<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS’ REPORT</td>
<td>2</td>
</tr>
<tr>
<td>EXHIBIT A - Statement of Financial Position, as of March 31, 2007</td>
<td>3</td>
</tr>
<tr>
<td>EXHIBIT B - Statement of Activities and Change in Net Assets, for the Period January 1, 2006 through March 31, 2007</td>
<td>4</td>
</tr>
<tr>
<td>EXHIBIT C - Statement of Functional Expenses, for the Period January 1, 2006 through March 31, 2007</td>
<td>5</td>
</tr>
<tr>
<td>EXHIBIT D - Statement of Cash Flows, for the Period January 1, 2006 through March 31, 2007</td>
<td>6</td>
</tr>
<tr>
<td>NOTES TO FINANCIAL STATEMENTS</td>
<td>7 - 12</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grameen Foundation USA
Washington, D.C.

We have audited the accompanying statement of financial position of Grameen Foundation USA as of March 31, 2007, and the related statements of activities and change in net assets, functional expenses and cash flows for the period January 1, 2006 through March 31, 2007. These financial statements are the responsibility of Grameen Foundation USA’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grameen Foundation USA as of March 31, 2007, and its change in net assets and its cash flows for the period January 1, 2006 through March 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

June 22, 2007
GRAMEEN FOUNDATION USA

STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2007

ASSETS

CURRENT ASSETS
Cash and cash equivalents $6,356,450
Restricted deposits (Note 8) 1,490,044
Total cash 7,846,494
Investments (Note 2) 1,284,500
Loans receivable (Note 3) 707,115
Grants and contributions receivable 1,761,953
Other receivables and advances 229,732
Prepaid expenses 105,225
Total current assets 11,935,019

PROPERTY AND EQUIPMENT
Furniture and equipment 225,479
Less: Accumulated depreciation (86,661)
Net property and equipment 138,818

OTHER ASSETS
Loans receivable, net of current portion (Note 3) 4,512,029
Loans to program related investments (Note 4) 199,600
Program related investments (Note 4) 102,400
Grants and contributions receivable, net of current portion 1,898,784
Deposits 92,082
Total other assets 6,804,895

TOTAL ASSETS $18,878,732

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
Accounts payable and accrued expenses $747,885

NONCURRENT LIABILITIES
Note payable (Note 5) 384,000

Total liabilities 1,131,885

NET ASSETS
Unrestricted 8,959,111
Temporarily restricted (Note 6) 8,787,736

Total net assets 17,746,847

TOTAL LIABILITIES AND NET ASSETS $18,878,732

See accompanying notes to financial statements.
# GRAMEEN FOUNDATION USA

## STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE PERIOD JANUARY 1, 2006 THROUGH MARCH 31, 2007

### SUPPORT AND REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and grants</td>
<td>$4,347,521</td>
<td>$11,878,200</td>
<td>$16,225,721</td>
</tr>
<tr>
<td>Program revenues</td>
<td>284,986</td>
<td>492,506</td>
<td>777,492</td>
</tr>
<tr>
<td>Interest and investment income (Note 2)</td>
<td>704,138</td>
<td></td>
<td>704,138</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>1,121,560</td>
<td></td>
<td>1,121,560</td>
</tr>
<tr>
<td>Other revenue</td>
<td>903</td>
<td></td>
<td>903</td>
</tr>
<tr>
<td>Net assets released from donor restrictions (Note 7)</td>
<td>10,149,030</td>
<td>(10,149,030)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>16,608,138</td>
<td>2,221,676</td>
<td>18,829,814</td>
</tr>
</tbody>
</table>

### EXPENSES

**Program services:**

- Grameen Bank Replication: 6,242,093
- Grameen Technology Center: 2,063,232
- Public Education: 657,670

**Total program services:**

8,962,995

**Supporting services:**

- Management and General: 3,708,369
- Fundraising: 1,132,425

**Total supporting services:**

4,840,794

**Total expenses:**

13,803,789

**Change in net assets before other items:**

2,804,349

2,221,676

5,026,025

### OTHER ITEMS

- Allowances for: uncollectible loans receivable and foreign exchange risk (Note 3)
  - (24,828) (211,657) (236,485)
- Present value discount of loans receivable (Note 3)
  - (29,351) (219,456) (248,807)

**Change in net assets:**

2,750,170

1,790,563

4,540,733

**Net assets at beginning of year:**

6,208,941

6,997,173

13,206,114

**NET ASSETS AT END OF YEAR:**

$8,959,111

$8,787,736

$17,746,847

See accompanying notes to financial statements.
## GRAMEEN FOUNDATION USA

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE PERIOD JANUARY 1, 2006 THROUGH MARCH 31, 2007**

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grameen Bank Replication</strong></td>
<td><strong>Grameen Technology Center</strong></td>
</tr>
<tr>
<td>Salaries</td>
<td>$2,356,961</td>
</tr>
<tr>
<td>Benefits (Note 10)</td>
<td>462,247</td>
</tr>
<tr>
<td>Printing</td>
<td>13,633</td>
</tr>
<tr>
<td>Professional services</td>
<td>867,022</td>
</tr>
<tr>
<td>Occupancy (Note 9)</td>
<td>12,770</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
</tr>
<tr>
<td>Telephone and fax</td>
<td>27,148</td>
</tr>
<tr>
<td>Travel and meetings</td>
<td>663,361</td>
</tr>
<tr>
<td>Pro-bono legal fees</td>
<td>535,106</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>14,524</td>
</tr>
<tr>
<td>Office expense</td>
<td>14,575</td>
</tr>
<tr>
<td>Publications</td>
<td>8,458</td>
</tr>
<tr>
<td>Advertising</td>
<td>3,331</td>
</tr>
<tr>
<td>Bank fees</td>
<td>121,550</td>
</tr>
<tr>
<td>Grants</td>
<td>831,963</td>
</tr>
<tr>
<td>Client training</td>
<td>241,783</td>
</tr>
<tr>
<td>Computer expense</td>
<td>26,720</td>
</tr>
<tr>
<td>Other</td>
<td>40,941</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$6,242,093</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
EXHIBIT D

GRAMEEN FOUNDATION USA

STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 1, 2006 THROUGH MARCH 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets $ 4,540,733

Adjustments to reconcile change in net assets to
net cash used by operating activities:
Depreciation 19,548
Receipt of stock (1,119,828)
Unrealized gain on investments (161,584)
Realized loss on sales of investments 492

(Increase) decrease in:
Grants and contributions receivable (3,616,878)
Other receivables and advances (122,732)
Prepaid expenses (40,876)
Deposits (68,912)

Increase (decrease) in:
Accounts payable and accrued expenses 313,034
Grants payable (255,000)

Net cash used by operating activities (512,003)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of furniture and equipment (135,658)
Proceeds from sales of investments 1,133,592
Reinvestments/purchases of investments (92,178)

Net cash provided by investing activities 905,756

CASH FLOWS FROM FINANCING ACTIVITIES

Loans provided to local partners (2,052,106)
Cash repaid on loans from local partners 1,304,077
Loans provided to joint ventures (199,600)
Cash paid for equity position in joint venture (102,400)
Proceeds from notes payable 384,000

Net cash used by financing activities (666,029)

Net decrease in and cash equivalents (272,276)
Cash and cash equivalents at beginning of year 8,118,770

CASH AND CASH EQUIVALENTS AT END OF YEAR $ 7,846,494

See accompanying notes to financial statements.
1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

   **Organization** -
   Grameen Foundation USA is a nonprofit organization that was created to collaborate with public and private institutions to achieve the long-term goal of eliminating poverty throughout the world.

   **Basis of presentation** -
   The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

   **Cash and cash equivalents** -
   Grameen Foundation USA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

   During the period, Grameen Foundation USA maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

   **Investments** -
   Investments are recorded at market value. Unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

   **Property and equipment** -
   Property and equipment are stated at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. Leasehold improvements are recorded at cost and are amortized over the life of the lease. The cost of maintenance and repairs is recorded as expenses as incurred.

   **Income taxes** -
   Grameen Foundation USA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Grameen Foundation USA is not a private foundation.

   **Net asset classification** -
   The net assets are reported in two 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 Grameen Foundation USA 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 Grameen Foundation USA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Contributions and grants -

Contributions and grants are recorded as revenue in the period notification is received from the donor. Contributions and grants 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. Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

In-kind contributions -

Grameen Foundation USA receives and recognizes contributed services and gifts in-kind from various sources. During the period, Grameen Foundation USA received contributed services and gifts in-kind, at fair value, in the amount of $1,121,560 for advertising and legal services.

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. INVESTMENTS

Investments consisted of the following at March 31, 2007:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual Funds</td>
<td>$1,092,178</td>
<td>$1,284,500</td>
</tr>
</tbody>
</table>

Included in investment income are the following:

- Interest and dividends $543,046
- Unrealized gain on investments 161,584
- Realized loss on sales of investments $(492)

TOTAL INTEREST AND INVESTMENT INCOME $704,138
3. **LOANS RECEIVABLE**

Grameen Foundation USA provides loans to microfinance institutions serving the world’s poorest in regions of the world that traditionally have been underserved by microfinance programs. These loans, the majority of which bear interest between two and twelve percent (certain loans are non-interest bearing), mature at various times over the next eleven years and are disbursed and repaid in either US dollars or the local currency of the respective country.

As of March 31, 2007, all loans receivable are stated in US dollars (and translated into US dollars from foreign currency where applicable). All loans are reserved based on expected delinquency and exchange rate devaluation, and further discounted to their current present value using an interest rate of 8.25% as of March 31, 2007.

The following is a schedule of loans receivable, by fiscal year of estimated repayment, as of March 31, 2007:

<table>
<thead>
<tr>
<th>Year Ended March 31</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$ 829,158</td>
</tr>
<tr>
<td>2009</td>
<td>2,105,450</td>
</tr>
<tr>
<td>2010</td>
<td>1,759,799</td>
</tr>
<tr>
<td>2011</td>
<td>1,771,236</td>
</tr>
<tr>
<td>2012</td>
<td>509,813</td>
</tr>
<tr>
<td>Thereafter</td>
<td>248,700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,224,156</td>
</tr>
</tbody>
</table>

Less: current maturities, net of allowance  
(707,115)

Less: allowance for uncollectible loans (noncurrent portion)  
(984,998)

Less: Present value discount (8.25%)  
(1,020,014)

**TOTAL NONCURRENT LOANS RECEIVABLE**  
$ 4,512,029

4. **PROGRAM RELATED INVESTMENTS**

Grameen Foundation USA makes certain program related investments in foreign organizations in an effort to further the impact of its programmatic activities. Each investment is made to a locally incorporated entity, and is generally funded equally by both Grameen Foundation USA and a foreign entity. The number of shares issued to both parties is equal, and the percentage ownership ranges from 50% to 50.5% for Grameen Foundation USA and 49.5% to 50% for the foreign organization.

As of March 31 2007, Grameen Foundation USA extended $199,600 as a loan to a local organization in Rwanda in order to capitalize the newly formed entity. Further, as of March 31 2007, Grameen Foundation USA has invested $102,400 of equity in a local Indian entity.
5. NOTES PAYABLE

On October 31, 2006, Grameen Foundation USA entered into an agreement to borrow $384,000 from Deutsche Bank Americas Foundation, a New York not-for-profit corporation. The purpose of the note is to provide microfinance capital to communities that have endured physical and economic devastation as a result of the December 2004 tsunami in Southeast Asia. The note is non-interest bearing and is due on October 31, 2011. As of March 31, 2007, the total balance due under this agreement was $384,000.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at March 31, 2007:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grameen Bank Replication Program (GBRP)</td>
<td>$4,831,929</td>
</tr>
<tr>
<td>Grameen Technology Center</td>
<td>1,443,914</td>
</tr>
<tr>
<td></td>
<td>6,275,843</td>
</tr>
<tr>
<td>Restricted micro-credit loans, GBRP</td>
<td>2,511,893</td>
</tr>
<tr>
<td></td>
<td>$8,787,736</td>
</tr>
</tbody>
</table>

7. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses or by passage of time and through issuance of loans to partners, thus satisfying the restricted purposes specified by the donors:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grameen Bank Replication Program (GBRP)</td>
<td>$5,134,239</td>
</tr>
<tr>
<td>Grameen Technology Center</td>
<td>2,024,045</td>
</tr>
<tr>
<td>Public Education</td>
<td>400,000</td>
</tr>
<tr>
<td>Fundraising</td>
<td>538,640</td>
</tr>
<tr>
<td></td>
<td>8,096,924</td>
</tr>
<tr>
<td>Issuance of loans to partners (GBRP)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$10,149,030</td>
</tr>
</tbody>
</table>

8. RESTRICTED DEPOSITS

Restricted deposits consist of funds on deposit with Citibank, which are in place to guarantee loans, resulting in an increase in Grameen Foundation USA's micro-credit lending activities. As of March 31, 2007, the balance of the restricted deposits was $1,490,044.
9. LEASE COMMITMENT

Grameen Foundation USA leases office space in Seattle, Washington under an agreement which terminates on April 20, 2008. Included in the lease is a requirement to pay the landlord for monthly expense reimbursement and parking fees which are adjusted annually on a pro rata basis.

During the period, Grameen Foundation USA entered into a four-year lease for its Washington, D.C. office beginning December 1, 2006 and expiring on November 30, 2010. Included in the lease is a requirement to pay the landlord for operating expense and real estate tax reimbursements on a pro rata basis. In addition, the lease requires an annual escalation not to exceed 4.5% of the previous year's base rent.

Grameen Foundation USA has also entered into a sublease agreement with an unrelated organization. The sublease period commenced on April 1, 2007 and expires on March 31, 2009. Estimated sublease income during the years ended March 31, 2008 and 2009 is $5,770 and $5,512, respectively.

Future minimum lease payments required under these leases (net of expected sublease income) are as follows:

<table>
<thead>
<tr>
<th>Year Ended March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$547,592</td>
</tr>
<tr>
<td>2009</td>
<td>542,133</td>
</tr>
<tr>
<td>2010</td>
<td>569,491</td>
</tr>
<tr>
<td>2011</td>
<td>390,882</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,050,098</strong></td>
</tr>
</tbody>
</table>

10. PENSION PLAN

Grameen Foundation USA maintains a contributory defined contribution plan under Section 401(k) of the Internal Revenue Code for all eligible employees. The Board of Directors determines the employer contributions. Currently, Grameen Foundation USA contributes 50% of each employee's contribution, up to 3% of each employee's salary. Pension expense for the period January 1, 2006 through March 31, 2007 was $51,840 and is recorded in the accompanying Statement of Activities and Change in Net Assets.

11. GROWTH GUARANTEE PROGRAM

The Growth Guarantees program is a $31 million financing program for micro-finance institutions (MFI) whereby guarantees, in the form of a Citibank Standby Letter of Credit (SBLC), will be leveraged at the local level through a variety of local financings including, among others, direct loans, securitizations, the agency or partnership model, bond issues and private placements. The Growth Guarantees program aims to increase local currency financing options for MFI's to expand outreach to micro-entrepreneurs, particularly women, thereby maximizing impact on poor women and their families.
11. GROWTH GUARANTEE PROGRAM (Continued)

Under the terms of the program, Grameen Foundation USA provides US dollar guarantees (underwritten by certain Grameen Foundation USA donors) in the form of irrevocable standby letters of credit (SBLC) issued by Citibank in the US for terms up to four years. In the event of default, Grameen Foundation USA would be responsible for reimbursing the bank for up to one month of interest (until the SBLC is exercised), not to exceed $400,000 over the life of the program. As of March 31, 2007, there was no liability under this program and accordingly, there is no financial impact on the accompanying financial statements.