OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Financial Statements

December 31, 2013
(with comparative totals for 2012)

(With Independent Auditors' Report Thereon)

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Table of Contents

KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors
Opportunity International, Inc.:

We have audited the accompanying consolidated financial statements of Opportunity International, Inc. and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities, cash flows, and functional expenses for the year 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 audit. We did not audit the financial statements of certain wholly owned subsidiaries, which statements reflect total assets constituting 23% of consolidated total assets at December 31, 2013, and total revenues constituting 22% of consolidated total revenues for the year then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of the wholly owned subsidiaries which conform those financial statements to U.S. generally accepted accounting principles. Our opinion, insofar as it relates to the amounts included for those wholly owned subsidiaries prior to these conversion adjustments, is based solely on the report of the other auditors. 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Opportunity International, Inc. and Affiliates as of December 31, 2013, and the changes in its financial position and its cash flows, and its functional expenses for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the Opportunity International, Inc. and Affiliates 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 29, 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 consolidated financial statements from which it has been derived.

KPMG LLP

June 30, 2014
Chicago, Illinois

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Financial Position

December 31, 2013
(with comparative totals for 2012)

	2013				
Assets	**Charitable activities**	**Banking activities**	**Eliminations**	**Total**	**2012**
Cash and cash equivalents	$ 6,299,306	61,069,479	—	67,368,785	72,921,403
Restricted cash and investments:					
Cornerstone Fund	5,867,591	—	—	5,867,591	6,539,514
Other	3,116,089	—	—	3,116,089	5,630,862
Pledges receivable, net	28,295,920	—	—	28,295,920	15,993,515
Investments, at fair value	2,716,425	—	—	2,716,425	3,066,282
Notes receivable, net	13,875,441	—	(10,798,446)	3,076,995	4,006,103
Loans receivable, net	—	210,384,519	—	210,384,519	171,398,213
Other receivables	949,112	—	(264,728)	684,384	3,826,378
Donor-advised assets	312,017	—	—	312,017	629,557
Prepaid expenses and other assets	141,368	16,518,430	(1,018,997)	15,640,801	20,354,587
Investment in other institutions	12,948,941	—	(1,362,384)	11,586,557	6,714,627
Building, furniture, and equipment, net	881,647	25,881,424	—	26,763,071	27,187,037
Total assets	$ 75,403,857	313,853,852	(13,444,555)	375,813,154	338,268,078
Liabilities and Net Assets					
Accounts payable and accrued liabilities	$ 12,846,662	23,052,106	(1,547,302)	34,351,466	33,906,287
Notes payable	18,309,710	66,849,351	(11,406,589)	73,752,472	65,836,292
Deferred revenue	12,500	4,425,024	(12,500)	4,425,024	5,026,579
Deposits from customers	—	154,244,210	—	154,244,210	126,644,618
Total liabilities	31,168,872	248,570,691	(12,966,391)	266,773,172	231,413,776
Noncontrolling interest	—	19,473,700	(1,074)	19,472,626	21,404,919
Net assets:					
Unrestricted	5,832,425	45,809,461	(477,090)	51,164,796	57,189,343
Temporarily restricted	33,394,935	—	—	33,394,935	23,252,415
Permanently restricted	5,007,625	—	—	5,007,625	5,007,625
Total net assets	44,234,985	45,809,461	(477,090)	89,567,356	85,449,383
Total liabilities and net assets	$ 75,403,857	313,853,852	(13,444,555)	375,813,154	338,268,078

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Activities

Year ended December 31, 2013
(with comparative totals for 2012)

	2013							
	Unrestricted							
	Charitable activities	Banking activities	Eliminations	Total	Temporarily restricted	Permanently restricted	Total	2012
Operating activities:								
Charitable support, gains, and losses:								
Private contributions	$ 9,031,268	—	—	9,031,268	35,319,470	—	44,350,738	34,867,555
Government grants	72,676	—	—	72,676	—	—	72,676	748,329
Other	728,283	—	(548,997)	179,286	—	—	179,286	3,138,037
Net assets released from restrictions	25,252,393	—	—	25,252,393	(25,252,393)	—	—	—
Total charitable support, gains, and losses	35,084,620	—	(548,997)	34,535,623	10,067,077	—	44,602,700	38,753,921
Banking revenue:								
Loan interest income	—	70,792,630	—	70,792,630	—	—	70,792,630	61,866,977
Other fees and income	—	17,017,342	—	17,017,342	—	—	17,017,342	14,238,771
Total banking revenue	—	87,809,972	—	87,809,972	—	—	87,809,972	76,105,748
Total support and revenue	35,084,620	87,809,972	(548,997)	122,345,595	10,067,077	—	132,412,672	114,859,669
Expenses:								
Charitable expenses:								
Program services:								
Grants for member organizations for operations and client loans	4,020,517	—	—	4,020,517	—	—	4,020,517	4,901,293
Development of member organizations	15,792,735	—	—	15,792,735	—	—	15,792,735	18,017,283
Total program services	19,813,252	—	—	19,813,252	—	—	19,813,252	22,918,576
Supporting services:								
Fundraising	7,241,564	—	—	7,241,564	—	—	7,241,564	7,152,356
Management and general	2,808,064	—	—	2,808,064	—	—	2,808,064	2,726,808
Total supporting services	10,049,628	—	—	10,049,628	—	—	10,049,628	9,879,164
Total charitable expenses	29,862,880	—	—	29,862,880	—	—	29,862,880	32,797,740
Banking expenses:								
Interest	—	13,247,884	(632,883)	12,615,001	—	—	12,615,001	10,774,674
Provision for loan losses	—	7,389,337	—	7,389,337	—	—	7,389,337	5,950,772
Operating expenses	—	73,537,306	—	73,537,306	—	—	73,537,306	62,619,575
Total banking expenses	—	94,174,527	(632,883)	93,541,644	—	—	93,541,644	79,345,021
Total expenses	29,862,880	94,174,527	(632,883)	123,404,524	—	—	123,404,524	112,142,761
Increase (decrease) in net assets from operating activities	5,221,740	(6,364,555)	83,886	(1,058,929)	10,067,077	—	9,008,148	2,716,908
Nonoperating activities:								
(Loss) gain on investments, net	(1,530,631)	—	(602,883)	(2,133,514)	75,443	—	(2,058,071)	793,957
Foreign currency translation (loss)	(1,097,678)	(4,857,373)	(257,329)	(6,212,380)	—	—	(6,212,380)	(7,609,119)
Noncontrolling interest in net loss of consolidated subsidiaries	—	3,380,276	—	3,380,276	—	—	3,380,276	4,107,713
(Decrease) increase in net assets from nonoperating activities	(2,628,309)	(1,477,097)	(860,212)	(4,965,618)	75,443	—	(4,890,175)	(2,707,449)
Investment in banking activities	(6,260,467)	6,260,467	—	—	—	—	—	—
(Decrease) increase in net assets	(3,667,036)	(1,581,185)	(776,326)	(6,024,547)	10,142,520	—	4,117,973	9,459
Net assets:								
Beginning of year	9,499,461	47,390,646	299,236	57,189,343	23,252,415	5,007,625	85,449,383	85,439,924
End of year	$ 5,832,425	45,809,461	(477,090)	51,164,796	33,394,935	5,007,625	89,567,356	85,449,383

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Cash Flows

Year ended December 31, 2013
(with comparative amounts for 2012)

		2013	2012
Cash flows from operating activities:			
Change in net assets	$	4,117,973	9,459
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		5,563,552	5,408,397
Foreign currency translation loss		6,212,380	7,609,119
Provision for loan losses		7,389,337	5,950,772
Net loss attributable to Noncontrolling interests		(3,380,276)	(4,107,713)
Realized loss (gain) on sale of investments		785,922	(978,003)
Unrealized loss (gain) on investments		1,281,336	(119,993)
Equity in loss of investment in other institutions		354,648	557,189
Changes in assets and liabilities:			
Pledges and other receivables		(9,160,411)	(884,881)
Prepaid expenses and other assets		5,031,326	(1,259,181)
Accounts payable and accrued liabilities		445,179	2,110,524
Deferred revenue		(601,555)	1,525,046
Noncontrolling interest		1,447,984	7,619,720
Net cash provided by operating activities		19,487,395	23,440,455
Cash flows from investing activities:			
Loan origination and principal collections, net		(46,375,645)	(23,897,241)
Purchase of investments in unconsolidated affiliates		(5,226,578)	(390,311)
Purchase of investments		(4,484,531)	(6,333,411)
Sale of investments		2,767,130	5,310,852
Purchase of restricted cash and investments		(4,245,722)	(1,959,837)
Sale of restricted cash and investments		7,432,419	8,125,032
Net, additions of building, furniture, and equipment		(5,139,586)	(2,460,335)
Notes receivable, net of collections		929,108	(2,081,547)
Net cash provided by (used in) investing activities		(54,343,405)	(23,686,798)
Cash flows from financing activities:			
Proceeds from notes payable		27,477,566	12,037,712
Principal payments of notes payable		(19,561,386)	(27,215,412)
Deposits from customers		27,599,592	13,009,304
Net cash provided by (used in) financing activities		35,515,772	(2,168,396)
Effect of exchange rate changes on cash		(6,212,380)	(7,609,119)
Net decrease in cash and cash equivalents		(5,552,618)	(10,023,858)
Cash and cash equivalents at beginning of year		72,921,403	82,945,261
Cash and cash equivalents at end of year	$	67,368,785	72,921,403
Supplemental disclosure of cash flow information:			
Cash paid for interest and taxes	$	11,328,960	10,575,607
Supplemental disclosure of noncash investing and financing transactions :			
Conversion of notes receivable into investment in subsidiaries	$	3,280,935	1,458,015

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year ended December 31, 2013
(with comparative amounts for 2012)

	2013						
	Charitable activities						
	Program services	Fundraising	Management and general	Total	Banking activities	Total	2012 Total
Grants for Opportunity International Network	$ 5,740,958	—	—	5,740,958	—	5,740,958	5,580,261
Grants for member organizations for operations and client loans	6,433,980	—	—	6,433,980	—	6,433,980	4,597,988
Provision for government agreement closeout costs	(2,413,463)	—	—	(2,413,463)	—	(2,413,463)	303,305
Salaries and benefits	3,660,859	5,137,778	1,076,642	9,875,279	36,778,467	46,653,746	44,107,385
Provision for loan loss	—	—	—	—	7,389,337	7,389,337	5,950,772
Rent and utilities	1,204	12,175	286,404	299,783	8,157,014	8,456,797	7,257,732
Travel and hosting	528,606	762,196	182,945	1,473,747	3,203,992	4,677,739	4,772,901
Professional fees	4,288,853	751,778	685,658	5,726,289	6,102,862	11,829,151	7,987,749
Miscellaneous expense	(29,444)	153,067	85,006	208,629	6,435,169	6,643,798	8,139,131
Interest expense	653,059	—	73,275	726,334	12,615,001	13,341,335	11,745,434
Telephone	26,876	46,540	41,189	114,605	2,224,847	2,339,452	2,121,868
Foreign exchange loss	—	—	—	—	(2,255,256)	(2,255,256)	(3,134,349)
Depreciation expense	—	—	55,559	55,559	5,507,993	5,563,552	5,408,397
Board meetings and conferences	10,857	18,340	36,978	66,175	633,842	700,017	695,221
Supplies, printing, and office equipment	10,943	68,233	249,556	328,732	2,404,382	2,733,114	2,366,103
Income tax expense	—	—	—	—	973,600	973,600	155,986
Postage and shipping	6,052	30,227	7,427	43,706	240,047	283,753	251,978
Training	6,450	114,660	4,614	125,724	286,985	412,709	739,322
Promotional materials	467,448	146,338	1,415	615,201	1,063,003	1,678,204	1,206,593
Donor-advised grant expense	402,046	—	—	402,046	—	402,046	286,978
Insurance	17,968	232	21,396	39,596	1,780,359	1,819,955	1,602,006
Total expenses	$ 19,813,252	7,241,564	2,808,064	29,862,880	93,541,644	123,404,524	112,142,761

See accompanying notes to consolidated financial statements.

(1) Organization

Opportunity International, Inc., d/b/a/ Opportunity International – U.S. (Opportunity), is a tax-exempt, publicly supported Christian-based corporation, whose purpose is to create employment and improve income for the poor by assisting in the establishment of small businesses and microbusinesses in developing countries. Opportunity's programs are financed through direct solicitation of funds from individuals, corporations, foundations, churches, and government grants.

Opportunity fulfills its mission through nongovernmental organizations and commercial microfinance institution members in developing countries. A member organization is an implementer of microenterprise development and provider of financial services within the Opportunity network. Funds are disbursed to member organizations to capitalize various local commercial start-up ventures and to fund their own operations. While member organizations are critical in assisting Opportunity to achieve its purpose, they are not legally affiliated with Opportunity (with the exception of the microfinance institutions that incorporated as for-profit microfinance institutions, as discussed below), and accordingly, their accounts are not included in these consolidated financial statements.

Similarly, entities within the Opportunity support network, including Opportunity International Australia, Opportunity International United Kingdom, Opportunity International Germany, and Opportunity International Canada, raise funds in their respective countries and operate independently of Opportunity. Their accounts are not included in these consolidated financial statements.

Effective January 1, 1998, all affiliated member organizations of Opportunity signed a membership agreement formalizing the Opportunity International Network (Network). The Network was established to coordinate a common strategy among all members, to develop an accreditation process for participating members, and to manage standardization and quality throughout the Network member organizations. The Network operates a service organization that provides training, consulting, and other services to member organizations. The Network is not consolidated in these accompanying consolidated financial statements as the Network is not a legal subsidiary of Opportunity.

Opportunity provides a majority of the funding for the Network's operations, along with providing accounting and management services. These services are considered Opportunity's dues for Network membership. Total costs incurred by Opportunity, included in development of member organizations on the consolidated statements of activities, related to the Network are $5,740,957 and $5,580,261 for the years ended December 31, 2013 and 2012, respectively.

Program services expense in the charitable activities section of the accompanying consolidated statement of activities includes grants made to the Network and disbursements for program services made to its member organizations. The member organizations are not required to pay these grants back to Opportunity. Program services are as follows:

a. Grants for revolving loans – Amounts disbursed to member organizations, which in turn, provide small commercial loans to borrowers/entrepreneurs.

b. Grants for member lending operations and training – Amounts disbursed to member organizations for their operating costs, as well as management and business training and technical assistance to the borrower/entrepreneur.

c. Development of member organizations – Amounts expended by Opportunity and the Network, to the extent of dues paid by Opportunity, to support member organization growth and maturation.

Effective June 19, 2000, Opportunity incorporated Opportunity Transformation Investments (OTI), which is intended to invest in and hold ownership positions in microfinance institutions as they convert from nongovernmental organizations to commercial microfinance institutions. OTI's board of directors is controlled by Opportunity. Accordingly, OTI and its majority owned banks are consolidated in Opportunity's financial statements. If a majority interest is acquired in more than one transaction at different dates, cost is determined separately for the percentage of ownership interest in net assets acquired at the date of each transaction. All intercompany transactions have been eliminated in consolidation. The acquired interests in the microfinance organizations are as follows:

(i) In July 2002, Opportunity International Stock Savings Bank, Novi Sad (Opportunity Bank Serbia) was capitalized with an initial investment of $1,100,000 from OTI to acquire all outstanding shares of common stock of Opportunity Bank Serbia. In December 2002, additional common stock was sold for $1,000,000, of which an investment was made by OTI in the amount of $200,000. This resulted in OTI's ownership percentage decreasing to 62.0% at December 31, 2002. In December 2003, OTI made an additional investment in Opportunity Bank Serbia, increasing its ownership percentage to 77.0%. During 2005, OTI made a $2.4 million investment in Opportunity Bank Serbia, bringing its ownership percentage up to 93.6%. OTI made an additional investment of $5.7 million in December 2005. In 2006, in compliance with the National Bank of Serbia's (NBS) new law recognizing only banks, Opportunity Bank Serbia was dissolved, and Opportunity Banka a.d. Novi Sad became the legal successor of all Opportunity Bank Serbia's rights and obligations. On February 7, 2007, NBS issued the permanent banking license to Opportunity Banka a.d. Novi Sad (Opportunity Bank Serbia). During 2007, two institutions purchased shares in Opportunity Bank Serbia, which diluted OTI's ownership to 63.5%. During 2010, OTI made an additional equity investment of $2,480,127. In 2012, OTI made an equity investment of $1,591,193. As of December 31, 2013 and 2012, OTI owned 67.0% of the outstanding shares of Opportunity Bank Serbia.

(ii) In February 2003, Oportunidad Microfinanzas, S.A. de C.V., SOFOM ENR (Opportunity Mexico) was capitalized with an initial investment of $4,558 for 99% ownership in Opportunity Mexico by OTI; Opportunity owned the other 1%. Subsequently, OTI made an additional investment of $353,067 in December 2003. OTI made an additional investment of $625,000 during 2004, bringing its total investment up to almost $1 million. During 2005 and 2006, OTI advanced $664,979 and $1,102,917 to Opportunity Mexico, respectively, which was converted to equity in 2007. In 2008, OTI advanced $330,936, which was converted to equity in 2008. During 2011, OTI made an additional equity investment of $11,583. As of December 31, 2012, OTI owned essentially 100% of the outstanding shares of Opportunity Mexico. On May 2, 2013, OTI sold 100% of its shares in Opportunity Mexico for a total purchase price of $550,000. The purchase price is to be paid by the buyer in two installments: $200,000 and $350,000 on the second and third anniversary of the closing date, respectively.

(iii) In February 2005, Banco Oportunidade de Mocambique, SARL (Opportunity Bank Mozambique) was capitalized with an initial OTI investment of $1,220,900 for 58.7% ownership in Opportunity Bank Mozambique. During 2006, OTI made an additional investment of $839,142 in Opportunity Bank Mozambique to maintain 58.7% ownership. During 2008, OTI purchased 292 shares from minority investors for $392,635. During 2009 and 2008, OTI advanced $280,489 and $326,520, respectively, in convertible loans. During 2010, OTI invested an additional $556,413 and converted the outstanding loans to equity. During 2013 and 2011, OTI made additional equity investments of $1,361,310 and $482,824, respectively. As of December 31, 2013 and 2012, OTI owned 60.6% of the outstanding shares of Opportunity Bank Mozambique.

(iv) As of December 31, 2005, OTI had an investment of $1,139,725 or 35.1% of Opportunity International Savings & Loans Limited in Ghana (Opportunity Bank Ghana). In May 2006, OTI made an additional investment of $1,082,332 in Opportunity Bank Ghana increasing its percentage of ownership to 44.9%. In July 2006, OTI made another investment of $933,268, which included the conversion of notes receivable of $323,753, in Opportunity Bank Ghana further increasing its percentage of ownership to 59.6%, making OTI the majority shareholder. The results of operations of Opportunity Bank Ghana were included in the consolidated financial statements of OTI starting in the year 2006. Even though OTI invested an additional $1,030,349 of equity in Opportunity Bank Ghana during 2007, its percentage of ownership was diluted by other shareholder investments to 51.5%. During 2010 and 2009, OTI advanced $843,504 and $186,000, respectively, in convertible loans. During 2011, OTI made a $2,107,641 equity investment and converted $1,029,504 of loans to equity. In 2013 and 2012, OTI made additional investments of $262,500 and $1,416,756, respectively. As of December 31, 2013 and 2012, OTI owned 68.4% and 66.7%, respectively, of the outstanding shares of Opportunity Bank Ghana.

(v) As of December 31, 2005, OTI had a net investment of $1,011,020 or 27.1% in Opportunity International Bank of Malawi, Ltd. (Opportunity Bank Malawi). During 2006, OTI made investments totaling $1,567,087 in Opportunity Bank Malawi through conversion of notes receivable to equity and additional cash payments increasing its ownership to 53.7%. The results of Opportunity Bank Malawi were included in the consolidated financial statements beginning in 2006. During March 2008, OTI converted $362,764 of loans to equity and made an additional equity investment of $1,404,878. During 2011, OTI converted $1,069,000 of loans to equity and made an additional investment of $1,992,929. During 2013 and 2012, OTI made equity investments of $1,005,000 and $1,784,965, respectively. As of December 31, 2013 and 2012, OTI owned 51.3% and 53.5%, respectively.

(vi) In June 2006, OTI made an initial investment of $178,336 in Opportunity International Bank Rwanda, S.A. (Opportunity Bank Rwanda) for which it received 961 shares or 96.6% of the common stock of Opportunity Bank Rwanda. Opportunity International – Deutschland and the officers and directors owned the other shares. In July 2006, OTI was gifted equity totaling $249,975 from Opportunity International Canada. In September 2006, OTI made an additional investment of $2,450,000, which increased its ownership percentage to 99.8%. The financial statements of

Opportunity Bank Rwanda are included in the consolidated financial statements of OTI beginning in the year 2006. On July 1, 2007, Opportunity International Bank Rwanda merged with Urwego Community Banking S.A. A new entity called Urwego Opportunity Microfinance Bank S.A. (Opportunity Bank Rwanda) was formed and its financial statements were included in the OTI consolidated financial statements beginning in 2007. During March 2008, minority shareholders purchased 9.6% of outstanding shares of Opportunity Bank Rwanda from OTI for $331,821. During 2009, OTI issued $321,000 in convertible loans. OTI advanced $613,900 and $88,362 as convertible loans during 2012 and 2011, respectively. During 2013, OTI converted $505,500 to equity. As of December 31, 2013 and 2012, OTI owned 49.9% of the outstanding stock of Opportunity Bank Rwanda.

(vii) In 2006, OTI made an initial capital investment of $15, along with $1,266,000 of loans convertible to equity, in Opportunity Finance (Proprietary) Limited, South Africa (Opportunity South Africa). OTI owns 100% of Opportunity South Africa and its financial statements were included in the OTI consolidated financial statements beginning in 2006. The 2006 loans totaling $1,266,000 plus 2007 convertible loans of $418,658 were converted to equity in November 2007. During 2008, additional convertible loans of $2,071,000 were made to Opportunity South Africa, which were converted to equity in March 2009. During 2009, OTI's ownership percentage was diluted by an equity investment from a new shareholder. During 2012 and 2011, OTI made additional investments of $164,966 and $1,000,000, respectively. As of December 31, 2013 and 2012, OTI owned 76.5% of the outstanding shares of Opportunity South Africa.

(viii) On July 31, 2006, OTI acquired specific assets of Wedco Enterprises Development Ltd. for $700,000. A new entity was formed in Kenya, Opportunity International-Wedco Limited (Opportunity Kenya). During 2008, the company changed its name to Opportunity Kenya Limited. OTI owns 51% of the common shares and Wedco Enterprises owns 49% of the common shares. The financial statements of Opportunity Kenya were included in the consolidated financial statements of OTI beginning in 2006. During 2008 and 2007, convertible loans of $98,776 and $1,900,000 were made to Opportunity Kenya, respectively. During 2009, $354,662 of the loans was converted to equity and OTI advanced additional convertible loans of approximately $1,000,000. During 2010, OTI advanced additional convertible loans of approximately $1,200,000. During 2011, $3,850,894 of convertible loans were converted to equity and an additional $462,545, of convertible loans were advanced. During 2012, OTI advanced additional convertible loans of $1,228,317 which were converted to equity in 2013. OTI invested an additional $85,000 of equity in 2013. As of December 31, 2013 and 2012, OTI owned 88% and 84% of the outstanding shares of Opportunity Kenya, respectively.

(ix) On December 15, 2006, OTI purchased 31.5% of the common shares of Faulu Uganda Limited for $347,870. During May 2007, OTI acquired another 31.5% of the outstanding common shares of Faulu Uganda from Opportunity International Australia for $300,000 making it majority owner with 63.0% ownership. During May 2007, OTI made an additional equity investment of $750,000. The results of operations of Faulu Uganda were included in the consolidated financial statements beginning in the year 2007. During October 2008, OTI made an additional equity investment of $1,115,000. On December 16, 2008, the company acquired a license from the Bank of Uganda as a two tier financial institution. During 2009, the company changed its registered name to Opportunity

Bank Uganda Limited (Opportunity Bank Uganda) and OTI made an equity investment of $500,000 and advanced an additional $200,000 of convertible loans. During 2010, the $200,000 of convertible loans was converted to equity, and OTI made an additional equity investment of $1,334,309. During 2012 and 2011, OTI made equity investments of $2,091,434 and $2,213,285, respectively. As of December 31, 2013 and 2012, OTI owned 85.7% and 84.6% of the outstanding shares of Opportunity Bank Uganda, respectively.

(x) On December 20, 2007, OTI acquired 60% of the stock of Faulu Tanzania Limited for $1. During 2008, the company changed its name to Opportunity Tanzania Limited (Opportunity Tanzania). The results of operations of Opportunity Tanzania were included in the consolidated financial statements of OTI beginning in 2007. During 2008, OTI made convertible loans of $1,700,000 to Opportunity Tanzania, which were converted to equity in May 2009. Additional equity investments of $887,415, $1,712,040, and $749,217 were made by OTI in 2012, 2011, and 2010, respectively. During 2012, $920,080 of convertible loans were also converted to equity. As of December 31, 2013 and 2012, OTI owned 66.1% of the outstanding shares of Opportunity Tanzania.

(xi) As of December 31, 2009, OTI had a net investment of $193,976, or 34.5% of the shares in Opportunity Microcredit Romania IFN SA (Opportunity Romania). On October 27, 2010, OTI purchased an additional interest in Opportunity Romania for $1,482,910 increasing its ownership position to 57.2%. The results of Opportunity Romania are included in the consolidated financial statements as of October 2010. During 2012, OTI made an additional equity investment of $900,000. As of December 31, 2013 and 2012, OTI owned 66.5% of the outstanding shares of Opportunity Romania.

(xii) During 2010, OTI invested $2,000,000 to establish a microfinance company, Opportunity International DRC SPRL (Opportunity DRC) in the Democratic Republic of Congo. Opportunity DRC was incorporated and 32,400 shares were issued to OTI for its $2,000,000 investment. The financial statements of Opportunity DRC were included in the consolidated financial statements during 2010. During 2013, 2012, and 2011 OTI invested $434,000, $1,544,695, and $1,500,000, respectively. As of December 31, 2013 and 2012, OTI owned 100% of the outstanding shares of Opportunity DRC.

(xiii) During 2012, OTI invested $7,636,220 to establish a microfinance company, Opportunity International Colombia S.A. Compania de Financiamiento (Opportunity Colombia) in Colombia. Opportunity Colombia became legally authorized to operate as a regulated financial intermediary in June 2012 and issued 1,351,731,310 shares to OTI for its initial investment. As of December 31, 2013 and 2012, OTI owned 71.1% of the outstanding shares of Opportunity Colombia.

MicroEnsure LLC, formerly known as Micro Insurance Agency Holdings LLC, was incorporated on November 4, 2005 in the State of Illinois. Collectively, MicroEnsure LLC and its subsidiaries are referred to as “MicroEnsure.” The primary purpose of MicroEnsure is to serve as an agent to provide the poor in developing countries with access to affordable and appropriate insurance products.

MicroEnsure fulfills its mission by working with local insurance company partners and other stakeholders to develop a range of low cost insurance products designed to match the specific needs of the poor. The insurance products primarily include credit life, term life, funeral, property, weather indexed crop, and health insurance. All insurance policies are written by the local insurance company partners, and MicroEnsure receives a commission based upon the number of insurance policies sold. MicroEnsure does not retain any risk associated with the insurance policies. MicroEnsure distributes its products by working in partnership with a range of organizations that are currently serving the poor and also via subsidiary insurance agencies in Africa and Asia. Administrative offices for MicroEnsure are located in the United Kingdom. Opportunity is the sole member of MicroEnsure and as such, MicroEnsure is consolidated in the accompanying consolidated financial statements.

On January 7, 2013, Opportunity exchanged substantially all the assets and liabilities of MicroEnsure for 100% of the shares of MicroEnsure Holding Limited, a limited company organized under the laws of England and Wales on November 16, 2012 (MEHL). On January 16, 2013, additional capital was contributed by new investors, which diluted Opportunity's percentage of ownership to 24.1% of MEHL. Opportunity's divestiture of MicroEnsure was a strategic move to bring additional capital and relationships required to scale the MicroEnsure business with continued rapid growth to serve more clients in need.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

Opportunity's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles and are presented on the accrual basis of accounting.

Charitable Activities – This category reports Opportunity's fund-raising activities performed in the United States of America.

In order to ensure the observance of limitations and restrictions placed on the use of available resources, Opportunity maintains its accounts in accordance with the principles and practices of fund accounting. This is the procedure by which resources are classified into funds established according to their nature and purpose. For external reporting purposes, however, Opportunity's consolidated financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions.

Net assets and related activities are classified as unrestricted, temporarily restricted, and permanently restricted activities as follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets, which include capital and accumulated earnings at each subsidiary bank, consist of the following as of December 31, 2013 and 2012:

		2013	2012
Opportunity International – United States	$	5,355,333	9,798,695
Opportunity Bank Serbia		9,626,166	8,734,312
Opportunity Mexico		—	2,267,740
Opportunity Bank Mozambique		2,498,520	2,483,318
Opportunity Bank Ghana		4,313,787	5,435,186
Opportunity Bank Malawi		4,983,143	4,804,190
Opportunity Bank Rwanda		2,878,568	2,943,092
Opportunity South Africa		2,250,209	3,086,685
Opportunity Kenya		3,751,629	2,347,680
Opportunity Bank Uganda		7,765,535	7,007,906
Opportunity Tanzania		2,134,467	2,702,220
Opportunity Romania		(78,697)	656,772
Opportunity DRC		2,001,373	(655,534)
Opportunity Colombia		3,684,763	5,577,081
Total	$	51,164,796	57,189,343

The net assets of the banks are unrestricted as they are not subject to donor restrictions; however banking regulators in each jurisdiction have minimum capital requirements which could limit access to these net assets.

Temporarily Restricted – Net assets that are subject to donor-imposed restrictions that will be met either by actions of Opportunity or by the passage of time. Temporarily restricted net assets are available for the following purposes or periods as of December 31, 2013 and 2012:

		2013	2012
For periods after December 31	$	26,159,569	13,225,781
MicroEnsure programs		74,350	517,593
Programs in Latin America and Colombia		—	44,812
Programs in Asia		2,268,586	766,184
Programs in Africa		1,262,935	5,369,689
Other programs		3,629,495	3,328,356
Total	$	33,394,935	23,252,415

(Continued)

Net assets were released from donor restrictions during the years ended December 31, 2013 and 2012 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

		2013	2012
MicroEnsure Programs	$	520,315	1,496,274
Programs in Africa		11,712,868	18,684,394
Programs in Latin America and Colombia		1,584,915	7,574,270
Programs in Asia		2,480,469	2,029,939
Other programs		8,953,826	6,853,342
Total	$	25,252,393	36,638,219

Permanently Restricted – Net assets that are subject to donor-imposed restrictions to be maintained permanently by Opportunity. Generally, donors of these assets permit Opportunity to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2013 and 2012, permanently restricted net assets consist of the Cornerstone Fund, which was instituted in 2002 as a means of providing collateral for the existing line of credit.

Banking Activities – This category reports the consolidated results of the commercial banks in which OTI has investments of greater than 50%. Assets and liabilities of foreign investments are translated at year-end exchange rates, with the related translation adjustments reported as a change in unrestricted net assets. Income statement accounts are translated at the average exchange rate during the period. Minority investors own portions of the 11 microfinance institutions that OTI has majority interest in: Opportunity Bank Serbia, Opportunity Bank Mozambique, Opportunity Bank Ghana, Opportunity Bank Malawi, Opportunity Bank Rwanda, Opportunity Kenya, Opportunity Bank Uganda, Opportunity South Africa, Opportunity Tanzania, Opportunity Romania, and Opportunity Colombia. The outside investors' shares are shown in Opportunity's consolidated financial statements as noncontrolling interest.

(b) Revenue and Expense

Revenue is reported as an increase 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 and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law.

Private gifts, including unconditional pledges, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful pledges receivable is provided based upon management's judgment considering such factors as prior collection history, type of contribution, and nature of fund-raising activity. Contributions received with donor-imposed restrictions are reported as revenue of the unrestricted net asset class if those restrictions are met within the same year as received. Donor-restricted contributions received and whose restrictions were met within the same year were $20,384,102 and $17,984,870 in 2013 and 2012, respectively.

Revenue from governmental grant agreements is recognized as it is earned through expenditure in accordance with the agreement. Revenue from governmental grant agreements to operate and maintain loan portfolios over an extended period of time under specific conditions is recognized on a straight-line basis over the grant period until the conditions are fulfilled. Amounts received in advance of expenditure are recorded as deferred revenue until recognized over the grant period.

The consolidated results of the banks presented in the accompanying consolidated financial statements recognize fee and commission income for the services provided by each bank. Fee and commission income is recognized when the related service is performed. Loan fees are offset by the costs of originating such loans.

Opportunity records in-kind support for contributed equipment and contributed professional services. Contributed equipment and services are recorded at fair value. Opportunity recorded $2,327,811 and $774,620 as contribution revenue in the accompanying consolidated statement of activities, and the corresponding amount was included as equipment and services or as grants to the Network and member organizations in the accompanying consolidated statement of financial position for 2013 and 2012, respectively.

(c) Accrued Interest Receivable on Loans

Interest is accrued on loans when earned. Accrual of interest is ceased on loans when interest is more than six months delinquent. Interest accrued at the date a loan is placed on nonaccrual status is reversed and charged against income.

(d) Allowance for Loan Losses

Allowances have been established for probable loan losses. While the allowance calculation varies by country, each OTI member assesses exposure to their loan portfolio on both an individual and group level. Individually significant loans are evaluated for specific impairment based on management’s best estimate of the timing and amount of future cash flows that will be collected. Groups of loans with similar credit risk characteristics that are not individually significant are collectively evaluated for impairment on the basis of historical loss experience adjusted for current economic conditions, the value of the underlying collateral and management’s judgment.

Management believes that these allowances represent the best estimate of the credit losses inherent in the loan portfolio. While management uses available information to recognize losses on loans, future additions to the allowances may be necessary based on changes in economic or political conditions or significant changes in the borrower’s financial position. OTI monitors credit risk exposure by product and by customer and regularly reviews the methodology and assumptions used for estimating future cash flows in order to reduce any differences between loss estimates and actual loss experience.

A loan is considered impaired when it is probable that all principal and interest amounts due will not be collected in accordance with the loan's contractual terms. Impairment is recognized by allocating a portion of the allowance for loan losses to such a loan to the extent that the recorded investment of an impaired loan exceeds its value. A loan's value is based on the loan's underlying collateral or the calculated present value of projected cash flows discounted at the contractual interest rate. Allocations on impaired loans are considered in relation to the overall adequacy of the allowance for loan losses, and adjustments are made to the provision for loan losses as deemed necessary.

The recorded investment in impaired loans is periodically adjusted to reflect cash payments, revised estimates of future cash flows, and increases in the present value of expected future cash flows due to the passage of time. Cash payments representing interest income are reported as such. Other cash payments are reported as reductions in recorded investment. Increases or decreases due to changes in estimates of future payments and the passage of time are considered in relation to the overall adequacy of the allowance for loan losses.

(e) Allocation of Expenses

Opportunity considers Network Services Organization expenses as a component of its program expense. The amounts relate to dues paid to the Network, which, in turn, support the Network members and the Opportunity program objectives. Certain costs are paid by Opportunity on behalf of the Network as part of Opportunity's annual dues and are included in program grant expense.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid, short-term investments with original maturities of 90 days or less.

(g) Restricted Cash and Investments

Restricted cash and investments at December 31, 2013 and 2012 consist of permanently restricted funds received for the Cornerstone endowment fund, and restricted investments of the former Loan Guarantee Fund. Restricted cash and investments also consist of loan proceeds lent to OTI from the Bill and Melinda Gates Foundation (the Gates Foundation). Gates Foundation funds yet to be distributed remain in a segregated, interest-bearing account and will be utilized to extend member loans in accordance with the loan agreement. All interest earned on funds in the segregated account and 1% interest on the amounts withdrawn from the segregated account for member loans is remitted quarterly to the Gates Foundation. Additionally, as of December 31, 2013 and 2012, there was $2,810 and $542,797, respectively, in a segregated bank account related to funds received from the Gates Foundation to be spent in accordance with the related grant agreements.

(h) Investments

Investments in securities are reported at fair value based on quoted market prices for publicly traded securities and estimates provided by investment managers for nonmarketable investments in certain closely held companies. Donated investments are recorded at fair value at the date of the gift and, based on Opportunity's investment policy, are generally liquidated within 30 days.

(i) Investment in Other Institutions

Investments in other institutions in which OTI holds less than 50% are recorded using the equity method of accounting. Accordingly, the initial investment is increased or decreased by Opportunity's proportionate share of income or loss.

(j) Building, Furniture, and Equipment

Building, furniture, and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, ranging from 3 to 50 years. Accumulated depreciation on building, furniture, and equipment was $19,312,167 and $18,533,405 at December 31, 2013 and 2012, respectively.

(k) Charitable Gift Annuities

Opportunity has a gift annuity program whereby it enters into irrevocable contracts with certain donors. Opportunity agrees to make payments to donors at prescribed intervals over the life of the donor. The assets received are recorded at their fair value, and the related liability is recorded as an annuity obligation. Annuity obligations are recorded at the present value of expected future payments based on the Internal Revenue Service (IRS) mortality tables and the prevailing interest rate. A discount rate of 2% was utilized as of December 31, 2013. The difference is classified as unrestricted contributions on the consolidated statements of activities and changes in net assets. Opportunity maintains charitable gift annuities in a separate portfolio, and the assets are invested in accordance with applicable state laws.

(l) Income Taxes

Opportunity and OTI have received determination letters from the IRS indicating that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no tax provision has been made in the accompanying consolidated financial statements for charitable activities.

Opportunity has adopted the requirements for accounting for uncertain tax positions in accordance with Accounting Standards Codification (ASC) 740-10 *Income Taxes, Overall* (formerly known as Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). The only significant tax position management has identified is that of Opportunity's tax-exempt status. No other tax positions, certain or uncertain, have been identified.

The microfinance institutions included in the accompanying consolidated financial statements pay taxes in accordance with their respective country's laws at rates from 9% to 32% of taxable income and current tax expense is recorded for these amounts. Income taxes for the overseas for-profit microfinance institutions are accounted for under the asset and liability method. Deferred taxes and liabilities are recognized for the future consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax carryforwards. Deferred tax assets and liabilities are measured using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(Continued)

(m) Derivatives

Derivatives (swap agreements) are used by Opportunity principally in the management of its foreign currency exposure. Opportunity records the swap agreements on the consolidated statement of financial position at fair value in investments, and records the changes in fair value through the consolidated statement of activities in investment income. Opportunity does not hold or issue derivatives for speculative purposes.

(n) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

(o) Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Opportunity's consolidated financial statements for the year ended December 31, 2012, from which the summary information was derived.

(p) New Accounting Pronouncements

In April 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-02, *Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*. The purpose of this update is to clarify which loan modifications constitute a troubled debt restructuring for the purposes of recording an impairment loss and for disclosure of the troubled debt restructuring. The new guidance in this update was effective for nonpublic entities for annual periods ended on or after December 15, 2012. OTI adopted this standard for the year ended December 31, 2012.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. ASU No. 2011-04 provides guidance as to how fair value should be applied clarifying the existing measurement and disclosure requirements and expanding the disclosure requirements for certain fair value measurements. ASU No. 2011-04 is effective for the year beginning January 1, 2012. Opportunity adopted this standard during the year ended December 31, 2012, and has included the required disclosures in note 3.

In December 2011, the FASB issued ASU No. 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities*. ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of financial statements to understand the effect of those arrangements on its financial position, and to allow investors to better compare financial

(Continued)

statements prepared under U.S. GAAP with financial statements prepared under International Financial Reporting Standards (IFRS). The new standards are effective for annual periods beginning January 1, 2013, and interim periods within those annual periods. Retrospective application is required. Opportunity implemented the provisions of ASU 2011-11 in the year beginning January 1, 2013. There was no impact on Opportunity's financial statements as a result of the implementation.

(q) Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through June 30, 2014, the date the consolidated financial statements were issued.

(3) Fair Value of Financial Instruments

Effective January 1, 2008, Opportunity adopted ASC 820, *Fair Value Measurement*, as amended, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: quoted market prices in active markets for identical assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for an asset or liability (Level 3).

Opportunity's notes receivable, loans receivable, and notes payable in the accompanying consolidated financial statements are generated by the charitable activities of Opportunity. The terms of these notes and loans are not commensurate with current market terms in a commercial environment, as they are executed for the purpose of furthering Opportunity's mission. Fair value cannot be determined for these notes and loans due to their charitable nature and they are carried at book value in Opportunity's consolidated financial statements.

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary.

Opportunity's other financial instruments, including cash and cash equivalents, accrued interest and expenses and deferred revenue, are carried at historical cost, which approximates their fair values because of the short-term nature of these instruments. At December 31, 2013 and 2012, Opportunity's restricted cash and investments, and investment securities are accounted for at fair value using the fair value hierarchy of ASC 820 as follows:

	December 31, 2013		
	Level 1	Level 2	Level 3
Money market funds – restricted	$ 2,527,439	707,885	—
Money market funds – unrestricted	1,647,589	—	—
Short-term investments	106,419	—	—
Common stock	—	—	2,415,951
U.S. government securities and bonds	—	3,258,998	—
Corporate bonds	—	2,655,523	—
Foreign currency swap liability	—	(95,195)	—
Foreign government securities and bonds	5,368,367	—	—
Total	$ 9,649,814	6,527,211	2,415,951

	December 31, 2012		
	Level 1	Level 2	Level 3
Money market funds – restricted	$ 2,457,471	746,008	—
Money market funds – unrestricted	3,357,997	—	—
Short-term investments	843,433	—	—
Common stock	—	—	2,458,394
U.S. government securities and bonds	—	5,228,331	—
Corporate bonds	—	2,787,022	—
Foreign currency swap asset	—	173,748	—
Foreign government securities and bonds	365,374	37,566	—
Total	$ 7,024,275	8,972,675	2,458,394

The following table presents a summary of changes in the fair value of Opportunity's Level 3 assets for the year ended December 31, 2013:

Beginning balance, January 1, 2013	$ 2,458,394
Stock donations received	1,437,244
Stock sales	(1,359,490)
Losses	(120,197)
Ending balance, December 31, 2013	$ 2,415,951

(Continued)

(4) Pledges Receivable

Unconditional pledges receivable at December 31, 2013 and 2012 are due to be received as follows:

		2013	2012
Within one year	$	23,468,860	13,432,422
One year to five years		5,735,718	3,404,583
Less:			
Allowance on pledges receivable		(781,118)	(773,656)
Discounts to net present value		(127,540)	(69,834)
Net unconditional pledges receivable	$	28,295,920	15,993,515

The discount rate used in determining the net present value of unconditional pledges receivable ranges between 0.23% and 2.91%, based on the treasury bill rate with the closest maturity date. The discount rate was determined individually for each pledge received depending on the date received and the term of the pledge.

(5) Endowments

Endowment fund agreements are between Opportunity and various donors. Opportunity’s endowment funds are managed by the Senior Vice President – Chief Financial Officer in accordance with the endowment fund agreements. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowment funds, are classified and reported based on the existence of donor-imposed restrictions.

In the investment and handling of funds, Opportunity is subject to the law of Illinois, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which became effective June 30, 2009. The board of directors of Opportunity has interpreted the UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment contributions absent explicit donor stipulations to the contrary. As a result of this interpretation, Opportunity classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The endowment fund was established with the intent of maintaining the fund permanently to provide collateral for the line of credit to support the activities of Opportunity. However, if such permanent status becomes impractical or unwise, the fund may be more expeditiously used in total to further the purposes of Opportunity. Any expenditure of permanent endowment must be approved by Opportunity's board of directors. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

i. The uses, benefits, purposes, and duration for which the endowment fund was established

ii. The duration and preservation of the fund

iii. The purposes of the organization and the donor-restricted endowment fund

iv. General economic conditions

v. The possible effect of inflation and deflation

vi. The expected total return from income and the appreciation of investments

vii. Other resources of the organization

viii. The investment policies of the organization.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the UPMIFA requires Opportunity to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions. Any deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2013 and 2012.

Opportunity has adopted an investment policy for endowment assets that attempts to provide a reasonably predictable stream of funding to support its activities while seeking to preserve capital. Endowment assets include those assets of donor-restricted funds that Opportunity must hold in perpetuity as well as board-designated funds. Opportunity's policy requires assets to be invested in a manner that emphasizes low risk and safety of the principal. Opportunity expects that its endowment assets, under the current strategy, will produce an average rate of return of 3% to 4% annually. Actual returns in any given year may vary from this amount.

To satisfy its current rate of return objective, Opportunity relies on a strategy in which investment returns are achieved primarily through interest income. As Opportunity's endowment funds grow, this strategy may be revised to accommodate capital appreciation through investment in equity securities. However, the size of the current endowment assets prohibits Opportunity from adopting an effective diversification strategy at this time.

Opportunity has established the objective of reinvesting the appreciation and investment income to further grow the endowment assets until the board of directors determines the growth needs for the Fund have been achieved.

(Continued)

Changes in the fair value of Opportunity's endowment assets were as follows for the years ended December 31, 2013 and 2012:

	2013			2012		
	Temporarily restricted	**Permanently restricted**	**Total**	**Temporarily restricted**	**Permanently restricted**	**Total**
Investment return:						
Investment income	$ 75,443	—	75,443	60,833	—	60,833
Net appreciation (depreciation)	(747,366)	—	(747,366)	9,531	—	9,531
Total Investment return	(671,923)	—	(671,923)	70,364	—	70,364
Endowment net assets at:						
Beginning of year	1,531,888	5,007,625	6,539,513	1,461,524	5,007,625	6,469,149
End of year	$ 859,965	5,007,625	5,867,590	1,531,888	5,007,625	6,539,513
Net assets by type of fund:						
Donor-restricted endowment	$ —	5,007,625	5,007,625	—	5,007,625	5,007,625
Investment return	859,965	—	859,965	1,531,888	—	1,531,888
Total net assets	$ 859,965	5,007,625	5,867,590	1,531,888	5,007,625	6,539,513

(6) Investments and Investment in Other Institutions

Investments consist of the following as of December 31, 2013 and 2012:

	2013	**2012**
Common stock	$ 2,731,135	2,774,040
Certificate of deposit in the Philippines	80,485	80,928
Treasury bonds at MicroEnsure Kenya	—	37,566
Swap (liability) asset	(95,195)	173,748
Total investments at fair value	$ 2,716,425	3,066,282

OTI holds varying noncontrolling interests in other financial institutions, four of which are members of the Opportunity Network, as follows:

		2013	2012
Zambuko Trust Limited – Zimbabwe (25.0%)	$	250,000	250,000
BFSE General Partner BV (40%)		42,299	42,299
Balkan Financial Sector Equity Fund C.V. (4.3%)		1,374,217	1,550,730
MFX Solutions LLC (1.9%)		204,530	199,796
Opportunity Kauswagan Bank, Inc. (18%)		444,706	584,213
Opportunity Kauswagan Bank, Inc. (preferred shares)		1,235,000	—
Growing Opportunity Finance (India) Pvt. Ltd (25.6%)		2,356,407	320,363
Growing Opportunity Finance (India) Pvt. Ltd (preferred)		—	2,036,044
Opportunity International China Ltd. (32.8%)		3,941,658	—
Redeemable noncontrolling interest in Opportunity Serbia		2,127,032	1,981,181
MicroEnsure Holding Limited		121,918	—
Subtotal		12,097,767	6,964,626
Less amounts reserved		(511,210)	(250,000)
Total investment in other institutions	$	11,586,557	6,714,626

Equity income (loss) from the investments in the other institutions consists of the following:

		2013	2012
BFSE General Partner BV	$	—	(54,666)
Balkan Financial Sector Equity Fund C.V.		(219,872)	(197,299)
MFX Solutions LLC		4,734	391
Opportunity Kauswagan Bank, Inc.		(139,507)	(312,698)
Growing Opportunity Finance (India) Pvt. Ltd		—	7,083
Total equity loss from other institutions	$	(354,645)	(557,189)

Under the terms of a shareholder agreement, originally dated September 14, 2006 and amended September 27, 2012, between Opportunity Transformation Investments, Inc. (OTI), its subsidiary Opportunity Bank Serbia (OBS) and three other noncontrolling shareholders, the noncontrolling interest owners have the right to require OTI to purchase (the Put Option) their interest (a total of approximately 36.5%) of the outstanding capital stock of OBS. The Put Option is exercisable from March 31, 2014 to March 31, 2019 provided there has not been a strategic investor in OBS or an exit initial public offering. The price paid upon exercise will be determined based on the greater of established multiples of OBS capital shares and the exchange rate of Serbian Dinar to Euro as calculated on September 30, 2012. Accordingly, OTI recorded approximately $2.1 million in the investment in other financial institutions and in accrued liabilities in the accompanying consolidated statement of financial position as of December 31, 2013.

Investment income from charitable activities for the years ended December 31, 2013 and 2012 consists of the following:

		2013	2012
Interest	$	353,508	357,997
Dividends		10,325	74,307
Realized (loss) gain on investments		(785,923)	978,003
Unrealized loss on investments		(1,281,336)	(59,161)
Equity loss from other institutions		(354,645)	(557,189)
(Loss) gain on investments, net	$	(2,058,071)	793,957

(7) Notes Receivable

Notes receivable as of December 31, 2013 and 2012 are as follows:

		2013	2012
Microfinance Loan Obligations S.A. (MLO), interest rate 0%	$	208,789	200,429
Association de Oportunidad y Desarrollo Economico de Nicaragua (ASODENIC), interest rate 0%		130,000	130,000
ASODENIC, interest rate 3%		100,000	100,000
Sinapi Aba Trust (SAT), Ghana, interest rate 0%		2,148,383	1,958,809
Opportunity International (An Hui) Guaranteed Company Limited, China, interest rate at 0%		—	1,864,879
DSPI (Philippines), interest rate 0%		169,400	—
Dikembe Mutombo Foundation, interest rate 3%		250,000	250,000
Alalay Sa Kaunlaran Sa Gitnang Luzon Inc (ASKI), interest rate 0%		66,194	32,794
HIGO Investments, interest rate 0%		550,000	—
Taytay Sa Kauswagan Inc. (TSKI), interest rate 0%		25,607	25,607
Taytay Sa Kauswagan Inc. (TSKI), interest rate 9%		82,225	88,855
Subtotal notes receivable		3,730,598	4,651,373
Less allowance for uncollectible amounts		(653,603)	(645,270)
Total net notes receivable	$	3,076,995	4,006,103

The MLO, ASODENIC, SAT, and Opportunity International Guaranteed Company Limited, China (OI China) notes are all convertible to equity upon demand. The OI China convertible loan was converted to common equity of OI China on October 31, 2013. The $550,000 note represents the amount due from HIGO Investments, the buyer of Opportunity Mexico.

(Continued)

(8) Loans Receivable

Loans represent microloans granted to individuals and private entrepreneurs by microfinance banks for the purpose of providing financing support to small enterprises. In addition, loans may be made for the purpose of financing agriculture activities. These loans are granted generally for a period of between one month and eight years at interest rates of between 12% and 60%. Certain loans may be collateralized by security such as cash or mortgages. Loans outstanding as of December 31, 2013 and 2012 consist of the following:

		2013	2012
Loans receivable	$	221,697,893	181,958,682
Less loan loss allowance		(11,313,374)	(10,560,469)
Net loan portfolio	$	210,384,519	171,398,213

Gross loan portfolio by product for the years ended December 31, 2013 and 2012 is as follows:

		2013	2012
Individual	$	102,965,652	79,285,360
Small and medium enterprise (SME)		58,063,661	52,118,860
Individual groups		48,053,807	44,055,050
Nonbusiness		1,404,059	1,863,980
Other		11,210,714	4,635,432
Total gross loans	$	221,697,893	181,958,682

A summary of the activity in the allowance for loan losses for the years ended December 31, 2013 and 2012 is as follows:

		2013	2012
Balance at beginning of year	$	10,560,469	15,007,287
Provision for loan losses		7,389,367	5,950,772
Subsidiary loans charged off		(6,387,049)	(6,452,063)
Subsidiary foreign currency translation loss		(249,413)	(3,945,527)
Balance at end of year	$	11,313,374	10,560,469

The following table summarizes the activity in the loan loss allowance by product for the years ended December 31, 2013 and 2012:

	Individual	SME	Individual Groups	Nonbusiness	Other	Total
Year ended December 31, 2013:						
Balance at beginning of year	$ 5,535,706	3,853,764	808,936	25,159	336,904	10,560,469
Provision for loan losses	4,317,038	1,124,460	1,414,369	204,948	328,552	7,389,367
Loans charged off, net	(4,016,346)	(674,446)	(1,154,005)	(232,690)	(309,562)	(6,387,049)
Foreign currency translation loss	258,916	(622,549)	184,834	67,890	(138,504)	(249,413)
Balance at end of year	$ 6,095,314	3,681,229	1,254,134	65,307	217,390	11,313,374
Reserve components:						
Individually evaluated for impairment	$ 4,155,083	2,553,880	598,058	32,970	193,253	7,533,244
Collectively evaluated for impairment	1,940,231	1,127,349	656,076	32,337	24,137	3,780,130
Total	$ 6,095,314	3,681,229	1,254,134	65,307	217,390	11,313,374
Year ended December 31, 2012:						
Balance at beginning of year	$ 8,379,622	5,861,708	572,182	1,859	191,916	15,007,287
Provision for loan losses	2,482,345	1,832,755	753,146	181,447	701,079	5,950,772
Loans charged off, net	(2,774,078)	(2,787,792)	(355,367)	(110,136)	(424,690)	(6,452,063)
Foreign currency translation loss	(2,552,183)	(1,052,907)	(161,025)	(48,011)	(131,401)	(3,945,527)
Balance at end of year	$ 5,535,706	3,853,764	808,936	25,159	336,904	10,560,469
Reserve components:						
Individually evaluated for impairment	$ 5,598,876	790,494	419,945	9,984	183,017	7,002,316
Collectively evaluated for impairment	(63,170)	3,063,270	388,991	15,175	153,887	3,558,153
Total	$ 5,535,706	3,853,764	808,936	25,159	336,904	10,560,469

(Continued)

The lending activities of OTI's banks are primarily conducted within their respective countries. The following is a summary of loans outstanding, net of the related allowance, by country as of December 31, 2013 and 2012:

		2013	2012
Opportunity Bank Serbia	$	76,627,288	62,822,759
Opportunity Mexico		—	1,181,493
Opportunity Bank Mozambique		6,474,512	7,035,932
Opportunity Bank Ghana		28,397,061	27,533,933
Opportunity Bank Malawi		18,394,300	11,704,445
Opportunity Bank Rwanda		13,991,770	16,550,055
Opportunity Bank Romania		13,412,980	13,504,134
Opportunity South Africa		2,649,777	3,541,180
Opportunity Kenya		6,049,442	5,054,322
Opportunity Bank Uganda		12,201,693	12,045,757
Opportunity Tanzania		3,100,649	3,138,367
Opportunity DRC		2,983,164	928,500
Opportunity Colombia		26,101,883	6,357,336
Balance at end of year	$	210,384,519	171,398,213

The following is a summary of expected loan maturities as of December 31, 2013 and 2012:

		2013	2012
Less than 1 month	$	17,185,894	21,153,105
From 1 to 3 months		19,647,195	24,540,870
From 3 to 12 months		78,092,758	57,651,662
Over 1 year		95,458,672	68,052,576
Balance at end of year	$	210,384,519	171,398,213

Aging analysis of gross loans receivable as of December 31, 2013 and 2012 is as follows:

		2013	2012
Current	$	205,321,213	164,963,697
30–59 days past due		2,536,172	2,914,616
60–89 days past due		1,604,164	1,677,471
90 days and over past due		12,236,344	12,402,899
Total gross loans receivable	$	221,697,893	181,958,683

Loans to employees and officers of these banks totaled $3,119,179 and $2,813,064 at December 31, 2013 and 2012, respectively.

(Continued)

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

OTI's banks carry their impaired loans based on the present value of expected future cash flows discounted at the loan's effective interest rate. The balance of impaired loans at OTI's banks at December 31, 2013 and 2012 was $23.0 million and $32.1 million, respectively. Impaired loan statistics are summarized in the following tables:

December 31, 2013		Amount with impairment reserves	Amount without impairment	Total impaired loans	Impairment reserve	Interest income recognized
Individual	$	4,195,525	5,576,643	9,772,168	2,764,699	353,944
SME		3,066,124	2,045,622	5,111,746	2,351,140	56,479
Groups		521,191	7,323,673	7,844,864	159,991	46,774
Nonbusiness		28,425	213,947	242,372	—	—
Other		45,012	225,059	270,071	—	—
Total	$	7,856,277	15,384,944	23,241,221	5,275,830	457,197

December 31, 2012		Amount with impairment reserves	Amount without impairment	Total impaired loans	Impairment reserve	Interest income recognized
Individual	$	15,829,500	958,191	16,787,691	1,618,029	308,218
SME		2,598,311	109,767	2,708,078	2,809,046	—
Groups		7,551,563	4,456,142	12,007,705	633,813	38,786
Nonbusiness		504,707	43,516	548,223	832	466
Other		14,905	47,241	62,146	2,365	255
Total	$	26,498,986	5,614,857	32,113,843	5,064,085	347,725

Troubled debt restructurings (TDR) represent loans for which the original contractual terms have been modified to provide for terms that are less than what we would be willing to accept for new loans with comparable risk because of deterioration in the borrower's financial condition. Loan restructurings occur for reasons including delinquency or anticipation of financial difficulty due to seasonal issues or natural disasters. Modifications may include one or more of the following changes to the terms of the loan, including, but not limited to, a change in interest rate, reduction in the payment amount, or an extension of the reimbursement period. Once a loan is restructured, loss provision is determined in the same manner as that of a regular loan. The following table presents information about receivables for which the original contractual terms were modified during the years ended December 31, 2013 and 2012, and as a result became classified as TDR's:

December 31, 2013		Amount with allowance	Amount without allowance	Total TDR loans	Related allowance	Average TDR balance	Interest income recognized
Individual	$	1,971,204	137,644	2,108,848	836,506	—	54,233
SME		1,997,389	387,684	2,385,073	1,506,310	378,834	—
Total	$	3,968,593	525,328	4,493,921	2,342,816	378,834	54,233

December 31, 2012		Amount with allowance	Amount without allowance	Total TDR loans	Related allowance	Average TDR balance	Interest income recognized
Individual	$	3,629,783	—	3,629,783	627,785	8,808	823
SME		1,486,843	264,611	1,751,454	1,093,274	622,016	52,202
Total	$	5,116,626	264,611	5,381,237	1,721,059	630,824	53,025

The commercial microfinance banks in which OTI holds an interest are exposed to a number of risks. The following outlines some of these risks:

(a) Credit Risk

Credit risk is the risk of financial loss arising from the failure of a customer to settle financial obligations to the bank as they fall due. This is an inherent risk associated with the microfinance industry. OTI's financial institutions manage exposure to credit risk on a regular basis by closely monitoring credit limits, loan portfolios, and concentration of exposure. Credit policies cover collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

(b) Foreign Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The risk is controlled by each OTI financial institution by managing the size of the difference in value between foreign assets and foreign liabilities. The exposure to exchange rate risk is continually monitored to ensure compliance with regulatory and bank policy limits.

(Continued)

(c) Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. OTI financial institutions manage interest rate risk by monitoring market conditions and applying pricing based on the cost analysis of each product. The majority of loans are short-term in nature; about 56% and 60% are due within one year as of December 31, 2013 and 2012, respectively.

(d) Liquidity Risk

Liquidity risk is the risk that the banks will encounter difficulty in raising funds to meet the commitment associated with financial instruments. Each country has minimum capital requirements that the microfinance institutions must adhere to. Additionally, each institution monitors liquidity on a daily basis to meet its internal liquidity requirements. Total cash on hand of the combined banks is $61 million and $66 million as of December 31, 2013 and 2012, respectively, which is 19% and 23% of total assets of the combined banks in 2013 and 2012, respectively.

(9) Deposits from Customers

Deposits from customers as of December 31, 2013 and 2012 consist of the following:

		2013	2012
Opportunity Bank Mozambique:			
Demand deposits	$	4,521,552	3,808,042
Short-term deposits		2,097,562	1,037,728
Total Opportunity Bank Mozambique		6,619,114	4,845,770
Opportunity Bank Serbia:			
Demand deposits		13,694,343	9,937,011
Short-term deposits		32,732,354	24,457,835
Long-term deposits		17,209,913	16,712,289
Total Opportunity Bank Serbia		63,636,610	51,107,135
Opportunity Bank Ghana:			
Demand deposits		9,553,537	3,525,915
Short-term deposits		15,883,109	14,255,254
Long-term deposits		501,388	8,202,521
Total Opportunity Bank Ghana		25,938,034	25,983,690
Opportunity Kenya:			
Demand deposits		3,093,176	2,620,770

(Continued)

		2013	2012
Opportunity Bank Malawi:			
Demand deposits	$	19,999,224	17,827,915
Short-term deposits		2,682,317	3,231,172
Total Opportunity Bank Malawi		22,681,541	21,059,087
Opportunity Bank Rwanda:			
Demand deposits		10,288,577	10,491,686
Short-term deposits		950,269	245,397
Total Opportunity Bank Rwanda		11,238,846	10,737,083
Opportunity Bank Uganda:			
Demand deposits		3,126,090	2,754,121
Short-term deposits		2,821,866	1,440,960
Long-term deposits		115,590	193,314
Total Opportunity Bank Uganda		6,063,546	4,388,395
Opportunity Tanzania:			
Demand deposits		848,894	836,670
Opportunity DRC:			
Demand deposits		952,748	283,807
Opportunity Colombia:			
Demand deposits		486,956	180,972
Short-term deposits		10,671,743	4,601,164
Long-term deposits		2,013,002	75
Total Opportunity Colombia		13,171,701	4,782,211
Total deposits from customers	$	154,244,210	126,644,618

(Continued)

(10) Notes Payable

Notes payable as of December 31, 2013 and 2012 include the following:

	2013	2012
Opportunity Bank Serbia:		
Note payable, 7.70% interest, maturity – equal semiannual installments from July 2009 to January 2013	$ —	66,306
Note payable, 6-month Euribor + 5.50% interest, maturity – equal semiannual installments from January 2011 to January 2014	—	2,841,331
Note payable, 5.50% interest, maturity – equal annual installments from March 2015 to March 2020	8,302,385	7,955,724
Note payable, 8.78% interest until 2014; 12.68% interest thereafter, maturity July 2018 to December 2018	8,302,384	7,955,745
Note payable, 7.5% interest – equal semiannual installments from June 2013 to June 2014	691,864	1,325,945
Note payable, 12-month Euribor + 1.5% interest, maturity – January 2015	691,864	662,976
Note payable, 7.75% interest, maturity Jan 2013 – July 2014	691,863	2,651,905
Note payable, 6-month Euribor + 5.00% interest, semi-annual installments from May 2014 to May 2016	2,075,592	—
Note payable, 4.70% interest, maturity – November 2014 to December 2016	1,383,728	—
Subtotal Opportunity Bank Serbia	22,139,680	23,459,932
Opportunity Bank Ghana:		
Note payable, 5.00% interest, maturity September 2014	350,922	484,529
Note payable, 12.50% interest, maturity November 2014	16,371	20,288
Note payable, 15% interest, maturity July 2014	847,600	1,050,400
Note payable, 182 day T-bill rate + 4.70% interest, maturity September 2014	299,250	751,830
Note payable, 16.00% interest, maturity May 2015	644,176	1,301,971
Note payable, 18.00% interest, maturity September 2014	948,041	1,970,025
Note payable, 12.25% interest, maturity September 2016	2,644,300	—
Note payable, 0.00% interest, maturity September 2015	129,471	—
Subtotal Opportunity Bank Ghana	5,880,131	5,579,043
Opportunity Bank Malawi:		
Note payable, 0.00% interest, maturity March 2013	—	880,218
Note payable, 0.00% interest, convertible, maturity March, 2015	1,293,188	—
Subtotal Opportunity Bank Malawi	1,293,188	880,218

		2013	2012
Opportunity Mozambique:			
Note payable, 14.00% interest, maturity October 2014	$	234,500	475,440
Opportunity Kenya:			
Note payable, 16.00% interest, maturity September 2017		627,509	—
Note payable, 14.00% interest, maturity July 2014		593,375	589,840
Subtotal Opportunity Kenya		1,220,884	589,840
Opportunity South Africa:			
Note payable, 6.00% interest, maturity February 2019		476,750	—
Note payable, 6.00% interest, maturity February 2017		271,938	590,000
Subtotal Opportunity South Africa		748,688	590,000
Opportunity Bank Uganda:			
Note payable, 13.20% interest, maturity December 2013		—	380,000
Note payable, 13.00% interest, maturity September 2013		—	213,637
Note payable, 13.00% interest, maturity March 2014		—	108,572
Note payable, 12.00% interest, maturity June 2014		218,182	621,818
Note payable, 15.30% interest, maturity June 2014		327,338	932,915
Note payable, 14.00% interest 1st quarter then T-bill rate + 2.75% up to Max of 12.00%, maturity May 2017		1,866,667	1,140,000
Subtotal Opportunity Bank Uganda		2,412,187	3,396,942
Opportunity Bank Rwanda:			
Note payable, BNR T-bill rate + 5.50% interest, maturity November 2014		1,127,868	1,469,735
Note payable, 12.00% interest, maturity November 2016		1,513,255	2,192,539
Note payable, 6.00% interest + SWAP cost, maturity December 2014		675,012	490,750
Note payable, 5.00% interest, maturity May 2016		173,404	187,494
Subtotal Opportunity Bank Rwanda		3,489,539	4,340,518
Opportunity Romania:			
Note payable, 10.50% interest, maturity June 2014		1,010,993	975,950
Note payable, 10.50% interest, maturity December 2014		808,794	975,950
Note payable, 6-month Bubor + 3.00%, maturity March 2014		157,437	151,980
Note payable, 6-month Bubor + 4.00%, maturity September 2014		600,113	579,312
Note payable, Euro Swap Rate + 5.17% maturity June 2014		1,846,027	1,759,690
Note payable, 3-month Bubor + 4.60% maturity January 2014		380,010	366,838

		2013	2012
Note payable, 3-month Bubor + 4.60%, maturity May 2014	$	1,034,762	998,896
Note payable, 6-month Euribor + 4.00% maturity May 2015		1,384,426	1,319,753
Note payable, 6-month Euribor + 4.00% maturity February 2016		692,213	659,876
Note payable, 6-month Bubor + 4.60%, maturity November 2013		—	476,800
Subtotal Opportunity Romania		7,914,775	8,265,045
Opportunity Colombia:			
Note payable, 9.13% interest DTF +5.14% maturity November 2014		146,582	335,960
Note payable, 8.73% interest, maturity December 2014		71,500	182,400
Note payable, 8.73% interest, maturity November 2014		119,167	273,125
Note payable, 9.16% interest, maturity November 2014		83,200	163,875
Note payable, 8.91% interest, maturity November 2015		21,761	36,298
Note payable, 8.91% interest, maturity November 2014		48,978	112,254
Line of Credit, variable interest rates (DTF+1.35% to DTF+4.00%), maturity November 2014		954,292	—
Line of Credit, variable interest rates (DTF+1.35% to DTF+4.00%), maturity November 2014		5,674,139	—
Note payable, variable interest rates (DTF+2.25% to DTF+2.50%, maturity November 2014		3,471,464	—
Subtotal Opportunity Colombia		10,591,083	1,103,912
Total banking notes payable		55,924,655	48,680,890
Charitable notes payable:			
Note payable, 0.00% interest, maturity July 2014		250,000	250,000
Notes payable, 1.00% interest, maturity November 2016		10,000,000	10,000,000
Notes payable, 5.00% interest, Maturity November 2016		94,249	117,682
Notes payable, 3.00% interest, maturity November 2013		—	1,000,000
Note payable, 16.5% interest on KES drawdown and 17% interest on MZN, maturity October 2014		2,540,461	2,562,720

		2013	2012
Note payable, 3.00% interest, maturity September 2013	$	—	100,000
Note payable, 3.00% interest, maturity September 2013		—	1,000,000
Note payable, 2.00% interest, maturity September 2013		—	125,000
Notes payable, 2.00% interest, maturity December 2013		—	2,000,000
Note payable, 2.00% interest, maturity September 2014		250,000	—
Note payable, 2.00% interest, maturity August 2016		125,000	—
Notes payable, 2.00% interest, maturity October 2016		1,000,000	—
Notes payable, 2.00% interest, maturity November 2016		750,000	—
Note payable, 2.00% interest, maturity December 2016		500,000	—
Notes payable, 2.00% interest, maturity December 2017		800,000	—
Note payable, 2.00% interest, maturity December 2018		500,000	—
Note payable, 2.00% interest, maturity May 2021		1,000,000	—
Total charitable notes payable		17,809,710	17,155,402
Total notes payable	$	73,734,365	65,836,292

The banking notes payable are the obligations of each individual bank. These borrowings are nonrecourse to OTI.

On November 22, 2006, OTI entered into a $10 million loan agreement with the Gates Foundation. The proceeds are used to support microfinance initiatives in the impoverished regions in Africa. As of December 31, 2013 and 2012, there was $7,000,000 and $8,500,000 in notes receivable outstanding to five and six majority owned members in Africa, respectively, with terms in accordance with the Gates Foundation agreement, which were eliminated in consolidation.

On October 2, 2011, OTI entered into a $2.5 million loan agreement with Minlam, a microfinance lending company, which provides loans in local currency. On May 1, 2013, Minlam assigned the loan agreement to MicroVest GMG Local Credit Master Fund, Ltd. (MicroVest). The proceeds are used to support microfinance initiatives in Kenya and Mozambique. As of December 31, 2013, $1,000,000 in a note receivable from Opportunity Kenya was outstanding, which was eliminated in consolidation. As of December 31, 2012, $1,000,000 and $1,500,000 in notes receivable were outstanding from Opportunity Kenya and Opportunity Mozambique, respectively, which were eliminated in consolidation.

During 2013, $3,350,000 of Loan Guarantee Fund notes was paid in full. During 2013, Impact Investment Fund notes totaling $4,925,000 were issued to eleven individuals or entities with maturities ranging from one to eight years and annual interest of 2.00%.

Aggregate maturities of notes payable as of December 31, 2013 are as follows:

2014	$	18,790,905
2015		9,917,298
2016		23,456,027
2017		5,233,715
2018		11,340,162
Thereafter		4,996,258
Total notes payable	$	73,734,365

(11) Lines of Credit

Opportunity has entered into a line of credit agreement with one bank providing for borrowings up to $5,250,000. The line has an interest rate based on the three-month LIBOR (London Interbank Offered Rate) plus 1.50%. The assets of the Cornerstone Fund provide collateral for this line. As of December 31, 2013 and 2012, there was no balance outstanding under this line of credit.

(12) Noncontrolling Interest

Below is the activity in noncontrolling interest for the year ended December 31, 2013:

	Beginning balance	Interest in net gain (loss) of consolidated subsidiaries	Increase (decrease) in share capital	Ending balance
Opportunity Bank Ghana	$ 2,652,775	(850,776)	201,344	2,003,343
Opportunity Kenya	(969,754)	(48,823)	—	(1,018,577)
Opportunity Bank Malawi	1,567,474	(783,119)	974,710	1,759,065
Opportunity Mexico	(19,231)	—	19,231	—
Opportunity Bank Mozambique	1,110,522	9,903	—	1,120,425
Opportunity Romania	1,915,424	(373,902)	—	1,541,522
Opportunity Bank Rwanda	2,578,009	(471,326)	484,201	2,590,884
Opportunity Bank Serbia	5,668,263	440,206	—	6,108,469
Opportunity South Africa	997,640	(256,439)	—	741,201
Opportunity Tanzania	2,172,473	(291,667)	—	1,880,806
Opportunity Bank Uganda	1,210,544	13,340	—	1,223,884
Opportunity Colombia	2,296,496	(774,892)	—	1,521,604
MicroEnsure LLC	224,284	—	(224,284)	—
Total	$ 21,404,919	(3,387,495)	1,455,202	19,472,626

(13) USAID Agreements

Opportunity entered into funding agreements with the United States Aid for International Development (USAID) over various periods for microenterprise development purposes in overseas countries as follows:

Program		Total grant	Funds received through December 31, 2013	Completion date
Serbia 2003	$	9,966,025	9,966,025	September 2018
Ghana HF Implementation Grant Program		797,036	787,820	May 2013

Included in the charitable funds accrued liabilities is $8,000,000, payable to USAID upon the termination of the Serbia 2003 Cooperative Agreement. See note 14(b) for further information.

(14) Commitments and Contingencies

(a) Lease Obligations

Opportunity leases office space in Illinois and Pennsylvania under operating leases. The Illinois lease was set to expire August 31, 2014 but an amendment was signed May 20, 2014 extending the lease to April 30, 2015. The other office is rented on a month-to-month basis. Rent expense for the years ended December 31, 2013 and 2012 was approximately $299,783 and $532,618, respectively. Future minimum operating lease payments as of December 31, 2013 are as follows:

2014	$	216,461
Thereafter		—
Total	$	216,461

The banks lease office space and equipment in the various countries in which they are located under operating leases. Rent expense for the years ended December 31, 2013 and 2012 was $3,716,072 and $3,464,127, respectively. Future minimum operating lease payments as of December 31, 2013 are as follows:

2014	$	2,126,380
2015		1,799,205
2016		1,766,032
2017		1,427,377
2018		1,302,247
Thereafter		1,239,051
Total	$	9,660,292

(Continued)

(b) Government Grants

The amount of U.S. government grant revenue reflected in the accompanying consolidated financial statements is subject to review and possible adjustment by granting agencies. Amounts recovered from the U.S. government include indirect costs based upon calculated overhead rates, which are subject to possible increases or decreases under audit by the granting agencies. The amount of costs that may be disallowed by the granting agencies cannot be determined at this time. It is the opinion of management that unallowable costs, if any, will be insignificant.

Certain of the grant agreements with the U.S. government have fiscal matching requirements to satisfy the conditions of the grant. Opportunity contractually passes those fiscal matching requirements through to its nongovernmental organizational members. Opportunity management believes its nongovernmental organizational members have satisfied those matching requirements.

On August 29, 2013, Opportunity and USAID agreed to an amendment of the 2003 Serbia Cooperative agreement, which extended the termination date from September 27, 2013 to September 27, 2018 or when special provisions are met, whichever is sooner. The agreement provides required steps leading to the final disposition of Opportunity’s requirement to return the $8,000,000 capital contribution or accomplishment of specific milestones which will satisfy Opportunity’s requirement for repayment of the $8,000,000, which has been accrued through December 31, 2013.

(c) Reserve and Regulatory Capital Requirements

OTI’s foreign for profit microfinance companies have certain regulatory capital requirements that they must maintain.

The Bank of Ghana requires Opportunity Bank Ghana to maintain a prescribed ratio of total capital to total risk weighted assets. A minimum capital adequacy ratio of 10% must be maintained. As of December 31, 2013 and 2012, Opportunity Bank Ghana met these regulatory requirements.

The Reserve Bank of Malawi requires Opportunity Bank Malawi to maintain a 1% general provision against risk assets and a minimum capital of 8% of risk-weighted assets. As of December 31, 2013 and 2012, Opportunity Bank Malawi met these regulatory requirements.

The Central Bank of Mozambique requires Opportunity Bank Mozambique maintain a reserve of 8% of total qualifying liabilities in terms of Law number 02/GBM/2012 of July 4, 2012 and to maintain a prescribed ratio of total capital to total risk-weighted assets of not less than 8%. As of December 31, 2013 and 2012, Opportunity Bank Mozambique met these regulatory requirements.

The National Bank of Rwanda requires Opportunity Bank Rwanda to maintain minimum reserves of 8% of deposits, 100% liquidity of three-month assets to three-month liabilities, and 10% capital adequacy. As of December 31, 2013 and 2012, Opportunity Bank Rwanda met these regulatory requirements.

Opportunity Bank Serbia is required to maintain a minimum capital adequacy ratio of 12% as established by the National Bank of Serbia. Pursuant to the Law on Banks and Other Financial

Institutions, savings banks registered in Serbia are required to maintain total qualifying capital at a minimum amount of €10 million in dinar counter value. As of December 31, 2013 and 2012, Opportunity Bank Serbia met these regulatory requirements.

Opportunity Uganda is required to maintain a core capital ratio of 8% and a total capital ratio of 12% under the Financial Institutions Act 2004 of Uganda. As of December 31, 2013 and 2012, Opportunity Uganda met these regulatory requirements.

The Order of the President of the Board of Administrators of the National Bank of Romania number 27/2011 requires Opportunity Romania's equity to remain above 50% of the subscribed share capital, however as of December 31, 2013 Opportunity Romania's statutory equity fell below this threshold. Opportunity Romania has implemented a long-term plan to restore its equity to the required statutory minimum.

(15) Employee Benefit Plan

All domestic and expatriate employees of Opportunity who have completed three months of service are eligible to participate in a defined-contribution benefit plan (403(b) plan) sponsored by Opportunity. Participants are eligible to make individual contributions up to a limit determined by age and salary level. Benefit expense representing Opportunity's discretionary contribution to the plan amounted to $505,409 and $485,840 for the years ended December 31, 2013 and 2012, respectively.

(16) Related-Party Transactions

Included in program services in the consolidated statement of activities are grant expenses of $12,174,938 and $10,178,249 in 2013 and 2012, respectively, which relate to disbursements made by Opportunity to its affiliated member organizations.

Notes payable totaling $750,000 and $125,000 as of December 31, 2013 and 2012, respectively, were due to board members of Opportunity.

(17) Subsequent Events

(a) MicroEnsure LLC (Unaudited)

On April 16, 2014 and May 30, 2014, MicroEnsure Holdings Ltd received additional capital from current and new shareholders diluting Opportunity's ownership percentage to 7.2%.

(b) Sale of Growing Opportunity Finance Shares (Unaudited)

On March 14, 2014, OTI sold its shares of Growing Opportunity Finance in India to another Opportunity Network member.

(c) Exchange Rate Fluctuations (Unaudited)

Through May 31, 2014, exchange rates fluctuated such that foreign assets and liabilities decreased in value by approximately $13.5 million and $10.9 million, respectively, resulting in a decrease in net assets of approximately $2.6 million due solely to exchange rate.

(d) Reserve and Regulatory Capital Requirements (Unaudited)

As of May 31, 2014, OTI's foreign for-profit microfinance companies in Ghana, Malawi, Mozambique, Rwanda, Serbia, and Uganda met the regulatory requirements in their respective countries.

(e) OTI Note Payable (Unaudited)

On May 29, 2014, OTI management signed two promissory notes totaling Euro 4,100,000. The notes bear an interest rate of 6.75% per annum. The principal will be paid in four installments beginning January 21, 2015 with the final payment due January 23, 2017.

(f) Additional Investment in Opportunity Bank Serbia (Unaudited)

On June 24, 2014, OTI signed an agreement to buy 33% of the shares of Opportunity Bank Serbia held by the minority shareholders which will increase its percentage of ownership to 100%.