

Opportunity International, Inc. and Affiliates

Consolidated Financial Statements and
Supplementary Information

September 30, 2021 and 2020

Opportunity International, Inc. and Affiliates

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September 30, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors of
Opportunity International, Inc.

We have audited the accompanying consolidated financial statements of Opportunity International, Inc. and Affiliates (the Organization), which comprise the consolidated statement of financial position as of September 30, 2021 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of 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 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

The consolidated financial statements of the Organization as of September 30, 2020, were audited by other auditors whose report dated June 18, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the nine months ended September 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

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 Combining Schedules of Statements of Financial Position – Banking Operations and the Combining Schedules of Statements of Activities – Banking Operations 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.

Baker Tilly US, LLP

Chicago, Illinois
May 17, 2022

Opportunity International, Inc. and Affiliates

Consolidated Statement of Financial Position

September 30, 2021

(With Summarized Comparative Information as of September 30, 2020)

	2021				2020
	Charitable Activities	Banking Activities	Eliminations	Total	
Assets					
Cash and cash equivalents	\$ 22,775,602	\$ -	\$ -	\$ 22,775,602	\$ 17,050,636
Restricted cash and investments	1,496,504	-	-	1,496,504	819,336
Pledges receivable, net	5,922,565	-	-	5,922,565	4,815,951
Investments, at fair value	1,528,399	-	-	1,528,399	1,666,697
Notes receivable, net	294,010	-	-	294,010	351,715
Donor-advised assets	217,868	-	-	217,868	267,868
Prepaid expenses and other assets	577,304	-	-	577,304	2,259,560
Investment in other institutions	15,317,645	-	-	15,317,645	7,025,750
Building, furniture, and equipment, net	90,086	-	-	90,086	1,061,502
Assets of disposal group classified as held for sale	-	55,375,790	(346,439)	55,029,351	267,945,137
Total assets	\$ 48,219,983	\$ 55,375,790	\$ (346,439)	\$ 103,249,334	\$ 303,264,152
Liabilities and Net Assets					
Accounts payable and accrued liabilities	\$ 3,604,096	\$ -	\$ (346,439)	\$ 3,257,657	\$ 5,179,440
Notes payable	2,172,971	-	-	2,172,971	13,099,266
Deferred revenue	1,583,831	-	-	1,583,831	1,911,053
Liabilities of disposal group classified as held for sale	-	46,527,860	-	46,527,860	229,531,428
Total liabilities	7,360,898	46,527,860	(346,439)	53,542,319	249,721,187
Noncontrolling interest	-	3,483,276	-	3,483,276	2,414,331
Net assets:					
Without donor restrictions	24,556,031	5,364,654	-	29,920,685	32,456,299
With donor restrictions	16,303,054	-	-	16,303,054	18,672,335
Total net assets	40,859,085	5,364,654	-	46,223,739	51,128,634
Total liabilities and net assets	\$ 48,219,983	\$ 55,375,790	\$ (346,439)	\$ 103,249,334	\$ 303,264,152

See notes to consolidated financial statements

Opportunity International, Inc. and Affiliates

Consolidated Statement of Activities

Year Ended September 30, 2021

(With Summarized Comparative Information for the Nine Months Ended September 30, 2020)

	2021				Total	2020
	Without donor restrictions		With Donor Restrictions	Total		
	Charitable Activities	Banking Activities				
Operating Activities						
Charitable support, gains, and losses:						
Private contributions	\$ 11,139,787	\$ -	\$ 11,139,787	\$ 12,749,273	\$ 23,889,060	\$ 20,074,219
Government grants and contracts	994,200	-	994,200	1,664,787	2,658,987	195,536
Other income	1,525,414	-	1,525,414	-	1,525,414	1,346,025
Net assets released from restrictions	16,783,341	-	16,783,341	(16,783,341)	-	-
Total charitable support, gains, and losses	30,442,742	-	30,442,742	(2,369,281)	28,073,461	21,615,780
Expenses						
Charitable expenses:						
Yield to program:						
Implementing partner operating expenses	5,242,381	-	5,242,381	-	5,242,381	2,917,342
Field program expenses	16,298,734	-	16,298,734	-	16,298,734	11,958,012
Total yield to program	21,541,115	-	21,541,115	-	21,541,115	14,875,354
Supporting services:						
Fundraising	3,914,213	-	3,914,213	-	3,914,213	2,610,833
General and administrative	1,665,532	-	1,665,532	-	1,665,532	1,312,969
Total supporting services	5,579,745	-	5,579,745	-	5,579,745	3,923,802
Total charitable expenses	27,120,860	-	27,120,860	-	27,120,860	18,799,156
Change in net assets from charitable operating activities	3,321,882	-	3,321,882	(2,369,281)	952,601	2,816,624
Discontinued Operations						
Net asset increase from operations of discontinued activities	-	6,314,556	6,314,556	-	6,314,556	3,556,405
Decrease on sale and deconsolidation of discontinued operations	(1,590,508)	(9,550,614)	(11,141,122)	-	(11,141,122)	-
Change in net assets from discontinued operations	(1,590,508)	(3,236,058)	(4,826,566)	-	(4,826,566)	3,556,405
Nonoperating Activities						
Gain (loss) on investments (including \$0 and \$55,810 impairment in 2021 and 2020, respectively)	38,015	-	38,015	-	38,015	(50,153)
Transfer of equity investments	7,252,673	(7,252,673)	-	-	-	-
Transfer of proceeds from sale of discontinued operations	19,460,076	(19,460,076)	-	-	-	-
Noncontrolling interest in net gain of consolidated subsidiaries	-	(1,068,945)	(1,068,945)	-	(1,068,945)	(65,800)
Change in net assets from nonoperating activities	26,750,764	(27,781,694)	(1,030,930)	-	(1,030,930)	(115,953)
Change in net assets	28,482,138	(31,017,752)	(2,535,614)	(2,369,281)	(4,904,895)	6,257,076
Net Assets, Beginning	(3,926,107)	36,382,406	32,456,299	18,672,335	51,128,634	44,871,558
Net Assets, Ending	\$ 24,556,031	\$ 5,364,654	\$ 29,920,685	\$ 16,303,054	\$ 46,223,739	\$ 51,128,634

See notes to consolidated financial statements

Opportunity International, Inc. and Affiliates

Consolidated Statement of Cash Flows

Year Ended September 30, 2021

(With Comparative Information for the Nine Months Ended September 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 26,112,857	\$ 2,786,944
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	35,975	147,425
Net realized and unrealized gain on investments	(42,356)	(80,288)
Loss on investment in other institutions	7,116	98,874
Transfer of proceeds from the sale of discontinued operations	(19,460,076)	-
Transfer of equity investments	(7,252,673)	-
Deconsolidation of Opportunity Nicaragua	1,590,508	-
Impairment of investment in financial institutions	-	55,810
Changes in assets and liabilities:		
Pledges and other receivables	(1,106,614)	981,798
Prepaid expenses and other assets	77,435	(371,564)
Accounts payable and accrued liabilities	(1,625,823)	1,414,344
Deferred revenue	(327,222)	888,351
	<u>(1,990,873)</u>	<u>5,921,694</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments in other institutions	39,794	860,099
Purchase of investments in other institutions	(876,132)	(100,000)
Proceeds from sale of investments	137,168	270,855
Proceeds of sale of subsidiary held in escrow	-	(31,369)
Purchase of furniture and equipment	(81,490)	(106,954)
Proceeds on the sale of discontinued operations	19,460,076	-
Collection of notes receivable	47,705	34,572
Issuance of notes receivable	(200,000)	(386,287)
	<u>18,527,121</u>	<u>540,916</u>
Cash Flows From Financing Activities		
Proceeds from notes payable	-	753,858
Principal payments on notes payable	(10,723,898)	(200,000)
	<u>(10,723,898)</u>	<u>553,858</u>
	-	-
Net increase in cash, cash equivalents and restricted cash	<u>5,812,350</u>	<u>7,016,468</u>
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>17,895,369</u>	<u>10,878,901</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u>\$ 23,707,719</u>	<u>\$ 17,895,369</u>
End of Year Balance Includes Cash and Cash Equivalents Included in the Following Categories of the Statement of Financial Positions		
Cash and cash equivalents	\$ 22,775,602	\$ 17,050,636
Restricted cash and investments, cash advanced on conditional grant	714,249	80,567
Donor-advised assets	217,868	267,868
Other receivables, net, cash from sale of shares held in escrow	-	496,298
	<u>\$ 23,707,719</u>	<u>\$ 17,895,369</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	<u>\$ 178,245</u>	<u>\$ 531,826</u>
Supplemental Disclosure of Noncash Investing and Financing Transactions		
Conversion of notes receivable into investment in other institutions	<u>\$ 210,000</u>	<u>\$ 100,000</u>

See notes to consolidated financial statements

Opportunity International, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year Ended September 30, 2021

(With Summarized Comparative Information for the Nine Months Ended September 30, 2020)

	2021				2020 Total
	Yield to Program	Charitable Activities		Total	
		Fundraising	General and Administrative		
Implementing partner operating expenses	\$ 5,242,381	\$ -	\$ -	\$ 5,242,381	\$ 2,917,342
Support for Opportunity Inc.	123,237	-	-	123,237	2,621,928
Salaries and benefits	7,791,170	3,179,029	766,933	11,737,132	7,312,618
Rent and utilities	284,466	145,724	93,510	523,700	280,211
Travel and hosting	542,050	92,095	30,831	664,976	234,141
Professional fees	4,347,206	346,449	372,645	5,066,300	2,223,545
Miscellaneous expense	1,427,532	35,747	39,237	1,502,516	1,578,171
Interest expense	150,885	-	27,360	178,245	531,826
Telephone	46,025	20,745	64,596	131,366	84,461
Depreciation expense	11,009	-	24,966	35,975	147,425
Board meetings and conferences	34,464	1,398	4,526	40,388	6,068
Supplies, printing, and office equipment	996,499	57,995	155,996	1,210,490	474,570
Income tax expense	99,303	-	-	99,303	1,494
Postage and shipping	10,038	9,454	4,418	23,910	6,872
Training	310,431	22,863	26,212	359,506	86,475
Promotional materials	17,731	2,714	8,360	28,805	173,596
Donor-advised grant expense	40,000	-	-	40,000	50,000
Insurance	66,688	-	45,942	112,630	68,413
Total expenses	\$ 21,541,115	\$ 3,914,213	\$ 1,665,532	\$ 27,120,860	\$ 18,799,156

See notes to consolidated financial statements

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

1. Organization

Opportunity International, Inc., d/b/a/ Opportunity International – U.S. (Opportunity), is a tax-exempt, publicly supported faith-based corporation. By providing financial solutions, support and training, we empower people living in poverty to build sustainable incomes, educate their children and escape generational poverty, in the process transforming their lives, their children's futures, and their communities. Opportunity's programs are financed through charitable donations, earned income from its banking operations, and from leveraging local funds provided by partner banks and other financial institutions.

Opportunity implements its programs through a worldwide network of staff, branches, subsidiary banks and local nongovernmental organizations, as well as local Implementing Partners—commercial and nonprofit and microfinance institutions. Opportunity maintains a minority equity interest in a number of key Implementing Partners to ensure a long-term alignment of interest in serving the poor. Additionally, such investments enable Opportunity to leverage local investor funds and debt to increase services and maximize the funds deployed to serve the economic needs of the poor. Opportunity uses its charitable donations to invest equity and to fund its direct operations, especially in its Education Finance, Agricultural Finance, Digital Financial Services and Monitoring & Evaluation programs.

Accounts of only the majority owned subsidiaries—banks and nongovernmental organizations—of Opportunity are included in the consolidated financial statements. These are listed below. Accounts of Implementing Partners, given that these are aligned but independent entities, are not included in these consolidated financial statements.

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 financial services to microfinance clients; (ii) to provide support and management services to partners; and (iii) to develop investment and global branding strategies for Opportunity partners. Opportunity, Inc. support members include Opportunity International U.S., Opportunity International Australia, Opportunity International United Kingdom, Opportunity International Germany and Opportunity International Canada. Support members raise funds in their respective countries and operate independently, are not legal subsidiaries of Opportunity and therefore not consolidated in the accompanying financial statements.

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 Opportunity, Inc.'s operations, along with providing accounting and management services. Total costs incurred by Opportunity, included in field program expenses on the consolidated statements of activities, related to education, digital financial services and Opportunity, Inc. are \$2,621,928 for the nine months ended September 30, 2020. For the year ended September 30, 2021 expenses related to the education and digital financial services programs are included in functional expense categories as these program teams report to Opportunity as of October 1, 2020.

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.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

The controlling interests in microfinance organizations included in discontinued operations as of September 30, 2021 and September 30, 2020 are as follows (note 7):

Opportunity Banka a.d. Novi Sad (Opportunity Bank Serbia) – As of September 30, 2021 and September 30, 2020, OTI owned 20% and 100% of the outstanding shares of Opportunity Bank Serbia, respectively. On November 19, 2020, OTI sold 78% of its shares of Opportunity Bank Serbia. In February 2021 OTI sold 2% of its shares to senior management of Opportunity Serbia reducing OTI's ownership to 20%. The remaining investment is carried within Opportunity's investments.

Opportunity International Savings & Loans Limited in Ghana (Opportunity Bank Ghana) – OTI owned 60.6% of the shares of Opportunity Bank Ghana as of September 30, 2021 and September 30, 2020. On November 10, 2020, the shareholders signed an agreement to sell 25% of the shares of Opportunity Bank Ghana. The agreement is subject to approval of the Bank of Ghana.

On January 23, 2014, OTI incorporated Opportunity International Nicaragua, Inc. (Opportunity Nicaragua) 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 Opportunity Nicaragua are included in September 30, 2020 charitable assets and liabilities on the consolidated statement of financial position, and the 2020 revenue and expenses of Opportunity Nicaragua are included in charitable activities on the consolidated statement of activities. In accordance with mutually agreed revisions to the by-laws of Opportunity Nicaragua, Opportunity no longer controls Opportunity Nicaragua effective October 1, 2020 and the financial statements of Opportunity Nicaragua were unconsolidated and are not included in the 2021 consolidated financial statements of Opportunity. The deconsolidation of Opportunity Nicaragua resulted in a decrease in net assets of \$1,590,508 which is included in discontinued operations in the consolidated statement of activities (Note 7). Opportunity continues to support Opportunity Nicaragua through active board representation and grant funds.

During 2017 and 2018 Opportunity incorporated entities in Ghana, Malawi, Rwanda, and Uganda. The nonprofits are controlled and funded by Opportunity to implement program work in the local communities. The assets and liabilities of the entities are included in charitable assets and liabilities on the consolidated statement of financial position, and the revenue and expenses are included in charitable activities on the consolidated statement of activities.

2. Summary of Significant Accounting Policies

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 fundraising activities performed in the United States of America and global program implementation.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

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 September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Net assets without donor restrictions of continuing operations:		
Opportunity International, United States	\$ 24,556,031	\$ (3,926,107)
Subtotal, continuing operations	<u>24,556,031</u>	<u>(3,926,107)</u>
Net assets without donor restrictions of disposal group classified as held for sale:		
Opportunity Bank Serbia	-	32,661,865
Opportunity Bank Ghana	5,364,654	3,720,541
Subtotal, disposal group	<u>5,364,654</u>	<u>36,382,406</u>
Total	<u>\$ 29,920,685</u>	<u>\$ 32,456,299</u>

The net assets of the banks, net of noncontrolling interest, 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 September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Pledges receivable, net	\$ 5,922,565	\$ 4,815,951
Programs in Latin America	648,630	510,830
Programs in Asia	512,437	581,053
Programs in Africa	749,291	678,260
Education finance programs	-	1,436,562
Agriculture finance programs	4,257,674	4,757,061
Other programs	4,212,457	5,892,618
Total	<u>\$ 16,303,054</u>	<u>\$ 18,672,335</u>

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Net assets were released from donor restrictions during the year ended September 30, 2021 and the period from January 1 to September 30, 2020 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

	<u>2021</u>	<u>2020</u>
Programs in Africa	\$ 1,464,833	\$ 1,077,536
Programs in Latin America	1,579,918	1,253,768
Programs in Asia	1,306,029	291,018
Education finance programs	4,591,810	2,211,292
Agriculture finance programs	2,924,553	1,005,017
Other programs	4,916,198	2,043,548
Total	<u>\$ 16,783,341</u>	<u>\$ 7,882,179</u>

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 a controlling interest in: Opportunity Bank Ghana. The outside investors' shares are shown in Opportunity's consolidated financial statements as noncontrolling interest.

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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are 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 fundraising 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 \$9,227,150 and \$4,702,076 in 2021 and 2020, respectively.

Revenue from government grant and contract agreements is recognized as it is earned through expenditure or satisfaction of agreed deliverables in accordance with the agreements. 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 are recognized when the related service is performed. Loan fees are offset by the costs of originating such loans.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Opportunity records in-kind support for contributed equipment and contributed professional services. Contributed equipment and services are recorded at fair value. Opportunity recorded \$195,575 and \$331,963 as private contribution revenue in the accompanying consolidated statement of activities, and the corresponding amount was included as fundraising travel expense and professional fees in field program expenses in the accompanying consolidated statement of activities for 2021 and 2020, respectively.

Change of Fiscal Year

Opportunity changed its fiscal year end to September 30 from December 31 in 2020. The statement of financial position is as of September 30, 2021 with comparative balances as of September 30, 2020. The Statements of Activities, Functional Expenses and Cash Flows is for the year ended September 30, 2021 and comparative summary totals for the nine months from January 1 to September 30, 2020. 2020 is a short period as this is the first fiscal period ended September 30. The 2020 comparative statements are for nine months ended September 30, 2020 and may not be directly comparable.

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.

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.

Cash and Investments with Donor Restrictions

Cash and investments with donor restrictions at September 30, 2021 and 2020 consist of investments to support the annuity obligation and loan guarantees.

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.

Investment in Financial Institutions

Investments in financial institutions in which OTI holds less than 50% or does not have control but still maintains significant influence 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 financial 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 financial institutions of \$0 and \$55,810 in the periods ended September 30, 2021 and 2020, respectively.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

Allowance for Loan Losses on Assets of Disposal Group Classified as Held for Sale

Allowances have been established for loan losses that are probable as of the statement of financial position date. While the allowance calculation varies by country, each OTI member assesses exposure to its 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 recording an allowance for loan losses (or specific reserves) 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. Allowance or specific reserves 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, changes in underlying collateral values, 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.

Building, Furniture and Equipment

Building, furniture and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives of 3-7 years. Accumulated depreciation on leasehold improvements, furniture, and equipment of charitable activities was \$235,274 and \$1,176,826 at September 30, 2021 and 2020, respectively.

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 1.0% and 0.4% was utilized as of September 30, 2021 and 2020, 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.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
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Expense Allocation

Costs of providing program and support services have been reported on a functional basis in the statement of functional expenses. Costs have been allocated between the various program and support services as follows: salaries and wages and employee benefits are allocated based on time and effort and occupancy costs are allocated based on employee headcount. All other expenses are directly assigned to a functional classification based on the nature of the activity. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

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 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 September 30, 2021 and 2020.

The microfinance institutions included in the accompanying consolidated financial statements pay taxes in accordance with their respective country's laws at the rate of 25% of taxable income and current tax expense is recorded for these amounts. Income tax expense is included in gain (loss) from discontinued activities 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.

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 nine months ended September 30, 2020, from which the summary information was derived.

Recently Issued Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 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)*. In June 2020, the FAS issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which deferred the effective date of ASU No. 2016-02 to fiscal years beginning after December 15, 2021 for not-for-profits. Opportunity is currently evaluating the effect that ASU No. 2016-02 will have on its consolidated financial statements and related disclosures.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
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In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. Opportunity is currently evaluating the effect that ASU No. 2020-07 will have on its consolidated financial statements and related disclosures.

Risks and Uncertainties

The spread of COVID-19 is worldwide, dislocating the capital markets and affecting every industry. As of May 17, 2022, Opportunity has effectively responded to the pandemic by maintaining business continuity. Opportunity further believes that it is well-positioned to weather current market volatilities and business disruptions related to the pandemic. However, there is considerable uncertainty around both the severity and the duration of the COVID-19 outbreak, and for that reason the future financial and other impacts of the pandemic cannot reasonably be estimated at this time.

Reclassifications

Certain reclassifications have been made in the 2020 consolidated financial statements to conform to the 2021 presentation.

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 (excluding discontinued operations) available within one year at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 22,775,602	\$ 17,050,636
Pledges receivable, net	5,922,565	4,815,951
Investments, at fair value	1,528,399	1,666,697
Notes receivable, net	294,010	351,715
Other receivables, net	-	1,111,145
Total financial assets	<u>30,520,576</u>	<u>24,996,144</u>
Less commitments beyond one year:		
Pledges receivable, net	<u>(2,905,213)</u>	<u>(2,231,994)</u>
Total available within one year	<u>\$ 27,615,363</u>	<u>\$ 22,764,150</u>

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

4. Fair Value of Financial Instruments

Opportunity follows ASC Topic 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, other receivables, 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 September 30, 2021 and 2020, Opportunity's cash and investments and investment securities are accounted for at fair value using the fair value hierarchy of ASC Topic 820 and investments measured at net asset value are as follows:

	September 30, 2021			Total
	Level 1	Level 2	Level 3	
Money market funds, unrestricted cash equivalents	\$ 253,013	\$ -	\$ -	\$ 253,013
Money market funds, restricted cash equivalents	782,255	-	-	782,255
Common stock	16,970	-	-	16,970
Other investments	-	-	160,467	160,467
Investments in the fair value hierarchy	1,052,238	-	160,467	1,212,705
Investments measured at net asset value	-	-	-	1,098,598
Total investments	\$ 1,052,238	\$ -	\$ 160,467	\$ 2,311,303

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

	September 30, 2020			Total
	Level 1	Level 2	Level 3	
Money market funds, unrestricted cash equivalents	\$ 459,851	\$ -	\$ -	\$ 459,851
Money market funds, restricted cash equivalents	738,769	-	-	738,769
Common stock	7,122	-	-	7,122
Other investments	-	-	160,467	160,467
Investments in the fair value hierarchy	1,205,742	-	160,467	1,366,209
Investments measured at net asset value	-	-	-	1,243,732
Total investments	\$ 1,205,742	\$ -	\$ 160,467	\$ 2,609,941

In accordance with the fair value measurements and disclosures guidance, the following table presents the category, fair value, redemption frequency, and redemption notice period for Opportunity's investments, the fair values of which are estimated using the net asset value per share as of September 30, 2021 and 2020. Opportunity has a remaining commitment of \$5,966 related to the below investments.

	2021	2020	Redemption Frequency	Redemption Notice Period
Private equity fund *	\$ 291,071	\$ 257,202	N/A	N/A
SEAF Serbia Impact Fund B.V. **	807,527	986,530	N/A	N/A
Total	\$ 1,098,598	\$ 1,243,732		

* The fund is a closed private equity fund focused on early stage investments in the healthcare sector.

** The fund makes investments in companies organized and conducting business in the Republic of Serbia.

5. Investments and Investment in Other Institutions

Investments consist of the following as of September 30, 2021 and 2020:

	2021	2020
Short-term investments	\$ 703,902	\$ 673,045
SEAF Serbia Impact Fund B.V.	807,527	986,530
Common stock	16,970	7,122
Total investments at fair value	\$ 1,528,399	\$ 1,666,697

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
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Investment loss, net of eliminations, from charitable activities for the year ended September 30, 2021 and the period from January 1 to September 30, 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Dividends	\$ 2,775	\$ 196
Realized gain on investments	146,786	311,237
Unrealized loss on investments	(104,430)	(230,949)
Equity loss from other institutions	(7,116)	(130,637)
(Gain) loss on investments, net	<u>\$ 38,015</u>	<u>\$ (50,153)</u>

Opportunity and OTI hold varying noncontrolling interests in other institutions as follows:

	<u>2021</u>	<u>2020</u>
MFX Solutions, LLC. (0 and 0.2% respectively)	\$ -	\$ 39,794
Growing Opportunity Finance (India) Pvt. Ltd (0.8%)	55,547	55,547
Dia Vikas Capital Pvt. Ltd-India (9.9% and 10.5%, respectively)	3,542,199	3,491,889
Opportunity Bank Uganda Limited (42.5% and 35.4%, respectively)	3,354,590	3,338,520
COOP ASPIRE (2.3%)	100,000	100,000
3 Bank (formerly Opportunity Bank Serbia) (20%)	8,265,309	-
Total investment in other institutions	<u>\$ 15,317,645</u>	<u>\$ 7,025,750</u>

Equity loss from the investment in other institutions (including \$55,810 impairment in 2020) consists of the following:

	<u>2021</u>	<u>2020</u>
MFX Solutions, LLC.	\$ -	\$ 13,140
Growing Opportunity Finance (India) Pvt. Ltd.	-	14,837
Dia Vikas Capital Pvt. Ltd, India	50,310	232,838
VisionFund DRC	-	(402,602)
Opportunity Bank Uganda Limited	(1,070,062)	11,150
3 Bank (formerly Opportunity Bank Serbia)	1,012,636	-
Total equity loss from other institutions	<u>\$ (7,116)</u>	<u>\$ (130,637)</u>

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
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6. Notes Receivable

Notes receivable as of September 30, 2021 and 2020 are as follows:

	2021	2020
Association de Oportunidad y Desarrollo Economico de Nicaragua (ASODENIC), interest rate 0%	\$ 10,000	\$ 10,000
Opportunity Bank Uganda, interest rate 4%	100,000	310,000
COOP ASPIRE, interest rate 4%	116,785	165,428
Opportunity International Nicaragua, interest rate 2%	200,000	-
Crezcamos, interest rate 4%	77,225	76,287
Subtotal notes receivable	504,010	561,715
Less allowance for uncollectible amounts	(210,000)	(210,000)
Total net notes receivable	\$ 294,010	\$ 351,715

Notes receivable of \$210,000 from Opportunity Bank Uganda were converted to equity during 2021.

7. Discontinued Operations

Opportunity considers a component to be classified as discontinued operations when it meets the criteria established under ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. 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.

Because banking activities are a major part of OTI's operations and financial results, OTI has determined that the decision to divest of majority ownership positions in banks represents a strategic shift. Accordingly, the assets and liabilities of the banking activities located in Ghana and Serbia have been segregated and reported as held for sale in the consolidated statement of financial position as of September 30, 2021, with comparative presentation for 2020. Furthermore, all banking activities have been reported as discontinued operations in the consolidated statement of activities for all periods presented. A decrease of net assets of \$9,550,614 was recorded in 2021 on the sale of shares and deconsolidation of Opportunity Serbia.

On November 19, 2020, OTI sold 78% of its shares in Opportunity Bank Serbia to unrelated third parties in accordance with a 2019 agreement. On February 17, 2021, OTI sold 2% of its shares to the senior managers of in Opportunity Bank Serbia. Opportunity Bank Serbia changed its name to 3 Bank in 2021.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
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Upon sale of the shares, Opportunity retained 20% of Opportunity Bank Serbia which it now accounts for under the equity method (see note 5). The summary of the transaction is as follows:

Unrestricted net assets related to Opportunity Bank Serbia as of September 30, 2020	\$ 32,661,865
Increase in net assets through dates of sale	<u>3,601,498</u>
Unrestricted net assets related to Opportunity Bank Serbia as of sale dates	36,263,363
Less 20% retained ownership balance transferred to equity investments (Note 5)	<u>(7,252,673)</u>
Carrying value of net assets sold	29,010,690
Proceeds of sale, net of expenses	<u>19,460,076</u>
Decrease in net assets on sale of Opportunity Bank Serbia shares	<u><u>\$ (9,550,614)</u></u>

On November 10, 2020, the shareholders signed an agreement to sell 25% of the shares of Opportunity Bank Ghana to an unrelated third party. The agreement is subject to the approval of the Bank of Ghana, which is expected to occur within a reasonable timeframe.

In accordance with mutually agreed revisions to the by-laws of Opportunity Nicaragua, Opportunity no longer controls Opportunity Nicaragua effective October 1, 2020 and the financial statements of Opportunity Nicaragua are not included in the 2021 consolidated financial statements of Opportunity. The deconsolidation of Opportunity Nicaragua resulted in a decrease of \$1,590,508 in net assets.

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 September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Carrying amounts of major classes of assets included as part of discontinued operations:		
Cash and cash equivalents	\$ 22,378,232	\$ 73,334,917
Loans receivable, net allowance	26,115,452	173,893,767
Prepaid expenses and other assets	4,374,045	13,360,638
Building, furniture and equipment, net of accumulated	2,508,061	11,682,989
Loss on assets of disposal group classified as held for sale	<u>-</u>	<u>(3,944,146)</u>
Total assets of the disposal group classified as held for sale in the consolidated statements of financial position	<u><u>\$ 55,375,790</u></u>	<u><u>\$ 268,328,165</u></u>

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Carrying amounts of major classes of liabilities included as part of discontinued operations:		
Accounts payable and accrued liabilities	\$ 2,659,118	\$ 11,844,749
Deposits from customers	39,381,444	151,652,701
Notes payable	3,805,499	61,678,007
Deferred revenue	681,799	4,355,971
	<u> </u>	<u> </u>
Total liabilities of the disposal group classified as held for sale in the consolidated statements of financial position	<u>\$ 46,527,860</u>	<u>\$ 229,531,428</u>

The following table represents a reconciliation of the major classes of line items, constituting the results of discontinued operations for the year ended September 30, 2021 and the period from January 1 to September 30, 2020:

	<u>2021</u>	<u>2020</u>
Major classes of line items constituting the loss of discontinued operations:		
Revenue:		
Loan interest income	\$ 20,204,979	\$ 28,217,670
Other fees and income	5,918,955	1,964,455
	<u> </u>	<u> </u>
Total revenue	26,123,934	30,182,125
	<u> </u>	<u> </u>
Expenses:		
Interest	3,615,178	6,283,107
Provision for loan losses	(970,764)	2,462,618
Management and general, including income tax expense	17,527,149	19,373,280
	<u> </u>	<u> </u>
Total operating expenses	20,171,563	28,119,005
	<u> </u>	<u> </u>
Nonoperating activities:		
Decrease in net assets due to sale and deconsolidation of Opportunity Serbia	(9,550,614)	-
Deconsolidation of Opportunity Nicaragua	(1,590,508)	-
Net unrealized gain on foreign currency translation	362,185	1,493,285
	<u> </u>	<u> </u>
Gain (loss) from discontinued banking activities	(4,826,566)	3,556,405
	<u> </u>	<u> </u>
Net (gain) attributable to noncontrolling interests	(1,068,945)	(65,800)
	<u> </u>	<u> </u>
Net gain (loss) attributable to OTI	<u>\$ (5,895,511)</u>	<u>\$ 3,490,605</u>

For the year ended September 31, 2021, total operating, investing and financing cash flows from discontinued operation were \$3,541,818, \$(3,193,414) and \$14,920,586, respectively. For the nine months ended September 31, 2020, total operating, investing and financing cash flows from discontinued operation were \$133,939, \$(17,338,731) and \$45,849,393, respectively.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

8. Deferred Revenue and Notes Payable

In 2021 and 2020 Opportunity received \$1,068,700 and \$994,200 Paycheck Protection Program loans under the CARES act. The loans are classified as conditional grants. \$1,068,700 and \$994,200 is included in deferred revenue as of September 30, 2021 and 2020, respectively. The proceeds of the loans were used for payroll and eligible expenses per the loan agreements. The \$994,200 loan amount forgiven on March 9, 2021 is included in 2021 government grant revenue. Total deferred revenue of \$1,583,831 and \$1,911,053 as of September 30, 2021 and 2020, respectively, represent funds received for conditional grants.

Charitable notes payable as of September 30, 2021 and 2020 include the following:

	<u>2021</u>	<u>2020</u>
Charitable notes payable:		
Note payable, 2% interest, maturity October 2024	\$ 100,000	\$ 100,000
Note payable, 2% interest, maturity April 2021	-	100,000
Note payable, 2% interest, maturity April 2021	-	250,000
Note payable, 3% interest, maturity November 2023	500,000	500,000
Note payable, 2% interest, maturity January 2021	-	250,000
Note payable, 2% interest, maturity April 2021	-	100,000
Note payable, 2% interest, maturity May 2021	-	1,000,000
Note payable, 2% interest, maturity August 2024	1,000,000	1,000,000
Note payable, 2% interest, maturity January 2024	50,000	50,000
Note payable, 3% interest, maturity October 2023	100,000	100,000
Notes payable, 7% interest, maturity December 2021	-	8,323,898
Note payable, 2% interest, maturity February 2025	200,000	200,000
Note payable, 8% interest, maturity December 2020	-	500,000
Note payable, 6% interest, maturity October 2020	-	300,000
Note payable, 3% interest, maturity February 2021	-	102,397
Note payable, 0% interest, November 2021	222,971	222,971
Total charitable notes payable	<u>\$ 2,172,971</u>	<u>\$ 13,099,266</u>

Impact Investment Fund notes of \$2,172,971 and \$3,850,000 outstanding as of September 30, 2021 and 2020, are included in charitable notes payable. Maturities range from one to five years. Annual interest is 0% to 3%.

Included in charitable notes payable are ten notes issued by OTI on December 17, 2014. The outstanding balance was €7,100,000 (\$8,323,898 as of September 30, 2020). The notes were secured by OTI's shares in Opportunity Bank Serbia. OTI used proceeds from the sale of its shares of Opportunity Bank Serbia on November 19, 2020 to pay the notes in full on November 30, 2020.

Aggregate maturities of notes payable as of September 30, 2021 are as follows:

FY 2022	\$ 222,971
FY 2023	-
FY 2024	1,650,000
FY 2025	300,000
Total notes payable	<u>\$ 2,172,971</u>

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

9. Noncontrolling Interest

Below is the activity of the noncontrolling interest for the year ended September 30, 2021 and the period from January 1 to September 30, 2020:

	September 30, 2021			
	Beginning balance	Interest in gain of consolidated subsidiary	Increase (decrease) in share capital	Ending balance
Noncontrolling interest of disposal group classified as held for sale:				
Opportunity Bank Ghana	\$ 2,414,331	\$ 1,068,945	\$ -	\$ 3,483,276

	September 30, 2020			
	Beginning balance	Interest in gain of consolidated subsidiary	Increase (decrease) in share capital	Ending balance
Noncontrolling interest of disposal group classified as held for sale:				
Opportunity Bank Ghana	\$ 2,348,531	\$ 65,800	\$ -	\$ 2,414,331

10. Commitments and Contingencies

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. Net rent and utilities expense for the year ended September 30, 2021 and period ended September 30, 2020 was \$523,700 and \$280,210, respectively. Future minimum net operating lease payments as of September 30, 2021 are as follows:

FY 2022	\$ 260,863
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Opportunity Bank Ghana leases office space and equipment in Ghana.

Reserve and Regulatory Capital Requirements

OTI's foreign for-profit microfinance company has certain regulatory capital requirements that it must maintain.

The Bank of Ghana requires Opportunity Bank Ghana to maintain a prescribed ratio of total capital to total risk-weighted assets. A minimum capital adequacy ratio of 10% must be maintained. As of September 30, 2021 and 2020, Opportunity Bank Ghana met these regulatory requirements.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

11. 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 matching and discretionary contributions to the plans amounted to \$591,230 and \$351,693 for the year ended September 30, 2021 and the nine months ended September 30, 2020, respectively, and is included in salaries and benefits on the consolidated statement of functional expenses.

12. Related-Party Transactions

Included in program services in the consolidated statement of activities are grant expenses of \$5,365,618 and \$5,539,270 in 2021 and 2020, respectively, which relate to disbursements made by Opportunity to its affiliated member organizations.

Pledges for future donations of \$1,085,050 and \$2,064,250 were due from board members of Opportunity as of September 30, 2021 and 2020, respectively.

13. 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:

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.

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.

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.

Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements
September 30, 2021 and 2020

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 \$22.4 million and \$73.3 million as of September 30, 2021 and 2020, respectively, which is approximately 38.8% and 27.4% of total assets of the combined banks held for sale in 2021 and 2020, respectively.

14. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through May 17, 2022, the date the consolidated financial statements were available to be issued.

Investment in Other Institutions

In January 2022, Opportunity converted a \$100,000 note receivable and \$500,000 of guarantee funds to equity in Opportunity Bank Uganda. The \$600,000 plus an additional investment of \$275,000 increased OTI's ownership to 46.4% of the outstanding shares of Opportunity Bank Uganda.

Notes Payable

On February 22, 2022 Opportunity repaid a \$222,971 demand note in its entirety.

Lease Agreement

Opportunity entered into a ten year lease agreement on January 27, 2022 for office space and furniture in Chicago. Annual rent of \$258,984 increases by 2.5% each year for nine years. Opportunity's share of annual building expenses, including real estate taxes, is \$187,728. The lease agreement includes twelve months of rent abatement.

Reserve and Regulatory Capital Requirements

As of May 17, 2022, OTI's foreign for-profit microfinance subsidiary in Ghana met the regulatory requirements of Ghana.

Opportunity International, Inc. and Affiliates

Combining Schedules of Statements of Financial Position – Banking Operations
September 30, 2021 and 2020

September 30, 2021	Discontinued Operations		
	Opportunity Bank Serbia	Opportunity Bank Ghana	2021 Banks Combined
Banking Assets			
Cash and cash equivalents	\$ -	\$ 22,378,232	\$ 22,378,232
Loans receivable, net of allowance	-	26,115,452	26,115,452
Prepaid expenses and other assets	-	4,374,045	4,374,045
Building, furniture and equipment, net of accumulated depreciation	-	2,508,061	2,508,061
Total banking assets	\$ -	\$ 55,375,790	\$ 55,375,790
Banking Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ 2,659,118	\$ 2,659,118
Deposits from customers	-	39,381,444	39,381,444
Notes payable	-	3,805,499	3,805,499
Deferred revenue	-	681,799	681,799
Total banking liabilities	-	46,527,860	46,527,860
Unrestricted net assets, banking	-	8,847,930	8,847,930
Total liabilities and net assets	\$ -	\$ 55,375,790	\$ 55,375,790

September 30, 2020	Discontinued Operations		
	Opportunity Bank Serbia	Opportunity Bank Ghana	2020 Banks Combined
Banking Assets			
Cash and cash equivalents	\$ 59,144,127	\$ 14,190,790	\$ 73,334,917
Loans receivable, net of allowance	149,691,195	24,202,572	173,893,767
Prepaid expenses and other assets	7,378,686	5,981,952	13,360,638
Building, furniture and equipment, net of accumulated depreciation	6,083,747	5,599,242	11,682,989
Loss on assets of disposal group classified as held for sale	(3,944,146)	-	(3,944,146)
Total banking assets	\$ 218,353,609	\$ 49,974,556	\$ 268,328,165
Banking Liabilities			
Accounts payable and accrued liabilities	\$ 6,871,820	\$ 4,972,929	\$ 11,844,749
Deposits from customers	115,792,899	35,859,802	151,652,701
Notes payable	59,345,200	2,332,807	61,678,007
Deferred revenue	3,681,825	674,146	4,355,971
Total banking liabilities	185,691,744	43,839,684	229,531,428
Unrestricted net assets, banking	32,661,865	6,134,872	38,796,737
Total liabilities and net assets	\$ 218,353,609	\$ 49,974,556	\$ 268,328,165

Opportunity International, Inc. and Affiliates

Combining Schedules of Statements of Activities – Banking Operations

Year Ended September 30, 2021

(With Comparative Information for the Period January 1, 2020 to September 30, 2020)

Year Ended September 30, 2021	Discontinued Operations		
	Opportunity Bank Serbia	Opportunity Bank Ghana	2021 Banks Combined
Operating Activities			
Revenue:			
Loan interest income	\$ 4,968,738	\$ 15,236,241	\$ 20,204,979
Other fees and income	116,132	5,802,823	5,918,955
Total revenue	<u>5,084,870</u>	<u>21,039,064</u>	<u>26,123,934</u>
Expenses			
Interest on notes payable	456,762	656,540	1,113,302
Interest on client deposits	639,587	1,862,289	2,501,876
Provisions on loan losses	(1,363,371)	392,607	(970,764)
Management and general	2,560,001	12,412,927	14,972,928
Total operating expenses before taxes	<u>2,292,979</u>	<u>15,324,363</u>	<u>17,617,342</u>
Income Tax Expense	<u>-</u>	<u>2,554,221</u>	<u>2,554,221</u>
Increase in operating net assets	<u>2,791,891</u>	<u>3,160,480</u>	<u>5,952,371</u>
Nonoperating Activities			
Unrealized gain (loss) on foreign currency translation	809,607	(447,422)	362,185
Total nonoperating activities	<u>809,607</u>	<u>(447,422)</u>	<u>362,185</u>
Increase in net assets	<u>\$ 3,601,498</u>	<u>\$ 2,713,058</u>	<u>\$ 6,314,556</u>
Period From January 1, 2020 to September 30, 2020	Discontinued Operations		
	Opportunity Bank Serbia	Opportunity Bank Ghana	2020 Banks Combined
Operating Activities			
Revenue:			
Loan interest income	\$ 18,965,125	\$ 9,252,545	\$ 28,217,670
Other fees and income	299,876	1,664,579	1,964,455
Total revenue	<u>19,265,001</u>	<u>10,917,124</u>	<u>30,182,125</u>
Expenses			
Interest on notes payable	1,705,241	647,814	2,353,055
Interest on client deposits	2,541,754	1,388,298	3,930,052
Provisions on loan losses	2,213,796	248,822	2,462,618
Management and general	10,890,504	8,452,825	19,343,329
Total operating expenses before taxes	<u>17,351,295</u>	<u>10,737,759</u>	<u>28,089,054</u>
Income Tax Expense (Benefit)	<u>192,830</u>	<u>(162,879)</u>	<u>29,951</u>
Increase in operating net assets	<u>1,720,876</u>	<u>342,244</u>	<u>2,063,120</u>
Nonoperating Activities			
Unrealized gain (loss) on foreign currency translation	1,580,733	(87,448)	1,493,285
Total nonoperating activities	<u>1,580,733</u>	<u>(87,448)</u>	<u>1,493,285</u>
Increase in net assets	<u>\$ 3,301,609</u>	<u>\$ 254,796</u>	<u>\$ 3,556,405</u>