



**OPPORTUNITY**  
International

# 2014

## **ANNUAL REPORT**

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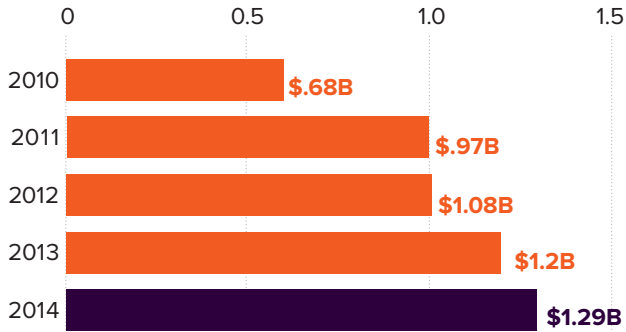
**MAKING A LIVING,  
MAKING A LIFE:**  
THE IMPACT OF INVESTING  
IN OPPORTUNITY

## THE IMPACT OF

# INVESTING IN OPPORTUNITY

### TOTAL VALUE OF CLIENT LOANS DISBURSED

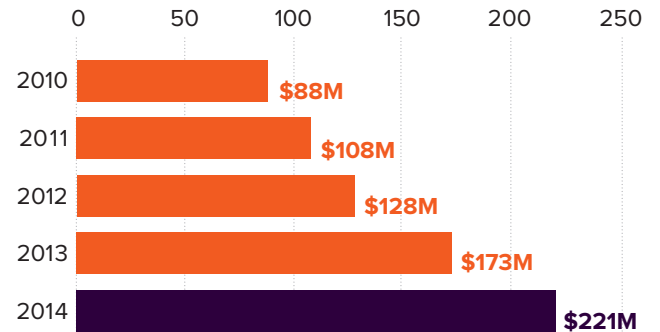
(for the year)



GROSS LOAN PORTFOLIO AT DECEMBER 31, 2014: \$780M

### TOTAL VALUE OF CLIENT SAVINGS ACCOUNTS

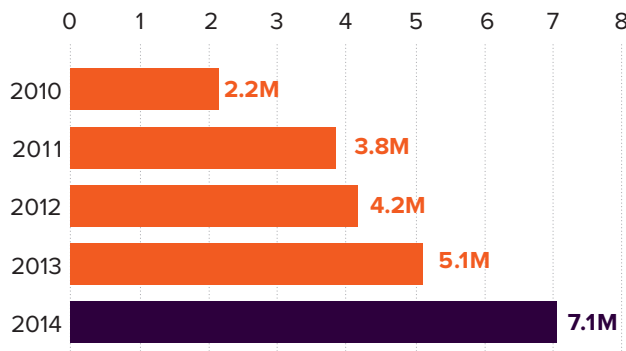
(as of year-end)



These figures represent voluntary savings and do not include compulsory savings.

### TOTAL NUMBER OF UNIQUE LOAN AND SAVINGS CLIENTS

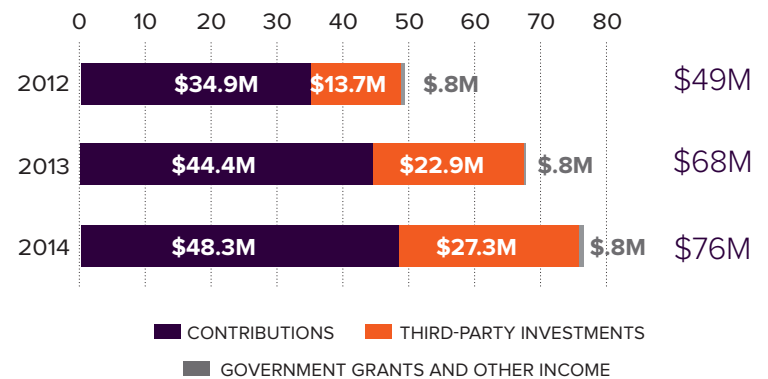
(as of year-end)



The total number of unique loan and savings clients in the years 2012-2014 include clients from Dia Vikas, Opportunity's partner in India.

### TOTAL FUNDS RAISED BY OPPORTUNITY INTERNATIONAL-U.S.

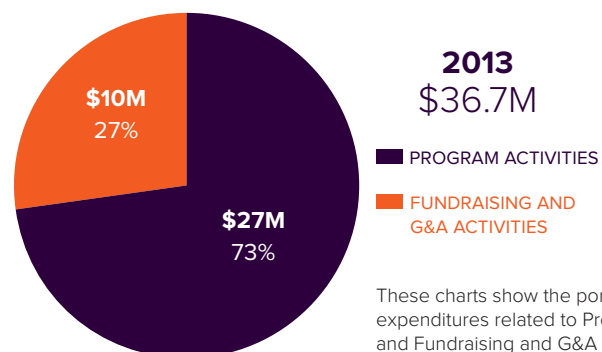
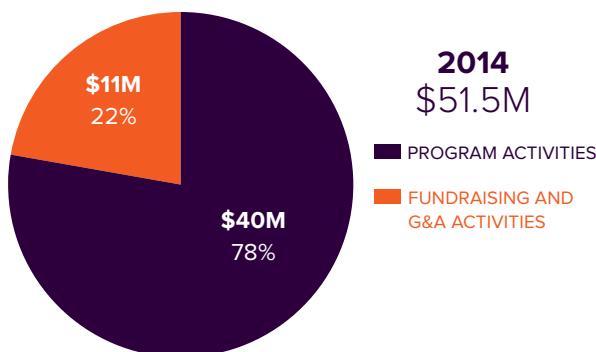
(for the year)



The ratio of fundraising and G&A expense to total funds raised remained steady at 15% in 2014 and 2013, reflecting the increased amounts of equity and debt that was raised for Implementing Members.

### TOTAL EXPENDITURES BY OPPORTUNITY INTERNATIONAL-U.S.

(for the year)



These charts show the portion of total expenditures related to Program Activities, and Fundraising and G&A Activities.

## OPPORTUNITY INTERNATIONAL-U.S.

	FOR THE YEAR ENDED		Change	
	December 31, 2014	December 31, 2013	AMOUNT	PERCENT
\$ in thousands (unaudited)				
<b>REVENUE</b>				
Private contributions and pledges	\$ 48,255	\$ 44,350	\$ 3,905	8.8%
Government grants	647	73	574	786.3%
Other income	180	728	(548)	(75.3%)
<b>TOTAL REVENUE</b>	<b>\$ 49,082</b>	<b>\$ 45,151</b>	<b>\$ 3,931</b>	<b>8.7%</b>
<b>EXPENDITURES</b>				
<b>Program Activities</b>				
Equity investments in Opportunity banks	\$ 13,844	\$ 6,842	\$ 7,002	102.3%
Grants for member organizations	9,298	6,434	2,864	44.5%
Business development and training services	3,633	4,312	(679)	(15.7%)
Network support services	1,126	1,429	(303)	(21.2%)
Other program expenditures	12,258	7,639	4,619	60.5%
<b>Total program activities</b>	<b>\$ 40,159</b>	<b>\$ 26,656</b>	<b>\$ 13,503</b>	<b>50.7%</b>
<b>Fundraising and G&amp;A Activities</b>				
Fundraising and G&A	11,375	10,050	1,325	13.2%
<b>TOTAL EXPENDITURES</b>	<b>\$ 51,534</b>	<b>\$ 36,706</b>	<b>\$ 14,828</b>	<b>40.4%</b>
<b>THIRD-PARTY INVESTMENTS</b>				
Equity and debt raised for Implementing Members	\$ 27,335	\$ 22,931	\$ 4,404	19.2%
<b>TOTAL FUNDS RAISED</b>	<b>\$ 76,417</b>	<b>\$ 68,082</b>	<b>\$ 8,335</b>	<b>12.2%</b>

Complete audited financial statements by KPMG are available upon request. Certain 2013 financial statement line items have been reclassified to conform to the 2014 presentation.

### MANAGEMENT DISCUSSION AND ANALYSIS OF OPPORTUNITY-U.S. FINANCIAL STATEMENTS

#### REVENUE

Opportunity International-U.S. revenue increased \$3.9 million, or 8.7%, during 2014. Individual donations increased 20% from prior year levels while corporate giving decreased 2% from the previous year. In 2013, Opportunity International was awarded a multi-year grant from The MasterCard Foundation, of which \$13.6 million and \$8.8 million was recognized in 2014 and 2013, respectively. Government grants increased by \$0.6 million. Other Income included fees received for services.

#### PROGRAM ACTIVITIES

**Equity investments in Opportunity banks:** Direct equity investments increased to \$13.8 million in 2014 versus \$6.8 million in the previous year. 2014 included an \$8.0 million investment in Serbia and \$5.5 million in the Africa banks. In addition, Opportunity raised debt and equity of \$27.3 million from third parties for Implementing Members, an increase of 19.2% over 2013. Investments were generally made in countries with continuing equity needs.

**Grants to member organizations:** This expenditure increased by 44% in 2014 to \$9.3 million, reflecting greater funding for our African MFIs (\$7.7 million) and \$1.3 million to Latin America.

#### Business development and training services:

The Opportunity International-U.S. expenditures for these services, provided to Implementing Members by Opportunity International Network personnel, decreased by \$0.7 million from 2013 funding levels as more banks are now paying for these services. These services include: (i) recruitment and training of personnel of Implementing Members, (ii) development of client training modules, (iii) performance and governance monitoring and (iv) technology improvements.

**Network support services:** Expenditures for Network support decreased by \$0.3 million, or 21%. These services include building and managing Opportunity banks and overseeing the range of technical services provided to them in the Opportunity International Network. Also included are expenditures for general management and governance of the Network and the cost of Network administrative services.

**Other program expenditures:** These expenditures include the cost of managing the operations of our bank investments. They also include grants management activities, general community education and communication. In 2013, Other Program Expenditures included the reversal of \$2.4 million of interest accrued in prior years for USAID due to a modification of a cooperative agreement. In 2014, a donor advised fund

Opportunity International, Inc. is a tax-exempt 501(c)(3) nonprofit organization that provides small business loans, savings, insurance and training to almost 12 million people working their way out of poverty in the developing world. It serves clients in 28 countries through 44 Implementing Members and works with fundraising partners (called Supporting Members) in the United States, Australia, Canada, Germany and the United Kingdom.

Opportunity International raises funds from many sources, some traditional and some unique for nonprofits. From traditional sources, Opportunity International receives charitable gifts and government grants, which it sends to its Implementing Members in the form of grants, loans and equity investments. A portion of these funds is also used for fundraising and G&A activities. In addition to these sources of funds, Opportunity raises equity and debt from third parties for its Implementing Members that are directly invested in these organizations, shown in third-party investments to the left.

non-cash distribution of \$2.2 million was included in program expense. Excluding these amounts in both years, Other Program Expenditures were unchanged from the 2013 level.

#### FUNDRAISING AND GENERAL & ADMINISTRATIVE (G&A) ACTIVITIES

The ratio of fundraising and G&A expense to total revenue increased to 23% in 2014 due to investments in marketing, fundraising and administration. The ratio calculated as a percentage of funds raised (which includes equity and debt raised for the Implementing Members) remained steady at 15% in 2014 and 2013 reflecting increased equity and debt raised for Implementing Members. Fundraising and G&A decreased to 22% of total expenses versus 27% of total expenses in 2013.

# OPPORTUNITY INTERNATIONAL SUPPORTING MEMBERS

Supporting Members raise funds for our microfinance institutions

## COMBINED STATEMENT OF REVENUE AND EXPENDITURES

	FOR THE YEAR ENDED			
			December 31, 2014	December 31, 2013
\$ in thousands (unaudited)	U.S.	Outside U.S.	Total	Total
<b>REVENUE</b>				
Private contributions and pledges	\$ 48,255	\$ 15,950	\$ 64,205	\$ 65,676
Government grants	647	5,554	6,201	5,739
Other Income	180	863	1,043	940
<b>TOTAL REVENUE</b>	<b>49,082</b>	<b>22,367</b>	<b>71,449</b>	<b>72,355</b>
<b>EXPENDITURES</b>				
<b>Program activities</b>				
Equity investments in Opportunity banks	13,844	3,017	16,861	16,099
Grants to member organizations	9,298	10,243	19,541	13,290
Program development activities	17,017	7,548	24,565	19,612
<b>Total program services</b>	<b>40,159</b>	<b>20,808</b>	<b>60,967</b>	<b>49,001</b>
<b>Fundraising and G&amp;A Activities</b>				
Fundraising	7,830	2,619	10,449	9,933
G&A	3,545	1,113	4,658	4,047
<b>Total fundraising and G&amp;A</b>	<b>11,375</b>	<b>3,732</b>	<b>15,107</b>	<b>13,980</b>
<b>TOTAL EXPENDITURES</b>	<b>51,534</b>	<b>24,540</b>	<b>76,074</b>	<b>62,981</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>\$ (2,452)</b>	<b>\$ (2,173)</b>	<b>\$ (4,625)</b>	<b>\$ 9,374</b>

## COMBINED BALANCE SHEET

	FOR THE YEAR ENDED			
			December 31, 2014	December 31, 2013
\$ in thousands (unaudited)	U.S.	Outside U.S.	Total	Total
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 18,446	\$ 8,799	\$ 27,245	\$ 13,685
Restricted cash and cash equivalents	5,802	5,424	11,226	13,846
Current receivables	17,285	1,252	18,537	24,796
Other current assets	4,767	4,352	9,119	8,693
<b>Total current assets</b>	<b>46,300</b>	<b>19,827</b>	<b>66,127</b>	<b>61,020</b>
<b>Long-Term</b>				
Long-term receivables	12,423	–	12,423	6,608
Capital in Opportunity banks	105,130	41,061	146,191	132,686
Investments - other	20,222	5,191	25,413	30,324
Net property and equipment	1,163	506	1,669	1,440
<b>Total long-term assets</b>	<b>138,938</b>	<b>46,758</b>	<b>185,696</b>	<b>171,058</b>
<b>TOTAL ASSETS</b>	<b>\$ 185,238</b>	<b>\$ 66,585</b>	<b>\$ 251,823</b>	<b>\$ 232,078</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Current portion of long-term debt	\$ 5,076	\$ 408	\$ 5,484	\$ 3,565
Accounts payable and other current liabilities	12,360	473	12,833	13,662
<b>Total current liabilities</b>	<b>17,436</b>	<b>881</b>	<b>18,317</b>	<b>17,227</b>
<b>Long-Term</b>				
<b>Total long-term debt and other liabilities</b>	<b>32,187</b>	<b>330</b>	<b>32,517</b>	<b>15,337</b>
<b>TOTAL LIABILITIES</b>	<b>49,623</b>	<b>1,211</b>	<b>50,834</b>	<b>32,564</b>
<b>NET ASSETS</b>				
Unrestricted net assets	88,498	10,396	98,894	102,671
Restricted net assets	47,117	54,978	102,095	96,843
<b>Total net assets</b>	<b>135,615</b>	<b>65,374</b>	<b>200,989</b>	<b>199,514</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 185,238</b>	<b>\$ 66,585</b>	<b>\$ 251,823</b>	<b>\$ 232,078</b>

Complete audited financial statements are available upon request. 2013 financial statements have been restated to conform to the 2014 presentation.

## NOTES TO FINANCIALS

### FINANCIAL STATEMENT PRESENTATION

The financial information included in the statements on pages 15-17 was compiled from the financial statements of independent organizations around the world, using foreign exchange rates in effect at year-end or during the periods shown. The selected financial data shown here reflects certain adjustments to GAAP or IFRS made in each year for presentation purposes, including presenting the equity investments made to the Implementing Members as an expenditure and a portion of Capital in Opportunity Banks on a cost basis.

The Supporting Members' statements reflect the revenue and expenditures and balance sheet for charitable operations of the combination of the five independent fundraising members in developed countries (Australia, Canada, Germany, United Kingdom and United States), without regard to ownership positions in certain Implementing Members.

The Implementing Members' statements represent a combination of the revenue and expenditures and balance sheets compiled from the financial statements of the 44 Implementing Members, also without regard to ownership status.

Audited statements for Opportunity International-U.S. are available on our website, and the other members are available upon request.

### EQUITY OWNERSHIP IN AFFILIATES

Opportunity International-U.S. receives donations and grants for investment in 13 microfinance institutions. The investments provide start-up costs as well as expansion for the loan and other programs.



## OPPORTUNITY INTERNATIONAL IMPLEMENTING MEMBERS

Implementing Members are in-country microfinance institutions that serve our clients

### COMBINED STATEMENT OF REVENUE AND EXPENDITURES

\$ in thousands (unaudited)	FOR THE YEAR ENDED					
					December 31,	December 31,
	Africa	Asia	Eastern Europe	Latin America	2014	2013
					Total	Total
<b>INCOME &amp; EXPENSES</b>						
Financial income	\$ 63,983	\$ 144,508	\$ 22,756	\$ 19,105	\$ 250,352	\$ 236,149
Financial expenses	9,911	39,485	6,915	2,777	59,088	52,726
Gross financial margin	54,072	105,023	15,841	16,328	191,264	183,423
Provision for loan losses	7,121	4,460	1,242	773	13,596	14,101
Net financial margin	46,951	100,563	14,599	15,555	177,668	169,322
Operating expenses	59,237	85,377	12,695	13,693	171,002	164,254
<b>Net income from operations</b>	<b>(12,286)</b>	<b>15,186</b>	<b>1,904</b>	<b>1,862</b>	<b>6,666</b>	<b>5,068</b>
Other income (expense)	635	33	(89)	-	579	491
<b>Net income before taxes</b>	<b>(11,651)</b>	<b>15,219</b>	<b>1,815</b>	<b>1,862</b>	<b>7,245</b>	<b>5,559</b>
Provision for income taxes	1,396	2,793	286	(38)	4,437	2,028
<b>NET INCOME (LOSS)</b>	<b>\$ (13,047)</b>	<b>\$ 12,426</b>	<b>\$ 1,529</b>	<b>\$ 1,900</b>	<b>\$ 2,808</b>	<b>\$ 3,531</b>

### IMPLEMENTING MEMBERS

**Revenue:** Implementing Members' revenue increased by 6% to \$250 million in 2014, reflecting growth in Asia and Latin America.

**Net income:** Implementing Members' net income before taxes increased 30.3% to \$7.2 million in 2014. The gains resulted primarily from the improved quality of their loan portfolios, which was reflected in proportionately smaller provisions for loan losses. Income taxes increased 118.8% to \$4.4 million, reducing net income to \$2.8 million. Provision for income taxes included the write-off of some deferred tax assets (mainly expiring tax loss carryforwards) where recoupment is no longer expected.

**Loan portfolio:** The net loan portfolio increased by 16% at the end of 2014 to \$678 million.

**Customer deposits:** Client savings deposits increased 11.8% to end the year at \$273 million.

### COMBINED BALANCE SHEET

\$ in thousands (unaudited)	FOR THE YEAR ENDED					
					December 31,	December 31,
	Africa	Asia	Eastern Europe	Latin America	2014	2013
					Total	Total
<b>ASSETS</b>						
<b>Current</b>						
Cash and cash equivalents	\$ 39,857	\$ 40,920	\$ 22,594	\$ 3,409	\$ 106,780	\$ 115,939
Interest bearing deposits and investments	14,192	56,431	2,850	955	74,428	57,618
Net loan portfolio	106,455	401,955	115,689	53,416	677,515	584,047
Other current assets	12,846	32,271	4,603	1,056	50,776	41,667
<b>Total current assets</b>	<b>173,350</b>	<b>531,577</b>	<b>145,736</b>	<b>58,836</b>	<b>909,499</b>	<b>799,271</b>
<b>Long-term</b>						
Fixed and other long-term assets	29,478	53,334	5,521	3,596	91,929	83,471
<b>TOTAL ASSETS</b>	<b>\$ 202,828</b>	<b>\$ 584,911</b>	<b>\$ 151,257</b>	<b>\$ 62,432</b>	<b>\$1,001,428</b>	<b>\$ 882,742</b>
<b>LIABILITIES &amp; NET ASSETS/EQUITY</b>						
<b>Current</b>						
Short-term debt	\$ 4,696	\$ 93,018	\$ 8,500	\$ 6,423	\$ 112,637	\$ 67,768
Client savings deposits	97,021	68,650	89,746	18,093	273,510	244,717
Other current liabilities	11,795	40,732	6,167	2,631	61,325	29,690
<b>Total current liabilities</b>	<b>113,512</b>	<b>202,400</b>	<b>104,413</b>	<b>27,147</b>	<b>447,472</b>	<b>342,175</b>
<b>Long-term</b>						
<b>Total liabilities and long-term debt</b>	<b>46,656</b>	<b>248,265</b>	<b>21,779</b>	<b>18,250</b>	<b>334,950</b>	<b>336,003</b>
<b>TOTAL LIABILITIES</b>	<b>160,168</b>	<b>450,665</b>	<b>126,192</b>	<b>45,397</b>	<b>782,422</b>	<b>678,178</b>
<b>NET ASSETS/EQUITY</b>						
Total net assets/equity	42,660	134,246	25,065	17,035	219,006	204,564
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>	<b>\$ 202,828</b>	<b>\$ 584,911</b>	<b>\$ 151,257</b>	<b>\$ 62,432</b>	<b>\$1,001,428</b>	<b>\$ 882,742</b>

Complete audited financial statements are available upon request.



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Opportunity International is a global nonprofit organization that helps people in developing nations work their way out of poverty, transform their lives and strengthen their families and communities. Founded in 1971, the organization has provided more than \$9 billion in loans to help clients launch and expand businesses, provide for their children and create jobs in their communities. In addition to loans, Opportunity International offers savings programs, insurance and other financial services and training in 28 countries across Africa, Asia, Latin America and Europe. The U.S. headquarters of Opportunity International are in Chicago, with other key offices in Australia, Canada, Germany, Hong Kong, Singapore, Switzerland and the United Kingdom. Opportunity International is a 501(c)(3) nonprofit and serves all people regardless of race, religion, ethnicity or gender.

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**Front Cover: Jag Roshani, Manufacturing Entrepreneur from Delhi, India**

**Below: Kenyan client Anastacia Mwikali (left) celebrates her recent business success with her loan officer**

