



Consolidated Financial Statements  
(Together with Independent Auditors' Report)

Years Ended December 31, 2017 and 2016

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**CULTURAL VISTAS, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report .....	1-2
<b>Consolidated Financial Statements:</b>	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	5-6
Consolidated Statements of Cash Flows .....	7
Notes to Consolidated Financial Statements .....	8-15
<b>Supplementary Information</b>	
Consolidating Schedule of Financial Position .....	16
Consolidating Schedule of Activities.....	17
Consolidating Schedule of Functional Expenses.....	18

## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Cultural Vistas, Inc.

We have audited the accompanying consolidated financial statements of Cultural Vistas, Inc. ("CV"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cultural Vistas, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of CV as a whole. The supplementary information on pages 16-18 is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual companies 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 supplementary information has been subjected to the auditing procedures applied in our audits 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Marks Paneth LLP*

New York, NY  
May 2, 2018

**CULTURAL VISTAS, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2B and 8)	\$ 325,731	\$ 650,894
Accounts receivable, net (Note 2K)	409,505	409,309
Investments (Notes 2F, 3 and 9)	11,131,732	10,187,362
Prepaid expenses and other assets (Note 2J)	494,968	463,151
Security deposits (Note 7)	553,152	264,742
Property and equipment, net (Notes 2G and 4)	247,824	183,715
<b>TOTAL ASSETS</b>	<b>\$ 13,162,912</b>	<b>\$ 12,159,173</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 593,753	\$ 176,435
Deposits from participants (Note 2J)	285,458	292,048
Deferred revenue (Note 2L)	763,882	879,871
Deferred rent (Note 2H)	595,925	636,235
Advances from grantors (Note 2E)	1,538,312	1,551,841
<b>TOTAL LIABILITIES</b>	<b>3,777,330</b>	<b>3,536,430</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 7)		
<b>NET ASSETS</b> (Notes 2C and 6)		
Unrestricted:		
Operating	8,096,300	7,310,841
Board designated scholarship fund	539,073	592,117
Total unrestricted	8,635,373	7,902,958
Temporarily restricted	126,641	97,217
Permanently restricted	623,568	622,568
<b>TOTAL NET ASSETS</b>	<b>9,385,582</b>	<b>8,622,743</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,162,912</b>	<b>\$ 12,159,173</b>

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

**CULTURAL VISTAS, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Year Ended December 31, 2017			Year Ended December 31, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2017	Total 2016	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>OPERATING SUPPORT AND REVENUE</b> (Note 2D):								
Program administration fees (Note 2J)	\$ 8,075,038	\$ -	\$ -	\$ 8,075,038	\$ 7,885,793	\$ 7,885,793	\$ -	\$ -
Program revenues (Note 2J)	3,864,370	-	-	3,864,370	3,767,329	3,767,329	-	-
Government contracts (Note 2E)	6,865,147	-	-	6,865,147	5,136,766	5,136,766	-	-
Contributions	95,646	9,443	1,000	106,089	79,696	57,695	20,035	1,966
Contributed services (Note 2I)	76,358	-	-	76,358	75,000	75,000	-	-
Rental income (Note 7B)	162,564	-	-	162,564	153,804	153,804	-	-
Net assets released from restrictions (Note 6)	37,953	(37,953)	-	-	-	33,564	(33,564)	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<u>19,177,076</u>	<u>(28,510)</u>	<u>1,000</u>	<u>19,149,566</u>	<u>17,098,388</u>	<u>17,109,951</u>	<u>(13,529)</u>	<u>1,966</u>
<b>OPERATING EXPENSES:</b>								
Program Services (Note 1):								
Train USA and WEST Programs	6,640,824	-	-	6,640,824	6,588,017	6,588,017	-	-
International Visitor Leadership Program	3,564,902	-	-	3,564,902	2,827,009	2,827,009	-	-
Edmund S. Muskie Internship Program	724,818	-	-	724,818	666,681	666,681	-	-
Short-term Programs	2,391,253	-	-	2,391,253	1,529,135	1,529,135	-	-
Robert Bosch and Alfa Fellowships	1,612,912	-	-	1,612,912	1,431,678	1,431,678	-	-
Congress-Bundestag Youth Exchange	1,154,835	-	-	1,154,835	1,075,948	1,075,948	-	-
Internships Abroad and IAESTE Programs	967,006	-	-	967,006	947,576	947,576	-	-
Total Program Services	<u>17,056,550</u>	<u>-</u>	<u>-</u>	<u>17,056,550</u>	<u>15,066,044</u>	<u>15,066,044</u>	<u>-</u>	<u>-</u>
Supporting Services:								
Management and general	2,470,983	-	-	2,470,983	2,266,155	2,266,155	-	-
Fundraising	273,359	-	-	273,359	260,962	260,962	-	-
Total Supporting Services	<u>2,744,342</u>	<u>-</u>	<u>-</u>	<u>2,744,342</u>	<u>2,527,117</u>	<u>2,527,117</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>19,800,892</u>	<u>-</u>	<u>-</u>	<u>19,800,892</u>	<u>17,593,161</u>	<u>17,593,161</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(623,816)	(28,510)	1,000	(651,326)	(494,773)	(483,210)	(13,529)	1,966
<b>NON-OPERATING REVENUE</b> (Note 2D):								
Investment activity (Notes 3 and 6)	1,356,231	57,934	-	1,414,165	637,636	563,694	73,942	-
<b>TOTAL NON-OPERATING REVENUE</b>	<u>1,356,231</u>	<u>57,934</u>	<u>-</u>	<u>1,414,165</u>	<u>637,636</u>	<u>563,694</u>	<u>73,942</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	732,415	29,424	1,000	762,839	142,863	80,484	60,413	1,966
<b>Net assets - beginning of year</b>	<u>7,902,958</u>	<u>97,217</u>	<u>622,568</u>	<u>8,622,743</u>	<u>8,479,880</u>	<u>7,822,474</u>	<u>36,804</u>	<u>620,602</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,635,373</u>	<u>\$ 126,641</u>	<u>\$ 623,568</u>	<u>\$ 9,385,582</u>	<u>\$ 8,622,743</u>	<u>\$ 7,902,958</u>	<u>\$ 97,217</u>	<u>\$ 622,568</u>

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

**CULTURAL VISTAS, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(With Comparative Totals for December 31, 2016)**

Year Ended December 31, 2017

	Program Services							Supporting Services					Total 2017	Total 2016
	Inbound Programs				Reciprocal and Outbound Programs			Total Program Services	Management and General	Fund Raising	Total Supporting Services			
	Train USA and WEST Programs	International Visitor Leadership Program	Edmund S. Muskie Internship Program	Short- Term Programs	Robert Bosch and Alfa Fellowships	Congress- Bundestag Youth Exchange	Internships Abroad IAESTE and CV Fellows Programs							
Salaries	\$ 2,500,728	\$ 386,749	\$ 199,337	\$ 375,716	\$ 345,272	\$ 359,313	\$ 459,189	\$ 4,626,304	\$ 1,332,148	\$ 137,624	\$ 1,469,772	\$ 6,096,076	\$ 5,706,160	
Payroll taxes and employee benefits (Note 5)	620,292	92,578	41,218	52,381	82,354	74,886	94,377	1,058,086	295,469	45,700	341,169	1,399,255	1,269,547	
<b>Total Salaries and Related Costs</b>	<b>3,121,020</b>	<b>479,327</b>	<b>240,555</b>	<b>428,097</b>	<b>427,626</b>	<b>434,199</b>	<b>553,566</b>	<b>5,684,390</b>	<b>1,627,617</b>	<b>183,324</b>	<b>1,810,941</b>	<b>7,495,331</b>	<b>6,975,707</b>	
Rent (Note 7)	589,761	90,127	38,869	49,670	63,452	57,042	76,967	965,888	225,113	41,378	266,491	1,232,379	1,250,103	
Professional and computer services	122,144	18,111	9,142	13,151	12,376	18,500	13,818	207,242	111,884	7,685	119,569	326,811	339,436	
Payroll processing and other services	82,012	14,433	7,398	13,284	9,643	10,357	12,260	149,387	39,115	4,873	43,988	193,375	179,523	
Program partner fees (Note 1)	7,358	-	-	70,965	-	-	28,546	106,869	-	-	-	106,869	65,103	
Donated professional services (Note 2I)	-	-	-	-	-	-	-	-	76,358	-	76,358	76,358	75,000	
Travel and meetings	95,419	6,787	1,562	13,143	2,433	-	29,833	149,177	108,157	8,963	117,120	266,297	211,128	
Office supplies and other	48,645	10,345	6,221	5,663	4,220	4,895	9,082	89,071	37,160	10,086	47,246	136,317	152,164	
Credit card merchant fees	130,111	195	-	3,077	44	107	383	133,917	10,158	-	10,158	144,075	158,979	
Insurance	22,471	3,048	1,306	1,176	3,150	2,177	3,606	36,934	10,273	1,796	12,069	49,003	51,725	
Equipment rental and repairs (Note 7)	23,523	3,837	1,673	1,922	2,192	2,047	2,661	37,855	8,765	1,731	10,496	48,351	47,739	
Telecommunications	47,056	9,753	3,042	2,992	4,626	5,091	7,535	80,095	21,263	3,545	24,808	104,903	90,619	
Postage	115,993	1,813	177	574	44	5,727	3,862	128,190	5,520	1,099	6,619	134,809	138,370	
Printing	29,999	5,741	2,602	1,167	2,839	2,062	4,890	49,300	37,129	1,943	39,072	88,372	76,148	
Management fees - investments	-	-	-	-	-	-	3,222	3,222	18,082	-	18,082	21,304	24,719	
Depreciation (Note 4)	30,882	4,530	1,941	1,657	4,038	3,236	4,193	50,477	13,045	2,589	15,634	66,111	116,170	
Bad debt expense	-	-	-	-	-	-	-	-	10,800	-	10,800	10,800	-	
Moving expenses (Note 7)	-	-	-	-	-	-	-	-	84,343	-	84,343	84,343	-	
Subtotal	4,466,394	648,047	314,488	606,538	536,683	545,440	754,424	7,872,014	2,444,782	269,012	2,713,794	10,585,808	9,952,633	
Participant expenses (Note 2J)	2,174,430	2,916,855	410,330	1,784,715	1,076,229	609,395	212,582	9,184,536	26,201	4,347	30,548	9,215,084	7,640,528	
<b>TOTAL EXPENSES</b>	<b>\$ 6,640,824</b>	<b>\$ 3,564,902</b>	<b>\$ 724,818</b>	<b>\$ 2,391,253</b>	<b>\$ 1,612,912</b>	<b>\$ 1,154,835</b>	<b>\$ 967,006</b>	<b>\$ 17,056,550</b>	<b>\$ 2,470,983</b>	<b>\$ 273,359</b>	<b>\$ 2,744,342</b>	<b>\$ 19,800,892</b>	<b>\$ 17,593,161</b>	

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

**CULTURAL VISTAS, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Year Ended December 31, 2016											
	Program Services							Supporting Services				
	Inbound Programs				Reciprocal and Outbound Programs			Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total 2016
Train USA and WEST Programs	International Visitor Leadership Program	Edmund S. Muskie Internship Program	Short- Term Programs	Robert Bosch and Alfa Fellowships	Congress- Bundestag Youth Exchange	Internships Abroad IAESTE and CV Fellows Programs						
Salaries	\$ 2,428,425	\$ 377,365	\$ 149,616	\$ 343,627	\$ 325,783	\$ 293,930	\$ 429,139	\$ 4,347,885	\$ 1,194,492	\$ 163,783	\$ 1,358,275	\$ 5,706,160
Payroll taxes and employee benefits (Note 5)	584,701	87,348	35,875	40,297	60,488	71,086	102,480	982,275	259,563	27,709	287,272	1,269,547
<b>Total Salaries and Related Costs</b>	3,013,126	464,713	185,491	383,924	386,271	365,016	531,619	5,330,160	1,454,055	191,492	1,645,547	6,975,707
Rent (Note 7)	612,602	95,964	34,230	35,184	49,105	66,409	92,175	985,669	239,426	25,008	264,434	1,250,103
Professional and computer services	137,120	20,020	9,697	12,767	9,653	23,916	27,454	240,627	91,000	7,809	98,809	339,436
Payroll processing and other services	78,672	13,783	5,576	11,724	8,787	8,150	11,633	138,325	35,826	5,372	41,198	179,523
Program partner fees (Note 1)	1,503	-	-	56,594	501	-	5,002	63,600	1,503	-	1,503	65,103
Donated professional services (Note 2I)	-	-	-	-	-	-	-	-	75,000	-	75,000	75,000
Travel and meetings	68,004	7,320	654	14,242	2,166	325	22,545	115,256	84,752	11,120	95,872	211,128
Office supplies and other	50,560	12,788	4,804	20,832	3,557	5,382	15,257	113,180	28,932	10,052	38,984	152,164
Credit card merchant fees	141,210	116	4	323	39	78	256	142,026	16,950	3	16,953	158,979
Insurance	24,632	3,623	1,479	826	2,242	2,958	4,484	40,244	10,495	986	11,481	51,725
Equipment rental and repairs (Note 7)	23,097	3,241	1,126	1,230	2,129	2,927	3,991	37,741	9,098	900	9,998	47,739
Telecommunications	44,791	7,439	2,826	2,143	3,319	4,562	6,501	71,581	17,156	1,882	19,038	90,619
Postage	117,634	2,251	133	855	110	5,530	4,062	130,575	5,841	1,954	7,795	138,370
Printing	24,871	4,765	1,536	1,808	1,263	1,785	3,588	39,616	34,471	2,061	36,532	76,148
Management fees - investments	-	-	-	-	-	-	3,913	3,913	20,806	-	20,806	24,719
Depreciation (Note 4)	56,923	6,970	3,485	1,162	4,647	6,970	9,294	89,451	24,396	2,323	26,719	116,170
Subtotal	4,394,745	642,993	251,041	543,614	473,789	494,008	741,774	7,541,964	2,149,707	260,962	2,410,669	9,952,633
Participant expenses (Note 2J)	2,193,272	2,184,016	415,640	985,521	957,889	581,940	205,802	7,524,080	116,448	-	116,448	7,640,528
<b>TOTAL EXPENSES</b>	<b>\$ 6,588,017</b>	<b>\$ 2,827,009</b>	<b>\$ 666,681</b>	<b>\$ 1,529,135</b>	<b>\$ 1,431,678</b>	<b>\$ 1,075,948</b>	<b>\$ 947,576</b>	<b>\$ 15,066,044</b>	<b>\$ 2,266,155</b>	<b>\$ 260,962</b>	<b>\$ 2,527,117</b>	<b>\$ 17,593,161</b>

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

**CULTURAL VISTAS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 762,839	\$ 142,863
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Bad debt expense	10,800	-
Depreciation	66,111	116,170
Contributions restricted for endowment	(1,000)	(1,966)
Realized gain on investments	(76,558)	(273)
Unrealized gain on investments	(1,082,932)	(393,801)
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Accounts receivable, net	(10,996)	12,901
Prepaid expenses and other assets	(31,817)	(99,893)
Security deposits	(288,410)	-
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	417,318	15,699
Deposits from participants	(6,590)	37,296
Deferred revenue	(115,989)	280,681
Deferred rent	(40,310)	(15,596)
Advances from grantors	(13,529)	274,137
	<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>368,218</b>
	<b>(411,063)</b>	<b>368,218</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(130,220)	(21,723)
Proceeds from sale of investments	673,620	278,320
Purchases of investments	(458,500)	(243,565)
	<b>Net Cash Provided by Investing Activities</b>	<b>13,032</b>
	<b>84,900</b>	<b>13,032</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for endowment	1,000	1,966
	<b>Net Cash Provided by Financing Activities</b>	<b>1,966</b>
	<b>1,000</b>	<b>1,966</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(325,163)</b>	<b>383,216</b>
Cash and cash equivalents - beginning of year	650,894	267,678
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 325,731</b>	<b>\$ 650,894</b>

**CULTURAL VISTAS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Founded in 1963 and incorporated in New York State, Cultural Vistas, Inc. (“CV”) is a nonprofit exchange organization promoting global understanding and collaboration among individuals and institutions. We develop international professional experiences that create more informed, skilled, and engaged citizens. Our programs empower people to drive positive change in themselves, their organizations, and society. CV possesses over 50 years of exchange experience working with more than 100,000 participants from over 130 countries around the world. CV is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization under Section 509(a). In addition, CV supports Cultural Vistas gGmbH, an office located in Berlin which is a separately incorporated entity in Germany, whose mission is the same as CV, and in which CV is the sole corporate member. All significant intercompany balances and transactions have been eliminated during the consolidation.

Programs operated by CV are summarized below:

- CV was authorized by the U.S. Department of State as a **J-1 Exchange Visitor Program Sponsor** for four categories in 2017: Intern, Trainee, Teacher and Korea WEST. Its **Train USA, and WEST as well as Short-term Programs** such as U.S. Embassy study tours provide students and professionals from all over the world the opportunity to enhance their professional skills and gain knowledge of American business practices by interning or training for three weeks to eighteen months at U.S. companies and institutions.
- U.S. State Department public diplomacy initiatives:
  - The **International Visitor Leadership Program (“IVLP”)** is the flagship professional exchange program of the U.S. Department of State, Bureau of Educational and Cultural Affairs. IVLP builds mutual understanding through carefully designed short-term visits to the United States for current and emerging foreign leaders. Each year, IVLP brings more than 5,500 participants to the United States from countries all over the world to meet and confer with their professional counterparts and gain firsthand knowledge about the United States, its people, policies and culture. As one of only eight National Program Agencies, CV works in coordination with the U.S. Department of State to administer, design and implement 386 IVLP programs that directly support U.S. foreign policy goals.
  - The **Congress-Bundestag Youth Exchange for Young Professionals** is a reciprocal scholarship program with a strong focus on cultural exchange. It is designed to give participants an understanding of everyday life, education and professional training in Germany and the United States. In the U.S., the program is funded by the Bureau of Educational and Cultural Affairs of the Department of State. In Germany, it is funded through the Administration of the Bundestag (Parliament) and administered by GIZ: Deutsche Gesellschaft fuer Internationale Zusammenarbeit.
  - The **Edmund S. Muskie Internship Program** is a summer internship program funded by the U.S. Department of State that provides emerging leaders from Eastern Europe, the Caucasus, and Central Asia with the opportunity to gain real-world experience complementing and enriching their graduate studies in the United States. The program includes virtual learning, training sessions on team-building, community service volunteering, policy brief development, and 3-month professional internships with U.S. government agencies, NGOs, and businesses.

**CULTURAL VISTAS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)**

- The **Young Southeast Asian Leaders Initiative (YSEALI)** is to strengthen leadership development and networking in Southeast Asia. YSEALI seeks to build the leadership capabilities of youth in the region, strengthen ties between the United States and Southeast Asia, and nurture an ASEAN community of leaders who work across borders to solve common issues. In 2017, CV administered the YSEALI Seeds for the Future Small Grants Program, a competition for which teams of YSEALI members submit proposals for small grants to implement innovative projects that address issues and opportunities in communities throughout ASEAN, and the 2017 YSEALI Summit in Manila, a four-day gathering of alumni of all YSEALI programs which featured a look at advanced leadership concepts, systems thinking, and advanced leadership and partnership development. This program is included within short-term programs on the accompanying consolidated statements of activities.
- The **Robert Bosch Foundation Fellowship**, funded by the Robert Bosch Stiftung in Stuttgart, Germany, enables young American professionals to participate in an extensive work and study program in Germany. Although a prime goal of this program is the advancement of transatlantic relations, it also contributes to the participants' professional competence and expertise, and broadens their cultural horizons.
- The **Alfa Fellowship Program**, funded by Alfa-Bank in Moscow, is designed to address the problem that there are still too few experts in the U.S. and Europe with direct, meaningful experience in the modern business, government, public policy, and cultural environment of Russia. The program provides an exciting opportunity for young professionals from the U.S., Britain and Germany to live and work in Russia and to enable them to develop a genuine expertise through individualized professional assignments.
- **Internships Abroad** offers an array of personalized and enriching professional internship and training programs for American students and young professionals in Argentina, Chile, France, Germany, Spain, and Switzerland. The programs are tailored to participants' specific skill sets, ambitions, and career aspirations. The program allows participants to see the world, experience new cultures firsthand, and gain the transferable skills that will set them apart in today's global marketplace. In 2017, the **Cultural Vistas Fellowship** also provided 12 full scholarships for 3 month programs in Germany, India and Argentina.
- **International Association for the Exchange of Students for Technical Experience (“IAESTE”)** is a longstanding, reciprocal exchange program dedicated to developing global skills in tomorrow's leaders through career-building internships for international and American students majoring in science and technical fields. The IAESTE network consists of organizations in more than 80 countries and CV is the national agency representing the United States.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. CV's consolidated financial statements have been prepared on the accrual basis of accounting. CV adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. CV considers all highly liquid investments with original maturities of 90 days or less when acquired to be cash equivalents.
- C. CV maintains its net assets under the following three classes:
  - **Unrestricted:**
    - Operating - this represents resources received that have not been restricted by the donor and that have no time restrictions. Such resources are available to support CV's operations over which the Board of Directors has discretionary control.
    - Board Designated Scholarship Fund - consists of funds designated by the Board of Directors to be used for scholarships for American participants abroad. During the years ended December 31, 2017 and 2016, expenditures for scholarships paid from this fund amounted to \$53,044 and \$47,682, respectively.

**CULTURAL VISTAS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Temporarily Restricted – resources received with donor stipulations that limit the use of the donated assets or that have time restrictions placed on their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.
  - Permanently Restricted – resources received subject to donor-imposed stipulations that they be maintained intact and invested in perpetuity. Earnings on permanently restricted net assets are temporarily restricted by the donor for scholarships.
- D. CV includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment activity is recognized as a nonoperating activity.
- E. Revenue from government grants and contracts designated for use toward specific activities is recognized in the period when the expenses have been incurred in compliance with the grantor's conditions. Cash received in excess of revenue recognized is recorded as advances from grantors in the accompanying consolidated statements of financial position.
- F. Investments are reported at fair value based on quoted prices in an active market, as described in Note 9. Donated securities are recorded at their fair market value on the date received using an average of the high and low price on the date received. Investment activity is recorded as non-operating revenue or loss in the unrestricted net asset class unless restricted by the donor or law.
- G. Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. CV capitalizes all property and equipment having a cost of \$1,000 or more and a useful life of at least two years. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.
- H. CV leases real property in New York City. For the years ended December 31, 2017 and 2016, CV recorded an adjustment to rent expense to reflect its straight-lining policy that amounted to \$(47,966) and \$(38,252), respectively. CV also leases real property Washington, DC. For the years ended December 31, 2017 and 2016, CV recorded an adjustment to rent expense at this location to reflect its straight-lining policy that amounted to \$7,656 and \$22,655, respectively. Straight-lining of rent expense gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statements of financial position.
- I. CV records donated services at their fair value on the date of receipt. Donated services are reported as contributions when the services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills. CV recognized contributed legal services amounting to \$76,358 and \$75,000, as in-kind contributions and donated professional fees in the accompanying consolidated statements of activities and functional expenses for the years ended December 31, 2017 and 2016, respectively.
- J. CV recognizes income for program administration fees and program revenues. Program administration fee revenue includes administrative fees paid by individuals, corporations, foundations or government grants for their participation in the programs that CV offers, as described in Note 1, and includes items such as insurance and application fees. Program revenues represent revenues directly related to implementing the exchange program activities that CV offers. Participant expenses include stipends, tuition, insurance, transportation and accommodations paid by CV on behalf of program participants. CV includes insurance premiums and participant programming expenses relating to a subsequent year as prepaid expenses. In addition, CV records monies received from participants for expenses occurring in a subsequent year as a liability. Program administrative fee revenues and expenses are recognized in the calendar year for which they are earned or incurred.

**CULTURAL VISTAS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- K. As of December 31, 2017 and 2016, CV determined that an allowance for doubtful accounts of \$800 and \$0, respectively, for uncollectible receivables was necessary. Such estimate is based on management's evaluation of the creditworthiness of its donors and grantors, the aged basis of its receivables, as well as current economic conditions and historical information. All receivables are expected to be collected within one year.
- L. CV receives payments from participants before the commencement of programs. Such amounts are reflected as deferred revenue.
- M. Functional expenses which are not specifically attributable to program services or supporting services are allocated based on estimates determined by management.
- N. The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from those estimates.

**NOTE 3 – INVESTMENTS**

Investments consist of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Mutual funds	\$ <u>11,131,732</u>	\$ <u>10,187,362</u>
	<u>\$ 11,131,732</u>	<u>\$ 10,187,362</u>

Investments are subject to market volatility that could substantially change their value in the near term.

Investment activity consists of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 254,675	\$ 243,562
Realized gain on investments	76,558	273
Unrealized gain on investments	<u>1,082,932</u>	<u>393,801</u>
	<u>\$ 1,414,165</u>	<u>\$ 637,636</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 949,323	\$ 819,103	3-8 years
Less: Accumulated depreciation	<u>(701,499)</u>	<u>(635,388)</u>	
Net book value	<u>\$ 247,824</u>	<u>\$ 183,715</u>	

Depreciation expense amounted to \$66,111 and \$116,170 for the years ended December 31, 2017 and 2016, respectively. During the year ended December 31, 2016, CV wrote off fully depreciated assets amounting to \$649.

**CULTURAL VISTAS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 5 – PENSION PLAN**

CV has a defined-contribution pension plan pursuant to U.S. Internal Revenue Code Section 401 that covers employees who work more than twenty hours per week after one year of service. CV matches 2% of employees' contributions based on qualifying salaries. Total pension expense for the years ended December 31, 2017 and 2016, amounted to \$62,010 and \$60,330, respectively. It is CV's policy to fund pension costs currently.

**NOTE 6 – NET ASSETS**

Temporarily restricted net assets consist entirely of unappropriated earnings from permanently restricted funds amounting to \$126,641 and \$97,217 as of December 31, 2017 and 2016, respectively. Net assets released from restrictions relate to the funding of certain scholarships of participants, to satisfy donor restrictions.

CV adheres to the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA creates a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered unrestricted by the donor must be reflected as temporarily restricted until appropriated by CV.

CV's Board of Directors has interpreted NYPMIFA as allowing CV to appropriate for expenditure or accumulate so much of an endowment fund as CV determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the unrestricted earnings from the assets in an endowment fund must be allocated to temporarily restricted net assets until appropriated for expenditure by the Board of Directors.

CV's endowment investment policy is to invest in fixed income and equities based on an asset allocation with the objective of capital appreciation. Permanently restricted endowment funds are invested separately from CV's other assets. Annual spending from the endowment fund for scholarships is established by the Board of Directors prior to the beginning of each fiscal year as part of the annual budget process. Unless authorized by the Board of Directors, the appropriations from the endowment fund should not deplete the historical dollar value of the endowment fund.

Changes in temporarily and permanently restricted net assets as well as Board designated net assets are as follows for the year ended December 31, 2017:

	<u>Unrestricted Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Investment activity:			
Interest and dividends	\$ -	\$ 19,792	\$ -
Realized gain on investments	-	403	-
Unrealized gain on investments	-	<u>37,739</u>	-
Total investment activity	-	57,934	-
Contributions	-	9,443	1,000
Scholarships and other Board appropriations	<u>(53,044)</u>	<u>(37,953)</u>	-
Total change in endowment net assets	(53,044)	29,424	1,000
Endowment net assets, beginning of year	<u>592,117</u>	<u>97,217</u>	<u>622,568</u>
Endowment net assets, end of year	<u>\$ 539,073</u>	<u>\$ 126,641</u>	<u>\$ 623,568</u>

**CULTURAL VISTAS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 6 – NET ASSETS (Continued)**

Changes in temporarily and permanently restricted net assets as well as Board designated net assets are as follows for the year ended December 31, 2016:

	Unrestricted Board <u>Designated</u>	Temporarily Restricted	Permanently Restricted
Investment activity:			
Interest and dividends	\$ -	\$ 40,910	\$ -
Realized gain on investments	-	10	-
Unrealized gain on investments	-	<u>33,022</u>	-
Total investment activity	-	73,942	-
Contributions	-	20,035	1,966
Scholarships and other Board appropriations	<u>(47,682)</u>	<u>(33,564)</u>	-
Total change in endowment net assets	(47,682)	60,413	1,966
Endowment net assets, beginning of year	<u>639,799</u>	<u>36,804</u>	<u>620,602</u>
Endowment net assets, end of year	<u>\$ 592,117</u>	<u>\$ 97,217</u>	<u>\$ 622,568</u>

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

A. CV has a lease for its New York office expiring May 2018. CV entered into a new operating lease at a different location beginning May 2018 and expiring in early 2034. CV incurred moving expenses to its new location amounting to \$84,343 for the year ended December 31, 2017, which are reflected in the accompanying statement of functional expenses. It is anticipated that there will be additional moving expenses in 2018. In addition, during 2017, CV deposited \$288,410 to the new landlord as a security deposit. CV also has a lease for its Washington, DC office expiring September 30, 2025. The lessor (at the Washington DC location) provided CV a construction allowance in the amount of \$198,787, which CV recognized as deferred rent that is amortized as a reduction to occupancy expense over the lease term in accordance with Accounting Standards Codification (“ASC”) 840-20, “Accounting for Leases.” CV also has various equipment operating lease agreements for copiers and printers at its New York and Washington, DC offices.

Future minimum rental commitments for the years ended subsequent to December 31, 2017 are as follows:

	Real <u>Property</u>	<u>Equipment</u>	<u>Total</u>
2018	\$ 1,005,000	\$ 10,000	\$ 1,015,000
2019	1,207,000	3,000	1,210,000
2020	1,293,000	-	1,293,000
2021	1,272,000	-	1,272,000
2020	1,354,000	-	1,354,000
Thereafter	<u>11,053,000</u>	<u>-</u>	<u>11,053,000</u>
	<u>\$17,184,000</u>	<u>\$ 13,000</u>	<u>\$17,197,000</u>

Rent expense amounted to \$1,232,379 and \$1,250,103 for the years ended December 31, 2017 and 2016, respectively, and is included in rent expense in the accompanying consolidated financial statements. Equipment lease expense amounted to approximately \$22,000 for the years ended December 31, 2017 and 2016 and is included in equipment rental and repairs expense in the accompanying consolidated financial statements.

**CULTURAL VISTAS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)**

- B. CV sub-leases a portion of its Washington, DC space expiring September 30, 2025 and received rental income of approximately \$163,000 and \$154,000 for the years ended December 31, 2017 and 2016, respectively. This income is included the accompanying consolidated statements of activities. The approximate future minimum annual rentals to be received under the leases for the years ended after December 31, 2017 are as follows:

2018	\$ 159,000
2019	166,000
2020	172,000
2021	179,000
2020	186,000
Thereafter	<u>1,312,000</u>
	<u>\$ 2,174,000</u>

- C. CV believes it has no uncertain tax positions in accordance with Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 8 – CONCENTRATIONS**

Cash and cash equivalents that potentially subject CV to a concentration of credit risk include cash accounts with one bank that exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limits by approximately \$7,000 and \$453,000 as of December 31, 2017 and 2016, respectively. Cash accounts in this bank are insured up to \$250,000.

**NOTE 9 – FAIR VALUE MEASUREMENTS**

Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2017 and 2016.

**CULTURAL VISTAS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 9 – FAIR VALUE MEASUREMENTS (Continued)**

**Mutual Funds:**

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by CV are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by CV are deemed to be actively traded.

Financial assets carried at fair value at December 31, 2017 are classified in the table below as follows:

	Level 1	2017 Total
Investments:		
Mutual Funds	<u>\$ 11,131,732</u>	<u>\$ 11,131,732</u>
	<u>\$ 11,131,732</u>	<u>\$ 11,131,732</u>

Financial assets carried at fair value at December 31, 2016 are classified in the table below as follows:

	Level 1	2016 Total
Investments:		
Mutual Funds	<u>\$ 10,187,362</u>	<u>\$ 10,187,362</u>
	<u>\$ 10,187,362</u>	<u>\$ 10,187,362</u>

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through May 2, 2018, the date the consolidated financial statements were available to be issued.

**CULTURAL VISTAS, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017**  
**(With Comparative Totals for December 21, 2016)**

	As of December 31, 2017			Consolidated Total 2016
	Cultural Vistas United States	Cultural Vistas gGmbH	Consolidated Total 2017	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 265,245	\$ 60,486	\$ 325,731	\$ 650,894
Accounts receivable, net	409,462	43	409,505	409,309
Investments	11,131,732	-	11,131,732	10,187,362
Prepaid expenses and other assets	494,968	-	494,968	463,151
Security deposits	553,152	-	553,152	264,742
Property and equipment, net	<u>246,793</u>	<u>1,031</u>	<u>247,824</u>	<u>183,715</u>
<b>TOTAL ASSETS</b>	<u>\$ 13,101,352</u>	<u>\$ 61,560</u>	<u>\$ 13,162,912</u>	<u>\$ 12,159,173</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 586,286	\$ 7,467	\$ 593,753	\$ 176,435
Deposits from participants	285,458	-	285,458	292,048
Deferred revenue	763,882	-	763,882	879,871
Deferred rent	595,925	-	595,925	636,235
Advances from grantors	<u>1,538,312</u>	<u>-</u>	<u>1,538,312</u>	<u>1,551,841</u>
<b>TOTAL LIABILITIES</b>	<u>3,769,863</u>	<u>7,467</u>	<u>3,777,330</u>	<u>3,536,430</u>
<b>NET ASSETS</b>				
Unrestricted:				
Operating	8,042,207	54,093	8,096,300	7,310,841
Board designated scholarship fund	<u>539,073</u>	<u>-</u>	<u>539,073</u>	<u>592,117</u>
Total unrestricted	8,581,280	54,093	8,635,373	7,902,958
Temporarily restricted	126,641	-	126,641	97,217
Permanently restricted	<u>623,568</u>	<u>-</u>	<u>623,568</u>	<u>622,568</u>
<b>TOTAL NET ASSETS</b>	<u>9,331,489</u>	<u>54,093</u>	<u>9,385,582</u>	<u>8,622,743</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 13,101,352</u>	<u>\$ 61,560</u>	<u>\$ 13,162,912</u>	<u>\$ 12,159,173</u>

See independent auditors' report.

**CULTURAL VISTAS, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(With Comparative Totals for the Year Ended December 31, 2016)

	Year Ended December 31, 2017							
	Cultural Vistas United States				Cultural Vistas gGmbH		Consolidated Total 2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Consolidating Eliminations		
<b>OPERATING SUPPORT AND REVENUE:</b>								
Program administration fees	\$ 8,011,586	\$ -	\$ -	\$ 8,011,586	\$ 63,452	\$ -	\$ 8,075,038	\$ 7,885,793
Program revenues	3,840,421	-	-	3,840,421	23,949	-	3,864,370	3,767,329
Program partner fees	-	-	-	-	161,374	(161,374)	-	-
Government contracts	6,865,147	-	-	6,865,147	-	-	6,865,147	5,136,766
Contributions	39,436	9,443	1,000	49,879	56,210	-	106,089	79,696
Contributed services	76,358	-	-	76,358	-	-	76,358	75,000
Rental income	162,564	-	-	162,564	-	-	162,564	153,804
Net assets released from restrictions	37,953	(37,953)	-	-	-	-	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>19,033,465</b>	<b>(28,510)</b>	<b>1,000</b>	<b>19,005,955</b>	<b>304,985</b>	<b>(161,374)</b>	<b>19,149,566</b>	<b>17,098,388</b>
<b>OPERATING EXPENSES:</b>								
Program Services:								
Train USA and WEST Programs	6,617,122	-	-	6,617,122	77,493	(53,791)	6,640,824	6,588,017
International Visitor Leadership Program	3,564,902	-	-	3,564,902	-	-	3,564,902	2,827,009
Edmund S. Muskie Internship Program	724,818	-	-	724,818	-	-	724,818	666,681
Short-term Programs	2,385,197	-	-	2,385,197	6,056	-	2,391,253	1,529,135
Robert Bosch and Alfa Fellowships	1,597,386	-	-	1,597,386	33,457	(17,931)	1,612,912	1,431,678
Congress-Bundestag Youth Exchange	1,154,835	-	-	1,154,835	-	-	1,154,835	1,075,948
Internships Abroad and IAESTE Programs	950,821	-	-	950,821	52,046	(35,861)	967,006	947,576
Total Program Services	16,995,081	-	-	16,995,081	169,052	(107,583)	17,056,550	15,066,044
Supporting Services:								
Management and general	2,447,281	-	-	2,447,281	77,493	(53,791)	2,470,983	2,266,155
Fundraising	269,012	-	-	269,012	4,347	-	273,359	260,962
Total Supporting Services	2,716,293	-	-	2,716,293	81,840	(53,791)	2,744,342	2,527,117
<b>TOTAL OPERATING EXPENSES</b>	<b>19,711,374</b>	<b>-</b>	<b>-</b>	<b>19,711,374</b>	<b>250,892</b>	<b>(161,374)</b>	<b>19,800,892</b>	<b>17,593,161</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(677,909)</b>	<b>(28,510)</b>	<b>1,000</b>	<b>(705,419)</b>	<b>54,093</b>	<b>-</b>	<b>(651,326)</b>	<b>(494,773)</b>
<b>NON-OPERATING REVENUE:</b>								
Investment activity	1,356,231	57,934	-	1,414,165	-	-	1,414,165	637,636
<b>TOTAL NON-OPERATING REVENUE</b>	<b>1,356,231</b>	<b>57,934</b>	<b>-</b>	<b>1,414,165</b>	<b>-</b>	<b>-</b>	<b>1,414,165</b>	<b>637,636</b>
<b>CHANGE IN NET ASSETS</b>	<b>678,322</b>	<b>29,424</b>	<b>1,000</b>	<b>708,746</b>	<b>54,093</b>	<b>-</b>	<b>762,839</b>	<b>142,863</b>
<b>Net assets - beginning of year</b>	<b>7,902,958</b>	<b>97,217</b>	<b>622,568</b>	<b>8,622,743</b>	<b>-</b>	<b>-</b>	<b>8,622,743</b>	<b>8,479,880</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 8,581,280</b>	<b>\$ 126,641</b>	<b>\$ 623,568</b>	<b>\$ 9,331,489</b>	<b>\$ 54,093</b>	<b>\$ -</b>	<b>\$ 9,385,582</b>	<b>\$ 8,622,743</b>

**CULTURAL VISTAS, INC.**  
**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(With Comparative Totals for the Year Ended December 31, 2016)

	Year Ended December 31, 2017																			
	Cultural Vistas United States												Cultural Vistas gGmbH							
	Program Services								Supporting Services				Supporting Services							
	Inbound Programs				Reciprocal and Outbound Programs															
	Train USA and WEST Programs	International Visitor Leadership Program	Edmund S. Muskie Internship Program	Short-Term Programs	Robert Bosch and Alfa Fellowships	Congress-Bundestag Youth Exchange	Internships Abroad IAESTE and CV Fellows Programs	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total	Program Services	Management and General	Fund Raising	Total Supporting Services	Total	Consolidating Eliminations	Consolidated Total 2017	Consolidated Total 2016
Salaries	\$ 2,444,841	\$ 386,749	\$ 199,337	\$ 375,716	\$ 326,644	\$ 359,313	\$ 421,931	\$ 4,514,531	\$ 1,276,262	\$ 137,624	\$ 1,413,886	\$ 5,928,417	\$ 111,773	\$ 55,886	\$ -	\$ 55,886	\$ 167,659	\$ -	\$ 6,096,076	\$ 5,706,160
Payroll taxes and employee benefits	608,259	92,578	41,218	52,381	78,343	74,886	86,355	1,034,020	283,436	45,700	329,136	1,363,156	24,066	12,033	-	12,033	36,099	-	1,399,255	1,269,547
<b>Total Salaries and Related Costs</b>	<b>3,053,100</b>	<b>479,327</b>	<b>240,555</b>	<b>428,097</b>	<b>404,987</b>	<b>434,199</b>	<b>508,286</b>	<b>5,548,551</b>	<b>1,559,698</b>	<b>183,324</b>	<b>1,743,022</b>	<b>7,291,573</b>	<b>135,839</b>	<b>67,919</b>	<b>-</b>	<b>67,919</b>	<b>203,758</b>	<b>-</b>	<b>7,495,331</b>	<b>6,975,707</b>
Occupancy	585,487	90,127	38,869	49,670	62,028	57,042	74,119	957,342	220,839	41,378	262,217	1,219,559	8,546	4,274	-	4,274	12,820	-	1,232,379	1,250,103
Professional and computer services	122,031	18,111	9,142	13,151	12,338	18,500	13,742	207,015	111,771	7,685	119,456	326,471	227	113	-	113	340	-	326,811	339,436
Payroll processing and other services	81,686	14,433	7,398	13,284	9,534	10,357	12,042	148,734	38,789	4,873	43,662	192,396	653	326	-	326	979	-	193,375	179,523
Program partner fees	61,150	-	-	70,965	17,930	-	64,407	214,452	53,791	-	53,791	268,243	-	-	-	-	-	(161,374)	106,869	65,103
Donated professional services	-	-	-	-	-	-	-	-	76,358	-	76,358	76,358	-	-	-	-	-	-	76,358	75,000
Travel and meetings	93,599	6,787	1,562	13,143	1,826	-	28,619	145,536	106,337	8,963	115,300	260,836	3,641	1,820	-	1,820	5,461	-	266,297	211,128
Office supplies and other	48,005	10,345	6,221	5,663	4,007	4,895	8,656	87,792	36,520	10,086	46,606	134,398	1,279	640	-	640	1,919	-	136,317	152,164
Credit card merchant fees	130,025	195	-	3,077	15	-	325	133,744	10,072	-	10,072	143,816	173	86	-	86	259	-	144,075	158,979
Insurance	21,102	3,048	1,306	1,176	2,694	2,177	2,694	34,197	8,904	1,796	10,700	44,897	2,737	1,369	-	1,369	4,106	-	49,003	51,725
Equipment rental and repairs	23,523	3,837	1,673	1,922	2,192	2,047	2,661	37,855	8,765	1,731	10,496	48,351	-	-	-	-	-	-	48,351	47,739
Telecommunications	46,680	9,753	3,042	2,992	4,501	5,091	7,285	79,344	20,887	3,545	24,432	103,776	751	376	-	376	1,127	-	104,903	90,619
Postage	115,888	1,813	177	574	9	5,727	3,792	127,980	5,415	1,099	6,514	134,494	210	105	-	105	315	-	134,809	138,370
Printing	29,999	5,741	2,602	1,167	2,839	2,062	4,890	49,300	37,129	1,943	39,072	88,372	-	-	-	-	-	-	88,372	76,148
Management fees - investments	-	-	-	-	-	-	-	3,222	18,082	-	18,082	21,304	-	-	-	-	-	-	21,304	24,719
Depreciation	30,417	4,530	1,941	1,657	3,883	3,236	3,883	49,547	12,580	2,589	15,169	64,716	930	465	-	465	1,395	-	66,111	116,170
Bad debt expense	-	-	-	-	-	-	-	-	10,800	-	10,800	10,800	-	-	-	-	-	-	10,800	-
Moving expenses	-	-	-	-	-	-	-	-	84,343	-	84,343	84,343	-	-	-	-	-	-	84,343	-
Subtotal	4,442,692	648,047	314,488	606,538	528,783	545,440	738,623	7,824,611	2,421,080	269,012	2,690,092	10,514,703	154,986	77,493	-	77,493	232,479	(161,374)	10,585,808	9,952,633
Participant expenses	2,174,430	2,916,855	410,330	1,778,659	1,068,603	609,395	212,198	9,170,470	26,201	-	26,201	9,196,671	14,066	-	4,347	4,347	18,413	-	9,215,084	7,640,528
<b>TOTAL EXPENSES</b>	<b>\$ 6,617,122</b>	<b>\$ 3,564,902</b>	<b>\$ 724,818</b>	<b>\$ 2,385,197</b>	<b>\$ 1,597,386</b>	<b>\$ 1,154,835</b>	<b>\$ 950,821</b>	<b>\$ 16,995,081</b>	<b>\$ 2,447,281</b>	<b>\$ 269,012</b>	<b>\$ 2,716,293</b>	<b>\$ 19,711,374</b>	<b>\$ 169,052</b>	<b>\$ 77,493</b>	<b>\$ 4,347</b>	<b>\$ 81,840</b>	<b>\$ 250,892</b>	<b>\$ (161,374)</b>	<b>\$ 19,800,892</b>	<b>\$ 17,593,161</b>