Pact, Inc. and Affiliates

Consolidated Financial Report
September 30, 2018 and 2017

Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Pact, Inc. and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Pact, Inc. and Affiliates (collectively, Pact), which comprise the consolidated balance sheets as of September 30, 2018 and 2017, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 did not audit the financial statements of The Pact Global Microfinance Fund (PGMF), a wholly owned affiliate, whose statements reflect total assets constituting 84% and 87% of consolidated total assets at September 30, 2018 and 2017, respectively, and total revenues constituting 30% and 28% of consolidated total support and revenue for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for PGMF, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of PGMF were not audited in accordance with *Government Auditing Standards*.

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, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Pact, Inc. and Affiliates as of September 30, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of Pact's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pact's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
June 25, 2019

Pact, Inc. and Affiliates

Consolidated Balance Sheets
September 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	**$ 31,822,735**	$ 36,179,420
Investments	**4,122,766**	3,970,580
Federal grants receivable	**12,148,776**	6,325,441
Other grants receivable	**1,984,367**	1,877,620
Advances and other receivables	**3,156,768**	2,908,338
Prepaid expenses and deposits	**1,633,372**	2,442,669
Loan portfolio, net of loan loss reserve	**208,985,031**	164,259,003
Property and equipment, net	**2,516,050**	2,640,833
	$ 266,369,865	$ 220,603,904
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 14,713,904**	$ 11,330,566
Beneficiary savings and reserved funds	**86,382,652**	77,717,445
Net returns on loans, reinvested earnings	**8,660,521**	10,658,113
Notes payable	**25,769,946**	1,365,348
Refundable advances – federal	**2,917,087**	1,414,085
Refundable advances – other	**11,239,780**	5,645,470
Client loan funds	**1,023,792**	6,714,594
Deferred rent	**1,610,766**	1,669,818
	152,318,448	116,515,439
Commitments and contingencies (Notes 9, 10 and 11)		
Net assets:		
Unrestricted – Pact, Inc.	**6,862,273**	4,259,185
Unrestricted – Pact Institute, Inc.	**5,035,373**	4,800,393
Unrestricted – Pact UK	**236,251**	2,442
Unrestricted – Pact Global Microfinance Fund	**101,917,520**	95,026,445
	114,051,417	104,088,465
	$ 266,369,865	$ 220,603,904

See notes to consolidated financial statements.

Pact, Inc. and Affiliates

Consolidated Statements of Activities
Years Ended September 30, 2018 and 2017

	Unrestricted	
	2018	2017
Support and revenue:		
Grants and contracts	**$ 144,528,231**	$ 145,702,497
Contributions	**22,002**	61,026
Microfinance loan activities	**57,881,474**	47,392,218
Fee income on microfinance loans	**1,196,042**	1,691,233
Investment income, net	**152,186**	424,489
Other revenue	**830,026**	295,765
Net gain (loss) on loans	**1,997,592**	(355,365)
Total support and revenue	**206,607,553**	195,211,863
Expenses:		
Program services	**122,578,007**	122,658,111
Total program services	**122,578,007**	122,658,111
Supporting services:		
Management and general	**25,251,139**	22,332,597
Unrestricted general expenses	**34,839,437**	25,935,365
Fundraising	**19,770**	16,463
Total supporting services	**60,110,346**	48,284,425
Total expenses	**182,688,353**	170,942,536
Change in net assets before non-operating activity	**23,919,200**	24,269,327
Non-operating activity:		
Unrealized foreign exchange loss	**(13,956,248)**	(10,625,330)
Change in net assets	**9,962,952**	13,643,997
Net assets:		
Beginning	**104,088,465**	90,444,468
Ending	**$ 114,051,417**	$ 104,088,465

See notes to consolidated financial statements.

Pact, Inc. and Affiliates

Consolidated Statements of Cash Flows
Years Ended September 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 9,962,952	$ 13,643,997
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	103,374	(275,865)
Loan loss reserve allowance	(1,085,976)	530,070
Depreciation	911,838	913,057
Loss on sales of property and equipment	(17,685)	916,324
Changes in assets and liabilities:		
(Increase) decrease in:		
Federal grants receivable	(5,823,335)	98,910
Other grants receivable	(106,747)	475,370
Advances and other receivables	(248,430)	(1,249,104)
Prepaid expenses and deposits	809,297	267,520
Increase (decrease) in:		
Accounts payable and accrued expenses	3,383,338	(3,863,160)
Beneficiary savings and reserved funds	8,665,207	16,142,573
Net returns on loans, reinvested earnings	(1,997,592)	355,366
Refundable advances – federal	1,503,002	(1,032,213)
Refundable advances – other	5,594,310	(6,783,317)
Client loan funds	(5,690,802)	(1,030,641)
Deferred rent	(59,052)	(23,191)
Net cash provided by operating activities	15,903,699	19,085,696
Cash flows from investing activities:		
Purchases of investments	(255,561)	(166,624)
Disbursements for loans	(208,985,031)	(164,259,003)
Receipts from collections of loans	165,344,979	158,169,664
Proceeds from sales of property and equipment	-	7,959
Purchase of property and equipment	(769,369)	(657,551)
Net cash used in investing activities	(44,664,982)	(6,905,555)
Cash flows from financing activities:		
Payments on notes payable	24,404,598	(1,274,652)
Net cash provided by (used in) financing activities	24,404,598	(1,274,652)
Net (decrease) increase in cash and cash equivalents	(4,356,685)	10,905,489
Cash and cash equivalents:		
Beginning	36,179,420	25,273,931
Ending	$ 31,822,735	$ 36,179,420
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 10,488,249	$ 8,290,324

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Pact, Inc. and Affiliates (collectively, Pact) consist of the activities of Pact, Inc., Pact Global Microfinance Fund, Pact Institute, Inc. and Pact Global (UK) Charitable Incorporated Organisation.

Pact, Inc. is an international nonprofit corporation whose mission is to strengthen civil societies around the world in order to achieve social, economic and environmental justice. The business and property of Pact, Inc. are managed and controlled by Pact, Inc.'s volunteer Board of Directors. Pact, Inc. receives a majority of its funding from the U.S. Agency for International Development (USAID) and other federal agencies, both directly and as pass-through awards from prime recipients. Other donors include instrumentalities of the United Nations, private foundations, foreign government agencies and multilateral alliances of foreign governments. Pact, Inc. provides high quality capacity building and grants management services to grassroots organizations through its Washington, D.C.-based corporate office and its 24 local field offices. Through various strategic approaches, including capacity building, good governance and utilizing markets, Pact, Inc. makes programmatic impact in the areas of health, natural resource management and livelihoods. Pact, Inc. staff provides technical assistance in a wide range of capacity strengthening areas, including financial management, project design and implementation, information management and communications, governance and strategic planning.

The Pact Global Microfinance Fund (PGMF) is a wholly owned subsidiary of Pact; it is structured to qualify as a Type I Supporting Organization under Section 509(a)(3) of the Internal Revenue Code. PGMF was incorporated in the State of Delaware on February 2, 2012, and has taken over several activities in Myanmar that were previously performed by Pact or the Institute. PGMF is a charity created by Pact, a 501(c)(3) public charity, to combat global poverty by expanding and strengthening Pact's microfinance work. PGMF has taken over several of Pact's microfinance projects and will continue to do so over time. PGMF will work with the U.S. government, United Nations agencies, and other public and private donors to offer financial services to low-income people. These services are offered with the goal of alleviating poverty and promoting sustainable development in the poorest parts of the world. PGMF is organized and will be operated to support Pact's charitable purposes. PGMF shares the vision of Pact: "A world where those who are poor and marginalized exercise their voice, build their own solutions and take ownership over their future." PGMF works to help Pact achieve one of its key goals of enabling people with limited livelihood choices to gain the resources needed to be income secure. PGMF will administer and develop services, tools, technology, innovation and partnerships that achieve excellence in sustainable traditional microfinance lending. PGMF currently provides: (1) microfinance services to impoverished individuals, particularly rural women, who have inadequate access to commercial financial services; (2) education, training and capacity building related to microfinance, disaster risk reduction and other humanitarian topics; and (3) grants to community organizations and groups that provide microfinance, disaster risk reduction and other humanitarian and poverty-reduction services. Initially, all of the microfinance projects will take place in Myanmar (also known as Burma). Eventually, PGMF may expand its activities to other developing countries.

Pact Institute, Inc. (the Institute) was organized in 1999 to support the activities of Pact, Inc. and to contribute to the growth of civil society, strengthen the community-focused nonprofit sector worldwide, and implement innovative program initiatives. The Institute serves Pact, Inc. by enabling, supporting and carrying out program activities, such as feasibility studies and pilot programs in fields that Pact, Inc. seeks to strengthen its experience. Such fields include health, natural resource management, economic empowerment and peace building.

Pact Global UK Charitable Incorporated Organization (Pact UK) was established in the United Kingdom (UK) in February 2016 to support the activities of Pact, Inc. and to contribute to the growth of civil society, strengthen the community-focused nonprofit sector worldwide, and implement innovative programmer Initiatives.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Pact UK serves Pact, Inc. by enabling, supporting and carrying out programmer activities in the UK and European international development markets where Pact, Inc. sees to strengthen its presence. With a particular focus on the Department for International Development (DFID), Pact UK is expanding initiatives such as Mines to Markets, growing in the health and social accountability, and informing UK policy development on modern slavery, notably child labor.

Pact Global was incorporated on March 14, 2018 to serve communities challenged by poverty and marginalization.

A summary of Pact's significant accounting policies follows:

Basis of accounting: The consolidated financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: Pact reports information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, as applicable. There were no temporarily restricted or permanently restricted net assets at September 30, 2018 and 2017, respectively.

Principles of consolidation: The consolidated financial statements include the accounts of Pact, Inc., Pact Global Microfinance Fund, Pact UK and the Institute. All significant intercompany transactions have been eliminated.

Financial risk: Pact maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. Pact has not experienced any losses in such accounts. Pact believes it is not exposed to any significant financial risk on cash and cash equivalents.

Pact had approximately $18 million and $29 million of cash and cash equivalents held at financial institutions in foreign countries at September 30, 2018 and 2017, respectively.

Pact invests its reserves in mutual funds and money market funds. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to change in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Cash and cash equivalents: For purposes of reporting cash flows, Pact considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments: Investments consist of mutual funds and money market funds and are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is included as a component of investment income, net in the consolidated statements of activities.

Grants receivable: Receivables are carried at original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. The majority of Pact's receivables are comprised of amounts billed on federal and other grants, which are billable when expenditures are incurred. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. There was no provision for doubtful accounts at September 30, 2018 and 2017.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Advances and other receivables: Advances and other receivables consist primarily of advances to subrecipients. Advances are liquidated when allowable expenditures, under the terms of the respective subrecipient agreements, are incurred and reported by the subrecipient. Management determines an allowance for advances by reviewing the listing of advances outstanding and identifying any troubled accounts. Amounts are written off when deemed uncollectible. There was no provision for doubtful accounts at September 30, 2018 and 2017.

Loans: Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that PGMF does not intend to sell immediately or in the near future term. Loans are reported at the principal amount outstanding, net of allowances for loan losses, impairments and unearned loan fees (see Notes 4 and 14). All loans are recognized when cash is advanced to borrowers.

Allowances for loan losses: Allowances have been established for probable loan losses. The Board of Directors has delegated responsibility of credit risk assessment to PGMF's senior management. The provisions for losses charged to operations are based on management's judgment of current economic conditions, the value of the underlying collateral and the credit risk of the loan portfolio. Management believes that these allowances are adequate for loan losses inherent in the loan portfolio based on available information; however, future additions to the allowances may be necessary based on changes in economic conditions.

Impairment: A loan is impaired when it is probable that all principal and interest amounts due will not be collected according to contractual terms of the loan agreement. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate. Large groups of smaller-balance homogeneous loans are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures. As of September 30, 2018 and 2017, there were no impairments.

Property and equipment: Property and equipment with a cost of $5,000 or more are capitalized. Improvements to property and equipment that extend the useful lives of the assets are also capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Valuation of long-lived assets: Pact reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Refundable advances: Refundable advances represent the balance of cash received from government and private grants, for which allowable expenditures have not yet been incurred.

Support and revenue – Pact, Inc., Pact UK and the Institute: Revenue from grants and contracts is recognized as related reimbursable expenses are incurred. Allowable expenses incurred in excess of cumulative reimbursements are reported within grants receivable. Cash received in excess of allowable expenditures incurred is reported as refundable advances.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Support and revenue – PGMF: Loan income and expenses are recognized based on the effective interest rate of the interest earning asset or the interest bearing liability. Interest income and expense include the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount if maturity is calculated on an effective interest rate basis. Revenue from grants and contracts is recognized as related reimbursable expenses are incurred. Cash received in excess of allowable expenditures incurred is reported as refundable advances.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain management and staff expenses have been allocated to programs on the basis of time spent. Other expenses have been allocated to programs based upon salaries expense.

Foreign currency translation and transactions – Pact, Inc., Pact UK and the Institute: The reporting currency and functional currency is the U.S. dollar. Monthly expenses that are incurred by field offices in foreign countries in foreign currencies are translated into U.S. dollars at the rate of exchange in effect during the month of the transaction. Gains and losses from foreign currency transactions are netted with expenses on the consolidated statements of activities.

Foreign currency translation and transactions – PGMF: Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the ruling rate in effect at the balance sheet date. Foreign exchange differences arising from translation are recognized in the consolidated statements of activities. The official exchange rate for U.S. dollars used in the translation of balance sheet items denominated in foreign currencies was 1,531.52 and 1,356.06 in Myanmar Kyat (MMK) at September 30, 2018 and 2017, respectively. Foreign exchange loss of $13,956,248 and $10,625,330 was recorded in 2018 and 2017, respectively.

Income taxes: Pact, Inc., the Institute and PGMF are generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, all three organizations qualify for charitable contributions deductions and have been classified as organizations that are not private foundations. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. Pact UK is registered as a charity in the United Kingdom. None of the entities had any significant net unrelated business income for the years ended September 30, 2018 and 2017.

Management evaluated Pact's tax positions and concluded that Pact has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of the accounting guidance for uncertainty in income taxes. Generally, Pact is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2015.

Use of estimates: The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Upcoming accounting pronouncement: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases.* Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities. The new standard is effective for Pact for the fiscal year beginning October 1, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Pact is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Early adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Pact has not yet evaluated the impact of this ASU on the consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is not permitted. This ASU is effective for fiscal years beginning after December 15, 2018. Pact is currently assessing the potential impact of this ASU on the consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations*. The amendments in this ASU are intended to improve the guidance on principal versus agent considerations. The effective date for this ASU is the same as the effective date for ASU No. 2014-09, *Revenue from Contracts with Customers*. Pact is currently assessing the potential impact of this ASU on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* Among other provisions, this ASU requires the allowance for credit losses to reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. For all other entities (non public), the ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Pact is currently assessing the potential impact of this ASU on the consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. Where the Foundation is the resource recipient, the ASU is applicable to contributions received for interim periods within annual periods beginning after December 15, 2018. Pact is currently assessing the potential impact of this ASU on the consolidated financial statements.

Subsequent events: Pact evaluated subsequent events through June 25, 2019, which is the date the consolidated financial statements were available to be issued.

Note 2. Fair Value Measurements and Investments

The Fair Value Measurement Topic of the Accounting Standards Codification defines fair value as 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Fair Value Topic of the Codification as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the Fair Value Topic of the Codification are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In certain cases, the inputs used to measure the fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Pact's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Investments in securities traded on a national securities exchange or reported on the NASDAQ national market are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy. There were no Level 2 or 3 investments at September 30, 2018 and 2017.

Note 2. Fair Value Measurements and Investments (Continued)

The following table presents Pact's fair value hierarchy for those assets measured at fair value on a recurring basis as of September 30, 2018 and 2017:

	2018			
Description	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income – short term bond	$ 601,116	$ -	$ -	$ 601,116
Fixed income – ultrashort bond	603,983	-	-	603,983
Fixed income – intermediate term bond	298,864	-	-	298,864
Equity – large blend	747,968	-	-	747,968
Equity – foreign large value	393,812	-	-	393,812
Equity – diversified emerging markets	380,450	-	-	380,450
Equity – small value	130,103	-	-	130,103
Equity – small blend	131,899	-	-	131,899
Equity – world stock	129,970	-	-	129,970
Equity – global real estate	61,434	-	-	61,434
Equity – dimensional fund advisor	607,007	-	-	607,007
	4,086,606	-	-	4,086,606
Money market funds	36,160	-	-	36,160
	$ 4,122,766	$ -	$ -	$ 4,122,766

	2017			
Description	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income – short term bond	$ 581,000	$ -	$ -	$ 581,000
Fixed income – ultrashort bond	580,929	-	-	580,929
Fixed income – intermediate term bond	289,934	-	-	289,934
Equity – large blend	704,690	-	-	704,690
Equity – foreign large value	366,166	-	-	366,166
Equity – diversified emerging markets	389,578	-	-	389,578
Equity – small value	125,959	-	-	125,959
Equity – small blend	125,342	-	-	125,342
Equity – world stock	124,958	-	-	124,958
Equity – global real estate	60,471	-	-	60,471
Equity – dimensional fund advisor	597,285	-	-	597,285
	3,946,312	-	-	3,946,312
Money market funds	24,268	-	-	24,268
	$ 3,970,580	$ -	$ -	$ 3,970,580

Note 2. Fair Value Measurements and Investments (Continued)

Investment income consists of the following for the years ended September 30, 2018 and 2017:

	2018	2017
Interest and dividends	$ 255,560	$ 148,624
Unrealized (loss) gain on investments	(103,374)	275,865
	$ 152,186	$ 424,489

Note 3. Advances and Other Receivables

Advances and other receivables consist of the following at September 30, 2018 and 2017:

	2018	2017
Subrecipient advances	$ 1,283,253	$ 1,256,532
Employee advances	43,186	157,093
Other receivables	1,830,329	1,494,713
	$ 3,156,768	$ 2,908,338

Note 4. Loans Receivable

Loans receivable consists of loans granted to individuals and groups (customers). These loans are made for the purpose of financing agriculture activities, trading, small-scale artisan work and other services. No collateral or security is taken for these loans. These loans are granted generally for a period of between 4 and 12 months at an annual effective interest rate of 30%. All loans outstanding as of September 30, 2018 and 2017, are due within the next 12 months. Loans outstanding for the years ended September 30, 2018 and 2017, consist of the following:

	2018	2017
Loans receivable	$ 212,148,887	$ 168,542,678
Less loan loss allowance	(3,197,699)	(4,283,675)
Net loan portfolio	$ 208,951,188	$ 164,259,003

Interest receivable of $615,916 is included in the loans receivable amount at September 30, 2018. There was no interest receivable at September 30, 2017.

PGMF will often make loans to borrowers who would be unable to secure financing from commercial sources. The ability of each borrower to repay its respective loan depends on the entrepreneurial success of each borrower. In addition, payments to PGMF depend on the economic and political environment of each locality in which loans are made.

Note 4. Loans Receivable (Continued)

A summary of the activity in the allowance for loan losses for the years ended September 30, 2018 and 2017, are as follows:

	2018	2017
Balance at beginning of year	$ 4,283,675	$ 3,753,605
Provision for loan losses	(408,546)	939,308
Loans written off	(153,492)	(15,602)
Revaluation	(523,938)	(393,636)
Balance at end of year	$ 3,197,699	$ 4,283,675

Loans are considered delinquent if they have not been repaid when due. See Note 14 for more information. As of September 30, 2018 and 2017, PGMF had delinquencies totaling $1,160,385 and $927,856, respectively. As of September 30, 2018 and 2017, the average effective yield on loans receivable was 30%.

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at September 30, 2018 and 2017, and depreciation expense for the years ended September 30, 2018 and 2017, are as follows:

2018

Asset Category	Estimated Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Software	3 years	$ 2,929,797	$ 2,541,026	$ 388,771	$ 250,708
Leasehold improvements	11 years	1,487,602	734,249	753,353	51,536
Property and equipment	3-10 years	3,970,943	2,597,017	1,373,926	609,594
		$ 8,388,342	$ 5,872,292	$ 2,516,050	$ 911,838

2017

Asset Category	Estimated Lives	Cost	Accumulated Depreciation	Net	Depreciation Expense
Software	3 years	$ 2,341,750	$ 2,245,208	$ 96,542	$ 295,555
Leasehold improvements	11 years	1,487,602	629,129	858,473	105,119
Property and equipment	3-10 years	3,636,624	2,351,211	1,285,413	443,706
Work in progress		468,523	68,118	400,405	68,677
		$ 7,934,499	$ 5,293,666	$ 2,640,833	$ 913,057

Note 6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at September 30, 2018 and 2017:

	2018	2017
Accrued personnel expenses	$ 7,028,449	$ 6,804,963
Accounts payable and accrued expenses	7,685,455	4,525,603
	$ 14,713,904	$ 11,330,566

Note 7. Beneficiary Savings and Reserved Funds

Beneficiary savings and reserved funds consist of deposits from loan customers and other client liabilities. Deposits from customers as of September 30, 2018 and 2017, consist of the following:

	2018	2017
Savings (compulsory)	$ 23,757,344	$ 20,294,714
Savings (voluntary)	42,829,053	41,800,864
Total deposits from customers	$ 66,586,397	$ 62,095,578

During fiscal years 2018 and 2017, the annual effective interest rate on compulsory deposits was 15% and on voluntary deposits was 10-13%; all deposits are interest bearing. Interest is accrued monthly and capitalized on customer deposit accounts at the end of the year. Therefore, accrued interest on deposits is included in the deposits from loan customers on the consolidated balance sheets while interest expense on deposits is part of banking and professional fees, which are included in the program services on the consolidated statements of activities. Each of these types of customer deposits are available on demand with two weeks' notice.

As of September 30, 2018 and 2017, other client liabilities consist of the following:

	2018	2017
Beneficiary Welfare Fund	$ 15,742,262	$ 12,373,686
Employee Benefit Fund	4,031,846	3,234,375
Other deposits	22,147	13,806
Total other client liabilities	$ 19,796,255	$ 15,621,867

	2018	2017
Total deposits from customers	$ 66,586,397	$ 62,095,578
Total other client liabilities	19,796,255	15,621,867
	$ 86,382,652	$ 77,717,445

Note 7. Beneficiary Savings and Reserved Funds (Continued)

The Beneficiary Welfare Fund is designed for microfinance customers who currently have outstanding loans, have completed a loan or are waiting to receive a loan from PGMF. To qualify for the funding program, clients must be current microfinance customers, take at least one loan per year to continue program coverage and agree to follow all the rules and regulations. It offers two types of benefits: (1) a one-time cash benefit and (2) the settling of outstanding loans with the Beneficiary Welfare Program funds. When a borrower dies or faces certain risk defined by the program, PGMF will settle the outstanding loans and also provide cash benefits, depending on the risks.

The Beneficiary Welfare Fund is created by the following contributions:

1. The collection of 1.5% of loan disbursements from borrowers.
2. Clients will contribute an additional 0.5% on a voluntary basis for natural disaster coverage for risky agriculture.
3. 1% of gross income monthly contributed by PGMF.
4. 10% annual interest, 0.83% monthly.

The Employee Benefit Plan (EBP) Fund was created on October 1, 2014, to provide a safety net for those employees in time of difficulty and to promote a supportive and healthy working environment. The EBP Fund was initially funded from current PGMF Microfinance Program Staff Healthcare Plan funds. PGMF employees contribute 3,000/Kyat per month towards the EBP Fund. PGMF will also contribute an amount equal to 15% of the EBP Fund balance on an annual basis. The EBP Fund will provide several benefits to PGMF employees, including retirement and medical, childbirth and bereavement assistance.

Note 8. Net Returns on Loans

PGMF generates earnings from interest charged and collected, net of operating expenses, on loan fund assets (microfinance products) owned by various funding agencies. As ownership of the underlying assets does not transfer to PGMF until the point in time in which the projects have ended and the donors who originally contributed the initial funds for the microfinance loans have released those funds to PGMF, the net earnings or net return on loans from those loan funds are recorded as a liability due to the donors until released by the donors. The cumulative amount recorded as net returns on loans as of September 30, 2018 and 2017, was $8,660,521 and $10,658,113, respectively. Loan fund assets (microfinance products) owned by various funding agencies experienced a net gain on loans of $1,997,592 in 2018 and a net loss of $355,365 in 2017 and is recorded as net return (loss) on loans on the consolidated statements of activities.

Note 9. Pension Plan

Pact has a 403(b) defined contribution salary deferral plan covering substantially all employees who have completed one year of employment. Contributions are based on a percentage of the employees' compensation: 8.8% for employer contributions for employees who have completed their first year and are in effect until their third year of service, increasing to 13% thereafter. Employees may contribute the maximum amount permitted by law. Pension expense for the years ended September 30, 2018 and 2017, was $1,546,708 and $1,416,719, respectively.

Note 10. Leases

Pact's corporate headquarters occupies office space in Washington, D.C. under the terms of a non-cancellable operating lease, and various foreign countries offices are occupied under leases on a month-to-month basis. The headquarters lease expires on November 30, 2025.

All lease expenditures are recognized on a straight-line basis ratably over the term of the lease. The difference between the straight-line expense and the required lease payment is reflected as deferred rent in the accompanying consolidated balance sheets.

Total rent expense was $3,770,156 and $3,770,375 million for the years ended September 30, 2018 and 2017.

Total future lease payments are as follows:

Years ending September 30:		
2019	$	2,049,303
2020		1,748,800
2021		1,584,790
2022		1,526,267
2023		1,492,119
2024 and thereafter		3,173,801
	$	11,575,080

Note 11. Commitments and Contingencies

Federal awards: Pact participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by the federal government or its representative. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate significant adjustments as a result of such audits.

Grants to subrecipients: Pact has authorized subgrants contingent upon the receipt of acceptable progress reports towards negotiated workplans. The contingent subgrants will be considered authorized when the contingency requirements are met. No liability has been recorded for these unobligated subaward amounts in the accompanying consolidated financial statements.

Note 12. Major Grantor

During the year ended September 30, 2018, Pact received significant direct funding from USAID. A reduction in funding from USAID would have a significant impact on the operations of Pact. For the years ended September 30, 2018 and 2017, approximately 56% and 53%, respectively, of total revenue was related to grants funded directly by USAID. Another 7% and 4% of Pact's revenues were funded indirectly by USAID through subawards and subcontracts to other development partners that Pact engaged with during fiscal years 2018 and 2017, respectively.

Note 13. Interest Expense

Interest expense for the years ended September 30, 2018 and 2017, includes:

	2018	2017
Interest on client deposits and other client liabilities	$ 11,398,391	$ 8,291,072
Interest on line of credit	102,626	100,470
Total interest expense	$ 11,501,017	$ 8,391,542

Note 14. Financial Risk Management – PGMF Operations

By its nature, PGMF's activities are principally related to the use of financial instruments. A financial instrument is any contract that gives rise to the right to receive cash or another financial asset from another party or the obligation to deliver cash or another financial asset to another party. Financial instruments result in certain risks to PGMF. The most significant risks facing PGMF are outlined below.

Credit risk: Credit risk is the risk of financial loss arising from the failure of a customer to settle financial obligations to PGMF as they fall due. This is an inherent risk associated with the microfinance industry. The majority of loans are short term in nature; approximately 40% of the loans fall due within nine months and no loans are over 12 months in duration in 2017 and 2018.

The Board of Directors has delegated responsibility for the management of credit risk to senior management. A separate Program (Operations) department is responsible for oversight of PGMF's credit risk including:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to Business Unit Officers.
- Reviewing and assessing credit risk. PGMF's Program department assesses all credit exposures in excess of designated limits prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to geographies and market segments for loans and advances.
- Developing and maintaining PGMF's risk grading in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.
- Reviewing compliance of business units with agreed exposure limits including those for selected industries' country risk and product types. Regular reports are provided to PGMF's Program department on the credit quality of local portfolios and appropriate corrective actions to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout PGMF in the management of credit risk.

Note 14. Financial Risk Management – PGMF Operations (Continued)

Each branch is required to implement PGMF's credit policies and procedures with credit approval authorities delegated from management. Each business unit has a Branch Manager who reports on all credit related matters to senior management. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

PGMF does not hold collateral against loans. The lending portfolio consists of non-securitized microfinance loans mutually guaranteed by group members. Customers are clustered into solidarity groups, which collectively secure the loans. Regular audits of branches and credit processes are undertaken by Internal Audit.

Impaired loans: Impaired loans are loans for which PGMF determines that it is probable that it will be unable to collect the principal and interest due according to the contractual terms of the loan.

Objective evidence that loans are impaired can include default or delinquency by a borrower, restructuring of a loan, indications that a borrower will enter bankruptcy or other observable data relating to a group of loans such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group.

Past due but not impaired loans: Loans where contractual interest or principal payments are past due but PGMF believes that impairment is not appropriate on the basis of the level of security available and/or the stage of collection of amounts owed to PGMF.

Allowance for loan losses: PGMF establishes an allowance for loan losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred, but have not been identified on loans subject to individual assessment for impairment.

Prior to August 2018, the loan loss impairment was calculated as the higher of 2% on total loans outstanding or a 2% LLP on performing loans plus and LLP on default loans based on the 2017 aging categories shown in the schedule below. After August 2018, PGMF calculated a Loan Loss Provision (LLP) of 1% on all regularly performing loans and an LLP on past due loans based on the 2018 aging categories showing the schedule that follows. PGMF considers loans past due when contracted installments are delinquent more than 90 days.

Period of Default	FY18 Provision Percentage on Default Loans	FY17 Provision Percentage on Default Loans
1 to 30 days	10%	25%
Between 31-60 days	50%	25%
Between 61 - 90 days	75%	25%
Between 91-180 days	100%	50%
Between 181-270 days	100%	75%
More than 270 days	100%	100%
Over 365 days	Write off	Write off

PGMF reports loans at their outstanding balance, net of allowance made from loan loss provisions.

Note 14. Financial Risk Management – PGMF Operations (Continued)

Write-off policy: PGMF writes off a loan/security balance (and any related allowances for impairment losses) when PGMF's Program department determines that the loans/securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from the group guarantee will not be sufficient to pay back the entire exposure. Loan write-offs for the years ended September 30, 2018 and 2017 are as follows:

	Number of Borrowers	2018 Amount
Current loan	1,061,804	$ 210,372,586
Past due loan:		
1-90 days	702	207,979
91-180 days	635	167,679
181-270 days	686	131,191
271-365 days	265	56,484
Over 365 days	2,262	588,052
Gross carrying amount	1,066,354	$ 211,523,971

	Number of Borrowers	2017 Amount
Current loan	1,004,701	$ 167,614,821
Past due loan:		
1-90 days	606	98,349
91-180 days	413	109,660
181-270 days	272	64,778
271-365 days	671	224,540
Over 365 days	2,229	430,530
Gross carrying amount	1,008,892	$ 168,542,678

Note 14. Financial Risk Management – PGMF Operations (Continued)

Credit risk management: PGMF monitors concentrations of credit risk by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

	2018	2017
Magway South	$ 12,633,975	$ 10,696,766
Magway Central	22,450,153	19,898,052
Magway North/Sagaing	19,124,159	16,155,119
Sagaing East	5,449,434	-
Mandalay/Shan North	27,140,760	24,903,516
Shan South	23,810,013	13,764,399
Delta West	29,264,862	25,346,503
Delta East	19,030,786	19,337,787
Rakhine	11,573,575	4,896,909
Delta North	26,020,471	20,295,813
Yangon	15,025,783	13,247,814
Total	$ 211,523,971	$ 168,542,678

Concentration by location for loans is measured based on the location of the PGMF unit holding the asset, which has a high correlation with the location of the borrower.

PGMF also monitors credit risk by product concentration. An analysis of concentrations of credit risk at the reporting date is shown below for the years ended September 30, 2018 and 2017:

	Number of Borrowers	2018 Amount
General Loan	863,123	$ 146,138,357
Extra Loan	11,924	211,554
Medium and Small Enterprise Loan	25,819	12,543,707
Healthcare Loan	2,456	153,189
Education Loan	5,120	371,590
Agriculture Loan	151,254	42,519,865
Lease	392	585,939
Individual Loan	6,266	8,999,770
Total	1,066,354	$ 211,523,971

Note 14. Financial Risk Management – PGMF Operations (Continued)

	Number of Borrowers	2017 Amount
General Loan	739,248	$ 104,448,610
Extra Loan	80,639	8,865,795
Medium and Small Enterprise Loan	25,114	10,217,041
Healthcare Loan	3,073	158,844
Education Loan	3,786	146,953
Agriculture Loan	156,449	44,028,505
Lease	310	468,913
Individual Loan	273	208,017
Total	1,008,892	$ 168,542,678

Foreign currency risk: Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. PGMF recorded $13,956,248 and $10,625,330 in foreign exchange loss due to the 12.36% and 11.64% decreases in the value of the U.S. dollar compared to the MMK during the fiscal years ended September 30, 2018 and 2017, respectively.

Liquidity risk: Liquidity risk is the risk that PGMF will encounter difficulty in raising funds to meet commitments associated with financial instruments. The objective of liquidity management is to ensure that PGMF has the ability to generate sufficient funds to meet all cash flow obligations as they become due. In managing its liquidity, PGMF takes into account various legal requirements and limitations and the need to maintain market confidence. Total PGMF cash is $14,520,307, which is 6% of PGMF's total assets as of September 30, 2018 and $23,846,120, which is 12.46% of PGMF's total assets as of September 30, 2017.

Management of liquidity risk: PGMF's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to PGMF's reputation.

Head office receives information from other units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. Weekly reports cover the liquidity position of both PGMF and operating units.

Exposure to liquidity risk: A key measure used by PGMF for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered only including cash. A similar but not identical calculation is used to measure PGMF's compliance with the liquidity limit established by the regulator.

Note 14. Financial Risk Management – PGMF Operations (Continued)

Details of the reported organization ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	2018	2017
At period end	21%	38%
Average for the period	34%	55%
Maximum for the period	43%	86%
Minimum for the period	21%	15%

Operational risk: Operational risk is the risk caused by failures in operational processes or the systems that support them. This includes errors, omissions, system breakdowns, natural disasters, terrorist attacks and fraudulent activity, causing an impact in terms of unavailability of services, financial loss, increased costs and loss of reputation or failure to make anticipated income or profit.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of PGMF, but to be consistent with the prudent management required of a financial institution. Risk management priorities are identified through a combination of experience and observation, internal audit assessment and knowledge, internal controls, detailed risk assessment work, change management procedures, incident reports and common sense.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall organizational standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties including authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation including insurance where this is effective

Note 15. Assets Transferred From Donor-Ended Projects

Under the Asset and Liability Transfer Agreement dated June 2014, PGMF assumed ownership of the net assets of the United Nations Development Programme (UNDP) project. Under the revenue sharing clause of the transfer agreement dated September 23, 2015, PGMF agreed to pay a total of MMK 12,543,666,400 over five years through semi-annual installments of MMK 1,567,958,300 each. As of September 30, 2018 and 2017, the total liability to UNDP was $1,023,792 and $6,714,594, respectively. The balance at September 30, 2018, was paid in full on January 7, 2019.

Note 16. Line of Credit

Pact, Inc. has an express credit line loan agreement, which will expire on October 13, 2019. The line bears interest at London InterBank Offered Rate (LIBOR) one-month plus 3.0% (subject to a floor of 4.0%) and is secured by Pact Inc.'s assets. The interest rate at September 30, 2018 and 2017 was 5.18% and 4.23%, respectively. The outstanding debt balance was $2,815,348 and $1,365,348 at September 30, 2018 and 2017 and is included in loans payable on the consolidated balance sheets.

Note 17. Notes Payable

On June 29, 2018, PGMF entered into a secured loan agreement with a bank totaling $11,378,320. PGMF deposited 40% of the loan proceeds at the bank as collateral. This loan is to be repaid in three equal installments on the days corresponding to 30th month, 33rd month and 36th month respectively from the date of disbursement of loan. This loan expires on June 29, 2021. Its interest rate is 13% per annum.

At September 30, 2018, PGMF had five unsecured loan agreements which totaled $14,596,979 and expire from December 2019 to May 2021. The fixed interest rate on these loans ranges from 10% to 13%. The amounts outstanding under these agreements are $12,605,435 and $2,873,961 as of September 30, 2018 and 2017, respectively.

Total accrued interest for these three loans totaled $1,012,723 and $101,218 at September 30, 2018 and 2017, respectively, and is included in accounts payable and accrued expenses on the consolidated balance sheets.

The aggregate required principal payments on all debt for each of the next three fiscal years, and thereafter to maturity are as follows:

	USD
2019	$ 1,436,977
2020	6,470,035
2021	15,047,460
	$ 22,954,472

Note 18. Subsequent Events

In October 2018, Pact Ventures, LLC was formed as a single member limited liability company in the District of Columbia. Pact Global is the sole member of the LLC. Pact Inc. made an initial contribution of $50,000 on behalf of Pact Global.

Additionally, the following transactions were entered into by PGMG subsequent to year-end:

a) PGMF applied for permission for taking MMK 10 Billion loan from CB bank.
b) PGMF received short-term bank overdraft from Shinhan bank of amount MMK 7.5 Billion
c) 5th Oct 2018 PGMF received new loan of USD 6 ML from Blue Orchard Microfinance Fund as per the Agreement dated September 28, 2018. Interest rate 7.45%.
d) A consortium of investors is interested in investing in and lending significant capital to PGMF Company. Pact Inc. is planning to maintain a minority share of ownership in PGMF. Any future investors will be required to sign a social mission statement pledging to support PGMF's financial inclusion principles.

RSM

RSM US LLP

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
Pact, Inc. and Affiliates

We have audited the consolidated financial statements of Pact, Inc. and Affiliates (collectively, Pact) as of and for the years ended September 30, 2018 and 2017, and have issued our report thereon which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating and other supplementary information is presented for purposes of additional analysis, rather than to present the consolidated financial position and results of activities of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The consolidating and other information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, as explained in our report with the consolidated financial statements on pages 1 and 2, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Washington, D.C.
June 25, 2019

Pact, Inc. and Affiliates

Consolidating Balance Sheet
September 30, 2018

	Pact, Inc.	Pact Institute	Pact UK	PGMF	Pact Global	Total
Assets						
Cash and cash equivalents	$ 5,321,226	$ 8,984,308	$ 2,996,829	$ 14,520,372	$ -	$ 31,822,735
Investments	4,122,766	-	-	-	-	4,122,766
Federal grants receivable	12,148,776	-	-	-	-	12,148,776
Other grants receivable	-	1,783,978	200,389	-	-	1,984,367
Advances and other receivables	987,669	549,848	30,723	1,438,528	150,000	3,156,768
Prepaid expenses and other assets	1,192,757	127,240	3,895	309,480	-	1,633,372
Loan portfolio, net of loan loss reserve	-	33,843	-	208,951,188	-	208,985,031
Due (to) from related party	961,480	2,220,557	(7,810)	(3,024,227)	(150,000)	-
Property and equipment, net	1,177,797	-	-	1,338,253	-	2,516,050
	$ 25,912,471	$ 13,699,774	$ 3,224,026	$ 223,533,594	$ -	$ 266,369,865
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	$ 11,576,503	$ 1,101,775	$ 94,936	$ 1,940,690	$ -	$ 14,713,904
Beneficiary savings and reserved funds	-	-	-	86,382,652	-	86,382,652
Net returns on loans, reinvested earnings	-	-	-	8,660,521	-	8,660,521
Notes payable	2,815,348	-	-	22,954,598	-	25,769,946
Refundable advances – federal	2,917,087	-	-	-	-	2,917,087
Refundable advances – other	130,494	7,562,626	2,892,839	653,821	-	11,239,780
Client loan funds	-	-	-	1,023,792	-	1,023,792
Deferred rent	1,610,766	-	-	-	-	1,610,766
	19,050,198	8,664,401	2,987,775	121,616,074	-	152,318,448
Net assets – unrestricted	6,862,273	5,035,373	236,251	101,917,520	-	114,051,417
	$ 25,912,471	$ 13,699,774	$ 3,224,026	$ 223,533,594	$ -	$ 266,369,865

Pact, Inc. and Affiliates

Consolidating Balance Sheet
September 30, 2017

	Pact, Inc.	Pact Institute	Pact UK	PGMF	Eliminations	Total
Assets						
Cash and cash equivalents	$ 7,154,943	$ 5,093,993	$ 84,364	$ 23,846,120	$ -	$ 36,179,420
Investments	3,970,580	-	-	-	-	3,970,580
Federal grants receivable	6,325,441	-	-	-	-	6,325,441
Other grants receivable	492,496	1,385,124	-	-	-	1,877,620
Advances and other receivables	1,192,168	262,998	30,540	1,422,632	-	2,908,338
Prepaid expenses and other assets	1,685,048	252,179	3,229	502,213	-	2,442,669
Loan portfolio, net of loan loss reserve	-	-	-	164,259,003	-	164,259,003
Due (to) from related party	(3,460,129)	3,469,074	(7,995)	(950)	-	-
Property and equipment, net	1,326,892	-	-	1,313,941	-	2,640,833
	$ 18,687,439	$ 10,463,368	$ 110,138	$ 191,342,959	$ -	$ 220,603,904
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	$ 9,728,022	$ 1,335,158	$ 107,696	$ 159,690	$ -	$ 11,330,566
Beneficiary savings and reserved funds	-	-	-	77,717,445	-	77,717,445
Net returns on loans, reinvested earnings	-	-	-	10,658,113	-	10,658,113
Notes payable	1,365,348	-	-	-	-	1,365,348
Refundable advances – federal	1,414,085	-	-	-	-	1,414,085
Refundable advances – other	250,981	4,327,817	-	1,066,672	-	5,645,470
Client loan funds	-	-	-	6,714,594	-	6,714,594
Deferred rent	1,669,818	-	-	-	-	1,669,818
	14,428,254	5,662,975	107,696	96,316,514	-	116,515,439
Net assets – unrestricted	4,259,185	4,800,393	2,442	95,026,445	-	104,088,465
	$ 18,687,439	$ 10,463,368	$ 110,138	$ 191,342,959	$ -	$ 220,603,904

Pact, Inc. and Affiliates

Consolidating Statement of Activities
Year Ended September 30, 2018

	Pact, Inc.	Pact Institute	Pact UK	PGMF	Eliminations	Total
Support and revenue:						
Grants and contracts	$ 119,448,018	$ 21,516,882	$ 2,173,247	$ 1,390,084	$ -	$ 144,528,231
Contributions	22,002	-	396,329	-	(396,329)	22,002
Microfinance loan activities	-	-	-	57,881,474	-	57,881,474
Fee income on microfinance loans	-	-	-	1,196,042	-	1,196,042
Investment income, net	152,186	-	-	-	-	152,186
Other revenue	108,230	313,250	-	408,546	-	830,026
Affiliate admin fees	3,195,857	-	-	-	(3,195,857)	-
Net return on loans	-	-	-	1,997,592	-	1,997,592
Total support and revenue	122,926,293	21,830,132	2,569,576	62,873,738	(3,592,186)	206,607,553
Expenses:						
Program services	99,376,846	19,199,102	1,792,368	2,209,691	-	122,578,007
Total program services	99,376,846	19,199,102	1,792,368	2,209,691	-	122,578,007
Supporting services:						
Management and general	19,912,470	2,250,264	543,399	5,740,863	(3,195,857)	25,251,139
Unrestricted general expenses	1,014,119	145,786	-	34,075,861	(396,329)	34,839,437
Fundraising	19,770	-	-	-	-	19,770
Total supporting services	20,946,359	2,396,050	543,399	39,816,724	(3,592,186)	60,110,346
Total expenses	120,323,205	21,595,152	2,335,767	42,026,415	(3,592,186)	182,688,353
Change in net assets before non-operating activity	2,603,088	234,980	233,809	20,847,323	-	23,919,200
Non-operating activity:						
Unrealized foreign exchange loss	-	-	-	(13,956,248)	-	(13,956,248)
Change in net assets	2,603,088	234,980	233,809	6,891,075	-	9,962,952
Net assets:						
Beginning	4,259,185	4,800,393	2,442	95,026,445	-	104,088,465
Ending	$ 6,862,273	$ 5,035,373	$ 236,251	$ 101,917,520	$ -	$ 114,051,417

Pact, Inc. and Affiliates

Consolidating Statement of Activities
Year Ended September 30, 2017

	Pact, Inc.	Pact Institute	Pact UK	PGMF	Eliminations	Total
Support and revenue:						
Grants and contracts	$ 115,911,469	$ 23,251,141	$ 904,629	$ 5,635,258	$ -	$ 145,702,497
Contributions	38,915	-	272,193	-	(250,082)	61,026
Microfinance loan activities	-	-	-	47,392,218	-	47,392,218
Fee income on microfinance loans	-	-	-	1,691,233	-	1,691,233
Investment income, net	424,489	-	-	-	-	424,489
Other (losses) revenue	(9,554)	305,319	-	-	-	295,765
Net loss on loans	-	-	-	(355,365)	-	(355,365)
Total support and revenue	116,365,319	23,556,460	1,176,822	54,363,344	(250,082)	195,211,863
Expenses:						
Program services	98,337,504	20,525,284	830,929	2,964,394	-	122,658,111
Total program services	98,337,504	20,525,284	830,929	2,964,394	-	122,658,111
Supporting services:						
Management and general	17,114,176	2,228,865	343,451	2,646,105	-	22,332,597
Unrestricted general expenses	875,715	226,507	-	25,083,225	(250,082)	25,935,365
Fundraising	16,463	-	-	-	-	16,463
Total supporting services	18,006,354	2,455,372	343,451	27,729,330	(250,082)	48,284,425
Total expenses	116,343,858	22,980,656	1,174,380	30,693,724	(250,082)	170,942,536
Change in net assets before non-operating activity	21,461	575,804	2,442	23,669,620	-	24,269,327
Non-operating activity:						
Unrealized foreign exchange loss	-	-	-	(10,625,330)	-	(10,625,330)
Change in net assets	21,461	575,804	2,442	13,044,290	-	13,643,997
Net assets:						
Beginning	4,237,724	4,224,589	-	81,982,155	-	90,444,468
Ending	$ 4,259,185	$ 4,800,393	$ 2,442	$ 95,026,445	$ -	$ 104,088,465

Pact, Inc. and Affiliates

Statement of Functional Expenses – Pact, Inc.
Year Ended September 30, 2018
(With Comparative Totals for 2017)

	Program Services					Supporting Services					
	USAID Funded Directly	USAID Funded Indirectly	Other Federal	Non-Federal	Total Program Services	Management and General	Unrestricted General Expenses	Fundraising	Total Supporting Services	Total Expenses	2017
Salaries and related expenses	$ 17,412,946	$ 2,548,175	$ 942,281	$ 22,922	$ 20,926,324	$ 10,686,362	$ 120,928	$ 192	$ 10,807,482	$ 31,733,806	$ 30,660,948
Fringe benefits	5,684,412	733,725	218,329	7,702	6,644,168	3,516,915	48,878	64	3,565,857	10,210,025	8,769,458
Supplies and other	3,144,423	277,016	73,198	6,162	3,500,799	1,573,450	544,871	130	2,118,451	5,619,250	5,143,002
Travel	3,080,723	467,598	110,342	8,627	3,667,290	1,545,685	39,584	-	1,585,269	5,252,559	4,586,079
Training and conferences	7,468,527	547,361	178,131	12,402	8,206,421	237,723	52,385	-	290,108	8,496,529	4,080,000
Banking and professional fees	600,555	108,476	89,682	6,518	805,231	3,529,618	86,219	19,384	3,635,221	4,440,452	3,161,732
Occupancy	1,711,616	114,224	38,766	2,706	1,867,312	1,388,067	21,857	-	1,409,924	3,277,236	3,047,941
Allowances	1,896,355	222,192	2,502	-	2,121,049	73,333	25,113	-	98,446	2,219,495	2,831,598
Consultant fees	1,061,541	323,439	66,083	-	1,451,063	820,396	50,110	-	870,506	2,321,569	1,520,460
Vehicles and equipment	496,219	5,840	-	-	502,059	7,577	-	-	7,577	509,636	582,615
Depreciation	-	-	-	-	-	375,736	-	-	375,736	375,736	552,342
Affiliate admin cost recovery	-	-	-	-	-	(3,842,392)		-	(3,842,392)	(3,842,392)	(3,155,052)
	42,557,317	5,348,046	1,719,314	67,039	49,691,716	19,912,470	989,945	19,770	20,922,185	70,613,901	61,781,123
Subgrants and subcontracts	45,934,251	2,761,744	889,723	99,412	49,685,130	-	24,174	-	24,174	49,709,304	54,562,735
	$ 88,491,568	$ 8,109,790	$ 2,609,037	$ 166,451	$ 99,376,846	$ 19,912,470	$ 1,014,119	$ 19,770	$ 20,946,359	$ 120,323,205	$ 116,343,858

Pact, Inc. and Affiliates

Statement of Functional Expenses – Pact, Inc.
Year Ended September 30, 2017

	Program Services					Supporting Services				
	USAID Funded Directly	USAID Funded Indirectly	Other Federal	Non-Federal	Total Program Services	Management and General	Unrestricted General Expenses	Fundraising	Total Supporting Services	Total Expenses
Salaries and related expenses	$ 17,986,952	$ 2,121,225	$ 867,242	$ 92,480	$ 21,067,899	$ 9,549,912	$ 40,855	$ 2,282	$ 9,593,049	$ 30,660,948
Fringe benefits	4,872,620	594,582	220,290	15,712	5,703,204	3,007,582	57,955	717	3,066,254	8,769,458
Supplies and other	2,884,231	210,673	(6,213)	7,005	3,095,696	1,625,032	422,145	129	2,047,306	5,143,002
Travel	2,798,578	338,553	97,672	6,673	3,241,476	1,280,748	63,855	-	1,344,603	4,586,079
Training and conferences	3,355,259	303,839	99,133	451	3,758,682	299,813	21,505	-	321,318	4,080,000
Banking and professional fees	594,260	106,847	77,045	185	778,337	2,326,112	43,948	13,335	2,383,395	3,161,732
Occupancy	1,678,579	56,627	28,335	2,328	1,765,869	1,281,952	120	-	1,282,072	3,047,941
Allowances	2,382,991	267,265	17,984	3,543	2,671,783	72,400	87,415	-	159,815	2,831,598
Consultant fees	891,280	244,273	106,773	9,542	1,251,868	268,192	400	-	268,592	1,520,460
Vehicles and equipment	554,828	18,714	933	-	574,475	8,140	-	-	8,140	582,615
Depreciation	-	-	-	-	-	549,345	2,997	-	552,342	552,342
Affiliate admin cost recovery	-	-	-	-	-	(3,155,052)	-	-	(3,155,052)	(3,155,052)
	37,999,578	4,262,598	1,509,194	137,919	43,909,289	17,114,176	741,195	16,463	17,871,834	61,781,123
Subgrants and subcontracts	50,571,463	2,756,474	912,797	187,481	54,428,215	-	134,520	-	134,520	54,562,735
	88,571,041	7,019,072	2,421,991	325,400	98,337,504	17,114,176	875,715	16,463	18,006,354	116,343,858
Allocation of management and general	14,485,655	1,542,691	525,474	50,755	16,604,575	(17,114,176)	503,896	5,705	(16,604,575)	-
	$ 103,056,696	$ 8,561,763	$ 2,947,465	$ 376,155	$ 114,942,079	$ -	$ 1,379,611	$ 22,168	$ 1,401,779	$ 116,343,858

Pact, Inc. and Affiliates

Statement of Functional Expenses – Pact Institute, Inc.
Year Ended September 30, 2018
(With Comparative Totals for 2017)

	2018				
	Program Services	Management and General	Unrestricted General Expenses	Total Expenses	2017
Salaries and related expenses	$ 4,811,493	$ 573,800	$ -	$ 5,385,293	$ 6,909,588
Training and conferences	1,847,717	7,077	8,749	1,863,543	2,428,996
Fringe benefits	1,341,404	194,630	-	1,536,034	1,699,851
Admin cost recovery	-	1,297,386	-	1,297,386	1,600,000
Travel	953,000	65,577	19,603	1,038,180	1,234,646
Banking and professional fees	194,371	14,448	83,238	292,057	619,290
Occupancy	514,931	-	-	514,931	574,729
Consultant fees	1,499,529	78,708	31,551	1,609,788	539,277
Vehicles and equipment	145,526	11,122	-	156,648	309,681
Allowances	205,197	1,870	-	207,067	245,143
Supplies and other	683,365	5,646	2,645	691,656	(107,549)
	12,196,533	2,250,264	145,786	14,592,583	16,053,652
Subgrants and subcontracts	7,002,569	-	-	7,002,569	6,927,004
	$ 19,199,102	$ 2,250,264	$ 145,786	$ 21,595,152	$ 22,980,656

Pact, Inc. and Affiliates

Statement of Functional Expenses – Pact Institute, Inc.
Year Ended September 30, 2017

	2017			
	Program Services	Management and General	Unrestricted General Expenses	Total Expenses
Salaries and related expenses	$ 6,462,393	$ 431,849	$ 15,346	$ 6,909,588
Training and conferences	2,425,885	233	2,878	2,428,996
Fringe benefits	1,557,030	138,116	4,705	1,699,851
Admin cost recovery	-	1,600,000	-	1,600,000
Travel	1,206,627	22,667	5,352	1,234,646
Banking and professional fees	416,334	4,747	198,209	619,290
Occupancy	574,729	-	-	574,729
Consultant fees	509,277	30,000	-	539,277
Vehicles and equipment	309,681	-	-	309,681
Allowances	245,143	-	-	245,143
Supplies and other	(108,819)	1,253	17	(107,549)
	13,598,280	2,228,865	226,507	16,053,652
Subgrants and subcontracts	6,927,004	-	-	6,927,004
	20,525,284	2,228,865	226,507	22,980,656
Allocation of management and general	2,228,865	(2,228,865)	-	-
	$ 22,754,149	$ -	$ 226,507	$ 22,980,656

Pact, Inc. and Affiliates

Statement of Functional Expenses – Pact UK.
Year Ended September 30, 2018
(With Comparative Totals for 2017)

	2018			
	Program Services	Management and General	Total Expenses	2017
Salaries and related expenses	$ 559,604	$ 253,586	$ 813,190	$ 431,946
Fringe benefits	188,440	83,710	272,150	145,518
Travel	173,285	126,174	299,459	104,903
Supplies and other	11,733	4,689	16,422	37,596
Allowances	43,108	-	43,108	5,571
Training and conferences	82,578	23,893	106,471	39,849
Occupancy	50,598	-	50,598	28,677
Consultant fees	233,170	10,131	243,301	132,178
Banking and professional fees	14,946	33,805	48,751	74,603
Vehicles and equipment	100,194	7,411	107,605	3,135
	1,457,656	543,399	2,001,055	1,003,976
Subgrants and subcontracts	334,712	-	334,712	170,404
	$ 1,792,368	$ 543,399	$ 2,335,767	$ 1,174,380

Pact, Inc. and Affiliates

Statement of Functional Expenses – Pact UK.
Year Ended September 30, 2017

	2017		
	Program Services	Management and General	Total Expenses
Salaries and related expenses	$ 258,829	$ 173,117	$ 431,946
Fringe benefits	92,445	53,073	145,518
Travel	61,176	43,727	104,903
Supplies and other	33,863	3,733	37,596
Allowances	5,571	-	5,571
Training and conferences	37,724	2,125	39,849
Occupancy	28,677	-	28,677
Consultant fees	127,892	4,286	132,178
Banking and professional fees	11,214	63,389	74,603
Vehicles and equipment	3,135	-	3,135
	660,526	343,450	1,003,976
Subgrants and subcontracts	170,404	-	170,404
	830,930	343,450	1,174,380
Allocation of management and general	86,163	(86,163)	-
	$ 917,093	$ 257,287	$ 1,174,380

Pact, Inc. and Affiliates

Statement of Functional Expenses – Pact Global Microfinance Fund
Year Ended September 30, 2018
(With Comparative Totals for 2017)

	2018				
	Program Services	Management and General	Unrestricted General Expenses	Total Expenses	2017
Salaries and related expenses	$ 861,289	$ -	$ 13,607,098	$ 14,468,387	$ 11,677,533
Interest expense	206,959	-	11,191,356	11,398,315	8,291,072
Affiliate admin cost recovery	-	5,740,863	-	5,740,863	2,646,105
Supplies and other	625,492	-	1,100,374	1,725,866	1,275,845
Travel	142,989	-	1,196,456	1,339,445	1,150,193
Fringe benefits	67,648	-	1,243,936	1,311,584	1,013,002
Bad Debt	-	-	-	-	939,036
Vehicles and equipment	1,661	-	92,546	94,207	743,230
Occupancy	45,444	-	625,107	670,551	575,615
Training and conferences	56,046	-	305,490	361,536	390,039
Depreciation	64,130	-	471,970	536,100	308,541
Allowances	20,042	-	274,232	294,274	294,442
Banking and professional fees	116,763	-	3,963,298	4,080,061	255,997
Consultant fees	1,228	-	3,998	5,226	219,406
	2,209,691	5,740,863	34,075,861	42,026,415	29,780,056
Subgrants and subcontracts	-	-	-	-	913,668
	$ 2,209,691	$ 5,740,863	$ 34,075,861	$ 42,026,415	$ 30,693,724

Pact, Inc. and Affiliates

Statement of Functional Expenses – Pact Global Microfinance Fund
Year Ended September 30, 2017

	2017			
			Unrestricted	
	Program Services	Management and General	General Expenses	Total Expenses
Salaries and related expenses	$ 905,011	$ -	$ 10,772,522	$ 11,677,533
Interest expense	147,331	-	8,143,741	8,291,072
Affiliate admin cost recovery	-	2,646,105	-	2,646,105
Supplies and other	331,784	-	944,061	1,275,845
Travel	126,707	-	1,023,486	1,150,193
Fringe benefits	51,702	-	961,300	1,013,002
Bad Debt	113,351	-	825,685	939,036
Vehicles and equipment	3,032	-	740,198	743,230
Occupancy	57,810	-	517,805	575,615
Training and conferences	45,502	-	344,537	390,039
Depreciation	25,855	-	282,686	308,541
Allowances	84,962	-	209,480	294,442
Banking and professional fees	708	-	255,289	255,997
Consultant fees	156,971	-	62,435	219,406
	2,050,726	2,646,105	25,083,225	29,780,056
Subgrants and subcontracts	913,668	-	-	913,668
	2,964,394	2,646,105	25,083,225	30,693,724
Allocation of management and general	(98,166)	98,166	-	-
	$ 2,866,228	$ 2,744,271	$ 25,083,225	$ 30,693,724

Pact, Inc. and Affiliates

Schedule of Program Expenditures and Cash Received of Non-U.S. Federal Government Awards – Pact, Inc. and Pact UK
Year Ended September 30, 2018

Funding Agency	Pact Ref.	Program or Project	Expenditures	Cash Received (Refunded)
PricewaterhouseCoopers Limited	B1754	ASM EARF Research	$ 46,390	$ 42,980
Development Alternatives Inc. (DAI)	B3763	Zimbabwe Accountability and Artisanal Mining-ZAAMP	509,755	571,996
Cardno - Emerging Markets Division	B3800	SDMR	8,125	-
European Union	B3809	Regional Approaches for Sustainable Conflict Management and Integration (RASMI)	417,359	1,136,520
European Union	B3818	SElam, EKisil (SEEK)	473,017	1,114,300
DAI Europe Ltd	B3824	THRACE	51,269	60,000
European Union	B3831	Piloting Conflict Early Warning and Rapid Response Reforms and Upgrades in Ethiopia	72,823	1,435,742
Fairtrade Foundation	B3841	Kenya Strengthening Gold Mine Associations	12,202	3,962
Department for International Development (DFID)	B4786	Nepal's National Health Sector Program III-Monitor	323,682	499,389
Cardno - Emerging Markets Division	B4799	SPACE	29,250	30,038
Global Fund To Fight AIDS, Tuberculosis & Malaria	P3190	GF Round & Tuberculosis Fund	107,481	235,457
Swedish International Dev Cooperation Agency (SIDA)	P3229	Support EPS, NCSOCD, & LGSD	-	(97,132)
European Union	P3251	Enabling Capacity Programme 3	-	32,210
		Total non-U.S. federal government awards	$ 2,051,353	$ 5,065,462

Pact, Inc. and Affiliates

Schedule of Program Expenditures and Cash Received of Non-U.S. Federal Government Awards – Pact, Inc. and Pact UK
Year Ended September 30, 2017

Funding Agency	Pact Ref.	Program or Project	Expenditures	Cash Received (Refunded)
PricewaterhouseCoopers Limited	B1754	ASM EARF Research	$ 223,978	$ 244,661
Development Alternatives Inc. (DAI)	B3763	Zimbabwe Accountability and Artisanal Mining – ZAAMP	497,237	500,000
Cardno – Emerging Markets Division	B3800	SDMR	324	-
Department for International Development (DFID)	B4786	Nepal's National Health Sector Program III-Monitor	171,220	171,669
Cardno – Emerging Markets Division	B4799	SPACE	2,038	-
Global Fund To Fight AIDS, Tuberculosis & Malaria	P3190	GF Round & Tuberculosis Fund	115,395	-
Global Fund To Fight AIDS, Tuberculosis & Malaria	P3193	Malaria Control Towards Malaria Eradication	62,994	-
Danish Ministry of Foreign Affairs (DMFA)	P3220	Support to South Sudan Peace Fund II	(7,906)	(395,311)
Swedish Internat'l Dev Cooperation Agency (SIDA)	P3229	Support EPS, NCSOCD, & LGSD	(14,934)	-
Department for International Development (DFID)	P3231	BORDERS II	(68)	-
Education Above All Foundation	P3248	Reach'g Edu Attaint of Children Hinterland (REACH)	(1,511)	(46,090)
European Union	P3251	Enabling Capacity Programme 3	127,789	-
Department for International Development (DFID)	P3426	Zimbabwe Accountability and Artisanal Mining Progr	(70)	-
Danish Ministry of Foreign Affairs (DMFA)	P4046	Belarus: Capacity Development and Civic Education	94,465	-
		Total non-U.S. federal government awards	$ 1,270,951	$ 474,929

Pact, Inc. and Affiliates

Schedule of Program Expenditures and Cash Received – Pact Institute, Inc.
Year Ended September 30, 2018

Funding Agency	Pact Ref.	Program or Project	Expenditures	Cash Received
World Bank	Z1768	ASM Global Database	$ 107,140	$ 206,583
KPMG LLP	Z1804	M2M Personal Protective Equipment	5,063	-
Hewlett Packard Enterprise Foundation	Z1805	The Story of MyWORTH	10,784	-
Chevron Corporation	Z1812	Rakhine Scoping Assessment	14,811	25,500
International Tin Association Ltd	Z3089	ITRI Tin Supply Chain Initiative 2014	5	-
Ministry of Mines Ethiopia	Z3090	Support to improve the Economic, Social and Environmental Sustainability of Artisanal Miners in Ethiopia	(2,108)	-
Population Services International (PSI)	Z3092	Strengthening P3 in Sexual and Reproductive Health	271,533	345,761
Bill & Melinda Gates Foundation	Z3098	State Accountability for Quality Improvement Project (SAQIP)	3,075,985	5,900,000
Global Fund To Fight AIDS, Tuberculosis & Malaria	Z3103	Global Fund-Lesotho HIV/AIDS	(5,113)	-
United Nations Children's Fund (UNICEF)	Z3104	Integrated Child Protection Initiative for Vulnerable Children	(26,173)	-
American Cancer Society, Inc.	Z3105	KENCASA Institutional Strengthening Project	88,363	50,000
Dutch Ministry of Foreign Affairs	Z3106	Scaling up Mineral Traceability in the Great Lakes Region	9,416	-
Financial Inclusion CEMEA, Visa Sub-Saharan Africa (PTY) Ltd.	Z3107	Promoting Digital Payment Behavior in Kenya	1,494	-
Population Services International (PSI)	Z3109	Nzatonse Phase II	4,705	62,179
Namibian National Association of the Deaf	Z3112	SFH Grants Training	(528)	-
Apple Inc.	Z3447	Program Addressing Child Labor Artisanal Mining	520,620	241,615
United Nations Children's Fund (UNICEF)	Z3738	Accelerating Stunting Reduction in Songwe Region – Malezi na Makuzi ya Mtoto	675,330	678,059
International Tin Association Ltd	Z3746	ITSCI 2016	(275)	-
Chevron Corporation	Z3753	PROMOT II	463,532	-
Global Fund To Fight AIDS, Tuberculosis & Malaria	Z3759	Stepping Up TB/HIV	4,041,611	1,755,302
Geological Institute of America, Inc.	Z3761	Pilot Implementation of the Artisanal Gem Guidebook in Tanzania	2,625	-
QIT Madagascar Minerals SA (Rio Tinto)	Z3776	Rise Phase II	176,194	123,395
Google Inc	Z3779	Watato Inje Ya Mungoti (WIM)	278,311	25,000
International Tin Association Ltd	Z3780	ITSCI 2017	1,680,427	2,323,812
NetHope, Inc.	Z3789	NetHope 2017 Device Challenge	121,529	40,000
Deutsche Gesellschaft fur Intr Zesammenarbeit	Z3790	Community Dialogue and Conflict Management	2,250	12,541
KEFI Minerals Ethiopia Ltd	Z3792	KEFI Minerals Scoping Trip and Report	(16,296)	-
Qualcomm Technologies	Z3796	WIM Program (Children Out of Mining)	18,657	20,000
Conrad N. Hilton Foundation	Z3797	ECD in support of Kizazi Kipya	15,352	-
Congo Cobalt Corporation	Z3802	DRC ASM WORTH and Positive Parenting	34,122	36,230
Congo Dongfang International Mining SPRL (Huayou)	Z3810	Design of Model Mine System	56,620	79,966
Australian High Commission	Z3815	Mercury Free Gold Mining in Zamfara State Project	28,156	29,604
Tulu Kapi Gold Mines S.C.	Z3816	Livelihood Restoration Partnership	42,295	39,079
International Tin Association Ltd	Z3819	ITSCI 2018	5,050,934	4,554,645
Microsoft Corporation	Z3820	Baadaye ya Watoto (“Children's Future”)	61,056	100,000
Trafigura Corporation	Z3826	Trafigura Mutoshi	181,639	143,848
Tiffany and Company	Z3828	Responsible Tanzanite Sourcing Study	18,969	13,476
Discovery Limited	Z3830	Voices for the Future	19,693	39,832
PanAfrican Energy Tanzania Ltd.	Z3832	Human Center Design Work (HCD)	2,397	14,736
Organization for Economic Co-Operation and Develop	Z3834	Civil Society Funding for 2018 April Forum	16,871	13,337
Discovery Limited	Z3839	Facilitation Activities	1,134	1,819
Global Fund To Fight AIDS, Tuberculosis & Malaria	Z3840	Multi-Sectoral Response TBHIV	269,399	1,143,256
Trafigura Foundation	Z3842	WIM Malemba-Nkulu	64,350	255,300
Ministry of Foreign Affairs – The Netherlands	Z3843	Piloting Conflict Early Warning and Rapid Response Reforms and Upgrades in Oromia Regional State, Ethiopia	17,125	-
Geological Institute of America, Inc.	Z3844	Empowering Artisanal Miners through the Gem Guidebook	25,831	-
Population Services International (PSI)	Z3848	Nzatonse Phase III	13,585	-
Trafigura Foundation	Z3849	WIM Kolwezi - Mutoshi	2,116	186,000
Chevron Corporation	Z4083	SHINE II Sustainable Health Improvement and Empowerment	11,167	(2,720)
United Nations Office for Project Svcs (UNOPS)	Z4087	Organizational capacity development for 3MDG	278,583	380,000
Chevron Corporation	Z4094	Renewable Energy Project - Phase I	15,767	-
The Coca Cola Foundation	Z4097	Swan Yi II	376,883	-
International Center for Living Aquatic Resources	Z4740	MYCulture	220,188	288,395
Shell Myanmar Energy Pte. Ltd.	Z4742	Ahlin Yaung	478,829	249,406
Swedish International Dev Cooperation Agency (SIDA)	Z4747	PROCEED II	566,919	513,430
Monkey Forest Consulting Ltd.	Z4757	Livelihood Extension Service Project	58	115,814
Ooredoo Myanmar Limited	Z4760	Mobile Health Clinic	111,922	-
IDH Sustainable Trade Initiative	Z4770	Improving OHS for ASM in Belitung Indonesia	412	-
United Nations Office for Project Svcs (UNOPS)	Z4784	Lift Small Grants Fund for Civil Society	772,432	1,671,461
Cogan Family Foundation	Z4787	Revolving Fund Energy Access	16,669	-
Experian	Z4791	PROSPER	80,335	120,000
Engie Asia Pacific Co. LTD	Z4807	Sponsorship of Study for PURE Research	25,006	25,000
Trafigura	Z4808	Co-designing Interventions with Artisanal Miners	70,104	60,000
Chevron Corporation	Z4814	Ahlin Yaung Access to Renewable Energy in Madaya	216,691	599,647
Rockefeller Foundation	Z4817	Support to PURE Research Rockefeller/Dalberg	21,260	15,938
Private Infrastructure Development Group Trust	Z4821	Sponsorship of PURE Study	35,001	26,250
Rockefeller Foundation	Z4829	Smart Power Myanmar Facility	621,423	750,000
The Coca Cola Foundation	Z4836	Swan Yi III	27,702	1,000,000
World Bank	Z4837	Strengthening Collaborative & Inclusive Approaches in Nepal	6,893	20,000
Church World Service	ZY001	Capacity Solutions Platform	25,464	21,615
			$ 21,421,244	$ 24,315,111

Pact, Inc. and Affiliates

Schedule of Program Expenditures and Cash Received – Pact Institute, Inc.
Year Ended September 30, 2017

Funding Agency	Pact Ref.	Program or Project	Expenditures	Cash Received/(Returned)
Global Giving	Z1766	Global Giving CSP	$ 1,045	$ 1,045
Project Contributions	Z1766	CSP	27,893	-
World Bank	Z1768	ASM Global Database	147,991	23,595
The MasterCard Foundation	Z1778	2017 AfrEA Conference Travel Scholarships	50,848	50,000
World Bank	Z1785	Curating AfrEA Conference Strand for Climate Inves	19,673	20,000
KPMG LLP	Z1804	M2M Personal Protective Equipment (PPE)	-	10,000
Hewlett Packard Enterprise Foundation	Z1805	The Story of MyWORTH	-	15,000
Bill & Melinda Gates Foundation	Z3071	Strengthening MNCH Frontline Organizations in NE N	8	-
Chevron Corporation	Z3073	HIV/AIDS PMTCT in Bayelsa State	2,903	-
QIT MAdagascar Minerals S.A.	Z3078	Improving Access to Education via Rio TintoÆs Scho	579	19,634
Bill & Melinda Gates Foundation	Z3087	Increasing Care Seeking Behavior in Nigeria for Ch	628,915	567,202
Conrad N. Hilton Foundation	Z3088	Hilton Foundation ECD	65,935	-
Ministry of Mines Ethiopia	Z3090	Support to Improve the Economic, Social and	12,262	212,116
Population Services International (PSI)	Z3092	Strengthening P3 in Sexual and Reproductive Health	331,019	478,852
Bill & Melinda Gates Foundation	Z3098	SAQIP	3,373,280	-
International Tin Research Institute (ITRI)	Z3100	iTSci 2015	(2,737)	-
DRC Ministry of Mines	Z3102	SAEP	407,099	547,629
Global Fund to Fight AIDS, Tuberculosis & Malaria	Z3103	Global Fund-Lesotho HIV/AIDS	28,593	-
United Nations Children's Fund (UNICEF)	Z3104	Integrated Child Protection Initiative for Vulnera	124,831	113,737
American Cancer Society, Inc.	Z3105	KENCASA Institutional Strengthening Project	126,238	-
Dutch Ministry of Foreign Affairs	Z3106	Scaling up Mineral Traceability in the Great Lakes	803,159	402,332
Visa International	Z3107	Visa Card Usage Behavior Change	341,758	-
Population Services International (PSI)	Z3109	Nzatonse Phase II	92,291	84,606
Ministry of Gender Equality and Child Welfare	Z3113	MGECW	1,856	13,978
Apple	Z3447	Program Addressing Child Labor Artisanal Mining	392,771	603,054
United Nations Children's Fund (UNICEF)	Z3738	Accelerating Stunting Reduction	458,848	531,166
United Nations Office for Project Svcs (UNOPS)	Z3745	PBF Jonglei Project	1,096	-
International Tin Research Institute (ITRI)	Z3746	iTSCi 2016	1,007,119	2,315,939
Microsoft Corporation	Z3747	Microsoft Program to Reduce Child Labor	21,096	-
Chevron Corporation	Z3753	PROMOT II	744,338	-
Global Fund to Fight AIDS, Tuberculosis & Malaria	Z3759	Stepping Up TB/HIV	3,102,508	4,440,448
Geological Institute of America, Inc.	Z3761	Artisanal Gem Guidebook	44,982	50,000
United Nations Programme on HIV/AIDS	Z3773	Conference – Implementing Comprehensive HIVSTI Prog	59,379	59,380
Rio Tinto	Z3776	Rise Phase II	153,920	138,360
Google Inc.	Z3779	Watato Inje Ya Mungoti (WIM)	96,895	260,000
International Tin Research Institute (ITRI)	Z3780	iTSCi 2017	4,956,783	4,308,509
Organization for Economic Co-Operation and Develop	Z3788	Civil Society Funding for May in Paris	17,549	17,358
NetHope	Z3789	NetHope 2017 Device Challenge	27,016	160,000
Deutsche Gesellschaft fur Intr Zesammenarbeit	Z3790	Community Dialogue and Conflict Mgmt Between Munic	7,909	-
KEFI Minerals Ethiopia Ltd	Z3792	Kefi Scoping Trip	31,901	18,957
Department of Disease Control	Z4063	Strengthening SI System for CABA/VC U'nder ACHIEVE	259	-
Chevron Corporation	Z4078	Youth-ALLY	43	-
The Coca Cola Foundation	Z4081	The Mekong Vitality (Suc song Mekong) Project	2,271	-
Chevron Corporation	Z4083	SHINE II Sustainable Health Improvement and Empowe	378,634	253,149
United Nations Office for Project Svcs (UNOPS)	Z4087	Organizational Capacity Development for 3MDG Local	863,635	542,750
Chevron Corporation	Z4094	Renewable Energy Project – Phase I	737,587	-
The Coca Cola Foundation	Z4097	Swan Yi II	802,902	666,666
Experian	Z4102	Mekong Vitality II	98,225	-
International Center for Living Aquatic Resources	Z4740	MYCulture	197,047	65,965
Shell Myanmar Energy Pte. Ltd.	Z4742	Ahlin Yaung	583,293	764,146
Swedish International Dev. Cooperation Agency (SIDA)	Z4747	PROCEED II	683,770	622,947
Monkey Forest Consulting Ltd.	Z4757	Livelihood Extension Service Project (LES)	255,925	107,000
Ooredoo Myanmar Limited	Z4760	Mobile Health Clinic	424,993	308,662
Apple	Z4770	Improving OHS for ASM in Belitung Indonesia	280,180	324,775
United Nations Office for Project Svcs (UNOPS)	Z4784	Lift Small Grants Fund for Civil Society	106,410	417,192
Cogan Family Foundation	Z4787	Revolving Fund Energy Access	8,330	25,000
Experian	Z4791	PROSPER	22,076	-
		Total program expenditures and cash received	$ 23,155,129	$ 19,561,149