

# **Opportunity International, Inc. and Affiliates**

Consolidated Financial Statements and  
Supplementary Information

September 30, 2023 and 2022

# Opportunity International, Inc. and Affiliates

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Table of Contents  
September 30, 2023 and 2022

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Consolidated Statement of Functional Expenses	6
Notes to Consolidated Financial Statements	7
<b>Supplementary Schedules</b>	
Schedules of Statements of Financial Position - Banking Operations	26
Schedules of Statements of Activities - Banking Operations	27

## Independent Auditors' Report

To the Board of Directors of  
Opportunity International, Inc.

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Opportunity International, Inc. and Affiliates (the Organization), which comprise the consolidated statement of financial position as of September 30, 2023, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, 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*

Minneapolis, Minnesota  
June 4, 2024

## Opportunity International, Inc. and Affiliates

Consolidated Statement of Financial Position

September 30, 2023

(With Summarized Comparative Information as of September 30, 2022)

	2023				2022
	Charitable Activities	Banking Activities	Eliminations	Total	
<b>Assets</b>					
Cash and cash equivalents	\$ 10,418,186	\$ -	\$ -	\$ 10,418,186	\$ 16,694,180
Restricted cash and investments	1,108,801	-	-	1,108,801	852,337
Pledges receivable, net	11,174,716	-	-	11,174,716	10,639,692
Investments, at fair value	7,000,582	-	-	7,000,582	7,079,718
Notes receivable, net	800,421	-	(22,158)	778,263	269,529
Donor-advised assets	155,637	-	-	155,637	200,779
Prepaid expenses and other assets	501,722	-	-	501,722	1,088,300
Investment in other institutions	16,986,052	-	-	16,986,052	15,552,655
Right of use assets, operating leases	2,323,173	-	-	2,323,173	2,491,182
Building, furniture, and equipment, net	365,204	-	-	365,204	318,864
Assets of disposal group classified as held for sale	-	34,377,798	-	34,377,798	34,278,113
Total assets	<u>\$ 50,834,494</u>	<u>\$ 34,377,798</u>	<u>\$ (22,158)</u>	<u>\$ 85,190,134</u>	<u>\$ 89,465,349</u>
<b>Liabilities and Net Assets</b>					
Accounts payable and accrued liabilities	\$ 3,074,314	\$ -	-	\$ 3,074,314	\$ 5,138,356
Notes payable	1,950,000	-	-	1,950,000	1,950,000
Deferred revenue	436,863	-	-	436,863	271,917
Right of use liability, operating leases	2,454,963	-	-	2,454,963	2,551,003
Liabilities of disposal group classified as held for sale	-	29,422,446	(22,158)	29,400,288	28,689,846
Total liabilities	<u>7,916,140</u>	<u>29,422,446</u>	<u>(22,158)</u>	<u>37,316,428</u>	<u>38,601,122</u>
Noncontrolling interest	-	1,951,383	-	1,951,383	2,240,882
Net assets:					
Without donor restrictions	25,525,924	3,003,969	-	28,529,893	28,308,890
With donor restrictions	17,392,430	-	-	17,392,430	20,314,455
Total net assets	<u>42,918,354</u>	<u>3,003,969</u>	<u>-</u>	<u>45,922,323</u>	<u>48,623,345</u>
Total liabilities and net assets	<u>\$ 50,834,494</u>	<u>\$ 34,377,798</u>	<u>\$ (22,158)</u>	<u>\$ 85,190,134</u>	<u>\$ 89,465,349</u>

See notes to consolidated financial statements

**Opportunity International, Inc. and Affiliates**

Consolidated Statement of Activities

Year Ended September 30, 2023

(With Summarized Comparative Information for the Year Ended September 30, 2022)

	2023					2022
	Without donor restrictions		Total	With Donor Restrictions	Total	
	Charitable Activities	Banking Activities				
<b>Operating Activities</b>						
Charitable support, gains, and losses:						
Private contributions	\$ 12,639,542	\$ -	\$ 12,639,542	\$ 12,923,473	\$ 25,563,015	\$ 28,530,441
Government grants and contracts	-	-	-	3,291,054	3,291,054	4,309,452
Other income	657,543	-	657,543	-	657,543	307,588
Net assets released from restrictions	19,136,552	-	19,136,552	(19,136,552)	-	-
Total charitable support, gains and losses	32,433,637	-	32,433,637	(2,922,025)	29,511,612	33,147,481
<b>Expenses</b>						
Charitable expenses:						
Yield to program:						
Implementing partner operating expenses	3,936,453	-	3,936,453	-	3,936,453	3,540,251
Field program expenses	21,620,082	-	21,620,082	-	21,620,082	17,650,760
Total yield to program	25,556,535	-	25,556,535	-	25,556,535	21,191,011
Supporting services:						
Fundraising	5,534,538	-	5,534,538	-	5,534,538	5,073,588
General and administrative	1,862,438	-	1,862,438	-	1,862,438	1,632,964
Total supporting services	7,396,976	-	7,396,976	-	7,396,976	6,706,552
Total charitable expenses	32,953,511	-	32,953,511	-	32,953,511	27,897,563
Change in net assets from charitable operating activities	(519,874)	-	(519,874)	(2,922,025)	(3,441,899)	5,249,918
<b>Nonoperating Activities</b>						
Gain (loss) on investments	1,187,001	-	1,187,001	-	1,187,001	(935,751)
Noncontrolling interest in net loss of consolidated subsidiaries	-	289,499	289,499	-	289,499	1,242,394
Change in net assets from nonoperating activities	1,187,001	289,499	1,476,500	-	1,476,500	306,643
Change in net assets from continuing operations	667,127	289,499	956,626	(2,922,025)	(1,965,399)	5,556,561
<b>Discontinued Operations</b>						
Loss on discontinued activities	-	(735,623)	(735,623)	-	(735,623)	(3,156,955)
Change in net assets from discontinued operations	-	(735,623)	(735,623)	-	(735,623)	(3,156,955)
Change in net assets	667,127	(446,124)	221,003	(2,922,025)	(2,701,022)	2,399,606
<b>Net Assets, Beginning</b>	24,858,797	3,450,093	28,308,890	20,314,455	48,623,345	46,223,739
<b>Net Assets, Ending</b>	\$ 25,525,924	\$ 3,003,969	\$ 28,529,893	\$ 17,392,430	\$ 45,922,323	\$ 48,623,345

See notes to consolidated financial statements

## Opportunity International, Inc. and Affiliates

Consolidated Statement of Cash Flows

Year Ended September 30, 2023

(With Comparative Information for the Year Ended September 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (2,701,022)	\$ 2,399,606
Loss on discontinued operations	735,623	3,156,955
Noncontrolling interest net loss of discontinued operations	(289,499)	(1,242,394)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	69,760	49,421
Noncash lease expense	71,968	59,821
Foreign currency translation (gain) loss	(90,198)	100,013
Net realized and unrealized loss on investments	167,354	558,602
(Gain) loss on investment in other institutions	(1,150,276)	639,991
Changes in assets and liabilities:		
Pledges and other receivables	(535,024)	(4,717,127)
Prepaid expenses and other assets	586,578	(510,996)
Accounts payable and accrued liabilities	(2,265,582)	1,735,800
Deferred revenue	164,946	(1,311,914)
	<u>(5,235,372)</u>	<u>917,778</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments in other institutions	(283,121)	(775,000)
Proceeds from sale of investments	111,078	55,949
Purchase of investments	(217,110)	(6,000,773)
Purchase of furniture and equipment	(116,100)	(278,199)
Collection of notes receivable	246,138	130,618
Issuance of notes receivable	(588,000)	(404,981)
	<u>(847,115)</u>	<u>(7,272,386)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on notes payable	-	(222,971)
	<u>-</u>	<u>(222,971)</u>
Net increase in cash, cash equivalents and restricted cash	(6,082,487)	(6,577,579)
<b>Cash, Cash Equivalents and Restricted Cash, Beginning</b>	<u>17,130,140</u>	<u>23,707,719</u>
<b>Cash, Cash Equivalents and Restricted Cash, Ending</b>	<u>\$ 11,047,653</u>	<u>\$ 17,130,140</u>
<b>End of Year Balance Includes Cash and Cash Equivalents Included in the Following Categories of the Statement of Financial Positions</b>		
Cash and cash equivalents	\$ 10,418,186	\$ 16,694,180
Cash advanced on conditional grant (included in restricted cash and investments)	473,830	235,181
Donor-advised assets	155,637	200,779
	<u>\$ 11,047,653</u>	<u>\$ 17,130,140</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	\$ 45,000	\$ 52,466
<b>Supplemental Disclosure of Noncash Investing and Financing Transactions</b>		
Conversion of notes receivable into investment in other institutions	\$ -	\$ 100,000
Right-of-use assets obtained in exchange for new operating leases liabilities	\$ 147,905	\$ 2,610,665

See notes to consolidated financial statements

## Opportunity International, Inc. and Affiliates

Consolidated Statement of Functional Expenses

Year Ended September 30, 2023

(With Summarized Comparative Information for the Year Ended September 30, 2022)

	<b>2023</b>				<b>2022 Total</b>
	<b>Charitable Activities</b>			<b>Total</b>	
	<b>Yield to Program</b>	<b>Fundraising</b>	<b>General and Administrative</b>		
Implementing partner operating expenses	\$ 3,471,108	\$ -	\$ -	\$ 3,471,108	\$ 3,540,251
Support for Opportunity Inc.	465,346	-	-	465,346	152,096
Salaries and benefits	10,619,241	4,252,720	679,319	15,551,280	13,384,018
Rent and utilities	382,740	223,983	49,990	656,713	566,244
Travel and hosting	2,209,840	498,624	102,560	2,811,024	2,233,841
Professional fees	4,779,554	294,614	475,394	5,549,562	5,045,111
Miscellaneous expense	257,035	55,499	47,949	360,483	223,919
Interest expense	3,000	-	42,000	45,000	52,466
Telephone	127,750	21,047	74,563	223,360	200,221
Depreciation expense	28,185	-	41,575	69,760	49,421
Board meetings and conferences	129,130	39,409	81,672	250,211	74,640
Supplies, printing, and office equipment	1,250,567	103,448	179,447	1,533,462	1,187,687
Income and value added tax expense	229,439	-	397	229,836	116,355
Postage and shipping	71,864	9,934	6,838	88,636	120,244
Training	1,277,145	16,084	20,159	1,313,388	707,161
Promotional materials	29,856	3,903	1,697	35,456	75,640
Donor-advised grant expense	144,142	-	-	144,142	59,089
Insurance	80,593	15,273	58,878	154,744	109,159
	<u>\$ 25,556,535</u>	<u>\$ 5,534,538</u>	<u>\$ 1,862,438</u>	<u>\$ 32,953,511</u>	<u>\$ 27,897,563</u>
Total expenses					

See notes to consolidated financial statements



# Opportunity International, Inc. and Affiliates

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Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

## 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 services, 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 focused on deploying local funds and financial services, provided by partner banks and other financial institutions to its clients.

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's programs are designed to maximize the local partner disbursement of loans, provision of savings accounts, remittance and other services to its clients, alongside the training and support provided by Opportunity to them. In all this, Opportunity's objective is to increase empowerment, entrepreneurship and employability amongst bottom-of-the-pyramid households, as evidenced by an increase in regular income and quality of life standards. 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. Opportunity uses its charitable donations to invest equity, fund its direct operations, especially in its Education Finance, Agricultural Finance, and Digital Innovation, and support its Implementing Partners. Its operating model results in the disbursed value of loans each year valuing on average 10 times the total of the charitable donations received.

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.

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 controlling interests in microfinance organizations included in discontinued operations as of September 30, 2023 and September 30, 2022 are 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, 2023 and September 30, 2022. OTI continues to seek buyers to reduce its shareholding below 50%.

During 2017 and 2018, Opportunity incorporated entities in Ghana, Malawi, Rwanda and Uganda. During 2022 and 2023, Opportunity incorporated entities in Democratic Republic of the Congo, Colombia, the United Kingdom, and Tanzania. The entities 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.

# Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

## 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.

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.

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

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions of continuing operations:		
Opportunity International – United States	\$ <u>25,525,924</u>	<u>24,858,797</u>
Net assets without donor restrictions of disposal group classified as held for sale:		
Opportunity Bank Ghana	<u>3,003,969</u>	<u>3,450,093</u>
Total	\$ <u>28,529,893</u>	<u>28,308,890</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, 2023 and 2022:

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Pledges receivable, net	\$ 11,174,716	\$ 10,639,692
Programs in Latin America	332,584	1,104,729
Programs in Asia	173,920	323,780
Programs in Africa	971,279	1,256,848
Agriculture finance programs	522,527	4,833,508
Other programs	4,217,404	2,155,898
Total	<u>\$ 17,392,430</u>	<u>\$ 20,314,455</u>

Net assets were released from donor restrictions during the years ended September 30, 2023 and 2022 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

	<u>2023</u>	<u>2022</u>
Programs in Africa	\$ 2,385,705	\$ 1,447,067
Programs in Latin America	2,587,905	1,594,742
Programs in Asia	170,776	316,690
Education finance programs	5,780,749	5,027,176
Agriculture finance programs	2,963,087	3,051,852
Other programs	5,248,330	1,163,391
Total	<u>\$ 19,136,552</u>	<u>\$ 12,600,918</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 Opportunity Bank Ghana that OTI has a controlling interest in. 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 the 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 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 \$10,872,315 and \$9,973,565 in 2023 and 2022, respectively.

## Opportunity International, Inc. and Affiliates

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Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

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 records in-kind support for contributed equipment and contributed professional services. Contributed equipment and services are recorded at fair value. Opportunity recorded \$242,136 and \$185,642 as private contribution revenue in the accompanying consolidated statement of activities, and the corresponding amount was included as fundraising travel and event expense and professional fees in field program expenses in the accompanying consolidated statement of activities for 2023 and 2022, respectively.

### 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.

### Restricted Cash and Investments

Restricted cash and investments are subject to donor restrictions at September 30, 2023 and 2022 and consist of cash and investments to support the annuity obligation and loan guarantees.

### Pledges Receivable

Unconditional promises to give made to Opportunity are recorded in the year the pledge is made. Amounts that are expected to be collected after one year have been discounted between 0.36% and 5.05% and are reflected in the financial statements at their net present value. An allowance for uncollectible promises to give is determined based on experience. At September 30, 2023 and 2022, an allowance for uncollectible promises was recorded of approximately \$796,000 and \$728,000, respectively. The discount on pledges due beyond one year is \$184,592 and \$159,603 as of September 30, 2023 and 2022, respectively.

At September 30, 2023, pledges receivable of \$5,601,232 are due within one year, \$5,273,484 are due between one to five years and \$300,000 are due between six to eight years.

### 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.

## Opportunity International, Inc. and Affiliates

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Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### Investment in Other 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. There were no changes in events or circumstances needing OTI to recognize impairment losses on its investments in financial institutions in the years ended September 30, 2023 and 2022.

### 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 3-10 years. Accumulated depreciation on leasehold improvements, furniture and equipment of charitable activities was \$236,870 and \$167,110 as of September 30, 2023 and 2022, respectively.

## Opportunity International, Inc. and Affiliates

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Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### 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 5% and 3.6% was utilized as of September 30, 2023 and 2022, 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.

### 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, 2023 and 2022.

Opportunity Bank Ghana included in the accompanying consolidated financial statements pays taxes in accordance with its country's laws at the rate of 30% of taxable income and current tax expense is recorded for these amounts. Income tax expense is included in 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 year ended September 30, 2022, from which the summary information was derived.

## Opportunity International, Inc. and Affiliates

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Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### Leases

Opportunity has adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic 842 which requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancelable lease term.

The lease standard also provides for several accounting policy elections, as follows:

- Opportunity has elected the policy not to separate lease and non-lease components for all asset classes;
- When the rate implicit in the lease is not determinable, rather than use Opportunity's incremental borrowing rate, Opportunity elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes; and
- Opportunity elected not to apply the recognition requirements to all operating leases with an original term of 12 months or less, for which Opportunity is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 11.

### Accounting Standards Not Yet Adopted

In June 2016, FASB issued Accounting Standard Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU No. 2016-13 is effective for annual periods beginning after December 15, 2022 (2024). Opportunity is currently assessing the effect that ASU No. 2016-13 will have on its operations, financial position and cash flows.

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### 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 and other financial assets not available for general expenditures) available within one year at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 10,418,186	\$ 16,694,180
Pledges receivable, net	11,174,716	10,639,692
Investments, at fair value	7,000,582	7,079,718
Notes receivable, net	800,421	368,361
Total financial assets available for general expenditures	29,393,905	34,781,951
Less commitments beyond one year:		
Pledges receivable, net	<u>(5,573,484)</u>	<u>(6,653,377)</u>
Total available within one year	<u>\$ 23,820,421</u>	<u>\$ 28,128,574</u>

### 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).

At September 30, 2023 and 2022, 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:

	<u>September 30, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds, unrestricted cash equivalents	\$ 197,849	\$ -	\$ -	\$ 197,849
Money market funds, restricted cash equivalents	634,973	-	-	634,973
Corporate bonds	6,015,752	-	-	6,015,752
Other investments	-	-	160,533	160,533
Investments in the fair value hierarchy	6,848,574	-	160,533	7,009,107
Investments measured at net asset value	-	-	-	626,448
Total investments	<u>\$ 6,848,574</u>	<u>\$ -</u>	<u>\$ 160,533</u>	<u>\$ 7,635,555</u>



## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

	September 30, 2022			Total
	Level 1	Level 2	Level 3	
Money market funds, unrestricted cash equivalents	\$ 214,906	\$ -	\$ -	\$ 214,906
Money market funds, restricted cash equivalents	617,158	-	-	617,158
Corporate bonds	5,803,431	-	-	5,803,431
Other investments	-	-	160,533	160,533
Investments in the fair value hierarchy	6,635,495	-	160,533	6,796,028
Investments measured at net asset value	-	-	-	900,848
Total investments	\$ 6,635,495	\$ -	\$ 160,533	\$ 7,696,876

### Valuation Techniques and Inputs

Level 1 assets include money market funds and corporate bonds for which quoted prices are readily available.

Level 3 assets include other investments that are valued using unobservable inputs.

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, 2023 and 2022. Opportunity has a remaining commitment of \$5,192 related to the below investments.

	2023	2022	Redemption Frequency	Redemption Notice Period
Private equity fund *	\$ 102,644	\$ 135,712	N/A	N/A
SEAF Serbia Impact Fund B.V. **	523,804	765,136	N/A	N/A
Total	\$ 626,448	\$ 900,848		

\* 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.

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### 5. Investments and Investment in Other Institutions

Investments consist of the following as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Short-term investments	\$ 461,026	\$ 511,151
SEAF Serbia Impact Fund B.V.	523,804	765,136
Corporate bonds	<u>6,015,752</u>	<u>5,803,431</u>
Total investments at fair value	<u>\$ 7,000,582</u>	<u>\$ 7,079,718</u>

Investment income (loss), net of eliminations, from charitable activities for the years ended September 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Dividends	\$ 143,799	\$ 172,112
Interest Income	60,280	90,730
Realized gain on investments	47,434	33,047
Unrealized loss on investments	(214,788)	(591,649)
Equity gain (loss) from other institutions	<u>1,150,276</u>	<u>(639,991)</u>
Gain (loss) on investments, net	<u>\$ 1,187,001</u>	<u>\$ (935,751)</u>

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

	<u>2023</u>	<u>2022</u>
Growing Opportunity Finance (India) Pvt. Ltd (0.8%)	\$ 55,547	\$ 55,547
Dia Vikas Capital Pvt. Ltd-India (9.9%)	3,542,199	3,542,199
Opportunity Bank Uganda Limited (46.5%)	4,297,167	4,113,383
COOP ASPIRE, Dominican Republic (2.3%)	100,000	100,000
3 Bank a.d. Novi Sad, Serbia (20%)	<u>8,991,139</u>	<u>7,741,526</u>
Total investment in other institutions	<u>\$ 16,986,052</u>	<u>\$ 15,552,655</u>

Equity gain (loss), including foreign currency gain (loss), from the investment in other institutions consists of the following:

	<u>2023</u>	<u>2022</u>
Opportunity Bank Uganda Limited	183,784	(116,208)
3 Bank a.d. Novi Sad, Serbia	1,249,613	(523,783)
VisionFund DRC (20%)	<u>(283,121)</u>	<u>-</u>
Total equity gain (loss) from other institutions	<u>\$ 1,150,276</u>	<u>\$ (639,991)</u>

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### 6. Notes Receivable

Notes receivable as of September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Association de Oportunidad y Desarrollo Economico de Nicaragua (ASODENIC), interest rate 0%	\$ 10,000	\$ 10,000
Opportunity Bank Uganda, interest rate 0%	29,072	70,731
COOP ASPIRE, interest rate 4%	13,495	66,168
Opportunity International Nicaragua, interest rate 2%	200,000	200,000
Grace & Mercy Household Improvement Initiative, Nigeria, interest 0%	100,000	-
Standard Microfinance Bank Limited, Nigeria, interest 0%	100,000	-
Asociación General para Asesorar Pequeñas Empresas (AGAPE), interest rate 0%	535,696	132,630
Subtotal notes receivable	988,263	479,529
Less allowance for uncollectible amounts	(210,000)	(210,000)
Total net notes receivable	<u>\$ 778,263</u>	<u>\$ 269,529</u>

Notes receivable of \$100,000 from Opportunity Bank Uganda were converted to equity during 2022.

### 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 have been segregated and reported as held for sale in the consolidated statement of financial position as of September 30, 2023, with comparative presentation for 2022. Furthermore, all banking activities have been reported as discontinued operations in the consolidated statement of activities for all periods presented. Opportunity expects the process of dilution of its shareholdings in Opportunity Bank Ghana to minority status to be extended given the unsettled economic conditions in Ghana, including inflation rates upwards of 50%.

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Carrying amounts of major classes of assets included as part of discontinued operations:		
Cash and cash equivalents	\$ 11,129,289	\$ 11,995,784
Loans receivable, net allowance	17,071,493	15,301,912
Prepaid expenses and other assets	2,818,698	3,948,140
Building, furniture and equipment, net of accumulated	<u>3,358,318</u>	<u>3,233,817</u>
Total assets of the disposal group classified as held for sale in the consolidated statements of financial position	<u>\$ 34,377,798</u>	<u>\$ 34,479,653</u>
	<u>2023</u>	<u>2022</u>
Carrying amounts of major classes of liabilities included as part of discontinued operations:		
Accounts payable and accrued liabilities	\$ 3,768,467	\$ 3,406,591
Deposits from customers	23,885,742	22,844,557
Notes payable	1,317,066	2,140,075
Deferred revenue	<u>451,171</u>	<u>397,455</u>
Total liabilities of the disposal group classified as held for sale in the consolidated statements of financial position	<u>\$ 29,422,446</u>	<u>\$ 28,788,678</u>

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

The following table represents a reconciliation of the major classes of line items, constituting the results of discontinued operations for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Major classes of line items constituting the loss of discontinued operations:		
Revenue:		
Loan interest income	\$ 10,014,178	\$ 13,563,714
Other fees and income	1,251,557	1,684,544
Total revenue	<u>11,265,735</u>	<u>15,248,258</u>
Expenses:		
Interest	1,396,581	1,896,265
Provision for loan losses	166,804	756,360
Management and general, including income tax expense	9,868,258	11,813,961
Total operating expenses	<u>11,431,643</u>	<u>14,466,586</u>
Nonoperating activities:		
Net unrealized loss on foreign currency translation	<u>(569,715)</u>	<u>(3,938,627)</u>
Loss from discontinued banking activities	(735,623)	(3,156,955)
Net loss attributable to noncontrolling interests	<u>289,499</u>	<u>1,242,394</u>
Net loss attributable to OTI	<u>\$ (446,124)</u>	<u>\$ (1,914,561)</u>

For the year ended September 30, 2023, total operating, investing and financing cash flows from discontinued operations were \$684,910, \$(1,769,581) and \$218,176, respectively. For the year ended September 30, 2022, total operating, investing and financing cash flows from discontinued operations were \$(2,993,677), \$10,813,540 and \$(18,202,311), respectively.

### 8. Deferred Revenue and Notes Payable

Total deferred revenue of \$436,863 and \$271,917 as of September 30, 2023 and 2022, respectively, represent funds received for conditional grants.

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

Charitable notes payable as of September 30, 2023 and 2022 include the following:

	<u>2023</u>	<u>2022</u>
Charitable notes payable:		
Note payable, 2% interest, maturity October 2024	\$ 100,000	\$ 100,000
Note payable, 3% interest, maturity November 2023	500,000	500,000
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
Note payable, 2% interest, maturity February 2025	200,000	200,000
Total charitable notes payable	<u>\$ 1,950,000</u>	<u>\$ 1,950,000</u>

Impact Investment Fund notes of \$1,950,000 outstanding as of September 30, 2023 and 2022, are included in charitable notes payable. Maturities range from one to five years. Annual interest is 2% to 3%.

Aggregate maturities of notes payable as of September 30, 2023 are as follows:

FY 2024	\$ 1,650,000
FY 2025	<u>300,000</u>
Total notes payable	<u>\$ 1,950,000</u>

### 9. Noncontrolling Interest

Below is the activity of the noncontrolling interest for the years ended September 30, 2023 and 2022:

	<u>September 30, 2023</u>			
	<u>Beginning balance</u>	<u>Interest in loss of consolidated subsidiary</u>	<u>Increase (decrease) in share capital</u>	<u>Ending balance</u>
Noncontrolling interest of disposal group classified as held for sale:				
Opportunity Bank Ghana	<u>\$ 2,240,882</u>	<u>\$ (289,499)</u>	<u>\$ -</u>	<u>\$ 1,951,383</u>
	<u>September 30, 2022</u>			
	<u>Beginning balance</u>	<u>Interest in loss of consolidated subsidiary</u>	<u>Increase (decrease) in share capital</u>	<u>Ending balance</u>
Noncontrolling interest of disposal group classified as held for sale:				
Opportunity Bank Ghana	<u>\$ 3,483,276</u>	<u>\$ (1,242,394)</u>	<u>\$ -</u>	<u>\$ 2,240,882</u>

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### 10. USAID Agreements

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

<u>Program</u>	<u>Total grant awarded</u>	<u>Funds received through September 30, 2023</u>	<u>Completion date</u>
Agriculture - S34D Africa	\$ 425,030	\$ 324,829	November 2023
Education - APIL Ghana	\$ 14,353,997	\$ 576,704	February 2028

### 11. Leases, Commitments and Contingencies

#### Lease Obligations

Opportunity leases office space in Illinois, United Kingdom, Uganda, Malawi and Pennsylvania under operating leases. The Pennsylvania office is rented on a month-to-month basis. Net rent and utilities expense for the years ended September 30, 2023 and 2022 was \$656,713 and \$566,244, respectively.

Opportunity Bank Ghana leases office space and equipment in Ghana.

Right-of-use assets represent Opportunity's right to use an underlying asset for the lease term, while lease liabilities represent Opportunity's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of Opportunity's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at Opportunity's sole discretion. Opportunity regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, Opportunity includes such options in the lease term. Additionally, upon adoption of the new standard, Opportunity made judgments regarding lease terms for certain of its real property leases that were in month-to-month status or that contained auto-renewal clauses. Opportunity estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, Opportunity uses the rate implicit in the lease, or if not readily available, Opportunity uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with Opportunity's long-lived asset policy. Opportunity reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

Opportunity made significant assumptions and judgments in applying the requirements of Topic 842. In particular, Opportunity:

- Evaluated whether a contract contains a lease, by considering factors such as whether Opportunity obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;

## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

- Determined whether contracts contain embedded leases; and
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments;

Opportunity does not have any material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use assets	\$ 2,323,173	\$ 2,491,182
Operating lease liabilities		
Current	\$ 275,181	\$ 202,335
Long-term	2,179,782	2,348,668
Total operating lease liabilities	<u>\$ 2,454,963</u>	<u>\$ 2,551,003</u>

Below is a summary of expenses incurred pertaining to leases during the year ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease expense	\$ 523,856	\$ 354,739
Short-term lease expense	23,723	96,439
Variable lease expense	109,134	115,066
Total lease expense	<u>\$ 656,713</u>	<u>\$ 566,244</u>

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 2.6%. As of September 30, 2023, the weighted average remaining lease term was 8.1 years.



## Opportunity International, Inc. and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

The table below summarizes Opportunity's scheduled future minimum lease payments for years ending after September 30, 2023:

Years ending September 30:		
2024	\$	275,181
2025		363,307
2026		320,419
2027		305,620
2028		294,216
Thereafter		<u>1,197,176</u>
		2,755,919
Total lease payments		
Less present value discount		<u>(300,956)</u>
Total lease liabilities		2,454,963
Less current portion		<u>(275,181)</u>
Long-term lease liabilities	\$	<u>2,179,782</u>

The following table includes supplemental cash flow and noncash information related to the leases for the year ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:	\$ 316,364	\$ 294,918
Operating cash flows from operating leases		
Operating lease right-of-use assets obtained in exchange for lease liabilities:	147,905	2,610,665

### Line of Credit

As of September 30, 2023, Opportunity has available a line of credit from Citibank in the amount of \$5,000,000. The credit is priced at the greater of One Month Term SOFR plus 0.11448% or 0.50% plus 1.75% (4.91% as of September 30, 2023) and is secured by Opportunity's bond securities held in the investment accounts at Citibank. There was no balance outstanding on the line of credit as of September 30, 2023 and 2022. The line of credit expires on July 31, 2024.

### 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, 2023 and 2022, Opportunity Bank Ghana met these regulatory requirements.

## Opportunity International, Inc. and Affiliates

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Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### 12. 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 \$688,803 and \$652,103 for the years ended September 30, 2023 and 2022, respectively, and is included in salaries and benefits on the consolidated statement of functional expenses.

### 13. Related-Party Transactions

Included in program services in the consolidated statement of activities are grant expenses of \$3,936,454 and \$3,692,347 in 2023 and 2022, respectively, which relate to disbursements made by Opportunity to its affiliated organizations.

Pledges for future donations of \$3,259,417 and \$2,317,000 were due from board members of Opportunity as of September 30, 2023 and 2022, respectively.

### 14. Risk and Uncertainties

The commercial microfinance bank in which OTI holds an interest is 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

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Notes to Consolidated Financial Statements  
September 30, 2023 and 2022

### 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 Opportunity Bank Ghana is approximately \$11.1 million and \$12.0 million as of September 30, 2023 and 2022, respectively, which is approximately 32.4% and 34.8% of total assets of Opportunity Bank Ghana, held for sale in 2023 and 2022, respectively.

### 15. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through June 4, 2024, the date the consolidated financial statements were available to be issued.

#### Notes Receivable

Approximately \$501,595 of Notes Receivable were repaid as of March 31, 2024.

#### Notes Payable

Opportunity renewed \$550,000 of Notes Payable that became due in November 2023 and January 2024 for an additional 3 years. A \$100,000 note was repaid in October 2023.

#### Lease Agreement

Opportunity extended its Washington DC office lease until January 2026 at an annual rate of \$60,000.

#### Reserve and Regulatory Capital Requirements

As of June 4, 2024, OTI's foreign for-profit microfinance subsidiary in Ghana met the regulatory requirements of Ghana.

## Opportunity International, Inc. and Affiliates

Schedules of Statements of Financial Position – Banking Operations

September 30, 2023 and 2022

<u>Opportunity Bank Ghana</u>	<u>2023</u>	<u>2022</u>
<b>Banking Assets</b>		
Cash and cash equivalents	\$ 11,129,289	\$ 11,995,784
Loans receivable, net of allowance	17,071,493	15,301,912
Prepaid expenses and other assets	2,818,698	3,948,140
Building, furniture and equipment, net of accumulated depreciation	3,358,318	3,233,817
	<u>\$ 34,377,798</u>	<u>\$ 34,479,653</u>
<b>Banking Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,768,467	\$ 3,406,591
Deposits from customers	23,885,742	22,844,557
Notes payable	1,317,066	2,140,075
Deferred revenue	451,171	397,455
	<u>29,422,446</u>	<u>28,788,678</u>
Unrestricted net assets, banking	<u>4,955,352</u>	<u>5,690,975</u>
	<u>\$ 34,377,798</u>	<u>\$ 34,479,653</u>

**Opportunity International, Inc. and Affiliates**

Schedules of Statements of Activities – Banking Operations

Year Ended September 30, 2023

(With Comparative Information for the Year Ended September 30, 2022)

<b>Opportunity Bank Ghana</b>	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Revenue:		
Loan interest income	\$ 10,014,178	\$ 13,563,714
Other fees and income	1,251,557	1,684,544
	<u>11,265,735</u>	<u>15,248,258</u>
Total revenue		
	<u>11,265,735</u>	<u>15,248,258</u>
<b>Expenses</b>		
Interest on notes payable	587,965	568,577
Interest on client deposits	808,616	1,327,688
Provisions on loan losses	166,804	756,360
Management and general	9,468,703	11,278,126
	<u>11,032,088</u>	<u>13,930,751</u>
Total operating expenses before taxes		
	<u>11,032,088</u>	<u>13,930,751</u>
<b>Income Tax Expense</b>		
	399,555	535,835
	<u>399,555</u>	<u>535,835</u>
Decrease in operating net assets	(165,908)	781,672
	<u>(165,908)</u>	<u>781,672</u>
<b>Nonoperating Activities</b>		
Unrealized gain (loss) on foreign currency translation	(569,715)	(3,938,627)
	<u>(569,715)</u>	<u>(3,938,627)</u>
Total nonoperating activities		
	<u>(569,715)</u>	<u>(3,938,627)</u>
Increase in net assets	<u>\$ (735,623)</u>	<u>\$ (3,156,955)</u>