OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Financial Statements

December 31, 2015
(with comparative totals for 2014)

(With Independent Auditors' Report Thereon)

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Table of Contents

	Page
Independent Auditors’ Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Consolidated Statement of Functional Expenses	6
Notes to Consolidated Financial Statements	7

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 its Affiliates, which comprise the consolidated statement of financial position as of December 31, 2015, 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 subsidiaries, which statements reflect total assets constituting 14% of consolidated total assets at December 31, 2015, and total revenues constituting 14% 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 in accordance with International Standards on Auditing, whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of those 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 subsidiaries, prior to the conversion adjustments, is based solely on the reports 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, 2015, and the changes in their financial position, their cash flows, and their 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' 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

September 29, 2016
Chicago, Illinois

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Financial Position

December 31, 2015
(with comparative totals for 2014)

		2015			
Assets	**Charitable activities**	**Banking activities**	**Eliminations**	**Total**	**2014**
Cash and cash equivalents	$ 7,805,552	23,703,377	(82,485)	31,426,444	42,263,164
Restricted cash and investments:					
Cornerstone Fund	6,038,311	—	—	6,038,311	6,087,219
Other	2,195,274	—	—	2,195,274	5,552,497
Pledges receivable, net	17,904,588	—	—	17,904,588	27,381,375
Investments, at fair value	658,135	—	—	658,135	835,465
Notes receivable, net	11,027,245	—	(7,871,831)	3,155,414	2,689,511
Loans receivable, net	—	117,429,503	—	117,429,503	118,238,898
Other receivables, net	384,536	—	(358,775)	25,761	1,057,579
Donor-advised assets	272,568	—	—	272,568	301,605
Prepaid expenses and other assets	1,015,521	3,371,253	—	4,386,774	7,419,786
Investment in other institutions	11,228,565	—	(1,074)	11,227,491	6,865,250
Building, furniture, and equipment, net	2,398,894	3,273,392	—	5,672,286	4,955,872
Assets of disposal group classified as held for sale	—	130,355,986	—	130,355,986	168,771,164
Total assets	$ 60,929,189	278,133,511	(8,314,165)	330,748,535	392,419,385
Liabilities and Net Assets					
Accounts payable and accrued liabilities	$ 12,659,995	5,963,741	(73,145)	18,550,591	17,346,162
Notes payable	28,111,960	40,807,132	(5,937,299)	62,981,793	69,087,509
Deferred revenue	—	1,222,128	—	1,222,128	1,641,200
Deposits from customers	—	76,791,034	(82,485)	76,708,549	80,186,556
Liabilities of disposal group classified as held for sale	—	111,238,501	(2,077,108)	109,161,393	123,630,698
Total liabilities	40,771,955	236,022,536	(8,170,037)	268,624,454	291,892,125
Noncontrolling interest	—	4,994,362	(1,074)	4,993,288	9,176,940
Net assets:					
Unrestricted	(9,229,302)	37,116,613	(143,054)	27,744,257	43,641,017
Temporarily restricted	24,378,911	—	—	24,378,911	42,701,678
Permanently restricted	5,007,625	—	—	5,007,625	5,007,625
Total net assets	20,157,234	37,116,613	(143,054)	57,130,793	91,350,320
Total liabilities and net assets	$ 60,929,189	278,133,511	(8,314,165)	330,748,535	392,419,385

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Activities

Year ended December 31, 2015
(with comparative totals for 2014)

	2015							
	Unrestricted							
	Charitable activities	Banking activities	Eliminations	Total	Temporarily restricted	Permanently restricted	Total	2014
Operating activities:								
Charitable support, gains, and losses:								
Private contributions	$ 14,290,736	—	—	14,290,736	6,608,286	—	20,899,022	48,254,068
Government grants	477,108	—	—	477,108	—	—	477,108	647,871
Other	753,899	—	(685,340)	68,559	—	—	68,559	569,495
Net assets released from restrictions	24,935,658	—	—	24,935,658	(24,935,658)	—	—	—
Total charitable support, gains, and losses	40,457,401	—	(685,340)	39,772,061	(18,327,372)	—	21,444,689	49,471,434
Banking revenue:								
Loan interest income	—	27,206,170	—	27,206,170	—	—	27,206,170	29,281,859
Other fees and income	—	2,130,777	—	2,130,777	—	—	2,130,777	1,889,746
Total banking revenue	—	29,336,947	—	29,336,947	—	—	29,336,947	31,171,605
Total support and revenue	40,457,401	29,336,947	(685,340)	69,109,008	(18,327,372)	—	50,781,636	80,643,039
Expenses:								
Charitable expenses:								
Program services:								
Grants for member organizations for operations and client loans	9,239,634	—	—	9,239,634	—	—	9,239,634	9,297,804
Development of member organizations	19,058,019	—	—	19,058,019	—	—	19,058,019	17,436,720
Total program services	28,297,653	—	—	28,297,653	—	—	28,297,653	26,734,524
Supporting services:								
Fundraising	7,839,437	—	—	7,839,437	—	—	7,839,437	7,829,659
Management and general	3,256,182	—	—	3,256,182	—	—	3,256,182	3,545,274
Total supporting services	11,095,619	—	—	11,095,619	—	—	11,095,619	11,374,933
Total charitable expenses	39,393,272	—	—	39,393,272	—	—	39,393,272	38,109,457
Banking expenses:								
Interest	—	7,293,201	(693,510)	6,599,691	—	—	6,599,691	8,416,338
Provision for loan losses	—	1,424,974	—	1,424,974	—	—	1,424,974	1,962,676
Operating expenses	—	17,125,549	—	17,125,549	—	—	17,125,549	18,488,584
Total banking expenses	—	25,843,724	(693,510)	25,150,214	—	—	25,150,214	28,867,598
Total expenses	39,393,272	25,843,724	(693,510)	64,543,486	—	—	64,543,486	66,977,055
Increase (decrease) in net assets from continuing operating activities	1,064,129	3,493,223	8,170	4,565,522	(18,327,372)	—	(13,761,850)	13,665,984
Discontinued operations:								
Loss from operations of discontinued banking activities (including loss on disposal of $13,949,971 in 2015)	—	(25,644,415)	690,837	(24,953,578)	—	—	(24,953,578)	(11,896,959)
Nonoperating activities:								
Gain (loss) on investments, net	2,069,230	—	(968,520)	1,100,710	4,605	—	1,105,315	(544,818)
Foreign currency translation (loss) for continuing operations	—	(3,507,871)	(75,637)	(3,583,508)	—	—	(3,583,508)	(4,203,851)
Noncontrolling interest in net loss of consolidated subsidiaries	—	6,944,097	—	6,944,097	—	—	6,944,097	4,762,608
Increase (decrease) in net assets from nonoperating activities	2,069,230	3,436,226	(1,044,157)	4,461,299	4,605	—	4,465,904	13,939
Investment in banking activities	(11,568,792)	10,454,864	1,143,925	29,997	—	—	29,997	—
Increase (decrease) in net assets	(8,435,433)	(8,260,102)	798,775	(15,896,760)	(18,322,767)	—	(34,219,527)	1,782,964
Net assets:								
Beginning of year	(793,869)	45,376,715	(941,829)	43,641,017	42,701,678	5,007,625	91,350,320	89,567,356
End of year	$ (9,229,302)	37,116,613	(143,054)	27,744,257	24,378,911	5,007,625	57,130,793	91,350,320

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Cash Flows

Year ended December 31, 2015
(with comparative amounts for 2014)

	2015	2014
Cash flows from operating activities:		
Increase (decrease) in net assets	$ (9,265,949)	13,679,923
Discontinued operations	(24,953,578)	(11,896,959)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,870,299	1,028,348
Foreign currency translation loss	3,583,508	4,203,851
Provision for loan losses	1,424,974	1,962,676
Net loss attributable to noncontrolling interests	(114,579)	(169,513)
Realized loss on sale of subsidiary	—	1,062,253
Realized loss (gain) on investments	382,799	821,262
Unrealized loss (gain) on investments	(205,469)	(2,555)
Equity in loss of investment in other institutions	995,929	559,800
Changes in assets and liabilities:		
Pledges and other receivables	10,537,642	551,762
Prepaid expenses and other assets	3,033,012	(4,327,032)
Accounts payable and accrued liabilities	1,204,429	(5,799,741)
Deferred revenue	(419,072)	1,398,603
Noncontrolling interest	2,760,445	(5,533,078)
Net cash used in operating activities of continuing operations	(9,165,610)	(2,460,400)
Net cash provided by (used in) operating activities of discontinued operations	19,127,859	(10,856,085)
Net cash provided by (used in) operating activities	9,962,249	(13,316,485)
Cash flows from investing activities:		
Loan originations, net of principal collections	(615,579)	(1,409,645)
Purchase of investments in unconsolidated affiliates	(5,358,170)	—
Purchase of investments	—	(172,156)
Sale of investments	—	4,333,663
Sale (purchase) of restricted cash and investments	3,406,131	(2,656,036)
Additions of building, furniture, and equipment, net	(2,586,713)	(171,212)
Collections (issuance) of notes receivable, net	(465,903)	387,484
Net cash (used in) provided by investing activities of continuing operations	(5,620,234)	312,098
Net cash provided by (used in) investing activities of discontinued operations	8,431,182	(969,584)
Net cash provided by (used in) investing activities	2,810,948	(657,486)
Cash flows from financing activities:		
Proceeds from notes payable	18,420,205	21,218,586
Principal payments of notes payable	(24,525,921)	(11,353,119)
Deposits from customers, net	(3,478,007)	3,378,245
Net cash (used in) provided by financing activities of continuing operations	(9,583,723)	13,243,712
Net cash (used in) provided by financing activities of discontinued operations	(10,442,686)	11,841,397
Net cash (used in) provided by financing activities	(20,026,409)	25,085,109
Effect of exchange rate changes on cash	(3,583,508)	(4,203,851)
Net (decrease) increase in cash and cash equivalents	(10,836,720)	6,907,287
Cash and cash equivalents at beginning of year	42,263,164	35,355,877
Cash and cash equivalents at end of year	$ 31,426,444	42,263,164
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 13,329,974	11,728,341
Cash paid for taxes	733,655	883,352
Supplemental disclosure of noncash investing and financing transactions:		
Conversion of notes receivable into investment in subsidiaries	$ 5,426,896	179,920

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year ended December 31, 2015
(with comparative amounts for 2014)

	2015						
	Charitable activities						
	Program services	Fundraising	Management and general	Total	Banking activities	Total	2014 Total
Grants for Opportunity International Network and Opportunity Inc.	$ 8,339,043	—	—	8,339,043	—	8,339,043	4,387,372
Grants for member organizations for operations and client loans	9,239,634	—	—	9,239,634	—	9,239,634	9,297,804
Salaries and benefits	3,645,841	5,673,772	1,460,699	10,780,312	9,063,715	19,844,027	23,341,154
Provision for loan loss	—	—	—	—	1,424,974	1,424,974	1,962,676
Rent and utilities	75,279	9,360	415,234	499,873	1,351,365	1,851,238	1,994,903
Travel and hosting	521,817	713,023	111,332	1,346,172	611,574	1,957,746	2,222,375
Professional fees	3,785,231	704,219	283,628	4,773,078	1,741,648	6,514,726	4,768,643
Miscellaneous expense	(299,454)	192,242	470,680	363,468	1,517,307	1,880,775	1,944,668
Interest expense	1,256,220	—	39,983	1,296,203	6,599,691	7,895,894	9,319,701
Telephone	20,879	39,640	19,855	80,374	252,815	333,189	441,282
Foreign exchange (gain)	—	—	—	—	21,201	21,201	(5,663)
Depreciation expense	1,023,756	—	143,282	1,167,038	703,261	1,870,299	1,028,348
Board meetings and conferences	23,363	79,811	31,989	135,163	22,292	157,455	155,239
Supplies, printing, and office equipment	100,349	61,794	240,803	402,946	295,620	698,566	831,581
Income tax expense	5,462	—	—	5,462	529,507	534,969	245,224
Postage and shipping	6,455	31,539	7,744	45,738	130,145	175,883	144,509
Training	26,107	13,714	4,640	44,461	44,712	89,173	241,858
Promotional materials	315,296	319,326	1,593	636,215	167,912	804,127	1,005,924
Donor-advised grant expense	194,445	—	—	194,445	—	194,445	2,997,450
Insurance	17,930	997	24,720	43,647	672,475	716,122	652,007
Total expenses	$ 28,297,653	7,839,437	3,256,182	39,393,272	25,150,214	64,543,486	66,977,055

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 are 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, Opportunity International Canada, and Opportunity Hong Kong 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.

Effective April 1, 2014, Opportunity and two other Network support members signed a strategic alliance agreement with Opportunity, Inc., a nonprofit entity incorporated January 23, 2014. Opportunity, Inc. was established (i) to provide relief to the poor and to help end extreme poverty in the world by providing finance services to microfinance clients; (ii) to provide support and management services to Network affiliates; and (iii) to develop investment and global branding strategies for Network members. Opportunity, Inc. is not consolidated in the accompanying financial statements, as it 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 $6,009,847 and $4,387,378 for the years ended December 31, 2015 and 2014, 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

(Continued)

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 controlled banks are consolidated in Opportunity's financial statements. If a controlling 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 included in continuing operations 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, 2012 and 2013, OTI owned 67% of the outstanding shares of Opportunity Bank Serbia. During 2014, OTI purchased 33% of the shares from the minority shareholders and made a separate investment of $292,899 increasing OTI's ownership to 100% as of December 31, 2014. During 2015, OTI converted $2,289,840 of debt to Equity and maintained 100% ownership as of December 31, 2015.

(ii) 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%. During 2012, OTI made an additional equity investment of $900,000. As of December 31, 2015 and 2014, OTI owned 66.5% of the outstanding shares of Opportunity Romania.

(iii) 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, 2015 and 2014, OTI owned 71.1% of the outstanding shares of Opportunity Colombia.

The acquired controlling interests in microfinance organizations included in discontinued operations as of December 31, 2015 are as follows (see note 9):

(iv) 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. During 2015, OTI made an additional investment of $647,723. As of December 31, 2015 and 2014, OTI owned 66.7% and 64.7% of the outstanding shares of Opportunity Bank Mozambique, respectively.

(v) 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 2012 and 2013, OTI made additional investments of $1,416,756 and $262,500, respectively. During 2014, OTI invested an additional $1,044,500 as equity and $623,244 as convertible loans. The shares for the 2014 investment were issued in 2015 and the $623,644 loan was converted to a grant. As of December 31, 2015 and 2014, OTI owned 70.7% and 64.6%, respectively, of the outstanding shares of Opportunity Bank Ghana.

(vi) 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 2012 and 2013, OTI made equity investments of $1,784,965 and $1,005,000, respectively. During 2014, OTI invested an additional $2,117,710 and purchased the shares of a minority investor for $11,707. During 2015, OTI converted debt of $2,500,000 to equity and made an additional investment of $3,059,000. As of December 31, 2015 and 2014, OTI owned 71.10% and 56.6%, respectively, of the outstanding shares of Opportunity Bank Malawi.

(vii) 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. During 2014, OTI lent $172,000 as a convertible loan. During 2015, OTI purchased $585,770 of equity, $280,400 through conversion of prior years' loans and the balance with additional funds. Other shareholders invested $914,230 in 2015. As of December 31, 2015 and 2014, OTI owned 47.4% and 49.9%, respectively, of the outstanding shares of Opportunity Bank Rwanda. Another Opportunity Network member owns 2.6% of the outstanding shares and has granted OTI the voting rights of their shares.

(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 owned 51% of the common shares and Wedco Enterprises owned 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 $85,000 and $727,402 of equity in 2013 and 2014, respectively. Shares for the 2014 investment were issued in 2015. As of December 31, 2015 and 2014, OTI owned 89.1% and 88%, respectively, of the outstanding shares of Opportunity Kenya.

(xi) 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, 2015 and 2014, OTI owned 85.7% of the outstanding shares of Opportunity Bank Uganda.

(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 converted to equity. During 2014, OTI made an additional investment of $437,631. As of December 31, 2015 and 2014, OTI owned 67.5%, of the outstanding shares of Opportunity Tanzania.

(xi) 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 2014, 2013, and 2012, OTI invested $738,910, $434,000, and $1,544,695, respectively. As of December 31, 2015 and 2014, OTI owned 100% of the outstanding shares of Opportunity DRC.

On May 20, 2014, OTI incorporated Opportunity Shared Services Limited (OSSL) in Ghana to provide information technology services to other Opportunity Network members. During 2015, OSSL provided services to eight of the OTI majority-owned banks. The assets and liabilities of OSSL are included in the charitable assets and liabilities of the consolidated statement of financial position and the expenses of OSSL are included in the charitable activities of the consolidated statement of activities. All OSSL grant revenue received from Opportunity and service revenue received from the subsidiaries has been eliminated in consolidation.

On December 18, 2014, OTI incorporated Opportunity Transformation Investments B.V. (OTI BV), a private company with limited liability under the laws of the Netherlands to hold the assumed notes from European Fund for Southeast Europe S.A. (EFSE) (note 11). The assets and liabilities of OTI BV are included in the charitable assets and liabilities of the consolidated statement of financial position and the revenue and expenses of OTI BV are included in the charitable activities of the consolidated statement of activities.

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 was to serve as an agent to provide the poor in developing countries with access to affordable and appropriate insurance products.

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). Additional capital was contributed by new investors, which diluted Opportunity’s percentage of ownership to 7.8% of MEHL as of December 31, 2014. 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. The value of Opportunity’s investment in MEHL was reduced to zero as of December 31, 2014 after recording its share of the MEHL losses. In September 2015, Opportunity sold its remaining shares of MEHL for $2,100,000. As the investment was previously reduced to zero, 100% of the proceeds are included as a gain on investment.

(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 or deficits at each subsidiary bank, consist of the following as of December 31, 2015 and 2014:

		2015	2014
Unrestricted net assets of continuing operations:			
Opportunity International – United States	$	(9,372,356)	(1,735,698)
Opportunity Bank Serbia		17,334,558	14,712,911
Opportunity Romania		644,655	(160,209)
Opportunity Colombia		3,463,512	3,368,333
Subtotal – continuing operations		12,070,369	16,185,337

		2015	2014
Unrestricted net assets of disposal group classified as held for sale:			
Opportunity Bank Mozambique	$	1,730,712	2,329,098
Opportunity Bank Ghana		4,542,271	3,127,498
Opportunity Bank Malawi		(550,947)	4,332,472
Opportunity Bank Rwanda		2,060,441	2,451,658
Opportunity Kenya		770,638	3,114,472
Opportunity Bank Uganda		6,698,144	8,044,971
Opportunity Tanzania		422,629	1,524,445
Opportunity DRC		—	2,531,066
Subtotal – disposal group		15,673,888	27,455,680
Total	$	27,744,257	43,641,017

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, 2015 and 2014:

		2015	2014
For periods after December 31	$	15,061,559	23,143,530
Programs in Latin America and Colombia		604,903	—
Programs in Asia		628,553	4,950,234
Programs in Africa		872,991	7,612,238
Education Finance programs		1,088,052	2,260,276
Other programs		6,122,853	4,735,400
Total	$	24,378,911	42,701,678

Net assets were released from donor restrictions during the years ended December 31, 2015 and 2014 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

		2015	2014
Programs in Africa	$	8,923,423	14,457,245
Programs in Latin America and Colombia		379,371	(238,921)
Programs in Asia		5,308,626	645,868
Education Finance programs		2,186,426	663,195
Other programs		8,137,812	6,626,421
Total	$	24,935,658	22,153,808

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, 2015 and 2014, 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% or a controlling interest. 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 nine microfinance institutions that OTI has controlling interest in: Opportunity Bank Mozambique, Opportunity Bank Ghana, Opportunity Bank Malawi, Opportunity Bank Rwanda, Opportunity Kenya, Opportunity Bank Uganda, Opportunity Tanzania, Opportunity Romania, and Opportunity Colombia. The outside investors' shares are shown in Opportunity's consolidated financial statements as noncontrolling interest.

(Continued)

(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 $9,566,235 and $18,538,465 in 2015 and 2014, 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 $5,875,452 and $3,635,730 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 2015 and 2014, 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. Fee and commission income are recognized when earned.

(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, 2015 and 2014 consist of permanently restricted funds received for the Cornerstone endowment fund, remaining cash proceeds of the notes restricted for investment in Opportunity Bank Serbia through equity and debt instruments, and the balance of loan proceeds lent to OTI from the Bill and Melinda Gates Foundation (the Gates Foundation).

(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% or does not have control 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 $20,551,926 and $21,216,570 at December 31, 2015 and 2014, 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, 2015. 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 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

(Continued)

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.

(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 gain or loss on investments. 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, 2014, from which the summary information was derived.

(p) Recently Adopted Accounting Standards

In April 2014, the FASB issued ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which changes the definition of, and certain reporting requirements for, discontinued operations. Specifically, ASU 2014-08 limits discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have a major effect on an entity's operations and financial results. The new standard is effective for Opportunity for any disposals of components of Opportunity in annual periods in fiscal years beginning after December 15, 2014. The Company adopted ASU 2014-08 as of January 1, 2015. The effect of adopting the new standard in the current period is addressed in note 9 to the consolidated financial statements.

(q) Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through September 29, 2016, the date the consolidated financial statements were issued (see note 19).

(3) Fair Value of Financial Instruments

Opportunity follows 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 contribution 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, 2015 and 2014, 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, 2015		
	Level 1	**Level 2**	**Level 3**
Money market funds – restricted	$ 7,287,914	—	—
Money market funds – unrestricted	2,400,233	—	—
Short-term investments	156,812	—	—
Common stock	—	—	164,695
Foreign currency swap asset	—	48,550	—
Foreign government securities and bonds	3,429,348	—	—
Total	$ 13,274,307	48,550	164,695

	December 31, 2014		
	Level 1	**Level 2**	**Level 3**
Money market funds – restricted	$ 8,279,768	—	—
Money market funds – unrestricted	499,721	—	—
Short-term investments	107,092	—	—
Common stock	—	—	245,521
Foreign currency swap asset	—	191,348	—
Foreign government securities and bonds	1,808,030	—	—
Total	$ 10,694,611	191,348	245,521

The following table presents a summary of changes in the fair value of Opportunity's Level 3 assets for the year ended December 31, 2015:

Beginning balance, January 1, 2015	$ 245,521
Stock donations received	1,943,925
Stock sales and distributions	(1,953,359)
Gain (loss), net commissions	(71,392)
Ending balance, December 31, 2015	$ 164,695

(4) Pledges Receivable

Unconditional pledges receivable at December 31, 2015 and 2014 are due to be received as follows:

	2015	**2014**
Within one year	$ 13,625,368	15,941,501
One year to five years	4,838,116	12,621,261
Less:		
Allowance on pledges receivable	(464,239)	(983,600)
Discounts to net present value	(94,657)	(197,787)
Net unconditional pledges receivable	$ 17,904,588	27,381,375

The discount rate used in determining the net present value of unconditional pledges receivable ranges between 0.5% and 2.39%, 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.

(Continued)

(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, 2015 and 2014.

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.

Changes in the fair value of Opportunity's endowment assets were as follows for the years ended December 31, 2015 and 2014:

		2015			2014		
		Temporarily restricted	Permanently restricted	Total	Temporarily restricted	Permanently restricted	Total
Investment return:							
Investment income	$	4,605	—	4,605	52,908	—	52,908
Net appreciation (depreciation)		(53,513)	—	(53,513)	166,721	—	166,721
Total investment return		(48,908)	—	(48,908)	219,629	—	219,629
Endowment net assets at:							
Beginning of year		1,079,594	5,007,625	6,087,219	859,965	5,007,625	5,867,590
End of year	$	1,030,686	5,007,625	6,038,311	1,079,594	5,007,625	6,087,219
Net assets by type of fund:							
Donor-restricted endowment	$	—	5,007,625	5,007,625	—	5,007,625	5,007,625
Investment return		1,030,686	—	1,030,686	1,079,594	—	1,079,594
Total net assets	$	1,030,686	5,007,625	6,038,311	1,079,594	5,007,625	6,087,219

(Continued)

(6) Investments and Investment in Other Institutions

Investments consist of the following as of December 31, 2015 and 2014:

		2015	2014
Common stock	$	526,743	560,843
Certificate of deposit in the Philippines		82,842	83,274
Swap asset		48,550	191,348
Total investments at fair value	$	658,135	835,465

Investment income from charitable activities for the years ended December 31, 2015 and 2014 consists of the following:

		2015	2014
Interest	$	79,301	65,230
Dividends		6,814	4,476
Realized gain (loss) on investments		2,220,598	(187,894)
Unrealized gain (loss) on investments		(205,469)	133,171
Equity loss from other institutions		(995,929)	(559,800)
Gain (loss) on investments, net	$	1,105,315	(544,817)

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

		2015	2014
Balkan Financial Sector Equity Fund C.V. (4.3%)	$	1,135,724	1,260,245
MFX Solutions LLC (1.9%)		226,876	209,858
Opportunity Kauswagan Bank, Inc. (18%)		—	144,021
Opportunity Kauswagan Bank, Inc. (preferred shares)		635,000	1,235,000
Growing Opportunity Finance (India) Pvt. Ltd (1.6%)		13,423	10,484
Opportunity Nicaragua Ltd.		1,490,638	—
SEAF Opportunity Serbia Fund (60%)		57,214	15,742
Opportunity International China Ltd. (32.8%)		3,918,484	3,989,900
Dia Vikas Capital Pvt. Ltd-India (8.63%)		3,096,224	—
Redeemable noncontrolling interest in Opportunity Colombia		653,908	—
Total investment in other institutions	$	11,227,491	6,865,250

Under the terms of an Opportunity Colombia shareholder agreement dated December 2, 2010 between OTI and four other noncontrolling shareholders, one of the noncontrolling shareholders has the right to require OTI to purchase (the Put Option) their interest, approximately 10.21%, of the outstanding capital stock of Opportunity Colombia. The Put Option is exercisable from June 2017 to June 2020 provided there has not been a change in the shareholding or shareholder agreement. The price paid upon exercise will be determined based on the greater of established fair market value of the Opportunity Colombia shares or the initial investment of the shareholder adjusted for inflation. Accordingly, OTI recorded approximately $654,000 in the investment in other financial institutions and in accrued liabilities in the accompanying consolidated statement of financial position as of December 31, 2015.

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

		2015	2014
BFSE General Partner BV	$	—	(42,299)
Balkan Financial Sector Equity Fund C.V.		(95,440)	(197,068)
MFX Solutions LLC		17,018	5,328
Opportunity Kauswagan Bank, Inc.		(744,021)	(300,685)
SEAF Opportunity Serbia Fund		(96,233)	(73,317)
Opportunity International China Ltd.		(71,416)	48,241
Growing Opportunity Finance India		2,939	—
Dia Vikas Capital Pvt. Ltd		(8,776)	—
Total equity loss from other institutions	$	(995,929)	(559,800)

(7) Notes Receivable

Notes receivable as of December 31, 2015 and 2014 are as follows:

		2015	2014
Microfinance Loan Obligations S.A., interest rate 0%	$	144,455	141,728
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 at 0%		432,231	661,754
Alalay Sa Kaunlaran Sa Gitnang Luzon Inc (ASKI), interest rate 0%		49,041	49,041
HIGO Investments, interest rate 0%		—	550,000

(Continued)

		2015	2014
ASPIRE, interest rate 0%	$	176,666	176,666
Thuthukani Financial Services (Pty) Ltd., interest rate 0%		820,931	1,123,908
Dia Vikas Capital Pvt. Ltd (Dia Vikas), interest rate 12%		1,035,000	—
Opportunity Kauswagan Remit Inc. (OK Remit), interest 0%		200,000	—
Opportunity International China Ltd. (Opportunity China), interest 0%		570,333	—
Coop ASPIRE, interest 10%		315,166	—
Taytay Sa Kauswagan Inc. (TSKI) interest rate 0%		11,446	11,446
Taytay Sa Kauswagan Inc. (TSKI) interest rate 9%		77,695	81,510
Subtotal notes receivable		4,062,964	3,026,053
Less allowance for uncollectible amounts		(907,550)	(336,542)
Total net notes receivable	$	3,155,414	2,689,511

The ASODENIC, ASPIRE, Dia Vikas, OK Remit, and Opportunity China notes are convertible to equity upon demand. The note from SAT was reduced by $249,523 to the estimated value of the collateral, shares of Opportunity Bank Ghana. The $820,931 TFS note represents the amount due from the purchaser of the shares of Opportunity South Africa.

(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 3.8% and 53.1%. Certain loans may be collateralized by security such as cash or mortgages. Loans outstanding of continuing operations as of December 31, 2015 and 2014 consist of the following:

		2015	2014
Loans receivable	$	121,275,384	122,487,701
Less loan loss allowance		(3,845,881)	(4,248,803)
Net loan portfolio	$	117,429,503	118,238,898

Gross loan portfolio by product for the years ended December 31, 2015 and 2014 is as follows:

		2015	2014
Individual	$	78,341,291	79,719,788
Small and medium enterprise (SME)		41,410,685	42,226,786
Individual groups		263,947	452,390
Nonbusiness		1,259,461	88,737
Total gross loans	$	121,275,384	122,487,701

A summary of the activity in the allowance for loan losses for the years ended December 31, 2015 and 2014 is as follows:

		2015	2014
Balance at beginning of year	$	4,248,803	6,764,641
Provision for loan losses		1,424,974	1,962,676
Subsidiary loans charged off		(1,248,335)	(3,633,753)
Subsidiary loans foreign currency translation loss		(579,561)	(844,761)
Balance at end of year	$	3,845,881	4,248,803

The following tables summarize the activity in the loan loss allowance by product for the years ended December 31, 2015 and 2014:

Year ended December 31, 2015		Individual	SME	Individual groups	Nonbusiness	Total
Balance at beginning of year	$	2,754,930	1,489,044	4,038	791	4,248,803
Provision for loan losses		361,931	1,045,924	—	17,119	1,424,974
Loans charged off, net		(382,286)	(866,049)	—	—	(1,248,335)
Foreign currency translation loss		(427,610)	(166,890)	19,899	(4,960)	(579,561)
Balance at end of year	$	2,306,965	1,502,029	23,937	12,950	3,845,881
Reserve components:						
Individually evaluated for impairment	$	1,797,522	851,964	23,937	12,950	2,686,373
Collectively evaluated for impairment		509,443	650,065	—	—	1,159,508
Total	$	2,306,965	1,502,029	23,937	12,950	3,845,881

(Continued)

Year ended December 31, 2014		Individual	SME	Individual groups	Nonbusiness	Total
Balance at beginning of year	$	4,362,060	2,385,707	14,778	2,096	6,764,641
Provision for loan losses		890,828	1,065,813	5,046	989	1,962,676
Loans charged off, net		(2,014,745)	(1,602,784)	(14,208)	(2,016)	(3,633,753)
Foreign currency translation loss		(483,213)	(359,692)	(1,578)	(278)	(844,761)
Balance at end of year	$	2,754,930	1,489,044	4,038	791	4,248,803
Reserve components:						
Individually evaluated for impairment	$	2,134,776	906,903	1,895	370	3,043,944
Collectively evaluated for impairment		620,154	582,141	2,143	421	1,204,859
Total	$	2,754,930	1,489,044	4,038	791	4,248,803

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, 2015 and 2014:

		2015	2014
Opportunity Bank Serbia	$	77,350,320	76,637,210
Opportunity Romania		8,847,836	10,305,328
Opportunity Colombia		31,231,347	31,296,360
Balance at end of year	$	117,429,503	118,238,898

The following is a summary of expected loan maturities as of December 31, 2015 and 2014:

		2015	2014
Less than 1 month	$	5,196,189	6,698,484
From 1 to 3 months		2,393,998	2,243,275
From 3 to 12 months		18,942,494	19,051,754
Over 1 year		90,896,822	90,245,385
Balance at end of year	$	117,429,503	118,238,898

(Continued)

Aging analysis of gross loans receivable as of December 31, 2015 and 2014 is as follows:

	2015	2014
Current	$ 115,684,858	115,498,328
30–59 days past due	661,332	978,892
60–89 days past due	193,043	266,794
90 days and over past due	4,739,151	5,743,687
Total gross loans receivable	$ 121,278,384	122,487,701

Loans to employees and officers of these banks totaled $48,861 and $55,053 at December 31, 2015 and 2014, respectively.

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, 2015 and 2014 was $3.8 million and $2.6 million, respectively. Impaired loan statistics are summarized in the following tables:

December 31, 2015	Amount with impairment reserves	Amount without impairment	Total impaired loans	Impairment reserve	Interest income recognized
Individual	$ 1,790,828	240,577	2,031,405	1,128,571	86,179
SME	1,410,788	279,512	1,690,300	937,217	13,189
Groups	—	27,659	27,659	—	—
Nonbusiness	—	6,377	6,377	—	—
Total	$ 3,201,616	554,125	3,755,741	2,065,788	99,368

December 31, 2014	Amount with impairment reserves	Amount without impairment	Total impaired loans	Impairment reserve	Interest income recognized
Individual	$ 811,357	—	811,357	599,734	2,378
SME	1,825,454	—	1,825,454	1,511,441	8,340
Groups	—	—	—	—	—
Nonbusiness	—	97	97	—	—
Total	$ 2,636,811	97	2,636,908	2,111,175	10,718

(Continued)

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 tables present information about receivables for which the original contractual terms were modified during the years ended December 31, 2015 and 2014, and as a result became classified as TDR's:

December 31, 2015		Amount with allowance	Amount without allowance	Total TDR loans	Related allowance	Average TDR balance	Interest income recognized
Individual	$	1,233,033	241,076	1,474,109	556,823	2,753	5,016
SME		950,212	232,579	1,182,791	812,632	8,742	6,464
Total	$	2,183,245	473,655	2,656,900	1,369,455	11,495	11,480

December 31, 2014		Amount with allowance	Amount without allowance	Total TDR loans	Related allowance	Average TDR balance	Interest income recognized
Individual	$	1,881,906	—	1,881,906	117,719	5,070	—
SME		4,084,524	—	4,084,524	962,426	13,893	—
Total	$	5,966,430	—	5,966,430	1,080,145	18,963	—

(9) Discontinued Operations

Opportunity considers a component to be classified as discontinued operations when it meets the criteria established under guidance that was effective for Opportunity on January 1, 2015 related to reporting discontinued operations and disclosures of disposals of components of Opportunity. Disposals that represent a strategic shift that should have or will have a major effect on Opportunity's operations and financial results qualify as discontinued operations. The results of discontinued operations are reported in discontinued operations in the consolidated statements of activities for current and prior periods commencing in the period in which the business meets the criteria of a discontinued operation, and include any gain or loss recognized on closing or adjustment of the carrying amount to fair value less cost to sell.

During 2015, OTI made the decision to sell its banking activities located in Africa. Because the banking activities in this region are a major part of OTI's operations and financial results, OTI has determined that this disposal represents a strategic shift. Accordingly, the assets and liabilities of the banking activities located in Mozambique, Ghana, Malawi, Rwanda, Kenya, Uganda, Tanzania, and the Democratic Republic of Congo have been segregated and reported as held for sale in the consolidated statements of financial position as of December 31, 2015, with comparative presentation for 2014. Furthermore the banking activities in these regions have been segregated and reported as discontinued operations in the consolidated statements of activities for all periods presented.

OTI does not plan to retain any ownership interest for these banking activities after disposal, except for its interest in Opportunity DRC. On March 31, 2016, OTI signed an agreement to sell 80% of its shares in Opportunity DRC to VisionFund International, a nonprofit religious corporation established under the laws of California. The transaction received regulatory approval on August 29, 2016. As of December 31, 2015, OTI owns 100% of this banking activity. Upon disposal, OTI will retain a 20% ownership interest. The estimated fair value of the banking activity of Opportunity DRC is zero; therefore a loss has been recorded as of December 31, 2015. After disposal, OTI will begin accounting for its remaining 20% interest in Opportunity DRC by the equity method.

On October 27, 2015, OTI and Opportunity entered into a share purchase agreement to sell its shares in six banks serving sub-Saharan Africa to MyBucks S.A. (MyBucks); a Luxembourg based financial technology company. Opportunity will be a minority shareholder in MyBucks and retain at least one board seat at the parent level and one board seat of each bank. Each transaction is subject to regulatory approval. On July 1, 2016 the shares of Opportunity Kenya, Opportunity Tanzania and Opportunity Bank Mozambique were sold to MyBucks. The Central Banks of Malawi and Uganda have each approved the sale of a portion of OTI's shares of Opportunity Bank Malawi and Opportunity Bank Uganda. The transfers will result in a phased reduction of OTI's ownership of the two banks. OTI will account for any remaining interest by the equity method until all shares are sold. The partnership with MyBucks will combine cutting edge financial inclusion technology solutions with Opportunity's transformation, agriculture and education services.

On September 9, 2016, OTI signed an agreement to sell all of its shares in Opportunity Bank Rwanda to Hope Advancement, Inc., a nonprofit corporation established under the laws of Delaware and current owner of 49% of the shares of the bank. The transaction is subject to regulatory approval.

OTI estimates a loss will be incurred on the disposal of its banking activities classified as held for sale as of December 31, 2015, of approximately $13.9 million. The loss has been recognized as a reduction in value of the assets of the disposal group as of December 31, 2015. $3.8 million of the loss on the disposal group is attributable to noncontrolling interests.

The following table presents a reconciliation of the carrying amounts of major classes of assets and liabilities of the discontinued operations to total assets and liabilities of the disposal group classified as held for sale in the consolidated statements of financial position as of December 31, 2015 and 2014:

		2015	2014
Carrying amounts of major classes of assets included as part of discontinued operations:			
Cash and cash equivalents	$	43,510,776	50,493,561
Loans receivable, net of allowance		72,106,883	83,869,863
Prepaid expenses and other assets		13,690,858	15,576,150
Building, furniture, and equipment, net of accumulated depreciation		14,997,440	18,831,590
Loss on assets of disposal group classified as held for sale		(13,949,971)	—
Total assets of the disposal group classified as held for sale in the consolidated statements of financial position	$	130,355,986	168,771,164

		2015	2014
Carrying amounts of major classes of liabilities included as part of discontinued operations:			
Accounts payable and accrued liabilities	$	9,616,127	12,639,352
Deposits from customers		81,189,441	84,146,252
Notes payable		12,175,594	19,661,470
Deferred revenue		6,180,231	7,183,624
Total liabilities of the disposal group classified as held for sale in the consolidated statements of financial position	$	109,161,393	123,630,698

(Continued)

The following table represents a reconciliation of the major classes of line items constituting the results of discontinued operations for the year ended December 31, 2015 and 2014:

		2015	2014
Major classes of line items constituting the loss of discontinued operations:			
Revenue:			
Loan interest income	$	40,871,854	45,286,851
Other fees and income		13,811,021	14,758,345
Total revenue		54,682,875	60,045,196
Expenses:			
Interest		5,719,987	6,271,553
Provisions on loan losses		3,365,341	6,384,172
Management and general		49,451,125	55,041,497
Total operating expenses		58,536,453	67,697,222
Nonoperating activities:			
Loss on assets of disposal group classified as held for sale, net		(13,949,971)	—
Unrealized gain (loss) on foreign currency translation, net		(7,150,029)	(4,244,933)
Loss from discontinued banking activities		(24,953,578)	(11,896,959)
Net loss attributable to noncontrolling interests		6,829,518	4,593,095
Net loss attributable to OTI	$	(18,124,060)	(7,303,864)

(10) Deposits from Customers

Deposits from customers of continuing operations as of December 31, 2015 and 2014 consist of the following:

		2015	2014
Opportunity Bank Serbia:			
Demand deposits	$	15,440,192	14,882,534
Short-term deposits		20,314,152	28,548,270
Long-term deposits		24,417,488	22,392,210
Total Opportunity Bank Serbia		60,171,832	65,823,014
Opportunity Colombia:			
Demand deposits		382,523	452,677
Short-term deposits		7,019,141	12,744,631
Long-term deposits		9,135,053	1,166,234
Total Opportunity Colombia		16,536,717	14,363,542
Total deposits from customers	$	76,708,549	80,186,556

(11) Notes Payable

Notes payable of continuing operations as of December 31, 2015 and 2014 include the following:

		2015	2014
Opportunity Bank Serbia:			
Note payable, 5.50% interest, maturity – equal annual installments from March 2016 to March 2020	$	5,412,364	7,257,490
Note payable, 4.5% maturity June 2017 to May 2018		5,412,348	2,419,170
Note payable, 12-month Euribor +1.5% interest, maturity January 2015		—	604,790
Note payable, 7.5% interest, maturity February 2023		2,164,943	362,890
Note payable, 6-month Euribor +5.3% interest, maturity December 2017 to December 2020		3,247,415	—
Note payable, 6-month Euribor +5.8% interest, maturity June 2016 to December 2020		1,855,667	1,209,580
Note payable, 4.70% interest, maturity May and June 2016		324,744	725,750
Subtotal Opportunity Bank Serbia		18,417,481	12,579,670

		2015	2014
Opportunity Romania:			
Note payable, 10.50% interest, maturity June 2016	$	646,280	728,172
Note payable, 10.50% interest, maturity December 2016		488,862	550,807
Note payable, 6-month Bubor+3.00%, maturity March 2016		98,206	110,650
Note payable, 6-month Bubor+4.00%, maturity September 2016		374,289	421,716
Note payable, Euro Swap Rate+5.17% maturity June 2016		1,161,616	1,296,607
Note payable, 3-month Bubor+4.60% maturity January 2016		237,090	267,132
Note payable, 3-month Bubor+4.60%, maturity May 2016		645,557	727,358
Note payable, 6-month Euribor+4.00% maturity May 2016		871,406	972,333
Note payable, 6-month Euribor+4.00% maturity February 2016		435,234	486,316
Subtotal Opportunity Romania		4,958,540	5,561,091
Opportunity Colombia:			
Note payable, 0.5% interest Maturity May 2017		5,000	6,000
Note payable, 8.11% interest, maturity June 2016		1,500	4,000
Note payable, 2.24% interest, maturity June 2016		2,500	42,000
Note payable, 3.35% interest, maturity May 2018		1,500	10,000
Note payable, 1.5% interest, maturity June 2018		7,373	5,920
Note payable, 2.44% interest, maturity June 2018		7,500	6,000
Line of Credit, variable interest rates 1.70% to 8.81%, maturity 2016		1,246,749	—
Line of Credit, variable interest rates 1.70% to 8.81%, maturity 2017		2,990,956	12,180,848
Line of Credit, variable interest rates 0.08% to 9.51%, maturity 2018		3,644,187	312,454
Line of Credit, variable interest rates 0.08% to 9.51%, maturity 2019 to 2021		3,586,547	2,029,328
Subtotal Opportunity Colombia		11,493,812	14,596,550
Total banking notes payable	$	34,869,833	32,737,311

		2015	2014
Investing notes payable:			
Note payable, 0% interest, maturity July 2016	$	250,000	250,000
Note payable, 1% interest, maturity November 2016		665,844	10,000,000
Note payable, 16.5% interest on KES drawdown and 17% interest on MZN, maturity February 2015		—	1,852,552
Note payable, 3% interest, maturity July 2015		—	500,000
Note payable, 2% interest, maturity April 2017		100,000	100,000
Note payable, 2% interest, maturity April 2018		100,000	100,000
Note payable, 2% interest, maturity April 2019		100,000	100,000
Note payable, 2% interest, maturity April 2020		100,000	100,000
Note payable, 2% interest, maturity April 2021		100,000	100,000
Note payable, 2% interest, maturity January 2021		250,000	250,000
Note payable, 2% interest, maturity September 2015		—	250,000
Note payable, 2% interest, maturity August 2016		125,000	125,000
Notes payable, 2% interest, maturity October 2016		1,000,000	1,000,000
Notes payable, 2% interest, maturity November 2016		750,000	750,000
Note payable, 2% interest, maturity December 2016		250,000	250,000
Notes payable, 2% interest, maturity December 2017		800,000	800,000
Note payable, 2% interest, maturity December 2018		500,000	500,000
Note payable, 2% interest, maturity May 2021		1,000,000	1,000,000
Note payable, 2% interest, maturity August 2021		1,000,000	1,000,000
Note payable, 2% interest, maturity October 2019		100,000	100,000
Note payable, 2% interest, maturity July 2019		250,000	250,000
Note payable, 2% interest, maturity December 2020		500,000	250,000
Notes payable, 7% interest, maturity December 2021		9,436,463	10,498,308
Notes payable, 6.75% interest, maturity January 2017		4,005,980	5,348,120
Note payable, 5% interest, maturity July 2017		43,729	69,618
Note payable, 5% interest, maturity June 2016		592,944	776,600
Note payable, 1% interest, November 2016		92,000	30,000
Note payable, LIBOR + 1.5% interest, maturity 2016		6,000,000	—
Total charitable notes payable		28,111,960	36,350,198
Total notes payable	$	62,981,793	69,087,509

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, 2015 and 2014, there was $832,117 and $7,983,198 in notes receivable outstanding to one and six majority-owned partners in Africa, respectively, with terms in accordance with the Gates Foundation agreement, which were eliminated in consolidation. On October 15, 2015 the Gates Foundation agreed to grant $3,800,000 of the loan and OTI agreed to pay the reminder of the loan by December 31, 2015.

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. The principal and interest were paid in full on February 4, 2015.

Impact Investment Fund notes of $7,025,000 and $7,525,000 were outstanding as of December 31, 2015 and December 31, 2014, respectively. Maturities range from one to eight years. Annual interest is 2.0%.

On June 4, 2014, OTI entered into a €4,400,000 ($4,798,640 as of December 31, 2015) loan agreement with the ResponsAbility Global Microfinance Fund and ResponsAbility SICAV Microfinance Leaders Fund. The notes bear the interest rate of 6.75% per annum. The principal and interest are to be paid in four installments beginning January 21, 2015 with the final payment due January 23, 2017. The proceeds of the notes were used to purchase the shares of Opportunity Bank Serbia from the noncontrolling interests. The balance as of December 31, 2015 is €3,666,666 ($3,998,866).

On December 17, 2014, OTI issued ten notes totaling €11,000,000 ($12,127,194 as of December 31, 2015) with an annual interest rate of 7%. The notes mature on December 17, 2021. Included were notes issued to Opportunity for €2,462,824, ($2,690,730 as of December 31, 2015) and notes totaling €1,010,346 ($1,103,842 as of December 31, 2015) to OTI board members. The note to Opportunity was eliminated in the accompanying consolidated statement of financial position as of December 31, 2015. The notes are nonrecourse but are secured by OTI's shares in Opportunity Bank Serbia. OTI will use the proceeds of the notes to invest in Opportunity Bank Serbia through equity and debt instruments. A portion of the proceeds of the notes were used to assume the rights and obligations of three notes from the European Fund for Southeast Europe S.A. (EFSE) with principal of €6,000,000 ($6,543,600 as of December 31, 2015) plus accrued interest. Opportunity Bank Serbia is the issuer of the assigned notes. During 2015, €2,000,000 ($2,181,200) of the notes was converted to equity in Opportunity Bank Serbia.

Aggregate maturities of notes payable as of December 31, 2015 are as follows:

2016	$	20,692,817
2017		7,271,872
2018		9,059,399
2019		3,088,292
2020		6,954,880
Thereafter		15,914,533
Total notes payable	$	62,981,793

(12) Lines of Credit

Opportunity has entered into a line of credit agreement with one bank providing for borrowings up to $6,000,000. 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. The outstanding balance was $6,000,000 and $0, respectively, under this line of credit as of December 31, 2015 and 2014 and is included in notes payable on the Consolidated Statement of Financial Position.

(13) Noncontrolling Interest

Below is the activity of the noncontrolling interest for the years ended December 31, 2015 and 2014:

	December 31, 2015			
	Beginning balance	**Interest in net gain (loss) of consolidated subsidiaries**	**Increase (decrease) in share capital**	**Ending balance**
Noncontrolling interest of continuing operations:				
Opportunity Romania	$ 1,402,964	(104,527)	(1,011,927)	286,510
Opportunity Colombia	1,393,234	(10,052)	(120,000)	1,263,182
Subtotal – continuing operations	2,796,198	(114,579)	(1,131,927)	1,549,692
Noncontrolling interest of disposal group classified as held for sale:				
Opportunity Bank Mozambique	783,802	(628,348)	191,371	346,825
Opportunity Bank Ghana	1,918,190	(161,738)	(760,030)	996,422
Opportunity Bank Malawi	(121,865)	(3,367,652)	3,182,000	(307,517)
Opportunity Bank Rwanda	2,259,551	(1,423,326)	609,031	1,445,256
Opportunity Kenya	(1,105,578)	(204,179)	1,400,000	90,243
Opportunity Bank Uganda	1,270,582	(258,499)	(200,000)	812,083
Opportunity Tanzania	1,376,060	(785,776)	(530,000)	60,284
Subtotal – disposal group	6,380,742	(6,829,518)	3,892,372	3,443,596
Total	$ 9,176,940	(6,944,097)	2,760,445	4,993,288

	December 31, 2014			
	Beginning balance	**Interest in net gain (loss) of consolidated subsidiaries**	**Increase (decrease) in share capital**	**Ending balance**
Noncontrolling interest of continuing operations:				
Opportunity Bank Serbia	$ 6,108,469	—	(6,108,469)	—
Opportunity South Africa	741,201	—	(741,201)	—
Opportunity Romania	1,541,522	(41,143)	(97,416)	1,402,963
Opportunity Colombia	1,521,604	(128,370)	—	1,393,234
Subtotal – continuing operations	9,912,796	(169,513)	(6,947,086)	2,796,197
Noncontrolling interest of disposal group classified as held for sale:				
Opportunity Bank Mozambique	1,120,425	(836,623)	500,000	783,802
Opportunity Bank Ghana	2,003,343	(650,947)	565,794	1,918,190
Opportunity Bank Malawi	1,759,065	(2,131,727)	250,798	(121,864)
Opportunity Bank Rwanda	2,590,884	(428,749)	97,416	2,259,551
Opportunity Kenya	(1,018,577)	(87,001)	—	(1,105,578)
Opportunity Bank Uganda	1,223,884	46,698	—	1,270,582
Opportunity Tanzania	1,880,806	(504,746)	—	1,376,060
Subtotal – disposal group	9,559,830	(4,593,095)	1,414,008	6,380,743
Total	$ 19,472,626	(4,762,608)	(5,533,078)	9,176,940

(14) 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, 2015**	**Completion date**
Serbia 2003	$ 9,966,025	9,966,025	September 2018

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 15(b) for further information.

(15) Commitments and Contingencies

(a) Lease Obligations

Opportunity leases office space in Illinois and Pennsylvania under operating leases. Opportunity moved its Illinois offices from Oakbrook to Chicago on July 1st 2015. The Pennsylvania office is rented on a month-to-month basis. Rent expense for the years ended December 31, 2015 and 2014 was approximately $499,873 and $357,043, respectively. Future minimum operating lease payments as of December 31, 2015 are as follows:

2016	$	367,998
2017		393,577
2018		506,199
2019		596,778
2020		711,989
Thereafter		958,306
Total	$	3,534,847

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, 2015 and 2014 was $751,093 and $489,631, respectively. Future minimum operating lease payments as of December 31, 2015 are as follows:

		Continuing operations	Disposal group	Total
2016	$	529,102	1,437,455	1,966,557
2017		491,717	1,050,552	1,542,269
2018		425,387	1,041,926	1,467,313
2019		366,492	1,076,841	1,443,333
2020		323,681	1,024,965	1,348,646
Thereafter		81,773	231,310	313,083
Total	$	2,218,152	5,863,049	8,081,201

(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 as of December 31, 2015.

(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, 2015 and 2014, 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 ratio of 10% for core and 15% of total capital to risk-weighted assets, respectively. As of December 31, 2015 and 2014, Opportunity Bank Malawi met these regulatory requirements.

The Central Bank of Mozambique requires Opportunity Bank Mozambique to hold the minimum level of regulatory capital of 70,000,000 MT (approximately U.S. $1,484,000 as of December 31, 2015) and to maintain a prescribed ratio of total capital to total risk-weighted assets of not less than 8%. As of December 31, 2015 and 2014, Opportunity Bank Mozambique met these regulatory requirements. Opportunity Bank Mozambique accumulated losses were over 55% of its capital as of December 31, 2015, which places the Bank under the situation stipulated in Article 119 of the Mozambique Commercial Code. The Bank is taking steps to reduce losses and increase capital to mitigate the consequences of the stipulated Article.

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, 2015 and 2014, 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 ($10,906,000 as of December 31, 2015). As of December 31, 2015 and 2014, Opportunity Bank Serbia met these regulatory requirements.

(Continued)

Opportunity Bank Uganda is required to maintain ratios of core capital to risk-weighted assets of 12.5% and total capital to risk-weighted assets of 14.5% under the Financial Institutions Act 2004 of Uganda. As of December 31, 2015 and 2014, Opportunity Bank Uganda met these regulatory requirements.

(16) 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 $554,459 and $648,959 for the years ended December 31, 2015 and 2014, respectively.

(17) Related-Party Transactions

Included in program services in the consolidated statement of activities are grant expenses of $17,578,677 and $13,685,177 in 2015 and 2014, respectively, which relate to disbursements made by Opportunity to its affiliated member organizations.

Notes payable totaling $1,353,842 and $1,478,056 as of December 31, 2015 and 2014, respectively, were due to board members of Opportunity. Pledges for future donations of $2,021,418 and $1,985,000 were due from board members of Opportunity as of December 31, 2015 and 2014, respectively.

(18) Risk and Uncertainties

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 managed by each OTI financial institution by controlling 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. As of December 31, 2015, OTI had two swap agreements in place to mitigate the effects of foreign currency risk on local currency notes receivable issued to two subsidiaries.

(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. A large portion of loans are short-term in nature; about 22.6% and 23.7% are due within one year as of December 31, 2015 and 2014, 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 $24 million as of December 31, 2015 and 2014, respectively, which is approximately 16% of total assets of the combined banks in 2015 and 2014, respectively.

(19) Subsequent Events

(a) Reserve and Regulatory Capital Requirements

As of August 31, 2016, OTI's foreign for-profit microfinance companies in Ghana, Malawi, Mozambique, Romania, Rwanda, Serbia, and Uganda met the regulatory requirements in their respective countries. Opportunity Bank Mozambique continues to be in noncompliance of the Commercial Codes requiring accumulated losses be less than 50% of total capital.

(b) Gates Foundation Note Payable

On February 3, 2016, OTI paid in full the remaining principal and accrued interest on the Gates Foundation note.

(c) Line of Credit

On February 22, 2016, the board of directors approved a resolution to repurpose the funds in the Cornerstone Fund to repay the $6,000,000 outstanding principal amount of the line of credit. The principal and accrued interest were paid in full on March 8, 2016 after which the loan facility and Cornerstone Fund accounts were closed.

(d) OTI Note Payable to Opportunity

On April 26, 2016, Opportunity sold the €2,462,824 ($2,778,680) note receivable from OTI to another note holder for face value. All rights were transferred and the terms of the note remained the same.

(e) Opportunity Note Payable to Opportunity International United Kingdom

On June 14, 2016, Opportunity International United Kingdom extended the maturity date of Opportunity's £400,000 ($592,080 as of December 31, 2015) note to January 31, 2017.