FINANCIAL STATEMENTS

THE FRIENDSHIP BRIDGE

FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014

THE FRIENDSHIP BRIDGE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Friendship Bridge
Lakewood, Colorado

We have audited the accompanying statements of financial position of The Friendship Bridge, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Friendship Bridge as of December 31, 2015 and 2014, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



April 22, 2016

THE FRIENDSHIP BRIDGE

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents:		
Cash held in the United States	$ 221,719	$ 217,380
Cash held in Guatemala	934,720	382,278
Total cash and cash equivalents	1,156,439	599,658
Investments	1,737,982	1,458,091
Loans receivable, net	7,132,977	6,305,859
Loan interest receivable	167,438	145,017
Grants and pledges receivable	27,700	64,000
Prepaid expenses and other assets	119,112	69,451
Total current assets	10,341,648	8,642,076
PROPERTY AND EQUIPMENT		
Furniture and equipment	101,822	99,712
Computers and related equipment	231,396	219,073
Vehicles	73,312	87,079
Leasehold improvements	23,331	4,131
	429,861	409,995
Less: Accumulated depreciation and amortization	(359,789)	(354,059)
Net property and equipment	70,072	55,936
NONCURRENT ASSETS		
Security deposits	16,212	15,512
TOTAL ASSETS	**$ 10,427,932**	**$ 8,713,524**

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES		
Loans payable	$ 1,427,492	$ 463,674
Accounts payable and accrued liabilities	1,296,779	1,031,380
Total current liabilities	2,724,271	1,495,054
NONCURRENT LIABILITIES		
Loans payable	3,140,000	2,965,000
Total liabilities	5,864,271	4,460,054
NET ASSETS		
Unrestricted	4,307,049	3,958,465
Temporarily restricted	155,612	194,005
Permanently restricted	101,000	101,000
Total net assets	4,563,661	4,253,470
TOTAL LIABILITIES AND NET ASSETS	**$ 10,427,932**	**$ 8,713,524**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Grants and contributions	$ 714,113	$ 103,247	$ -	$ 817,360
Interest and investment income	83,414	2,100	-	85,514
Loan interest and fees	3,406,250	-	-	3,406,250
In-kind contributions	73,201	-	-	73,201
Events	75,049	-	-	75,049
Sales and other income	41,563	-	-	41,563
Net assets released from donor restrictions - satisfaction of donor restrictions	143,740	(143,740)	-	-
Total support and revenue	4,537,330	(38,393)	-	4,498,937
EXPENSES				
Program Services:				
Financial Products	1,775,727	-	-	1,775,727
Education and Social Performance	1,790,448	-	-	1,790,448
Nurses Education (Vietnam)	976	-	-	976
Total program services	3,567,151	-	-	3,567,151
Supporting Services:				
General and Administrative	210,597	-	-	210,597
Fundraising	382,149	-	-	382,149
Total supporting services	592,746	-	-	592,746
Total expenses	4,159,897	-	-	4,159,897
Changes in net assets before other item	377,433	(38,393)	-	339,040
OTHER ITEM				
Currency (loss) gain	(28,849)	-	-	(28,849)
Changes in net assets	348,584	(38,393)	-	310,191
Net assets at beginning of year	3,958,465	194,005	101,000	4,253,470
NET ASSETS AT END OF YEAR	**$ 4,307,049**	**$ 155,612**	**$ 101,000**	**$ 4,563,661**

See accompanying notes to financial statements.

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 639,511	$ 126,218	$ -	$ 765,729
62,765	7,200	-	69,965
2,800,216	-	-	2,800,216
47,020	-	-	47,020
35,838	-	-	35,838
39,914	-	-	39,914
90,743	(90,743)	-	-
3,716,007	42,675	-	3,758,682
1,496,322	-	-	1,496,322
1,406,031	-	-	1,406,031
25,469	-	-	25,469
2,927,822	-	-	2,927,822
188,244	-	-	188,244
289,892	-	-	289,892
478,136	-	-	478,136
3,405,958	-	-	3,405,958
310,049	42,675	-	352,724
194,473	-	-	194,473
504,522	42,675	-	547,197
3,453,943	151,330	101,000	3,706,273
$ 3,958,465	**$ 194,005**	**$ 101,000**	**$ 4,253,470**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services			
	Financial Products	**Education and Social Performance**	**Nurses Education (Vietnam)**	**Total Program Services**
Salaries and benefits	$ 960,988	$ 945,702	$ 626	$ 1,907,316
Printing and production	5,285	4,220	29	9,534
Professional fees	9,848	7,864	1	17,713
Occupancy	62,405	49,832	43	112,280
Accounting and audit	15,194	12,132	23	27,349
Insurance	5,987	4,781	7	10,775
Depreciation and amortization	14,833	11,845	-	26,678
Telecommunications	25,545	22,368	7	47,920
Travel and transportation	76,025	104,306	24	180,355
Consulting fees	24,856	52,922	32	77,810
Supplies	16,795	35,479	8	52,282
Training	42,652	138,483	-	181,135
Hospitality	754	602	4	1,360
Insight trips	3,241	2,588	18	5,847
Interest expense	91,895	73,380	-	165,275
Equipment	51,365	46,508	6	97,879
Donated legal support and training services	14,824	11,837	74	26,735
Events	10,340	3,757	57	14,154
Bad debts and allowances	70,130	56,654	-	126,784
Software and other fees	44,457	71,439	17	115,913
Advertising	22,623	18,065	-	40,688
Credit checks	62,671	-	-	62,671
Taxes	137,344	109,671	-	247,015
Contribution	-	4,500	-	4,500
Other	5,670	1,513	-	7,183
TOTAL	**$ 1,775,727**	**$ 1,790,448**	**$ 976**	**$ 3,567,151**

See accompanying notes to financial statements.

Supporting Services			
General and Administrative	**Fundraising**	**Total Supporting Services**	**Total Expenses**
$ 135,151	$ 245,247	$ 380,398	$ 2,287,714
6,261	11,362	17,623	27,157
108	196	304	18,017
9,264	16,810	26,074	138,354
4,957	8,995	13,952	41,301
1,474	2,675	4,149	14,924
-	-	-	26,678
1,482	2,688	4,170	52,090
5,282	9,584	14,866	195,221
6,843	12,417	19,260	97,070
1,763	3,199	4,962	57,244
94	171	265	181,400
893	1,621	2,514	3,874
3,839	6,967	10,806	16,653
-	-	-	165,275
1,246	2,262	3,508	101,387
15,927	28,900	44,827	71,562
12,251	22,230	34,481	48,635
-	-	-	126,784
3,710	6,732	10,442	126,355
-	-	-	40,688
-	-	-	62,671
-	-	-	247,015
-	-	-	4,500
52	93	145	7,328
$ 210,597	**$ 382,149**	**$ 592,746**	**$ 4,159,897**

See accompanying notes to financial statements.

THE FRIENDSHIP BRIDGE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services			
	Financial Products	Education and Social Performance	Nurses Education (Vietnam)	Total Program Services
Salaries and benefits	$ 802,429	$ 768,752	$ 782	$ 1,571,963
Printing and production	6,099	4,761	56	10,916
Professional fees	7,996	6,242	4	14,242
Occupancy	56,275	43,934	58	100,267
Accounting and audit	13,602	10,619	35	24,256
Insurance	5,046	3,939	10	8,995
Depreciation and amortization	28,659	22,373	-	51,032
Telecommunications	21,612	18,003	10	39,625
Travel and transportation	65,966	66,967	22,861	155,794
Consulting fees	23,944	18,692	141	42,777
Supplies	15,111	21,474	12	36,597
Training	22,281	71,772	5	94,058
Hospitality	852	665	8	1,525
Insight trips	3,363	2,625	31	6,019
Interest expense	74,876	58,453	-	133,329
Equipment	18,302	14,765	6	33,073
Donated legal support and training services	5,330	3,997	48	9,375
Events	6,213	4,851	57	11,121
Bad debts and allowances	61,650	45,199	-	106,849
Software and other fees	43,376	50,294	29	93,699
Advertising	20,441	15,957	-	36,398
Credit checks	36,464	28,467	-	64,931
Taxes	155,891	121,700	-	277,591
Other	544	1,530	1,316	3,390
TOTAL	**$ 1,496,322**	**$ 1,406,031**	**$ 25,469**	**$ 2,927,822**

See accompanying notes to financial statements.

Supporting Services			
General and Administrative	Fundraising	Total Supporting Services	Total Expenses
$ 110,339	$ 169,920	$ 280,259	$ 1,852,222
7,918	12,194	20,112	31,028
581	894	1,475	15,717
8,218	12,655	20,873	121,140
4,906	7,555	12,461	36,717
1,441	2,219	3,660	12,655
-	-	-	51,032
1,416	2,180	3,596	43,221
5,900	9,086	14,986	170,780
19,962	30,741	50,703	93,480
1,626	2,505	4,131	40,728
713	1,098	1,811	95,869
1,106	1,704	2,810	4,335
4,366	6,724	11,090	17,109
-	-	-	133,329
811	1,248	2,059	35,132
6,800	10,473	17,273	26,648
8,067	12,423	20,490	31,611
-	-	-	106,849
4,074	6,273	10,347	104,046
-	-	-	36,398
-	-	-	64,931
-	-	-	277,591
-	-	-	3,390
$ 188,244	**$ 289,892**	**$ 478,136**	**$ 3,405,958**

THE FRIENDSHIP BRIDGE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 310,191	$ 547,197
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	26,678	51,032
Increase in the provision for uncollectable loans	16,881	31,352
Loans directly written-off	109,903	75,497
Stock donations	(16,413)	(12,989)
Loan guarantee funds absorbed	226,277	212,665
Currency loss (gain) on loan portfolio currency valuation	27,373	(182,080)
Realized gain on sales of investments	(1,047)	(7,453)
Unrealized loss on investments	7,406	7,167
Gain on disposal of fixed assets	(2,363)	-
(Increase) decrease in:		
Loan interest receivable	(22,421)	(40,807)
Grants and pledges receivable	36,300	(53,160)
Prepaid expenses and other assets	(49,661)	(26,087)
Security deposits	(700)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	265,399	386,592
Net cash provided by operating activities	933,803	988,926
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(42,120)	(39,155)
Proceeds from sale of property and equipment	3,669	-
Proceeds from sales of investments	1,430,229	581,391
Purchase of investments	(1,700,066)	(1,408,589)
Loan capital issued to beneficiaries	(14,129,390)	(12,869,230)
Loan capital collected from beneficiaries	12,921,838	11,206,579
Net cash used by investing activities	(1,515,840)	(2,529,004)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from investors/lendors	1,208,425	1,395,078
Repayments on loans/notes	(69,607)	(95,172)
Net cash provided by financing activities	1,138,818	1,299,906
Net increase (decrease) in cash and cash equivalents	556,781	(240,172)
Cash and cash equivalents at beginning of year	599,658	839,830
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,156,439**	**$ 599,658**
SUPPLEMENTAL INFORMATION		
Interest Paid	**$ 156,531**	**$ 88,690**
Taxes Paid	**$ 247,015**	**$ 88,287**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Friendship Bridge was incorporated as a Colorado non-profit corporation on March 20, 1990. The Friendship Bridge empowers impoverished Guatemalan women to create a better future for themselves, their children and their communities through microfinance, health and education. The Friendship Bridge's primary sources of revenue include microcredit loan interest, donations, grants, and interest earned on investments.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

The Friendship Bridge considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

U.S. bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, The Friendship Bridge maintains cash balances at financial institutions in excess of the U.S. Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

The Friendship Bridge had $934,720 and $382,278 of cash and cash equivalents on hand and invested in financial institutions in Guatemala as of December 31, 2015 and 2014, respectively. The majority of these funds are uninsured. The investment policy for the organization ensures cash in Guatemala is distributed among numerous banks to mitigate the risk of any bank failure and the Investment Committee of the Board of Directors reviews the credit ratings of the country's banks on a semiannual basis.

Loans -

Loans receivable are stated at net realizable value. The allowance for loan losses is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the loan beneficiary. Loan interest and fees revenue are recorded as they accrue per the loan agreement.

Investments -

Investments are recorded at fair value. Unrealized and realized gains and losses are included in investment income in the Statements of Activities and Changes in Net Assets.

Property and equipment -

Property and equipment (with an acquisition value greater than $1,500) are stated at cost. Property and equipment (including vehicles) are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Donations of property and equipment are recorded as current support at their estimated fair value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, The Friendship Bridge reports expirations of donor restrictions when the donated or acquired assets are depreciated (through the passage of time), and temporarily restricted net assets are released from restrictions into unrestricted net assets (therefore, offsetting the depreciation expense during each reporting period).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Income taxes -

The Friendship Bridge is exempt from Federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. However, The Friendship Bridge is required to pay income taxes on its interest earnings related to microlending activities in Guatemala. During August 2014, The Friendship Bridge began making tax payments to the local Guatemalan authorities based on the aforementioned activities (Note 8). The Friendship Bridge is not a private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the years ended December 31, 2015 and 2014, The Friendship Bridge has documented its consideration of FASB ASC 740-10 and concluded there is no uncertainty regarding its compliance with U.S. tax laws. See Note 8 for a discussion of income taxes accrued on loan fees as required under the laws of Guatemala.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of The Friendship Bridge and include both internally designated and undesignated resources.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of The Friendship Bridge and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by The Friendship Bridge.

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such grants and contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Donated services and in-kind contributions -

Accounting standards require that the value of services provided by individuals with specialized skills be recognized in The Friendship Bridge's financial statements; the standards also require that other donated items such as equipment and certain unbilled expenditures be recognized by The Friendship Bridge as current support (and expense).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Donated services and in-kind contributions (continued) -

In-kind contributions recorded in the accompanying financial statements include legal support, training services and other unbilled costs which have been provided by volunteer professionals and other individuals. In-kind contributions totaled $73,201 and $47,020 during the years ended December 31, 2015 and 2014, respectively.

The Friendship Bridge also receives contributions from other sources in which the value of their services cannot be reasonably determined. Accordingly, the value of those contributions has not been recorded in the accompanying financial statements.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Functional currency -

The Quetzal is the functional currency of Guatemala. All assets and liabilities held in Guatemala are reported in the accompanying Statements of Financial Position and translated into U.S. Dollars using the exchange rate in effect at December 31, 2015 and 2014 of $1.00 = $7.63 Quetzal and $1.00 = $7.60 Quetzal, respectively. All revenues and expenses transacted in Guatemala are reported in the accompanying Statements of Activities and Changes in Net Assets and have been translated to U.S. Dollars using the average annual exchange rate. All year-end assets and liabilities (held in Guatemala) have been revalued at the current spot rates; therefore, exchange rate variances have been reflected as currency gains or losses in the accompanying Statements of Activities and Changes in Net Assets.

Risks and uncertainties -

The Friendship Bridge invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Friendship Bridge adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. The Friendship Bridge accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS

Investments consisted of the following at December 31, 2015 and 2014:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit (U.S.)	$ 475,000	$ 475,000	$ -	$ -
Certificates of deposit (Guatemala)	1,054,955	1,054,955	1,349,379	1,349,379
Mutual funds	67,474	63,524	60,134	60,328
Equities	31,593	30,146	29,119	30,934
Cash and money market funds	114,357	114,357	17,450	17,450
TOTAL INVESTMENTS	**$1,743,379**	**$1,737,982**	**$1,456,082**	**$1,458,091**

Included in interest and investment income are the following at December 31, 2015 and 2014:

	2015	2014
Interest and dividends	$ 91,873	$ 69,679
Realized gain on sales of investments	1,047	7,453
Unrealized loss on investments	(7,406)	(7,167)
TOTAL INTEREST AND INVESTMENT INCOME	**$ 85,514**	**$ 69,965**

3. LOANS RECEIVABLE

Loans receivable consist of group and individual loans provided to impoverished women in Guatemala. The term of the loans range between four and twelve months and bear interest between 1.80% and 3.00% per month.

Principal and interest payments are due monthly. The Friendship Bridge requires no collateral (other than social collateral) for these loans.

During the year ended December 31, 2015, The Friendship Bridge recorded $126,784 of bad debts based on a $16,881 increase in the loan loss allowance from 2014 and direct write-offs of loans during the current year totaling $109,903. As of December 31, 2015, the total loans receivable balance, net of the allowance of $145,572, which represents 2.00% of the gross portfolio balance of $7,278,549, aggregated $7,132,977. Based on the Guatemala Quetzal spot exchange rate fluctuation from December 31, 2014 to December 31, 2015, the total loans receivable balance experienced a $27,373 loss on valuation at fiscal year-end.

During the year ended December 31, 2014, The Friendship Bridge recorded $106,849 of bad debts based on a $31,352 increase in the loan loss allowance from 2013 and direct write-offs of loans during the current year totaling $75,497. As of December 31, 2014, the total loans receivable balance, net of the allowance of $128,691, which represents 2.00% of the gross portfolio balance of $6,434,550, aggregated $6,305,859. Based on the Guatemala Quetzal spot exchange rate fluctuation from December 31, 2013 to December 31, 2014, the total loans receivable balance experienced a $182,080 gain on valuation at fiscal year-end.

4. LOANS PAYABLE

Private Placement -

The Friendship Bridge maintains unsecured promissory note agreements with two groups of investors (the first group totaling $1,240,000 and the second group totaling $300,000), as of December 31, 2015 and 2014; the notes bear interest of 4.00% and are due in full on September 26, 2017 (first group) and December 15, 2017 (second group).

Other loans -

The Friendship Bridge has entered into several unsecured, non-interest bearing note agreements with an outstanding balance of $200,000 and $150,000 as of December 31, 2015 and 2014, respectively, with Capital Sisters International, Inc.:

- $25,000 dated March 18, 2013 and was due in full on March 18, 2015; terms were extended on March 18, 2015 and currently due in full on March 20, 2017
- $25,000 dated October 15, 2013 and was due in full on October 15, 2015; terms were extended on October 15, 2015 and currently due in full on October 16, 2017
- $25,000 dated November 18, 2013 and was due in full on November 18, 2015; terms were extended on November 18, 2015 and currently due in full on November 20, 2017
- $25,000 dated March 18, 2014 and currently due in full on March 18, 2016
- $25,000 dated October 15, 2014 and currently due in full on October 17, 2016
- $25,000 dated November 18, 2014 and currently due in full on November 18, 2016
- $50,000 dated April 15, 2015, with $25,000 due on April 15, 2016 and $25,000 due in on April 17, 2017.

On July 13, 2012, The Friendship Bridge received $300,000 under an unsecured note agreement with Global Partnerships. The note bore interest of 7.25% and was due in full on October 12, 2014. On July 26, 2013, The Friendship Bridge received another $300,000 under an unsecured note agreement with Global Partnerships. The note bore interest of 6.75% and was due in full on October 12, 2014. On May 30, 2014, the original agreements were modified and both notes were converted into a single $600,000 note; the note bears interest of 7.25% and is due in full on May 31, 2016. On October 1, 2015, The Friendship Bridge entered into a new unsecured note agreement with Global Partnerships for the refinancing of the $600,000 loan to be effective at its maturity date of May 31, 2016 with a new interest rate of 6.75% and maturity date of November 1, 2018. This same note agreement (dated October 1, 2015) included two new loans of $250,000 each at 6.75% interest due in full on November 1, 2018; the first was received on October 1, 2015, therefore, the total notes payable to Global Partnerships as of December 31, 2015 aggregated $850,000. The second disbursement of $250,000 was received during February 2016.

On October 10, 2013, The Friendship Bridge received $250,000 under an unsecured note agreement with the Erich and Hannah Sachs Foundation. The note bears interest of 3.0% and is due in full on October 9, 2018.

On August 8, 2014, The Friendship Bridge received $300,000 under an unsecured note agreement with MCE Social Capital. The note bears interest of 6.958% and is due in four equal installments of $75,000 on February 8, 2016, August 8, 2016, February 8, 2017 and August 8, 2017.

4. LOANS PAYABLE (Continued)

Other loans (continued) -

On June 19, 2014, The Friendship Bridge received $200,000 under an unsecured note agreement with Religious Communities Investment Fund. The note bears interest of 3.5% and is due in full on June 19, 2017.

On April 6, 2015, The Friendship Bridge received $300,000 under an unsecured note agreement with Mercy Investment Services. The note bears interest of 4.0% and is due in full on April 6, 2018.

On October 1, 2015, The Friendship Bridge received $150,000 under an unsecured note agreement with the Seton Enablement Fund. The note bears interest of 4.0% and is due in full on October 1, 2018.

On December 4, 2015, The Friendship Bridge received $200,000 under an unsecured note agreement with MCE Social Capital. The note bears interest of 6.5% and is due in four equal installments of $50,000 on May 30, 2017, November 28, 2017, May 29, 2018 and November 28, 2018.

The Friendship Bridge also receives short-term, non-interest bearing loans, from Kiva (an online lending service) which collects loan proceeds on behalf of the organization. Loans are repaid to Kiva when the loans are due. As of December 31, 2015 and 2014, total loans payable under these short-term loan agreements aggregated $577,492 and $388,674, respectively.

In accordance with generally accepted accounting principles, The Friendship Bridge has imputed interest expense totaling $29,521 and $20,372 on all aforementioned non-interest bearing notes during the years ended December 31, 2015 and 2014, respectively.

Total interest expense during the years ended December 31, 2015 and 2014 under all loans payable (including imputed interest of $29,521 in 2015 and $20,372 in 2014), aggregated $194,795 and $133,329, respectively.

The loan agreements contain various covenants, which among other things, ensure that at all times the obligations with respect to the loans and other amounts payable rank at least equally with all other present and future unsecured and unsubordinated obligations; to provide information within specified periods including unaudited and audited financial reports; to use loan proceeds to support clients, providing microloans and education to Guatemalan women; to comply with all OFAC guidelines; and to maintain certain financial ratios. As of the date of this report, The Friendship Bridge was in compliance with all loan covenants.

5. LINES OF CREDIT

During 2015, The Friendship Bridge maintained three lines of credit with three local financial institutions. During 2014, The Friendship Bridge maintained four lines of credit with three local financial institutions. As of December 31, 2015, the total amount available under the lines of credit aggregated Q.3,740,000 ($490,016); as of December 31, 2014, the total amount available under the lines of credit aggregated Q.4,651,616 ($612,313). The lines of credit are guaranteed by investments (certificates of deposit) on deposit at the financial institutions, totaling Q.4,100,000 or a total of $537,184 at December 31, 2015, and Q.4,100,000 (and $193,000) or a total of $732,701 at December 31, 2014. During 2015, borrowings on the lines of credit bore interest between 10.25% and 11.50%; during 2014, borrowings on the lines of credit bore interest between 7.75% and 11.50%. The lines of credit expire as the certificates of deposit mature, with current expiration dates between May 18, 2016 and May 31, 2016. As of December 31, 2015 and 2014, there were no outstanding borrowings.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2015 and 2014:

	2015	2014
Financial Products	$ 50,842	$ 50,842
Nurses Education (Vietnam)	6,967	4,910
Health Program	424	2,248
MIS Project	16,683	41,005
Agricultural Program	80,696	95,000
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$ 155,612**	**$ 194,005**

7. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

	2015	2014
Financial Products	$ -	$ 37,194
Education and Social Performance	11,700	-
Nurses Education (Vietnam)	17,431	24,147
Health Program	51,555	10,056
MIS Project	24,322	12,146
Agricultural Program	35,432	-
Other restricted activities	1,200	-
Use of endowment earnings (Note 12)	2,100	7,200
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 143,740**	**$ 90,743**

8. CONTINGENCIES

Concentration of assets -

The Friendship Bridge provides microloans, education, and preventative health services to impoverished women in Guatemala. Accordingly, The Friendship Bridge maintains a significant portion of its assets within Guatemala. The future results of its programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate; management monitors both factors and implements mitigation actions if possible. As of December 31, 2015 and 2014, The Friendship Bridge had cash, property and equipment and loans receivable in Guatemala totaling $9,476,606 and $8,309,467, respectively, which represent 91% and 95% of The Friendship Bridge's total assets as of December 31, 2015 and 2014, respectively.

Tax situation -

The Friendship Bridge has a branch in Guatemala which is structured as a not-for-profit and does pay income taxes (The Friendship Bridge started paying taxes in August 2014).

8. CONTINGENCIES (Continued)

Tax situation (continued) -

Before January 2013, management believed there was no clear tax law defining the tax obligations for not-for-profit organizations providing microloans and receiving interest income. During January 2013, a new tax law was enacted and the tax obligations related to interest revenue were made clearer. However there were questions regarding the amount of taxes due on what income and whether or not a not-for-profit must also pay. On February 17, 2014, The Friendship Bridge presented a binding consultation to the tax administration, regarding to the specific application of the law. The Tax administration replied formally in late July 2014, and indicated that based on the changes in the law (enacted in January 2013), the Friendship Bridge was deemed to be: (1.) exempt from income tax only on donations received and (2.) subject to tax on interest and education services, based on the fact that both fulfill the “profit” concept (as defined in the Income Tax law).

Based on this response, The Friendship Bridge: (1.) added the Income Tax line to its corporate tax registration, without changing its corporate structure, (2.) began making monthly payments of income tax, starting in August 2014, calculated as follows: 7% over the previous month´s gross interest income, and (3.) recalculated and adjusted the accrual for tax liability and late fees owed from January 2013 to July 2014.

There is a possibility that the tax administration in Guatemala will review The Friendship Bridge’s tax treatment of interest received for the past four years and require payment of back taxes. Management estimates that back taxes, if required, would not exceed $461,292 for the period January 2011 to July 2014. Due to the uncertainty of the applicability of the tax laws to years prior to 2013, and based on a professional opinion obtained from local professionals, The Friendship Bridge has not accrued this potential liability for the years 2011-2012; however, a reserve for taxes due during the calendar year 2013 through July 2014 totaling $270,843 has been accrued as a liability as of December 31, 2014 (no additional amounts were added to the reserve during 2015). During the year ended December 31, 2015, total tax payments aggregated $247,015.

During the year 2011, the banking regulators in Guatemala proposed a new regulation specifically for microfinance institutions. The main objective for the proposed regulation is to eliminate money laundering. As of the date of this report, the same microfinance law was presented to Congress and it is anticipated that it will be approved in 2016. The manner in which the law is written, The Friendship Bridge is defined as a non-profit microfinance organization and is exempted from most of the new rules. It is anticipated that as indicated in the new rules, another set of less restrictive rules will be proposed for these smaller (non-profit) institutions.

Reorganization of field coverage -

The Friendship Bridge operates with a very strong mission to serve a poor population. As result of analyzing the target market as defined in the mission statement and other strategy documents, including current client outreach to the most needed (poverty level as measured by the social performance tools of the organization) it was determined that the poverty levels within some of the areas currently served are considerably above the target market for The Friendship Bridge. As a consequence, some field positions will be redeployed throughout 2016 in areas that more closely match the mission of the organization. Management has estimated the costs associated with this redeployment to be $29,000. These costs were included in accrued liabilities as of December 31, 2015.

9. LEASE COMMITMENTS

The Friendship Bridge rents office space for its principal headquarters in Lakewood, Colorado under an operating lease expiring on March 31, 2018. The Friendship Bridge also rents office space in Boulder, Colorado under a one-year lease agreement currently expiring on January 14, 2017. Additionally, The Friendship Bridge rents several offices in Guatemala under short-term leases (with the exception of the Central office, which will expire in 2019). Future minimum payments required under the leases are as follows.

Year Ended December 31,	
2016	$ 50,414
2017	43,995
2018	18,939
2019	6,160
	$ 119,508

Occupancy expense for the years ended December 31, 2015 and 2014 totaled $138,354 and $121,140, respectively.

10. RETIREMENT PLAN

The Friendship Bridge adopted an IRS 403(b) plan (the Plan) covering all eligible U.S. employees. Under the provisions of the Plan, an eligible employee may defer up to 100% of annual compensation, with the total dollar amount limited by law. At its discretion, The Friendship Bridge may make matching contributions or elective contributions. Participants are 100% vested in all contributions to the Plan. During the years ended December 31, 2015 and 2014, The Friendship Bridge made contributions to the Plan totaling $21,042 and $24,458, respectively.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, The Friendship Bridge has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market The Friendship Bridge has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

11. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, The Friendship Bridge's investments as of December 31, 2015:
Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014, respectively.

- *Certificates of deposit*—Generally valued at original cost plus accrued interest, which approximates fair value.
- *Mutual funds*—Fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Common stocks/equities*—Valued at the closing price reported on the active market in which the individual securities are traded.
- *Money market funds*—Fair value is equal to the reported net asset value of the fund.

	2015			
	Level 1	Level 2	Level 3	Total
Asset Category:				
Certificates of deposit	$ -	$ 1,529,955	$ -	$ 1,529,955
Mutual funds	63,524	-	-	63,524
Equities	30,146	-	-	30,146
Cash and money market funds	114,357	-	-	114,357
TOTAL	**$ 208,027**	**$ 1,529,955**	**$ -**	**$ 1,737,982**

The table below summarizes, by level within the fair value hierarchy, The Friendship Bridge's investments as of December 31, 2014:

	2014			
	Level 1	Level 2	Level 3	Total
Asset Category:				
Certificates of deposit	$ -	$ 1,349,379	$ -	$1,349,379
Mutual funds	60,328	-	-	60,328
Equities	30,934	-	-	30,934
Cash and money market funds	17,450	-	-	17,450
TOTAL	**$ 108,712**	**$ 1,349,379**	**$ -**	**$1,458,091**

12. ENDOWMENT

The Friendship Bridge has received seven contributions totaling $101,000 (four $12,500 contributions, one $50,000 contribution from one donor, and two $500 contributions from another donor) for the purpose of supporting the women's education program of The Friendship Bridge. Under the terms of the awards, the principal amount is to be invested in-perpetuity and only the earnings can be used for the aforementioned purpose.

The endowment is held in an brokerage account and is comprised of several investment instruments. As of December 31, 2015 and 2014 the total fair value of such investments aggregated $95,891 and $100,838, respectively; the deficiencies of $5,109 and $162 (as of December 31, 2015 and 2014, respectively) are held in cash in The Friendship Bridge's operating account.

12. ENDOWMENT (Continued)

The Friendship Bridge's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Friendship Bridge classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Friendship Bridge in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, The Friendship Bridge considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of December 31, 2015 and 2014:

	Total
Donor-Restricted Endowment Funds	**$ 101,000**

Changes in endowment net assets for the years ended December 31, 2015 and 2014:

	Total
Endowment net assets, December 31, 2013	$ 101,000
Investment gains	7,200
Transfer (use) of investment gains	(7,200)
Endowment net assets, December 31, 2014	101,000
Investment gains	2,100
Transfer (use) of investment gains	(2,100)
ENDOWMENT NET ASSETS, DECEMBER 31, 2015	**$ 101,000**

Return Objectives and Risk Parameters -

The Friendship Bridge has adopted investment and spending policies for endowment assets that attempt to provide long-term growth of principal consistent with reasonable income. The Friendship Bridge attempts to preserve the capital by minimizing the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing return volatility rather than maximizing total return. The Friendship Bridge shall manage the assets with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person, acting in like capacity and familiar with such matters would use in the conduct of an entity of a like character with like aims.

12. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, The Friendship Bridge relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Friendship Bridge targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The current spending policy is in accordance with donor restrictions. Accordingly, over the long-term, The Friendship Bridge expects the current spending policy to allow its endowment to grow annually; this is consistent with The Friendship Bridge's objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

13. SUBSEQUENT EVENTS

In preparing these financial statements, The Friendship Bridge has evaluated events and transactions for potential recognition or disclosure through April 22, 2016, the date the financial statements were issued.