

SHARED INTEREST, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

**SHARED INTEREST, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Shared Interest, Inc.
New York, New York 10001

We have audited the accompanying financial statements of Shared Interest, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shared Interest, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Floral Park, New York
April 13, 2015

Wagner, Ferber, Fine & Ackerman PLLC

SHARED INTEREST, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December, 31	
	2014	2013
Assets		
Cash and cash equivalents	\$ 628,151	\$ 732,581
Investments at fair value	16,654,107	15,971,106
Accrued interest receivable	150,746	145,183
Contributions and grant income receivable	394,764	557,549
Other receivables	220,817	226,802
Prepaid expenses	101,051	87,248
Property and equipment, net	9,157	13,471
Other assets	<u>8,993</u>	<u>8,993</u>
Total assets	<u>\$ 18,167,786</u>	<u>\$ 17,742,933</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 78,523	\$ 71,727
Accrued interest payable to note holders	61,178	61,112
Promissory notes payable	15,371,913	15,156,579
Loan payable	<u>50,000</u>	<u>50,000</u>
Total liabilities	<u>15,561,614</u>	<u>15,339,418</u>
Commitments and contingencies		
Net Assets		
Unrestricted	582,341	516,312
Unrestricted Board Designated Guarantee Loss Reserve	1,637,868	1,418,297
Temporarily restricted	<u>385,963</u>	<u>468,906</u>
Total net assets	<u>2,606,172</u>	<u>2,403,515</u>
Total liabilities and net assets	<u>\$ 18,167,786</u>	<u>\$ 17,742,933</u>

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 625,349	\$ 203,142	\$ 828,491
Special events revenue, net of direct benefit of \$113,331	376,044	-	376,044
In-kind contributions	67,521	-	67,521
Interest and dividend income	42,005	-	42,005
Miscellaneous income	2,445	-	2,445
Net assets released from restrictions	<u>286,085</u>	<u>(286,085)</u>	<u>-</u>
Sub-total	1,399,449	(82,943)	1,316,506
Net realized gain (loss) on investments	17,281	-	17,281
Net unrealized gain (loss) on investments	<u>18,677</u>	<u>-</u>	<u>18,677</u>
Total support and revenue	<u>1,435,407</u>	<u>(82,943)</u>	<u>1,352,464</u>
Expenses			
Program services			
Grant to TIGF and others	238,344	-	238,344
Other program services	624,538	-	624,538
Fundraising	227,846	-	227,846
General and administrative expenses	<u>59,079</u>	<u>-</u>	<u>59,079</u>
Total expenses	<u>1,149,807</u>	<u>-</u>	<u>1,149,807</u>
Change in net assets	285,600	(82,943)	202,657
Net assets - beginning	<u>1,934,609</u>	<u>468,906</u>	<u>2,403,515</u>
Net assets - ending	<u>\$ 2,220,209</u>	<u>\$ 385,963</u>	<u>\$ 2,606,172</u>

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 854,703	\$ 76,509	\$ 931,212
Special events revenue, net of direct benefit of \$49,700	155,251	32,992	188,243
In-kind contributions	61,405	-	61,405
Interest and dividend income	32,574	-	32,574
Miscellaneous income	2,270	-	2,270
Net assets released from restrictions	<u>208,517</u>	<u>(208,517)</u>	<u>-</u>
Sub-total	1,314,720	(99,016)	1,215,704
Net realized gain (loss) on investments	432	-	432
Net unrealized gain (loss) on investments	<u>(278,445)</u>	<u>-</u>	<u>(278,445)</u>
Total support and revenue	<u>1,036,707</u>	<u>(99,016)</u>	<u>937,691</u>
Expenses			
Program services			
Grant to TIGF and others	204,683	-	204,683
Other program services	572,534	-	572,534
Fundraising	235,162	-	235,162
General and administrative expenses	<u>61,926</u>	<u>-</u>	<u>61,926</u>
Total expenses	<u>1,074,305</u>	<u>-</u>	<u>1,074,305</u>
Change in net assets	(37,598)	(99,016)	(136,614)
Net assets - beginning	<u>1,972,207</u>	<u>567,922</u>	<u>2,540,129</u>
Net assets - ending	<u>\$ 1,934,609</u>	<u>\$ 468,906</u>	<u>\$ 2,403,515</u>

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salary, payroll taxes and employee benefits	\$ 314,214	\$ 47,578	\$ 35,932	\$ 397,724
Rent and utilities	40,300	6,102	4,608	51,010
Telephone, facsimile and postage	18,478	2,798	2,113	23,389
Office expenses and insurance	5,488	831	628	6,947
Equipment rental and repairs	6,694	1,014	765	8,473
Professional fees	128,913	12,345	1,050	142,308
Audit services	6,500	-	6,500	13,000
Public relations	21,520	10,600	-	32,120
Special event expense	8,636	252,947	-	261,583
Printing and publications	15,724	3,931	-	19,655
Bank service charges and management fees	21,413	-	6,987	28,400
Board expenses	7,707	-	-	7,707
Travel expenses	15,094	-	-	15,094
Dues and subscriptions	9,532	2,382	-	11,914
Grant payment to TIGF	238,344	-	-	238,344
Miscellaneous	197	24	24	245
Depreciation	4,128	625	472	5,225
	<u>862,882</u>	<u>341,177</u>	<u>59,079</u>	<u>1,263,138</u>
Less: direct donor benefit	<u>-</u>	<u>(113,331)</u>	<u>-</u>	<u>(113,331)</u>
	<u>\$ 862,882</u>	<u>\$ 227,846</u>	<u>\$ 59,079</u>	<u>\$ 1,149,807</u>

See independent auditors' report on and accompanying notes to financial statements.

SHARED INTEREST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salary, payroll taxes and employee benefits	\$ 344,351	\$ 84,509	\$ 40,566	\$ 469,426
Rent and utilities	40,276	9,885	4,744	54,905
Telephone, facsimile and postage	17,027	4,179	2,006	23,212
Office expenses and insurance	3,666	900	432	4,998
Equipment rental and repairs	3,130	768	369	4,267
Professional fees	68,604	-	1,650	70,254
Audit services	6,000	-	6,000	12,000
Public relations	18,491	9,108	-	27,599
Special event expense	-	167,699	-	167,699
Printing and publications	17,115	4,279	-	21,394
Bank service charges and management fees	20,700	-	5,560	26,260
Board expenses	11,296	-	-	11,296
Travel expenses	7,513	-	-	7,513
Dues and subscriptions	9,359	2,340	-	11,699
Grant payment to TIGF	204,683	-	-	204,683
Miscellaneous	384	48	48	480
Depreciation	<u>4,622</u>	<u>1,147</u>	<u>551</u>	<u>6,320</u>
	777,217	284,862	61,926	1,124,005
Less: direct donor benefit	<u>-</u>	<u>(49,700)</u>	<u>-</u>	<u>(49,700)</u>
	<u>\$ 777,217</u>	<u>\$ 235,162</u>	<u>\$ 61,926</u>	<u>\$ 1,074,305</u>

See independent auditors' report on and accompanying notes to financial statements.

**SHARED INTEREST, INC.
STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2014	2013
Cash Flows from Operating Activities		
Change in net assets	\$ 202,657	\$ (136,614)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,225	6,320
Net unrealized (gain) loss on investments	(18,677)	278,445
Loss on disposition of fixed assets	-	210
(Gain) loss on sale of investments	(17,281)	(642)
Changes in operating assets and liabilities		
Promissory notes payable	215,334	775,561
Interest receivable	(5,563)	(47,231)
Contributions and grant income receivable	162,785	126,407
Prepaid expenses	(13,803)	(33,239)
Other receivables	5,985	(20,475)
Other assets	-	-
Accounts payable and accrued expenses	6,796	(230,392)
Accrued interest payable to note holders	<u>66</u>	<u>3,393</u>
Net cash provided by operating activities	<u>543,524</u>	<u>721,743</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	414,679	6,400,652
Purchase of investments	(1,061,722)	(8,264,792)
Acquisition of equipment	<u>(911)</u>	<u>(2,571)</u>
Net cash used in investing activities	<u>(647,954)</u>	<u>(1,866,711)</u>
Net increase (decrease) in cash and cash equivalents	(104,430)	(1,144,968)
Cash and cash equivalents - beginning	<u>732,581</u>	<u>1,877,549</u>
Cash and cash equivalents - ending	<u><u>\$ 628,151</u></u>	<u><u>\$ 732,581</u></u>
Supplemental Disclosures of Cash Flow Information		
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u><u>\$ 243,444</u></u>	<u><u>\$ 227,039</u></u>

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS

Shared Interest, Inc. ("Shared Interest" or the "Organization") is a not-for-profit entity supported by individuals and institutions committed to helping to strengthen the financial and community organizations needed to shape South Africa's equitable and democratic development.

Along with Research and Applications for Alternative Financing for Development ("RAFAD"), a non-controlled entity, the Organization became a co-founding member of the Thembari International Guarantee Fund ("TIGF") in South Africa in 1996. The mission of the Organization is, through the use of funds provided by outside investors, to partially collateralize guarantees made through TIGF for South African bank loans to community development financial institutions engaged in South Africa's reconstruction process. Since inception, the Organization has had the authority to appoint members to the Board of TIGF. However, the Organization has no direct control over the operations of TIGF, nor does TIGF have any authority to make commitments on behalf of the Organization. The respective financial positions and changes in net assets of RAFAD and TIGF are not included in the accompanying financial statements.

The Organization receives amounts from individual and institutional investors that serve as collateral for loans, facilitated by TIGF, and made in South Africa, that are guaranteed by the Organization. The Organization invests amounts received in high-quality, socially screened debt securities and deposits in U.S. financial institutions, and it acknowledges through the issuance of promissory notes the obligation to return these funds to the investors at a future date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements have been prepared in conformity with accounting policies generally accepted in the United States of America, which involves the application of the accrual method of accounting; accordingly, the financial statements reflect all material receivables, payables and other liabilities.

Basis of Presentation

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, "Revenue Recognition", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Presentation *(Continued)*

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The financial statement presentation is in conformity with FASB ASC 958, "Not-for-Profit Entities" which requires the Organization to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- 1) Unrestricted net assets include assets, revenues, and gains that are available for support of the Organization's general operations.
- 2) Temporarily restricted net assets include contributions that are donor restricted for uses which have not yet been fulfilled whether by the passage of time or by purpose. When a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has \$385,963 and \$468,906 in temporarily restricted net assets at December 31, 2014 and 2013, respectively.
- 3) Permanently restricted net assets represent endowments which are subject to restrictions requiring that the principal be invested in perpetuity and only the income be used for specified or general purposes. The Organization does not have any permanently restricted net assets at December 31, 2014 and 2013.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at banks and other short-term highly liquid investments with original maturities of three months or less.

Investments

Investments in marketable securities are classified and accounted for as available-for-sale and accordingly, carried at fair value based on market quotes, with unrealized and realized gains and/or losses included in earnings along with charges for impairments that are other than temporary. All other investments are carried at fair value based on management's estimate.

Contributions and Grant Income Receivable

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period.

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of unconditional promises to give. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. At December 31, 2014 and 2013, no allowance for uncollectible unconditional promises to give was deemed necessary.

Contributions and grant income receivable from various sources are as follows:

	<u>2014</u>	<u>2013</u>
In less than one year	\$ 261,400	\$ 355,635
After one year	<u>133,364</u>	<u>201,914</u>
	<u>\$ 394,764</u>	<u>\$ 557,549</u>

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and Equipment, Net

Property and equipment, consisting of computer equipment and leasehold improvements, are stated at cost. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation and amortization is provided on a straight-line basis over the estimated useful lives over five years of the assets.

Impairment of Long-Lived Assets

In accordance with FASB ASC 360, long-lived assets, including property and equipment and intangible assets subject to amortization, if any, are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future undiscounted cash flows. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Contributions

Contributions are recorded as income upon receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Individual and institutional investors are encouraged to donate a portion of their investment income to the Organization to help cover the transaction costs of its guarantees and maintain its operations. For the year ended December 31, 2014, investment income attributable to promissory agreements amounted to \$268,514 of which \$25,095 was contributed by the investors to the Organization. The latter amount is included in Contribution Revenue of \$828,491.

In-kind Contributions

In-kind contributions consist of donated services and are recognized as contributions in accordance with FASB ASC 958 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by the people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intermediary Transactions

Interest earned on investments is returned to investors who loaned funds to the Organization, and accordingly, is not reflected as earnings of Shared Interest. These investors may donate all or a portion of their investment income to the Organization and such income is reflected as contribution revenue in the accompanying financial statements.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c) (3). The organization is also exempt from state and local income taxes. Accordingly, no provision for income taxes is made in the financial statements.

The Organization has concluded that there are no uncertain tax positions requiring recognition in the financial statements. If the Organization was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Organization's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state, and local authorities may examine the Organization's tax returns for three years from the date of filing; consequently, the respective tax returns for years prior to 2011 are no longer subject to examination by tax authorities

Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in ratios determined by management.

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, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsequent Events

The Organization has evaluated subsequent events through April 13, 2015, the date on which the financial statements are available to be issued, and has determined that there were no material events.

NOTE 3 - GUARANTEE LOSS RESERVE FUND

The Guarantee Loss Reserve Fund was created by the Board of Shared Interest out of its unrestricted net assets for the purpose of maintaining funds to cover potential defaults by borrowers on loans guaranteed by TIGF.

TIGF maintains a reserve fund for the same purpose. In the event that a TIGF guarantee is called, the loss incurred by TIGF is covered by allocations from both Shared Interest's and TIGF's reserve funds.

In the event that a loss on a loan guarantee exceeds Shared Interest's and TIGF's risk coverage provisions, including the additional loss provisions described in Note 4, that loss may be drawn from the Shared Interest unrestricted net assets and/or lenders' outstanding principal.

Recognizing that the guarantees carry considerable risk of non-repayment, Shared Interest and TIGF have refined their system for assessing and monitoring outstanding guarantees and providing for potential losses. TIGF monitors its outstanding guarantees and reports to Shared Interest on the risk of each outstanding guarantee on a quarterly basis. Shared Interest's policy is to maintain a guarantee loss reserve fund equal to at least 5% of the outstanding guarantees it backs (see Note 12) with its securities on behalf of TIGF and to increase that amount if needed on a quarterly basis to cover the level of risk that TIGF reports.

The Organization invests a considerable portion of its Guarantee Loss Reserve Fund into rand based investments to minimize the risk of currency fluctuation on rand denominated calls.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 - ADDITIONAL LOSS PROVISIONS

Shared Interest is able to provide loss coverage beyond the guarantee loss reserve fund. A total of \$3,000,000 is available to cover losses on a subordinated basis, that is, before the principal of other non-subordinated loans may be reduced to cover calls on Shared Interest guarantees.

The subordinated amount is a facility of \$3,000,000 (expiring in 2018) extended by the Overseas Private Investment Corporation. Shared Interest can partially or fully activate the facility, with OPIC's approval, to cover calls on its letters of credit should these calls exceed the amount in Shared Interest's loss reserve and other subordinated debt provisions. To date, no Shared Interest investor has lost interest or principal as the result of a loan to the Organization.

NOTE 5 - INVESTMENTS

Investment assets held by the Organization are stated at quoted market value. Shared Interest's investment policy requires that investments for the Guarantee or Loan Loss Reserve Funds be fixed income securities or deposits that are investment quality and meet requirements of the bank issuing letters of credit. The Organization interprets investment quality to include bonds rated BBB and stocks rated B+ by Moody's and Standard and Poor's. In 2014, no investments were defaulted upon. Gains and losses from these investments, if any, are reported in the statement of activities. Since the investments are held to maturity, any change in value is of a temporary nature. For the year ended December 31, 2014 and 2013 net unrealized gain(loss) on investment totaled \$18,677 and \$(278,445). At December 31, 2014 and 2013 investments consist of the following:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents held in brokerage accounts	\$ 1,444,103	\$ 1,802,834
U.S. government and agency obligations	1,485,225	3,375,808
U.S. Government Agency Mutual Fund	865,480	810,686
Corporate bonds	10,159,665	7,378,448
South African Sovereign bonds	2,669,370	2,499,943
Listed equities	<u>30,264</u>	<u>103,387</u>
	<u>\$ 16,654,107</u>	<u>\$ 15,971,106</u>

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 6 - PROPERTY AND EQUIPMENT

Major classes of property and equipment for years ended December 31, are as follows:

	<u>2014</u>	<u>2013</u>
Computer and office equipment	\$ 54,149	\$ 53,238
Leasehold improvements	<u>7,000</u>	<u>7,000</u>
	61,149	60,238
Less: accumulated depreciation and amortization	<u>51,992</u>	<u>46,767</u>
	<u><u>\$ 9,157</u></u>	<u><u>\$ 13,471</u></u>

Related depreciation and amortization expense for the years ended December 31, 2014 and 2013 was \$5,225 and \$6,320, respectively.

NOTE 7 - PROMISSORY NOTES

Promissory notes issued mature as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 3,270,000
2016	2,209,913
2017	3,083,000
2018	4,020,000
2019	1,364,000
Thereafter	<u>1,425,000</u>
	<u><u>\$ 15,371,913</u></u>

The promissory notes are stated at their face amounts. All of the notes used to back guarantees carry a provision evidencing the fact that the underlying principal of their promissory note may be used to satisfy the guarantee of a failed loan in South Africa.

Interest is paid semi-annually in arrears on March 31 and September 30 of each year. The rate of interest paid to note holders is set at the date a note is issued

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 7 - PROMISSORY NOTES *(Continued)*

and in accordance with prevailing rates for U.S. Treasury Notes. Currently, rates on outstanding notes range from 0% to 5%. As discussed in Note 2, investors are encouraged to donate a portion of their investment earnings to the Organization.

NOTE 8 - INTEREST AND DIVIDEND INCOME

Interest and dividend income for the years ended December 31, 2014 and 2013 totaled \$42,005 and \$32,574, respectively. This represents interest and dividends earned on all of the Organization's investments except for those supported by promissory notes. The income earned on the investments supported by promissory notes that is donated back to the Organization is included in contribution income.

NOTE 9 - RELATED PARTIES

The Organization paid grants of \$238,344 and \$204,683 to TIGF, for the years ended December 31, 2014 and 2013, respectively.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At December 31, 2014, the Organization had cash deposits with four banks and one brokerage firm that were in excess of federally insured amounts by approximately \$536,032. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to cash.

NOTE 11 - FAIR VALUE MEASUREMENTS

The Organization accounts for marketable securities in accordance with FASB ASC 820, "Fair Value Measurements and Disclosures". FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable quoted prices in active markets for identical assets or

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NOTE 11 - FAIR VALUE MEASUREMENTS *(Continued)*

liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents by level, within the fair value hierarchy the Company investment assets at fair value, as of December 31, 2014 and 2013. As required by FASB ASC 820, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

<u>Description</u>	<u>12/31/14</u>	Quoted Prices		
		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Bonds, Municipal Bonds, Mutual Funds and Listed Equities	<u>\$ 15,210,004</u>	<u>\$ 14,843,231</u>	<u>\$ 366,773</u>	<u>\$ -</u>
	<u>12/31/13</u>			
Corporate Bonds, Municipal Bonds, Mutual Funds and Listed Equities	<u>\$ 14,168,272</u>	<u>\$ 13,482,217</u>	<u>\$ 686,055</u>	<u>\$ -</u>

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NOTE 11 - COMMITMENTS AND CONTINGENCIES

At December 31, 2014 and 2013, the outstanding Shared Interest guarantees issued through TIGF amounted to \$721,796 and \$1,225,281, respectively. There were additional guarantees approved but not issued at December 31, 2014 of \$2,875,872 and \$2,233,783 at December 31, 2013.

The Organization is obligated under a lease for its office space expiring July 31, 2018 which provides for minimum lease payments as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2015	\$ 47,636
2016	49,066
2017	50,538
2018	<u>29,990</u>
	<u><u>\$ 177,230</u></u>

Rent expense for the year ending December 31, 2014 and 2013 totaled \$47,029 and \$51,192 respectively.