

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

GRAMEEN AMERICA, INC.

December 31, 2017 and 2016

GRAMEEN AMERICA, INC.

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Grant Thornton LLP
757 Third Avenue, 9th Floor
New York, NY 10017

T 212.599.0100
F 212.370.4520
GrantThornton.com
[linkd.in/GrantThorntonUS](https://www.linkedin.com/company/GrantThorntonUS)
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors:

Grameen America, Inc.

We have audited the accompanying consolidated financial statements of Grameen America, Inc. (the “Organization”), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Grameen America, Inc. as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other matters

The consolidated financial statements of Grameen America, Inc., as of and for the year ended December 31, 2016, were audited by other auditors. Those auditors expressed an unmodified opinion on those 2016 financial statements in their report dated May 1, 2017.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

New York, New York
April 16, 2018

GRAMEEN AMERICA, INC.
Consolidated Statements of Financial Position
As of December 31, 2017 and 2016
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 18,724	\$ 11,190
Cash held for Disbursement Card Program	2,722	450
Contributions and grants receivable, current	3,885	7,504
Program loans receivable	61,135	58,689
Allowance for loan losses	<u>(1,088)</u>	<u>(1,045)</u>
Program loans receivable, net	<u>60,047</u>	<u>57,644</u>
Prepaid expenses	306	284
Other current assets	<u>247</u>	<u>207</u>
Total current assets	85,931	77,279
Contributions and grants receivable, net	1,493	780
Furniture and equipment, net	122	167
Other assets	<u>160</u>	<u>97</u>
Total assets	<u>\$ 87,706</u>	<u>\$ 78,323</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable, accrued expenses, and interest payable	\$ 657	\$ 841
Notes payable, current	12,565	4,881
Other current liabilities	<u>64</u>	<u>102</u>
Total current liabilities	13,286	5,824
Notes payable	<u>35,749</u>	<u>37,511</u>
Total liabilities	<u>49,035</u>	<u>43,335</u>
NET ASSETS		
Unrestricted	32,105	27,483
Temporarily restricted	<u>6,566</u>	<u>7,505</u>
Total net assets	<u>38,671</u>	<u>34,988</u>
Total liabilities and net assets	<u>\$ 87,706</u>	<u>\$ 78,323</u>

The accompanying notes are an integral part of these consolidated financial statements.

GRAMEEN AMERICA, INC.
Consolidated Statements of Activities and Changes in Net Assets
For the years ended December 31, 2017 and 2016
(in thousands of dollars)

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT						
Contributions	\$ 550	\$ 7,636	\$ 8,186	\$ 1,502	\$ 8,889	\$ 10,391
Grant revenue	259	-	259	1,788	-	1,788
In-kind donations	1,065	-	1,065	430	-	430
Program interest income - loans	10,101	-	10,101	7,896	-	7,896
Special event (net of expenses of \$266)	1,653	149	1,802	-	-	-
Other income	145	-	145	135	-	135
Net assets released from restrictions	8,724	(8,724)	-	7,661	(7,661)	-
Total revenues and other support	22,497	(939)	21,558	19,412	1,228	20,640
EXPENSES						
Program services	15,404	-	15,404	14,152	-	14,152
Support services	2,471	-	2,471	1,958	-	1,958
Total expenses	17,875	-	17,875	16,110	-	16,110
Changes in net assets	4,622	(939)	3,683	3,302	1,228	4,530
NET ASSETS						
Beginning of the year	27,483	7,505	34,988	24,181	6,277	30,458
End of year	\$ 32,105	\$ 6,566	\$ 38,671	\$ 27,483	\$ 7,505	\$ 34,988

The accompanying notes are an integral part of these consolidated financial statements.

GRAMEEN AMERICA, INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Changes in net assets	\$ 3,683	\$ 4,530
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Provision for loan losses and portfolio adjustments	817	436
Write-off of pledge receivable	80	-
Depreciation expense	61	75
Contributed securities	(118)	(18)
Liquidation of contributed securities	109	19
Securities held for sale	10	-
Change in operating net assets		
Decrease (increase) in contributions and grants receivable	2,986	(2,769)
Decrease in accounts payable, accrued expenses, and interest payable	(184)	(45)
(Increase) decrease in prepaid assets, other assets and other liabilities	(173)	21
Net cash provided by operating activities	<u>7,271</u>	<u>2,249</u>
INVESTING ACTIVITIES		
Program-related loan disbursements	(227,840)	(208,931)
Program-related loan repayments	224,469	194,712
Change in restricted cash	(2,272)	(450)
Purchases of furniture and equipment	(16)	(26)
Net cash used in investing activities	<u>(5,659)</u>	<u>(14,695)</u>
FINANCING ACTIVITIES		
Proceeds from notes payable	10,817	12,232
Repayments of notes payable	(4,895)	(700)
Net cash provided by financing activities	<u>5,922</u>	<u>11,532</u>
Net increase (decrease) in cash	7,534	(914)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>11,190</u>	<u>12,104</u>
End of year	<u>\$ 18,724</u>	<u>\$ 11,190</u>
Supplemental disclosure of cash flow information:		
Contributed securities	\$ 118	\$ 18

The accompanying notes are an integral part of these consolidated financial statements.

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
December 31, 2017 and 2016
(in thousands of dollars)

1. NATURE OF OPERATIONS

Grameen America, Inc. is the parent organization of the following wholly-controlled entities: Grameen America LLC, Grameen America California LLC, Grameen America Association Inc., Grameen America (NY), Inc., Grameen America Indiana LLC, Grameen America North Carolina LLC, and Grameen Puerto Rico LLC (collectively referred to in the consolidated financial statements as the “Organization”).

The Organization is a not-for-profit entity incorporated in December 2007 under the laws of the Commonwealth of Massachusetts. The mission of the Organization is to serve low income entrepreneurial women in the United States, in accordance with the Organization’s model of micro lending initiated by professor Muhammad Yunus and the Grameen Bank of Bangladesh. The Organization’s program includes the following key pillars:

- i. Access to capital through microloans
- ii. Asset building by encouraging or facilitating savings by borrowers
- iii. Credit building to help borrowers build or repair their credit history

As of December 31, 2017, the Organization operates through a network of 20 branches:

- | | |
|---|---|
| <p>Northeast Region</p> <ul style="list-style-type: none">• Jackson Heights, New York• Gates Avenue, Brooklyn, New York• Sunset Park, Brooklyn, New York• Long Island City/Jamaica, New York• Manhattan, New York• Boston, Massachusetts• Harlem, New York*• Bronx, New York• Union City, New Jersey• Newark, New Jersey | <p>West Region</p> <ul style="list-style-type: none">• Boyle Heights, Los Angeles, California• Pico Union, Los Angeles, California• San Jose, California• Oakland, California• Austin, Texas <p>Central and Southeast Region</p> <ul style="list-style-type: none">• Indianapolis, Indiana• Omaha, Nebraska• Miami, Florida• San Juan, Puerto Rico• Charlotte, North Carolina |
|---|---|

The Organization maintains its administrative offices in New York, New York.

*The Harlem Branch is operating as a research and development branch for the Organization as of December 31, 2017.

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
December 31, 2017 and 2016
(in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, in conformity with generally accepted accounting principles in the United States of America (“GAAP”).

Principles of Consolidation

The consolidated financial statements include the financial statements of the Organization and its wholly-controlled entities. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to recoverability of program loans receivable and the collectability of contributions and grants receivable. Actual results may differ from those estimates.

Income Tax Status

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. In addition, the Organization has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Cash and Cash Equivalents

The Organization considers highly liquid investments with original maturities of three months or less from the date purchased to be cash equivalents available on demand as needed.

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
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Restricted Cash

Restricted cash represent amounts that are held in designated bank accounts pursuant to the Organization's Loan Disbursement Card Program (the "Disbursement Card Program"). The Disbursement Card Program is intended to provide borrowers with a safe and flexible loan disbursement channel, as opposed to traditional checks. This restricted cash is excluded from the consolidated statements of cash flows. The number of branches enrolled in the Disbursement Card Program increased to fourteen branches as of December 31, 2017, up from three branches as of December 31, 2016.

Program Loans Receivable, Net

The Organization uses the allowance method to account for potentially uncollectible loans to program members. Program members are individuals who generally meet federal poverty guidelines, and who are given small loans to start or expand the individual's income generating business activity. Program members are charged simple interest on the declining balance of the loan. The Organization charges no other fees to join or remain in the program. Generally the terms of the loans are for six months, amortized weekly. The Organization's business depends on the creditworthiness of its participants and their ability to fulfill their obligations to the Organization and the other members of their borrowing group. The Organization maintains an allowance for loan losses that reflects management's judgment and estimation of losses inherent in the portfolio. The Organization reviews its allowance for loan losses for adequacy considering economic conditions and trends and credit quality indicators, including past write-off experience and level of past due loans. While the Organization has a 99% repayment rate on 2017 loans, management has established, an allowance of 1.78% of gross program loans receivable. This allowance is recorded within the consolidated statements of financial position as of December 31, 2017 and 2016.

The current lending program of the Organization is subject to applicable laws and regulations. Noncompliance with such laws and regulations could result in fines, penalties, and exclusion from such programs. The Organization is not aware of any noncompliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that could have a material adverse effect on its consolidated financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of cash and program loans receivable. Cash is deposited with high-credit quality financial institutions which are insured by the Federal Deposit Insurance Corporation. The Organization monitors the financial stability of the banks and does not believe it is exposed to any significant credit risk on its cash. The Organization's program loans receivable are derived from micro loans provided to individuals. Concentrations of credit risk with respect to loans receivable are limited because a large number of customers make up the Organization's customer base. As of December 31, 2017 and 2016, no single borrower represented more than 0.02% of the total program loans receivable balance. The Organization manages credit risk through credit limits and monitoring procedures. The Organization performs ongoing credit evaluations of its borrowers but does not require collateral to support the loans.

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
December 31, 2017 and 2016
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For as long as the interest earned from the Organization's microloan portfolio is not sufficient to cover its operating expenses, the Organization will be dependent on donations and contributions for any funding deficit. The Organization believes that its relationships with its principal contributors are satisfactory and that it will be able to raise the funding required to adequately support their mission. For the years ended December 31, 2017 and 2016, the largest five donors accounted for approximately 59% and 65%, respectively, of unrestricted and temporary restricted contributions revenues. These donors comprised 72% and 57%, respectively, of contributions and grants receivable as of December 31, 2017 and 2016.

Furniture and Equipment

The Organization capitalizes all expenditures for property, plant, and equipment for purchases of \$1 or more. All furniture and equipment is recorded at cost. Additions and improvements are capitalized, while repairs are expensed in the year incurred. Depreciation and amortization is computed using the straight-line method over the assets' estimated useful lives, which are between 3 and 10 years.

Net Assets

Net assets are classified in two categories: unrestricted or temporarily restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets are contributions with temporary, donor-imposed time or purpose restrictions. As of December 31, 2017 and 2016, all temporarily restricted net assets relate to either donations to the Organization to provide loans and services at the various branch locations or to assist with the technological advancements of the various branch locations. The Organization had no permanently restricted net assets as of December 31, 2017 and 2016.

Revenues and Support

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded as revenue within the consolidated statements of activities and changes in net assets when the conditions have been met.

Revenues under grants, and similar agreements are recognized at the time expenditures are incurred or at the time of the distribution of eligible loans under exchange based transactions.

The Organization reports contributions in the temporarily restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statements of activities and changes in net assets. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Contributed Services and Goods

Contributed services are reported at fair value in the consolidated financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
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(in thousands of dollars)

The Organization generally pays for services requiring specific expertise. However, some individuals may volunteer their time and perform a variety of tasks that assist the Organization as well as serving on the Board of Directors. For the years ended December 31, 2017 and 2016, donated legal and other goods and services in the amount of \$635 and \$1, respectively, and donated salaries and benefits of \$430 for the years ended December 31, 2017 and 2016, respectively, were reflected within contributions revenues and management and general expenses in the consolidated statements of activities and changes in net assets.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updated (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 by one year. The guidance is effective for interim and annual periods on or after December 15, 2017 (early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period). The guidance permits the use of either a retrospective or cumulative effect transition method. The Organization is currently evaluating the new guidance and has not determined the impact this standard may have on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance and cash flows. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU No. 2016-14 is to be applied retroactively with transition provisions. The Organization is in the process of evaluating the impact this standard will have on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for fiscal year 2020. Early adoption is permitted. The Organization is currently evaluating the new guidance and has not determined the impact this standard may have on its consolidated financial statements.

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
December 31, 2017 and 2016
(in thousands of dollars)

Reclassifications

Certain information in the fiscal 2016 consolidated financial statements has been reclassified to conform to the fiscal 2017 presentation. There were no changes in total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2016 consolidated financial statements.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable consisted of unconditional promises to give from foundations, institutions, and individuals. The scheduled receivables under these commitments as of December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Less than 1 year	\$ 3,885	\$ 7,504
1-5 years, Gross amount	1,540	800
Less: Discount to present value	<u>(47)</u>	<u>(20)</u>
Contributions and grants receivable, net	<u>\$ 5,378</u>	<u>\$ 8,284</u>

4. PROGRAM LOANS RECEIVABLE

Program loans receivable consisted of the following as of December 31, 2017 and 2016:

For the year ended December 31, 2017

	<u>Northeast Region</u>	<u>Central and Southeast Region</u>	<u>West Region</u>	<u>Total Portfolio</u>
Program loans receivable				
Current	\$ 38,513	\$ 10,772	\$ 11,654	\$ 60,939
8-30 days past due	6	7	11	24
> 30 days past due	<u>62</u>	<u>32</u>	<u>78</u>	<u>172</u>
Total portfolio loans receivable	38,581	10,811	11,743	61,135
Allowance for loan losses	<u>(636)</u>	<u>(195)</u>	<u>(257)</u>	<u>(1,088)</u>
Program loans receivable, net	<u>\$ 37,945</u>	<u>\$ 10,616</u>	<u>\$ 11,486</u>	<u>\$ 60,047</u>

For the year ended December 31, 2016

	<u>Northeast Region</u>	<u>Central and Southeast Region</u>	<u>West Region</u>	<u>Total Portfolio</u>
Program loans receivable				
Current	\$ 35,431	\$ 11,668	\$ 10,966	\$ 58,065
8-30 days past due	152	87	92	331
> 30 days past due	<u>60</u>	<u>133</u>	<u>100</u>	<u>293</u>
Total portfolio loans receivable	35,643	11,888	11,158	58,689
Allowance for loan losses	<u>(510)</u>	<u>(287)</u>	<u>(248)</u>	<u>(1,045)</u>
Program loans receivable, net	<u>\$ 35,133</u>	<u>\$ 11,601</u>	<u>\$ 10,910</u>	<u>\$ 57,644</u>

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
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(in thousands of dollars)

Allowance for loan losses consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,045	\$ 782
Provision for loan losses	856	511
Portfolio charge-offs and write downs	<u>(813)</u>	<u>(248)</u>
Balance, end of year	<u>\$ 1,088</u>	<u>\$ 1,045</u>

5. FURNITURE AND EQUIPMENT, NET

Furniture and equipment consisted of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture	\$ 23	\$ 23
Equipment	162	239
Software and other	147	147
Less: Accumulated depreciation and amortization	<u>(210)</u>	<u>(242)</u>
Furniture and equipment, net	<u>\$ 122</u>	<u>\$ 167</u>

Depreciation and amortization totaled \$61 and \$75 for the years ended December 31, 2017 and 2016, respectively.

6. NOTES PAYABLE

Notes payable as of December 31, 2017 and 2016 consisted of fixed-rate loans from foundations and institutions with various interest rates and due in varying amounts through 2027. The agreements contain financial covenants whereby the Organization is required to maintain specific financial ratios (e.g., current ratio, net asset, capital, liquidity), and other requirements such as maintaining net income at break-even and to maintain a certain level of allowance for loan-losses. The Organization is also required to submit annual audited financial statements within 120 days of the end of fiscal year. As of December 31, 2017 and 2016, the Organization was in compliance with all financial covenants.

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
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The scheduled principal repayments under these notes as of December 31, 2017 are as follows:

2018	\$	12,565
2019		9,415
2020		8,837
2021		9,687
2022		2,704
2023 and later		<u>5,106</u>
	\$	<u>48,314</u>

7. COMMITMENTS AND CONTINGENCIES

The Organization leases office space in New York, Omaha, Indianapolis, Charlotte, Oakland, Los Angeles, San Juan, San Jose, Boston, Austin, Newark, Miami, and Union City. These leases expire over periods ranging from June 2018 through December 2026. The remaining minimum payment obligations under these leases are as follows:

2018	\$	897
2019		791
2020		755
2021		265
2022		133
2023 and later		<u>253</u>
	\$	<u>3,094</u>

Total rent expense for the years ended December 31, 2017 and 2016 amounted to \$906 and \$856, respectively.

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
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8. FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are presented on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated for the programs and supporting services benefited based on management's estimates.

	December 31, 2017		
	Program Services	Support Services	Total Expenses
Salaries and benefits	\$ 9,689	\$ 1,053	\$ 10,742
Professional fees	973	942	1,915
Office expense	541	66	607
Rent and utilities	1,017	91	1,108
Other expense	2,466	224	2,690
Travel	553	67	620
License and insurance expense	114	21	135
Advertising and events	51	7	58
	<u>\$ 15,404</u>	<u>\$ 2,471</u>	<u>\$ 17,875</u>
	December 31, 2016		
	Program Services	Support Services	Total Expenses
Salaries and benefits	\$ 9,283	\$ 1,452	\$ 10,735
Professional fees	537	233	770
Office expense	977	117	1,094
Rent and utilities	872	76	948
Other expense	1,914	17	1,931
Travel	429	37	466
License and insurance expense	104	18	122
Advertising and events	36	8	44
	<u>\$ 14,152</u>	<u>\$ 1,958</u>	<u>\$ 16,110</u>

GRAMEEN AMERICA, INC.
Notes to Consolidated Financial Statements
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(in thousands of dollars)

9. RETIREMENT PLAN

The Organization offers the opportunity to participate in a retirement program to all eligible staff members through a 401(k) tax deferred savings plan. Staff are automatically enrolled at a 1% contribution rate once participation in the plan is initiated. For the year ended December 31, 2017, the Organization contributed a 50% match up to 6% of each staff member's eligible compensation. Each member's contributions and earnings as part of this plan are vested at 100%, with contributions by the Organization following a vesting schedule where employees are fully vested after four years of service. The Organization's matching contributions under the plan totaled \$117 and \$100 for the years ended December 31, 2017 and 2016, respectively.

10. RELATED PARTY TRANSACTIONS

The Organization receives contributions from its Board members and organizations affiliated with its Board members. For the years ended December 31, 2017 and 2016, such contributions totaled approximately \$2,653 and \$10, respectively. Further, the Organization made a grant to Grameen PrimaCare in the amount of \$189 for the year ended December 31, 2017. Grameen PrimaCare is a related party to the Organization that rents space from the Organization at its New York, New York offices and from which the Organization rents space at Grameen PrimaCare's Jackson Heights, New York offices.

11. SUBSEQUENT EVENTS

The Organization performed an evaluation of subsequent events through April 16, 2018, which is the date the consolidated financial statements were available to be issued. As a result of this evaluation, the following item was noted.

On March 29, 2018, the Organization closed on an \$11,150 disbursement from the Grameen America Social Business Fund, LLC (the "Social Business Fund"), as the result of a loan agreement signed on December 15, 2017 between the Organization and the Social Business Fund. The Social Business Fund was formed as a Delaware limited liability company for the purpose of raising funds that will be lent to the Organization. This disbursement will fund future portfolio growth.