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RESPECT. CONFIDENCE. TRUST.

MICROFINANCE OPPORTUNITIES, INC.

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DECEMBER 31, 2012 AND 2011

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MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

Matthews, Carter and Baye

MICROFINANCE OPPORTUNITIES, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,270,066	\$ 1,635,561
Certificate of deposit	-	250,000
Promises to give	30,434	142,142
Prepaid expenses	<u>23,039</u>	<u>4,630</u>
Total Current Assets	<u>\$ 1,323,539</u>	<u>\$ 2,032,333</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	\$ 60,822	\$ 60,822
Less, accumulated depreciation	<u>(53,500)</u>	<u>(42,341)</u>
Net Property and Equipment	<u>\$ 7,322</u>	<u>\$ 18,481</u>
OTHER ASSETS		
Security deposits	<u>\$ 3,348</u>	<u>\$ 3,348</u>
TOTAL ASSETS	<u><u>\$ 1,334,209</u></u>	<u><u>\$ 2,054,162</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 33,711	\$ 35,210
Refundable advances	1,130,997	1,621,255
Deferred rent	<u>-</u>	<u>30,328</u>
Total Current Liabilities	<u>\$ 1,164,708</u>	<u>\$ 1,686,793</u>
NET ASSETS		
Unrestricted	\$ 10,156	\$ 67,369
Unrestricted - board designated	<u>159,345</u>	<u>300,000</u>
Total Net Assets	<u>\$ 169,501</u>	<u>\$ 367,369</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,334,209</u></u>	<u><u>\$ 2,054,162</u></u>

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

MICROFINANCE OPPORTUNITIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

(With comparative totals for the year ended December 31, 2011)

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
REVENUE				
Grants and contracts	\$ 1,548,895	\$ -	\$ 1,548,895	\$ 1,259,001
Contributions	56,310	-	56,310	-
Publication income	5,345	-	5,345	3,576
Interest income	2,568	-	2,568	10,637
Miscellaneous income	7,525	-	7,525	7,774
Total Revenue	<u>\$ 1,620,643</u>	<u>\$ -</u>	<u>\$ 1,620,643</u>	<u>\$ 1,280,988</u>
Net assets released from temporary restrictions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENSES				
Program services:				
Communications and outreach	\$ 37,791	\$ -	\$ 37,791	\$ 120,509
Financial education	1,206,334	-	1,206,334	1,490,197
Client assessment	200,118	-	200,118	809,250
Risk management innovations	9,824	-	9,824	120,215
Total Program Services	<u>\$ 1,454,067</u>	<u>\$ -</u>	<u>\$ 1,454,067</u>	<u>\$ 2,540,171</u>
Supporting services:				
Management and general	\$ 316,445	\$ -	\$ 316,445	\$ 302,261
Grant development	78,327	-	78,327	106,598
Total Supporting Services	<u>\$ 394,772</u>	<u>\$ -</u>	<u>\$ 394,772</u>	<u>\$ 408,859</u>
Total Expenses	<u>\$ 1,848,839</u>	<u>\$ -</u>	<u>\$ 1,848,839</u>	<u>\$ 2,949,030</u>
CHANGE IN NET ASSETS BEFORE WRITE-OFF OF DEFERRED RENT	<u>\$ (228,196)</u>	<u>\$ -</u>	<u>\$ (228,196)</u>	<u>\$ (1,668,042)</u>
WRITE-OFF OF DEFERRED RENT	<u>30,328</u>	<u>-</u>	<u>30,328</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>\$ (197,868)</u>	<u>\$ -</u>	<u>\$ (197,868)</u>	<u>\$ (1,668,042)</u>
NET ASSETS, BEGINNING OF YEAR	<u>367,369</u>	<u>-</u>	<u>367,369</u>	<u>2,035,411</u>
NET ASSETS, END OF YEAR	<u><u>\$ 169,501</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 169,501</u></u>	<u><u>\$ 367,369</u></u>

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

MICROFINANCE OPPORTUNITIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	2011 Total
REVENUE			
Grants and contracts	\$ 1,259,001	\$ -	\$ 1,259,001
Publication income	3,576	-	3,576
Interest income	-	10,637	10,637
Miscellaneous income	7,774	-	7,774
	\$ 1,270,351	\$ 10,637	\$ 1,280,988
Total Revenue			
Net assets released from temporary restrictions	\$ 1,496,953	\$ (1,496,953)	\$ -
EXPENSES			
Program services:			
Communications and outreach	\$ 120,509	\$ -	\$ 120,509
Financial education	1,490,197	-	1,490,197
Client assessment	809,250	-	809,250
Risk management innovations	120,215	-	120,215
Total Program Services	\$ 2,540,171	\$ -	\$ 2,540,171
Supporting services:			
Management and general	\$ 302,261	\$ -	\$ 302,261
Grant development	106,598	-	106,598
Total Supporting Services	\$ 408,859	\$ -	\$ 408,859
Total Expenses	\$ 2,949,030	\$ -	\$ 2,949,030
CHANGE IN NET ASSETS	\$ (181,726)	\$ (1,486,316)	\$ (1,668,042)
NET ASSETS, BEGINNING OF YEAR	549,095	1,486,316	\$ 2,035,411
NET ASSETS, END OF YEAR	\$ 367,369	\$ -	\$ 367,369

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

MICROFINANCE OPPORTUNITIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (197,868)	\$ (1,668,042)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,159	9,341
Deferred rent	(30,328)	(4,403)
Changes in assets and liabilities:		
(Increase) decrease in promises to give	111,708	380,234
(Increase) decrease in prepaid expenses	(18,409)	(3,989)
Increase (decrease) in accounts payable and accrued expenses	(1,499)	(69,710)
Increase (decrease) in refundable advances	(490,258)	1,395,035
	\$ (615,495)	\$ 38,466
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificate of deposit	\$ 250,000	\$ -
Purchase of fixed assets	-	(892)
	\$ 250,000	\$ (892)
CHANGE IN CASH AND CASH EQUIVALENTS		
	\$ (365,495)	\$ 37,574
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	1,635,561	1,597,987
CASH AND CASH EQUIVALENTS, END OF YEAR		
	\$ 1,270,066	\$ 1,635,561
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
There were no non-cash financing activities for the years ended December 31, 2012 or 2011.		
Cash paid during the year for interest.	\$ -	\$ -

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

MICROFINANCE OPPORTUNITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

(With comparative totals for the year ended December 31, 2011)

	Communications and Outreach	Financial Education	Client Assessment	Risk Management Innovations	Total Program Services	Management and General	Grant Development	2012 Total	2011 Total
EXPENSE									
Salaries	\$ 20,252	\$ 438,545	\$ 57,688	\$ 7,508	\$ 523,993	\$ 120,115	\$ 47,322	\$ 691,430	\$ 949,036
Payroll taxes	2,589	36,413	4,852	421	44,275	9,758	4,208	58,241	76,025
Benefits	2,069	41,370	2,696	688	46,823	21,337	3,813	71,973	108,154
Accounting fees	-	2,623	-	-	2,623	42,836	-	45,459	25,645
Bank fees	-	626	-	-	626	1,949	-	2,575	1,864
Depreciation	-	-	-	-	-	11,159	-	11,159	9,341
Dues and subscriptions	-	-	-	-	-	550	-	550	2,234
Equipment	-	-	-	-	-	-	-	-	1,540
Insurance	-	-	-	-	-	6,958	-	6,958	16,357
Meetings	-	27,363	-	-	27,363	-	2,125	29,488	22,940
Office supplies	504	5,101	745	33	6,383	2,265	614	9,262	26,857
Postage	327	-	-	-	327	289	246	862	2,166
Printing	-	-	-	-	-	-	-	-	29,573
Publications	-	-	-	-	-	-	-	-	8,294
Rent, net	8,306	130,014	14,664	1,028	154,012	28,230	12,982	195,224	222,512
Repairs and maintenance	-	-	-	-	-	-	-	-	15,018
Subcontractors/Consultants	2,044	369,534	92,986	-	464,564	56,626	2,852	524,042	1,110,802
Telephone and Internet	1,611	20,093	2,035	146	23,885	4,972	1,892	30,749	22,270
Training projects	-	4,667	158	-	4,825	-	-	4,825	12,962
Travel	89	129,985	24,294	-	154,368	9,401	2,273	166,042	285,440
TOTAL EXPENSES	\$ 37,791	\$ 1,206,334	\$ 200,118	\$ 9,824	\$ 1,454,067	\$ 316,445	\$ 78,327	\$ 1,848,839	\$ 2,949,030

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

MICROFINANCE OPPORTUNITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Communications and Outreach	Financial Education	Client Assessment	Risk Management Innovations	Total Program Services	Management and General	Grant Development	2011 Total
EXPENSE								
Salaries	\$ 47,154	\$ 377,172	\$ 248,319	\$ 37,143	\$ 709,788	\$ 169,040	\$ 70,208	\$ 949,036
Payroll taxes	5,026	31,277	20,549	3,100	59,952	11,890	4,183	76,025
Benefits	6,900	38,444	23,015	2,872	71,231	31,706	5,217	108,154
Accounting fees	-	-	-	-	-	25,645	-	25,645
Bank fees	129	149	-	-	278	1,586	-	1,864
Depreciation	-	-	-	-	-	9,341	-	9,341
Dues and subscriptions	1,525	-	-	709	2,234	-	-	2,234
Equipment	-	220	1,320	-	1,540	-	-	1,540
Insurance	-	-	-	-	-	16,357	-	16,357
Meetings	1,143	14,874	170	625	16,812	2,878	3,250	22,940
Office supplies	8,628	6,528	3,705	475	19,336	6,854	667	26,857
Postage	842	819	286	50	1,997	164	5	2,166
Printing	-	23,430	6,143	-	29,573	-	-	29,573
Publications	-	8,294	-	-	8,294	-	-	8,294
Rent, net	18,273	99,814	61,849	9,728	189,664	19,622	13,226	222,512
Repairs and maintenance	1,134	6,138	3,804	596	11,672	2,531	815	15,018
Subcontractors/Consultants	847	724,052	339,333	38,999	1,103,231	273	7,298	1,110,802
Telephone and Internet	1,683	9,091	5,818	893	17,485	3,563	1,222	22,270
Training projects	-	8,315	4,287	277	12,879	-	83	12,962
Travel	27,225	141,580	90,652	24,748	284,205	811	424	285,440
TOTAL EXPENSES	\$ 120,509	\$ 1,490,197	\$ 809,250	\$ 120,215	\$ 2,540,171	\$ 302,261	\$ 106,598	\$ 2,949,030

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

MICROFINANCE OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Note 1. Organization

Microfinance Opportunities, Inc. (the Organization or (MFO) is a global nonprofit organization committed to understanding the financial realities of low-income households and developing consumer-focused solutions. MFO's work shapes the design and delivery of financial products and services and enhances the capacity of low-income consumers to make informed financial decisions. In collaboration with a wide range of public and private sector partners, MFO's research and expertise help to increase consumer access to finance in the developing world.

MFO is supported primarily by grants, contributions and contract income.

MFO's programs consist of the following:

Financial Education – To promote financial literacy for the world's poor through development, evaluation and worldwide dissemination of financial education curriculum.

Client Assessment – To promote a better understanding of the needs for, uses of and impacts of financial services on low-income households. MFO's primary methodologies are the use of focus groups and transaction analysis using financial diaries and MIS data.

Risk Management Innovations – To promote the development of client risk management financial products that reduce the vulnerability of low-income households.

Communication and Outreach – To promote MFO's mission and its innovations and tools for equipping the poor to manage their money and gain greater access to financial products.

Note 2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Basis of Presentation

The accompanying financial statements are presented in accordance with FASB ASC Topic 958. Contributions are recognized as revenue when they are received or unconditionally pledged. FASB ASC Topic 958 eliminates the utilization of fund accounting for financial reporting purposes and requires that net assets be classified as (1) unrestricted, (2) temporarily restricted or (3) permanently restricted depending on limitations placed on the net assets by donors. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subjected to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2012 and 2011, MFO had no permanently restricted net assets.

MICROFINANCE OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Note 2. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

MFO invests cash in excess of its immediate requirements in money market funds. Because of their short term and high liquidity, these investments are considered to be cash equivalents.

Concentration of Credit Risk

MFO maintains its cash in financial institutions located in the Washington, DC metropolitan area. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times the amounts on deposit exceed the maximum insurable balance.

Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the corporations and individuals that comprise the contributor base.

Furniture, Fixtures and Equipment

MFO capitalizes all property and equipment with a cost of \$1,500 or more. Furniture, fixtures and equipment are recorded at cost and depreciated over the estimated useful lives of the assets, between 3 and 10 years using the straight-line method. Leasehold improvements, if any, are amortized over the lesser of the life of the lease or the estimated useful lives of the improvements. Depreciation expense for the years ended December 31, 2012 and 2011 totaled \$11,159 and \$9,341, respectively

Income Taxes

MFO has adopted Financial Accounting Standards Board Interpretation No. 48, Accounting for Uncertainty in Income Taxes, (FIN 48), as permitted by FASB Staff Position (FSP) FIN 48-3, which is codified as FASB ASC 740. FASB ASC 740 requires changes in recognition and measurement for uncertain tax positions. MFO has analyzed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions. MFO is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months. If this position changes, MFO will assess the impact of any such matters on its financial position and results of operations.

No provision has been made for income taxes since MFO has been determined to be exempt from income tax pursuant to Internal Revenue Code Section 501(c)(3). There was no unrelated business taxable income during the years ended December 31, 2012 or 2011.

MFO files its information tax returns for Federal reporting purposes. Currently, the 2012, 2011, and 2010 returns are open and subject to examination. MFO is not currently under audit by any income tax jurisdictions.

Functional Expenses

The costs of providing the various programs and other operating activities have been summarized on a functional basis in the statements of functional expenditures. Costs that can be identified with a particular program or support function are charged directly to that program or function.

MICROFINANCE OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Note 2. Significant Accounting Policies (Continued)

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period acknowledged. Conditional promises to give are only recognized when the conditions on which they depend are substantially met. Unconditional promises to give are carried at fair value less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Management determines the allowance for doubtful promises by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible. There was no provision for doubtful promises, based on management's evaluation of the collection of promises, at December 31, 2012 or 2011. All promises to give are due in the year ended December 31, 2013.

Refundable Advances

Refundable advances consist of payment received for contract work to be performed in the future.

Revenue

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 statement of activities as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

MFO receives contracts from foundations and other entities for various purposes. Contracts not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. MFO defers contract revenues received under approved awards to the extent they exceed expenses incurred for the purposes specified under the contract restrictions. These deferrals are recorded as Refundable Advances in the liabilities section of the balance sheet and are available for use in subsequent years. The deferrals are recorded as revenue when expenses for the purpose specified are incurred.

Contract Income

Contract income is recognized as of the date at which the revenue is earned.

In-kind Contributions

In accordance with FASB ASC Topic 958, in-kind contributions, if any, are recorded at their estimated fair market value on the date the unconditional promise to give the asset is made and transfer of the asset is assured. In-kind contributions are usually not included in the accompanying financial statements since the value of the donated services and materials cannot be objectively measured and do not meet the requirements for recording contributions as defined by FASB ASC 958. During the year ended December 31, 2012, the Organization received \$56,310 of donated legal services. There were no material donated services or materials received during the year ended December 31, 2011.

MICROFINANCE OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Note 2. Significant Accounting Policies (Concluded)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the years then ended. Actual results could differ from those estimates.

Prior Year Information

Certain changes have been made to the presentation of the information for 2011 to conform to the current year presentation.

Note 3. Temporarily Restricted Net Assets

As of December 31, 2011, MFO's temporarily restricted net assets were as follows:

	Beginning Balance	Additions	Releases	Ending Balance
Financial education	\$ 767,589	\$ -	\$ 767,589	\$ -
Client assessment	718,727	10,637	729,364	-
	<u>\$ 1,486,316</u>	<u>\$ 10,637</u>	<u>\$ 1,496,953</u>	<u>\$ -</u>

There were no temporarily restricted net assets at December 31, 2012.

Note 4. Board Designated Net Assets

In 2008, the Board of Directors established a goal of a six-month reserve. During the years ended December 31, 2012 and 2011, MFO did not make a contribution to the reserve. The balance of the reserve as of December 31, 2012 and 2011 was \$159,345 and \$300,000, respectively.

Note 5. Retirement Plan

The Organization sponsors a Defined Contribution Plan (the Plan) in which all employees with three months of service are eligible to participate. The Organization contributes three percent of an eligible employee's salary to the Plan. For the years ended December 31, 2012 and 2011, the Organization contributed \$19,142 and \$27,627, respectively.

MICROFINANCE OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Note 6. Leasing Arrangements

MFO has an operating lease for office space in Washington, D.C., which expired on November 30, 2012. Under the terms of the original agreement, MFO was committed to annual rental payments adjusted for defined escalations based on building operating expenses. During 2012, the lease was renegotiated and the lease term was extended to November 30, 2018. A deferred rent amount was recognized to allocate the benefit throughout the term of the individual lease. The deferred rent amount was written off in 2012 after renegotiating the lease. The deferred rent amount was \$0 and \$30,328 at December 31, 2012 and 2011, respectively. MFO is also responsible for its pro-rata share of operating expenses and real estate taxes. Future minimum lease payments as of December 31 are as follows:

Year Ending December 31,	Rent	Minimum Sub-lease Income	Net
2013	\$ 156,588	\$ (53,848)	\$ 102,740
2014	168,261	(4,080)	164,181
2015	173,309	-	173,309
2016	178,508	-	178,508
2017	183,863	-	183,863
Thereafter	173,165	-	173,165
Total	<u>\$ 1,033,694</u>	<u>\$ (57,928)</u>	<u>\$ 975,766</u>

MFO has sub-lease agreements with six sub-tenants as follows: The agreements with two sub-tenants are for a one year term ending November 30, 2013 with the option for an additional year at the sub-tenants discretion; another agreement is a month-to-month agreement with a potential term through November 30, 2014, one agreement is with a sub-tenant for a five month term ending October 31, 2013 with the option for an additional year at the sub-tenant's discretion; one agreement is with a sub-tenant for a one year term ending April 30, 2014 with the option for an additional year at the sub-tenant's discretion; the last agreement is a lease with a sub-tenant that expired March 31, 2013. Sub-lease income to be earned in 2013 approximates \$58,000.

Rent expense for the years ended December 31, 2012 and 2011 was \$195,224 and \$222,512, respectively, net of approximately \$6,116 and \$14,400 of sublease income, respectively.

Note 7. Risks and Contingencies

MFO participates in a number of grant funded programs. These funders have the ability to audit and make adjustments to the contract information for a term (as stated in the contracts) after the contracts have ended. Management does not anticipate any significant adjustments as a result of such audits.

Note 8. Future Plans and Subsequent Events

MFO has experienced losses for the years ended December 31, 2012 and 2011 primarily due to timing of expenses for multi-year grants that had been awarded and recorded as income in prior years. These grants were not renewed at the same level as in prior years resulting in a decrease in funding for 2013.

MICROFINANCE OPPORTUNITIES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

Note 8. Future Plans and Subsequent Events (Concluded)

MFO has evaluated subsequent events through October 15, 2013, the date the financial statements were reviewed by management. MFO determined that the following subsequent events need to be reported:

- During 2012 the Organization has completed many of its multi-year grants and has not obtained new multi-year grants which have resulted in a decrease in overall funding.
- The Organization is continuing to work under contract arrangements, but due to logistical and other issues, the revenue from these contracts has not been at the levels that had been anticipated.
- New contract revenue in 2013 approximates \$750,000.

To offset the decrease in funding levels the Organization has undertaken the following:

- Obtained sub-leasees to rent a portion of its office.
- Evaluated and reduced management personnel costs through the termination/resignation of individuals.
- Renegotiated contracts to have additional management and overhead costs reimbursed under the terms of the grants.
- Changed the staffing composition to focus primarily on providing services under contracts and grants and other programs.
- Is developing a new model for the financial education program whereby the program will be funded on a fee for service basis.
- Is continually evaluating the overall costs of the organization and monitoring the costs to determine where the Organization may be more effective and efficient.

Management's actions and long term plans are to develop programs that will be funded primarily under fee for service arrangements in conjunction with contracts and grants. Management's intentions are that such fee for service programs in conjunction with the contracts and grants will provide self-sustainability for the Organization.