

# ACCION East, Inc.

# ACCION

Consolidated Financial Statements  
(Together with Independent Auditors' Report)

Years Ended December 31, 2015 and 2014

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**ACCION East, Inc.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**

**YEARS ENDED DECEMBER 31, 2015 AND 2014**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
ACCION East, Inc.

We have audited the accompanying consolidated financial statements of ACCION East, Inc. ("ACCION"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 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 consolidated financial position of ACCION East, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information (shown on pages 14-19) is presented for the purpose of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements. The supplementary information has been subjected to auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects when considered in relation to the consolidated financial statements taken as a whole.

*Marks Paneth LLP*

New York, NY  
May 25, 2016

**ACCION East, Inc.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015 AND 2014**

| <b>ASSETS</b>  | <u>2015</u>              | <u>2014</u>              |
|--|--------------------------|--------------------------|
| Cash and cash equivalents (Notes 2C and 8)                 | \$ 2,115,723             | \$ 2,226,561             |
| Contributions and grants receivable, net (Note 2E)         | 2,366,091                | 826,719                  |
| Interest on loans receivable (Note 2F)                     | 83,123                   | 57,247                   |
| Microenterprise loans receivable, net (Notes 2F, 2G and 3) | 10,704,742               | 9,204,513                |
| Cash restricted for loan funds (Notes 2D and 7)            | 2,173,643                | 1,552,307                |
| Prepaid expenses and other assets                          | 497,026                  | 239,686                  |
| Property and equipment, net (Notes 2H and 4)               | <u>149,898</u>           | <u>205,444</u>           |
| <b>TOTAL ASSETS</b>  | <u>\$ 18,090,246</u>     | <u>\$ 14,312,477</u>     |
| <br>   |                          |                          |
| <b>LIABILITIES</b>   |                          |                          |
| Accounts payable and accrued expenses                      | \$ 520,280               | \$ 262,256               |
| Other liabilities  | 276,620                  | 197,908                  |
| Deferred rent (Note 6)                                     | 130,029                  | 121,209                  |
| Notes and recoverable grants payable (Note 5)              | 10,422,094               | 7,916,361                |
| Subordinated debt (Note 5)                                 | <u>500,000</u>           | <u>1,100,000</u>         |
| <b>TOTAL LIABILITIES</b>                                   | <u>11,849,023</u>        | <u>9,597,734</u>         |
| <br>   |                          |                          |
| <b>COMMITMENTS AND CONTINGENCIES</b> (Note 6)              |                          |                          |
| <br>   |                          |                          |
| <b>NET ASSETS</b> (Note 2B)                                |                          |                          |
| Unrestricted   | 3,423,854                | 2,317,816                |
| Temporarily restricted (Note 7)                            | <u>2,817,369</u>         | <u>2,396,927</u>         |
| <b>TOTAL NET ASSETS</b>                                    | <u>6,241,223</u>         | <u>4,714,743</u>         |
| <br><b>TOTAL LIABILITIES AND NET ASSETS</b>                | <br><u>\$ 18,090,246</u> | <br><u>\$ 14,312,477</u> |

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

**ACCION East, Inc.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

|   | Year Ended December 31, 2015 |                           |                     | Year Ended December 31, 2014 |                     |                           |
|---|------------------------------|---------------------------|---------------------|------------------------------|---------------------|---------------------------|
|   | Unrestricted                 | Temporarily<br>Restricted | Total               | Total                        | Unrestricted        | Temporarily<br>Restricted |
| <b>SUPPORT AND REVENUE:</b>                           |                              |                           |                     |                              |                     |                           |
| Contributions and grants (Notes 2E and 2I)            | \$ 2,227,655                 | \$ 3,745,735              | \$ 5,973,390        | \$ 4,839,508                 | \$ 1,983,587        | \$ 2,855,921              |
| <b>Revenue:</b>                                       |                              |                           |                     |                              |                     |                           |
| Interest on loans (Notes 2F and 3)                    | 1,278,439                    | -                         | 1,278,439           | 1,016,783                    | 1,016,783           | -                         |
| Program fees  | 662,988                      | -                         | 662,988             | 617,795                      | 617,795             | -                         |
| Interest income (Note 4)                              | 26,414                       | -                         | 26,414              | 2,775                        | 2,775               | -                         |
| Other revenue (Note 2F)                               | 274,528                      | -                         | 274,528             | 256,776                      | 256,776             | -                         |
| <b>Total Revenue</b>                                  | <u>2,242,369</u>             | <u>-</u>                  | <u>2,242,369</u>    | <u>1,894,129</u>             | <u>1,894,129</u>    | <u>-</u>                  |
| <b>Net assets released from restrictions</b> (Note 7) | <u>3,325,293</u>             | <u>(3,325,293)</u>        | <u>-</u>            | <u>-</u>                     | <u>2,975,285</u>    | <u>(2,975,285)</u>        |
| <b>TOTAL SUPPORT AND REVENUE</b>                      | <u>7,795,317</u>             | <u>420,442</u>            | <u>8,215,759</u>    | <u>6,733,637</u>             | <u>6,853,001</u>    | <u>(119,364)</u>          |
| <b>EXPENSES:</b>                                      |                              |                           |                     |                              |                     |                           |
| Program services:                                     |                              |                           |                     |                              |                     |                           |
| Lending/development services                          | 5,098,521                    | -                         | 5,098,521           | 4,731,750                    | 4,731,750           | -                         |
| Community advantage                                   | 278,650                      | -                         | 278,650             | -                            | -                   | -                         |
| Total program services                                | <u>5,377,171</u>             | <u>-</u>                  | <u>5,377,171</u>    | <u>4,731,750</u>             | <u>4,731,750</u>    | <u>-</u>                  |
| Supporting services:                                  |                              |                           |                     |                              |                     |                           |
| Management and general                                | 647,045                      | -                         | 647,045             | 678,916                      | 678,916             | -                         |
| Fundraising   | 665,063                      | -                         | 665,063             | 376,968                      | 376,968             | -                         |
| Total supporting services                             | <u>1,312,108</u>             | <u>-</u>                  | <u>1,312,108</u>    | <u>1,055,884</u>             | <u>1,055,884</u>    | <u>-</u>                  |
| <b>TOTAL EXPENSES</b>                                 | <u>6,689,279</u>             | <u>-</u>                  | <u>6,689,279</u>    | <u>5,787,634</u>             | <u>5,787,634</u>    | <u>-</u>                  |
| <b>CHANGE IN NET ASSETS</b>                           | 1,106,038                    | 420,442                   | 1,526,480           | 946,003                      | 1,065,367           | (119,364)                 |
| <b>Net assets - beginning of year</b>                 | <u>2,317,816</u>             | <u>2,396,927</u>          | <u>4,714,743</u>    | <u>3,768,740</u>             | <u>1,252,449</u>    | <u>2,516,291</u>          |
| <b>NET ASSETS - END OF YEAR</b>                       | <u>\$ 3,423,854</u>          | <u>\$ 2,817,369</u>       | <u>\$ 6,241,223</u> | <u>\$ 4,714,743</u>          | <u>\$ 2,317,816</u> | <u>\$ 2,396,927</u>       |

**ACCION East, Inc.**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**

|   | Year Ended December 31, 2015        |                        |                              |                           |                   |                                 |                     | Year Ended December 31, 2014 |                                     |                           |                   |                                 |
|---|-------------------------------------|------------------------|------------------------------|---------------------------|-------------------|---------------------------------|---------------------|------------------------------|-------------------------------------|---------------------------|-------------------|---------------------------------|
|   | Program Services                    |                        |                              | Supporting Services       |                   |                                 |                     | Program Services             |                                     | Supporting Services       |                   |                                 |
|   | Lending/<br>Development<br>Services | Community<br>Advantage | Total<br>Program<br>Services | Management<br>and General | Fundraising       | Total<br>Supporting<br>Services | Total               | Total                        | Lending/<br>Development<br>Services | Management<br>and General | Fundraising       | Total<br>Supporting<br>Services |
| Personnel costs (Note 9)                  | \$ 2,919,655                        | \$ 208,632             | \$ 3,128,287                 | \$ 222,701                | \$ 457,557        | \$ 680,258                      | \$ 3,808,545        | \$ 3,281,235                 | \$ 2,760,690                        | \$ 256,562                | \$ 263,983        | \$ 520,545                      |
| Professional fees and marketing (Note 2l) | 419,809                             | 24,810                 | 444,619                      | 378,337                   | 108,359           | 486,696                         | 931,315             | 757,332                      | 359,005                             | 354,828                   | 43,499            | 398,327                         |
| Office and occupancy (Note 6)             | 391,207                             | 27,921                 | 419,128                      | 29,804                    | 61,234            | 91,038                          | 510,166             | 574,972                      | 483,756                             | 44,957                    | 46,259            | 91,216                          |
| Travel and conferences                    | 94,540                              | 6,756                  | 101,296                      | 7,211                     | 14,816            | 22,027                          | 123,323             | 100,516                      | 84,570                              | 7,859                     | 8,087             | 15,946                          |
| Interest and fees (Note 5)                | 329,261                             | -                      | 329,261                      | -                         | -                 | -                               | 329,261             | 249,444                      | 249,444                             | -                         | -                 | -                               |
| Depreciation and amortization (Note 4)    | 80,429                              | 5,224                  | 85,653                       | 5,577                     | 11,458            | 17,035                          | 102,688             | 106,160                      | 89,319                              | 8,301                     | 8,540             | 16,841                          |
| Loan loss provision (Note 3)              | 789,350                             | -                      | 789,350                      | -                         | -                 | -                               | 789,350             | 636,003                      | 636,003                             | -                         | -                 | -                               |
| Other expenses                            | 74,270                              | 5,307                  | 79,577                       | 3,415                     | 11,639            | 15,054                          | 94,631              | 81,972                       | 68,963                              | 6,409                     | 6,600             | 13,009                          |
| <b>TOTAL EXPENSES</b>                     | <b>\$ 5,098,521</b>                 | <b>\$ 278,650</b>      | <b>\$ 5,377,171</b>          | <b>\$ 647,045</b>         | <b>\$ 665,063</b> | <b>\$ 1,312,108</b>             | <b>\$ 6,689,279</b> | <b>\$ 5,787,634</b>          | <b>\$ 4,731,750</b>                 | <b>\$ 678,916</b>         | <b>\$ 376,968</b> | <b>\$ 1,055,884</b>             |

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

**ACCION East, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  | <u><b>2015</b></u>         | <u><b>2014</b></u>         |
|---|----------------------------|----------------------------|
| Change in net assets  | \$ 1,526,480               | \$ 946,003                 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                            |                            |
| Provision for loan losses   | 789,350                    | 631,440                    |
| Depreciation and amortization   | <u>102,688</u>             | <u>106,160</u>             |
|   | 2,418,518                  | 1,683,603                  |
| Changes in assets and liabilities:  |                            |                            |
| Contributions and grants receivable   | (1,539,372)                | 691,638                    |
| Loan interest receivable  | (25,876)                   | (4,574)                    |
| Prepaid expenses and other assets   | (257,340)                  | 114,183                    |
| Accounts payable and accrued expenses   | 258,024                    | (182,809)                  |
| Other liabilities   | 78,712                     | 121,945                    |
| Deferred rent   | <u>8,820</u>               | <u>14,396</u>              |
| <b>Net Cash Provided by Operating Activities</b>  | <u><b>941,486</b></u>      | <u><b>2,438,382</b></u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                            |                            |
| Disbursements under loan programs   | (9,950,615)                | (8,393,920)                |
| Collections under loan programs   | 7,661,036                  | 6,557,530                  |
| Change in cash restricted for loan fund   | (621,336)                  | 371,045                    |
| Purchases of property and equipment   | <u>(47,142)</u>            | <u>(17,312)</u>            |
| <b>Net Cash Used in Investing Activities</b>  | <u><b>(2,958,057)</b></u>  | <u><b>(1,482,657)</b></u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                            |                            |
| Proceeds from notes payable   | 9,046,388                  | 3,775,751                  |
| Repayments of notes payable   | <u>(7,140,655)</u>         | <u>(4,802,163)</u>         |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                                  | <u><b>1,905,733</b></u>    | <u><b>(1,026,412)</b></u>  |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>(110,838)</b>           | <b>(70,687)</b>            |
| Cash and cash equivalents - beginning of year   | <u>2,226,561</u>           | <u>2,297,248</u>           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <u><b>\$ 2,115,723</b></u> | <u><b>\$ 2,226,561</b></u> |
| <b>Supplementary Disclosure of Cash Flow Information:</b>                                   |                            |                            |
| Cash paid during the year for interest  | <u><b>\$ 188,080</b></u>   | <u><b>\$ 184,800</b></u>   |



**ACCION East, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The mission of ACCION East, Inc. is to empower low-to-moderate income business owners through access to capital and financial education. Through its loans and services, ACCION helps micro-entrepreneurs strengthen their businesses, stabilize and increase their incomes, create additional employment and contribute to the economic revitalization of their communities.

ACCION East, Inc. (a New York non-profit corporation) is the sole member of Accion East, Inc. (a Massachusetts non-profit corporation) (“ACCION-MA”). These entities are nonprofit charitable and civic organizations exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The consolidated financial statements reflect the consolidated results of both entities and are referred to as “ACCION” for the purpose of these financial statements. All intercompany transactions have been eliminated.

ACCION East, Inc. is a member of ACCION, The U.S. Network (the “Network”), which manages the ‘ACCION’ brand and its promotion within the United States (on behalf of ACCION International) and licenses the ‘ACCION’ brand to the other members, including ACCION Chicago, ACCION New Mexico-Arizona-Colorado, ACCION San Diego. The licensing agreement allows each member to utilize the ‘ACCION’ brand within specific geographic areas of the United States and provides information sharing and minimum performance standards among the members of the Network. In addition, the Network assists its members through fundraising opportunities with partners that seek nation-wide programs.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. ACCION’s consolidated financial statements have been prepared on the accrual basis of accounting using accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ACCION reports grants, gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Unrestricted net assets represent net assets not subject to donor-imposed restrictions.
- C. Cash and cash equivalents consist of highly liquid debt instruments purchased with maturities of three months or less when required, except for those amounts held for long-term investment purposes, which are included in investments.
- D. Restricted cash consists of amounts for which the use has been restricted by lenders for specific loan programs.
- E. Contributions and grants receivable are recorded as revenue when the pledge is made and is considered implicitly time restricted. Management evaluates the need for an allowance for doubtful accounts applicable to its contributions and grants receivable based on various factors, including an assessment of the credit worthiness of its donors, aging of the amount due and historical experience. As of December 31, 2015 and 2014, management determined that an allowance for doubtful accounts was not necessary for contributions and grants receivable. Contributions receivable due in more than one year are recorded at the present value of their estimated future cash flows, determined using risk-adjusted interest rates applicable to the years in which the promises are made. As of December 31, 2015 and 2014, all contributions and grants receivable were due within one year.

**ACCION East, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- F. Management considers a loan to be impaired when it is probable that ACCION will be unable to collect all amounts due according to the contractual terms of the loan agreement. Management evaluates loans for impairment based on delinquency information, and an assessment of the borrower's financial condition. Impaired loans are written off when payments are past due 180 days or in some cases earlier.

The allowance for loan losses reflects loan impairment and is calculated using impairment rates approved by the Board of Directors and is calculated based on the aging of impaired loans and historical write-off trends.

Interest income on loans is recognized based on the principal amount outstanding and the related rate of interest. The accrual of interest on loans is calculated using the same impairment rates used for allowance for loan losses.

Under certain circumstances, ACCION will provide borrowers relief through loan restructuring. A restructuring of debt constitutes a troubled debt restructuring ("TDR") if ACCION, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. TDR concessions can include reduction of interest rates, extension of maturity dates, forgiveness of principal and/or interest due, or acceptance of other assets in full or partial satisfaction of the debt. ACCION considers all aspects of the restructuring to determine whether it has granted a concession to the borrower. An insignificant delay in payment resulting from a restructuring is not deemed to be a concession and would not be considered to be a TDR.

ACCION has concluded that the impairment impact of TDR on its loan portfolio (generally lower balance loans having original maturities of 60 months or less) is insignificant to the financial statements. As such these impairments are individually tracked in the loan portfolio and are adequately included in the loss allowance provided for the loan portfolio.

ACCION collected previously written off loan receivables of approximately \$34,000 and \$50,000 during 2015 and 2014, respectively. Additionally, ACCION received forgiveness of debts effectively releasing them from repayment obligations to debtors in the amount of approximately \$127,000 and \$85,000 during 2015 and 2014, respectively. These amounts were included as other revenue in the accompanying consolidated statements of activities.

- G. U.S. GAAP require that when a not-for-profit organization receives or makes loans of cash that carry interest rates below the prevailing market rate, the imputed interest be recorded as contributions received or paid, respectively. ACCION both receives and makes loans with stated rates of interest that vary from the prevailing market rates for commercial loans. However, ACCION considers its market to be the CDFI industry as opposed to the financial institutions industry in general. Consequently, ACCION believes there is no material difference between community development finance market rates and the stated rates of loans in their portfolios. ACCION accounts for these loans at the stated rates.
- H. Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. ACCION capitalizes all property and equipment having a useful life of greater than one year and a cost of \$500 or more. Expenses for maintenance and repairs are charged to operations as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, with any net gain or loss reflected in the statement of activities for the period. Leasehold improvements are amortized over the lesser of their estimated useful lives or the term of the lease. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. In addition to tangible assets, ACCION also capitalizes the internal and external costs incurred to develop in-house computer software during the application development stage. This includes the cost to develop or obtain software that allows for access or conversion of old data by new systems. Capitalized software is amortized over its estimated useful life.

**ACCION East, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- I. Donated services are recognized in the consolidated financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. ACCION received contributed legal services that are valued at the standard market rates that would have been incurred by ACCION to obtain such services. Contributed services are reported as revenue and expense in the accompanying consolidated statements of activities, because they meet the criteria for recognition. ACCION received contributed services of \$220,749 and \$154,774 during 2015 and 2014, respectively.
- J. The cost of providing programs and other activities has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting service benefited, as indicated in the consolidated statements of functional expenses.
- K. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**NOTE 3 – MICROENTERPRISE LOANS RECEIVABLE**

Microenterprise loans receivable consists of microloans (loans under \$35,000) and small business loans (loans \$35,000 and over). Microenterprise loans receivable as of December 31, 2015 and 2014, include the following:

|  | <u>December 31, 2015</u> |                                 |                      |
|--|--------------------------|---------------------------------|----------------------|
|  | <u>Micro loans</u>       | <u>Small business<br/>Loans</u> | <u>Total</u>         |
| Loans receivable                       | \$ 11,346,013            | \$ 357,183                      | \$ 11,703,196        |
| Less allowance for uncollectible loans | <u>(967,628)</u>         | <u>(30,826)</u>                 | <u>(998,454)</u>     |
| Loans receivable, net                  | <u>\$ 10,378,385</u>     | <u>\$ 326,357</u>               | <u>\$ 10,704,742</u> |
|  | <u>December 31, 2014</u> |                                 |                      |
|  | <u>Micro loans</u>       | <u>Small business<br/>Loans</u> | <u>Total</u>         |
| Loans receivable                       | \$ 9,865,072             | \$ 325,845                      | \$ 10,190,917        |
| Less allowance for uncollectible loans | <u>(967,668)</u>         | <u>(18,736)</u>                 | <u>(986,404)</u>     |
| Loans receivable, net                  | <u>\$ 8,897,404</u>      | <u>\$ 307,109</u>               | <u>\$ 9,204,513</u>  |

An aged analysis of loans segregated by loan program as of December 31, 2015, follows:

|                      | <u>30 – 90 Days</u> | <u>Over<br/>91 Days</u> | <u>Total Past<br/>Due</u> | <u>Current</u>       | <u>Total</u>         |
|----------------------|---------------------|-------------------------|---------------------------|----------------------|----------------------|
| Micro loans          | \$ 264,254          | \$ 285,907              | \$ 550,161                | \$ 10,795,852        | \$ 11,346,013        |
| Small business loans | <u>-</u>            | <u>-</u>                | <u>-</u>                  | <u>357,183</u>       | <u>357,183</u>       |
| Loans receivable     | <u>\$ 264,254</u>   | <u>\$ 285,907</u>       | <u>\$ 550,161</u>         | <u>\$ 11,153,035</u> | <u>\$ 11,703,196</u> |

**ACCION East, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 3 – MICROENTERPRISE LOANS RECEIVABLE (Continued)**

An aged analysis of loans segregated by loan program as of December 31, 2014, follows:

|                      | <u>30 – 90 Days</u> | <u>Over<br/>91 Days</u> | <u>Total Past<br/>Due</u> | <u>Current</u>      | <u>Total</u>         |
|----------------------|---------------------|-------------------------|---------------------------|---------------------|----------------------|
| Micro loans          | \$ 252,039          | \$ 253,001              | \$ 505,040                | \$ 9,360,032        | \$ 9,865,072         |
| Small business loans | <u>-</u>            | <u>-</u>                | <u>-</u>                  | <u>325,845</u>      | <u>325,845</u>       |
| Loans receivable     | <u>\$ 252,039</u>   | <u>\$ 253,001</u>       | <u>\$ 505,040</u>         | <u>\$ 9,685,877</u> | <u>\$ 10,190,917</u> |

The loans receivable include restructured loans as of December 31, 2015 and 2014 as follows:

|  | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|
| Restructured loans receivable          | \$ 219,729       | \$ 194,307       |
| Less allowance for uncollectible loans | <u>(120,199)</u> | <u>(112,972)</u> |
|  | <u>\$ 99,530</u> | <u>\$ 81,335</u> |

An analysis of the loan loss allowance for the years ended December 31, 2015 and 2014 follows:

|                           | <u>2015</u>       | <u>2014</u>       |
|---------------------------|-------------------|-------------------|
| Balance beginning of year | \$ 986,404        | \$ 870,659        |
| Provision for loan losses | 789,350           | 636,003           |
| Loans written-off         | <u>(777,300)</u>  | <u>(520,258)</u>  |
|                           | <u>\$ 998,454</u> | <u>\$ 968,404</u> |

The liquidity of the loan portfolio (net) for the years ended December 31, 2015 and 2014 are as follows:

|                        | <u>2015</u>          | <u>2014</u>         |
|------------------------|----------------------|---------------------|
| Due less than one year | \$ 5,301,809         | \$ 5,111,112        |
| Due over one year      | <u>5,402,933</u>     | <u>4,093,401</u>    |
|                        | <u>\$ 10,704,742</u> | <u>\$ 9,204,513</u> |

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2015 and 2014:

|   | <u>2015</u>       | <u>2014</u>       | <u>Estimated<br/>Useful Lives</u> |
|---|-------------------|-------------------|-----------------------------------|
| Leasehold improvements                          | \$ 31,385         | \$ 31,385         | 5 - 10 years                      |
| Capitalized hardware and software               | 379,161           | 342,513           | 3 - 5 years                       |
| Furniture, fixtures and equipment               | <u>181,050</u>    | <u>170,556</u>    | 3 - 5 years                       |
| Total cost                                      | 591,596           | 544,454           |                                   |
| Less: accumulated depreciation and amortization | <u>(441,698)</u>  | <u>(339,010)</u>  |                                   |
| Net book value                                  | <u>\$ 149,898</u> | <u>\$ 205,444</u> |                                   |

Depreciation and amortization expense amounted to \$102,688 and \$106,160 for the years ended December 31, 2015 and 2014, respectively.

**ACCION East, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 5 – NOTES PAYABLE AND SUBORDINATED DEBT**

The following is a summary of ACCION's credit agreements with various banks and other lenders to fund its operating and microlending activities at December 31, 2015 and 2014:

|  | <u>2015</u>          | <u>2014</u>         |
|--|----------------------|---------------------|
| <u>Recoverable grants – unsecured</u>  |                      |                     |
| Evergreen arrangements with no definitive maturity date. These recoverable grants are non-interest-bearing.  | \$ 592,338           | \$ 577,044          |
| <u>Notes payable – unsecured</u>   |                      |                     |
| Maturity terms range from 1 to 10 years, fixed interest rates ranging from 0% to 4% and floating interest rates ranging from the Federal Funds Rate to LIBOR plus 1% per annum (0.58% at December 31, 2015 and 0.58% at December 31, 2014).  | <u>9,829,756</u>     | <u>7,339,317</u>    |
| Total notes and recoverable grants payable   | <u>\$ 10,422,094</u> | <u>\$ 7,916,361</u> |
| <u>Subordinated debt – EQ2 Loans – unsecured</u>   |                      |                     |
| The equity equivalent investment, commonly referred to in the community development financing industry as an “EQ2 Loan”, is a capital product designed by lenders to increase available funding and investments to economically disadvantaged communities. EQ2 loans are subordinated to ACCION’s other loan agreements. | <u>\$ 500,000</u>    | <u>\$ 1,100,000</u> |

Maturity terms range from 1 to 10 years with fixed interest rates ranging from 1.58% to 4%. No principal payments are required until maturity.

Future annual principal payments due are as follows for the years ending after December 31, 2015:

| <u>Years ending on December 31:</u> | <u>Amount</u>        |
|-------------------------------------|----------------------|
| 2016                                | \$ 943,318           |
| 2017                                | 734,437              |
| 2018                                | 1,989,437            |
| 2019                                | 1,119,340            |
| 2020                                | 3,102,401            |
| Thereafter                          | <u>3,033,161</u>     |
| Total                               | <u>\$ 10,922,094</u> |

Included in amounts due during 2020 is a revolving line of credit on which approximately \$2,993,000 was outstanding as of December 31, 2015. The outstanding balance as of May 25, 2016 was \$2,992,984. The line of credit is renewable annually.

Interest expense was \$188,080 and \$184,800 for the years ended December 31, 2015 and 2014, respectively.

**ACCION East, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

A. ACCION leased space in New York, Boston, Orlando and Miami during the year ended December 31, 2015. The leases range in maturity from month-to-month to year 2023 and include rent increases, which are amortized on a straight-line basis. Deferred rent of \$130,029 and \$121,209 is included in other liabilities in the accompanying consolidated financial statements as of December 31, 2015 and 2014, respectively. The estimated annual amortization of deferred rent for the year following December 31, 2015 is \$3,105.

Future minimum lease payments are due as follows for the years ending after December 31, 2015:

|            |                     |
|------------|---------------------|
| 2016       | \$ 234,301          |
| 2017       | 240,159             |
| 2018       | 246,163             |
| 2019       | 252,317             |
| 2020       | 258,625             |
| Thereafter | 698,797             |
|            | <u>\$ 1,930,362</u> |

Rent expense of \$319,500 and \$383,640 was included in office and occupancy expenses in the accompanying consolidated statement of functional expenses for the years ended December 31, 2015 and 2014, respectively.

B. ACCION believes it has no uncertain tax positions as of December 31, 2015 and 2014 in accordance with Accounting Standards Codification (“ASC”) Topic 740, Income Taxes, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available as of December 31, 2015 and 2014 for the following purposes and restrictions:

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| <b><u>Government Grants:</u></b>                                   |                     |                     |
| Pollution emission-reduction program for New York/New Jersey ports | \$ 145,362          | \$ 217,146          |
| Economic revitalization and community development                  | 1,750,000           | 576,245             |
| <b><u>Private Grants:</u></b>                                      |                     |                     |
| Women’s Loan Guaranty Program                                      | 106,400             | 10,000              |
| New Jersey Microlending  | 25,000              | 10,000              |
| Credit Scorecard Update Project                                    | -                   | 60,000              |
| Florida small business   | 50,000              | -                   |
| Microlending in New York Tri-State area                            | 57,600              | 57,600              |
| Microlending – New product development grant                       | 10,000              | 125,000             |
| New York Microlending  | 100,000             | -                   |
| Other  | 29,999              | -                   |
| <b><u>Loan Fund Grants:</u></b>                                    |                     |                     |
| Non-geographic women lending                                       | 10,220              | 822,928             |
| Upper Manhattan microloan capital (New York)                       | 486,238             | 486,238             |
| Lower Manhattan microloan capital (New York)                       | 19,888              | 19,888              |
| Florida State microloan capital                                    | <u>26,662</u>       | <u>11,882</u>       |
|  | <u>\$ 2,817,369</u> | <u>\$ 2,396,927</u> |

During the years ended December 31, 2015 and 2014, ACCION released temporarily restricted net assets by satisfying purpose restrictions.

**ACCION East, Inc.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 8 – CONCENTRATION**

Cash and cash equivalents that potentially subject ACCION to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. As of December 31, 2015 and 2014, there were approximately \$3,074,000 and \$2,741,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits.

**NOTE 9 – RETIREMENT PLAN**

ACCION participates in a retirement savings plan covering all employees who meet the minimum service requirements. ACCION has the option to match its employees’ contributions up to 5% of employee salaries. ACCION made no matching contributions for the years that ended December 31, 2015 and 2014, respectively.

**NOTE 10 – TRADE MARK AGREEMENT AND OTHER**

Effective December 31, 2008, ACCION entered into a shared services agreement with ACCION International for the use of shared office space and equipment, administrative support and information technology support. The agreement does not have a maturity date but can be terminated by either party in writing with ninety (90) days advance notice. In each of the years December 31, 2015 and 2014, amounts paid to ACCION International were \$73,322 and \$203,425, respectively.

The Network was incorporated on December 7, 2011. ACCION entered into a trademark sublicense agreement with the Network that was effective December 31, 2011 and has an initial three-year term. The agreement provides for the legal use of the ‘ACCION’ brand by ACCION. In addition, ACCION entered into a membership dues agreement with the Network that sets forth the membership fee owed to the Network and the minimum performance standards required for membership. In connection with these agreements, ACCION paid \$18,000 annually to the Network for the years ended December 31, 2015 and 2014.

A sublease agreement took effect on March 1, 2013, in which ACCION agreed to provide the Network with lease space and shared common areas. This agreement is scheduled to terminate upon expiration of ACCION’s New York office lease agreement in July 2023. During the year ended December 31, 2015 and 2014, the Network paid \$40,246 and \$59,718, respectively to ACCION.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through May 25, 2016, the date the consolidated financial statements were available to be issued.

**ACCION East, Inc.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015**

|  | <u>ACCION</u>        | <u>ACCION-MA</u>   | <u>Total</u>         | <u>Consolidating<br/>Eliminations</u> | <u>Consolidated<br/>Total</u> |
|--|----------------------|--------------------|----------------------|---------------------------------------|-------------------------------|
| <b>ASSETS</b>                            |                      |                    |                      |                                       |                               |
| Cash and cash equivalents                | \$ 1,993,755         | \$ 121,968         | \$ 2,115,723         | \$ -                                  | \$ 2,115,723                  |
| Contributions and grants receivable, net | 2,366,091            | -                  | 2,366,091            | -                                     | 2,366,091                     |
| Loan interest receivable                 | 82,948               | 175                | 83,123               | -                                     | 83,123                        |
| Microenterprise loans receivable, net    | 10,685,398           | 19,344             | 10,704,742           | -                                     | 10,704,742                    |
| Due from related party                   | 2,773,952            | -                  | 2,773,952            | (2,773,952)                           | -                             |
| Cash restricted for loan funds           | 2,173,643            | -                  | 2,173,643            | -                                     | 2,173,643                     |
| Prepaid expenses and other assets        | 495,009              | 2,017              | 497,026              | -                                     | 497,026                       |
| Property and equipment, net              | <u>146,987</u>       | <u>2,911</u>       | <u>149,898</u>       | <u>-</u>                              | <u>149,898</u>                |
| <b>TOTAL ASSETS</b>                      | <u>\$ 20,717,783</u> | <u>\$ 146,415</u>  | <u>\$ 20,864,198</u> | <u>\$ (2,773,952)</u>                 | <u>\$ 18,090,246</u>          |
| <b>LIABILITIES</b>                       |                      |                    |                      |                                       |                               |
| Accounts payable and accrued expenses    | \$ 520,280           | \$ -               | \$ 520,280           | \$ -                                  | \$ 520,280                    |
| Due to related party                     | -                    | 2,773,952          | 2,773,952            | (2,773,952)                           | -                             |
| Other liabilities                        | 254,974              | 21,646             | 276,620              | -                                     | 276,620                       |
| Deferred rent                            | 130,029              | -                  | 130,029              | -                                     | 130,029                       |
| Notes payable                            | 10,297,094           | 125,000            | 10,422,094           | -                                     | 10,422,094                    |
| Subordinated debt                        | <u>500,000</u>       | <u>-</u>           | <u>500,000</u>       | <u>-</u>                              | <u>500,000</u>                |
| <b>TOTAL LIABILITIES</b>                 | <u>11,702,377</u>    | <u>2,920,598</u>   | <u>14,622,975</u>    | <u>(2,773,952)</u>                    | <u>11,849,023</u>             |
| <b>NET ASSETS</b>                        |                      |                    |                      |                                       |                               |
| Unrestricted                             | 6,198,037            | (2,774,183)        | 3,423,854            | -                                     | 3,423,854                     |
| Temporarily restricted                   | <u>2,817,369</u>     | <u>-</u>           | <u>2,817,369</u>     | <u>-</u>                              | <u>2,817,369</u>              |
| <b>TOTAL NET ASSETS</b>                  | <u>9,015,406</u>     | <u>(2,774,183)</u> | <u>6,241,223</u>     | <u>-</u>                              | <u>6,241,223</u>              |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <u>\$ 20,717,783</u> | <u>\$ 146,415</u>  | <u>\$ 20,864,198</u> | <u>\$ (2,773,952)</u>                 | <u>\$ 18,090,246</u>          |



**ACCION East, Inc.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2014**

|  | <u>ACCION</u>        | <u>ACCION-MA</u>   | <u>Total</u>         | <u>Consolidating<br/>Eliminations</u> | <u>Consolidated<br/>Total</u> |
|--|----------------------|--------------------|----------------------|---------------------------------------|-------------------------------|
| <b>ASSETS</b>                            |                      |                    |                      |                                       |                               |
| Cash and cash equivalents                | \$ 2,104,471         | \$ 122,090         | \$ 2,226,561         | \$ -                                  | \$ 2,226,561                  |
| Contributions and grants receivable, net | 826,719              | -                  | 826,719              | -                                     | 826,719                       |
| Loan interest receivable                 | 57,181               | 66                 | 57,247               | -                                     | 57,247                        |
| Microenterprise loans receivable, net    | 9,176,572            | 27,941             | 9,204,513            | -                                     | 9,204,513                     |
| Due from related party                   | 1,033,238            | -                  | 1,033,238            | (1,033,238)                           | -                             |
| Cash restricted for loan funds           | 1,552,307            | -                  | 1,552,307            | -                                     | 1,552,307                     |
| Prepaid expenses and other assets        | 237,668              | 2,018              | 239,686              | -                                     | 239,686                       |
| Property and equipment, net              | 195,216              | 10,228             | 205,444              | -                                     | 205,444                       |
| <b>TOTAL ASSETS</b>                      | <u>\$ 15,183,372</u> | <u>\$ 162,343</u>  | <u>\$ 15,345,715</u> | <u>\$ (1,033,238)</u>                 | <u>\$ 14,312,477</u>          |
| <b>LIABILITIES</b>                       |                      |                    |                      |                                       |                               |
| Accounts payable and accrued expenses    | \$ 247,897           | \$ 14,359          | \$ 262,256           | \$ -                                  | \$ 262,256                    |
| Due to related party                     | -                    | 1,033,238          | 1,033,238            | (1,033,238)                           | -                             |
| Other liabilities                        | 176,187              | 21,721             | 197,908              | -                                     | 197,908                       |
| Deferred rent                            | 121,209              | -                  | 121,209              | -                                     | 121,209                       |
| Notes payable                            | 6,556,361            | 1,360,000          | 7,916,361            | -                                     | 7,916,361                     |
| Subordinated debt                        | 600,000              | 500,000            | 1,100,000            | -                                     | 1,100,000                     |
| <b>TOTAL LIABILITIES</b>                 | <u>7,701,654</u>     | <u>2,929,318</u>   | <u>10,630,972</u>    | <u>(1,033,238)</u>                    | <u>9,597,734</u>              |
| <b>NET ASSETS</b>                        |                      |                    |                      |                                       |                               |
| Unrestricted                             | 5,134,012            | (2,816,196)        | 2,317,816            | -                                     | 2,317,816                     |
| Temporarily restricted                   | 2,347,706            | 49,221             | 2,396,927            | -                                     | 2,396,927                     |
| <b>TOTAL NET ASSETS</b>                  | <u>7,481,718</u>     | <u>(2,766,975)</u> | <u>4,714,743</u>     | <u>-</u>                              | <u>4,714,743</u>              |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <u>\$ 15,183,372</u> | <u>\$ 162,343</u>  | <u>\$ 15,345,715</u> | <u>\$ (1,033,238)</u>                 | <u>\$ 14,312,477</u>          |

ACCION East, Inc.  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

|  | ACCION              | ACCION                 | Total               | ACCION-MA             | ACCION-MA              | Total                 | Consolidating<br>Eliminations | Consolidated Total  |                        |                     |
|--|---------------------|------------------------|---------------------|-----------------------|------------------------|-----------------------|-------------------------------|---------------------|------------------------|---------------------|
|  | Unrestricted        | Temporarily Restricted | ACCION              | Unrestricted          | Temporarily Restricted | ACCION-MA             |                               | Unrestricted        | Temporarily Restricted | Total               |
| <b>SUPPORT AND REVENUE:</b>                  |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Contributions and grants                     | \$ 2,227,655        | \$ 3,745,735           | \$ 5,973,390        | \$ -                  | \$ -                   | \$ -                  | \$ -                          | \$ 2,227,655        | \$ 3,745,735           | \$ 5,973,390        |
| <b>Revenue:</b>                              |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Interest on loans                            | 1,276,839           | -                      | 1,276,839           | 1,600                 | -                      | 1,600                 | -                             | 1,278,439           | -                      | 1,278,439           |
| Program fees                                 | 662,988             | -                      | 662,988             | -                     | -                      | -                     | -                             | 662,988             | -                      | 662,988             |
| Investment income                            | 26,414              | -                      | 26,414              | -                     | -                      | -                     | -                             | 26,414              | -                      | 26,414              |
| Other revenue                                | 268,341             | -                      | 268,341             | 6,187                 | -                      | 6,187                 | -                             | 274,528             | -                      | 274,528             |
| <b>Total Revenue</b>                         | <b>2,234,582</b>    | <b>-</b>               | <b>2,234,582</b>    | <b>7,787</b>          | <b>-</b>               | <b>7,787</b>          | <b>-</b>                      | <b>2,242,369</b>    | <b>-</b>               | <b>2,242,369</b>    |
| <b>Net assets released from restrictions</b> | <b>3,276,072</b>    | <b>(3,276,072)</b>     | <b>-</b>            | <b>49,221</b>         | <b>(49,221)</b>        | <b>-</b>              | <b>-</b>                      | <b>3,325,293</b>    | <b>(3,325,293)</b>     | <b>-</b>            |
| <b>TOTAL SUPPORT AND REVENUE</b>             | <b>7,738,309</b>    | <b>469,663</b>         | <b>8,207,972</b>    | <b>57,008</b>         | <b>(49,221)</b>        | <b>7,787</b>          | <b>-</b>                      | <b>7,795,317</b>    | <b>420,442</b>         | <b>8,215,759</b>    |
| <b>EXPENSES:</b>                             |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Program services:                            |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Lending/Development Services                 | 5,083,526           | -                      | 5,083,526           | 14,995                | -                      | 14,995                | -                             | 5,098,521           | -                      | 5,098,521           |
| Community Advantage                          | 278,650             | -                      | 278,650             | -                     | -                      | -                     | -                             | 278,650             | -                      | 278,650             |
| Total program services                       | 5,362,176           | -                      | 5,362,176           | 14,995                | -                      | 14,995                | -                             | 5,377,171           | -                      | 5,377,171           |
| Supporting services:                         |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Management and general                       | 647,045             | -                      | 647,045             | -                     | -                      | -                     | -                             | 647,045             | -                      | 647,045             |
| Fundraising                                  | 665,063             | -                      | 665,063             | -                     | -                      | -                     | -                             | 665,063             | -                      | 665,063             |
| Total supporting services                    | 1,312,108           | -                      | 1,312,108           | -                     | -                      | -                     | -                             | 1,312,108           | -                      | 1,312,108           |
| <b>TOTAL EXPENSES</b>                        | <b>6,674,284</b>    | <b>-</b>               | <b>6,674,284</b>    | <b>14,995</b>         | <b>-</b>               | <b>14,995</b>         | <b>-</b>                      | <b>6,689,279</b>    | <b>-</b>               | <b>6,689,279</b>    |
| <b>CHANGE IN NET ASSETS</b>                  | <b>1,064,025</b>    | <b>469,663</b>         | <b>1,533,688</b>    | <b>42,013</b>         | <b>(49,221)</b>        | <b>(7,208)</b>        | <b>-</b>                      | <b>1,106,038</b>    | <b>420,442</b>         | <b>1,526,480</b>    |
| <b>Net assets - beginning of year</b>        | <b>5,134,012</b>    | <b>2,347,706</b>       | <b>7,481,718</b>    | <b>(2,816,196)</b>    | <b>49,221</b>          | <b>(2,766,975)</b>    | <b>-</b>                      | <b>2,317,816</b>    | <b>2,396,927</b>       | <b>4,714,743</b>    |
| <b>NET ASSETS - END OF YEAR</b>              | <b>\$ 6,198,037</b> | <b>\$ 2,817,369</b>    | <b>\$ 9,015,406</b> | <b>\$ (2,774,183)</b> | <b>\$ -</b>            | <b>\$ (2,774,183)</b> | <b>\$ -</b>                   | <b>\$ 3,423,854</b> | <b>\$ 2,817,369</b>    | <b>\$ 6,241,223</b> |

ACCION East, Inc.  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

|  | ACCION              | ACCION                 | Total               | ACCION-MA             | ACCION-MA              | Total                 | Consolidating<br>Eliminations | Consolidated Total  |                        |                     |
|--|---------------------|------------------------|---------------------|-----------------------|------------------------|-----------------------|-------------------------------|---------------------|------------------------|---------------------|
|  | Unrestricted        | Temporarily Restricted | ACCION              | Unrestricted          | Temporarily Restricted | ACCION-MA             |                               | Unrestricted        | Temporarily Restricted | Total               |
| <b>SUPPORT AND REVENUE:</b>                  |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Contributions and grants                     | \$ 1,948,587        | \$ 2,855,921           | \$ 4,804,508        | \$ 35,000             | \$ -                   | \$ 35,000             | \$ -                          | \$ 1,983,587        | \$ 2,855,921           | \$ 4,839,508        |
| <b>Revenue:</b>                              |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Interest on loans                            | 983,750             | -                      | 983,750             | 33,033                | -                      | 33,033                | -                             | 1,016,783           | -                      | 1,016,783           |
| Program fees                                 | 617,795             | -                      | 617,795             | -                     | -                      | -                     | -                             | 617,795             | -                      | 617,795             |
| Investment income                            | 2,775               | -                      | 2,775               | -                     | -                      | -                     | -                             | 2,775               | -                      | 2,775               |
| Other revenue                                | 236,056             | -                      | 236,056             | 20,720                | -                      | 20,720                | -                             | 256,776             | -                      | 256,776             |
| <b>Total Revenue</b>                         | <b>1,840,376</b>    | <b>-</b>               | <b>1,840,376</b>    | <b>53,753</b>         | <b>-</b>               | <b>53,753</b>         | <b>-</b>                      | <b>1,894,129</b>    | <b>-</b>               | <b>1,894,129</b>    |
| <b>Net assets released from restrictions</b> | <b>2,664,881</b>    | <b>(2,664,881)</b>     | <b>-</b>            | <b>310,404</b>        | <b>(310,404)</b>       | <b>-</b>              | <b>-</b>                      | <b>2,975,285</b>    | <b>(2,975,285)</b>     | <b>-</b>            |
| <b>TOTAL SUPPORT AND REVENUE</b>             | <b>6,453,844</b>    | <b>191,040</b>         | <b>6,644,884</b>    | <b>399,157</b>        | <b>(310,404)</b>       | <b>88,753</b>         | <b>-</b>                      | <b>6,853,001</b>    | <b>(119,364)</b>       | <b>6,733,637</b>    |
| <b>EXPENSES:</b>                             |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Program services:                            |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Lending/Development Services                 | 4,648,902           | -                      | 4,648,902           | 82,848                | -                      | 82,848                | -                             | 4,731,750           | -                      | 4,731,750           |
| Total program services                       | 4,648,902           | -                      | 4,648,902           | 82,848                | -                      | 82,848                | -                             | 4,731,750           | -                      | 4,731,750           |
| Supporting services:                         |                     |                        |                     |                       |                        |                       |                               |                     |                        |                     |
| Management and general                       | 678,916             | -                      | 678,916             | -                     | -                      | -                     | -                             | 678,916             | -                      | 678,916             |
| Fundraising                                  | 376,968             | -                      | 376,968             | -                     | -                      | -                     | -                             | 376,968             | -                      | 376,968             |
| Total supporting services                    | 1,055,884           | -                      | 1,055,884           | -                     | -                      | -                     | -                             | 1,055,884           | -                      | 1,055,884           |
| <b>TOTAL EXPENSES</b>                        | <b>5,704,786</b>    | <b>-</b>               | <b>5,704,786</b>    | <b>82,848</b>         | <b>-</b>               | <b>82,848</b>         | <b>-</b>                      | <b>5,787,634</b>    | <b>-</b>               | <b>5,787,634</b>    |
| <b>CHANGE IN NET ASSETS</b>                  | <b>749,058</b>      | <b>191,040</b>         | <b>940,098</b>      | <b>316,309</b>        | <b>(310,404)</b>       | <b>5,905</b>          | <b>-</b>                      | <b>1,065,367</b>    | <b>(119,364)</b>       | <b>946,003</b>      |
| <b>Net assets - beginning of year</b>        | <b>4,384,954</b>    | <b>2,156,666</b>       | <b>6,541,620</b>    | <b>(3,132,505)</b>    | <b>359,625</b>         | <b>(2,772,880)</b>    | <b>-</b>                      | <b>1,252,449</b>    | <b>2,516,291</b>       | <b>3,768,740</b>    |
| <b>NET ASSETS - END OF YEAR</b>              | <b>\$ 5,134,012</b> | <b>\$ 2,347,706</b>    | <b>\$ 7,481,718</b> | <b>\$ (2,816,196)</b> | <b>\$ 49,221</b>       | <b>\$ (2,766,975)</b> | <b>\$ -</b>                   | <b>\$ 2,317,816</b> | <b>\$ 2,396,927</b>    | <b>\$ 4,714,743</b> |

**ACCION East, Inc.**  
**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

|                                 | ACCION - NY                  |                     |                        |                        |                   |                     |                     | ACCION-MA                    |                        |                     |                     |                  | ACCION East, Inc.            |                     |                        |                        |                   |                     |                     |                    |
|---------------------------------|------------------------------|---------------------|------------------------|------------------------|-------------------|---------------------|---------------------|------------------------------|------------------------|---------------------|---------------------|------------------|------------------------------|---------------------|------------------------|------------------------|-------------------|---------------------|---------------------|--------------------|
|                                 | Program Services             |                     |                        | Supporting Services    |                   |                     |                     | Program Services             |                        | Supporting Services |                     |                  | Program Services             |                     |                        | Supporting Services    |                   |                     |                     | Consolidated Total |
|                                 | Lending/Development Services | Community Advantage | Total Program Services | Management and General | Fundraising       | Supporting Services | Total               | Lending/Development Services | Management and General | Fundraising         | Supporting Services | Total            | Lending/Development Services | Community Advantage | Total Program Services | Management and General | Fundraising       | Supporting Services |                     |                    |
| Personnel costs                 | \$ 2,919,655                 | \$ 208,632          | \$ 3,128,287           | \$ 222,701             | \$ 457,557        | \$ 680,258          | \$ 3,808,545        | \$ -                         | \$ -                   | \$ -                | \$ -                | \$ -             | \$ 2,919,655                 | \$ 208,632          | \$ 3,128,287           | \$ 222,701             | \$ 457,557        | \$ 680,258          | \$ 3,808,545        |                    |
| Professional fees and marketing | 418,438                      | 24,810              | 443,248                | 378,337                | 108,359           | 486,696             | 929,944             | 1,371                        | -                      | -                   | -                   | 1,371            | 419,809                      | 24,810              | 444,619                | 378,337                | 108,359           | 486,696             | 931,315             |                    |
| Office and occupancy            | 390,733                      | 27,921              | 418,654                | 29,804                 | 61,234            | 91,038              | 509,692             | 474                          | -                      | -                   | -                   | 474              | 391,207                      | 27,921              | 419,128                | 29,804                 | 61,234            | 91,038              | 510,166             |                    |
| Travel and conferences          | 94,540                       | 6,756               | 101,296                | 7,211                  | 14,816            | 22,027              | 123,323             | -                            | -                      | -                   | -                   | -                | 94,540                       | 6,756               | 101,296                | 7,211                  | 14,816            | 22,027              | 123,323             |                    |
| Interest and fees               | 323,428                      | -                   | 323,428                | -                      | -                 | -                   | 323,428             | 5,833                        | -                      | -                   | -                   | 5,833            | 329,261                      | -                   | 329,261                | -                      | -                 | -                   | 329,261             |                    |
| Depreciation and amortization   | 73,112                       | 5,224               | 78,336                 | 5,577                  | 11,458            | 17,035              | 95,371              | 7,317                        | -                      | -                   | -                   | 7,317            | 80,429                       | 5,224               | 85,653                 | 5,577                  | 11,458            | 17,035              | 102,688             |                    |
| Loan loss provision             | 789,350                      | -                   | 789,350                | -                      | -                 | -                   | 789,350             | -                            | -                      | -                   | -                   | -                | 789,350                      | -                   | 789,350                | -                      | -                 | -                   | 789,350             |                    |
| Other expenses                  | 74,270                       | 5,307               | 79,577                 | 3,415                  | 11,639            | 15,054              | 94,631              | -                            | -                      | -                   | -                   | -                | 74,270                       | 5,307               | 79,577                 | 3,415                  | 11,639            | 15,054              | 94,631              |                    |
| <b>TOTAL EXPENSES</b>           | <b>\$ 5,083,526</b>          | <b>\$ 278,650</b>   | <b>\$ 5,362,176</b>    | <b>\$ 647,045</b>      | <b>\$ 665,063</b> | <b>\$ 1,312,108</b> | <b>\$ 6,674,284</b> | <b>\$ 14,995</b>             | <b>\$ -</b>            | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 14,995</b> | <b>\$ 5,098,521</b>          | <b>\$ 278,650</b>   | <b>\$ 5,377,171</b>    | <b>\$ 647,045</b>      | <b>\$ 665,063</b> | <b>\$ 1,312,108</b> | <b>\$ 6,689,279</b> |                    |

**ACCION East, Inc.**  
**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

|                                 | ACCION - NY                         |                           |                     |                        |                                     | ACCION-MA        |                           |             |                        |                          | ACCION East, Inc.         |                   |                   |                        |                       |  |  |       |
|---------------------------------|-------------------------------------|---------------------------|---------------------|------------------------|-------------------------------------|------------------|---------------------------|-------------|------------------------|--------------------------|---------------------------|-------------------|-------------------|------------------------|-----------------------|--|--|-------|
|                                 | Program Service:                    |                           | Supporting Services |                        |                                     | Total            | Program Services          |             | Supporting Services    |                          |                           | Total             | Program Services  |                        | Supporting Services   |  |  | Total |
|                                 | Lending/<br>Development<br>Services | Management<br>and General | Fundraising         | Supporting<br>Services | Lending/<br>Development<br>Services |                  | Management<br>and General | Fundraising | Supporting<br>Services | Lending and<br>Education | Management<br>and General |                   | Fundraising       | Supporting<br>Services | Consolidated<br>Total |  |  |       |
|                                 | Services                            | and General               | Fundraising         | Services               | Total                               | Services         | and General               | Fundraising | Services               | Total                    | Education                 | and General       | Fundraising       | Services               | Total                 |  |  |       |
| Personnel costs                 | \$ 2,760,690                        | \$ 256,562                | \$ 263,983          | \$ 520,545             | \$ 3,281,235                        | \$ -             | \$ -                      | \$ -        | \$ -                   | \$ -                     | \$ 2,760,690              | \$ 256,562        | \$ 263,983        | \$ 520,545             | \$ 3,281,235          |  |  |       |
| Professional fees and marketing | 359,005                             | 354,828                   | 43,499              | 398,327                | 757,332                             | -                | -                         | -           | -                      | -                        | 359,005                   | 354,828           | 43,499            | 398,327                | 757,332               |  |  |       |
| Office and occupancy            | 483,756                             | 44,957                    | 46,259              | 91,216                 | 574,972                             | -                | -                         | -           | -                      | -                        | 483,756                   | 44,957            | 46,259            | 91,216                 | 574,972               |  |  |       |
| Travel and conferences          | 84,570                              | 7,859                     | 8,087               | 15,946                 | 100,516                             | -                | -                         | -           | -                      | -                        | 84,570                    | 7,859             | 8,087             | 15,946                 | 100,516               |  |  |       |
| Interest and fees               | 166,596                             | -                         | -                   | -                      | 166,596                             | 82,848           | -                         | -           | -                      | 82,848                   | 249,444                   | -                 | -                 | -                      | 249,444               |  |  |       |
| Depreciation and amortization   | 89,319                              | 8,301                     | 8,540               | 16,841                 | 106,160                             | -                | -                         | -           | -                      | -                        | 89,319                    | 8,301             | 8,540             | 16,841                 | 106,160               |  |  |       |
| Loan loss provision             | 636,003                             | -                         | -                   | -                      | 636,003                             | -                | -                         | -           | -                      | -                        | 636,003                   | -                 | -                 | -                      | 636,003               |  |  |       |
| Other expenses                  | 68,963                              | 6,409                     | 6,600               | 13,009                 | 81,972                              | -                | -                         | -           | -                      | -                        | 68,963                    | 6,409             | 6,600             | 13,009                 | 81,972                |  |  |       |
| <b>TOTAL EXPENSES</b>           | <b>\$ 4,648,902</b>                 | <b>\$ 678,916</b>         | <b>\$ 376,968</b>   | <b>\$ 1,055,884</b>    | <b>\$ 5,704,786</b>                 | <b>\$ 82,848</b> | <b>\$ -</b>               | <b>\$ -</b> | <b>\$ -</b>            | <b>\$ 82,848</b>         | <b>\$ 4,731,750</b>       | <b>\$ 678,916</b> | <b>\$ 376,968</b> | <b>\$ 1,055,884</b>    | <b>\$ 5,787,634</b>   |  |  |       |