OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Financial Statements and Supplementary Schedules

December 31, 2018
(with summarized comparative information as of December 31, 2017)

(With Independent Auditors' Report Thereon)

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

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KPMG LLP
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200 E. Randolph Street
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors
Opportunity International, Inc.:

We have audited the accompanying consolidated financial statements of Opportunity International, Inc. and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2018, 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 Opportunity International Savings and Loans Limited, a majority-owned subsidiary, which statements reflect total assets constituting 18 percent of consolidated total assets, inclusive of assets attributed to discontinued operations, at December 31, 2018, and total revenues constituting 22 percent of consolidated total revenues, inclusive of revenues attributed to discontinued operations, 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 report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Opportunity International Savings and Loans Limited, which conform those financial statements to U.S. generally accepted accounting principles. Our opinion, insofar as it relates to the amounts included for Opportunity International Savings and Loans Limited, prior to these conversion adjustments, is based solely on the report of the other auditor. 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 report of the other auditor, 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, 2018, and the results of their operations, their cash flows, and their functional expenses for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2(p) to the consolidated financial statements, in 2018, Opportunity International, Inc. and Affiliates adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Opportunity International, Inc. and Affiliates' 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived before the adjustments to adopt ASU 2016-14. As part of our audit of the 2018 consolidated financial statements, we also audited the adjustments described in Note 2(p) that were applied to adopt ASU 2016-14 retrospectively in the 2017 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information presented in the Charitable Activities, Banking Activities, and Eliminations columns on pages 3 and 4, the Charitable Activities and Banking Activities columns on page 6, and the Consolidating Schedules of Statements of Financial Position – Banking Operations Only and the Consolidating Schedules of Statements of Activities – Banking Operations Only is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Chicago, Illinois
August 2, 2019

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Financial Position

December 31, 2018
(with summarized comparative information as of December 31, 2017)

		2018			
Assets	**Charitable activities**	**Banking activities**	**Eliminations**	**Total**	**2017**
Cash and cash equivalents	$ 9,972,303	27,750,940	—	37,723,243	34,998,831
Restricted cash and investments	653,955	—	—	653,955	838,406
Pledges receivable, net	5,446,219	—	—	5,446,219	9,095,219
Investments, at fair value	621,055	—	—	621,055	600,843
Notes receivable, net	1,312,831	—	(48,274)	1,264,557	2,939,224
Loans receivable, net	—	122,064,249	—	122,064,249	112,908,718
Other receivables, net	189,038	—	(77,681)	111,357	100,667
Donor-advised assets	375,668	—	—	375,668	375,668
Prepaid expenses and other assets	1,025,227	3,204,905	—	4,230,132	4,182,031
Investment in other institutions	8,709,397	—	—	8,709,397	8,812,520
Building, furniture, and equipment, net	1,317,207	3,975,191	—	5,292,398	5,063,204
Assets of disposal group classified as held for sale	—	86,497,887	(752,084)	85,745,803	88,851,902
Total assets	$ 29,622,900	243,493,172	(878,039)	272,238,033	268,767,233
Liabilities and Net Assets					
Accounts payable and accrued liabilities	$ 5,596,519	4,682,004	(752,084)	9,526,439	16,652,046
Notes payable	14,733,225	37,345,054	—	52,078,279	54,379,642
Deferred revenue	262,545	2,967,174	—	3,229,719	2,541,235
Deposits from customers	—	82,713,383	—	82,713,383	72,227,968
Liabilities of disposal group classified as held for sale	—	78,230,055	(125,955)	78,104,100	78,707,473
Total liabilities	20,592,289	205,937,670	(878,039)	225,651,920	224,508,364
Noncontrolling interest	—	2,172,309	—	2,172,309	2,499,887
Net assets:					
Without donor restrictions	(3,978,732)	35,383,193	—	31,404,461	23,481,903
With donor restrictions	13,009,343	—	—	13,009,343	18,277,079
Total net assets	9,030,611	35,383,193	—	44,413,804	41,758,982
Total liabilities and net assets	$ 29,622,900	243,493,172	(878,039)	272,238,033	268,767,233

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Activities

Year ended December 31, 2018
(with summarized comparative information for the year ended December 31, 2017)

	2018						
	Without donor restrictions						
	Charitable activities	Banking activities	Eliminations	Total	With donor restrictions	Total	2017
Operating activities:							
Charitable support, gains, and losses:							
Private contributions	$ 8,449,015	—	—	8,449,015	9,093,933	17,542,948	21,193,464
Government grants	8,004,741	—	—	8,004,741	12,884	8,017,625	445,404
Other	5,046,427	—	(2,064,579)	2,981,848	—	2,981,848	327,243
Net assets released from restrictions	14,374,553	—	—	14,374,553	(14,374,553)	—	—
Total charitable support, gains, and losses	35,874,736	—	(2,064,579)	33,810,157	(5,267,736)	28,542,421	21,966,111
Banking revenue:							
Loan interest income	—	25,902,197	—	25,902,197	—	25,902,197	21,226,434
Other fees and income	—	686,904	—	686,904	—	686,904	578,642
Total banking revenue	—	26,589,101	—	26,589,101	—	26,589,101	21,805,076
Total support and revenue	35,874,736	26,589,101	(2,064,579)	60,399,258	(5,267,736)	55,131,522	43,771,187
Expenses:							
Charitable expenses:							
Program services:							
Grants for member organizations for operations and client loans	2,885,424	—	—	2,885,424	—	2,885,424	3,023,085
Development of member organizations	18,674,095	—	—	18,674,095	—	18,674,095	18,174,461
Total program services	21,559,519	—	—	21,559,519	—	21,559,519	21,197,546
Supporting services:							
Fundraising	3,719,175	—	—	3,719,175	—	3,719,175	3,700,196
Management and general	2,254,629	—	—	2,254,629	—	2,254,629	2,733,353
Total supporting services	5,973,804	—	—	5,973,804	—	5,973,804	6,433,549
Total charitable expenses	27,533,323	—	—	27,533,323	—	27,533,323	27,631,095
Banking expenses:							
Interest	—	5,524,145	(516,877)	5,007,268	—	5,007,268	4,041,522
Provision for loan losses	—	1,317,183	—	1,317,183	—	1,317,183	1,200,786
Operating expenses	—	15,807,348	(1,050,000)	14,757,348	—	14,757,348	11,615,070
Total banking expenses	—	22,648,676	(1,566,877)	21,081,799	—	21,081,799	16,857,378
Total expenses	27,533,323	22,648,676	(1,566,877)	48,615,122	—	48,615,122	44,488,473
Increase (decrease) in net assets from continuing operating activities	8,341,413	3,940,425	(497,702)	11,784,136	(5,267,736)	6,516,400	(717,286)
Discontinued operations:							
Loss from operations of discontinued banking activities (including loss on disposal of $1,555,025 in 2017)	—	(2,059,247)	497,702	(1,561,545)	—	(1,561,545)	(4,826,280)
Nonoperating activities:							
Loss on investments (including $2,779,095 and $307,950 impairment in 2018 and 2017, respectively)	(1,299,361)	—	—	(1,299,361)	—	(1,299,361)	(575,826)
Foreign currency translation gain (loss) for continuing operations	(81,152)	(1,415,936)	(13,811)	(1,510,899)	—	(1,510,899)	4,027,584
Noncontrolling interest in net loss of consolidated subsidiaries	—	510,227	—	510,227	—	510,227	1,128,541
Increase (decrease) in net assets from nonoperating activities	(1,380,513)	(905,709)	(13,811)	(2,300,033)	—	(2,300,033)	4,580,299
Investment in banking activities	—	—	—	—	—	—	(12,917)
Increase (decrease) in net assets	6,960,900	975,469	(13,811)	7,922,558	(5,267,736)	2,654,822	(976,184)
Net assets:							
Beginning of year	(10,939,632)	34,407,724	13,811	23,481,903	18,277,079	41,758,982	42,735,166
End of year	$ (3,978,732)	35,383,193	—	31,404,461	13,009,343	44,413,804	41,758,982

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Cash Flows

Year ended December 31, 2018
(with summarized comparative information for the year ended December 31, 2017)

		2018	2017
Cash flows from operating activities:			
Increase in net assets	$	4,216,368	3,850,096
Discontinued operations		(1,561,545)	(4,826,280)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:			
Depreciation		757,536	1,530,982
Foreign currency translation (gain) loss		1,510,899	(4,027,584)
Provision for loan losses		1,317,183	1,200,786
Net realized and unrealized (gain) loss on investments		(234,655)	597,597
Equity in (gain) loss of investment in other institutions		(299,743)	10,637
Impairment of investment in other institutions		2,039,041	307,950
Changes in assets and liabilities:			
Pledges and other receivables		3,638,310	(1,013,124)
Prepaid expenses and other assets		(48,101)	(1,463,584)
Accounts payable and accrued liabilities		874,393	2,124,724
De-obligation of USAID grant funds		(8,000,000)	—
Deferred revenue		688,484	957,415
Noncontrolling interest		182,649	231,634
Net cash provided by (used in) operating activities of continuing operations		5,080,819	(518,751)
Net cash provided by (used in) operating activities of discontinued operations		3,789,348	(5,685,073)
Net cash provided by (used in) operating activities		8,870,167	(6,203,824)
Cash flows from investing activities:			
Loan originations, net of principal collections		(10,472,714)	(30,199,846)
Sale (purchase) of investments in unconsolidated affiliates		(1,636,175)	(220,901)
Sale (purchase) of restricted cash and investments		398,891	(724,037)
Additions of building, furniture, and equipment, net of depreciation		(986,730)	(972,364)
Collections (issuance) of notes receivable, net		1,674,668	(445,583)
Net cash used in investing activities of continuing operations		(11,022,060)	(32,562,731)
Net cash used in investing activities of discontinued operations		(608,798)	(875,826)
Net cash used in investing activities		(11,630,858)	(33,438,557)
Cash flows from financing activities:			
Proceeds from notes payable		15,320,170	16,254,350
Principal payments of notes payable		(17,621,532)	(2,909,918)
Deposits from customers, net		10,485,415	11,913,207
Net cash provided by financing activities of continuing operations		8,184,053	25,257,639
Net cash (used by) provided by financing activities of discontinued operations		(1,188,051)	9,567,941
Net cash provided by financing activities		6,996,002	34,825,580
Effect of exchange rate changes on cash		(1,510,899)	4,027,584
Net increase (decrease) in cash and cash equivalents		2,724,412	(789,217)
Cash and cash equivalents at beginning of year		34,998,831	35,788,048
Cash and cash equivalents at end of year	$	37,723,243	34,998,831
Supplemental disclosures of cash flow information:			
Cash paid for interest	$	12,308,689	12,687,071
Cash paid for taxes		1,301,402	1,133,398

See accompanying notes to consolidated financial statements.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year ended December 31, 2018
(with summarized comparative information for the year ended December 31, 2017)

	2018						
	Charitable activities						
	Program services	Fundraising	Management and general	Total	Banking Activities	Total	2017 Total
Grants for member organizations for operations and client loans	$ 2,885,424	—	—	2,885,424	—	2,885,424	3,023,085
Support for Opportunity International Network and Opportunity Inc.	7,367,407	—	—	7,367,407	—	7,367,407	9,440,575
Salaries and benefits	4,313,607	2,940,966	971,046	8,225,619	7,406,018	15,631,637	12,894,986
Provision for loan loss	—	—	—	—	1,317,183	1,317,183	1,200,786
Rent and utilities	116,148	4,800	548,593	669,541	1,300,825	1,970,366	1,492,329
Travel and hosting	739,378	289,623	87,542	1,116,543	553,620	1,670,163	1,046,662
Professional fees	2,678,870	313,172	395,877	3,387,919	359,203	3,747,122	1,902,750
Miscellaneous expense	428,319	27,183	8,681	464,183	1,903,725	2,367,908	2,660,276
Interest expense	1,024,361	—	745	1,025,106	5,007,268	6,032,374	5,170,493
Telephone	48,329	25,407	38,066	111,802	124,096	235,898	174,516
Foreign exchange loss (gain)	—	—	—	—	(29,721)	(29,721)	865,756
Depreciation expense	192,411	—	42,574	234,985	522,551	757,536	1,530,982
Board meetings and conferences	23,448	13,156	26,292	62,896	25,866	88,762	78,286
Supplies, printing, and office equipment	1,428,578	63,523	82,799	1,574,900	230,643	1,805,543	516,162
Income tax expense	4	—	7,696	7,700	840,561	848,261	724,953
Postage and shipping	4,376	21,144	5,587	31,107	68,618	99,725	128,964
Training	71,983	17,075	7,974	97,032	118,804	215,836	133,085
Promotional materials	112,432	2,918	599	115,949	97,704	213,653	447,689
Donor-advised grant expense	40,000	—	—	40,000		40,000	15,000
Insurance	84,444	208	30,558	115,210	1,234,835	1,350,045	1,041,138
Total expenses	$ 21,559,519	3,719,175	2,254,629	27,533,323	21,081,799	48,615,122	44,488,473

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. By providing financial solutions and training, we empower people living in poverty to transform their lives, their children's futures, and their communities. 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.

Opportunity, Inc., a nonprofit entity incorporated January 23, 2014, 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. In November 2018, Opportunity, the other support members, and Opportunity, Inc. signed a memorandum describing our commitment to a shared vision and mission and collaborative relationships.

Opportunity provides a majority of the funding for the Network and Opportunity, Inc.'s operations, along with providing accounting and management services. These services are considered Opportunity's dues for Network membership and support for Opportunity, Inc. Total costs incurred by Opportunity, included in development of member organizations on the consolidated statements of activities, related to the Network and Opportunity, Inc. are $7,367,407 and $9,440,575 for the years ended December 31, 2018 and 2017, respectively.

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

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

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

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

Effective June 19, 2000, Opportunity incorporated Opportunity Transformation Investments (OTI), which is intended to invest in and hold ownership positions in microfinance institutions. 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 majority interests in the microfinance organizations included in continuing operations are as follows:

(i) Opportunity Banka a.d. Novi Sad (Opportunity Bank Serbia) – As of December 31, 2018 and 2017, OTI owned 100% of the outstanding shares of Opportunity Bank Serbia.

The controlling interests in microfinance organizations included in discontinued operations as of December 31, 2018 and December 31, 2017 are as follows (note 8):

(ii) Opportunity Microcredit Romania IFN SA (Opportunity Romania) – Effective December 29, 2017, OTI sold its ownership interest in Opportunity Romania to an unrelated third party.

(iii) Opportunity International Colombia S.A. Compania de Financiamiento (Opportunity Colombia) – During 2017, Opportunity and OTI made additional capital investments of $963,369. As of December 31, 2018 and 2017, Opportunity and OTI owned 72.1% and 73.9%, respectively, of the outstanding shares of Opportunity Colombia. On May 25, 2018, the shareholders signed an agreement to sell all outstanding shares to a third party.

(iv) Opportunity International Savings & Loans Limited in Ghana (Opportunity Bank Ghana) – As of December 31, 2018 and 2017, OTI owned 76.1% of the outstanding shares of Opportunity Bank Ghana.

(v) Opportunity International Bank of Malawi, Ltd. (Opportunity Bank Malawi) – Effective August 18, 2017, OTI sold its ownership interest in Opportunity Bank Malawi to an unrelated third party.

On January 23, 2014, OTI incorporated Opportunity International Nicaragua, Inc. (OINIC) to (i) provide assistance in the operation and maintenance of agricultural processing plants in Nicaragua that can assist in local community development, improve agricultural methods, and provide assistance to poor farmers; (ii) assistance to local artisans in production, management, and marketing of their products based on principles of fair trade practices; (iii) support and develop community-led projects and promote leadership development among youth and adults in selected communities in Nicaragua; (iv) operation of technical schools to impart education and technical skills to needy children, youth, and/or adults in selected parts of Nicaragua; and (v) help to build local self-sufficiency for poor people with locally run, sustainable institutions. The assets and liabilities of OINIC are included in charitable assets and liabilities on the consolidated statement of financial position, and the revenue and expenses of OINIC are included in charitable activities on the consolidated statement of activities.

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. (notes 10 and 17). 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.

(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 without donor restrictions or with donor restrictions as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions, which include capital and accumulated earnings or deficits at each subsidiary bank, consist of the following as of December 31, 2018 and 2017:

		2018	2017
Net assets without donor restrictions of continuing operations:			
Opportunity International – United States	$	(3,978,732)	(10,925,821)
Opportunity Bank Serbia		29,287,670	26,763,182
Subtotal – continuing operations		25,308,938	15,837,361
Net assets without donor restrictions of disposal group classified as held for sale:			
Opportunity Colombia		2,130,733	2,451,417
Opportunity Bank Ghana		3,964,790	5,193,125
Subtotal – disposal group		6,095,523	7,644,542
Total	$	31,404,461	23,481,903

The net assets of the banks are without donor restrictions 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.

With donor restrictions – Net assets that are subject to donor-imposed restrictions that will be met either by actions of Opportunity or by the passage of time. Net assets with donor restrictions are available for the following purposes or periods as of December 31, 2018 and 2017:

		2018	2017
Pledges receivable, net due after December 31	$	5,446,219	9,095,219
Programs in Latin America and Colombia		727,743	612,035
Programs in Asia		392,851	855,519
Programs in Africa		547,893	2,009,091
Education Finance programs		1,853,337	1,784,222
Other programs		4,041,300	3,920,993
Total	$	13,009,343	18,277,079

(Continued)

Net assets were released from donor restrictions during the years ended December 31, 2018 and 2017 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

		2018	2017
Programs in Africa	$	1,721,974	2,234,582
Programs in Latin America and Colombia		1,245,773	1,960,200
Programs in Asia		654,566	1,426,950
Education Finance programs		3,431,898	3,161,646
Other programs		7,320,342	2,698,665
Total	$	14,374,553	11,482,043

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 net assets without donor restrictions. Income statement accounts are translated at the average exchange rate during the period. Minority investors own portions of the microfinance institutions that OTI has controlling interest in: Opportunity Bank Ghana and Opportunity Colombia. The outside investors' shares are shown in Opportunity's consolidated financial statements as noncontrolling interest.

(b) Revenue and Expense

Revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions 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 net asset without restrictions 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 $5,066,808 and $2,841,457 in 2018 and 2017, 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 $600,748 and $543,961 as contribution revenue in the accompanying consolidated statement of activities, and the corresponding amount was included as supplies and services or as grants to the Network and member organizations in the accompanying consolidated statement of financial position for 2018 and 2017, respectively.

(c) 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.

(d) 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.

(e) Cash and Investments with Donor Restrictions

Cash and investments with donor restrictions at December 31, 2018 and 2017 consist of investment to support the annuity obligation (note 2(k)).

(f) 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.

(g) 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.

OTI reviews investments in other institutions for impairment whenever events or changes in circumstances indicate the carrying amount of the investment may not be recoverable. OTI recognized impairment losses on its investments in other institutions of $2,039,041 and $307,950 in the years ended December 31, 2018 and 2017, respectively. The amounts have been included in the loss on investments in nonoperating activities on the consolidated statement of activities.

(h) Accrued Interest Receivable on Loans

Interest is accrued on loans when earned and included in other assets of banking activities in the consolidated statement of financial position. 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.

(i) Allowance for Loan Losses

Allowances have been established for loan losses that are probable as of the balance sheet date. 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.

(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 40 years. Accumulated depreciation on building, furniture, and equipment of continuing operations was $7,561,007 and $7,339,895 at December 31, 2018 and 2017, respectively.

(Continued)

(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 3.6% and 2.6% was utilized as of December 31, 2018 and 2017, respectively. The difference is classified as contributions without donor restrictions on the consolidated statement 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) Derivatives

Derivatives (swap agreements) may be used by Opportunity principally in the management of its foreign currency exposure at foreign banks. 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.

(m) 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.

(n) 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, as amended. Accordingly, Opportunity and OTI are generally not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. No provision for federal or state income taxes has been made as Opportunity and OTI are not engaged in any unrelated business income activities. Opportunity and OTI believe they have taken no significant uncertain tax positions as of December 31, 2018 or 2017.

The microfinance institutions included in the accompanying consolidated financial statements pay taxes in accordance with their respective country's laws at rates ranging from 15% to 34% of taxable income and current tax expense is recorded for these amounts. Income tax expense is included in banking operating expenses on the consolidated statement of activities. Income taxes for the overseas for-profit microfinance institutions are accounted for under the asset-and-liability method. Deferred taxes and liabilities are recognized for the future consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax carryforwards. Deferred tax assets and liabilities are measured using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(Continued)

(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, 2017, from which the summary information was derived.

(p) Recently Adopted Accounting Standards

During 2018, Opportunity implemented Accounting Standards Update (ASU) 2016-14, *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not for Profit Entities* and ASU 2016-15, *Statement of Cash Flows (Topic 230) – Restricted Cash*, applying the changes retrospectively. The new standards had the following impact on the consolidated financial statements:

- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The consolidated financial statements include a disclosure about liquidity and availability of resources.

A recap of the net reclassifications based on the adoption of ASU 2016-14 as of January 1, 2018 follows:

	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total net assets
As previously presented at December 31, 2017:			
Unrestricted	$ 23,481,903	—	23,481,903
Temporarily restricted	—	18,277,079	18,277,079
Total	$ 23,481,903	18,277,079	41,758,982

(q) Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* The standard replaces substantially most existing revenue recognition guidance. The core principle is to recognize revenue upon the transfer of goods or services to customers at an amount that reflects the consideration expected to be received. Since its issuance, the FASB has amended several aspects of the new guidance, including provisions that address revenue recognition associated with the licensing of intellectual property and principal versus agent considerations. This guidance, including the amendments, is required to be adopted by not for profit organizations for annual periods beginning after December 15, 2018. Early application is permitted beginning with the fiscal year 2018. Opportunity has evaluated its existing revenue streams in accordance with this standard and determined the financial effect will be immaterial to its consolidated financial statements.

(Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This guidance establishes the principles that lessees and lessors shall apply to report useful information to users of the financial statements about the amount, timing, and uncertainty of cash flows arising from a lease for more transparency and comparability among organizations. The core principle of the new guidance is that a lessee should recognize the assets and liabilities that arise from leases. Additional guidance was issued in July 2018 under ASU No. 2018-10, *Codification Improvements for Topic 842, Leases (Topic 842)*. These requirements become effective for Opportunity for the fiscal years beginning after December 15, 2019, with early adoption permitted. Opportunity is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230); Restricted Cash*, which provides guidance on how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 requires entities to show the changes in the total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for Opportunity for fiscal years beginning January 1, 2019, with early adoption permitted. As a result of this guidance, Opportunity will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the consolidated statement of cash flows because restricted cash will be presented in combination with cash and cash equivalents.

In August 2018, the FASB issued ASU 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not for Profit Entities, or as exchange (reciprocal) transactions subject to other guidance, and also assist in determining whether a contribution is conditional. This guidance becomes effective for Opportunity for fiscal years beginning after December 15, 2018, with early adoption permitted. Opportunity is currently evaluating the effect that ASU 2018-08 will have on its consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13*, Fair Value Measurement (Topic 820): Disclosure Framework- Changes to Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements on fair value measurements. The amendments in this update are effective for Opportunity for fiscal years beginning after December 15, 2019, with early adoption permitted. Opportunity is currently evaluating the effect that ASU 2018-13 will have on its consolidated financial statements and related disclosures.

(r) Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through August 2, 2019, the date the consolidated financial statements were issued (note 17).

(Continued)

(3) Liquidity and Availability

Opportunity has various practices in place to ensure sufficient resources are available to fund the general obligations, including general expenditures, liabilities, and other obligations as they become due. In general, Opportunity uses the cash and other financial assets collected during the year to fund expenses for the same year.

Cash and other financial assets available within one year at December 31, 2018:

	Charitable activities	Banking activities	Total
Financial assets at year-end:			
Cash, cash equivalents, and restricted cash	$ 10,626,258	27,750,940	38,377,198
Pledges receivable, net	5,446,219	—	5,446,219
Investments, at fair value	621,055	—	621,055
Notes receivable, net	1,264,557	—	1,264,557
Loans receivable, net	—	122,064,249	122,064,249
Other receivables, net	111,357	—	111,357
Donor-advised assets	375,668	—	375,668
Total financial assets	18,445,114	149,815,189	168,260,303
Less commitments and loans beyond one year:			
Pledges receivable, net	(1,983,300)	—	(1,983,300)
Loans receivable, net	—	(105,370,570)	(105,370,570)
Financial assets readily available within one year	(1,983,300)	(105,370,570)	(107,353,870)
Total available within one year	$ 16,461,814	44,444,619	60,906,433

(4) 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 pledges 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, 2018 and 2017, Opportunity's cash and investments and investment securities are accounted for at fair value using the fair value hierarchy of ASC 820 as follows:

	December 31, 2018		
	Level 1	Level 2	Level 3
Money market funds – unrestricted cash equivalents	$ 100,434	—	—
Money market funds – restricted cash equivalents	653,955	—	—
Short-term investments	244,753	—	354,269
Common stock	22,033	—	—
Total	$ 1,021,175	—	354,269

	December 31, 2017		
	Level 1	Level 2	Level 3
Money market funds – unrestricted cash equivalents	$ 2,013	—	—
Money market funds – restricted cash equivalents	805,487	—	—
Short-term investments	340,131	—	160,206
Common stock	60,312	—	—
Foreign currency swap asset	—	40,194	—
Foreign government securities and bonds	—	3,048,236	—
Total	$ 1,207,943	3,088,430	160,206

Foreign government securities and bonds are included in banking activities cash and cash equivalents in the consolidated statement of financial position.

Transfers between levels of the fair value hierarchy are recognized on the actual date of the event or change in circumstance that caused the transfer. During 2018 and 2017, there were no transfers between levels of the fair value hierarchy.

The following table presents a summary of changes in the fair value of Opportunity's Level 3 assets for the year ended December 31, 2018:

Beginning balance, January 1, 2018	$	160,206
Gain on investments		130
New investments		193,933
Ending balance, December 31, 2018	$	354,269

(5) Investments and Investment in Other Institutions

Investments consist of the following as of December 31, 2018 and 2017:

		2018	2017
Short-term investments	$	599,022	500,337
Common stock		22,033	60,312
Swap asset		—	40,194
Total investments at fair value	$	621,055	600,843

Investment income, net of eliminations, from charitable activities for the years ended December 31, 2018 and 2017 consists of the following:

		2018	2017
Interest	$	—	109,487
Dividends		7,039	14,060
Realized gain (loss) on investments		484,328	(393,256)
Unrealized gain (loss) on investments		(51,431)	12,470
Equity loss from other institutions		(1,739,297)	(318,587)
Loss on investments, net	$	(1,299,361)	(575,826)

(Continued)

OTI holds varying noncontrolling interests in other financial institutions as follows:

		2018	2017
BFSE Holding B.V. (4.3%)	$	—	32,869
MFX Solutions, LLC. (1.2%)		246,016	232,733
Growing Opportunity Finance (India) Pvt. Ltd (0.8%)		31,594	24,004
SEAF Serbia Impact Fund B.V. (60%)		1,266,694	107,820
Opportunity International China Ltd. (32.8%)		231,863	2,446,082
Dia Vikas Capital Pvt. Ltd-India (8.63%)		2,447,198	2,202,792
VisionFund DRC (20%)		402,602	—
Opportunity Bank Uganda Limited (36.7%)		3,215,414	2,898,204
Redeemable noncontrolling interest in Opportunity Colombia		868,016	868,016
Total investment in other institutions	$	8,709,397	8,812,520

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 10.2%, of the outstanding capital stock of Opportunity Colombia. The shareholder agreement was amended during 2016, allowing the Put Option to be exercisable between 42 and 72 months from December 31, 2018. 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 $868,016 in the investment in other financial institutions and in accrued liabilities in the accompanying consolidated statement of financial position as of December 31, 2018 and 2017, respectively.

Equity loss from the investment in other institutions, including impairment loss of $2,039,041 and $307,950 in 2018 and 2017, respectively, consists of the following:

		2018	2017
MFX Solutions, LLC.	$	13,283	(2,911)
SEAF Serbia Impact Fund B.V.		(82,393)	(163,544)
Opportunity International China Ltd.		(2,214,218)	(49,913)
Growing Opportunity Finance (India) Pvt. Ltd.		7,590	5,282
Dia Vikas Capital Pvt. Ltd – India		244,406	(352,973)
VisionFund DRC		(25,175)	—
Opportunity Bank Uganda Limited		317,210	245,472
Total equity loss from other institutions	$	(1,739,297)	(318,587)

(6) Notes Receivable

Notes receivable as of December 31, 2018 and 2017 are as follows:

		2018	2017
Association de Oportunidad y Desarrollo Economico de Nicaragua (ASODENIC), interest rate 0%	$	10,000	60,000
Sinapi Aba Trust (SAT), Ghana, interest rate at 0%		—	67,594
Alalay Sa Kaunlaran Sa Gitnang Luzon Inc. (ASKI), interest rate 0%		—	52,638
ASPIRE, interest rate 0%		176,666	176,666
Dia Vikas Capital Pvt. Ltd (Dia Vikas), interest rate 12%		894,803	975,037
Opportunity Kauswagan Remit Inc. (OK Remit), interest 0%		200,000	200,000
Opportunity Uganda, interest 0%		—	205,000
Opportunity Uganda, interest 2%		48,000	48,000
Opportunity Kenya, interest 10%		—	268,832
Opportunity Tanzania, interest 0%		—	412,500
Coop ASPIRE, interest 10%		286,363	301,893
Opportunity Microcredit Romania, interest 7%		122,602	641,333
Taytay Sa Kauswagan Inc. (TSKI) interest rate 0%		11,446	11,446
Taytay Sa Kauswagan Inc. (TSKI) interest rate 9%		69,491	73,099
Subtotal notes receivable		1,819,371	3,494,038
Less allowance for uncollectible amounts		(554,814)	(554,814)
Total net notes receivable	$	1,264,557	2,939,224

The ASPIRE, Dia Vikas, and OK Remit notes are convertible to equity upon demand. During 2017, OTI converted $48,185 of the Dia Vikas note to equity.

(7) Loans Receivable

Loans represent microloans granted to individuals and private entrepreneurs by Opportunity Bank Serbia for the purpose of providing financing support to small enterprises in Serbia. 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 ten years at interest rates of between 1.5% and 47.8%. Certain loans may be collateralized by security such as cash or mortgages. Loans outstanding of continuing operations as of December 31, 2018 and 2017 consist of the following:

		2018	2017
Loans receivable	$	124,769,869	115,204,465
Less loan loss allowance		(2,705,620)	(2,295,747)
Net loan portfolio	$	122,064,249	112,908,718

Gross loan portfolio by product for the years ended December 31, 2018 and 2017 is as follows:

		2018	2017
Individual	$	91,584,523	85,982,009
Small and medium enterprise (SME)		33,185,346	29,222,456
Total gross loans	$	124,769,869	115,204,465

A summary of the activity in the allowance for loan losses for the years ended December 31, 2018 and 2017 is as follows:

		2018	2017
Balance at beginning of year	$	2,295,747	1,910,815
Provision for loan losses		1,317,183	1,200,786
Loans charged off		(1,390,894)	(1,154,562)
Foreign currency translation gain		483,584	338,708
Balance at end of year	$	2,705,620	2,295,747

The following tables summarize the activity in the loan loss allowance by product for the years ended December 31, 2018 and 2017:

Year ended December 31, 2018		Individual	SME	Total
Balance at beginning of year	$	1,361,498	934,249	2,295,747
Provision for loan losses		485,583	831,600	1,317,183
Loans charged off		(1,021,139)	(369,755)	(1,390,894)
Foreign currency translation loss		596,035	(112,451)	483,584
Balance at end of year	$	1,421,977	1,283,643	2,705,620
Reserve components:				
Individually evaluated for impairment	$	163,403	159,312	322,715
Collectively evaluated for impairment		1,258,574	1,124,331	2,382,905
Total	$	1,421,977	1,283,643	2,705,620

Year ended December 31, 2017		Individual	SME	Total
Balance at beginning of year	$	786,677	1,124,138	1,910,815
Provision for loan losses		1,017,853	182,933	1,200,786
Loans charged off		(577,393)	(577,169)	(1,154,562)
Foreign currency translation loss		134,361	204,347	338,708
Balance at end of year	$	1,361,498	934,249	2,295,747
Reserve components:				
Individually evaluated for impairment	$	557,275	410,153	967,428
Collectively evaluated for impairment		804,223	524,096	1,328,319
Total	$	1,361,498	934,249	2,295,747

The following is a summary of expected loan maturities as of December 31, 2018 and 2017:

		2018	2017
Less than 1 month	$	1,686,917	2,026,895
From 1 to 3 months		1,727,504	1,451,653
From 3 to 12 months		15,984,878	15,610,246
Over 1 year		105,370,570	96,115,671
Balance at end of year	$	124,769,869	115,204,465

Aging analysis of gross loans receivable as of December 31, 2018 and 2017 is as follows:

		2018	2017
Current	$	122,453,135	112,441,781
30–59 days past due		650,661	782,159
60–89 days past due		225,627	268,173
90 days and over past due		1,440,446	1,712,352
Total gross loans receivable	$	124,769,869	115,204,465

There were no loans to employees and officers of the bank as of December 31, 2018 and 2017.

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.

(Continued)

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, 2018 and 2017 was approximately $2.4 million and $1.9 million, respectively. Impaired loan statistics are summarized in the following tables:

December 31, 2018	Impaired loans with valuation allowance	Impaired loans with no valuation allowance	Total impaired loans	Valuation allowance	Interest income recognized
Individual	$ 1,181,826	—	1,181,826	783,445	1,419
SME	1,196,687	—	1,196,687	357,542	4,468
Total	$ 2,378,513	—	2,378,513	1,140,987	5,887

December 31, 2017	Impaired loans with valuation allowance	Impaired loans with no valuation allowance	Total impaired loans	Valuation allowance	Interest income recognized
Individual	$ 658,958	48,368	707,326	783,761	36,372
SME	1,156,873	31,809	1,188,682	481,721	11,549
Total	$ 1,815,831	80,177	1,896,008	1,265,482	47,921

Troubled debt restructurings (TDR) represent loans for which the original contractual terms have been modified to provide for terms that are less than what management would be willing to accept for new loans with comparable risk because of deterioration in the borrower's financial condition. Loan restructurings occur for reasons including delinquency or anticipation of financial difficulty due to seasonal issues or natural disasters. Modifications may include one or more of the following changes to the terms of the loan, including, but not limited to, a change in interest rate, reduction in the payment amount, or an extension of the reimbursement period. Once a loan is restructured, loss provision is determined in the same manner as that of a regular loan. The following table presents information about receivables for which the original contractual terms were modified during the years ended December 31, 2018 and 2017, and as a result became classified as TDR's:

December 31, 2018	Amount with allowance	Amount without allowance	Total TDR loans	Related allowance	Average TDR balance	Interest income recognized
Individual	$ 1,030,562	—	1,030,562	111,149	157,343	3,665
SME	704,045	—	704,045	109,701	201,975	7,809
Total	$ 1,734,607	—	1,734,607	220,850	359,318	11,474

December 31, 2017		Amount with allowance	Amount without allowance	Total TDR loans	Related allowance	Average TDR balance	Interest income recognized
Individual	$	973,227	120,473	1,093,700	182,408	3,640	3,620
SME		790,160	171,123	961,283	274,642	8,781	4,614
Total	$	1,763,387	291,596	2,054,983	457,050	12,421	8,234

(8) Discontinued Operations

Opportunity considers a component to be classified as discontinued operations when it meets the criteria established under ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which was adopted by Opportunity as of January 1, 2015. 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 statement 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 these banking activities are a major part of OTI's operations and financial results, OTI has determined that the disposals represent a strategic shift. Accordingly, the assets and liabilities of the banking activities located in Colombia and Ghana have been segregated and reported as held for sale in the consolidated statement of financial position as of December 31, 2018, with comparative presentation for 2017. Furthermore, the banking activities in these regions have been segregated and reported as discontinued operations in the consolidated statement of activities for all periods presented.

On August 18, 2017, the shareholders of Opportunity Bank Malawi (OIBM) sold all shares to an unrelated third party. The estimated $4.9 million loss on the disposal of OIBM's net assets was included in loss on discontinued operations in 2015. $2.4 million of the estimated loss was reversed in 2017 when the shares of OIBM were sold.

Effective December 29, 2017, OTI sold its ownership interest in Opportunity Romania to an unrelated third party. The $1 million loss on the disposal of Opportunity Romania's net assets was included in loss on discontinued operations in 2017.

On May 25, 2018, the shareholders of Opportunity Bank Colombia and an unrelated third party agreed on a 100% acquisition of Opportunity Bank Colombia shares. The transaction is pending the approval of the Superintendency of Finance of Colombia and is expected to close in the third quarter of 2019. As of December 31, 2017, OTI estimated a loss on disposal of its banking activities in Colombia of approximately $3.5 million. $.9 million of the loss on Opportunity Colombia was attributable to noncontrolling interests. The loss was recognized as a reduction in value of the assets of Opportunity Colombia as of December 31, 2017.

The following tables present 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 statement of financial position as of December 31, 2018 and 2017:

		2018	2017
Carrying amounts of major classes of assets included as part of discontinued operations:			
Cash and cash equivalents	$	20,305,928	22,313,024
Loans receivable, net of allowance		59,863,198	61,349,092
Prepaid expenses and other assets		7,622,124	6,764,296
Building, furniture, and equipment, net of accumulated depreciation		2,498,276	2,969,213
Loss on assets of disposal group classified as held for sale		(4,543,723)	(4,543,723)
Total assets of the disposal group classified as held for sale in the consolidated statement of financial position	$	85,745,803	88,851,902

		2018	2017
Carrying amounts of major classes of liabilities included as part of discontinued operations:			
Accounts payable and accrued liabilities	$	4,296,778	3,313,119
Deposits from customers		58,722,828	55,272,547
Notes payable		13,738,744	18,425,350
Deferred revenue		1,345,750	1,696,457
Total liabilities of the disposal group classified as held for sale in the consolidated statements of financial position	$	78,104,100	78,707,473

The following table represents a reconciliation of the major classes of line items constituting the results of discontinued operations for the years ended December 31, 2018 and 2017:

	2018	2017
Major classes of line items constituting the loss of discontinued operations:		
Revenue:		
Loan interest income	$ 24,870,361	29,192,113
Other fees and income	4,424,852	4,676,904
Total revenue	29,295,213	33,869,017
Expenses:		
Interest	6,276,315	7,390,392
Provision for loan losses	1,401,353	2,704,571
Management and general, including income tax expense	22,056,055	26,253,402
Total operating expenses	29,733,723	36,348,365
Nonoperating activities:		
Net loss on assets of disposal group classified as held for sale	—	(2,370,807)
Net unrealized gain (loss) on foreign currency translation	(1,123,035)	23,875
Loss from discontinued banking activities	(1,561,545)	(4,826,280)
Net loss attributable to noncontrolling interests	510,227	1,128,541
Net loss attributable to OTI	$ (1,051,318)	(3,697,739)

(9) Deposits from Customers

Deposits from customers of continuing operations as of December 31, 2018 and 2017 consist of the following:

	2018	2017
Opportunity Bank Serbia:		
Demand deposits	$ 22,151,141	23,776,879
Short-term deposits	21,665,582	16,791,991
Long-term deposits	38,896,660	31,659,098
Total Opportunity Bank Serbia	$ 82,713,383	72,227,968

(10) Notes Payable

Notes payable of continuing operations, net of eliminations, as of December 31, 2018 and 2017 include the following:

	2018	2017
Opportunity Bank Serbia:		
Note payable, 5.50% interest, maturity – equal annual installments from March 2018 to March 2020	$ —	3,603,941
Note payable, 4.5% interest, maturity May 2018	—	3,603,941
Note payable, 6.5% interest, maturity November 2023	2,281,156	2,402,620
Note payable, 6-mo Euribor + 6% interest, maturity February 2023	2,281,156	2,402,630
Note payable, 6-month Euribor + 5.3% interest, maturity June 2019 to December 2020	3,258,796	5,148,485
Note payable, 6-month Euribor + 5.8% interest, maturity June 2018 to December 2018	—	686,469
Note payable, 3-month Belibor + 5.6% interest, maturity May 2020	5,934,750	6,236,100
Note payable, 4% interest, maturity – equal semi-annual installments June 2019 to December 2020	3,914,233	5,141,233
Notes payable, 4.3% interest, maturity October 2020	2,281,157	2,402,606
Notes payable, 7.5% interest, maturity August 2024	2,281,156	2,402,626
Note payable, 3.75% interest, maturity February 2021	2,281,154	—
Note payable, 3.7% interest, maturity May 2021	2,281,154	—
Note payable, 4.2% interest, maturity September 2021	5,702,889	—
Note payable, 4.22% interest, maturity June 2021	4,847,453	—
Total banking notes payable	37,345,054	34,030,651
Charitable notes payable:		
Note payable, 0% interest, maturity November 2019	125,000	125,000
Note payable, 2% interest, maturity April 2018	—	100,000
Note payable, 2% interest, maturity December 2018	—	600,000
Note payable, 2% interest, maturity April 2019	100,000	100,000
Note payable, 2% interest, maturity July 2019	250,000	250,000
Note payable, 2% interest, maturity August 2019	125,000	125,000
Notes payable, 2% interest, maturity October 2019	600,000	600,000
Note payable, 2% interest, maturity April 2020	100,000	100,000
Note payable, 2% interest, maturity May 2020	250,000	250,000
Note payable, 3% interest, maturity November 2020	500,000	500,000
Note payable, 2% interest, maturity January 2021	250,000	250,000
Note payable, 2% interest, maturity April 2021	100,000	100,000

		2018	2017
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 January 2019–2020		1,380,000	1,500,000
Note payable, 2% interest, maturity January 2021		50,000	—
Note payable, 3% interest, maturity October 2023		100,000	—
Notes payable, 7% interest, maturity December 2021		8,458,423	13,296,283
Note payable, 0% interest, maturity – quarterly installments through December 2019		211,831	385,708
Note payable, 0% interest, November 2019		132,971	67,000
Total charitable notes payable		14,733,225	20,348,991
Total notes payable	$	52,078,279	54,379,642

The banking notes payable are the obligations of Opportunity Bank Serbia. These borrowings are nonrecourse to OTI.

Impact Investment Fund notes of $4,425,000 and $4,975,000 outstanding as of December 31, 2018 and 2017, respectively, are included in charitable notes payable. Maturities range from one to five years. Annual interest is 2–3%.

Included in charitable notes payable are ten notes OTI issued on December 17, 2014 totaling €11,100,000 ($12,702,618 and $13,296,283 as of December 31, 2018 and 2017, respectively) with an annual interest rate of 7%. The notes mature on December 17, 2021. Included were notes totaling €1,010,346 ($1,210,258 as of December 31, 2017), to OTI board members. The notes are nonrecourse but are secured by OTI's shares in Opportunity Bank Serbia. OTI used 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 ($6,866,280 and $7,186,800 as of December 31, 2018 and 2017, respectively) plus accrued interest. Opportunity Bank Serbia is the issuer of the assigned notes. €2,000,000 of the notes was converted to equity in Opportunity Bank Serbia during 2015. Opportunity Bank Serbia paid the remaining €4,000,000 in 2018. The funds were used to partially repay the note holders.

Aggregate maturities of notes payable as of December 31, 2018 are as follows:

2019	$	5,511,307
2020		13,652,430
2021		25,971,075
2022		—
2023		4,662,312
2024		2,281,155
Total notes payable	$	52,078,279

(11) Noncontrolling Interest

Below is the activity of the noncontrolling interest for the years ended December 31, 2018 and 2017:

		December 31, 2018			
		Beginning balance	Interest in net loss of consolidated subsidiaries	Increase in share capital	Ending balance
Noncontrolling interest of disposal group classified as held for sale:					
Opportunity Colombia	$	867,139	(124,031)	182,649	925,757
Opportunity Bank Ghana		1,632,748	(386,196)	—	1,246,552
Total – disposal group	$	2,499,887	(510,227)	182,649	2,172,309

		December 31, 2017			
		Beginning balance	Interest in net gain (loss) of consolidated subsidiaries	Increase (decrease) in share capital	Ending balance
Noncontrolling interest of disposal group classified as held for sale:					
Opportunity Romania	$	277,517	256,640	(534,157)	—
Opportunity Colombia		1,704,914	(1,027,107)	189,332	867,139
Opportunity Bank Ghana		1,503,743	137,139	(8,134)	1,632,748
Opportunity Bank Malawi		(89,380)	(495,213)	584,593	—
Total – disposal group	$	3,396,794	(1,128,541)	231,634	2,499,887

(12) 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, 2018	Completion date
Serbia 2003	$	9,966,025	9,966,025	September 2018

Included in the charitable funds accrued liabilities as of December 31, 2017 is $8,000,000, payable to USAID upon the termination of the Serbia 2003 Cooperative Agreement. Opportunity successfully accomplished all milestones by September 27, 2018 as required. On November 20, 2018 USAID issued a closeout – completion statement stating that all required actions were fully and satisfactorily accomplished and the $8,000,000 was de-obligated. Accordingly Opportunity recognized $8,000,000 of government revenue and reversed the related accrued liability.

(13) Commitments and Contingencies

(a) Lease Obligations

Opportunity leases office space in Illinois, Pennsylvania and Malawi under operating leases. The Pennsylvania and Malawi offices are rented on a month-to-month basis. Effective December 17, 2018 Opportunity sublet 40% of the Chicago office space to an unrelated party for the balance of the lease term. Rent expense for the years ended December 31, 2018 and 2017 was $523,334 and $499,873, respectively. Future minimum net operating lease payments as of December 31, 2018 are as follows:

2019	$	358,070
2020		464,781
2021		506,999
2022		129,723
Total	$	1,459,573

The banks lease office space and equipment in the various countries in which they are located under operating leases. Rent expense of continuing operations for the years ended December 31, 2018 and 2017 was $415,467 and $370,116, respectively. Future minimum operating lease payments as of December 31, 2018 are as follows:

		Continuing operations	Disposal group	Total
2019	$	253,975	498,462	752,437
2020		217,481	457,522	675,003
2021		188,851	445,353	634,204
2022		140,705	82,083	222,788
2023		393,767	70,791	464,558
Thereafter		—	51,111	51,111
Total	$	1,194,779	1,605,322	2,800,101

(b) Reserve and Regulatory Capital Requirements

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

Opportunity Bank Serbia is required to maintain a minimum capital adequacy ratio of 8% as set by the National Bank of Serbia based on the principles of Basel III. 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 ($11,443,800 and $11,979,500 as of December 31, 2018 and 2017, respectively). As of December 31, 2018 and 2017, Opportunity Bank Serbia met these regulatory requirements.

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, 2018 and 2017, Opportunity Bank Ghana met these regulatory requirements.

The Superintendency of Finance of Colombia (SFC) requires Opportunity Colombia to maintain technical equity above 9% of the assets in local and foreign currency weighted by risk level, pursuant to what is indicated in Article 2 of Decree 1720 of 2001. As of December 31, 2018 and 2017, Opportunity Colombia met these regulatory requirements. In accordance with a September 13, 2017 SFC Administrative order, Opportunity Colombia is required to maintain a solvency ratio of 12% and a liquidity risk indicator 30 days at a minimum of 115%. Opportunity Colombia met these requirements as of December 31, 2018 and 2017.

(14) Employee Benefit Plan

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. Non U.S. employees are covered by local retirement plans. Benefit expense representing Opportunity's discretionary contribution to the plans amounted to $422,236 and $362,524 for the years ended December 31, 2018 and 2017, respectively, and is included in salaries and benefits on the consolidated statement of functional expenses.

(15) Related-Party Transactions

Included in program services in the consolidated statement of activities are grant expenses of $10,252,831 and $12,463,660 in 2018 and 2017, respectively, which relate to disbursements made by Opportunity to its affiliated member organizations.

Notes payable totaling $0 and $1,210,258 as of December 31, 2018 and 2017, respectively, were due to board members of Opportunity. Interest paid to related parties was $0 and $84,133 in 2018 and 2017, respectively.

Pledges for future donations of $19,250 and $256,750 were due from board members of Opportunity as of December 31, 2018 and 2017, respectively.

(16) 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, 2017, OTI had two swap agreements in place to mitigate the effects of foreign currency risk on local currency notes receivable issued to two microfinance institutions. OTI had no swap agreements in place as of December 31, 2018 as the amount of local currency notes receivable outstanding was minimal.

(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 portion of loans are short-term in nature; about 15.5% and 16.6% are due within one year as of December 31, 2018 and 2017, 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 meet. Additionally, each institution monitors liquidity on a daily basis to meet its internal liquidity requirements. Total cash on hand of the combined banks is approximately $27.8 million and $24.4 million as of December 31, 2018 and 2017, respectively, which is approximately 18% and 17% of total assets of the combined banks in 2018 and 2017, respectively.

(17) Subsequent Events

(a) Notes Payable

As of July 30, 2019, two investing notes issued to OTI totaling $1,250,000 were forgiven by the lenders. Opportunity issued a $500,000 note with an interest rate of 6% and a maturity date in 2020 to a new lender on July 18, 2019.

(b) Dissolution of OTI BV

Due to lack of activity, OTI filed for the dissolution of OTI BV on April 24, 2019. The deregistration by the Netherlands Business Register was completed on July 8, 2019.

(c) Reserve and Regulatory Capital Requirements

As of August 2, 2019, OTI's foreign for profit microfinance companies in Ghana, Colombia, and Serbia met the regulatory requirements in their respective countries.

Supplementary Schedule 1

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidating Schedules of Statements of Financial Position – Banking Operations

Years ended December 31, 2018 and 2017

	Continuing operations			Discontinued operations				
December 31, 2018	**Opportunity Bank Serbia**	**Eliminations**	**Total continuing operations**	**Opportunity Colombia**	**Opportunity Bank Ghana**	**Eliminations**	**Total discontinued operations**	**2018 Banks consolidated**
Banking assets:								
Cash and cash equivalents	$ 27,750,940	—	27,750,940	4,825,862	15,480,066	—	20,305,928	48,056,868
Loans receivable, net of allowance	122,064,249	—	122,064,249	35,323,961	24,539,237	—	59,863,198	181,927,447
Prepaid expenses and other assets	3,204,905	—	3,204,905	1,651,857	6,722,351	(752,084)	7,622,124	10,827,029
Building, furniture, and equipment, net of accumulated depreciation	3,975,191	—	3,975,191	197,326	2,300,950	—	2,498,276	6,473,467
Loss on assets of disposal group classified as held for sale	—	—	—	(3,493,814)	(1,049,909)	—	(4,543,723)	(4,543,723)
Total banking assets	$ 156,995,285	—	156,995,285	38,505,192	47,992,695	(752,084)	85,745,803	242,741,088
Banking liabilities:								
Accounts payable and accrued liabilities	$ 4,682,004	—	4,682,004	819,551	3,554,908	(77,681)	4,296,778	8,978,782
Deposits from customers	82,713,383	—	82,713,383	25,454,587	33,268,241	—	58,722,828	141,436,211
Notes payable	37,345,054	—	37,345,054	9,174,564	4,612,454	(48,274)	13,738,744	51,083,798
Deferred revenue	2,967,174	—	2,967,174	—	1,345,750	—	1,345,750	4,312,924
Total banking liabilities	127,707,615	—	127,707,615	35,448,702	42,781,353	(125,955)	78,104,100	205,811,715
Unrestricted net assets – banking	29,287,670	—	29,287,670	3,056,490	5,211,342	(626,129)	7,641,703	36,929,373
Total liabilities and net assets	$ 156,995,285	—	156,995,285	38,505,192	47,992,695	(752,084)	85,745,803	242,741,088

December 31, 2017	**Opportunity Bank Serbia**	**Eliminations**	**Total continuing operations**	**Opportunity Colombia**	**Opportunity Bank Ghana**	**Eliminations**	**Total discontinued operations**	**2017 Banks consolidated**
Banking assets:								
Cash and cash equivalents	$ 24,423,288	—	24,423,288	3,524,846	18,788,178	—	22,313,024	46,736,312
Loans receivable, net of allowance	112,908,718	—	112,908,718	39,679,498	21,669,594	—	61,349,092	174,257,810
Prepaid expenses and other assets	3,399,598	—	3,399,598	1,715,860	5,048,436	—	6,764,296	10,163,894
Building, furniture, and equipment, net of accumulated depreciation	3,376,286	—	3,376,286	240,641	2,728,572	—	2,969,213	6,345,499
Loss on assets of disposal group classified as held for sale	—	—	—	(3,493,814)	(1,049,909)	—	(4,543,723)	(4,543,723)
Total banking assets	$ 144,107,890	—	144,107,890	41,667,031	47,184,871	—	88,851,902	232,959,792
Banking liabilities:								
Accounts payable and accrued liabilities	$ 3,739,593	(170,453)	3,569,140	1,053,955	2,259,164	—	3,313,119	6,882,259
Deposits from customers	72,227,968	—	72,227,968	22,692,499	32,580,048	—	55,272,547	127,500,515
Notes payable	38,835,912	(4,805,261)	34,030,651	14,602,022	3,823,328	—	18,425,350	52,456,001
Deferred revenue	2,541,235	—	2,541,235	—	1,696,457	—	1,696,457	4,237,692
Total banking liabilities	117,344,708	(4,975,714)	112,368,994	38,348,476	40,358,997	—	78,707,473	191,076,467
Unrestricted net assets – banking	26,763,182	4,975,714	31,738,896	3,318,555	6,825,874	—	10,144,429	41,883,325
Total liabilities and net assets	$ 144,107,890	—	144,107,890	41,667,031	47,184,871	—	88,851,902	232,959,792

See accompanying independent auditors' report.

OPPORTUNITY INTERNATIONAL, INC. AND AFFILIATES

Consolidating Schedules of Statements of Activities – Banking Operations

Years ended December 31, 2018 and 2017

	Continuing operations			Discontinued operations						
December 31, 2018	**Opportunity Bank Serbia**	**Eliminations**	**Total continuing operations**	**Opportunity Romania**	**Opportunity Colombia**	**Opportunity Bank Ghana**	**Opportunity Bank Malawi**	**Eliminations**	**Total discontinued operations**	**2018 Banks consolidated**
Operating activities:										
Revenue:										
Loan interest income	$ 25,902,197	—	25,902,197	—	9,168,019	15,702,342	—	—	24,870,361	50,772,558
Other fees and income	686,904	—	686,904	—	1,441,927	2,982,925	—	—	4,424,852	5,111,756
Total revenue	26,589,101	—	26,589,101	—	10,609,946	18,685,267	—	—	29,295,213	55,884,314
Expenses:										
Interest on notes payable	3,267,478	(516,877)	2,750,601	—	1,039,485	570,534	—	—	1,610,019	4,360,620
Interest on client deposits	2,256,667	—	2,256,667	—	2,379,720	2,286,576	—	—	4,666,296	6,922,963
Provisions on loan losses	1,317,183	—	1,317,183	—	1,590,876	(189,523)	—	—	1,401,353	2,718,536
Management and general	14,966,787	(1,050,000)	13,916,787	—	5,338,223	17,413,202	—	(497,702)	22,253,723	36,170,510
Total operating expenses before taxes	21,808,115	(1,566,877)	20,241,238	—	10,348,304	20,080,789	—	(497,702)	29,931,391	50,172,629
Income tax expense (benefit)	840,561		840,561		90,295	(287,963)			(197,668)	642,893
Increase (decrease) in operating net assets	3,940,425	1,566,877	5,507,302	—	171,347	(1,107,559)	—	497,702	(438,510)	5,068,792
Nonoperating activities:										
Gain (loss) on assets of disposal group classified as held for sale	—	—	—	—	—	—	—	—	—	—
Unrealized loss on foreign currency translation	(1,415,936)	—	(1,415,936)	—	(616,062)	(506,973)	—	—	(1,123,035)	(2,538,971)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	510,227	510,227	510,227
Total nonoperating activities	(1,415,936)	—	(1,415,936)	—	(616,062)	(506,973)	—	510,227	(612,808)	(2,028,744)
Increase (decrease) in net assets	$ 2,524,489	1,566,877	4,091,366	—	(444,715)	(1,614,532)	—	1,007,929	(1,051,318)	3,040,048

December 31, 2017	**Opportunity Bank Serbia**	**Eliminations**	**Total continuing operations**	**Opportunity Romania**	**Opportunity Colombia**	**Opportunity Bank Ghana**	**Opportunity Bank Malawi**	**Eliminations**	**Total discontinued operations**	**2017 Banks consolidated**
Operating activities:										
Revenue:										
Loan interest income	$ 21,226,434	—	21,226,434	979,654	8,951,772	17,143,816	2,116,871	—	29,192,113	50,418,547
Other fees and income	578,642	—	578,642	1,207,572	1,073,252	1,306,066	2,158,088	(1,068,074)	4,676,904	5,255,546
Total revenue	21,805,076	—	21,805,076	2,187,226	10,025,024	18,449,882	4,274,959	(1,068,074)	33,869,017	55,674,093
Expenses:										
Interest on notes payable	2,072,511	(604,524)	1,467,987	115,442	1,413,982	906,270	43,822	(126,186)	2,353,330	3,821,317
Interest on client deposits	2,573,535	—	2,573,535	—	2,373,363	2,279,524	384,175	—	5,037,062	7,610,597
Provisions on loan losses	1,200,786	—	1,200,786	159,197	1,362,969	939,260	243,145	—	2,704,571	3,905,357
Management and general	11,927,722	(1,037,605)	10,890,117	1,264,181	5,534,704	12,878,230	6,167,842	—	25,844,957	36,735,074
Total operating expenses before taxes	17,774,554	(1,642,129)	16,132,425	1,538,820	10,685,018	17,003,284	6,838,984	(126,186)	35,939,920	52,072,345
Income tax expense	724,953	—	724,953	—	10,019	386,834	11,592	—	408,445	1,133,398
Increase (decrease) in operating net assets	3,305,569	1,642,129	4,947,698	648,406	(670,013)	1,059,764	(2,575,617)	(941,888)	(2,479,348)	2,468,350
Nonoperating activities:										
Gain (loss) on assets of disposal group classified as held for sale	—	—	—	(1,059,628)	(3,493,814)	—	2,416,435	—	(2,137,007)	(2,137,007)
Unrealized gain (loss) on foreign currency translation	4,266,199	84,038	4,350,237	117,684	233,071	(486,441)	33,455	126,106	23,875	4,374,112
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	1,128,541	1,128,541	1,128,541
Total nonoperating activities	4,266,199	84,038	4,350,237	(941,944)	(3,260,743)	(486,441)	2,449,890	1,254,647	(984,591)	3,365,646
Increase (decrease) in net assets	$ 7,571,768	1,726,167	9,297,935	(293,538)	(3,930,756)	573,323	(125,727)	312,759	(3,463,939)	5,833,996

See accompanying independent auditors' report.