIONAL AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017

Note 5 - Property and Equipment

Property and equipment consisted of the following at June 30:

<u>Asset</u>	<u>Country</u>	<u>2018</u>	<u>2017</u>
Furniture and equipment	United States	\$ 207,760	\$ 228,389
	Nicaragua	132,248	71,605
	Honduras	14,290	19,307
Vehicles	Nicaragua	188,414	153,495
	Honduras	33,125	36,556
Leasehold improvements	United States	11,083	11,083
	Nicaragua		4,731
Less accumulated depreciation		586,920	525,166
		(418,698)	(420,641)
		<u>\$ 168,222</u>	<u>\$ 104,525</u>

Note 6 - Land Held for Village Development

Land held for village development is stated at the lesser of the purchase and development cost of the land or the net realizable value. Net realizable value is the estimated amount that management anticipates villagers will be paying for the land based on programmatic, economic and other factors.

The land is held as inventory on the Organization's consolidated statements of financial position until villagers have completed payment for their individual parcels. Payments are recorded as land loan payment liabilities during the payment period, generally seven to ten years. The cumulative land loan payments received totaled \$538,453 and \$493,483 as of June 30, 2018 and 2017, respectively. Payments received from villagers are nonrefundable and any payments received in excess of the village asset basis is recorded as a gain; during the years ended June 30, 2018 and 2017, \$26,801 and \$65,927, respectively, of gain was recorded. At completion of the period, title is transferred to the individual villagers and the cost of the land and accumulated payments are removed from the consolidated statements of financial position. During the years ended June 30, 2018 and 2017, \$73,032 and \$137,142, respectively, of cost of land and accumulated payments liability were removed from the consolidated statement of financial position due to title transfers.

AGROS INTERNATIONAL AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017

Note 6 - Continued

The parcels of land held in the following countries were as follows at June 30, 2018 and 2017:

Country	2018 Carrying Value	2017 Carrying Value
Nicaragua	\$ 1,785,815	\$ 1,785,815
Honduras	114,876	147,932
El Salvador	20,028	28,758
	\$ 1,920,719	\$ 1,962,505

Note 7 - Lease Commitments

The Organization has a lease for office space under a noncancelable lease agreement expiring January 2023. The future minimum annual rental payments are subject to escalations of the base rent and are included in the commitments schedule below.

The Organization also has leases for office space in the various countries in which it operates. These leases generally have committed terms ranging from one to three years.

Future minimum rent payments under all noncancelable operating leases are as follows:

For the Year Ending June 30,

2019	\$ 99,386
2020	106,366
2021	107,811
2022	111,046
2023	65,896
	\$ 490,505

Lease expense for all operating leases totaled \$139,235 and \$129,720 for the years ended June 30, 2018 and 2017, respectively.

Note 8 - Line of Credit and Note Payable

The Organization had a line of credit with a bank that allowed for total borrowings of \$500,000 that matured in April 2018.

Subsequent to June 30, 2018, in July 2018 the Organization obtained a revolving new line of credit with a bank that allows for total borrowings of \$500,000. Monthly payments of interest are required. The line carries variable interest at the prime rate and matures in August 2020. The line is secured by the Organization's inventory, accounts and equipment and personal guarantees of six individuals that are members of the board of directors or supporters of the organization.

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Notes to Consolidated Financial Statements For the Years Ended June 30, 2018 and 2017

Note 8 - Continued

Subsequent to June 30, 2018, in August 2018 the Organization borrowed \$250,000 from a trust controlled by a member of the Organization's board of directors. The borrowing is evidenced by a note payable agreement that requires annual interest payments with principal due at maturity of the note in August 2023. The note is unsecured.

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Time restrictions	\$ 125,000	\$ 32,369
Program restrictions-		
Village development	868,166	685,882
Land	218,147	827,889
Agricultural and enterprise loans	8,491	173,002
Other programs		<u>3,558</u>
	<u>\$ 1,219,804</u>	<u>\$ 1,722,700</u>

Note 10 - Permanently Restricted Net Assets

Permanently restricted net assets totaled \$830,910 and \$787,398 as of June 30, 2018 and 2017, respectively. These amounts represent contributions to the Noemí Fund (the Fund) to purchase land and to finance the cost of land and houses for the members of the communities served by the Organization. Ninety percent of each contribution given to the Noemí Fund is held in perpetuity. The remaining ten percent of each contribution is temporarily restricted to pay for direct operating costs and overhead of the Fund. During the years ended June 30, 2018 and 2017 this Fund was increased by \$43,512 and \$94,731, respectively, due to the recoveries on notes receivable previously allowed for and for gains on land held for development as described in Note 3.

SUPPLEMENTARY INFORMATION

AGROS INTERNATIONAL

**Schedule of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

	Program Expenses						Administration	Fundraising	2018 Total	2017 Total
	International	Nicaragua	El Salvador	Honduras	Mexico	Total				
	Program Development									
Salaries, payroll taxes and benefits	\$ 572,060	\$ 179,802	\$ -	\$ 82,382	\$ -	\$ 834,244	\$ 199,931	\$ 348,028	\$ 1,382,203	\$ 1,328,274
Project costs and infrastructure	10	59,718	7,292	8,486		75,506			75,506	61,285
Service teams	463	34,875		1,489		36,827		112	36,939	40,004
Travel	78,186	40,332	25	10,483		129,026	1,309	16,912	147,247	147,732
Professional services	93,827	84,115	5,860	6,651	7,794	198,247	80,036	43,451	321,734	280,058
Rent and occupancy	68,374	26,296		9,044		103,714	22,761	37,696	164,171	151,628
Vehicle expense and local transportation	2,785	34,630		6,836		44,251			44,251	36,499
Training, conferences and staff development	2,945	4,102		131		7,178	4,301	5,709	17,188	30,583
Supplies and postage	2,518	3,188		1,093	100	6,899	1,657	4,642	13,198	13,244
Telephone and communications	10,745	10,230		3,722		24,697	1,688	19,355	45,740	47,256
Fees, taxes and licenses	5,507	2,518	451	3,283		11,759	7,186	39,684	58,629	54,928
Printing and publications	424	592		43		1,059	155	8,309	9,523	25,602
Insurance	6,978	6,050		515		13,543	2,766	4,296	20,605	19,033
Equipment rental and maintenance	4,267	4,082		2,592		10,941	1,466	2,278	14,685	12,622
Loss on disposal of assets			472			472			472	1,355
Grants to Guatemala program	49,780					49,780			49,780	159,057
Interest and other	(352)	15,664		7,074		22,386	1,063	20,985	44,434	9,693
Revolving loan fund investment	(20)	97,876		41,063		138,919			138,919	93,934
Allocations	(373,704)	336,252		125,454		88,002	(26,667)	(61,335)		
Depreciation	7,920	23,052		7,658		38,630	3,139	4,876	46,645	58,246
Total Expenses	532,713	963,374	14,100	317,999	7,894	1,836,080	300,791	494,998	2,631,869	2,571,033
Loan portfolio adjustments	(44,764)					(44,764)			(44,764)	(92,614)
Other gains		(50,738)		(13,133)		(63,871)			(63,871)	
Total Expenses and Gain/(Loss)	\$ 487,949	\$ 912,636	\$ 14,100	\$ 304,866	\$ 7,894	\$ 1,727,445	\$ 300,791	\$ 494,998	\$ 2,523,234	\$ 2,478,419

Notes:

(1) This schedule reflects the activities of Agros International only, not consolidated with Land Hope Life.

(2) During the year ended June 30, 2018 Agros transferred funds to Land Hope Life of \$138,919 that are categorized as revolving loan fund investments expense in the schedule above.

(3) The schedule above does not include \$125,367 of expenses for the year ended June 30, 2018 of fundraising expenses for special events that are netted with the special events revenue on the consolidated statement of activities.

See independent auditor's report.