

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2012

INDEPENDENT AUDITOR'S REPORT

Collins Barrow KMD LLP
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LONDON, ONTARIO
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To the Board of Directors of Opportunity International Canada Foundation

Report on the Financial Statements

We have audited the accompanying statement of financial position of Opportunity International Canada Foundation, as at June 30, 2012 the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Opportunity International Canada Foundation as at June 30, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, the accounting principles applied in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding period.

Collins Barrow KMD LLP

Chartered Accountants
Licensed Public Accountants

London, Ontario, Canada
October 25, 2012

Statement 1

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION

(Incorporated under the laws of Canada)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

(with comparative figures as at June 30, 2011)

	2 0 1 2	2 0 1 1	
	Unrestricted	Restricted	Total
<u>ASSETS</u>			
Current assets			
Cash and short term investments	\$ 614,067	\$ 2,293,690	\$ 2,907,757
Accounts receivable	98,257	-	98,257
Loans receivable (note 4)	-	851,335	851,335
	<u>712,324</u>	<u>3,145,025</u>	<u>3,857,349</u>
Long term assets			
Loans receivable (note 5)	-	892,961	892,961
Long term investment (note 6)	-	2,266,913	2,266,913
	-	3,159,874	3,159,874
	<u>\$ 712,324</u>	<u>\$ 6,304,899</u>	<u>\$ 7,017,223</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 5,000	\$ -	\$ 5,000
Due to Opportunity International Canada (note 7)	<u>36,530</u>	<u>-</u>	<u>36,530</u>
	<u>41,530</u>	<u>-</u>	<u>41,530</u>
Loan payable (note 8)	-	100,000	100,000
Fund balances	<u>670,794</u>	<u>6,204,899</u>	<u>6,875,693</u>
	<u>\$ 712,324</u>	<u>\$ 6,304,899</u>	<u>\$ 7,017,223</u>

(see accompanying notes)

The accompanying financial statements have been reviewed by the undersigned who represent that they fairly present the financial position of the Foundation at June 30, 2012 and the results of its operations for the year then ended.

Director

Director

Statement 2

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION

(Incorporated under the laws of Canada)

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

(with comparative figures for the year ended June 30, 2011)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Balance, June 30, 2010	\$ (72,135)	\$ 3,269,541	\$ 3,197,406
Interfund transfers	24,484	(24,484)	-
Foreign currency exchange loss on long term investment	-	(4,537)	(4,537)
Excess of revenue over expenses - Statement 3	<u>6,208</u>	<u>1,288,138</u>	<u>1,294,346</u>
Balance, June 30, 2011	(41,443)	4,528,658	4,487,215
Foreign currency exchange gain on long term investments	-	29,499	29,499
Excess of revenue over expenses - Statement 3	<u>712,237</u>	<u>1,646,742</u>	<u>2,358,979</u>
Balance, June 30, 2012	<u>\$ 670,794</u>	<u>\$ 6,204,899</u>	<u>\$ 6,875,693</u>

(see accompanying notes)

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION

(Incorporated under the laws of Canada)

STATEMENT OF OPERATIONS**FOR THE YEAR ENDED JUNE 30, 2012**

(with comparative figures for the year ended June 30, 2011)

	2 0 1 2		2 0 1 1	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Total</u>
Revenue				
Donations	\$ 1,052,277	\$ 2,248,313	\$ 3,300,590	\$ 1,544,436
Interest income	<u>129,206</u>	<u>-</u>	<u>129,206</u>	<u>81,079</u>
	<u>1,181,483</u>	<u>2,248,313</u>	<u>3,429,796</u>	<u>1,625,515</u>
Expenses				
Interest on loan payable	4,000	-	4,000	4,000
Administrative activities	22,042	-	22,042	9,758
Micro finance operations	408,420	-	408,420	60,000
Foreign currency exchange loss	<u>34,784</u>	<u>601,571</u>	<u>636,355</u>	<u>257,411</u>
	<u>469,246</u>	<u>601,571</u>	<u>1,070,817</u>	<u>331,169</u>
Excess of revenues over expenses	\$ 712,237	\$ 1,646,742	\$ 2,358,979	\$ 1,294,346

(see accompanying notes)

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
 (Incorporated under the laws of Canada)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
 (with comparative figures for the year ended June 30, 2011)

	<u>2012</u>	<u>2011</u>
Operating activities		
Excess (deficiency) of revenues over expenses		
Restricted	\$ 1,646,742	\$ 1,288,138
Unrestricted	<u>712,237</u>	<u>6,208</u>
	2,358,979	1,294,346
Items not affecting cash		
Exchange loss on loans receivable	<u>659,490</u>	<u>113,395</u>
	2,018,469	1,407,741
Change in non-cash working capital items		
Increase in accounts receivable	(74,240)	(12,347)
Increase in due to Opportunity International Canada	14,075	15,426
Increase (decrease) in accounts payable and accrued liabilities	<u>2,500</u>	<u>(4,000)</u>
	2,960,804	1,406,820
Financing activities		
Advance of loans receivable	(995,668)	(781,863)
Repayment of loans receivable	200,000	
Conversion of loan receivable to long term investment	<u>60,668</u>	<u>-</u>
	<u>(735,000)</u>	<u>(192,883)</u>
Investing activities		
Conversion of loan receivable to long term investment	(60,668)	-
Purchase of long term investment	<u>(1,988,400)</u>	<u>(192,883)</u>
	<u>(2,049,068)</u>	<u>(192,883)</u>
Change in cash position	176,736	432,074
Cash, beginning of year	<u>2,731,021</u>	<u>2,298,947</u>
Cash, end of year	<u>\$ 2,907,757</u>	<u>\$ 2,731,021</u>

(see accompanying notes)

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. Purpose of the Foundation

Opportunity International Canada Foundation ("the Foundation") is a not-for-profit organization and is motivated by the call of Jesus to serve the poor through the development and advocacy of microfinance and financial literacy programs that provide small business loans, savings, insurance and training to people working their way out of poverty in the developing world.

The Foundation was incorporated under the Canada Corporations Act by letters patent on August 8, 2007 as a corporation without share capital. By Supplementary Letters Patent dated November 3, 2010, the Foundation officially changed its name to Opportunity International Canada Foundation.

The Foundation is registered as a Public Foundation under Section 149.1(1) of the Income Tax Act (Canada) effective January 4, 2008, and as such, is exempt from Canadian Income Taxes and is able to issue donation receipts for income tax purposes under registration number 84431 0151 RR0001. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The Foundation, along with the other affiliated partner organizations of Opportunity, are members of the Opportunity International Network ("the Network"). The Network was established to coordinate a common strategy among all partners, to develop an accreditation process for participating members and to manage standardization and quality throughout the Network member organizations. The Network operates a service organization that provides training, consulting, and other services to member organizations.

2. Changes in accounting policies

Future accounting changes

The CICA has issued a new accounting framework applicable to not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations will have to choose between International Financial Reporting Standards ("IFRS") and Accounting Standards for Not-for-Profit Organizations, whichever suits them best. The Foundation has not determined which framework will be adopted and has not determined the impact of the transition will have on these financial statements.

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

3. Significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting principles and include certain estimates based on management's judgments. These estimates affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

In the opinion of management, the financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Restricted fund accounting

The financial statements of the Foundation are maintained in accordance with the restricted fund method of accounting. All financial statement transactions have been recorded in two funds: Restricted and Unrestricted. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The Unrestricted Fund accounts for the Foundation's general fundraising, granting and administrative activities. This fund reports unrestricted resources available for immediate purposes.

The Restricted Fund reports resources that are to be used for specific purposes as specified by the donor. Donors may specify the identity of the particular geographical area of interest and or the particular bank to be supported or invested in.

b) Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund in the year received.

Unrestricted contributions are recognized as revenue of the unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue of the unrestricted fund when earned.

c) Cash and short term investments

Cash and short term investments consist of cash on deposit and term investments with maturities of less than one year at the date of purchase.

d) Long term investments

The long term investments where the Foundation does not control or significantly influence the investees are classified as available-for-sale investments. Unrealized gains and losses, including foreign exchange differences, are recorded as direct increases or decreases to fund balances and disclosed in the statement of changes in fund balances.

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

3. Significant accounting policies (continued)

e) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and adjustments are made to income in the year in which they become known. Accounts specifically affected by estimates in these financial statements are the allowance for doubtful accounts and the fair value of loans receivable. Actual results may vary from these estimates.

f) Volunteer services

The efforts of volunteer workers are not reflected in the accompanying financial statements, as no objective basis is available to measure the value of these services. However, a number of volunteers have donated significant amounts of their time to the Foundation.

g) Foreign currency

Financial instruments held in currencies other than the Canadian dollar are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences are recorded in the statement of operations as they arise, with the exception of exchange differences on the long term investment in Implementing Member as noted above. Revenues and expenses denominated in foreign currencies are translated at the exchange rate prevailing at the transaction date.

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

4. Loans receivable - current

The loans receivable from various Implementing Members of the Network include:

	2012	2011
Opportunity International Bank of Malawi (OIBM):		
1. Unsecured loan receivable denominated in Malawi Kwachas, 2-year term with no principal payments, interest at a rate of 7% calculated in Malawi Kwachas, and paid quarterly in USD on the 1 st day of January, April, July and October of each year. The balance is due in March 2012, repayable in USD, with an option to convert the loan into common equity in OIBM at any time upon written notice to the board of OIBM by the Foundation. If shares of OIBM are issued to the Foundation, the loan shall be deemed to be fully paid and OIBM shall have no further obligation to repay the principal of the loan. This loan has been extended with no set repayment term and is due on demand. During the year, the Foundation converted a portion of this loan into shares of OIBM (see note 6).	\$ 480,544	\$ 915,454
2. Unsecured loan receivable denominated in Malawi Kwachas, 2-year term with no principal payments, interest at a rate of 7% calculated in Malawi Kwachas, and paid quarterly in USD on the 1 st day of January, April, July and October of each year. The balance is due in March 2013, repayable in USD, with an option to convert the loan into common equity in OIBM at any time upon written notice to the board of OIBM by the Foundation. If shares of OIBM are issued to the Foundation, the loan shall be deemed to be fully paid and OIBM shall have no further obligation to repay the principal of the loan.	222,601	-
Opportunity International Savings and Loans, Inc (OISL):		
1. Unsecured loan receivable denominated in Ghana Cedis, 2-year term with no principal payments, interest at a rate of 5% calculated in Ghana Cedis and paid quarterly in USD on the 1 st day of January, April, July and October of each year. The balance is due in February 2013, repayable in USD, with an option to convert the loan into common equity in OISL at any time upon written notice to the board of OISL by the Foundation. If shares of OISL are issued to the Foundation, the loan shall be deemed to be fully paid and OISL shall have no further obligation to repay the principal of the loan.	148,190	-
	<u>\$ 851,335</u>	<u>\$ 915,454</u>

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

5. Loans receivable – long term

The loans receivable from various Implementing Members of the Network include:

	<u>2012</u>	<u>2011</u>
Opportunity International Latin America (OILA):		
1. Unsecured loan receivable denominated in USD and due March 2011, interest at a rate of 5% calculated in USD, and paid quarterly in USD on the 1 st day of January, April, July and October of each year. The loan was repaid during the year.	- \$ 195,296	
Opportunity International Bank of Malawi (OIBM):		
1. Unsecured loans receivable - see note 4.	- 376,527	
Opportunity International Savings and Loans, Inc (OISL):		
1. Unsecured loan receivable - see note 4	- 181,509	
2. Unsecured loan receivable denominated in Ghana Cedis, 2-year term with no principal payments, interest at a rate of 5% calculated in Ghana Cedis and paid quarterly in USD on the 1 st day of January, April, July and October of each year. The balance is due in September 2013, repayable in USD, with an option to convert the loan into common equity in OISL at any time upon written notice to the board of OISL by the Foundation. If shares of OISL are issued to the Foundation, the loan shall be deemed to be fully paid and OISL shall have no further obligation to repay the principal of the loan.	\$ 423,101	-
Banco Opportunidade Mocambique (BOM):		
1. Unsecured loan receivable denominated in Mozambique Meticals, 3-year term with no principal payments, interest at a rate of 5% calculated in Mozambique Meticals, and paid quarterly in USD on the 1 st day of January, April, July and October of each year. The balance is due in August 2014, repayable in USD, with an option to convert the loan into common equity in BOM at any time upon written notice to the board of OIBM by the Foundation. If shares of BOM are issued to the Foundation, the loan shall be deemed to be fully paid and BOM shall have no further obligation to repay the principal of the loan. (see note 11).	277,959	-
Urwego Opportunity International Bank, S.A. (UOB):		
1. Unsecured loan receivable denominated in Rwanda Francs, 5-year term with no principal payments, interest at a rate of 5% calculated in Rwandan Francs, and paid quarterly in USD on the 1 st day of January, April, July and October of each year. The balance is due in October 2016, repayable in USD, with an option to convert the loan into common equity in UOB at any time upon written notice to the board of UOB by the Foundation. If shares of UOB are issued to the Foundation, the loan shall be deemed to be fully paid and OIBM shall have no further obligation to repay the principal of the loan.	191,901	-
	<u>\$ 892,961</u>	<u>\$ 753,332</u>

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

6. Long term investments

	2012	2011
Opportunity Bank Uganda Limited (OBUL):		
In 2011, the Foundation purchased 937,683 shares in OBUL, an Implementing Member of the Network. At the time of purchase, these shares were valued at 200 Ugandan Shillings per share.	\$ 197,668	\$ 188,346
Opportunity International Colombia S.A. Compañía de Financiamiento (OI Colombia):		
During the year, the Foundation purchased 354,040,000 shares in OI Colombia, an Implementing Member of the Network. At the time of purchase, these shares were valued at 10 Colombia Pesos per share.	2,008,577	-
Opportunity International Bank of Malawi (OIBM):		
During the year, the Foundation converted a portion of the Loan Receivable (see note 4) and received 16,135 shares in OIBM, an Implementing Member of the Network. At the time of purchase, these shares were valued at 1,000 Malawi Kwacha per share.	60,668	-
	<u>\$ 2,266,913</u>	<u>\$ 188,346</u>

The investments in Opportunity Bank Uganda Limited, Opportunity International Colombia S.A. Compañía de Financiamiento and Opportunity International Bank of Malawi are carried at cost as there is no active market for these shares.

7. Due to Opportunity International Canada

Opportunity International Canada, a Canadian not for profit organization designated as a registered charity under the Income Tax Act of Canada, which has its own Board of Directors, exercises significant influence over the Foundation by virtue of its ability to appoint a minority of the Foundation's board of directors and through other member voting rights.

Opportunity International Canada has a similar charitable purpose to the Foundation. Opportunity International Canada provides certain services to the Foundation and pays certain expenses on behalf of the Foundation. The Foundation reimburses Opportunity International Canada for all direct costs and certain other general and administration costs associated with the services provided and expenses paid in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties. As at June 30, 2012, the Foundation has a balance payable to Opportunity International Canada of \$36,530 (2011 - \$22,455), including reimbursements owing for direct costs and \$3,600 of general and administration costs charged by Opportunity International Canada to the Foundation during the 2012 fiscal year.

In May 2012, Opportunity International Canada made a donation to the Foundation in the amount of \$2,248,312 (2011 - \$1,341,274) for the purpose of investing in capital for the Rural Financing Program in Africa. The Rural Financing Program is being undertaken by the Foundation and Opportunity International Canada in association with Opportunity International US and Opportunity Transformation Investments. Through this project, Opportunity International will extend a full range of financial services to the rural areas, including the collection of savings from and provision of comprehensive and crop-specific agriculture loans to smallholder farmers. These funds plus the funds received in 2010 and

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. Due to Opportunity International Canada (continued)

2011 were used to provide loans and/or long term investment to Opportunity's Implementing Members, as described in note 4, 5 and 6 above

During the year, the Foundation provided a donation to Opportunity International Canada in the amount of \$408,420 (2011 - \$ 60,000) derived from donations received and the interest income earned on its loans receivable.

8. Loan payable

The loan payable is owing to DUCA Financial Services Credit Union Ltd. as follows:

	<u>2012</u>	<u>2011</u>
DUCA Financial Services Credit Union Ltd.	\$ 100,000	\$ 100,000

The loan payable has a 5-year term with no principal payments and interest of 4% paid annually at the anniversary date of the loan. The balance is due in April 2014, with an option to extend the loan at DUCA Financial Services Credit Union Ltd's discretion. During the year interest in the amount of \$4,000 (2012 - \$4,000) was paid on the loan during the fiscal year-end.

9. Related Party Transactions

During the year, a donation in the amount of \$1,025,115 was received from a private foundation controlled by the CEO of Opportunity International Canada Foundation.

10. Financial instruments

All financial instruments are initially recorded at fair value or amortized cost, depending on the classification selected for the financial instrument. Financial assets are classified as either "held-for-trading", "held-to-maturity", "available-for-sale" or "loans and receivables" and financial liabilities are classified as either "held-for-trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with change in fair value recorded in the statement of operations. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. Available-for-sale financial assets that have a quoted price in an active market are measured at fair value with change in fair value recorded in fund balances. Such gains or losses are reclassified to the statement of operations when the related financial asset is disposed of or when the decline in value is considered to be other-than-temporary.

The Foundation has classified its financial instruments as follows:

- Cash and cash equivalents are classified as held-for-trading
- Accounts receivable and loans receivable are classified as loans and receivables
- Long term investment is classified as available-for-sale
- Accounts payable and accrued liabilities, amounts due to Opportunity International Canada and loans payable are classified as other liabilities

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

10. Financial instruments (continued)

It is management's opinion that the Foundation is exposed to the following risks in respect of certain financial instruments held.

Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates. The loans receivable from Implementing Members are subject to interest rate risk as the interest rate associated with this loan is fixed while market interest rates can fluctuate. The Foundation does not manage its exposure to this interest rate risk due to the short-term nature of the loan receivable.

Currency risk

It is management's opinion the Foundation is exposed to foreign exchange risks arising from foreign currency denominated financial instruments due to normal fluctuations in the prevailing exchange rate. These financial instruments include cash and cash equivalents of CDN \$ 2,896,101 (US\$ 2,825,989), loans receivable (see notes 4 and 5), long term investments (see note 6), and accounts receivable calculated in foreign currency and payable in USD of US\$ 95,878 (CDN\$ 98,257) detailed as follows:

<u>Implementing Member</u>	<u>Local Currency Denomination</u>	<u>Local Currency Amount</u>	<u>Accounts Receivable US\$</u>	<u>Accounts Receivable CDN\$</u>
OIBM	Malawi Kwachas	17,465,494	US\$ 64,098	CDN\$ 65,689
OISL	Ghana Cedis	42,490	21,846	22,388
BOM	Mozambique Meticals	236,579	8,448	8,658
Other			<u>1,486</u>	<u>1,522</u>
Total			<u>US\$ 95,878</u>	<u>CDN\$ 98,257</u>

The Foundation does not engage in hedging activities or use financial instruments to reduce its risk exposure.

Credit risk

It is management's opinion that the Foundation is exposed to credit risk arising from the loans to Implementing Members, as detailed in notes 4 and 5, due to the inherent higher degree of risk prevalent in lending to a foreign bank in a third world country whose business consists primarily in providing micro loans and savings products to the economic poor.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. It is management's opinion the Foundation is exposed market risk with respect to the shares held in Opportunity Bank Uganda Limited, Opportunity International Colombia S.A. Compañía de Financiamiento and Opportunity International Bank of Malawi and the loans receivable. There is uncertainty associated with the valuation of the shares due to the lack of a commercial market for these shares. Management believes the cost amounts of the loans receivable (as disclosed in notes 4 and 5) approximate their fair market value and the interest rate on the loans is the market interest rate. The Foundation does not manage the market risk as it has invested in these shares and loans for the purpose of furthering the Opportunity International mission of providing micro loans and savings products to the economic poor.

OPPORTUNITY INTERNATIONAL CANADA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

10. Financial instruments (continued)

Liquidity risk

It is management's opinion the Foundation is exposed to liquidity risk with respect to the shares held in Opportunity Bank Uganda Limited, Opportunity International Colombia S.A. Compañía de Financiamiento and Opportunity International Bank of Malawi and the loans receivable. There is uncertainty associated with the commercial market for these shares and loans which may restrict the ability of the Foundation to sell the shares and/or loans. The Foundation does not manage the market risk as it has invested in these shares and loans for the purpose of furthering the Opportunity International mission of providing micro loans and savings products to the economic poor.

11. Capital management

The Foundation's capital consists of its unrestricted net assets and restricted net assets. The Foundation's primary objective of capital management is to ensure it has sufficient resources to continue to provide funding for its microfinance implementing partners. The Foundation is not subject to any externally imposed capital requirements.

Responsibility for the ongoing monitoring of the Foundation's capital management rests with the Senior Leadership of the Foundation while the Board of Directors is responsible for the review and approval of the annual budget and financial statements.

12. Subsequent event

Subsequent to the year end, the Board of the Foundation approved the conversion of the Loan receivable in BOM (see note 5) into 205 shares of Banco Opportunidade Mocambique. These shares have a value of 32,500 Mozambique Meticals per share.

13. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year's earnings.