MICROCREDIT ENTERPRISES

Financial Statements

For the Year Ended December 31, 2013

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Certified Public
Accountants
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Independent Auditor's Report

Board of Directors
MicroCredit Enterprises
San Francisco, California

We have audited the accompanying financial statements of MicroCredit Enterprises (a California not-for-profit Organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MicroCredit Enterprises as of December 31, 2013, and the related statements of activities and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

CLARK NUBER

Certified Public

Accountants

and Consultants

Change in Accounting Policy

As discussed in Note 11 to the financial statements, the Organization elected a change in accounting policy during the year ended December 31, 2013, on the accounting for an existing permanently restricted fund. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Organization's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clark Nuber PS

Certified Public Accountants
April 23, 2014

MICROCREDIT ENTERPRISES

Statement of Financial Position
December 31, 2013
(With Comparative Totals for 2012)

	2013	*2012*
Assets		
Current Assets:		
Cash and cash equivalents	$ 4,632,120	$ 2,784,474
Current portion of loans receivable from microfinance institutions, net (Note 6)	13,931,184	13,386,749
Guarantor receivables (Note 6)		313,246
Interest receivable, net	322,609	248,795
Prepaid expenses	7,709	5,773
Other current assets	30,000	6,250
Total Current Assets	**18,923,622**	**16,745,287**
Loans receivable from microfinance institutions, net of current portion (Note 6)	16,533,672	12,889,224
Derivative instruments (Note 4)	484,363	
Investment in MFX Solutions, LLC (Note 1)	205,000	205,000
Loan fees	63,633	60,899
Property and equipment net		2,295
Total Assets	**$ 36,210,290**	**$ 29,902,705**
Liabilities and Net Assets		
Current Liabilities:		
Current portion of notes payable (Note 8)	$ 10,142,817	$ 9,687,642
Deposit from co-lender (Note 1)		125,000
Accounts payable	9,716	20,004
Interest payable	62,333	27,081
Other payables	13,562	4,517
Total Current Liabilities	**10,228,428**	**9,864,244**
Long-Term Liabilities:		
Deferred loan origination fees	195,001	137,092
Derivative instruments (Note 4)		27,346
Notes payable, net of current portion (Note 8)	22,053,067	16,838,126
Total Liabilities	**32,476,496**	**26,866,808**
Net Assets:		
Unrestricted-		
Undesignated	1,281,851	1,387,282
Designated by Management (Note 10)	225,378	
Designated by the Board of Directors (Note 10)	347,828	269,878
Total unrestricted	1,855,057	1,657,160
Temporarily restricted (Note 11)	1,000,000	
Permanently restricted (Note 12)	878,737	1,378,737
Total Net Assets	**3,733,794**	**3,035,897**
Total Liabilities and Net Assets	**$ 36,210,290**	**$ 29,902,705**

See accompanying notes.

MICROCREDIT ENTERPRISES

Statement of Activities
For the Years Ended December 31, 2013
(With Comparative Totals for 2012)

	Unrestricted	*Temporarily Restricted*	*Permanently Restricted*	*2013 Total*	*2012 Total*
Operating Activities					
Revenue and Support:					
Revenue from microfinance lending activities-					
Interest income on Microfinance loans, net	$ 2,360,333	$ -	$ -	$ 2,360,333	$ 2,119,633
Amortization of loan origination fee revenue	103,389			103,389	81,343
Provision for estimated credit losses	(12,796)			(12,796)	(326,866)
Interest expense	(1,146,040)			(1,146,040)	(1,002,804)
Net revenue from microfinance lending activities	1,304,886			1,304,886	871,306
Other revenue and support-					
Contributions and grants	9,939	500,000		509,939	467,955
Contributed services	1,117,981			1,117,981	1,247,776
Interest income	24,409			24,409	3,065
Realized losses on swap transactions	(119,359)			(119,359)	(63,681)
Realized and unrealized foreign currency translation losses	(681,713)			(681,713)	(475)
Change in fair value of derivative instruments	526,811			526,811	(27,346)
Other income	21,439			21,439	20,368
Total Revenue and Support	**2,204,393**	**500,000**		**2,704,393**	**2,518,968**
Operating Expenses:					
Program services	1,264,168			1,264,168	1,134,223
Management and general	690,258			690,258	785,827
Fundraising	52,070			52,070	38,701
Total Operating Expenses	**2,006,496**			**2,006,496**	**1,958,751**
Change in Net Assets	**197,897**	**500,000**		**697,897**	**560,217**
Net assets, beginning of year, unadjusted	1,657,160		1,378,737	3,035,897	2,475,680
Change in accounting policy (Note 11)		500,000	(500,000)		
Net assets, beginning of year, adjusted	1,657,160	500,000	878,737	3,035,897	2,475,680
Net Assets, End of Year	**$ 1,855,057**	**$ 1,000,000**	**$ 878,737**	**$ 3,733,794**	**$ 3,035,897**

See accompanying notes.

MICROCREDIT ENTERPRISES

Statement of Cash Flows
For the Years Ended December 31, 2013
(With Comparative Totals for 2012)

	2013	*2012*
Reconciliation of Net Increase in Net Assets to		
Net Assets Provided by Operating Activities:		
Change in net assets	$ 697,897	$ 560,217
Adjustments to reconcile change in net assets		
to cash provided by operating activities-		
Depreciation	3,230	847
Loan fee amortization	36,891	22,917
Provision for estimated credit losses	12,796	326,866
Forgiveness of debt	(500,000)	
Realized and unrealized (gains) losses on change in		
fair value of derivative instruments	(511,709)	27,346
Unrealized foreign currency translation (gain) loss	631,285	13,476
(Increase) decrease in:		
Guarantor receivables	313,246	(313,246)
Interest receivable	(73,814)	(77,471)
Prepaid expenses	(1,936)	10,135
Other current assets	(23,750)	(4,415)
Increase (decrease) in:		
Deposit from co-lender	(125,000)	125,000
Accounts payable	(10,288)	9,032
Interest payable	35,252	4,062
Deferred loan origination fees	57,909	(6,992)
Other payables	9,045	(3,878)
Net Cash Provided by Operating Activities	**551,054**	**693,896**
Cash Flows from Investing Activities:		
Loans receivable repayments received	10,947,077	4,049,940
Loans receivable funded	(15,780,041)	(8,240,250)
Acquisition of property and equipment	(935)	(914)
Net Cash Used by Investing Activities	**(4,833,899)**	**(4,191,224)**
Cash Flows from Financing Activities:		
Net line of credit activity		(1,000,000)
Principal payments on notes payable	(9,187,122)	(3,500,000)
Payments of loan fees	(39,625)	(27,357)
Proceeds from notes payable	15,357,238	9,275,768
Net Cash Provided by Financing Activities	**6,130,491**	**4,748,411**
Change in Cash and Cash Equivalents	**1,847,646**	**1,251,083**
Cash and cash equivalents balance, beginning of year	2,784,474	1,533,391
Cash and Cash Equivalents Balance, End of Year	**$ 4,632,120**	**$ 2,784,474**
Supplementary Disclosure of Cash Flow Information:		
Noncash contributed services	$ 1,117,981	$ 1,247,776
Noncash forgiveness of debt	$ 500,000	$ -
Cash paid for interest	$ 1,110,788	$ 998,742

See accompanying notes.

Note 1 - Nature of Operations and Significant Accounting Policies

Nature of Activities - MicroCredit Enterprises (the Organization) is a California nonprofit organization which offers an innovative approach to mobilize private capital to help the impoverished. The Organization leverages private capital as collateral for loans to finance micro-businesses throughout the developing world.

The Organization's principal financial partners are Guarantors. Support is provided to the Organization by guarantors in the form of philanthropic guarantees of a line of credit or notes payable with a financial institution or foundation. The philanthropic guarantors are comprised of accredited individuals, foundations, and organizations or institutions with assets. The Organization borrows money against this guarantee in order to lend to microfinance institutions in developing countries. The microfinance institutions, in turn, lend to individuals, mostly women living in extreme poverty in developing countries, to start businesses. The impoverished loan recipients generally have no credit history, no collateral and no formal education, but with microloans they can create and build home-based businesses.

Guarantors accept the risk of providing guarantees in exchange for achieving a social purpose and receive no compensation in exchange for their philanthropic guarantees.

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

> Unrestricted Net Assets - Represents resources, which have met all applicable donor restrictions and are considered to be available for unrestricted use.
>
> Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.
>
> Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on the net assets are reported as releases between the applicable classes of net assets.

Cash and Cash Equivalents - Cash equivalents are considered to be short-term, highly liquid investments with original maturities of three months or less.

Property and Equipment - Property and equipment are recorded at cost. The Organization capitalizes all expenditures for property and equipment in excess of $2,500 which was a change in accounting policy during 2013 with the previous capitalization threshold being $1,000. Property and equipment are depreciated using the straight-line method of accounting over useful lives of 5 to 25 years.

Note 1 - Continued

Investment in MFX Solutions, LLC - The Organization's investment in MFX Solutions, LLC is carried at cost. The cost of the Organization's cost method investment totaled $205,000 at December 31, 2013 and 2012. The Organization did not identify any events or changes in circumstances that may have had a significant adverse effect on the value of those investments and therefore, no impairment has been recorded for the years ended December 31, 2013 and 2012.

Accounting for Derivative Instruments - Derivative instruments are recorded in the statement of financial position at fair value and represent cross-currency interest rate swap agreements. Fair values for the Organization's derivative instruments are based on the present value of the expected future cash flows. Changes in fair value are recorded in the statement of activities as unrealized gains and losses. Realized gains and losses are recognized on the hedged activity as settlements occur.

Accounting for Foreign Currency Denominated Transactions - The books and records of the Organization are maintained in U.S. dollars. Transactions denominated in foreign currencies are translated into U.S. dollars at the balance sheet date rate of exchange. Changes in foreign currency denominated transactions are recorded in the statement of activities in the period the change occurs.

Loan Fees - Loan fees are amortized over the term of the loan using the straight-line method. For the years ended December 31, 2013 and 2012, amortization costs and loan commitment fees of $68,667 and $44,432, respectively, were included in operating expense.

Loans Receivable - Loans receivable are stated at the amount management expects to collect of the outstanding balance. An allowance for credit losses, if required, is based on management's assessment of the current status of an individual loan that is anticipated to be partially or fully uncollectible. See Note 6 for further description of the Organization's loan portfolio and the estimated allowance for credit losses.

Deferred Loan Origination Fees - Loan origination fees on loans are deferred and recognized as revenue over the contractual lives of the related loans.

Deposit From Co-Lender - During the year ended December 31, 2012, the Organization entered into a co-lending agreement with a third party. The co-lending agreement calls for a total loan of $250,000 with $125,000 being funded by each co-lender. The Organization received loan funding from the co-lender of $125,000 which was reported as a deposit from co-lender on the statement of financial position as of December 31, 2012. During the year ended December 31, 2013, the funds received from the co-lender were disbursed to a MFI.

Federal Income Tax - The Internal Revenue Service (IRS) has determined that the Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3); accordingly, no provision has been made for federal income tax in the accompanying financial statements. The Organization files income tax returns with the U.S. government. The Organization is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

Note 1 - Continued

Contributions and Grants - Contributions and grants are recorded as revenue at the date when an unconditional promise is made. Donor-restricted contributions and grants are recorded as temporarily restricted revenues and are reclassified to unrestricted net assets when a stipulated time restriction ends or purpose restriction is accomplished. During the year ended December 31, 2013, contributions and grants revenue included $500,000 of long-term debt forgiven and temporarily restricted for the Kore Fund.

Contributed Services - The Organization receives a significant amount of donated professional services from executives and attorneys. Donated goods and services are recorded at fair market value at the date of receipt. Donated services are recorded only if specific professional expertise is provided or the services are for constructing a fixed asset, in accordance with generally accepted accounting principles in the United States (U.S. GAAP). See Note 9 for further discussion of contributed services recognized during the years ended December 31, 2013 and 2012.

Allocation of Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events - Management has evaluated subsequent events through April 23, 2014, the date which the financial statements were available for issue.

Note 2 - Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents and loans receivable from microfinance institutions. The Organization places its cash and cash equivalents with high credit quality financial institutions. At times, the account balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Loans receivable consist of loans made to microfinance institutions located in developing regions (presently, Latin America, Africa, Eastern Europe, Southeast and Central Asia). These institutions loan the money to finance micro businesses in the local countries. The Organization's policy is to diversify loans across countries and geographic regions.

Note 3 - Foreign Currency Translation

The Organization from time to time issues loans denominated in a foreign currency. Loans receivable denominated in foreign currencies are translated into U.S. dollars at the balance sheet date rate of exchange. Loans denominated in foreign currencies accrue interest at rates ranging from 8.65% to 15.0% annually, and mature between January 2014 and June 2015. Unrealized foreign currency translation losses of $631,285 were recognized during the year ended December 31, 2013, with realized foreign currency translation losses of $50,428.

Note 4 - Derivative Financial Instrument

To manage fluctuations of foreign currency values related to all loans denominated in foreign currencies, the Organization enters into cross-currency interest rate swap agreements (the currency swap), which mature in concert with the outstanding foreign currency denominated loans to microfinance institutions. A currency swap is a foreign exchange agreement between two parties to exchange principal and fixed rate interest payments on a loan in one currency for principal and fixed rate interest payments on an equal loan in another currency. As a result of the currency swap agreements, the Organization has reduced the risk of loan repayments falling short of expected amounts due to foreign exchange rate fluctuation.

The Organization does not enter into derivative financial instrument agreements for trading or speculative purposes. At December 31, 2013, the net position of the currency swaps is recorded as derivative instruments in the statement of financial position. The derivative instruments were recorded at their fair value resulting in a change in fair value of derivative instruments of $511,709 for the year ended December 31, 2013. Embedded in the currency swap is a forward contract which creates the obligation for both parties to close the swap agreement at the agreed upon maturity date.

Note 5 - Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, GAAP defines a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using management’s assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied. As noted below, there was no change in the valuation of investments using Level 3 inputs during the year ended December 31, 2013.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013.

> Derivative Financial Instrument - Determined to be Level 3 and the value based on the present value of projected future cash flows given currency rates in effect as of a given measurement date.

Note 5 - Continued

A reconciliation of the beginning and ending balances, by each major category of assets and liabilities, for fair value measurements made using significant unobservable inputs (Level 3) is as follows:

		Derivative Financial Instruments
Balance, December 31, 2012	$	(27,346)
Unrealized gains		511,709
Balance, December 31, 2013	**$**	**484,363**

Note 6 - Loans Receivable

Lending Policy - The Organization's lending policy gives priority to microfinance organizations that serve a high percentage of deeply-impoverished individuals and families, serve a high percentage of women, extend operations to isolated rural communities, operate or provide linkages to comprehensive social service programs, such as women's empowerment, financial literacy, health education or services and business training for micro-entrepreneurs, and demonstrate a track record of lowering interest rates to impoverished client-borrowers. These loans mature at various times over the life of the loans and are disbursed and repaid in either U.S. Dollars or a local foreign currency. Interest income is recognized when earned based on established rates.

The Organization assesses certain eligibility criteria to evaluate the creditworthiness of an MFI. These include quality and integrity of the management and Board of Directors, quality of the client-borrower loan portfolio, financial performance and prospects for growth, stability of the political, economic and legal environment of the country. Some of the specific financial qualifications include; serve at least 5,000 borrowers or have a minimum US $1,000,000 gross loan portfolio, maintain portfolio-at-risk (i.e., outstanding balance of all loans with payments in arrears beyond 30 days) below 10%, be operationally self-sufficient or demonstrate a clear plan to achieve operational self-sufficiency, provide independent audit reports covering at least the two most recent years, have a business plan with three years of financial projections or present a credit rating or other similar external evaluation/recommendation.

The Organization loans money to MFI's at fixed interest rates ranging from 6.0% to 15%. In most cases, interest is payable quarterly until the loan is paid in full, principal payments commence 18 months after the disbursement date and are made semiannually in equal installments through the maturity date of the loan.

Note 6 - Continued

Outstanding Loans Receivable - Long-term receivables from microfinance institutions were as follows as of December 31:

	2013	*2012*
Loans receivable from microfinance institutions	$ 30,464,856	$ 26,595,945
Less allowance for credit losses		(319,972)
Loans receivable from microfinance institutions, net	30,464,856	26,275,973
Current portion of loans receivable from microfinance institutions	(13,931,184)	(13,386,749)
Loans receivable from microfinance institutions, net of current portion	**$ 16,533,672**	**$ 12,889,224**

Maturities on long-term receivables from microfinance institutions for the years subsequent to December 31, 2013, are as follows:

For the Year Ending December 31,

2014	$ 13,931,184
2015	10,745,138
2016	5,335,329
2017	453,205
Total	**$ 30,464,856**

Credit Risk Assessment - Management considers the specific operational and performance metrics and liquidity positions of each MFI on a quarterly basis to assess the MFIs' credit risk. Based on the assessment of credit risk, the Organization may classify a loan as either being on the Watch List or Impaired List. Outstanding loans categorized as being on the Watch List require specific actions by portfolios managers to monitor the MFI and country activities in order to reduce the risk of default. Outstanding loans on the Impaired List represent those loans where default is either known or likely.

At December 31, 2013, the outstanding loans receivable categorized by the Organization's credit risk rating were as follows:

Watch list	$ 1,888,098
Remaining loans	28,576,758
Total	**$ 30,464,856**

Note 6 - Continued

As of December 31, 2013, no outstanding loans were classified in the Organization's Impaired List credit risk category. The Organization estimates an allowance for credit losses based on the quarterly credit risk assessment performed as described above. In most cases, an allowance for credit losses is only recorded at the point a loan is classified as impaired. As of December 31, 2013 and 2012, the Organization estimated the allowance for credit losses to be $0 and $319,972, respectively. The allowance for credit losses at December 31, 2012, was the result of a default by a MFI on two outstanding loans receivable during the year.

Guarantor Model - The Organization has developed a pool of guarantors (donors) who have entered into philanthropic guarantee agreements (the Agreement) with the Organization. By entering into the Agreements, the Organization is able to solicit and receive contributions from the guarantors in the case that a default occurs limiting the impact of a default on the Organization's financial position.

At the time default occurs and the guarantor payment required can be reasonably estimated, the Organization considers the philanthropic guarantees to be unconditional promises to give and recognizes a contribution. As further discussed in Note 6, the Organization experienced defaults on two loans from a single microfinance institution (MFI) during the year ended December 31, 2012, requiring the Organization to solicit payments from guarantors totaling $313,246 and was reported as guarantor receivables in the statement of financial position at December 31, 2012. Payments from the guarantors were received during the year ended December 31, 2013.

Note 7 - Line of Credit

The Organization has a line of credit with New Resource Bank, which is not to exceed $1,000,000. Interest is charged at the prime rate plus 1.25% per annum and is paid monthly. The principal plus any unpaid interest is payable at maturity on October 2016. There was no outstanding balance on the line of credit at December 31, 2013 or 2012.

Note 8 - Notes Payable

The Organization's notes payable are summarized as follows at December 31:

	2013	*2012*
Unsecured note payable to a not-for-profit public benefit entity with no interest. The note, which is annually renewable, is payable upon maturity on July 6, 2016, unless the due date is extended. The note payable was forgiven during 2013.	$ -	$ 500,000
Note payable to First Republic Bank, with an interest rate of 4.28%, guaranteed by guarantors. Semi-annual principal payments of $2,000,000 with first payment due on December 29, 2012 with monthly interest payments payable through June 29, 2014.	2,000,478	6,000,000

Note 8 - Continued

	2013	*2012*
Note payable to First Republic Bank, with an interest rate of 3.97%, guaranteed by guarantors. Semi-annual principal payments of $250,000 with first payment due on February 28, 2013 with monthly interest payments payable through August 31, 2014.	500,000	1,000,000
Note payable to First Republic Bank, with an interest rate of 3.96%, guaranteed by guarantors. Semi-annual principal payments of $1,500,000 with first payment due on March 31, 2013 with monthly interest payments payable through September 30, 2014.	3,000,000	6,000,000
Note payable to First Republic Bank, with an interest rate of 4.00%, guaranteed by guarantors. Semi-annual principal payments of $500,000 with first payment due on May 31, 2013 with monthly interest payments payable through November 30, 2014.	1,000,000	2,000,000
Note payable to First Republic Bank, with an interest rate of 3.91%, guaranteed by guarantors. Semi-annual principal payments of $375,000 with first payment due on August 31, 2013 with monthly interest payments payable through February 28, 2015.	1,125,000	1,500,000
Note payable to First Republic Bank, with an interest rate of 4.01%, guaranteed by guarantors. Semi-annual principal payments of $250,000 with first payment due on December 31, 2014 with monthly interest payments payable through June 30, 2016.	1,000,000	
Note payable to First Republic Bank, with an interest rate of 4.01%, guaranteed by guarantors. Semi-annual principal payments of $500,000 with first payment due on April 30, 2015 with monthly interest payments payable through October 31, 2016.	2,000,000	
Note payable to First Republic Bank, with an interest rate of 4.01%, guaranteed by guarantors. Semi-annual principal payments of $437,500 with first payment due on April 30, 2013 with monthly interest payments payable through November 30, 2015.	1,750,000	
Note payable to First Republic Bank, with an interest rate of 4.01%, guaranteed by guarantors. Semi-annual principal payments of $500,000 with first payment due on June 30, 2015 with monthly interest payments payable through December 31, 2015.	2,000,000	

Note 8 - Continued

	2013	*2012*
Unsecured note payable to Calvert Social Investment Foundation, Inc., with an interest rate of 4.5%. Quarterly interest payments with first payment due June 30, 2013. Principal due upon maturity on May 31, 2016.	500,000	
Unsecured note payable to Calvert Social Investment Foundation, Inc., with an interest rate of 4.5%. Quarterly interest payments with first payment due December 30, 2013. Principal due upon maturity on June 17, 2016.	1,000,000	
Unsecured note payable to Calvert Social Investment Foundation, Inc., with an interest rate of 4.5%. Quarterly interest payments with first payment due December 31, 2012. Principal due upon maturity on July 31, 2015.	500,000	500,000
Unsecured note payable to Calvert Social Investment Foundation, Inc., with an interest rate of 4.5%. Quarterly interest payments with first payment due December 31, 2012. Principal due upon maturity on December 19, 2015.	975,000	975,000
Note payable to New Resource Bank, with an interest rate of 4.63%, guaranteed by guarantors. Semi-annual principal payments of $62,500 with first payment due on November 4, 2013 with monthly interest payments payable through May 4, 2015.	187,500	250,000
Note payable to New Resource Bank, with an interest rate of 4.63%, guaranteed by guarantors. Semi-annual principal payments of $250,000 with first payment due on December 15, 2013 with monthly interest payments payable through June 15, 2015.	750,000	1,000,000
Note payable to New Resource Bank, with an interest rate of 4.63%, guaranteed by guarantors. Semi-annual principal payments of $125,000 with first payment due on March 4, 2014 with monthly interest payments payable through September 4, 2015.	500,000	500,000
Note payable to New Resource Bank, with an interest rate of 4.63%, guaranteed by guarantors. Semi-annual principal payments of $62,500 with first payment due on March 17, 2014 with monthly interest payments payable through September 17, 2015.	250,000	250,000

Note 8 - Continued

	2013	2012
Secured notes payable on the MicroPlace web portal offered to retail investors, with interest rates ranging from 2.5% to 3.5% paid to investors and a 1% fee paid to MicroPlace with maturities ranging from March 2014 to November 2015.	1,257,906	950,768
Unsecured note payable to Vittana, with an interest rate of 3.0%. Quarterly interest payments with first payment due September 15, 2012. Principal due upon maturity on July 17, 2014.	500,000	500,000
Note payable to Overseas Private Investment Corporation (OPIC), with an interest rate of 3.87%. Quarterly principal and interest payments. Principal payments in the amount of $375,000 with first payment due on December 3, 2016, first interest payment being made on December 3, 2012 with quarterly interest payments payable through June 3, 2019.	2,250,000	2,250,000
Note payable to Overseas Private Investment Corporation (OPIC), with an interest rate of 3.90%. Quarterly principal and interest payments. Principal payments in the amount of $250,000 with first payment due on December 3, 2016, first interest payment being made on June 3, 2013 with quarterly interest payments payable through June 3, 2019.	1,500,000	
Note payable to Overseas Private Investment Corporation (OPIC), with an interest rate of 4.46%. Quarterly principal and interest payments. Principal payments in the amount of $166,667 with first payment due on December 3, 2016, first interest payment being made on September 3, 2013 with quarterly interest payments payable through June 3, 2019.	1,000,000	
Note payable to Overseas Private Investment Corporation (OPIC), with an interest rate of 4.97%. Quarterly principal and interest payments. Principal payments in the amount of $716,667 with first payment due on December 3, 2016, first interest payment being made on December 3, 2013 with quarterly interest payments payable through June 3, 2019.	4,300,000	
Unsecured note payable to Benito & Frances C. Gaguine Foundation, with no interest. Note is payable upon maturity on February 1, 2013. Subsequent to year end, the maturity date was extended to March 31, 2016.	1,000,000	1,000,000

Note 8 - Continued

	2013	*2012*
Unsecured notes payable to a Related Party Guarantor, with an interest rate of 3.50%. Quarterly interest payments began May 31, 2011. Principal due upon maturity on February 28, 2014.	250,000	250,000
Unsecured notes payable to Guarantor, with an interest rate of 3.50%. Quarterly interest payments began May 31, 2011. Principal due upon maturity on February 28, 2014.	500,000	500,000
Unsecured notes payable to Guarantor, with an interest rate of 2.50%. Quarterly interest payments began June 30, 2012. Principal due upon maturity on March 31, 2015.	500,000	500,000
Unsecured note Payable to Tides Foundation, with no interest. Note is payable upon maturity on March 2, 2015.	100,000	100,000
	32,195,884	26,525,768
Less current portion of notes payable	(10,142,817)	(9,687,642)
Long-Term Debt, Net of Current Portion	**$ 22,053,067**	**$ 16,838,126**

Maturities of long-term notes for the years subsequent to December 31, 2013, are as follows:

For the Year Ending December 31,

2014	$ 10,142,817
2015	6,881,412
2016	7,133,333
2017	3,516,667
2018	3,016,667
Thereafter	1,504,988
Total	**$ 32,195,884**

Note 9 - Contributed Services

The value of donated services included as contributions in the financial statements and the corresponding program service and management expenses for the year ended December 31, 2013, are as follows:

	Program Services	*Management and General*	*Fundraising*	*Total Pro Bono Services*
Officer services provided pro bono	$ 320,992	$ 311,906	$ 40,344	$ 673,242
Legal and professional services	390,248	54,491		444,739
	$ 711,240	**$ 366,397**	**$ 40,344**	**$ 1,117,981**

The value of donated services included as contributions in the financial statements and the corresponding program service and management expenses for the year ended December 31, 2012, are as follows:

	Program Services	*Management and General*	*Fundraising*	*Total Pro Bono Services*
Officer services provided pro bono	$ 284,604	$ 204,906	$ 38,701	$ 528,211
Legal and professional services	545,073	174,492		719,565
	$ 829,677	**$ 379,398**	**$ 38,701**	**$ 1,247,776**

Note 10 - Net Assets Designated by the Board and Management

Management and the Organization's Board of Directors has made specific designations of its unrestricted net assets as follows at December 31:

	2013	*2012*
Unrestricted and undesignated	$ 1,281,851	$ 1,387,282
Managed Designated - Operating reserve	225,378	
Board Designated - Operating reserve	307,828	229,878
Permanent Fund to Alleviate Extreme Poverty	40,000	40,000
Total Unrestricted Net Assets	**$ 1,855,057**	**$ 1,657,160**

The Organization's Board of Directors adopted an unrestricted net asset policy during 2012 which established an operating reserve. The operating reserve is intended to cover three months of operating expenditures. In addition, management designated unrestricted net assets as an operating reserve during 2013 to cover projected operating losses to be incurred during the year ended December 31, 2014.

Note 11 - Temporarily Restricted Net Assets and Change in Accounting Policy

Kore Fund - During the year ended December 31, 2013, $500,000 of previously reported long-term debt was forgiven by the lender with the amounts forgiven to be restricted for use in a newly-established fund called the Kore Fund. As a result, during the year ended December 31, 2013, the Organization's Board of Directors established the Kore Fund to provide a liquidity reserve. Under the Board's resolution, any amount drawn from the Kore Fund must be used to guarantee short-term financing opportunities and must be reimbursed in full within 365 days. In view of the Board's role in setting the purpose of the Kore Fund, U.S. GAAP requires that donor contributions to the Kore Fund be presented as temporarily restricted. However, we understand that the Organization's Board of Directors intends that the Kore Fund be restricted as described indefinitely.

Hunter Douglas Endowment for Microfinance Sustainability Fund - The Hunter Douglas Endowment for Microfinance Sustainability Fund (the Hunter Douglas Fund) is maintained as a revolving account to temporarily fund any of the Organization's liquidity demands when MFIs are temporarily late with payments as a result of challenges encountered by operating in a developing country. The Hunter Douglas Fund ensures the Organization can meet all of its obligations until payment is made.

During the year ended December 31, 2013, management identified additional documentation on the donor intent of the Hunter Douglas Fund resulting in the Organization implementing a change in accounting policy moving the Hunter Douglas Fund from permanently restricted to temporarily restricted net assets. As of December 31, 2013 and 2012, assets reserved under the Hunter Douglas Fund consisted of a $500,000 donor-restricted contribution.

Note 12 - Permanently Restricted Net Assets

The Organization's permanently restricted net assets are comprised of the following at December 31:

	2013	*2012*
Permanent Fund to Alleviate Extreme Poverty	$ 878,737	$ 878,737
Hunter Douglas Endowment for Microfinance Sustainability Fund		500,000
Total	**$ 878,737**	**$ 1,378,737**

Permanent Fund to Alleviate Extreme Poverty - The Permanent Fund to Alleviate Extreme Poverty (the Permanent Fund) directly supports microloans from tax-deductible contributions. Every gift to the Permanent Fund provides perpetual benefits. As loans are repaid, the money is loaned out in perpetuity.

Note 13 - Employee Retirement Plan

The Organization has a Savings Incentive Match Plan for Employees (SIMPLE) - IRA Plan. Eligible employees can elect to defer up to the maximum allowable subject to current regulatory limits. The Organization provides matching contributions of 100% of deferrals by each participating employee up to 3% of eligible compensation. The Organization's total retirement expense was $8,440 and $8,956 for the years ended December 31, 2013 and 2012, respectively.