

**Consolidated Financial Statements, Supplemental  
Schedules and Report of Independent Certified Public  
Accountants**

**ACCION International**

**December 31, 2014**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS****Board of Directors  
ACCION International**

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We have audited the accompanying consolidated financial statements of ACCION International and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the 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.

**Auditor's 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 auditor's 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 financial position of ACCION International and subsidiaries as of December 31, 2014, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Grant Thornton LLP".

Boston, Massachusetts

September 30, 2015

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Consolidated Statement of Financial Position  
December 31, 2014

<b>ASSETS</b>	<b>2014</b>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 42,032,062
Short-term investments	88,215,277
Notes receivable from affiliates	2,429,096
Grants receivable - net	2,880,247
Contributions receivable - net	403,197
Contracts receivable	2,071,368
Microloans receivable- net	3,134,574
Prepaid expenses	1,265,354
Deposits, advances and other receivables	602,571
Total current assets	<u>143,033,746</u>
<b>NON-CURRENT ASSETS:</b>	
Cash restricted by foundation for long-term purposes	150,127
Notes receivable from affiliates	1,559,741
Grants receivable - net	3,396,131
Contributions receivable - net	494,870
Global Bridge Guarantee Program investments	7,547,484
Investments in affiliates	219,764,823
Property and equipment - net	2,885,746
Total non-current assets	<u>235,798,922</u>
Total assets	<u>\$ 378,832,668</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable and accrued liabilities	\$ 5,984,964
Deferred revenue	315,872
Notes payable	2,330,060
Total current liabilities	<u>8,630,896</u>
<b>NON-CURRENT LIABILITIES:</b>	
Notes payable - net of current portion	6,419,212
Total non-current liabilities	<u>6,419,212</u>
Total liabilities	<u>15,050,108</u>
<b>NET ASSETS:</b>	
Unrestricted:	
Accion	347,563,625
Non-controlling interest in SCM	(29,883)
Non-controlling interest in Accion Investment in Nigeria	3,918,320
Total unrestricted net assets	<u>351,452,062</u>
Temporarily restricted	12,330,498
Total net assets	<u>363,782,560</u>
Total liabilities and net assets	<u>\$ 378,832,668</u>

See notes to consolidated financial statements.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Consolidated Statement of Activities  
Year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b>REVENUES:</b>			
Contributions and grants	\$ 5,093,301	\$ 12,729,043	\$ 17,822,344
Dividend and interest income from program investments	3,865,910	251	3,866,161
Dividend and interest income from short-term investments	2,824,647	-	2,824,647
Contract revenues and training fees	4,515,773	-	4,515,773
Net assets released from restrictions	8,601,026	(8,601,026)	-
<b>Total revenues</b>	<b>24,900,657</b>	<b>4,128,268</b>	<b>29,028,925</b>
<b>FUNCTIONAL EXPENSES:</b>			
Program services:			
Global Programs	17,288,164	-	17,288,164
Microlending	4,332,526	-	4,332,526
Global Investments	7,901,713	-	7,901,713
ACCION Investment Management Company	9,400	-	9,400
Center for Financial Inclusion	6,714,107	-	6,714,107
Communications	1,928,390	-	1,928,390
<b>Total program services</b>	<b>38,174,300</b>	<b>-</b>	<b>38,174,300</b>
Supporting services			
General and administrative	5,824,857	-	5,824,857
Fundraising	2,643,116	-	2,643,116
<b>Total supporting services</b>	<b>8,467,973</b>	<b>-</b>	<b>8,467,973</b>
<b>Total functional expenses</b>	<b>46,642,273</b>	<b>-</b>	<b>46,642,273</b>
Change in net assets from operations	(21,741,616)	4,128,268	(17,613,348)
Income tax expense (Note F)	(211,809)	-	(211,809)
Equity in income of equity investments	1,111,319	-	1,111,319
Deconsolidation of AMC (Note B)	(3,049,160)	-	(3,049,160)
Net unrealized loss on investments	(28,079,534)	-	(28,079,534)
Net realized gain on investments	54,491,074	-	54,491,074
Foreign currency translation losses, net	(362,658)	-	(362,658)
Other	25,719	-	25,719
<b>Change in net assets</b>	<b>2,183,335</b>	<b>4,128,268</b>	<b>6,311,603</b>
Net assets - Beginning of year as originally reported	324,693,465	8,202,230	332,895,695
Adjustment to beginning net assets (Note B)	24,575,262	-	24,575,262
Net assets - Beginning of year as adjusted	349,268,727	8,202,230	357,470,957
Net assets - End of year	\$ 351,452,062	\$ 12,330,498	\$ 363,782,560

See notes to consolidated financial statements.

**ACCION INTERNATIONAL AND SUBSIDIARIES**

Consolidated Statement of Functional Expenses

Year ended December 31, 2014

	Program Services					Supporting Services		Total Expenses	
	Global Programs	Microlending	Global Investments	ACCION Investment Management Company	Center for Financial Inclusion	Communications	General and Administrative		Fundraising
FUNCTIONAL EXPENSES:									
Salaries and related expenses	\$ 9,907,743	\$ 2,511,398	\$ 3,706,659	\$ -	\$ 2,761,259	\$ 1,006,485	\$ 3,062,142	\$ 1,779,404	\$ 24,735,090
Professional services	1,469,665	419,319	2,542,807	5,935	2,462,635	422,358	1,318,474	296,318	8,937,511
Travel and conferences	1,891,596	169,660	934,256	-	953,061	190,128	308,652	170,091	4,617,444
Office and occupancy	1,270,206	420,260	368,290	-	449,532	246,088	971,490	331,583	4,057,449
Awards and grants	2,170,231	-	-	-	13,825	36,842	-	-	2,220,898
Provision for doubtful accounts	276,264	338,525	-	-	4,082	-	-	-	618,871
Taxes and penalties	75,254	209,535	142,734	2,242	-	-	10,305	-	440,070
Depreciation	72,700	34,134	30,877	-	42,679	16,951	72,167	30,135	299,643
Interest and fees	28,112	138,973	172,029	1,223	1,134	-	39,429	18,462	399,362
Miscellaneous	126,393	90,722	4,061	-	25,900	9,538	42,198	17,123	315,935
Total	<u>\$ 17,288,164</u>	<u>\$ 4,332,526</u>	<u>\$ 7,901,713</u>	<u>\$ 9,400</u>	<u>\$ 6,714,107</u>	<u>\$ 1,928,390</u>	<u>\$ 5,824,857</u>	<u>\$ 2,643,116</u>	<u>\$ 46,642,273</u>

See notes to consolidated financial statements.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
**Consolidated Statement of Cash Flows**  
**Year ended December 31, 2014**

	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 6,311,603
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Unrealized loss on investments	28,079,534
Realized gain on sale of investments	(54,491,074)
Provision for doubtful accounts	618,871
Depreciation and amortization	299,643
Equity in income of investments	(1,111,319)
Investment by non-controlling interests	(26,590)
Foreign currency translation gains	706,098
Deconsolidation of AMC	3,049,160
Increase (decrease) in cash and cash equivalents as a result of a change in:	
Prepaid expenses	(356,334)
Grants receivable	(3,117,123)
Contributions receivable	216,465
Deposits, advances and other receivables	89,395
Contract payments receivable	(2,321,949)
Cash restricted by foundation	552,496
Accounts payable and accrued liabilities	2,412,825
Deferred revenue	42,468
Net cash used in operating activities	<u>(19,045,831)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of property and equipment	(2,105,594)
Sale of short-term investments	(1,372,251)
Purchase of investments	(7,892,901)
Proceeds from sale of investments	54,516,925
Cash of deconsolidated AMC	(2,661,964)
Dividends received from investments in affiliates	1,240,126
Net loan originations and principal repayments	<u>(2,818,666)</u>
Net cash provided by investing activities	<u>38,905,675</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Notes payable received	3,397,653
Notes payable paid	<u>(359,000)</u>
Net cash provided by financing activities	<u>3,038,653</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>(656,530)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>22,241,967</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b><u>19,790,095</u></b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 42,032,062</u></b>
<b>Supplemental disclosure</b>	
Non-cash transactions:	
Non Cash adjustments related to deconsolidation of AMC	\$ 151,524
Cash paid during the period for:	
Interest	\$ 130,702
Taxes	\$ 151,007

See notes to consolidated financial statements.



## ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

As of and for the year ended December 31, 2014

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### NOTE A - NATURE OF ORGANIZATION

ACCION International and its subsidiaries (Accion) is headquartered in Boston, Massachusetts with offices in Washington, D.C., Accra, Ghana and Manaus, Brazil and subsidiaries in Bangalore, India, Bogotá, Colombia, Beijing, China, Ebène, Republic of Mauritius and Manaus, Brazil. Accion is an independent, nonprofit microfinance organization dedicated to promoting economic development around the world by providing people in impoverished and developing areas the financial tools they need - small business loans, training, and related financial services - to work their way out of poverty.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of Accion and the following entities:

Fundación Centro Acción Microempresarial (Centro) – Centro is a non-profit foundation and was incorporated in Bogotá, Colombia as a Latin American training and technical support arm of Accion. The accounts of Centro reflect total assets and liabilities of \$503,330 and \$2,882,503 at December 31, 2014. Early in 2015, Centro sold its loan origination services, along with the guarantees associated with those loans. When Centro performed those services during 2014, a guarantee on the loans serviced was recorded as a liability by Centro. As of December 31, 2014 the allowance for future repurchases was reversed, resulting in a negative bad debt expense of \$882,524.

ACCION Gateway Fund, LLC (Gateway) – Gateway is a wholly owned subsidiary of Accion and was created as a limited liability company in Delaware to hold several investments in affiliates.

ACCION Investment Management Company, LLC (AIMCO) – AIMCO is a wholly owned subsidiary and was created as a limited liability company in Delaware for the purpose of providing investment management services for ACCION Investments in Microfinance, SPC (AINV), a separate legal entity. In 2012, AINV was sold and AIMCO was dissolved in September 2014.

ACCION Technical Advisors, India (ATA) – ATA is a wholly owned subsidiary of Accion. ATA is a nonprofit company according to Section 25 of the Indian Companies Act of 1956 and is the training and technical support arm of Accion in India. The accounts of ATA reflect total assets and liabilities of \$313,258 and \$192,087 at December 31, 2014.

ACCION Beijing Consultation Services Company, Ltd (ACC) - ACC was created as a wholly owned subsidiary of Accion as the training and technical arm of Accion in China. ACC is a for-profit company operating in the People's Republic of China. The accounts of ACC reflect total assets and liabilities of \$303,230 and \$113,541 at December 31, 2014.

Chifeng City Yuanbaoshan District ACCION Micro-Credit Company, Ltd (AMC) –AMC was created as a wholly owned subsidiary of Accion and is a for-profit microfinance company operating in the People's Republic of China. In April 2014, Accion exchanged its ownership in AMC with a third party for 40% ownership in Grassland, which owns 100% of AMC as well as other microfinance companies in the People's Republic of China. Accion recorded a gain on the exchange of \$578,369 and a decrease in net assets on deconsolidation of \$3,049,160 for a net decrease in net assets of \$2,470,791.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Principles of Consolidation - Continued**

ACCION Africa-Asia Investment Company (AAIC) – AAIC is a wholly owned subsidiary of Accion. AAIC was created as a for-profit company incorporated in the Republic of Mauritius to own several investments in affiliates in Asia and Africa.

ACCIÓN Microfinanças Sociedade de Crédito ao Microempreendedor e à Empresa de Pequeno Porte, S.A. (SCM) – SCM was created between Accion, an international governmental organization and an individual investor. SCM is a for-profit microfinance company operating in Manaus, Amazonas, Brazil. Accion is the majority shareholder and owns 93.30% of SCM's shares. The non-controlling interest in SCM's equity is \$13,042 at December 31, 2014. The accounts of SCM reflect total assets and liabilities of \$4,342,806 and \$3,508,369 at December 31, 2014. See footnote N for discussion of events occurring subsequent to December 31, 2014.

Accion Investments in Microfinance Nigeria (AINV Nigeria) – AINV Nigeria is a 51% owned subsidiary of Accion. AINV Nigeria was created as a for-profit company incorporated in the Cayman Islands to own an investment in Nigeria in partnership with one minority shareholder.

The following table provides details of the changes in total unrestricted net assets attributable to the non-controlling interests, as well as total unrestricted net assets under Accion's control:

	<u>Controlling Interest</u>	<u>Non-controlling Interest</u>	<u>Total</u>
Balance at December 31, 2013	\$ 320,419,592	\$ 4,273,873	\$ 324,693,465
Adjustment to beginning net assets	24,575,262	-	24,575,262
Purchase of interest in SCM by outside party	-	(42,925)	(42,925)
Purchase of interest in AINV Nigeria by outside party	-	14,700	14,700
Change in net assets	<u>2,568,771</u>	<u>(357,211)</u>	<u>2,211,560</u>
Balance at December 31, 2014	<u>\$ 347,563,625</u>	<u>\$ 3,888,437</u>	<u>\$ 351,452,062</u>

All intercompany balances and transactions involving the subsidiaries above have been eliminated in consolidation.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Basis of Presentation**

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America using the *Not-for-Profit Organizations Audit Guide* issued by the American Institute of Certified Public Accountants. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Accion and the changes thereof are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Contributions, grants, and income whose use by Accion has been limited by donors or grantors to a specific time period or purpose.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are maintained permanently by Accion. Accion had no permanently restricted net assets at December 31, 2014.

**Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less when purchased, excluding amounts restricted by donors for long-term purposes. At times, the cash balances maintained at a single institution may exceed federally insured limits, insured by the Federal Deposit Insurance Corporation. Accion has not experienced any losses in these accounts.

Accion holds \$150,127 in cash restricted by a foundation for long term purposes as of December 31, 2014.

Total cash held in foreign accounts was \$1,481,205 at December 31, 2014.

**Short-term Investments**

Short-term investments consist of investments in certificates of deposit, commercial paper, corporate bonds, government reserves funds, mutual funds and US treasury bonds, which invest primarily in securities rated BBB or better, as determined by Standard & Poor's Corporation. These investments are carried at fair value, determined as the price that would be received to sell the asset. The changes in fair value are reflected in the consolidated statement of activities.

**Global Bridge Guarantee Program Investments**

Investments in marketable equity securities with readily determinable fair values, and all investments in debt securities, are reported at fair value, determined as the price that would be received to sell the asset, with gains and losses included in the consolidated statement of activities.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Investments in Affiliates**

With the exception of Accion's investment in Genera, formerly known as Compartamos, whose stock trades on the Mexican Stock exchange and therefore the value is based on the price in that active market, investments in affiliates do not have a readily determinable fair value and, as such, are recorded at cost or under the fair market value or the equity method of accounting whenever Accion can exercise significant influence, which is generally indicated when its equity position in the affiliate equals or exceeds 20% and does not exceed 50%. Under the fair value method, Accion utilizes multiple valuation techniques resulting in a range of acceptable valuations; under the equity method, Accion records its proportional share of the net income in the investment at each measurement date, and records dividends as decreases in the investments. Investments in affiliates carried at cost are reviewed periodically to determine whether the underlying value of the affiliate has been impaired. If impairment has been identified and such impairment is deemed to be other than temporary, the carrying value of the investment is written down to the impaired value. Accion did not identify any investments requiring an impairment adjustment in 2014.

**Contract Revenue and Training Fees**

Contract revenue and training fees consist of mission-related consulting agreements with microfinance institutions. Revenue is recognized based on the proportional performance method.

**Contributions and Grants**

Contributions and grants are received from individuals, private industry, foundations, and government agencies. Contributions and grants may be designated by the donor for a specific purpose or given on an unrestricted basis. All contributions and grants are considered to be available for general use unless specifically restricted by the donor. Contributions and grants, including unconditional promises to give, are recorded at fair value when received. Fair value is determined as the amount to be received less the net present value, using a risk adjusted interest rate. Contributions and grants restricted for purposes which have not been fulfilled at the measurement date are accounted for as temporarily restricted revenue. Amounts received which are required by the donor to be passed on to other organizations are recorded as a liability and reflected in accounts payable and accrued liabilities in the consolidated statements of financial position until the transfer is made.

Conditional promises to give are not included in revenues until the conditions are substantially met. Any assets contributed before the conditions are substantially met would be accounted for as a refundable advance and reflected in accounts payable and accrued liabilities in the consolidated statements of financial position. No conditional promises met this definition as of December 31, 2014. As of December 31, 2014, Accion had \$160,000 in conditional promises to give.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Contributions and Grants - Continued**

Grants and contributions receivable at December 31, 2014 include amounts due in future years. Grants and contributions receivable are expected to be collected during the following periods:

Due in one year or less	\$ 3,283,444
Due in one to five years	4,284,570
	<u>7,568,014</u>
Present value discount (5%)	<u>(393,569)</u>
Net contributions receivable	<u>\$ 7,174,445</u>

**Microloans Receivable**

Loans are stated at their principal balance, net of the allowance for loan losses. Interest on loans is included in interest and dividend income from program investments as earned based upon interest rates applied to unpaid principal. Accrual of interest on loans is discontinued when, in the judgment of management, the collectability of principal or interest becomes doubtful. Past due status is based on the contractual terms of the loan. Interest subsequently received on nonaccrual loans is either applied against principal or recorded as income based on management's judgment as to the collectability of principal. Interest accruals are resumed on such loans only when they are brought fully current as to principal and interest and when, in the judgment of management, the loans are estimated to be fully collectible.

The allowance for loan losses is established as losses are estimated to have occurred through a provision for doubtful accounts charged to functional expenses. Loan losses are charged against the allowance when management believes the un-collectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The adequacy of the allowance for loan losses is evaluated on a periodic basis by management. Factors considered in evaluating the adequacy of the allowance include current economic conditions and their effect on borrowers, the composition and size of the loan portfolio, and experience with other microlending entities. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Microloans receivable consisted of the following at December 31:

Microloans receivable	\$ 3,275,632
Allowance for doubtful accounts	<u>(141,058)</u>
Microloans receivable, net	<u>\$ 3,134,574</u>

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Changes in the allowance for loan losses were as follows for the year ended December 31, 2014:

Balance at beginning of year	\$	139,694
Write-offs and exchange rate fluctuation		(154,870)
Provision for loan losses		156,234
Balance at end of year	\$	<u>141,058</u>

**Property and Equipment**

Furniture, fixtures, and equipment are recorded at cost and depreciated on a straight-line basis over their useful lives, which range from 3 to 10 years. Leasehold improvements are recorded at cost and amortized on a straight-line basis over the shorter of the life of the lease or estimated useful life of the improvement. Donated equipment is recorded at the fair market value as of the date the gift is made and amortized over its useful life.

**Donated Services**

Donated services which are specialized and which would otherwise need to be purchased are reflected as contribution revenue and expensed or capitalized, as appropriate, at their fair market values at the date of receipt. Fair market value is determined as the price at which services would have been purchased. Included in contributions and grant revenue, global programs, global investments, and general administrative expenses are donated services, computer equipment, and legal services having an aggregate value of \$3,264,169 in fiscal 2014.

**Foreign Currency Translation**

The functional currency of Centro is the local currency, which is the Colombian peso. The functional currency of ATA is the local currency, which is the Indian rupee. The functional currency of ACC and AMC is the Chinese yuan renminbi. The functional currency of SCM is the Brazilian real. The functional currency of Accion's branch in Ghana is the cedi, and the functional currency of Accion's branch in Brazil is the Brazilian real. Assets and liabilities of these subsidiaries are translated into U.S. dollars using the current exchange rates at the date of the statement of financial position. Changes in net assets are translated using the average rate for the fiscal year.

Foreign currency exchange transaction gains and losses are recorded in the statements of activities.

**Income Tax**

Accion is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a). Centro and ATA are registered charitable organizations in Colombia and India, respectively. Gateway, a single member limited liability company, is fully consolidated on the federal form 990 of its single member, Accion. ACC, AAIC, AINV in Nigeria, AMC (see Note B) and SCM are taxable subsidiaries of Accion, filing their own tax returns. The income tax consequences, if any, are reflected in the financial statements, and do not have a material effect, individually or in the aggregate, upon Accion's financial statements. Accion believes it has taken no uncertain tax positions.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Risks and Uncertainties**

Accion facilitates access to letters of credit for affiliates outside the United States, which may involve significant risks not present in domestic transactions. For example, foreign companies usually are not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to domestic companies. Other risks include political or financial instability or diplomatic and other developments which could affect foreign operations and investments in foreign-based entities.

**Non-controlling Interest**

A non-controlling interest is defined as the portion of the net assets in a subsidiary not attributable, directly or indirectly, to a parent. Revenues, expenses, gains, losses and change in net assets are reported in the consolidated financial statements at the consolidated amounts, which include the amounts attributable to the non-controlling interest. The consolidated statement of activities separately presents Accion, as well as the change in net assets attributable to Accion and the non-controlling interest.

**Adjustment to Beginning Net Assets**

During fiscal year 2014, management identified certain differences between US GAAP and local GAAP reporting for certain reserves reported by BancoSol, an equity method investment. The result of those adjustments to reflect US GAAP was to increase beginning net assets by \$24,575,262, which is presented on the statement of activities as an adjustment to beginning net assets.

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS**

As required by existing guidance, Accion reports certain assets at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting Accion's own assumptions.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets recorded at fair value:

**Contributions and Grants Receivable**

Contributions and grants receivable are reported based on non-recurring fair value measurements. Multi-year pledges are recorded at the present value of future cash flows using a discount rate, adjusted for market conditions, to estimate fair value.

**Investments**

Investments whose values are based on quoted market prices in active markets are classified as Level 1 assets. These investments primarily include money market funds, U.S. Treasury, and equity securities. Investments, whose values are based on quoted prices in markets that are not active, inputs that are not observable, and for prices obtained from comparable securities of issuers with similar credit ratings, are classified as Level 2 assets. These investments include certificate of deposits and corporate bonds.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of December 31, 2014:

	<b>2014</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Short-term investments:				
U.S. Treasury	\$ 27,579,529	\$ -	\$ -	\$ 27,579,529
Certificate of deposits	-	2,250,000	-	2,250,000
Corporate bonds	-	58,385,749	-	58,385,749
Investment in affiliate at fair value	90,999,684	-	20,660,910	111,660,594
Global Bridge Guarantee Program investments:				
Cash and cash equivalents	337,771	-	-	337,771
Certificate of deposits	-	252,214	-	252,214
Corporate bonds	-	6,957,499	-	6,957,499
	<b>\$ 118,916,984</b>	<b>\$ 67,845,462</b>	<b>\$ 20,660,910</b>	<b>\$ 207,423,356</b>



**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

**NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued**

Accion recognizes transfers between fair value hierarchy levels at the approximate date or change in circumstances that cause the transfer. There were no significant transfers between fair value hierarchy levels during the year ended December 31, 2014.

The following are Accion's assets accounted for at fair value on a non-recurring basis as of December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Contribution and grant receivables	\$ -	\$ -	\$ 7,174,445	\$ 7,174,445
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,174,445</u>	<u>\$ 7,174,445</u>

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2014 consist of the following:

	<u>2014</u>
Furniture, fixtures, equipment and software	\$ 2,801,647
Leasehold improvements	<u>2,345,865</u>
Subtotal	5,147,512
Less accumulated depreciation	<u>(2,261,766)</u>
Property and equipment – net	<u>\$ 2,885,746</u>

Depreciation expense as of December 31, 2014 was \$299,643, as reported on the consolidated statement of functional expenses.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

**NOTE E - INVESTMENTS IN AFFILIATES**

Investments in affiliates at December 31, 2014 consist of the following:

	<u>2014</u>
Investments in microfinance institutions with greater than 20% participation	
Akiba Commercial Bank (Tanzania) (Equity Method)	\$ 2,526,781
Banco Solidario S.A (Bolivia) (Equity Method)	57,499,200
Swadhaar Finserve (India) (Equity Method)	2,810,283
Saija (India) (Equity Method)	1,992,027
Grassland (Hong Kong) (Fair Value)	16,852,217
Teak Tree (Singapore) (Fair Value)	3,728,693
Other (Various) (Fair Value)	80,000
	<u>\$ 85,489,201</u>
Investments in microfinance institutions with less than 20% participation	
Genera SAB de C.V. (formerly Compartamos) (Mexico) (Fair Value)	\$ 90,999,684
Finamérica Compania de Financiamiento Comercial (Colombia) (Cost)	1,578,673
Grupo BanDelta Holding Corp., Inc. (Panama) (Cost)	2,542,500
Microfinance Growth Fund, LLC (USA) (Cost)	1,000,000
ACCION Investments in Microfinance, Sub-Sahara Africa Segregated Portfolio (Africa) (Cost)	1,821,909
ACCION Investment in Microfinance Nigeria (Cost)	7,819,882
Desarrolladora e Impulsora de Negocios (CrediConfia) (Mexico) (Cost)	3,923,756
Credinka (Peru) (Cost)	4,979,176
Other (Various) (Cost)	154,152
	<u>\$ 114,819,732</u>
Investments in mission-related non microfinance institutions with less than 20% participation (Cost Method)	
GloboKas Peru SAC (Peru)	\$ 1,959,043
Leapfrog Financial Inclusion Fund (USA)	1,367,381
Lok Capital LLC (Mauritius)	1,025,106
MFX Solutions (USA)	1,250,000
Zona Transactions International (Zambia)	1,626,929
Shubham Housing Development Finance Company (India)	3,356,109
ZonaMovil, Inc (Tiixa) (USA)	3,500,014
Azimo (UK)	2,449,808
Eseye (UK)	2,500,000
Other (Various)	421,500
	<u>\$ 19,455,890</u>
Total investments in affiliates	<u>\$ 219,764,823</u>

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE E - INVESTMENTS IN AFFILIATES - Continued**

**AKIBA Commercial Bank Ltd. (ACB)**

ACB is a private commercial bank focused on serving micro, small and medium enterprises and low income households in Tanzania. Accion's investment in ACB as of December 31, 2014 represented 20% of ACB's total common shares. For the year ended December 31, 2014, Accion reported its share of ACB's equity with an increase of \$319,783. The accounts of ACB reflect total assets and total liabilities of \$79.5 and \$66.8 million at December 31, 2014.

**Banco Solidario S.A. (BancoSol)**

BancoSol is a private commercial bank focused on microenterprises in Bolivia. Accion's investment in BancoSol as of December 31, 2014 represented 38.98% of BancoSol's total common shares. In 2014, Accion purchased 370 and sold 355,731 shares of BancoSol. For the year ended December 31, 2014, Accion received a dividend of \$1,240,127, and reported its share of BancoSol's equity with an increase of \$612,566. The accounts of BancoSol reflect total assets and total liabilities of \$1.3 and \$1.2 billion at December 31, 2014.

**Swadhaar FinServe (Swadhaar)**

Swadhaar is a nonbank microfinance institution operating in Mumbai, India. Accion's investment in Swadhaar as of December 31, 2014 represented 35.9% of Swadhaar's total common shares. For the year ended December 31, 2014, Accion reported its share of Swadhaar's net income of \$54,608. The accounts of Swadhaar reflect total assets and total liabilities of \$10.2 and \$2.4 million at December 31, 2014.

**Saija Finance (Saija)**

Saija is a nonbank microfinance institution operating in Bihar, India. Accion's investment in Saija as of December 31, 2014 represented 40.6% of Saija's total common shares. For the year ended December 31, 2014, Accion reported its share of Saija's net gain of \$124,361. The accounts of Saija reflect total assets and total liabilities of \$12.3 and \$9.7 million at December 31, 2014.

**Grassland (Hong Kong)**

Grassland is a holding company owning two nonbank microfinance institutions in China, including AMC (see Note B). In April 2014, Accion exchanged its 100% direct ownership in AMC to a third party for 16,167,229 shares of Grassland. Accion's investment in Grassland as of December 31, 2014 represented 40% of Grassland's total common shares.

**Teak Tree (Singapore)**

Teak Tree is a holding company owning 100% of Bridge, a nonbank microfinance institution in the Philippines. In March 2014, Accion purchased 3,548,550 shares of Teak Tree. Accion's investment in Teak Tree as of December 31, 2014 represented 28.62% of Teak Tree's total common shares.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE E - INVESTMENTS IN AFFILIATES - Continued**

**Genera SAB de C.V (Genera)**

Genera, formerly known as Banco Compartamos Institución de Banca Múltiple (Compartamos), is the largest microfinance institution operating in Mexico. Accion accounts for its investment in Genera at fair market value based on quoted market prices on the Mexican exchange. As of December 31, 2014, Accion's investment in Genera represented 2.75% of Genera's common shares. In 2014, Accion sold 17 million shares, equal to 28% of its holdings and realized a gain of approximately \$34 million. For the year ended December 31, 2014, Accion reported an unrealized loss of \$25 million.

**Finamérica Compania de Financiamiento Comercial (Finamérica)**

Finamérica is a nonbank microfinance institution operating in Colombia. Accion's investment in Finamérica as of December 31, 2014 represented 5.48% of Finamérica's total common shares. In 2014, Accion purchased 291,912 shares of Finamérica.

**Grupo BanDelta Holding Corp., Inc. (BanDelta)**

BanDelta is the holding company of Banco Delta S.A., a microfinance-specialized bank in Panama. Accion's investment in BanDelta as of December 31, 2014 represented 11.33% of BanDelta's total common shares. For the year ended December 31, 2014, Accion received a dividend of \$75,068.

**Microfinance Growth Fund, LLC (MIGROF)**

MIGROF, a Delaware company, provides loans to microfinance institutions which facilitate funding to small and micro enterprises in Latin America and the Caribbean. Accion's investment in MIGROF as of December 31, 2014 represented 3.60 % ownership. For the year ended December 31, 2014, Accion received a dividend of \$163,498.

**ACCION Investments in Microfinance Sub-Sahara Africa Segregated Portfolio (AINV Africa)**

AINV Africa, a segregated portfolio of a Cayman Islands holding company, owns investments in African microfinance institutions. As of December 31, 2014, Accion owned 51% of the total portfolio and indirectly 15.30% of EB-Accion Savings & Loans in Ghana (EASL) and 16.62% of EB-Accion Microfinance in Cameroon (EAMF).

**Accion Investment in Microfinance Nigeria (AINV Nigeria)**

AINV Nigeria, a Cayman Islands holding company, owns ACCION Microfinance Bank Ltd. (AMfB), a Nigeria microfinance institution. As of December 31, 2014, Accion owned 51% of AINV Nigeria and indirectly 18.24% of AMfB. For the year ended December 31, 2014, AINV received a dividend of \$158,570 from AMfB.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE E - INVESTMENTS IN AFFILIATES - Continued**

**Desarrolladora e Impulsora de Negocios, S.A.P.I. de C.V., SOFOM., E.N.R (CrediConfia)**

CrediConfia is a Mexican microfinance institution. In May 2012, Accion agreed to provide technical assistance over three years in exchange for common shares. Through this agreement Accion acquired a total of 178,153 shares including 48,802 shares acquired in 2014. Accion's investment in Crediconfia as of December 31, 2014 represented 5.90% of Crediconfia's total common shares.

**Credinka S.A. (Credinka)**

Credinka is a Peruvian microfinance institution. In September 2014, Accion purchased 5,921,963 shares. Accion's investment in Credinka as of December 31, 2014 represented 10% of Credinka's total common shares.

**GloboKas Peru SAC (GKN)**

GKN, the Peruvian subsidiary of GTV GlobokasNet LLC, is a provider of business and financial transaction data transmission services, including processing and settlement services to banks, microfinance institutions, NGOs and corporations seeking cashless payment solutions. As of December 31, 2014 Accion's investment in GKN represented 17.77% of GKN's total shares. In 2014, Accion converted \$300,000 in warrants into 375,000 equity shares.

**Leapfrog Financial Inclusion Fund (Leapfrog)**

Leapfrog, incorporated in Mauritius, is a global investment fund focused exclusively on micro-insurance and other financial products to meet the financial needs beyond working-capital credit of low-income people in developing countries. As of December 31, 2014, Accion's total investment in Leapfrog represented 2.20% of Leapfrog's total shares. In 2014, Accion purchased 330,759 and sold 958,296 shares of Leapfrog.

**Lok Capital LLC (Lok)**

Lok is a Mauritius-based venture fund dedicated to providing equity investments to microfinance institutions in India. In 2014, Accion redeemed 4,456 shares. Accion's investment in Lok as of December 31, 2014 represented 11.36% of Lok's total common shares.

**MFX Solutions (MFX)**

MFX is a US-based for-profit enterprise providing microfinance lenders with the expertise to quantify currency risk along with affordable and accessible hedging instruments to mitigate currency risk. Accion's investment in MFX as of December 31, 2014 represented 10.32% of MFX's total common shares.

## ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

As of and for the year ended December 31, 2014

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### NOTE E - INVESTMENTS IN AFFILIATES - Continued

#### **Zoona Transactions International (Zoona)**

Formerly known as Mobile Transactions International, Zoona is a third-party provider of an array of mobile payment solutions in Zambia. The bulk of Zoona's revenue is earned through its core product offerings of money transfers, ordering & supplier payments, and agent payments. Accion's investment in Zoona as of December 31, 2014 represented 18.16% of Zoona's total common shares.

#### **Shubham Housing Development Finance Company (Shubham)**

Shubham focuses on mortgage lending for quality affordable urban and semi-urban housing in India. Shubham targets informal sector workers (vegetable vendors, rickshaw pullers, etc), slum rehabilitation program customers, and anyone who does not have access to regular home loans (under/un-banked). Accion's investment in Shubham as of December 31, 2014 represented 8.79% of Shubham's total common shares.

#### **Zonamovil, Inc (Tiixa)**

Tiixa is a business solutions provider for Mobile Network Operators (MNOs). Tiixa is currently focused on Latin America and South East Asia. Tiixa offers turnkey solutions for real-time pricing and billing of pre-paid mobile phone transactions, as well as value added and business intelligence services to help MNOs and corporations market more effectively to their customers. As of December 31, 2014, Accion's investment in Tiixa represented 4.22% of Tiixa's total shares.

#### **Azimo Limited (Azimo)**

Azimo, based in the UK, provides online lower cost overseas money transfer services to various locations including bank accounts, home delivery, mobile wallets or cash collection locations. In 2014, Accion purchased 4,202 shares of Azimo. As of December 31, 2014, Accion's investment in Azimo represented 9.83% of Azimo's total shares.

#### **Eseye Limited (Eseye)**

Eseye, based in the UK, provides global connectivity devices and services for the Internet of Things (IoT). In 2014, Accion purchased 62,318 shares of Eseye. As of December 31, 2014, Accion's investment in Eseye represented 6.60% of Eseye's total shares.

#### **Other**

Accion invests in several other microfinance institutions or other organizations providing products and technologies to support and complement the development of microfinance. The investments are individually under \$1 million and are recorded at cost net of any temporary impairment. For the year ended December 31, 2014, Accion did not receive dividends from these investments.

## ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

As of and for the year ended December 31, 2014

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### NOTE F - RELATED PARTY TRANSACTIONS

ACCION, the US Network (the US Network) is a network of microfinance institutions in the U.S. related to Accion through a brand licensing agreement. Accion provides accounting and information technology support to the US Network through a shared services agreement and through Accion's membership in the US Network. Under the agreement, certain salaries incurred by Accion are charged to the US Network. Such amounts aggregated \$47,967 in 2014 and are reflected as contract revenue in the accompanying consolidated statements of activities.

ACCION East, formerly known as ACCION USA and a member of the US Network, shares office space with Accion in Boston, Massachusetts. The use and cost allocation of this shared office space as well as administrative support is administered through a shared services agreement. Under the agreement, certain salaries and occupancy expenses incurred by Accion are charged to ACCION East. Such amounts aggregated to \$172,887 in 2014, and are reflected as contract revenue in the accompanying consolidated statements of activities.

On December 5, 2013, Accion provided a secured loan to ACCION Texas, a member of the US Network. The outstanding principal amount of \$1,000,000 is maturing on March 5, 2015 at a fixed rate of 3% and is reported as note receivable from affiliates in the statement of financial position. The loan was repaid in full in 2015.

AIMCO was created for the purpose of providing investment services for AINV, an equity method investment holding of Accion which closed its fund in 2012. AIMCO was dissolved in September 2014.

### NOTE G - GLOBAL BRIDGE GUARANTEE PROGRAM INVESTMENTS

Global Bridge Guarantee Program investments (at fair value) at December 31, 2014 consist of the following:

Global Bridge Guarantee Program investments:	
Cash and cash equivalents	\$ 337,770
Certificate of deposits	252,214
Corporate bonds	<u>6,957,500</u>
	<u>\$ 7,547,484</u>

The Global Bridge Guarantee Program borrows funds by issuing notes payable and utilizing the proceeds to purchase investments rated BBB or better. These investments serve as collateral for letters of credit issued in favor of banks which lend funds to independent microfinance institutions in their counties. The microfinance institutions then lend those funds to self-employed, low-income individuals who would not otherwise have access to bank loans.

There are cash or cash equivalents and corporate bonds held within Global Bridge Guarantee Program investments to reserve against potential loan losses totaling \$1,273,894 at December 31, 2014.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE H - NOTES PAYABLE**

Notes payable as of December 31, 2014 consist of the following:

Global Bridge Guarantee Program - unsecured notes payable to foundations, institutions, individuals, and religious organizations; various interest rates from 0% to 5% per annum; due in varying amounts through 2023	<b>\$ 6,344,171</b>
Notes payable of SCM – unsecured notes payables to foreign financial institutions; various interest rates around 5% per annum; due in varying amounts through 2019	<b><u>2,405,101</u></b>
Total notes payable	<b><u><u>\$ 8,749,272</u></u></b>

The scheduled principal repayments under these notes as of December 31, 2014 are as follows:

2015	\$ 3,388,470
2016	1,616,640
2017	1,540,161
2018	406,000
2019	1,138,001
Thereafter	<u>660,000</u>
	<b><u><u>\$ 8,749,272</u></u></b>

**NOTE I - INCOME TAXES**

The provision for income taxes for the year ended December 31, 2014 is comprised of the following:

Current provision	
Foreign	<b><u>\$ 211,809</u></b>
	<b>211,809</b>
Deferred provision (benefit)	<u>-</u>
Provision (benefit) for income taxes	<b><u><u>\$ 211,809</u></u></b>



**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE I - INCOME TAXES – Continued**

Deferred income tax assets at December 31, 2014 consist of the following:

Net operating loss carryforwards	\$ 1,291,000
Less: valuation allowance	<u>(1,291,000)</u>
	<u>\$ -</u>

The available net operating loss carryforwards at December 31, 2014 are \$8,604,000. Deferred income tax assets and liabilities are attributed to temporary differences between financial and taxable reports applying a blended income tax rate of 15%. Management has concluded that it is more likely than not that its deferred tax asset as of December 31, 2014 will not be realized and as such a valuation allowance has been recorded.

**NOTE J - COMMITMENTS AND CONTINGENCIES**

**Letters of Credit**

In order to obtain letters of credit used as collateral on bank loans made to affiliates globally, Accion has placed investments in certain accounts as a guarantee. These accounts are included in bridge fund and loan fund investments in the consolidated statements of financial position (see Note G).

At December 31, 2014, the Global Bridge Guarantee Program was contingently liable for letters of credit in the amount of \$2,603,000.

**Capital Calls**

For the year ended December 31, 2014, Accion had approximately \$3.4 million in capital call commitments with investment affiliates. The balance will be disbursed on an as-needed basis during the commitment period, which extends through 2015.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE J - COMMITMENTS AND CONTINGENCIES - Continued**

**Operating Leases**

Accion leases office space in various countries in which they operate. These leases expire over periods ranging from March 2015 through June 2024. The remaining net minimum payment obligation under these leases is as follows:

2015	\$	1,175,239
2016		1,232,032
2017		1,183,608
2018		1,221,538
2019		1,259,946
Thereafter		<u>6,798,332</u>
Total	\$	<u>12,870,695</u>

Rent expense was \$1,898,000 for the year ended December 31, 2014.

**NOTE K - EMPLOYEE BENEFIT PLAN**

Accion has established a defined contribution retirement plan which is available to substantially all salaried employees. Accion's contribution to this plan is based on a percentage of participant salaries and totaled \$625,237 in 2014.

**NOTE L - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets have been restricted by donors to be used in a specific time period, for a specific location, or scope of work. Temporarily restricted net assets are available as of December 31, 2014 for the following purposes:

Global programs	\$	1,519,891
Global investments		705,940
Fundraising		702,020
Center for financial inclusion		<u>9,402,647</u>
Total	\$	<u>12,330,498</u>

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
Notes to Consolidated Financial Statements – Continued  
As of and for the year ended December 31, 2014

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**NOTE M - CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject Accion to concentrations of credit risk are investments, cash equivalents, and other interest-bearing investments. Approximately 41% of Accion's investments in affiliates are invested in the common stock of Genera, a Mexican-based bank (see Note E). In addition, one donor represents 67% of contributions receivable.

**NOTE N - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 30, 2015, which is the date financial statements were available for issuance. Other than the items disclosed below, there were no subsequent events that required adjustments or disclosure in the financial statements.

On January 15, 2015, Accion sold its entire ownership of ACCIÓN Microfinanças Sociedade de Crédito ao Microempreendedor e à Empresa de Pequeno Porte, S.A. (SCM) (see note B) for a price of \$800,000, a loss on sale of investment of \$8,109,942, and an increase in net assets on deconsolidation of \$7,548,393, for a net decrease in net assets of \$561,549.

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**SUPPLEMENTAL SCHEDULES**

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**ACCION INTERNATIONAL AND SUBSIDIARIES**  
**Consolidating Schedule of Financial Position**  
**December 31, 2014**

	<u>ACCION International*</u>	<u>Microlending Subsidiary**</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 41,153,190	\$ 878,872	\$ -	\$ 42,032,062
Short term investments	88,215,277	-	-	88,215,277
Notes receivable from affiliates	3,243,893	-	(814,797)	2,429,096
Grants receivable - net	2,880,247	-	-	2,880,247
Contributions receivable - net	403,197	-	-	403,197
Contracts receivable	2,071,368	-	-	2,071,368
Microloans receivable- net	-	3,134,574	-	3,134,574
Prepaid expenses	1,217,359	47,995	-	1,265,354
Deposits, advances and other receivables	602,571	-	-	602,571
<b>Total current assets</b>	<b>139,787,102</b>	<b>4,061,441</b>	<b>(814,797)</b>	<b>143,033,746</b>
<b>NON-CURRENT ASSETS:</b>				
Cash restricted by foundation for long-term purposes	150,127	-	-	150,127
Notes receivable from affiliates	1,559,741	-	-	1,559,741
Grants receivable - net	3,396,131	-	-	3,396,131
Contributions receivable - net	494,870	-	-	494,870
Global Bridge Guarantee Program investments	7,547,484	-	-	7,547,484
Investments in affiliates	219,764,823	-	-	219,764,823
Investments in subsidiaries	9,044,641	-	(9,044,641)	-
Property and equipment - net	2,604,372	281,374	-	2,885,746
<b>Total non-current assets</b>	<b>244,562,189</b>	<b>281,374</b>	<b>(9,044,641)</b>	<b>235,798,922</b>
<b>Total assets</b>	<b>\$ 384,349,291</b>	<b>\$ 4,342,815</b>	<b>\$ (9,859,438)</b>	<b>\$ 378,832,668</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 5,696,494	\$ 288,470	\$ -	\$ 5,984,964
Deferred revenue	315,872	-	-	315,872
Notes payable	2,330,060	-	-	2,330,060
<b>Total current liabilities</b>	<b>8,342,426</b>	<b>288,470</b>	<b>-</b>	<b>8,630,896</b>
<b>NON-CURRENT LIABILITIES:</b>				
Notes payable - net of current portion	4,014,110	3,219,899	(814,797)	6,419,212
<b>Total non-current liabilities</b>	<b>4,014,110</b>	<b>3,219,899</b>	<b>(814,797)</b>	<b>6,419,212</b>
<b>Total liabilities</b>	<b>12,356,536</b>	<b>3,508,369</b>	<b>(814,797)</b>	<b>15,050,108</b>
<b>NET ASSETS:</b>				
Capital	-	9,044,641	(9,044,641)	-
Unrestricted:				
Accion	359,662,257	(8,210,195)	(3,888,437)	347,563,625
Non-controlling interest in SCM	-	-	(29,883)	(29,883)
Non-controlling interests in Accion Investment in Nigeria	-	-	3,918,320	3,918,320
Total unrestricted net assets	359,662,257	(8,210,195)	-	351,452,062
Temporarily restricted	12,330,498	-	-	12,330,498
<b>Total net assets</b>	<b>371,992,755</b>	<b>834,446</b>	<b>(9,044,641)</b>	<b>363,782,560</b>
<b>Total liabilities and net assets</b>	<b>\$ 384,349,291</b>	<b>\$ 4,342,815</b>	<b>\$ (9,859,438)</b>	<b>\$ 378,832,668</b>

\* ACCION International includes Centro ACCION Microempresarial, ACCION Gateway Fund, LLC, ACCION Technical Advisors, ACCION Beijing Consultation Services Company, Ltd, ACCION Africa Asia Investment Company, and Accion Investments in Microfinance Nigeria.

\*\* Microlending subsidiary is ACCION Microfinancas-Sociedade de Credito ao Microempreendedor e a Empresa de Pequeno Porte, SA.

**ACCION INTERNATIONAL AND SUBSIDIARIES**  
**Consolidating Schedule of Activities**  
**December 31, 2014**

	ACCION International*	Microlending Subsidiary**	Elimination Entries	Consolidated
<b>REVENUES:</b>				
Contributions and grants	\$ 17,822,344	\$ -	\$ -	\$ 17,822,344
Dividend and interest income from program services	1,056,868	2,855,435	(46,142)	3,866,161
Dividend and interest income from short-term investments	2,741,855	82,792	-	2,824,647
Contract revenues and training fees	4,515,773	-	-	4,515,773
Total revenues	<u>26,136,840</u>	<u>2,938,227</u>	<u>(46,142)</u>	<u>29,028,925</u>
<b>FUNCTIONAL EXPENSES:</b>				
Program services:				
Global Programs	17,288,164	-	-	17,288,164
Microlending	54,563	4,324,105	(46,142)	4,332,526
Global Investments	7,901,713	-	-	7,901,713
ACCION Investment Management Company	9,400	-	-	9,400
Center for Financial Inclusion	6,714,107	-	-	6,714,107
Communications	1,928,390	-	-	1,928,390
Total program services	<u>33,896,337</u>	<u>4,324,105</u>	<u>(46,142)</u>	<u>38,174,300</u>
Supporting services				
General and administrative	5,824,857	-	-	5,824,857
Fundraising	2,643,116	-	-	2,643,116
Total supporting services	<u>8,467,973</u>	<u>-</u>	<u>-</u>	<u>8,467,973</u>
Total functional expenses	<u>42,364,310</u>	<u>4,324,105</u>	<u>(46,142)</u>	<u>46,642,273</u>
Change in net assets from operations	(16,227,470)	(1,385,878)	-	(17,613,348)
Income taxes	(61,190)	(150,619)	-	(211,809)
Equity in income of equity investments	1,111,319	-	-	1,111,319
Deconsolidation of AMC	-	(3,049,160)	-	(3,049,160)
Change in net unrealized gain on investments	(27,889,020)	(190,514)	-	(28,079,534)
Net realized gain on investments	54,491,074	-	-	54,491,074
Foreign currency translation gains, net	(232,672)	(129,986)	-	(362,658)
Other	14,700	11,019	-	25,719
Change in net assets	<u>11,206,741</u>	<u>(4,895,138)</u>	<u>-</u>	<u>6,311,603</u>
Net assets - Beginning of year	<u>336,210,752</u>	<u>(3,315,057)</u>	<u>-</u>	<u>332,895,695</u>
Adjustment to beginning net assets	<u>24,575,262</u>	<u>-</u>	<u>-</u>	<u>24,575,262</u>
Net assets adjusted beginning of year	<u>360,786,014</u>	<u>(3,315,057)</u>	<u>-</u>	<u>357,470,957</u>
Net assets - End of year:				
Unrestricted	359,662,257	(8,210,195)	-	351,452,062
Temporary restricted	12,330,498	-	-	12,330,498
Net assets - End of year	<u>\$ 371,992,755</u>	<u>\$ (8,210,195)</u>	<u>\$ -</u>	<u>\$ 363,782,560</u>

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