MCE SOCIAL CAPITAL

Financial Statements

For the Year Ended December 31, 2015

Table of Contents

Independent Auditor's Report

To the Board of Directors
MCE Social Capital
San Francisco, California

We have audited the accompanying financial statements of MCE Social Capital (a California not-for-profit Organization), which comprise the statement of financial position as of December 31, 2015, 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

CN

T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1700
Bellevue WA
98004

clarknuber.com

Clark Nuber PS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MCE Social Capital as of December 31, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Clark Nuber P.S.

Certified Public Accountants
July 27, 2016

MCE SOCIAL CAPITAL

Statement of Financial Position
December 31, 2015
(With Comparative Totals for 2014)

	2015	2014
Assets		
Current Assets:		
Cash and cash equivalents	$ 4,975,244	$ 3,213,253
Current portion of loans receivable from microfinance institutions, net (Note 6)	16,394,681	11,808,809
Interest receivable, net	547,136	366,687
Prepaid expenses	29,937	53,985
Other current assets	1,800	
Total Current Assets	**21,948,798**	**15,442,734**
Loans receivable from microfinance institutions, net of current portion (Note 6)	20,620,853	25,513,094
Guarantor receivables (Note 1)	912,186	
Derivative instruments (Note 4)	916,112	570,553
Investment in MFX Solutions, LLC (Note 1)	205,000	205,000
Loan fees, net	92,329	105,143
Total Assets	**$ 44,695,278**	**$ 41,836,524**
Liabilities and Net Assets		
Current Liabilities:		
Current portion of notes payable (Note 8)	$ 12,733,305	$ 7,492,915
Accounts payable	7,836	14,725
Interest payable	115,550	79,691
Other payables	469	7,678
Total Current Liabilities	**12,857,160**	**7,595,009**
Long-Term Liabilities:		
Deferred loan origination fees	200,329	198,610
Notes payable, net of current portion (Note 8)	27,241,743	29,669,416
Total Liabilities	**40,299,232**	**37,463,035**
Net Assets:		
Unrestricted-		
Undesignated	1,884,736	1,799,559
Designated by the Board of Directors (Note 10)	392,690	353,723
Total unrestricted	2,277,426	2,153,282
Temporarily restricted (Note 11)	1,229,062	1,334,694
Permanently restricted (Note 12)	889,558	885,513
Total Net Assets	**4,396,046**	**4,373,489**
Total Liabilities and Net Assets	**$ 44,695,278**	**$ 41,836,524**

See accompanying notes.

MCE SOCIAL CAPITAL

Statement of Activities
For the Year Ended December 31, 2015
(With Comparative Totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Operating Activities					
Revenue and Support:					
Revenue from microfinance lending activities-					
Interest income on Microfinance loans, net	$ 3,145,477	$ -	$ -	$ 3,145,477	$ 2,580,380
Amortization of loan origination fee revenue	120,160			120,160	138,782
Provision for estimated credit losses	(912,186)			(912,186)	
Imputed interest expense	(105,632)			(105,632)	(46,011)
Interest expense	(1,615,891)			(1,615,891)	(1,357,246)
Net revenue from microfinance lending activities	631,928			631,928	1,315,905
Other revenue and support-					
Contributions and grants	912,186		4,045	916,231	6,776
Contributed revenue from present value discount on low interest debt (Note 8)					380,705
Contributed services (Note 9)	360,131			360,131	364,466
Interest income	1,721			1,721	2,368
Realized gains on swap transactions	180,113			180,113	355,819
Realized and unrealized foreign currency translation losses (Note 3)	(938,982)			(938,982)	(453,952)
Change in fair value of derivative instruments	345,559			345,559	86,190
Other income	19,000			19,000	18,908
Net assets released from restrictions	105,632	(105,632)			
Total Revenue and Support	**1,617,288**	**(105,632)**	**4,045**	**1,515,701**	**2,077,185**
Operating Expenses:					
Program services	1,077,701			1,077,701	989,160
Management and general	369,790			369,790	408,988
Fundraising	45,653			45,653	39,342
Total Operating Expenses	**1,493,144**			**1,493,144**	**1,437,490**
Change in Net Assets	**124,144**	**(105,632)**	**4,045**	**22,557**	**639,695**
Net assets, beginning of year	2,153,282	1,334,694	885,513	4,373,489	3,733,794
Net Assets, End of Year	**$ 2,277,426**	**$ 1,229,062**	**$ 889,558**	**$ 4,396,046**	**$ 4,373,489**

See accompanying notes.

MCE SOCIAL CAPITAL

Statement of Cash Flows
For the Year Ended December 31, 2015
(With Comparative Totals for 2014)

	2015	2014
Reconciliation of Net Increase in Net Assets to		
Net Assets Provided by Operating Activities:		
Change in net assets	$ 22,557	$ 639,695
Adjustments to reconcile change in net assets		
to cash provided by operating activities-		
Contributed revenue from present value discount on low interest debt		(380,705)
Imputed interest expense	105,632	46,011
Loan fee amortization	71,786	50,779
Provision for estimated credit losses	912,186	
Realized and unrealized gains on change in		
fair value of derivative instruments	(345,559)	(86,190)
Realized and unrealized foreign currency translation losses	938,982	453,952
(Increase) decrease in:		
Prepaid expenses	24,048	(46,276)
Other current assets	(1,800)	30,000
Guarantor receivables	(912,186)	
Interest receivable	(180,449)	(44,078)
Increase (decrease) in:		
Accounts payable	(6,889)	5,009
Interest payable	35,859	17,358
Other payables	(7,209)	(5,884)
Deferred loan origination fees	1,719	3,609
Net Cash Provided by Operating Activities	**658,677**	**683,280**
Cash Flows From Investing Activities:		
Loans receivable repayments received	11,419,383	13,387,503
Loans receivable funded	(12,964,182)	(20,698,502)
Net Cash Used in Investing Activities	**(1,544,799)**	**(7,310,999)**
Cash Flows From Financing Activities:		
Principal payments on notes payable	(7,492,915)	(10,140,469)
Payments of loan fees	(58,972)	(92,289)
Proceeds from notes payable	10,200,000	15,441,610
Net Cash Provided by Financing Activities	**2,648,113**	**5,208,852**
Change in Cash and Cash Equivalents	**1,761,991**	**(1,418,867)**
Cash and cash equivalents balance, beginning of year	3,213,253	4,632,120
Cash and Cash Equivalents Balance, End of Year	**$ 4,975,244**	**$ 3,213,253**
Supplementary Disclosure of Cash Flow Information:		
Noncash contributed services	$ 360,131	$ 364,466
Cash paid for interest	$ 1,580,032	$ 1,339,888

See accompanying notes.

Note 1 - Nature of Operations and Significant Accounting Policies

Nature of Activities - MCE Social Capital (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, as well as providing a separate guarantor pool to make contributions towards covering loan losses up to limits as noted in the philanthropic guarantee agreement. 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, 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:

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

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, 2015 and 2014. 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, 2015 and 2014.

Note 1 – Continued

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 incurred for notes payable are amortized over the term of the loan using the straight-line method. For the years ended December 31, 2015 and 2014, amortization costs and loan commitment fees of $71,786 and $50,779, respectively, were included in operating expenses as presented in the statement of activities.

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.

Guarantor Receivables - Philanthropic guarantees are considered conditional promises to give until a default occurs with the Organization requiring payment from the pool of guarantors in accordance with the philanthropic guarantee agreement. 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 based on estimated losses. See Note 6 for further discussion of the guarantor receivables recorded at December 31, 2015.

Deferred Loan Origination Fees - Loan origination fees on loans are deferred and recognized as revenue over the contractual lives of the related loans. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

Federal Income Tax - The Internal Revenue Service 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.

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.

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, 2015 and 2014 including the current year change in estimate of the fair value of contributed services.

Note 1 - Continued

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. Interest expense reported in the statement of activities is considered program services for functional reporting purposes.

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.

Reclassifications - Certain reclassifications have been made to the 2014 consolidated financial statements to conform to the 2015 presentation. Such reclassifications had no effect on the change in net assets previously reported.

Subsequent Events - Management has evaluated subsequent events through July 27, 2016, 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 5.25% to 25.98% annually, and mature between January 2016 and September 2018. Unrealized foreign currency translation losses of $897,040 were recognized during the year ended December 31, 2015, with realized foreign currency translation losses of $41,942.

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, 2015, the net position of the currency swaps is recorded as derivative instruments in the statement of financial position.

Note 4 - Continued

The derivative instruments were recorded at their fair value which was $916,112 and $570,553 for the years ended December 31, 2015 and 2014, respectively. 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, 2015.

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, 2015.

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.

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, 2014	$ 570,553
Unrealized gains	345,559
Balance, December 31, 2015	**$ 916,112**

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.

Note 6 - Continued

The Organization assesses certain eligibility criteria to evaluate the creditworthiness of a microfinance institution. 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 5.00% to 25.98%. 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.

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

	2015	2014
Loans receivable from microfinance institutions	$ 37,927,720	$ 37,321,903
Less provision for estimated credit losses	(912,186)	
Loans receivable from microfinance institutions, net	37,015,534	37,321,903
Current portion of loans receivable from microfinance institutions	(16,394,681)	(11,808,809)
Loans receivable from microfinance institutions, net of current portion	**$ 20,620,853**	**$ 25,513,094**

Maturities on long-term receivables from microfinance institutions for the years subsequent to December 31, 2015, are as follows:

For the Year Ending December 31,

2016	$ 16,394,681
2017	14,878,836
2018	6,391,703
2019	262,500
Total	**$ 37,927,720**

Credit Risk Assessment - Management considers the specific operational and performance metrics and liquidity positions of each MFI on a monthly 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 qualify for the Watch List when there are out of the ordinary activities going on internally at the MFI or externally to the MFI, or where such activities are not occurring but are very likely, that may increase the risk of default and thus, require extra attention of portfolio managers.

Note 6 - Continued

Outstanding loans are placed on the Impaired List when the risk of default is more significant than for those MFIs on the Watch List; the Impaired List is also used to protect Guarantors who join MCE's Guarantee program after an MFI has been added to the Impaired List from being asked to contribute should that particular MFI default on their loan to MCE.

At December 31, 2015, the outstanding loans receivable categorized by the Organization's credit risk rating were as follows:

Watch list	$ 1,200,000
Impaired list	2,000,000
Remaining loans	34,727,720
Total	**$ 37,927,720**

As of December 31, 2015, two 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, a provision for estimated credit losses is only recorded at the point a loan is classified as impaired. As of December 31, 2015 the Organization's provision for estimated credit losses was $912,186. The provision for estimated credit losses was the result of defaults by two MFIs included on the Impaired List on outstanding loans receivable during the year. The provision does not include $1,087,814 of future estimated principal payments to be received from the MFIs include on impaired list. There is at least a reasonable possibility that the recorded estimate will change by a material amount in the near term. Management expects to request the amounts from guarantors in fiscal year 2017 and has, therefore, reported the guarantor receivables in the statement of financial position as long-term. The average recorded investment in the impaired loans totaled $2,000,000 in 2015 with $155,908 of interest income recognized following impairment of the loan portfolio. The Organization accrues interest income on impaired loans with payments received being applied to the outstanding principal and interest balances.

Past Due Loans - The following loans were past due as of December 31, 2015:

0 to 60 days past due	$ 350,000
60 to 120 days past due	375,000
Greater than 120 days past due	375,000
Total	**$ 1,100,000**

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 noted previously, the Organization experienced defaults on two loans from two microfinance institution (MFI) requiring the Organization to require payments from guarantors totaling $912,186 and is reported as guarantor receivables in the statement of financial position at December 31, 2015. There were no guarantor receivables at December 31, 2014.

Note 6 - Continued

Guarantor receivables are expected to be received in less than one year. The allowance for doubtful guarantor receivables is maintained at a level considered adequate to provide for potential uncollected guarantor receivables. There is currently no allowance accrued because the Organization's management believes the receivables at December 31, 2015 are fully collectible.

Subsequent Event - At December 31, 2015, there was an agreement signed for a loan to an MFI for $750,000, however the funds were not disbursed until subsequent to year-end.

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 in September 2016. There was no outstanding balance on the line of credit at December 31, 2015 or 2014.

Note 8 - Notes Payable

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

	2015	2014
Unsecured notes payable to First Republic Bank, with annual interest rates ranging from 4.01% to 4.25%, guaranteed by individual guarantors. Monthly interest payments with semi-annual principal payments. Maturity dates range between June 2016 through April 2018. Notes matured during 2015.	$ 10,754,110	$ 13,666,610
Unsecured note payable to First Republic Bank, with an annual interest rate of 2.65%, secured by the intermediaries securities account. Monthly interest payments with principal due upon maturity during January 2019.	500,000	
Unsecured notes payable to Calvert Social Investment Foundation, Inc., with annual interest rates of 4.50%. Quarterly interest payments with principal due upon maturity dates during May 2016 and June 2016. Notes matured during July 2015 and December 2015.	1,500,000	2,975,000
Unsecured notes payable to New Resource Bank, with annual interest rates ranging from 4.38% to 4.63%, guaranteed by individual guarantors. Quarterly interest payments with semi-annual principal payments. Note matures during August 2017.	1,700,000	2,387,500
Unsecured notes payable to Overseas Private Investment Corporation (OPIC), with annual interest rates ranging from 3.87% to 4.97%. Quarterly interest payments and semi-annual principal payments. Notes mature during June 2019.	15,000,000	12,400,000

Note 8 - Continued

	2015	2014
Notes payable on the MicroPlace web portal offered to retail investors, with annual interest rates of 3.10% paid to investors and a 1% fee paid to MicroPlace. Notes matured during 2015.		367,915
Note payable to RSF Social Finance, with an interest rate of 4.50%. Quarterly interest payments with semi-annual principal payments. Note matures during January 2019.	1,500,000	
Notes payable to individual guarantors, with annual interest rates ranging from 2.00% to 3.60%. Quarterly interest payments with principal due upon maturity. Maturity dates range between February 2017 through August 2018.	5,750,000	2,100,000
Noninterest bearing notes payable to individuals guarantors including foundations. Principal due upon maturity dates during March 2016 and October 2018. Note matured during March 2015. A present value discount has been recognized and reported at December 31, 2015 and 2014 on these notes due to the below market interest rates.	3,500,000	3,600,000
Total	**40,204,110**	**37,497,025**
Less present value discount	(229,062)	(334,694)
Less current portion of notes payable	(12,733,305)	(7,492,915)
Long-Term Debt, Net of Current Portion	**$ 27,241,743**	**$ 29,669,416**

Guarantors and private foundations have provided interest-free loans totaling $3,500,000 and $3,600,000 as of December 31, 2015 and 2014, respectively. The Organization recorded a loan discount using a rate of 3.3%. The loans are reported in the statement of financial position net of unamortized discount of $229,062 and $334,694 at December 31, 2015 and 2014, respectively. The discount on the loans is being amortized to imputed interest expense over the lives of the loans.

Maturities of long-term notes for future years ending December 31 are as follows:

For the Year Ending December 31,

2016	$ 12,733,305
2017	10,958,306
2018	13,137,500
2019	3,374,999
2020	
Total	**$ 40,204,110**

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, 2015, are as follows:

	Program Services	Management and General	Fundraising	Total Pro Bono Services
Officer services provided pro bono	$ 66,750	$ 63,750	$ 7,000	$ 137,500
Legal and professional services	200,368	22,263		222,631
	$ 267,118	**$ 86,013**	**$ 7,000**	**$ 360,131**

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, 2014, are as follows:

	Program Services	Management and General	Fundraising	Total Pro Bono Services
Officer services provided pro bono	$ 65,812	$ 60,938	$ 7,000	$ 133,750
Legal and professional services	230,716			230,716
	$ 296,528	**$ 60,938**	**$ 7,000**	**$ 364,466**

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:

	2015	2014
Unrestricted and undesignated	$ 1,884,736	$ 1,799,559
Board Designated - Operating reserve	352,690	313,723
Permanent Fund to Alleviate Extreme Poverty and Frontier Fund	40,000	40,000
Total Unrestricted Net Assets	**$ 2,277,426**	**$ 2,153,282**

The board designated operating reserve is intended to cover three months of operating expenditures.

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

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

	2015	2014
Kore Fund	$ 500,000	$ 500,000
Hunter Douglas Microfinance Sustainability Fund	500,000	500,000
Unamortized discount on long-term debt (Note 8)	229,062	334,694
Total	**$ 1,229,062**	**$ 1,334,694**

Note 11 - Continued

Kore Fund - The Organization's Board of Directors (the Board) established the Kore Fund to provide a liquidity reserve. 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.

Hunter Douglas Microfinance Sustainability Fund - The Hunter Douglas 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.

Note 12 - Permanently Restricted Net Assets

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

	2015	2014
Permanent Fund to Alleviate Extreme Poverty	$ 378,737	$ 378,737
Frontier Fund	510,821	506,776
Total	**$ 889,558**	**$ 885,513**

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.

Frontier Fund - The Frontier Fund is supported principally by grants and donations and funds investments in Small and Medium Sized Enterprises spurring job creation in Sub-Saharan Africa and MFIs operating in Sub-Saharan Africa and other challenging parts of the world.

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 $20,383 and $13,870 for the years ended December 31, 2015 and 2014, respectively.

Note 14 - Related Parties

Certain unsecured notes payable by the Organization are held with the Organization's board members and other related parties with outstanding balances of $4,250,000 and $3,000,000 as of December 31, 2015 and 2014, respectively.

The Organization also received contributed services from the Organization's board members and other related parties totaling $137,500 and $133,350 for the years ending December 31, 2015 and 2014, respectively.