

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

ACCION International

December 31, 2013 and 2012

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Report of Independent Certified Public Accountants

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We have audited the accompanying consolidated financial statements of ACCION International and subsidiaries (the “Organization”), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

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

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for qualified opinion

The Organization's investment in Banco Solidario S.A. ("BancoSol"), a foreign affiliate accounted for under the equity method of accounting, is carried at \$43,842,764 and \$33,310,836 on the consolidated statement of financial position as of December 31, 2013 and 2012, respectively, and the Organization included its share of BancoSol's net income in the consolidated change in net assets with an increase of \$9,427,128 and a decrease of \$8,852,273, respectively, for the years then ended. We were unable to obtain, through our own work or the use of the work of BancoSol's auditors, sufficient appropriate audit evidence regarding the carrying amount of the Organization's investment in BancoSol as of December 31, 2013 and 2012 and the Organization's share of BancoSol's net income for the years then ended, because our access to the financial information, management, and the auditors of BancoSol is restricted by circumstances that cannot be overcome within a reasonable period of time. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ACCION International and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter - supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statement of functional expenses, and the consolidating schedules of financial position and schedules of activities are presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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, except for the possible effects on the supplementary information of the matter resulting in the qualified opinion on the consolidated financial statements described above, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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

Boston, Massachusetts
October 31, 2014

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 19,790,095	\$ 40,449,646
Short-term investments	86,837,478	80,652,713
Notes receivable from affiliates	3,000,000	200,671
Grants receivable - net	1,609,017	3,916,877
Contributions receivable - net	490,087	328,359
Contracts receivable - net	938,739	428,810
Microloans receivable- net	19,452,197	11,305,042
Prepaid expenses	1,136,688	1,201,701
Deposits, advances and other receivables	1,025,343	652,179
	<u>134,279,644</u>	<u>139,135,998</u>
NON-CURRENT ASSETS:		
Cash restricted by foundation for long-term purposes	702,623	1,440,639
Grants receivable - net	1,550,030	2,806,348
Contributions receivable - net	624,445	9,525
Global Bridge Guarantee Program investments	7,305,722	7,494,309
Investments in affiliates	204,861,544	172,797,536
Notes receivable from affiliates	-	2,000,000
Property and equipment - net	1,197,087	790,123
	<u>216,241,451</u>	<u>187,338,480</u>
Total assets	<u>\$ 350,521,095</u>	<u>\$ 326,474,478</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 4,960,327	\$ 3,346,177
Deferred revenue	293,863	209,223
Bank line of credit	-	22,585
Deposit from investor (Note B)	6,349,106	6,349,106
Notes payable	1,271,435	1,507,211
	<u>12,874,731</u>	<u>11,434,302</u>
NON-CURRENT LIABILITIES:		
Notes payable - net of current portion	4,750,669	4,562,875
	<u>4,750,669</u>	<u>4,562,875</u>
Total liabilities	<u>17,625,400</u>	<u>15,997,177</u>
NET ASSETS:		
Unrestricted:		
Accion	320,419,592	299,514,988
Non-controlling interest in SCM (Note B)	440,597	771,305
Non-controlling interest in Accion Investment in Nigeria (Note B)	3,833,276	-
Total unrestricted net assets	<u>324,693,465</u>	<u>300,286,293</u>
Temporarily restricted	8,202,230	10,191,008
	<u>332,895,695</u>	<u>310,477,301</u>
Total net assets	<u>332,895,695</u>	<u>310,477,301</u>
Total liabilities and net assets	<u>\$ 350,521,095</u>	<u>\$ 326,474,478</u>

See notes to consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended December 31, 2013

	Unrestricted	Temporarily restricted	Total
REVENUES:			
Contributions and grants	\$ 3,804,609	\$ 7,428,888	\$ 11,233,497
Dividend and interest income from program investments	10,938,979	15,818	10,954,797
Dividend and interest income from short-term investments	2,698,295	-	2,698,295
Contract revenues and training fees	4,488,187	-	4,488,187
Net assets released from restrictions	9,432,204	(9,432,204)	-
Total revenues	31,362,274	(1,987,498)	29,374,776
FUNCTIONAL EXPENSES:			
Program services:			
Global Programs	18,198,564	-	18,198,564
Microlending	6,342,512	-	6,342,512
Global Investments	6,297,867	-	6,297,867
ACCION Investment Management Company	7,448	-	7,448
Center for Financial Inclusion	6,015,264	-	6,015,264
Communications	1,948,186	-	1,948,186
Total program services	38,809,841	-	38,809,841
Supporting services			
General and administrative	5,266,266	-	5,266,266
Fundraising	2,588,954	-	2,588,954
Total supporting services	7,855,220	-	7,855,220
Total functional expenses	46,665,061	-	46,665,061
Change in net assets from operations	(15,302,787)	(1,987,498)	(17,290,285)
Income taxes (Note F)	(85,649)	-	(85,649)
Equity in income of equity investments	9,530,056	-	9,530,056
Purchase of interest in SCM by noncontrolling shareholder (Note B)	629,221	-	629,221
Purchase of interest in Accion Investment in Nigeria by noncontrolling shareholder (Note B)	3,839,389	-	3,839,389
Net unrealized gain on investments	8,311,700	-	8,311,700
Net realized gain on investments	17,577,622	-	17,577,622
Foreign currency translation losses, net	(92,380)	(1,280)	(93,660)
Change in net assets	24,407,172	(1,988,778)	22,418,394
Net assets - Beginning of year	300,286,293	10,191,008	310,477,301
Net assets - End of year	\$ 324,693,465	\$ 8,202,230	\$ 332,895,695

See notes to consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended December 31, 2012

	Unrestricted	Temporarily restricted	Total
REVENUES:			
Contributions and grants	\$ 4,496,216	\$ 7,676,943	\$ 12,173,159
Dividend and interest income from program investments	6,311,683	3,578	6,315,261
Dividend and interest income from short-term investments	3,337,685	-	3,337,685
Management fees (Note F)	11,007,515	-	11,007,515
Contract revenues and training fees	3,027,438	-	3,027,438
Net assets released from restrictions	8,841,803	(8,841,803)	-
Total revenues	37,022,340	(1,161,282)	35,861,058
FUNCTIONAL EXPENSES:			
Program services:			
Global Programs	17,305,359	-	17,305,359
Microlending	4,247,532	-	4,247,532
Global Investments	5,632,415	-	5,632,415
ACCION Investment Management Company	2,801,514	-	2,801,514
Center for Financial Inclusion	4,031,672	-	4,031,672
Communications	1,856,366	-	1,856,366
Total program services	35,874,858	-	35,874,858
Supporting services			
General and administrative	5,308,137	-	5,308,137
Fundraising	3,012,122	-	3,012,122
Total supporting services	8,320,259	-	8,320,259
Total functional expenses	44,195,117	-	44,195,117
Change in net assets from operations	(7,172,777)	(1,161,282)	(8,334,059)
Income taxes (Note F)	(3,121,031)	-	(3,121,031)
Change in equity income of equity investments	(6,075,778)	-	(6,075,778)
Purchase of interest in SCM by noncontrolling shareholder (Note B)	786,543	-	786,543
Net unrealized loss on investments	(10,967,811)	-	(10,967,811)
Net realized gain on investments	23,509,673	-	23,509,673
Foreign currency translation losses, net	(298,672)	(11,347)	(310,019)
Change in net assets	(3,339,853)	(1,172,629)	(4,512,482)
Net assets - Beginning of year	303,626,146	11,363,637	314,989,783
Net assets - End of year	<u>\$ 300,286,293</u>	<u>\$ 10,191,008</u>	<u>\$ 310,477,301</u>

See notes to consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year ended December 31, 2013

	Program Services					Supporting Services			Total Expenses
	Global Programs	Microlending	Global Investments	ACCION Investment Management Company	Center for Financial Inclusion	Communications	General and Administrative	Fundraising	
FUNCTIONAL EXPENSES:									
Salaries and related expenses	\$ 9,622,798	\$ 3,163,951	\$ 2,879,808	\$ 5,197	\$ 2,486,785	\$ 1,061,245	\$ 3,283,646	\$ 2,074,454	\$ 24,577,884
Professional services	2,055,333	858,022	2,296,973	6,274	1,312,261	325,814	900,148	109,581	7,864,406
Travel and conferences	1,774,662	177,432	604,196	(5,545)	1,662,141	209,442	302,518	128,441	4,853,287
Office and occupancy	1,248,371	557,944	297,796	(75)	377,828	330,890	689,876	223,202	3,725,832
Awards and grants	1,516,806	-	-	-	70,000	-	-	-	1,586,806
Provision for doubtful accounts	1,671,289	835,164	-	-	50,490	-	-	-	2,556,943
Taxes and penalties	101,069	487,160	15,802	295	-	-	4,698	-	609,024
Depreciation	118,725	87,992	17,682	-	24,938	10,993	39,576	15,391	315,297
Interest and fees	22,055	55,604	170,342	1,302	4,469	-	43,687	18,237	315,696
Miscellaneous	67,459	119,243	15,268	-	26,352	9,802	2,117	19,648	259,889
Total	<u>\$ 18,198,567</u>	<u>\$ 6,342,512</u>	<u>\$ 6,297,867</u>	<u>\$ 7,448</u>	<u>\$ 6,015,264</u>	<u>\$ 1,948,186</u>	<u>\$ 5,266,266</u>	<u>\$ 2,588,954</u>	<u>\$ 46,665,064</u>

See notes to consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year ended December 31, 2012

	Program Services					Supporting Services		Total Expenses	
	Global Programs	Microlending	Global Investments	ACCION Investment Management Company	Center for Financial Inclusion	Communications	General and Administrative		Fundraising
FUNCTIONAL EXPENSES:									
Salaries and related expenses	\$ 8,683,469	\$ 2,025,659	\$ 2,058,357	\$ 2,418,221	\$ 2,203,535	\$ 785,556	\$ 3,465,277	\$ 2,045,963	\$ 23,686,037
Professional services	3,370,510	735,654	2,650,562	119,376	634,985	602,933	808,584	287,065	9,209,669
Travel and conferences	2,045,245	120,730	465,792	141,954	884,321	167,253	183,831	109,941	4,119,067
Office and occupancy	1,053,444	450,869	240,926	81,963	270,616	288,972	815,216	513,372	3,715,378
Awards and grants	1,843,804	-	-	-	3,320	-	-	-	1,847,124
Provision for doubtful accounts	55,134	386,052	-	-	-	-	-	-	441,186
Taxes and penalties	49,950	308,454	19,833	-	-	-	6,038	-	384,275
Depreciation	136,385	46,642	16,436	-	18,612	6,264	44,896	16,673	285,908
Interest and fees	36,608	23,814	156,837	2,380	1,115	-	39,824	25,231	285,809
Miscellaneous	30,810	149,658	23,672	37,620	15,168	5,388	(55,529)	13,877	220,664
Total	<u>\$ 17,305,359</u>	<u>\$ 4,247,532</u>	<u>\$ 5,632,415</u>	<u>\$ 2,801,514</u>	<u>\$ 4,031,672</u>	<u>\$ 1,856,366</u>	<u>\$ 5,308,137</u>	<u>\$ 3,012,122</u>	<u>\$ 44,195,117</u>

See notes to consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 22,418,394	\$ (4,512,482)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized loss on investments	(8,311,700)	10,967,811
Realized gain on sale of investments	(17,577,622)	(23,509,673)
Provision for doubtful accounts	1,581,940	441,186
Depreciation and amortization	315,297	285,907
Equity in income of investments	(9,530,056)	6,075,778
Investment by non-controlling interests	4,468,610	786,543
Foreign currency translation gains	463,518	244,400
Increase (decrease) in cash and cash equivalents as a result of a change in:		
Prepaid expenses	2,982	(596,747)
Grants receivable	3,559,831	313,266
Contributions receivable	(776,648)	238,236
Deposits, advances and other receivables	(374,287)	179,272
Contract payments receivable	(1,267,680)	(139,875)
Cash restricted by foundation	738,016	1,089,252
Accounts payable and accrued liabilities	1,724,319	268,116
Deferred revenue	90,066	151,327
Net cash used in operating activities	<u>(2,475,020)</u>	<u>(7,717,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(786,979)	(312,749)
Purchase (sale) of short-term investments	(8,354,975)	(3,379,687)
Purchase of investments	(17,977,878)	(26,261,980)
Proceeds from sale of investments	17,633,379	24,992,202
Dividends received from investments in affiliates	1,273,801	6,807,415
Net loan originations and principal repayments	(9,295,351)	(6,255,113)
Net cash (used in) provided by investing activities	<u>(17,508,003)</u>	<u>(4,409,912)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Notes payable received	525,690	820,899
Proceeds from deposit from investors	-	6,349,106
Notes payable paid	(573,672)	(708,000)
Line of credit borrowing (repayment)	(21,139)	(183,986)
Net cash provided by (used in) financing activities	<u>(69,121)</u>	<u>6,278,019</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(607,407)	(246,534)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,659,551)	(6,096,110)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>40,449,646</u>	<u>46,545,756</u>
CASH AND CASH EQUIVALENTS - End of year	\$ <u>19,790,095</u>	\$ <u>40,449,646</u>
Supplemental disclosure		
Interest paid	\$ 110,640	\$ 132,020
Taxes paid	\$ 439,687	\$ 3,452,949

See notes to consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

As of and for the years ended December 31, 2013 and 2012

NOTE A - NATURE OF ORGANIZATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Fundación Centro Acción Microempresarial (Centro) – Centro is a non-profit foundation and was incorporated in Bogotá, Colombia as a Latin American training and technical support arm of Accion. The accounts of Centro reflect total assets and liabilities of \$507,335 and \$2,081,289 at December 31, 2013, and \$830,410 and \$792,648 at December 31, 2012. In 2012, Centro launched a new activity, Avanza, providing loan origination services to Colombian microfinance institutions in exchange for a fee.

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

ACCION Investment Management Company, LLC (AIMCO) – AIMCO is a wholly owned subsidiary and was created as a limited liability company in Delaware for the purpose of providing investment management services for ACCION Investments in Microfinance, SPC (AINV), a separate legal entity. In 2012, AINV was sold and AIMCO has since then been inactive. The accounts of AIMCO reflect total assets and liabilities of \$65,248 and \$0 at December 31, 2013, and \$5,067,213 and \$16,400 at December 31, 2012.

ACCION Technical Advisors, India (ATA) – ATA is a wholly owned subsidiary of Accion. ATA is a nonprofit company according to Section 25 of the Indian Companies Act of 1956 and is the training and technical support arm of Accion in India. The accounts of ATA reflect total assets and liabilities of \$222,151 and \$187,705 at December 31, 2013, and \$407,569 and \$222,434 at December 31, 2012.

ACCION Beijing Consultation Services Company, Ltd (ACC) - ACC was created as a wholly owned subsidiary of Accion as the training and technical arm of Accion in China. ACC is a for-profit company operating in the People's Republic of China. The accounts of ACC reflect total assets and liabilities of \$284,319 and \$313,179 at December 31, 2013, and \$64,688 and \$210,655 at December 31, 2012.

Chifeng City Yuanbaoshan District ACCION Micro-Credit Company, Ltd (AMC) – AMC was created as a wholly owned subsidiary of Accion and is a for-profit microfinance company operating in the People's Republic of China. A contribution of \$3,236,500 and \$7,978,953 was made by Accion in 2013 and 2012, respectively. The accounts of AMC reflect total assets and liabilities of \$18,510,543 and \$346,195 at December 31, 2013, and \$13,440,951 and \$124,531 at December 31, 2012. In November 2012, Accion received a cash deposit of \$6,349,106 from an investor interested in purchasing shares of AMC. The sale of shares in AMC had not occurred as of December 31, 2013 and the deposit is presented as a liability on the statement of financial position. See Footnote N for a subsequent event in 2014.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Principles of Consolidation - Continued

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

ACCIÓN Microfinanças Sociedade de Crédito ao Microempreendedor e à Empresa de Pequeno Porte, S.A. (SCM) – SCM was created between Accion, an international governmental organization and an individual investor. SCM is a for-profit microfinance company operating in Manaus, Amazonas, Brazil. Accion is the majority shareholder and owns 92.31% of SCM's shares. An additional \$4,058,140 and \$2,480,657 was contributed in 2013 and 2012, respectively. The non-controlling interest in SCM's equity is \$440,597 and \$771,305 at December 31, 2013 and 2012, respectively, as presented on the statement of financial position. The accounts of SCM reflect total assets and liabilities of \$3,963,690 and \$818,425 at December 31, 2013, and \$3,677,721 and \$1,822,649 at December 31, 2012.

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

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

	<u>Controlling Interest</u>	<u>Non-controlling Interest</u>	<u>Total</u>
Balance at December 31, 2011	\$ 303,339,317	\$ 286,829	\$ 303,626,146
Purchase of interest in SCM by outside party	-	786,543	786,543
Change in net assets	<u>(3,824,329)</u>	<u>(302,067)</u>	<u>(4,126,396)</u>
Balance at December 31, 2012	299,514,988	771,305	300,286,293
Purchase of interest in SCM by outside party	-	636,221	636,221
Purchase of interest in AINV Nigeria by outside party	-	3,839,389	3,839,389
Change in net assets	<u>21,879,604</u>	<u>(973,042)</u>	<u>20,906,562</u>
Balance at December 31, 2013	<u>\$ 321,394,592</u>	<u>\$ 4,273,873</u>	<u>\$ 325,668,465</u>

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

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

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

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

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

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are maintained permanently by Accion. Accion had no permanently restricted net assets at December 31, 2013 and 2012.

Cash and Cash Equivalents

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

Accion holds \$702,623 and \$1,440,639 in cash restricted by a foundation for long term purposes as of December 31, 2013 and 2012, respectively.

Total cash held in foreign accounts was \$2,608,142 and \$6,114,318 at December 31, 2013 and 2012, respectively.

Short-term Investments

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

Global Bridge Guarantee Program Investments

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

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Investments in Affiliates

With the exception of Accion's investment in Genera, formerly known as Compartamos, whose stock trades on the Mexican Stock exchange, investments in affiliates do not have a readily determinable fair value and, as such, are recorded at cost or under the equity method of accounting whenever Accion can exercise significant influence which is generally indicated when its equity position in the affiliate equals or exceeds 20% and does not exceed 50%. Under the equity method, Accion records its proportional share of the net income in the investment at each measurement date. Under the equity method, Accion records dividends as decreases in the investments. Investments in affiliates carried at cost are reviewed periodically to determine whether the underlying value of the affiliate has been impaired. If impairment has been identified and such impairment is deemed to be other than temporary, the carrying value of the investment is written down to the impaired value. Accion did not identify any investments requiring an impairment adjustment in 2013 or 2012.

Contract Revenue and Training Fees

Contract revenue and training fees consist of mission-related consulting agreements with microfinance institutions. Revenue is recognized based on the proportional performance method. As of December 31, 2013 and 2012, the provision for bad debt was \$57,178 and \$8,938, respectively.

Contributions and Grants

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

Conditional promises to give are not included in revenues until the conditions are substantially met. Any assets contributed before the conditions are substantially met would be accounted for as a refundable advance and reflected in accounts payable and accrued liabilities in the consolidated statements of financial position. No conditional promises met this definition as of December 31, 2013 and 2012. As of December 31, 2013 and 2012, Accion had \$881,000 and \$1,925,417, respectively, in conditional promises to give.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions and Grants - Continued

Grants and contributions receivable at December 31, 2013 and 2012 include amounts due in future years. Grants and contributions receivable are expected to be collected during the following periods:

	<u>2013</u>	<u>2012</u>
Due in one year or less	\$ 2,124,104	\$ 4,285,236
Due in one to five years	2,328,490	3,026,348
Provision	<u>(25,000)</u>	<u>(40,000)</u>
	4,427,594	7,271,584
Present value discount (approx 5%)	<u>(154,008)</u>	<u>(210,475)</u>
Net contributions receivable	<u>\$ 4,273,586</u>	<u>\$ 7,061,109</u>

Microloans Receivable

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

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

Microloans receivable consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Microloans receivable	\$ 20,890,240	\$ 11,965,620
Allowance for doubtful accounts	<u>(1,438,043)</u>	<u>(660,578)</u>
Microloans receivable, net	<u>\$ 19,452,197</u>	<u>\$ 11,305,042</u>

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Changes in the allowance for loan losses were as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 660,578	\$ 322,610
Write-offs and exchange rate fluctuation	(57,699)	(48,084)
Provision for loan losses	<u>835,164</u>	<u>386,052</u>
	777,465	337,968
Balance at end of year	<u>\$ 1,438,043</u>	<u>\$ 660,578</u>

Property and Equipment

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

Donated Services

Donated services which are specialized and which would otherwise need to be purchased are reflected as contribution revenue and expensed or capitalized, as appropriate, at their fair market values at the date of receipt. Fair market value is determined as the price at which services would have been purchased. Included in contributions and grant revenue, global programs, global investments, and general administrative expenses are donated services, computer equipment, and legal services having an aggregate value of \$1,461,359 and \$2,033,383 in fiscal 2013 and 2012, respectively.

Foreign Currency Translation

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

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

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Tax

Accion is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a). Centro and ATA are registered charitable organizations in Colombia and India, respectively. Gateway, as a single member limited liability company which has not made a Form 8832 election, reports all of its taxable income or loss directly through its single member, Accion. Gateway is fully consolidated on Accion's federal income tax return. ACC AAIC, AIMCO, AINV in Nigeria, AMC and SCM are taxable subsidiaries of Accion, filing their own tax returns. The income tax consequences, if any, are reflected in the financial statements, Footnote I, and do not have a material effect, individually or in the aggregate, upon Accion's financial statements. Accion believes it has taken no uncertain tax positions.

Risks and Uncertainties

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

Non-controlling Interest

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

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

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

Contributions and Grants Receivable

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

Investments

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

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of December 31, 2013 and 2012:

	2013			Total
	Level 1	Level 2	Level 3	
Short-term investments:				
U.S. Treasury	\$ 26,703,590	\$ -	\$ -	\$ 26,703,590
Certificate of deposits	-	7,000,000	-	7,000,000
Corporate bonds	-	53,133,888	-	53,133,888
Investment in affiliate at fair value	116,506,547	-	-	116,506,547
Global Bridge Guarantee Program investments:				
Cash and cash equivalents	4,998,443	-	-	4,998,443
Certificate of deposits	-	252,214	-	252,214
Corporate bonds	-	2,055,065	-	2,055,065
	<u>\$ 148,208,580</u>	<u>\$ 62,441,167</u>	<u>\$ -</u>	<u>\$ 210,649,747</u>

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE C - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

	2012			
	Level 1	Level 2	Level 3	Total
Short-term investments:				
U.S. Treasury	\$ 26,079,925	\$ -	\$ -	\$ 26,079,925
Certificate of deposits	-	7,000,000	-	7,000,000
Corporate bonds	-	47,572,787	-	47,572,787
Investment in affiliate at fair value	102,611,355	-	-	102,611,355
Global Bridge Guarantee Program investments:				
Cash and cash equivalents	1,734,865	-	-	1,734,865
Certificate of deposits	-	252,214	-	252,214
Corporate bonds	-	5,507,230	-	5,507,230
	<u>\$ 130,426,145</u>	<u>\$ 60,332,231</u>	<u>\$ -</u>	<u>\$ 190,758,376</u>

Accion recognizes transfers between fair value hierarchy levels at the approximate date or change in circumstances that cause the transfer. There were no significant transfers between fair value hierarchy levels during the years ended December 31, 2013 and 2012.

The following are Accion's assets accounted for at fair value on a non-recurring basis as of December 31, 2013 and 2012:

December 31, 2013

	Level 1	Level 2	Level 3	Total
Assets				
Contribution and grant receivables	\$ -	\$ -	\$ 4,273,579	\$ 4,273,579
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,273,579</u>	<u>\$ 4,273,579</u>

December 31, 2012

	Level 1	Level 2	Level 3	Total
Assets				
Contribution and grant receivables	\$ -	\$ -	\$ 7,061,109	\$ 7,061,109
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,061,109</u>	<u>\$ 7,061,109</u>

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Furniture, fixtures, equipment and software	\$ 2,493,497	\$ 1,938,311
Leasehold improvements	<u>764,470</u>	<u>710,273</u>
Subtotal	3,257,967	2,648,584
Less accumulated depreciation	<u>(2,060,880)</u>	<u>(1,858,461)</u>
Property and equipment – net	<u>\$ 1,197,087</u>	<u>\$ 790,123</u>

Depreciation expense as of December 31, 2013 and 2012 was \$315,297 and \$285,908, respectively, as reported on the consolidated statement of functional expenses.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE E - INVESTMENTS IN AFFILIATES

Investments in affiliates at December 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Investments in microfinance institutions with greater than 20% participation (equity method)		
Akiba Commercial Bank (Tanzania)	\$ 2,206,999	\$ 1,635,243
Banco Solidario S.A (Bolivia)	43,842,764	33,310,836
Swadhaar Finserve (India)	2,755,675	2,996,662
Saija (India)	1,867,666	1,817,733
Other (Various)	180,143	-
	<u>\$ 50,853,247</u>	<u>\$ 39,760,474</u>
Investments in microfinance institutions with less than 20% participation		
Genera SAB de C.V. (formerly Compartamos) (Mexico) (Fair Value)	\$ 116,506,547	\$ 102,611,355
Finamérica Compania de Financiamiento Comercial (Colombia) (Cost)	1,448,673	1,366,373
Grupo BanDelta Holding Corp., Inc. (Panama) (Cost)	2,542,500	2,542,500
Banco de la Microempresa S.A. (Mibanco) (Peru) (Cost)	4,210,438	4,210,438
Microfinance Growth Fund, LLC (USA) (Cost)	1,000,000	1,000,000
ACCION Investments in Microfinance, Sub-Sahara Africa Segregated Portfolio (Africa) (Cost)	1,821,909	4,317,819
ACCION Microfinance Bank (Nigeria) (Cost)	7,819,882	-
Desarrolladora e Impulsora de Negocios (CrediConfia) (Mexico) (Cost)	3,723,776	905,020
Other (Various) (Cost)	739,001	1,056,939
	<u>\$ 139,812,726</u>	<u>\$ 118,010,444</u>
Investments in mission-related non microfinance institutions with less than 20% participation (Cost Method)		
GloboKas Peru SAC (Peru)	\$ 1,959,043	\$ 1,659,043
Leapfrog Financial Inclusion Fund (USA)	2,043,273	1,864,733
Lok Capital LLC (Mauritius)	1,470,706	2,184,406
MFX Solutions (USA)	1,250,000	1,250,000
Zoon Transactions International (Zambia)	1,626,557	1,626,557
ParaLife Holdings Inv (Switzerland)	244,000	1,200,000
Shubham Housing Development Finance Company (India)	1,924,105	1,924,105
ZonaMovil, Inc (Tiixa) (USA)	3,500,014	3,000,014
Other (Various)	177,873	317,760
	<u>\$ 14,195,571</u>	<u>\$ 15,026,618</u>
Total investments in affiliates	<u>\$ 204,861,544</u>	<u>\$ 172,797,536</u>

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE E - INVESTMENTS IN AFFILIATES - Continued

AKIBA Commercial Bank Ltd. (ACB)

ACB is a private commercial bank focused on serving micro, small and medium enterprises and low income households in Tanzania. In 2012, Accion purchased 1,649,464 shares of ACB, representing 20% of ACB's total common shares. The accounts of ACB reflect total assets and total liabilities of \$76.7 and \$77.2 million and \$65.7 and \$63.4 million, respectively, at December 31, 2013 and 2012.

Banco Solidario S.A. (BancoSol)

BancoSol is a private commercial bank focused on microenterprises in Bolivia. Accion's investment in BancoSol as of December 31, 2013 and 2012 represented 47.56% of BancoSol's total common shares for both years. In 2012, Accion purchased 1,165,481 and sold 133,040 shares of BancoSol. In 2013, Accion purchased 163,512 shares of BancoSol. For the years ended December 31, 2013 and 2012, Accion received dividends of \$1,273,801 and \$873,971, respectively, and reported its share of BancoSol's equity with an increase of \$9,427,128 and a decrease of \$8,852,273, respectively. The accounts of BancoSol reflect total assets and total liabilities of \$1,098,147,732 and \$1,005,963,620, and \$911,745,553 and \$841,705,947, at December 31, 2013 and 2012, respectively.

Swadhaar FinServe (Swadhaar)

Swadhaar is a nonbank microfinance institution operating in Mumbai, India. Accion's investment in Swadhaar as of December 31, 2013 and 2012 represented 35.94% and 38% of Swadhaar's total common shares, respectively. For the years ended December 31, 2013 and 2012, Accion reported its share of Swadhaar's net loss of \$240,988 and \$29,584, respectively. The accounts of Swadhaar reflect total assets and total liabilities of \$31,943,525 and \$24,276,098, and \$18,851,442 and \$10,970,026, respectively, at December 31, 2013 and 2012.

Saija Finance (Saija)

Saija is a nonbank microfinance institution operating in Bihar, India. During 2012, Accion purchased 10,762,808 shares of Saija. Accion's investment in Saija as of December 31, 2013 and 2012 represented 40.60% and 41% of Saija's total common shares, respectively. For the years ended December 31, 2013 and 2012, Accion reported its share of Saija's net gain of \$49,933 and net loss of \$592,581, respectively. The accounts of Saija reflect total assets and total liabilities of \$7,932,422 and \$3,633,490, and \$4,951,664 and \$475,202, respectively, at December 31, 2013 and 2012.

Gentera SAB de C.V (Gentera)

Gentera, formerly known as Banco Compartamos Institución de Banca Múltiple (Compartamos) is the largest microfinance institution operating in Mexico. Accion accounts for its investment in Gentera at fair market value based on quoted market prices on the Mexican exchange. As of December 31, 2013 and 2012, Accion's investment in Gentera represented 4.38% and 4.36% of Gentera's common shares, respectively. In 2013, Accion sold 10 million shares, equal to 14% of its holdings and realized a gain of approximately \$17 million. In 2012, Accion sold 20,028,399 shares, equal to 22% of its holdings and realized a gain of approximately \$25 million. For the years ended December 31, 2013 and 2012, Accion received dividends of \$5,360,488 and \$1,975,518, respectively. For the years ended December 31, 2013 and 2012, Accion reported an unrealized gain of approximately \$14 million and unrealized loss of approximately \$10 million on investment, respectively.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE E - INVESTMENTS IN AFFILIATES - Continued

Finamérica Compañía de Financiamiento Comercial (Finamérica)

Finamérica is a nonbank microfinance institution operating in Colombia. Accion's investment in Finamérica as of December 31, 2013 and 2012 represented 6.43 and 6.30% of Finamérica's total common shares, respectively. For the year ended December 31, 2013 and 2012, Accion received dividends of \$0 and \$387,354, respectively.

Grupo BanDelta Holding Corp., Inc. (BanDelta)

BanDelta is the holding company of Banco Delta S.A., a microfinance-specialized bank in Panama. Accion's investment in BanDelta as of December 31, 2013 and 2012 represented 11.33% and 11.38% of BanDelta's total common shares, respectively. For the years ended December 31, 2013 and 2012, Accion received dividends of \$46,932 and \$50,137, respectively.

Banco de la Microempresa S.A. (Mibanco)

Mibanco is Peru's first for-profit, fully-regulated commercial bank dedicated to microenterprise. Accion's investment in Mibanco as of December 31, 2013 and 2012 represented 6.33% of Mibanco's total common shares, respectively. For the years ended December 31, 2013 and 2012, Accion received dividends of \$479,725 and \$749,942, respectively.

Microfinance Growth Fund, LLC (MIGROF)

MIGROF, a Delaware company, provides loans to microfinance institutions which facilitate funding to small and micro enterprises in Latin America and the Caribbean. In 2012, Accion made a capital contribution of \$187,624. Accion's investment in MIGROF as of December 31, 2013 and 2012 represented 3.60 % ownership for both years.

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

AINV, a segregated portfolio of a Cayman Islands holding company, owns investments in African microfinance institutions. In October 2012, Accion purchased 2,335 Class B Shares of AINV Africa, representing 51% of the total portfolio and indirectly 12.24% of Accion Microfinance Bank Limited in Nigeria (AMfB); 15.30% of EB-Accion Savings & Loans in Ghana (EASL); and 15.30% of EB-Accion Microfinance in Cameroon (EAMF). In July 2013, Accion transferred AMfB's shares to AINV Nigeria, an Accion subsidiary. In August 2013, Accion purchased indirectly 324 shares of EAMF. As of December 31, 2013, Accion owned indirectly 15.30% of EASL and 16.62% of EAMF.

ACCION Microfinance Bank Ltd. (AMfB)

AMfB is a Nigerian Microfinance institution. In July 2013, shares of AMfB were transferred from AINV Africa to Accion Investment in Microfinance Nigeria (AINV Nigeria), a 51% Accion owned entity. In August 2013, AINV Nigeria purchased 74,184,039 additional shares. AINV Nigeria's investment in AMfB as of December 31, 2013 represented 18.24% of AMfB's total shares.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE E - INVESTMENTS IN AFFILIATES - Continued

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

CrediConfia is a Mexican microfinance institution. In May 2012, Accion purchased 131,912 common shares and agreed to provide technical assistance over three years in exchange for 341,655 common shares. Through this agreement Accion acquired 102,497 shares in 2012 and 26,854 shares in 2013. In June 2013, Accion provided a loan of \$208,716 to CrediConfia at an interest rate of 17.5%. In November 2013, Accion converted the loan to shares and invested an additional \$2.5 million, totaling a \$2.7 million investment, towards future capitalizations of tier one capital. Accion's investment in Crediconfia as of December 31, 2013 and 2012 represented 5% and 4.46% of Crediconfia's total common shares, respectively.

GloboKas Peru SAC (GKN)

GKN, the Peruvian subsidiary of GTV GlobokasNet LLC. GKN is a provider of business and financial transaction data transmission services, including processing and settlement services to banks, microfinance institutions, NGOs and corporations seeking cashless payment solutions. In 2012, Accion purchased 234,375 of preferred shares (Series C). As of December 31, 2013 and 2012 Accion's investment in GKN represented 16.31% of GKN's total shares for both years. In 2013, Accion invested \$300,000 in warrants with the option to convert the warrants into equity shares at a discount price of up to 20%.

Leapfrog Financial Inclusion Fund (Leapfrog)

Leapfrog, incorporated in Mauritius, is a global investment fund focused exclusively on micro-insurance and other financial products to meet the financial needs beyond working-capital credit of low-income people in developing countries. As of December 31, 2013 and 2012, Accion's total investment in Leapfrog represented 2.2% of Leapfrog's total shares for both years.

Lok Capital LLC (Lok)

Lok is a Mauritius-based venture fund dedicated to providing equity investments to microfinance institutions in India. In 2013 and 2012, Accion redeemed 7,137 and 895 shares, respectively. In 2012, Accion purchased an additional 544 shares. Accion's investment in Lok as of December 31, 2013 and 2012 represented 11.36% of Lok's total common shares, for both years.

MFX Solutions (MFX)

MFX is a US-based for-profit enterprise providing microfinance lenders with the expertise to quantify currency risk along with affordable and accessible hedging instruments to mitigate currency risk. Accion's investment in MFX as of December 31, 2013 and 2012 represented 10.61% of MFX's total common shares for both years.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE E - INVESTMENTS IN AFFILIATES - Continued

Zoona Transactions International (Zoona)

Formerly known as Mobile Transactions International, Zoona is a third-party provider of an array of mobile payment solutions in Zambia. The bulk of Zoona's revenue is earned through its core product offerings of money transfers, ordering & supplier payments, and agent payments. Accion's investment in Zoona as of December 31, 2013 and 2012 represented 18.16% of Zoona's total common shares for both years.

ParaLife Holdings Inv (ParaLife)

ParaLife is a Swiss-based for-profit enterprise offering life insurance and other micro-insurance products to low-income people in developing nations with a special emphasis on people with disabilities and their families. Accion's investment in ParaLife as of December 31, 2013 and 2012 represented 3.70% and 3.85% of ParaLife's total common shares, respectively.

Shubham Housing Development Finance Company (Shubham)

Shubham focuses on mortgage lending for quality affordable urban and semi-urban housing in India. Shubham targets informal sector workers (vegetable vendors, rickshaw pullers, etc), slum rehabilitation program customers, and anyone who does not have access to regular home loans (under/un-banked). In 2012, Accion purchased 198,410 Series B Compulsory Convertible Preferred Shares (CCCPs) and 10 Class A Series B shares representing 10% of Shubham's total shares as of December 31, 2013 and 2012.

Zonamovil, Inc (Tiixa)

Tiixa is a business solutions provider for Mobile Network Operators (MNOs). Tiixa is currently focused on Latin America and South East Asia. Tiixa offers turnkey solutions for real-time pricing and billing of pre-paid mobile phone transactions, as well as value added and business intelligence services to help MNOs and corporations market more effectively to their customers. In 2012, Accion purchased 652,773 shares of Series F Preferred Stock. As of December 31, 2013 and 2012, Accion's investment in Tiixa represented 3.74 % and 4.11% of Tiixa's total shares, respectively. In 2013, Accion invested \$500,000 in a bond with an annual coupon of 15% and a maturity date of November 2017.

Other

Accion invests in several other microfinance institutions or other organizations providing products and technologies to support and complement the development of microfinance. The investments are individually under \$1 million and are recorded at cost net of any recorded temporary impairment. For the years ended December 31, 2013 and 2012, Accion received dividends from these investments of \$221,341 and \$342,644, respectively.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements – Continued

As of and for the years ended December 31, 2013 and 2012

NOTE F - RELATED PARTY TRANSACTIONS

ACCION, the US Network (the US Network) is a network of microfinance institutions in the U.S. related to Accion through a brand licensing agreement. Accion provides accounting and information technology support to the US Network through a shared services agreement and through Accion's membership in the US Network. Under the agreement, certain salaries incurred by Accion are charged to the US Network. Such amounts aggregated \$32,843 in 2013 and are reflected as contract revenue in the accompanying consolidated statements of activities.

ACCION East, formerly known as ACCION USA and a member of the US Network, shares office space with Accion in Boston, Massachusetts. The use and cost allocation of this shared office space as well as administrative support is administered through a shared services agreement. Under the agreement, certain salaries and occupancy expenses incurred by Accion are charged to ACCION EAST. Such amounts aggregated to \$231,901 in 2013 and \$326,150 in 2012, and are reflected as contract revenue in the accompanying consolidated statements of activities.

On December 5, 2013, Accion provided a secured loan to ACCION Texas, a member of the US Network. The outstanding principal amount of \$1,000,000 is maturing on December 5, 2014 at a fixed rate of 3% and is reported as note receivable from affiliates in the statement of financial position.

AIMCO was created for the purpose of providing investment services for AINV, an equity method investment holding of Accion. AIMCO received investment management fees from AINV of \$11,007,515 for the year 2012. On October 30, 2012, AINV closed its fund and compensated AIMCO with a closing management fee of \$9,879,126. Income tax expense included \$85,649 and \$3,121,032 income taxes on AIMCO's management fees income related to the sale of ACCION Investment in Microfinance, SPC (See note B) for the years ended December 31, 2013 and 2012, respectively.

NOTE G - GLOBAL BRIDGE GUARANTEE PROGRAM INVESTMENTS

Global Bridge Guarantee Program investments (at fair value) at December 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Global Bridge Guarantee Program investments:		
Cash and cash equivalents	\$ 4,998,443	\$ 1,734,865
Certificate of deposits	252,214	252,214
Corporate bonds	<u>2,055,065</u>	<u>5,507,230</u>
	<u>\$ 7,305,722</u>	<u>\$ 7,494,309</u>

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

There are cash or cash equivalents held within Global Bridge Guarantee Program investments to reserve against potential loan losses totaling \$1,259,405 and \$1,252,762 at December 31, 2013 and 2012, respectively.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE H - NOTES PAYABLE

Notes payable as of December 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Global Bridge Guarantee Program - unsecured notes payable to foundations, institutions, individuals, and religious organizations; various interest rates from 0% to 5% per annum; due in varying amounts through 2023	\$ 6,022,103	\$ 6,070,086
Total notes payable	\$ <u>6,022,103</u>	\$ <u>6,070,086</u>

The scheduled principal repayments under these notes as of December 31, 2013, are as follows:

2014	\$ 1,271,435
2015	2,224,212
2016	1,221,456
2017	300,000
2018	255,000
Thereafter	<u>750,000</u>
	\$ <u>6,022,103</u>

NOTE I - INCOME TAXES

The provision for income taxes for the years ended December 31, 2013 and 2012 is comprised of the following:

	<u>2013</u>	<u>2012</u>
Current provision		
Federal	\$ 66,652	\$ 2,473,009
State	18,997	648,023
Foreign	334,482	98,732
	<u>420,131</u>	<u>3,219,764</u>
Deferred provision (benefit)	<u>(279,927)</u>	<u>(15,274)</u>
Provision (benefit) for income taxes	\$ <u>140,204</u>	\$ <u>3,204,490</u>

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE I - INCOME TAXES - Continued

Deferred income tax assets at December 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Deferred income tax assets		
Net operating loss carryforwards	\$ 934,000	\$ 495,000
Provision for doubtful accounts	324,587	44,660
	<u>1,258,587</u>	<u>539,660</u>
Less: valuation allowance	<u>(934,000)</u>	<u>(495,000)</u>
	<u>\$ 324,587</u>	<u>\$ 44,660</u>

The available net operating loss carryforwards at December 31, 2013 and 2012 are \$6,225,000 and \$3,303,000, respectively. Deferred income tax assets and liabilities are attributed to temporary differences between financial and taxable reports applying a blended income tax rate of 15%. Management has concluded that it is more likely than not that a portion of its deferred tax asset as of December 31, 2013 and 2012 will not be realized and as such a valuation allowance has been recorded.

NOTE J - COMMITMENTS AND CONTINGENCIES

Letters of Credit

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

At December 31, 2013 and 2012, the Global Bridge Guarantee Program was contingently liable for letters of credit in the amount of \$4,750,000 and \$3,500,000, respectively.

Bank Line of Credit

At December 31, 2013, Accion had a \$4,000,000 loan facility with Bank of America. The loan facility includes a line of credit at a rate of interest of LIBOR plus 1.75% plus an annual fixed fee and a sublimit working capital agreement of \$1,000,000 for the benefit of ACCION Technical Advisors India at a fixed rate of 15.25%. There was no balance outstanding in both years under the line of credit and there was a balance of \$0 and \$22,585 outstanding under the India sublimit agreement at December 31, 2013 and 2012, respectively. The loan facility expired on July 31, 2013 and was not renewed.

At December 31, 2013, SCM had a \$212,000 overdraft loan facility with Bradesco Bank at a fixed rate of 29.38%. There was no outstanding balance under the line of credit as of December 31, 2013 and 2012.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

Capital Calls

For the years ended December 31, 2013 and 2012, Accion had approximately \$3.7 million and \$3 million, respectively, in capital call commitments with investment affiliates. The balance will be disbursed on an as-needed basis during the commitment period, which extends through 2014.

Operating Leases

Accion leases office space in various countries in which they operate. These leases expire over periods ranging from July 2012 through June 2024. The remaining net minimum payment obligation under these leases is as follows:

2014	\$	911,951
2015		760,341
2016		779,065
2017		808,438
2018		634,998
Thereafter		<u>3,333,659</u>
Total	\$	<u>7,228,452</u>

Rent expense was approximately \$1,582,000 and \$1,640,000 for the years ended December 31, 2013 and 2012, respectively.

Contractual Repurchase Commitment

As part of the Avanza loan origination services, Centro is under a contractual commitment to repurchase, from its customer, loans over 90 days past due. In 2013, Centro repurchased a total of \$445,000 and recorded an allowance for repurchases of \$1,203,000 resulting in a total bad debt expense of \$1,648,000. Due to the various assumptions built into the loans repurchase estimate, future actual repurchases might defer from the estimated allowance. As of December 31, 2013, the total outstanding loans originated by Centro totaled \$8,645,000 and this amount represented Centro's maximum possible repurchase commitment. Due to the uncertainty of various assumptions built into the loan repurchase estimate, future actual repurchases may differ from the estimated allowance.

NOTE K - EMPLOYEE BENEFIT PLAN

Accion has established a defined contribution retirement plan which is available to substantially all salaried employees. Accion's contribution to this plan is based on a percentage of participant salaries and totaled \$585,331 and \$551,503 in 2013 and 2012, respectively.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements – Continued
As of and for the years ended December 31, 2013 and 2012

NOTE L - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets have been restricted by donors to be used in a specific time period, for a specific location, or scope of work. Temporarily restricted net assets are available as of December 31, 2013 and 2012, for the following purposes:

	<u>2013</u>	<u>2012</u>
Global programs	\$ 2,664,521	\$ 3,805,200
Global investments	494,152	343,074
Fundraising	790,947	
Center for financial inclusion	<u>4,252,610</u>	<u>6,042,734</u>
Total	<u>\$ 8,202,230</u>	<u>\$ 10,191,008</u>

NOTE M - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Accion to concentrations of credit risk are investments, cash equivalents, and other interest-bearing investments. Approximately 58% of Accion's investments in affiliates are invested in the common stock of Genera, a Mexican-based bank (see Note E). In addition, one donor represents 84% of contributions receivable.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2014, which is the date financial statements were available for issuance. Other than the items disclosed below, there were no subsequent events that required adjustments or disclosure in the financial statements.

On February 19, 2014, Accion sold 355,731 shares of BancoSol, representing 8.58% of its holdings, for \$10,296,660. On February 24, 2014, Accion sold 9,182 shares of Financiera El Comercio, representing 100% of its holding, for \$5,773,593, and realized a capital gain of \$5,264,365. On June 4, 2014, Accion sold 30,489,398 shares of Mibanco, representing 100% of its holding, for \$18,707,521, and realized a capital gain of \$14,526,124. On September 23, 2014, Accion purchased 5,921,963 shares of Credinka for \$4,979,176. In 2014, Accion sold 13,438,480 shares of Genera (formerly known as Compartamos), representing 21.53% of its holdings, for \$26,190,277, and realized a capital gain of \$26,240,789.

On May 20, 2014 Accion became an indirect minority shareholder of AMC by transferring its full ownership interest in AMC in exchange for a minority portion of equity shares of a newly created parent company of AMC.

SUPPLEMENTAL SCHEDULES

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidating Schedule of Financial Position
December 31, 2013

	ACCION International*	Microlending Subsidiaries**	Elimination Entries	Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 17,737,474	\$ 2,052,621	\$ -	\$ 19,790,095
Investments	86,837,478	-	-	86,837,478
Notes receivable from affiliates	3,500,486	-	(500,486)	3,000,000
Grants receivable - net	1,609,017	-	-	1,609,017
Contributions receivable - net	490,087	-	-	490,087
Contract receivables - net	938,739	-	-	938,739
Microloans receivable- net	-	19,452,197	-	19,452,197
Prepaid expenses	938,321	198,367	-	1,136,688
Deposits, advances and other receivables	700,756	324,587	-	1,025,343
Total current assets	112,752,358	22,027,772	(500,486)	134,279,644
NON-CURRENT ASSETS:				
Cash restricted by foundation for long-term purposes	702,623	-	-	702,623
Grants receivable - net	1,550,030	-	-	1,550,030
Contributions receivable - net	624,445	-	-	624,445
Global Bridge Guarantee Program investments	7,305,722	-	-	7,305,722
Investments in affiliates	204,861,544	-	-	204,861,544
Investments in subsidiaries	24,624,670	-	(24,624,670)	-
Property and equipment - net	750,626	446,461	-	1,197,087
Total non-current assets	240,419,660	446,461	(24,624,670)	216,241,451
Total assets	\$ 353,172,018	\$ 22,474,233	\$ (25,125,156)	\$ 350,521,095
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 4,296,193	\$ 664,134	\$ -	\$ 4,960,327
Deferred revenue	293,863	-	-	293,863
Deposit from investor	6,349,106	-	-	6,349,106
Notes payable	1,271,435	-	-	1,271,435
Total current liabilities	12,210,597	664,134	-	12,874,731
NON-CURRENT LIABILITIES:				
Notes payable - net of current portion	4,750,669	500,486	(500,486)	4,750,669
Total non-current liabilities	4,750,669	500,486	(500,486)	4,750,669
Total liabilities	16,961,266	1,164,620	(500,486)	17,625,400
NET ASSETS:				
Capital	-	24,624,670	(24,624,670)	-
Unrestricted:				
ACCION	328,018,766	(3,325,301)	(4,273,873)	320,419,592
Non-controlling interest in SCM (Note B)	-	-	440,597	440,597
Non-controlling interests in Accion Investment in Nigeria (Note B)	-	-	3,833,276	3,833,276
Total unrestricted net assets	328,018,766	(3,325,301)	-	324,693,465
Temporarily restricted	8,191,986	10,244	-	8,202,230
Total net assets	336,210,752	21,309,613	(24,624,670)	332,895,695
Total liabilities and net assets	\$ 353,172,018	\$ 22,474,233	\$ (25,125,156)	\$ 350,521,095

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

** Microlending subsidiaries include Chifeng City Yuanbaoshan District ACCION Micro-Credit Company Ltd and ACCION Microfinancas-Sociedade de Credito ao Microempreendedor e a Empresa de Pequeno Porte, SA.

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidating Schedule of Financial Position
December 31, 2012

	ACCION International*	Microlending Subsidiaries**	Elimination Entries	Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 35,231,067	\$ 5,218,579	\$ -	\$ 40,449,646
Investments	80,652,713	-	-	80,652,713
Notes receivable from affiliates	200,671	-	-	200,671
Grants receivable - net	3,916,877	-	-	3,916,877
Contributions receivable - net	328,359	-	-	328,359
Contract receivables - net	428,810	-	-	428,810
Microloans receivable- net	-	11,305,042	-	11,305,042
Prepaid expenses	1,075,101	126,600	-	1,201,701
Deposits, advances and other receivables	525,688	126,491	-	652,179
Total current assets	122,359,286	16,776,712	-	139,135,998
NON-CURRENT ASSETS:				
Cash restricted by foundation for long-term purposes	1,440,639	-	-	1,440,639
Grants receivable - net	2,806,348	-	-	2,806,348
Contributions receivable - net	9,525	-	-	9,525
Global Bridge Guarantee Program investments	7,494,309	-	-	7,494,309
Investments in affiliates	172,797,536	-	-	172,797,536
Investments in subsidiaries	17,330,030	-	(17,330,030)	-
Notes receivable from affiliates - net of current portion	3,400,000	-	(1,400,000)	2,000,000
Property and equipment - net	448,163	341,960	-	790,123
Total non-current assets	205,726,550	341,960	(18,730,030)	187,338,480
Total assets	\$ 328,085,836	\$ 17,118,672	\$ (18,730,030)	\$ 326,474,478
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 3,043,162	\$ 303,015	\$ -	\$ 3,346,177
Deferred revenue	209,223	-	-	209,223
Bank line of credit	(221,580)	244,165	-	22,585
Deposit from investor	6,349,106	-	-	6,349,106
Notes payable	1,507,211	-	-	1,507,211
Total current liabilities	10,887,122	547,180	-	11,434,302
NON-CURRENT LIABILITIES:				
Notes payable - net of current portion	4,562,875	1,400,000	(1,400,000)	4,562,875
Total non-current liabilities	4,562,875	1,400,000	(1,400,000)	4,562,875
Total liabilities	15,449,997	1,947,180	(1,400,000)	15,997,177
NET ASSETS:				
Capital	-	17,330,030	(17,330,030)	-
Unrestricted:				
ACCION	302,456,648	(2,170,355)	(771,305)	299,514,988
Non-controlling interests in SCM (Note B)	-	-	771,305	771,305
Total unrestricted net assets	302,456,648	(2,170,355)	-	300,286,293
Temporarily restricted	10,179,191	11,817	-	10,191,008
Total net assets	312,635,839	15,171,492	(17,330,030)	310,477,301
Total liabilities and net assets	\$ 328,085,836	\$ 17,118,672	\$ (18,730,030)	\$ 326,474,478

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

** Microlending subsidiaries include Chifeng City Yuanbaoshan District ACCION Micro-Credit Company Ltd and ACCION Microfinancas-Sociedade de Credito ao Microempreendedor e a Empresa de Pequeno Porte, SA.

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidating Schedule of Activities
Year ended December 31, 2013

	ACCION International*	Microlending Subsidiaries**	Elimination Entries	Consolidated
REVENUES:				
Contributions and grants	\$ 11,014,274	\$ 219,223	\$ -	\$ 11,233,497
Dividend and interest income from program services	6,866,238	4,202,912	(114,353)	10,954,797
Dividend and interest income from short-term investments	2,617,691	80,604	-	2,698,295
Contract revenues and training fees	4,750,708	-	(262,521)	4,488,187
Total revenues	25,248,911	4,502,739	(376,874)	29,374,776
FUNCTIONAL EXPENSES:				
Program services:				
Global Programs	18,198,564	-	-	18,198,564
Microlending	376,874	6,342,512	(376,874)	6,342,512
Global Investments	6,297,867	-	-	6,297,867
ACCION Investment Management Company	7,448	-	-	7,448
Center for Financial Inclusion	6,015,264	-	-	6,015,264
Communications	1,948,186	-	-	1,948,186
Total program services	32,844,203	6,342,512	(376,874)	38,809,841
Supporting services				
General and administrative	5,266,266	-	-	5,266,266
Fundraising	2,588,954	-	-	2,588,954
Total supporting services	7,855,220	-	-	7,855,220
Total functional expenses	40,699,423	6,342,512	(376,874)	46,665,061
Change in net assets from operations	(15,450,512)	(1,839,773)	-	(17,290,285)
Income taxes	(85,649)	-	-	(85,649)
Equity in income of equity investments	9,530,056	-	-	9,530,056
Purchase of interest in SCM from noncontrolling shareholder	-	629,221	-	629,221
Purchase of interest in Accion Investment in Nigeria by noncontrolling shareholder (Note B)	3,839,389	-	-	3,839,389
Change in net unrealized gain on investments	8,311,700	-	-	8,311,700
Net realized gain on investments	17,587,361	(9,739)	-	17,577,622
Foreign currency translation gains, net	(157,432)	63,772	-	(93,660)
Change in net assets	23,574,913	(1,156,519)	-	22,418,394
Net assets - Beginning of year	312,635,839	(2,158,538)	-	310,477,301
Net assets - End of year:				
Unrestricted	328,018,766	(3,325,301)	-	324,693,465
Temporary restricted	8,191,986	10,244	-	8,202,230
Net assets - End of year	\$ 336,210,752	\$ (3,315,057)	\$ -	\$ 332,895,695

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

** Microlending subsidiaries include Chifeng City Yuanbaoshan District ACCION Micro-Credit Company Ltd and ACCION Microfinancas-Sociedade de Credito ao Microempreendedor e a Empresa de Pequeno Porte, SA.

ACCION INTERNATIONAL AND SUBSIDIARIES

Consolidating Schedule of Activities

Year ended December 31, 2012

	ACCION International*	Microlending Subsidiaries**	Elimination Entries	Consolidated
REVENUES:				
Contributions and grants	\$ 12,036,750	\$ 136,409	\$ -	\$ 12,173,159
Dividend and interest income from program services	4,279,143	2,289,688	(253,570)	6,315,261
Dividend and interest income from short-term investments	3,196,342	141,343	-	3,337,685
Management fees	11,007,515	-	-	11,007,515
Contract revenues and training fees	3,242,720	3,600	(218,882)	3,027,438
Total revenues	33,762,470	2,571,040	(472,452)	35,861,058
FUNCTIONAL EXPENSES:				
Program services:				
Global Programs	17,305,359	-	-	17,305,359
Microlending	215,282	4,504,702	(472,452)	4,247,532
Global Investments	5,632,415	-	-	5,632,415
ACCION Investment Management Company	2,801,514	-	-	2,801,514
Center for Financial Inclusion	4,031,672	-	-	4,031,672
Communications	1,856,366	-	-	1,856,366
Total program services	31,842,608	4,504,702	(472,452)	35,874,858
Supporting services				
General and administrative	5,308,137	-	-	5,308,137
Fundraising	3,012,122	-	-	3,012,122
Total supporting services	8,320,259	-	-	8,320,259
Total functional expenses	40,162,867	4,504,702	(472,452)	44,195,117
Change in net assets from operations	(6,400,397)	(1,933,662)	-	(8,334,059)
Income taxes	(3,121,031)	-	-	(3,121,031)
Change in equity income of equity investments	(6,075,778)	-	-	(6,075,778)
Purchase of interest in SCM from noncontrolling shareholder	-	786,543	-	786,543
Change in net unrealized gain on investments	(10,967,811)	-	-	(10,967,811)
Net realized gain on investments	23,509,673	-	-	23,509,673
Foreign currency translation gains, net	(71,987)	(238,032)	-	(310,019)
Change in net assets	(3,127,331)	(1,385,151)	-	(4,512,482)
Net assets - Beginning of year	315,763,170	(773,387)	-	314,989,783
Net assets - End of year:				
Unrestricted	302,456,648	(2,170,355)	-	300,286,293
Temporary restricted	10,179,191	11,817	-	10,191,008
Net assets - End of year	\$ <u>312,635,839</u>	\$ <u>(2,158,538)</u>	\$ <u>-</u>	\$ <u>310,477,301</u>

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

** Microlending subsidiaries include Chifeng City Yuanbaoshan District ACCION Micro-Credit Company Ltd and ACCION Microfinancas-Sociedade de Credito ao Microempreendedor e a Empresa de Pequeno Porte, SA.