

**COMBINED FINANCIAL STATEMENTS**



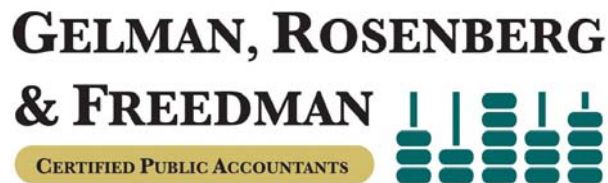
# **PRO MUJER INTERNATIONAL**

**FOR THE YEARS ENDED  
DECEMBER 31, 2013 AND 2012**

# PRO MUJER INTERNATIONAL

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Pro Mujer International  
New York, NY

To the Board of Directors  
Pro Mujer International  
Washington, D.C.

We have audited the accompanying combined financial statements of Pro Mujer International, which comprise the combined statements of financial position as of December 31, 2013 and 2012, and the related combined statements of activities and changes in net assets, combined functional expenses, and combined cash flows for the year then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements based on our audits. We did not audit the financial statements of Pro Mujer – Argentina, Pro Mujer – Bolivia, Pro Mujer – Mexico, Pro Mujer – Nicaragua and Pro Mujer – Peru, which reflect total assets of approximately \$166,000,000 and \$157,000,000 as of December 31, 2013 and 2012, respectively, and total expenses of approximately \$39,900,000 and \$35,700,000 respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for Pro Mujer – Argentina, Pro Mujer – Bolivia, Pro Mujer – Mexico, Pro Mujer – Nicaragua and Pro Mujer – Peru are based solely on the reports of the other auditors. 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 combined financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Pro Mujer International's preparation and fair presentation of the combined 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 Pro Mujer International'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, based on our audits and the reports of other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Pro Mujer International as of December 31, 2013 and 2012, and the combined changes in its net assets and its combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

November 13, 2014

**PRO MUJER INTERNATIONAL**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2013 AND 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents (Note 2)	\$ 38,636,140	\$ 33,213,689
Investments (Notes 3 and 4)	865,091	236,663
Accounts receivable	475,128	1,588,987
Loans receivable, net of allowance for doubtful accounts of \$5,336,287 and \$4,202,131 for 2013 and 2012, respectively (Note 4)	121,278,335	118,139,629
Interest and commissions receivable	2,574,078	1,757,056
Grants and pledges receivable (Note 5)	2,190,002	2,778,462
Property and equipment, net of accumulated depreciation and amortization of \$5,463,084 and \$4,014,402 for 2013 and 2012, respectively (Note 6)	7,591,557	5,408,580
Other assets	2,889,954	2,046,301
<b>TOTAL ASSETS</b>	<b>\$176,500,285</b>	<b>\$165,169,367</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Notes payable (Note 7)	\$101,174,945	\$ 96,178,542
Guarantee payable	2,262,942	-
Accounts payable and accrued liabilities	10,335,355	8,202,601
Interest payable	950,846	1,489,251
Income taxes payable	1,028,781	733,784
Total liabilities	115,752,869	106,604,178
<b>NET ASSETS</b>		
Unrestricted	56,090,400	54,098,253
Temporarily restricted (Note 8)	4,282,872	4,092,792
Permanently restricted (Note 9)	374,144	374,144
Total net assets	60,747,416	58,565,189
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$176,500,285</b>	<b>\$165,169,367</b>

See accompanying notes to combined financial statements.

PRO MUJER INTERNATIONAL

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>FINANCIAL REVENUE - INTEREST</b>				
Interest and commissions:				
From loans	\$56,808,713	\$ -	\$ -	\$56,808,713
From cash and cash equivalents	471,102	-	-	471,102
	<u>57,279,815</u>	<u>-</u>	<u>-</u>	<u>57,279,815</u>
<b>FINANCIAL EXPENSES</b>				
Interest expense	(9,523,012)	-	-	(9,523,012)
(Loss) gain on translation	(1,900,175)	-	-	(1,900,175)
	<u>(11,423,187)</u>	<u>-</u>	<u>-</u>	<u>(11,423,187)</u>
Net financial revenues, before allowance for loan losses	45,856,628	-	-	45,856,628
Allowance for loan losses (Note 4)	(3,166,082)	-	-	(3,166,082)
<b>Financial Revenue, Net</b>	<b><u>42,690,546</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>42,690,546</u></b>
<b>CONTRIBUTIONS AND OTHER REVENUE</b>				
Grants and contributions	2,199,902	4,989,608	-	7,189,510
Net assets released from restrictions (Note 10)	4,799,528	(4,799,528)	-	-
Other program revenue	1,955,361	-	-	1,955,361
	<u>8,954,791</u>	<u>190,080</u>	<u>-</u>	<u>9,144,871</u>
<b>Operating Revenue, Net</b>	<b><u>51,645,337</u></b>	<b><u>190,080</u></b>	<b><u>-</u></b>	<b><u>51,835,417</u></b>
<b>PROGRAM AND SUPPORTING EXPENSES</b>				
Credit and Other Program Services	44,613,744	-	-	44,613,744
Management and General	2,634,851	-	-	2,634,851
Fundraising and Development	1,296,262	-	-	1,296,262
<b>Total Program and Supporting Expenses</b>	<b><u>48,544,857</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>48,544,857</u></b>
Changes in net assets before income taxes	3,100,480	190,080	-	3,290,560
Income taxes	(1,108,333)	-	-	(1,108,333)
Changes in net assets	1,992,147	190,080	-	2,182,227
Net assets, beginning of year	54,098,253	4,092,792	374,144	58,565,189
Reclassification	-	-	-	-
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$56,090,400</u></b>	<b><u>\$ 4,282,872</u></b>	<b><u>\$ 374,144</u></b>	<b><u>\$60,747,416</u></b>

See accompanying notes to combined financial statements.

2012			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$52,839,139	\$ -	\$ -	\$52,839,139
331,822	-	-	331,822
53,170,961	-	-	53,170,961
(7,757,973)	-	-	(7,757,973)
1,239,082	-	-	1,239,082
(6,518,891)	-	-	(6,518,891)
46,652,070	-	-	46,652,070
(3,157,150)	-	-	(3,157,150)
43,494,920	-	-	43,494,920
1,222,040	3,850,567	-	5,072,607
2,247,815	(2,247,815)	-	-
2,615,967	-	-	2,615,967
6,085,822	1,602,752	-	7,688,574
49,580,742	1,602,752	-	51,183,494
33,090,920	-	-	33,090,920
6,227,640	-	-	6,227,640
1,429,506	-	-	1,429,506
40,748,066	-	-	40,748,066
8,832,676	1,602,752	-	10,435,428
(850,089)	-	-	(850,089)
7,982,587	1,602,752	-	9,585,339
46,500,637	2,105,069	374,144	48,979,850
(384,971)	384,971	-	-
<b>\$54,098,253</b>	<b>\$ 4,092,792</b>	<b>\$ 374,144</b>	<b>\$58,565,189</b>

See accompanying notes to combined financial statements.

**PRO MUJER INTERNATIONAL**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Credit and Other Program Services</b>	<b>Management and General</b>	<b>Fundraising and Development</b>	<b>Total</b>
Salaries	\$18,649,272	\$1,036,643	\$ 684,193	\$20,370,108
Fringe benefits (Note 12)	8,008,015	139,228	149,193	8,296,436
Professional fees	1,305,179	783,207	69,753	2,158,139
Travel and transportation	1,236,643	178,492	45,060	1,460,195
Office supplies and expenses	3,596,677	150,374	29,926	3,776,977
Rent and utilities (Note 13)	3,818,556	216,924	8,711	4,044,191
Printing and copying	324,358	10,073	2,632	337,063
Vehicles, registration and insurance	1,316,262	-	-	1,316,262
Training and professional development	950,630	-	-	950,630
Depreciation and amortization	1,589,183	61,671	-	1,650,854
Events and advertising	25,792	18,974	244,625	289,391
Tax penalty (Peru)	1,078,601	-	-	1,078,601
Other	2,714,576	39,265	62,169	2,816,010
<b>TOTAL</b>	<b>\$44,613,744</b>	<b>\$2,634,851</b>	<b>\$1,296,262</b>	<b>\$48,544,857</b>

See accompanying notes to combined financial statements.



**PRO MUJER INTERNATIONAL**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Credit and Other Program Services</b>	<b>Management and General</b>	<b>Fundraising and Development</b>	<b>Total</b>
Salaries	\$ 14,843,230	\$ 2,757,002	\$ 665,045	\$ 18,265,277
Fringe benefits (Note 12)	5,044,470	927,228	87,431	6,059,129
Professional fees	1,329,229	195,425	224,089	1,748,743
Travel and transportation	776,299	114,543	127,479	1,018,321
Office supplies and expenses	3,847,628	644,544	93,070	4,585,242
Rent and utilities (Note 13)	2,669,820	489,762	57,122	3,216,704
Printing and copying	282,168	199,848	22,899	504,915
Vehicles, registration and insurance	759,790	139,672	-	899,462
Training and professional development	774,674	130,160	-	904,834
Depreciation and amortization	1,304,096	197,900	15,164	1,517,160
Events and advertising	-	7,230	96,450	103,680
Other	1,459,515	424,327	40,757	1,924,599
<b>TOTAL</b>	<b>\$ 33,090,920</b>	<b>\$ 6,227,640</b>	<b>\$ 1,429,506</b>	<b>\$ 40,748,066</b>

See accompanying notes to combined financial statements.

**PRO MUJER INTERNATIONAL**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$2,182,227	\$ 9,585,339
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,650,854	1,517,160
Realized (gain) loss on sale of investments	(7,566)	3,537
Unrealized gain on investments	(43,739)	(18,229)
Loan principal forgiven	(50,000)	-
Decrease in allowances for doubtful accounts	1,134,156	2,630,399
Loss on disposal of furniture and equipment	102,849	191,879
Change in valuation of notes payable	(2,215,559)	1,311,569
(Increase) decrease in:		
Accounts receivable	1,113,859	(860,234)
Interest and commissions receivable	(817,022)	53,126
Grants and pledges receivable	588,460	(723,344)
Other assets	(843,653)	(501,727)
Increase (decrease) in:		
Accounts payable and accrued liabilities	2,132,754	(1,623,919)
Interest payable	(538,405)	555,869
Income taxes payable	294,997	567,582
Net cash provided by operating activities	4,684,212	12,689,007
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(854,798)	(37,707)
Proceeds from sales/maturities of investments	277,675	38,702
Purchase of property and equipment	(3,936,680)	(2,970,785)
Net increase in loans receivable	(4,272,862)	(18,898,326)
Net cash used by investing activities	(8,786,665)	(21,868,116)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	34,273,554	44,250,163
Proceeds from guarantee payable	2,262,942	-
Principal payments on notes payable	(27,011,592)	(19,589,607)
Net cash provided by financing activities	9,524,904	24,660,556
Net increase in cash and cash equivalents	5,422,451	15,481,447
Cash and cash equivalents at beginning of year	33,213,689	17,732,242
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$38,636,140</b>	<b>\$33,213,689</b>
<b>SUPPLEMENTAL FINANCIAL INFORMATION:</b>		
Interest Paid	<b>\$10,471,131</b>	<b>\$ 7,202,104</b>
Income Taxes Paid	<b>\$ 813,336</b>	<b>\$ 282,507</b>

See accompanying notes to combined financial statements.

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

Pro Mujer International consists of the following entities:

- Pro Mujer, Inc. - incorporated as a non-profit organization under the laws of the United States and includes the operations of Pro Mujer - New York, Pro Mujer – Bolivia (NGO), Pro Mujer - Nicaragua and Pro Mujer – Peru.
- Asociacion Promujer de Mexico, A. C. (Pro Mujer – Mexico) - incorporated as a non-profit organization under the laws of Mexico.
- Fundacion Pro Mujer Argentina (Pro Mujer – Argentina) - incorporated as a non-profit organization under the laws of Argentina.
- Fundacion Pro Mujer (Pro Mujer – Bolivia IFD) - incorporated under the laws of Bolivia as a commercial organization.
- Pro Mujer Nicaragua, LLC - incorporated as a limited liability corporation under the laws of the state of Delaware in the United States of America.

All of the aforementioned entities are under common control and are organized to help women from developing countries in Latin America. Specifically, the organizations strive to empower low-income women from urban and peri-urban areas to develop their abilities as individuals, family members, mothers and active participants in their community and society.

Basis of presentation -

The combined financial statements include the activities of Pro Mujer, Inc. (including Pro Mujer – New York, Pro Mujer – Bolivia (NGO), Pro Mujer – Nicaragua and Pro Mujer – Peru), Pro Mujer – Mexico, Pro Mujer – Argentina, Pro Mujer – Bolivia (IFD) and Pro Mujer Nicaragua, LLC. All significant intercompany transactions have been eliminated in combination.

The accompanying combined financial statements are presented on the accrual basis of accounting and in accordance with FASB ASC 958-810, *Not-For-Profit-Entities, Consolidation*.

Cash and cash equivalents -

For combined financial statement purposes, Pro Mujer International considers money market accounts and funds invested with local banks in foreign countries (see Note 2), including short-term certificates of deposit, to be cash equivalents.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in financial revenue - interest from cash and cash equivalents in the Combined Statements of Activities and Changes in Net Assets. Investments consisted of cash and cash equivalents, mutual funds and equities, all of which are valued as Level 1 investments.

Interest, commissions and accounts receivable -

Interest and commissions receivable represent amounts due currently on loans and advances to customers. Accounts receivable is comprised of advances to staff and amounts due from suppliers. All amounts are stated at fair value.

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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

Interest, commissions and accounts receivable (continued) -

Management has established an allowance for doubtful accounts with respect to accounts receivable. Interest and commissions receivable is considered fully collectible.

Grants and pledges receivable -

Grants and pledges receivable approximate fair value. Management considers all amounts to be fully collectible.

Property and equipment -

Property and equipment in excess of \$2,500 is capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to twenty years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

Pro Mujer, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Pro Mujer - Mexico is exempt from Mexican income taxes in accordance with Mexican tax law as it relates to non-profit organizations operating in Mexico.

Pro Mujer - Argentina is exempt from Argentinean income taxes in accordance with Argentinean tax law as it relates to non-profit organizations operating in Argentina.

Pro Mujer - Bolivia (IFD) is subject to income taxes on net current earnings at a rate of 25%. Pro Mujer - Bolivia (IFD) incurred income tax expense of approximately \$558,000 during 2013.

Pro Mujer - Bolivia (NGO), while not subject to income taxes on earnings, is subject to income tax of 13% on transactions.

Pro Mujer Nicaragua, LLC is subject to income taxes in accordance with Nicaraguan law which requires that income taxes are calculated based on the greater of either one (1) percent of gross income or 30% of net taxable income.

Income tax expense (\$1,108,333 for 2013 and \$850,089 for 2012) has been reported as a separate line item in the accompanying Combined Statement of Activities and Changes in Net Assets for those entities that are subject to income taxes (Pro Mujer – Bolivia (IFD), Pro Mujer – Bolivia (NGO) and Pro Mujer Nicaragua, LLC).

Uncertain tax positions -

For the years ended December 31, 2013 and 2012, Pro Mujer International has documented its consideration of FASB ASC 740-10 (Income Taxes) and determined that there is an uncertain tax position with respect to Pro Mujer – Peru which is discussed in the next paragraph.

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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

Uncertain tax positions (continued) -

As of December 31, 2013 and 2012, the Superintendencia Nacional de Administracion Tributaria (SUNAT) (Peruvian Internal Revenue Service) did not grant Pro Mujer – Peru's request to renew its Exempted Entity Income Tax Certificate. Such Certificate is necessary for Pro Mujer – Peru to not pay income tax in Peru. SUNAT has argued, that given that Pro Mujer – Peru amended its bylaws back in 2007, and given the wording of the amended bylaws, it can be construed in such a way that the tax exemption is not applicable as of 2007; thus, Pro Mujer – Peru's tax exemption has been revoked as of 2007 and onwards; exposing Pro Mujer – Peru to a contingent liability for all income tax due for the years ended December 31, 2007 through December 31, 2012. Currently, SUNAT is seeking approximately \$1,500,000 in income taxes for the years ended December 31, 2007 and 2008. However, management of Pro Mujer – Peru, with the assistance of legal counsel, is vigorously contesting SUNAT's position of revocation of its Exempted Entity Income Tax Certificate, and to date, has been successful in having the request for payment of the 2007 and 2008 income taxes suspended pending the outcome of a hearing on the matter before the Tax Tribunal.

There are no other uncertain tax positions which require disclosure or recognition within the combined financial statements with respect to the other entities.

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 Pro Mujer International and include both internally designated and undesignated resources.

The equity of Pro Mujer - Bolivia (IFD) has been classified (combined with) as unrestricted net assets in the accompanying combined financial statements.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Pro Mujer International and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Combined Statements of Activities and Changes in Net Assets as net assets released from restrictions. During the year ended December 31, 2012, management evaluated the temporarily restricted net assets and determined that \$384,971 should be reclassified from unrestricted net assets to temporarily restricted net assets.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by Pro Mujer International.

Grants and contributions -

Unrestricted and temporarily restricted 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 funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying combined financial statements.

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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

Use of estimates -

The preparation of combined 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 combined 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 Combined Statements of Activities and Changes in Net Assets. At the end of each fiscal year, management of Pro Mujer International conducts a study of all personnel and allocates salaries, fringe benefits as well as certain office operating expenses based upon the results of the study. Accordingly, the 2013 and 2012 costs have been allocated among program services, management and general and fundraising based upon percentages determined by management as a result of the respective studies.

Foreign currency translation -

The Dollar ("Dollars") is the functional currency for Pro Mujer International's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Current assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the Combined Statements of Financial Position.

Allowances for impairment -

Pro Mujer International established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specified loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Pro Mujer International requires a minimum of approximately two (2) percent loan loss allowance for all loans receivable. However, the allowance is increased or decreased based upon set percentages for loans which are considered past due.

At December 31, 2013 and 2012, the allowance for doubtful accounts was \$5,336,287 and \$4,202,131, respectively.

Write-off policy -

Pro Mujer International will write-off a loan (and any related allowance for impairment losses) when management determines that the loans and advances to customer are uncollectable. This determination is reached after considering information, such as the occurrence of significant changes in the borrower's financial position, such that the borrower can no longer pay the obligation.

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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

Credit risk -

Credit risk is the risk of financial loss to Pro Mujer International if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Pro Mujer International's lending activity.

Pro Mujer International takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Allowances for impairment are accounted for where there is objective evidence that the loans and advances to customers are impaired.

Significant changes in the economy, depreciation of local currencies against the currencies of the indexed portfolios, or in the health of a particular industry segment, could result in evidence that the expected future cash flows are different from those provided for at the end of the reporting period. Management, therefore, carefully monitors and manages its exposure to credit risk.

Market risk -

Market risk is defined as external influences, generally outside of the control of Pro Mujer International's executive management, but which can be identified, assessed and mitigating actions put in place to reduce any adverse impact.

Interest rate risk -

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Pro Mujer International takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored monthly.

The loans receivables as well as notes payable are at fixed interest rates. The loans receivables mature much faster than the related borrowings, a fact that allows Pro Mujer International to adjust the fixed interest of its receivables to market conditions.

As part of its financing strategy, Pro Mujer International also seeks to attract longer term, fixed-rate financing.

Currency risk -

Pro Mujer International is exposed to currency risk through transactions in foreign currencies against the U.S. Dollar (USD). There is also a statement of financial position risk that the net monetary liabilities in foreign currencies will take a higher value when translated into USD's as a result of currency movements.

Operational environment risk -

Within the last year, the banking sector faced a sovereign debt crisis triggered by significant fiscal disequilibria and large public debt positions in several countries.

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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

Operational environment risk (continued) -

The ongoing fears that the deteriorating financial conditions could contribute, at a later stage to a further retrenchment in confidence, prompted coordinated efforts of governments and central banks to adopt special measures aimed at countering the vicious circle of growing risk aversion and to helping restore normal market functioning.

The identification and valuation of investments influenced by the illiquid market conditions, the determination of compliance with debt agreements and other contract covenants, and the evaluation of significant uncertainties, including uncertainties associated with an entity's ability to continue as a going concern for a reasonable period of time, bring their own challenges. The effects of these on the financial markets have been seen in the form of volatility of the foreign exchange rates and an increase in the country's credit default swap.

The debtors of Pro Mujer International may also be affected by the lower liquidity and solvency situations, which could in turn impact their ability to repay their outstanding loans. Deteriorating operating conditions for customers may also have an impact on the management of cash flow forecasts and assessments of the impairment of financial and non-financial assets. To the extent that information is available, management has reflected revised estimates of expected future cash flows in its impairment assessment.

Management is unable to predict all development which could have an impact on the foreign financial institutions sector and, consequently, what effect, if any, they could have on these combined financial statements.

Liquidity risk -

Liquidity risk is the risk that a company will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with a liquidity approach, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities. Management monitors the maturity profile of its financial assets and liabilities to ensure that adequate liquidity is maintained. The average loan term is less than 12 months.

Fair value measurement -

Pro Mujer International 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 measurements. Pro Mujer International accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's combined presentation. These reclassifications had no effect on the previously reported combined changes in net assets.



**PRO MUJER INTERNATIONAL**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**2. CONCENTRATION OF CREDIT RISK**

At times, Pro Mujer International maintains cash balances at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal. Pro Mujer International maintains significant cash balances for short periods of time prior to transferring funds to the country field offices.

Pro Mujer International had approximately \$31,000,000 and \$23,000,000 of cash and cash equivalents held at financial institutions in foreign countries at December 31, 2013 and 2012, respectively. The majority of funds invested in foreign countries is uninsured.

**3. INVESTMENTS**

Investments consisted of the following at December 31, 2013 and 2012:

	Fair Value	
	2013	2012
Cash and money market funds	\$ 14,066	\$ 15,063
Mutual funds	176,596	135,669
Equities	91,339	85,931
Bonds and certificates of deposit	583,090	-
	<b>\$865,091</b>	<b>\$236,663</b>

**4. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES**

Loans receivable include loans made by Pro Mujer International to low-income individuals or families in Argentina, Bolivia, Mexico, Nicaragua and Peru. The average amount of the outstanding loans at December 31, 2013 and 2012 was \$448 and \$450, respectively.

The outstanding loans, the majority of which are at the prevailing market interest rates ranging between 1.61% and 7.00% per month, mature at various times over the next nine to twelve months and are disbursed and repaid in either U.S. Dollars or the local currency of the respective country.

As of December 31, 2013 and 2012, the balance of loans receivable, by country, were classified as either current or delinquent. The delinquent amounts represent loans past due over 30 days (for financial statement presentation, all loans receivable are considered short-term in nature).

Following is a summary of loans receivable, by country/region, as of December 31, 2013 and 2012:

Country/Region	2013			2012		
	Current	Delinquent	Total	Current	Delinquent	Total
Nicaragua:						
Leon	\$4,029,147	\$34,082	\$4,063,229	\$ 4,501,813	\$ 730	\$ 4,502,543
Chinandega	4,404,945	77,338	4,482,283	4,005,054	5,631	4,010,685
Managua	4,310,394	18,420	4,328,814	3,230,302	20,105	3,250,407
Matagalpa	1,060,580	14,179	1,074,759	677,798	4,286	682,084
Masaya	4,220,146	7,198	4,227,344	2,939,411	3,234	2,942,645
Estelí	495,096	1,185	496,281	244,372	2,671	247,043
Jinotega	245,094	1,064	246,158	-	-	-
Less: Allowance	-	-	(377,495)	-	-	(311,997)
Subtotal - Nicaragua	18,765,402	153,466	18,541,373	15,598,750	36,657	15,323,410

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**4. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)**

Country/Region	2013			2012		
	Current	Delinquent	Total	Current	Delinquent	Total
<b>Bolivia:</b>						
El Alto	\$11,071,288	\$ 74,162	\$11,145,450	\$ 9,992,943	\$ 46,504	\$10,039,447
Cochabamba	7,659,690	48,173	7,707,863	6,738,152	102,453	6,840,605
Tarija	4,506,806	53,048	4,559,854	4,372,888	10,786	4,383,674
Potosi, Santa Cruz and Oruro	20,972,910	317,837	21,290,747	18,367,752	133,529	18,501,281
Beni	5,388,919	189,461	5,578,380	4,886,538	69,944	4,956,482
La Paz	4,083,564	99,221	4,182,785	3,644,108	76,988	3,721,096
Sucre	3,517,764	27,956	3,545,720	3,403,798	37,102	3,440,900
Pando	452,527	105,624	558,151	879,523	4,584	884,107
Less: Allowance	-	-	(1,969,101)	-	-	(1,499,390)
Subtotal - Bolivia	57,653,468	915,482	56,599,849	52,285,702	481,890	51,268,202
<b>Mexico:</b>						
Hidalgo	5,149,953	186,840	5,336,793	4,367,880	170,788	4,538,668
Puebla	901,158	106,814	1,007,972	672,377	89,804	762,181
Tlaxcala	332,388	15,111	347,499	216,482	29,574	246,056
Veracruz	705,694	117,107	822,801	570,251	164,699	734,950
Estado de México	7,374,723	257,579	7,632,302	6,238,982	103,204	6,342,186
DF	1,160,437	18,691	1,179,128	642,109	5,425	647,534
Querétaro	325,032	20,735	345,767	634,196	59,986	694,182
Oaxaca	174,278	4,979	179,257	62,222	10,888	73,110
Guanajuato	131,201	36,143	167,344	55,478	7,108	62,586
Less: Allowance	-	-	(814,685)	-	-	(705,251)
Subtotal - Mexico	16,254,864	763,999	16,204,178	13,459,977	641,476	13,396,202
<b>Argentina:</b>						
Salta	2,579,110	589	2,579,698	3,039,143	14,269	3,053,412
JuJuy	931,602	-	931,602	1,012,636	-	1,012,636
Tucuman	606,190	-	606,190	702,907	9,826	712,733
Santiago del Estero	-	-	-	-	507	507
Less: Allowance	-	-	(124,218)	-	-	(97,312)
Subtotal - Argentina	4,116,902	589	3,993,273	4,754,686	24,602	4,681,976
<b>Peru:</b>						
Puno	8,858,431	543,558	9,401,989	4,484,013	105,390	4,589,403
Juliaca	-	-	-	6,846,244	201,460	7,047,704
Tacna	6,952,950	544,331	7,497,281	10,090,605	233,802	10,324,407
Ilo	-	-	-	3,171,662	148,959	3,320,621
Apurimac, Abancay and Anda' Huaylas'	978,612	27,662	1,006,274	1,198,819	41,406	1,240,225
Arequipa	2,291,737	212,090	2,503,827	3,226,722	246,569	3,473,291
Cusco	1,750,504	101,930	1,852,434	1,722,066	25,324	1,747,390
Ayacucho	113,786	38,269	152,050	175,401	53,142	228,543
Casamarca	371,413	4,049	375,462	50,289	-	50,289
Ancash	435,982	3,765	439,747	100,876	-	100,876
Moquegua	3,418,971	468,739	3,887,710	2,762,159	120,455	2,882,614
Loreto	167,905	954	168,859	-	-	-
San Martin	411,663	851	412,514	-	-	-
Cartera del Personal O.N. and Agencia Huamanga	285,363	6,940	292,303	52,657	-	52,657
Less: Allowance	-	-	(2,050,788)	-	-	(1,588,181)
Subtotal - Peru	26,037,317	1,953,133	25,939,662	33,881,513	1,176,507	33,469,839
<b>TOTAL</b>	<b>\$122,827,953</b>	<b>\$3,786,669</b>	<b>\$121,278,335</b>	<b>\$119,980,628</b>	<b>\$2,361,132</b>	<b>\$118,139,629</b>

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**4. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)**

Following is an analysis of the change in the allowance accounts by country for the years ended December 31, 2013 and 2012:

	<u>Nicaragua</u>	<u>Bolivia</u>	<u>Mexico</u>	<u>Argentina</u>	<u>Peru</u>	<u>Total</u>
Balance at 12/31/11	\$ (53,864)	\$ (370,781)	\$ (378,216)	\$ (84,988)	\$ (502,528)	\$(1,390,377)
Increase in allowance for non-performing loans	(294,606)	(1,405,317)	(647,414)	(55,670)	(1,694,241)	(4,097,248)
Loans directly written off	27,549	276,708	349,229	-	608,588	1,262,074
Exchange rate fluctuation	8,924	-	(28,850)	43,346	-	23,420
Balance at 12/31/12	(311,997)	(1,499,390)	(705,251)	(97,312)	(1,588,181)	(4,202,131)
Increase in allowance for non-performing loans	(172,710)	(940,580)	(519,257)	(84,965)	(1,448,570)	(3,166,082)
Loans directly written off	88,221	411,450	405,656	50,124	985,963	1,941,414
Exchange rate fluctuation	18,991	59,419	4,167	7,935	-	90,512
<b>BALANCE AT 12/31/13</b>	<b>\$ (377,945)</b>	<b>\$(1,969,101)</b>	<b>\$ (814,685)</b>	<b>\$ (124,218)</b>	<b>\$(2,050,788)</b>	<b>\$(5,336,287)</b>

**5. GRANTS AND PLEDGES RECEIVABLE**

Grants receivable consists of awards from various foundations and corporations. All payments are expected to be collected during the following 12 months, unless otherwise stipulated by the donor.

Total grants receivable at December 31, 2013 and 2012 were \$2,145,002 and \$2,682,643, respectively.

Pledges receivable consists of commitments made to Pro Mujer International from individuals. Total pledges receivable were \$45,000 and \$95,819 at December 31, 2013 and 2012, respectively.

Following is a schedule, by maturity year, of grants and pledges receivable at December 31, 2013 and 2012:

<u>Year Ending December 31,</u>	<u>2013</u>	<u>2012</u>
2013	\$ -	\$ 1,105,319
2014	1,094,687	833,000
2015	934,000	533,333
2016	200,000	200,000
2017	-	200,000
	2,228,687	2,871,652
Less: Discount for present value	(38,685)	(93,190)
	<b>\$ 2,190,002</b>	<b>\$ 2,778,462</b>

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**6. PROPERTY AND EQUIPMENT**

As of December 31, 2013 and 2012, property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 230,217	\$ 190,409
Buildings and improvements	1,528,082	1,285,709
Furniture and office equipment	6,568,065	4,411,534
Computer equipment	3,377,820	2,401,528
Vehicles	1,350,457	1,133,802
	<u>13,054,641</u>	<u>9,422,982</u>
Less Accumulated depreciation and amortization	<u>(5,463,084)</u>	<u>(4,014,402)</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b><u>\$ 7,591,557</u></b>	<b><u>\$ 5,408,580</u></b>

**7. NOTES PAYABLE**

Pro Mujer International has entered into note agreements with various organizations. As of December 31, 2013 and 2012, the total liability to these organizations aggregated \$101,174,945 and \$96,178,542, respectively.

Notes payable consisted of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Pro-Mujer – Argentina:		
BID	\$ 224,042	\$ 325,387
Banco Hipotecario	165	127,646
Planis	578	205,538
Okiocredit	812,539	621,396
Foncap	818,821	389,566
CRESUD, S.P.A.	130,482	200,000
ADA	361,509	406,505
Triple Jump	375,546	475,049
Subtotal - Argentina	<u>2,723,682</u>	<u>2,751,087</u>
Pro Mujer - Nicaragua:		
WCCN	292,123	564,670
INCOFIN	947,426	-
NOVIB	651,634	657,634
NOVIB	1,000,000	1,000,000
NOVIB	500,000	500,000
Whole Planet Foundation	272,376	285,994
Symbiotics	980,980	-
Global Partnerships (2013)	996,968	-
Global Partnerships (2008)	600,000	600,000
Global Partnerships (2008)	-	500,000
Global Partnerships (2010)	500,000	500,000
CRESUD, S.P.A.	500,000	500,000

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**7. NOTES PAYABLE (Continued)**

	<u>2013</u>	<u>2012</u>
Pro Mujer – Nicaragua (continued):		
Luxembourg Microfinance and Development Fund	\$ 394,760	\$ 414,499
Omtrix	600,000	600,000
Social Alpha Investments Fund	300,000	300,000
Symbiotics	1,106,000	1,100,000
Locfund	471,516	693,129
Responsibility	949,972	997,604
Deutsche Bank	-	598,483
Blue Orchard Finance	1,424,958	1,496,207
Luxembourg Microfinance and Development Fund	650,000	650,000
Blue Orchard Finance	1,980,049	-
	<u>15,118,762</u>	<u>11,958,220</u>
Subtotal – Nicaragua		
Pro Mujer – Bolivia (IFD):		
Banco Bisa (3)	-	135,569
Banco Bisa (4)	-	864,431
Banco Bisa (5)	-	3,000,000
Banco Bisa (6)	1,500,000	-
Banco Bisa (7)	3,000,000	-
Banco de Credito S.A. (2)	-	1,000,000
Banco de Credito S.A. (3)	1,200,000	-
Banco Interamericano de Desarrollo (BID)	398,815	512,762
Blue Orchard	-	650,000
Blue Orchard (2)	2,750,000	-
Blue Orchard (3)	2,250,000	-
Developing World Market (1)	1,007,289	1,007,289
Developing World Market (2)	1,007,289	1,007,289
Developing World Market (3)	1,014,577	1,014,577
Developing World Market (4)	1,014,577	1,014,577
Fortaleza (1)	-	874,636
Fortaleza (2)	-	583,090
Fortaleza (3)	-	583,090
Fortaleza (4)	1,020,408	-
Global Partnerships (1)	2,000,000	2,000,000
Global Partnerships (2)	-	762,026
Kiva	688,883	338,566
Oikocredit (1)	888,888	1,333,332
Oikocredit (2)	800,000	1,600,000
Oikocredit (3)	3,000,000	-
SAFI CAPITAL (1)	4,023,324	4,693,878
SAFI CAPITAL (2)	2,040,816	2,040,816
SAFI BISA (1)	2,623,907	2,623,907
SAFI BISA (2)	2,623,907	2,623,907
Stichting Hivos-Triodos Funds (1)	-	1,000,000
Stichting Hivos-Triodos Funds (2)	-	1,000,000

**PRO MUJER INTERNATIONAL**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**7. NOTES PAYABLE (Continued)**

	<u>2013</u>	<u>2012</u>
Pro Mujer – Bolivia (IFD) (continued):		
Symbiotics	\$ 1,510,933	\$ 1,510,933
Symbiotics Credit Suisse Microfinance (2)	-	750,000
Symbiotics Responsibility	-	250,000
Triple Jump	2,000,000	2,000,000
Whole Planet	350,000	350,000
Responsibility SIVAC (Microfinance)	510,933	510,933
Responsibility SIVAC (Finance Inclusion)	510,933	510,933
Responsibility SIVAC (Global Microfinance) Fund	1,021,866	1,021,866
Banco Nacional de Bolivia (1)	1,994,169	-
CAF	1,895,043	-
Subtotal – Bolivia (IFD)	<u>44,646,557</u>	<u>39,168,407</u>
Pro Mujer – Bolivia (NGO):		
Fondesif	<u>406,244</u>	<u>406,244</u>
Subtotal – Bolivia (NGO)	<u>406,244</u>	<u>406,244</u>
Pro Mujer – Mexico:		
Grameen Foundation	60,753	305,570
Global Partnerships	3,748,316	1,999,730
Blue Orchard Finance	1,063,895	1,070,219
BID	284,856	350,227
Symbiotics	1,484,860	1,493,686
Responsibility	2,468,390	2,502,309
Banco del Bajío	764,860	489,148
Triple Jump	901,708	2,266,661
Developing World Markets	1,498,060	1,506,964
Deutsche Bank	<u>2,012,981</u>	<u>1,961,270</u>
Subtotal – Mexico	<u>14,288,679</u>	<u>13,945,784</u>
Pro Mujer - Peru:		
Triple Jump	4,000,000	4,000,000
Banco Continental	-	174,064
BID	-	61,478
Symbiotics	2,036,672	-
Oikocredit	2,146,690	3,529,412
Blue Orchard	400,716	1,317,647
Global Partnerships (1)	989,267	1,807,190
Global Partnerships (2)	1,250,000	1,250,000
Responsibility Lending	1,946,587	3,195,137
Abaco	1,444,358	2,910,294
Working Capital for Community Needs	196,208	430,118
Whole Planet	195,420	214,196
Developing World Markets	3,000,000	4,000,000
Micocredit Enterprises	717,263	1,048,235
Deetken Enterprises, Inc.	358,229	523,529
Responsibility Lending (2013)	<u>1,862,111</u>	<u>-</u>
Subtotal – Peru	<u>20,543,521</u>	<u>24,461,300</u>

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**7. NOTES PAYABLE (Continued)**

	<b>2013</b>	<b>2012</b>
Pro Mujer - New York:		
Sisters of St. Francis of Philadelphia	\$ 50,000	\$ 50,000
Dominican Sisters of Hope	20,000	20,000
Religious Committee Investment Fund	50,000	50,000
Sisters of the Holy Names (1)	25,000	25,000
Sisters of the Holy Names (2)	25,000	25,000
Daughters of Charity of Saint Vincent	-	50,000
Sisters of St. Dominic	60,000	50,000
Sacred Heart Monastery	25,000	25,000
Partners of the Common Good	500,000	500,000
Calvert Foundation (1)	400,000	400,000
Calvert Foundation (2)	400,000	400,000
Society of the Holy Child (1)	25,000	25,000
Society of the Holy Child (2)	25,000	25,000
Holy Spirit Missionary	50,000	50,000
Osprey Foundation (1)	250,000	250,000
Osprey Foundation (2)	250,000	250,000
The Home Missioners of America	25,000	25,000
Sisters of St. Joseph Carondelet	50,000	50,000
Sisters of Charity, New York	50,000	50,000
FJC (1)	100,000	100,000
FJC (2)	100,000	100,000
Our Lady of Victory Missionary Srs. (1)	25,000	25,000
Our Lady of Victory Missionary Srs. (2)	10,000	10,000
Saint Mary's Institute of O'Fallon	25,000	25,000
Sisters of Mercy – San Bernardino	25,000	25,000
Daughters of the Holy Spirit	25,000	25,000
Mercy Partnership Fund	500,000	500,000
Nancy Marsh (4)	25,000	25,000
Nancy Marsh (6)	100,000	100,000
Sisters of Notre Dame de Namur, OH	30,000	30,000
Sisters of Notre Dame de Namur, Mass (1)	75,000	75,000
Sisters of Notre Dame de Namur, Mass (4)	60,000	60,000
Sisters of Notre Dame de Namur, Mass (3)	42,500	42,500
Sisters of Notre Dame de Namur Toledo, OH	25,000	25,000
	<b>3,447,500</b>	<b>3,487,500</b>
Subtotal - New York		
	<b>\$101,174,945</b>	<b>\$96,178,542</b>

The majority of the note agreements are unsecured and bear interest at rates ranging from 3% to 12%.

**PRO MUJER INTERNATIONAL**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**7. NOTES PAYABLE (Continued)**

Following is a schedule of maturities, by year, at December 31, 2013 and 2012:

<u>Year Ending December 31,</u>	<u>2013</u>	<u>2012</u>
2013	\$ -	\$ 17,342,307
2014	40,177,207	27,860,372
2015	25,886,018	33,413,341
2016	20,930,062	6,524,967
2017	8,150,870	8,656,997
2018	387,521	1,974,314
2019 and Thereafter	5,643,267	406,244
	<u><b>\$ 101,174,945</b></u>	<u><b>\$ 96,178,542</b></u>

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
New York	\$ 4,075,369	\$ 3,707,821
Argentina	207,503	-
Mexico	-	384,971
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<u><b>\$ 4,282,872</b></u>	<u><b>\$ 4,092,792</b></u>

**9. PERMANENTLY RESTRICTED NET ASSETS**

Pro Mujer International's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, Pro Mujer International 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 organization in a manner consistent with the standard of prudence prescribed by SPMIFA.



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**9. PERMANENTLY RESTRICTED NET ASSETS (Continued)**

In accordance with SPMIFA, Pro Mujer International 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.

Following is a summary of the permanently restricted net assets:

- An endowment fund of \$130,538 at December 31, 2013 and 2012, which was established during 2004. All contributions to the endowment fund are to remain in-perpetuity. Investment income generated by the invested endowment fund may be used to support general operations.
- A revolving loan fund of \$243,606 at December 31, 2013 and 2012. The fund is to remain in-perpetuity and to be used solely for loans to Pro Mujer International's field offices.

**10. 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:

	<b>2013</b>	<b>2012</b>
New York	\$3,430,052	\$2,242,417
Nicaragua	-	5,398
Mexico	384,971	-
Peru	984,505	-
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>\$4,799,528</b>	<b>\$2,247,815</b>

**11. CONTINGENCIES**

Pro Mujer International provides capital assistance and training in several developing countries. Pro Mujer International also maintains cash accounts as well as loan portfolios in certain of those countries. The future results of those programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate.

As of December 31, 2013 and 2012, Pro Mujer International had cash, property and equipment, loans receivable and other assets in various countries in Central and South America totaling approximately \$166,000,000 and \$157,000,000, respectively, which represent approximately 94% and 95%, respectively, of Pro Mujer International's total assets at December 31, 2013 and 2012.

**12. RETIREMENT PLANS**

All full-time employees are covered by retirement plans which are in compliance with the laws of each respective country. Based upon the laws and regulations of each country, contributions are made to employee retirement accounts at varying rates.

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**12. RETIREMENT PLANS (Continued)**

Total retirement expense for the years ended December 31, 2013 and 2012 totaled \$1,921,395 and \$2,215,950, respectively.

**13. LEASE COMMITMENT**

On December 29, 2009, Pro Mujer, Inc. - New York entered into a lease agreement for office space at 253 West 35th Street in New York, NY.

The term of the lease is from March 1, 2010 to February 28, 2017, and Pro Mujer, Inc. - New York is also responsible for its pro-rata share of the building's real estate taxes and operating costs.

In addition, Pro Mujer – Argentina, Pro-Mujer – Mexico, Pro-Mujer – Peru, Pro-Mujer – Bolivia, and Pro-Mujer – Nicaragua have entered into several lease agreements which expire between 2016 and 2017.

Rent expense, including utilities, for the years ended December 31, 2013 and 2012 totaled \$4,044,191 and \$3,216,704, respectively.

Following is a schedule of the future minimum lease commitments under the aforementioned operating lease agreements:

**Year Ending December 31,**

2014	\$ 2,095,232
2015	1,695,069
2016	1,321,146
2017	976,800
2018	792,571
2019 and Thereafter	917,783
	<b>\$ 7,798,601</b>

**14. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, Fair Value Measurement, Pro Mujer International 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 Statement 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 Pro Mujer International 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.

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**14. FAIR VALUE MEASUREMENT (Continued)**

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

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, 2012.

- Money market funds - The fair value is equal to the reported net asset value of the fund.
- Mutual funds - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- Certificates of deposit - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, by level within the fair value hierarchy, Pro Mujer International's investments as of December 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 14,066	\$ -	\$ -	\$ 14,066
Mutual funds	176,596	-	-	176,596
Equities	91,339	-	-	91,339
Bonds and certificates of deposit	-	583,090	-	583,090
	<u><b>\$282,001</b></u>	<u><b>\$583,090</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 865,091</b></u>

The table below summarizes, by level within the fair value hierarchy, Pro Mujer International's investments as of December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 15,063	\$ -	\$ -	\$ 15,063
Mutual funds	135,669	-	-	135,669
Equities	85,931	-	-	85,931
	<u><b>\$236,663</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 236,663</b></u>

**15. SUBSEQUENT EVENTS**

In preparing these combined financial statements, Pro Mujer International has evaluated events and transactions for potential recognition or disclosure through November 13, 2014, the date the combined financial statements were issued.