UNITUS

Consolidated Financial Statements with
Independent Auditors' Report

December 31, 2009

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Certified Public
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Independent Auditors' Report

Board of Directors
Unitus
Seattle, Washington

We have audited the accompanying consolidated statement of financial position of Unitus, Unitus Investment Management, Unitus Investment Group, and Unitus Advisors Private Ltd. (collectively "Unitus") as of December 31, 2009, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of Unitus' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Unitus' December 31, 2008, consolidated financial statements and, in our report dated May 13, 2009, we expressed a qualified opinion on those consolidated financial statements.

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 consolidated 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.

As more fully described in Note 1, Unitus has two additional subsidiary organizations which are not included in these financial statements. In our opinion, the two additional subsidiaries should be consolidated with Unitus to conform to accounting principles generally accepted in the United States of America. If this consolidation had been done, assets would be increased by $11,224,450 December 31, 2009; revenues would be increased by $6,140,440 and expenses would be increased by $122,781, resulting in $6,017,659 surplus of revenue over expenses for the year ended December 31, 2009. Unitus has prepared and published fully consolidated financial statements in addition to these statements that include all six entities.

In our opinion, except for the effects of not consolidating the additional two subsidiaries described in the previous paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unitus as of December 31, 2009, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements of Unitus taken as a whole. The supplementary information on page 17 is presented for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Clark Nuber P S

Certified Public Accountants
April 1, 2010

UNITUS

Consolidated Statement of Financial Position
December 31, 2009
(With Comparative Totals for December 31, 2008)

	2009	2008
Assets		
Cash and cash equivalents	$ 3,715,508	$ 3,040,361
Short-term investments (Note 7)		1,000,000
Accounts receivable	44,193	61,781
Pledges receivable, current (Notes 4 and 10)	1,556,831	1,695,687
Grants receivable, current (Note 5)	1,031,157	220,282
Related party receivable (Note 10)	49,320	1,027,779
Other receivables		24,352
Prepaid expenses	132,487	134,765
Guarantee fees receivable (Note 14)	47,003	81,925
Total Current Assets	**6,576,499**	**7,286,932**
Pledges receivable, noncurrent (Notes 4 and 10)	1,596,600	2,810,774
Grants receivable, noncurrent (Note 5)	221,123	170,282
Property and equipment (Note 6)	260,243	361,887
Long-term investments (Note 7)	10,722,529	10,750,185
Total Assets	**$ 19,376,994**	**$ 21,380,060**
Liabilities and Net Assets		
Accounts payable	$ 98,368	$ 117,595
Accrued expenses	530,289	337,187
Guarantee liability (Note 14)	102,457	127,125
Grants payable	892,126	969,556
Refundable advances, current (Note 5)	3,000,000	3,000,000
Notes payable, current (Notes 9 and 10)	2,500,000	2,000,000
Total Current Liabilities	**7,123,240**	**6,551,463**
Refundable advances, noncurrent (Note 5)	750,000	3,750,000
Notes payable, noncurrent (Notes 9 and 10)		1,000,000
Contingent liability (Note 14)	180,000	
Total Liabilities	**8,053,240**	**11,301,463**
Commitments and Contingencies (Notes 11, 13, and 14)		
Net Assets:		
Unrestricted	5,994,372	3,793,938
Temporarily restricted (Note 16)	5,329,382	6,284,659
Total Net Assets	**11,323,754**	**10,078,597**
Total Liabilities and Net Assets	**$ 19,376,994**	**$ 21,380,060**

See accompanying notes to financial statements.

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Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)

	Unrestricted	*Temporarily Restricted*	*2009 Total*	*2008 Total*
Support and Revenue:				
Contributions and grants	$ 4,215,281	$ 2,206,704	$ 6,421,985	$ 6,535,386
In-kind contributions (Note 15)	783,800		783,800	765,517
Investment income (Note 7)	1,137,671		1,137,671	205,192
Other earned income (Note 2)	948,574		948,574	826,865
	7,085,326	2,206,704	9,292,030	8,332,960
Net assets released from restriction	3,161,981	(3,161,981)		
Total Support and Revenue	**10,247,307**	**(955,277)**	**9,292,030**	**8,332,960**
Expenses:				
Program expenses	6,014,384		6,014,384	7,028,854
Supporting services:				
Management and general	1,175,262		1,175,262	1,418,627
Fundraising	857,227		857,227	949,581
Total supporting services	2,032,489		2,032,489	2,368,208
Total Expenses	**8,046,873**		**8,046,873**	**9,397,062**
Change in Net Assets	**2,200,434**	**(955,277)**	**1,245,157**	**(1,064,102)**
Net Assets:				
Beginning of year	3,793,938	6,284,659	10,078,597	11,142,699
End of Year	**$ 5,994,372**	**$ 5,329,382**	**$ 11,323,754**	**$ 10,078,597**

See accompanying notes to financial statements.

UNITUS

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)

	2009	*2008*
Cash Flows from Operating Activities:		
Change in net assets	$ 1,245,157	$ (1,064,102)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Non-cash items included in change in net assets		
Depreciation	144,972	160,062
Realized (gain) loss on investments	(4,273)	14,679
Unrealized gain on investments	(1,081,169)	(16,485)
Gain on sale of fixed assets		(1,430)
Changes in assets and liabilities:		
Accounts receivable	17,588	(26,293)
Pledges receivable	1,353,030	1,399,598
Grants receivable	(861,716)	(67,573)
Related party receivable	978,459	434,460
Other receivables	24,352	(761,016)
Prepaid expenses	2,278	223,416
Accounts payable	(19,227)	(58,931)
Accrued expenses	193,102	(232,501)
Refundable advances	(3,000,000)	6,750,000
Guarantees	10,254	(30,923)
Grants payable	(77,430)	196,157
Contingent liability	180,000	
Net Cash (Used in) Provided by Operating Activities	**(894,623)**	**6,919,118**
Cash Flows from Investing Activities:		
Purchase of investments	(15,462,209)	(18,585,559)
Proceeds from sale of investments	17,583,438	12,010,662
Capital contribution to Unitus Equity Fund	(8,131)	(35,122)
Purchase of equipment	(47,103)	(392,529)
Proceeds from sale of fixed assets	3,775	4,428
Net Cash Provided by (Used in) Investing Activities	**2,069,770**	**(6,998,120)**
Cash Flows from Financing Activities:		
Payments on notes payable	(500,000)	
Proceeds from notes payable		750,000
Net Cash (Used in) Provided by Financing Activities	**(500,000)**	**750,000**
Net Change in Cash	**675,147**	**670,998**
Cash, beginning of year	3,040,361	2,369,363
Cash, End of Year	**$ 3,715,508**	**$ 3,040,361**
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 76,820	$ 88,316

See accompanying notes to financial statements.

Note 1 - Description of the Organization and Operations

Principles of Consolidation - The consolidated financial statements of Unitus include the accounts of Unitus, Unitus Investment Management (UIM), Unitus Investment Group (UIG) and Unitus Advisors Private Limited (UAPL), and are collectively referred to as “Unitus.” All inter-company transactions have been eliminated.

Unitus, an international nonprofit organization, fights global poverty by accelerating the growth of microfinance—small loans and other financial tools for self-empowerment—where it is needed most. As of December 2009, Unitus has helped its partners serve more than ten million families throughout India and Southeast Asia, East Africa, Mexico, and South America (unaudited).

In December 2004, Unitus formed a private nonprofit corporation, MFI Investments. In October 2005, the name of MFI Investments was changed to Unitus Investment Management (UIM). UIM is organized as a supporting organization as described in the IRS Code Sections 501(c)(3) and 509(a)(3). UIM is wholly controlled by Unitus.

In 2006, UIM organized The Unitus Equity Fund, L.P. (UEF), a Cayman Islands exempted limited partnership and is its General Partner. Mauritius Unitus Corporation (MUC), a Republic of Mauritius corporation is a wholly owned subsidiary of Unitus Equity Fund. MUC was formed in order to engage in investment opportunities in India.

UEF’s primary objective is to further charitable purposes by investing in MFIs that provide loans or other financial services to individuals who are financially impoverished as a result of low income and lack of financial resources. The secondary purpose of UEF is to provide capital appreciation by investing in MFIs located throughout the developing world.

UEF’s General Partner (UIM) has a 1% capital interest, while the Limited Partners of UEF have a 99% interest. The limited partners are not personally liable for any obligations of UEF and have no obligation to make contributions to UEF in excess of their respective capital commitments. The General Partner has complete and exclusive discretion in the management and control of the affairs and business of UEF and its investments.

Under current generally accepted accounting principles (GAAP), UEF and MUC would be required to be consolidated with UIM in order to be presented in conformity with GAAP due to the control that UIM exercises over UEF. Management believes, however, that including UEF and MUC may be confusing to readers of the financial statements since UIM has only a 1% capital interest. Thus, management has elected to not include the financial results of UEF and MUC in these financial statements. However, Unitus has prepared and published fully consolidated financial statements in addition to these statements that include all six entities.

In March 2007, Unitus purchased 100% ownership of Unitus Advisors Private Limited (UAPL), a for-profit corporation located in Bangalore, India (Note 3).

In 2008, the Unitus board members formed UIG to hold and manage program related investments for Unitus. Unitus owns 75% of UIG. UIG held all voting common shares of Unitus Capital Founders in 2008 (UCF). In December 2009, UCF purchased back all its outstanding common shares from UIG.

Note 1 - Continued

Partners (Unaudited)

As of December 31, 2009, Unitus was working with 23 high-potential microfinance institutions (MFIs) to accelerate the growth of microfinance.

In addition, Unitus worked in partnership with several other organizations on two separate initiatives in 2009: the Ultra Poor Initiative (UPI) and the Social Performance Management Implementation Project (SPM IP). Unitus worked with six partners as part of the two-year Ultra Poor Initiative, launched in partnership with the Sorenson Legacy Foundation to develop pilot programs aimed at reaching “ultra poor” populations. In fall 2009, Unitus also launched the Social Performance Management Implementation Project (SPM IP) and partnered with Ujjivan in November 2009. Unitus will partner with additional organizations in 2010 as part of this initiative.

MFI Partners	Country	Partnership Date
Grama Vidiyal Micro Finance (ASA-GV)	India	April 2005
Adhikar	India	April 2007
Angkor Microfinance Kampuchea (AMK)	Cambodia	May 2008
Bandhan Financial Services	India	April 2005
Bharatha Swamukti Samsthe (BSS)	India	December 2004
Equitas Micro Finance	India	November 2007
Fondo de Inversion Social (FIS)	Argentina	February 2006
Grameen Koota (GK)	India	April 2005
Grupo Crediexpress S.A. de C.V. (Credex)	Mexico	December 2006
Institute of Integrated Resource Management (IIRM)	India	April 2007
Instituto Finsol SA – Brazil (Finsol Brazil)	Brazil	November 2007
Jamii Bora Trust (JBT)	Kenya	July 2004
Lifebank Foundation	Philippines	November 2006
Mimoza Enterprises Finance (Mimo)	India	January 2008
Pt. Mitra Bisnis Keluarga Ventura (MBK Ventura)	Indonesia	December 2006
MokshaYug Access (MYA)	India	August 2007
Pro Mujer Mexico (PMM)	Mexico	March 2002
Samhita Community Development Services (Samhita)	India	January 2008
Swadhaar FinAccess (Swadhaar)	India	May 2006
Swayam Krishi Sangam (SKS)	India	March 2003
Tujijenge Tanzania	Tanzania	October 2008
Ujjivan Financial Services	India	May 2006
Yehu Microfinance Trust	Kenya	March 2009

Ultra Poor Initiative (UPI) Partners	Country
AMK Special Interest Group Unit (SIGU)	Cambodia
Equitas Development Initiatives Trust (EDIT)	India
Kriti Social Initiatives	India
NEEDS	India
Partners in Prosperity Society (PnP)	India
SKS NGO	India

Note 1 - Continued

SPM Partners	**Country**
Ujjivan	India

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The accompanying consolidated financial statements of Unitus have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, except for the consolidation of two additional entities as discussed in Note 1.

Basis of Presentation - Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets that are not subject to donor-imposed stipulations are reported as unrestricted net assets. Net assets subject to donor-imposed stipulations that may or will be met either by actions of Unitus or the passage of time are reported as temporarily restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Earned Income - Other earned income on the Consolidated Statement of Activities consists of revenue recognized upon expirations of guarantee liabilities (Note 14), management fee income earned under the agreement with UEF (Note 10) and other miscellaneous earned revenues.

Use of Estimates - In preparing Unitus' financial statements, management is required to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Unitus considers all highly liquid investments with original maturities of three months or less to be cash equivalents, except for those included in Unitus's investment portfolio.

Concentration of Credit Risk - Unitus invests its cash and cash equivalents with financial institutions in which the balance at each institution usually exceeds federally insured deposit limits. Management has not experienced any losses on these balances to date. Management performs an ongoing evaluation of the financial institutions to limit its concentration of credit risk exposure.

Receivables - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables.

Note 2 - Continued

Investments - Investments in readily marketable securities are valued at fair value based on published quotations. Other investments, which are not readily marketable, are carried at lower of cost or fair value as estimated by Unitus. All gains and losses on investments are reported in the Consolidated Statement of Activities and Changes in Net Assets as increases or decreases to unrestricted net assets since the earnings from these investments are not restricted to any specific use other than to fulfill the general objectives of Unitus.

Property and Equipment - Equipment is recorded at cost, if purchased and at estimated fair value at the date of contribution, if donated. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which generally ranges from three to five years. Unitus capitalizes expenditures greater than $1,000 that materially increase the asset lives. The cost of ordinary maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Consolidated Statement of Activities and Changes in Net Assets.

Contributions - Unrestricted contributions are recorded as contributions and revenue when an unconditional promise to give has been made. Unconditional pledges receivable are recognized at the estimated present value of future cash flows using a risk-adjusted discount rate. Conditional contributions are recognized as revenue when management assesses the likelihood of not meeting the condition is remote. Cash received from conditional contributions is recorded as refundable advances until conditions are met.

Grants Payable - Grants payable, which include unconditional promises to give, are recognized as expenses in the period given. Conditional grants payable are recognized as an expense when management assesses the likelihood of the grantee not meeting the condition is remote.

Donated Services and Materials - A substantial number of volunteers, including members of the Board of Directors, have donated significant amounts of time to Unitus. The value of this contributed time does not meet the criteria for recognition under current accounting standards and, accordingly, is not reflected in the accompanying consolidated financial statements. However, certain professional services have been donated to Unitus and meet the criteria for recognition and are recorded in the accompanying consolidated financial statements. Contributions of materials, supplies, and use of facilities have also been recorded based on market values at the time of contribution.

Functional Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Unitus records expenses either directly to respective programs or allocates expenses based on direct salary costs or other appropriate activity for each program.

Note 2 - Continued

Federal Income Tax - The IRS has determined that Unitus is exempt from federal income taxes under Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code. UIM is exempt from federal income taxes under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code. UAPL is a for profit corporation, subject to taxation in India. UIG is a for-profit limited liability company, subject to taxation in the US.

Comparative Totals - The financial information includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Unitus' consolidated financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Subsequent Events - Unitus has evaluated subsequent events through April 1, 2010, the date on which the consolidated financial statements were available to be issued.

Reclassifications - Certain reclassifications have been made to the 2008 consolidated financial statements to conform to the 2009 presentation. Such reclassifications had no effect on the change in net assets previously reported.

Note 3 - Foreign Operations

Unitus owns 100% of the shares of UAPL, a for-profit corporation based in Bangalore, India. UAPL was established in 2005 to be the operating partner of Unitus in Bangalore. Unitus also has an office in Nairobi, Kenya, which operates to support the office in the United States.

Operations outside the United States are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

Note 4 - Pledges Receivable

Included in pledges receivable are the following unconditional promises to give at December 31:

	2009	*2008*
Amounts due in:		
Less than one year	$ 1,556,831	$ 1,695,687
One to five years	1,765,001	3,128,017
Total Gross Pledges Receivable	**3,321,832**	**4,823,704**
Less: Unamortized discount to present value (0.2% - 6.0%)	(82,341)	(177,748)
Less: Allowance for uncollectible pledges	(86,060)	(139,495)
Net Pledges Receivable	**$ 3,153,431**	**$ 4,506,461**

Note 5 - Grants Receivable

Included in grants receivable are the following unconditional grants at December 31:

	2009	2008
Amounts due in:		
Less than one year	$ 1,031,157	$ 220,282
One to five years	221,565	170,282
Total Gross Grants Receivable	**1,252,722**	**390,564**
Less: Unamortized discount to present value (0.2% - 0.3%)	(442)	
Net Grants Receivable	**$ 1,252,280**	**$ 390,564**

In 2008, Unitus was awarded a conditional multi-year grant of $647,174 from a foundation for work with a specified partner. The project has achieved its milestones to date and management is very confident of its success. The remaining grant receivable of $170,828 and $340,564, as of December 31, 2009 and 2008, respectively, is expected to be collected in full during 2010, and is included in grants payable balances above.

In 2008, Unitus was awarded a $9,000,000 multi-year grant with conditions from a foundation. The full amount of the grant was received in 2008 and a portion of it was recognized as grant revenue upon receipt. The unrecognized portion is accounted for as a refundable advance, totaling $3,750,000 and $6,750,000 at December 31, 2009 and 2008, respectively, and is expected to be recognized in 2010 and 2011 as management assesses that conditions in place will be met.

Note 6 - Property and Equipment

Property and equipment at December 31 consist of the following:

	2009	2008
Furniture and equipment	$ 598,505	$ 561,918
Leasehold improvements	86,429	81,859
Total Property and Equipment	**684,934**	**643,777**
Less: Accumulated depreciation	(424,691)	(281,890)
Net Property and Equipment	**$ 260,243**	**$ 361,887**

Note 7 - Investments

Investments consisted of the following at December 31:

	2009	2008
Investments reported at fair value:		
Money market funds	$ 2,528,722	$ -
Certificates of deposit	3,533,936	1,597,484
US government securities	2,502,020	9,022,327
Total investments reported at fair value	8,564,678	10,619,811
Investments reported using equity method:		
Investment in The Unitus Equity Fund, L.P.	1,170,124	142,647
Investment in The Dignity Fund, L.P.	987,727	987,727
Total investments reported using equity method	2,157,851	1,130,374
Total Investments	10,722,529	11,750,185
Less short-term investments		(1,000,000)
Long-term Investments	**$ 10,722,529**	**$ 10,750,185**

The Unitus Equity Fund, L.P. - The Unitus Equity Fund, L.P. was organized by Unitus Investment Management with the primary and secondary objectives to further charitable purposes by investing in microfinance institutions and to provide capital appreciation to investors, respectively. UIM is the general partner and owns a $145,690 (cost basis) investment in UEF. As of December 31, 2009, this investment represents 1.00% ownership and is accounted for using the equity method.

The Dignity Fund, L.P. - The Dignity Fund, L.P. is an investment vehicle for private investors that provides debt financing to a select group of microfinance institutions serving the entrepreneurial poor. Unitus owns a $1,000,000 (cost basis) investment in the Class B interest of The Dignity Fund. As of December 31, 2009, this investment represents 15.76% ownership and is accounted for using the equity method.

Investment return for the years ended December 31 was as follows:

	2009	2008
Dividends and interest	$ 52,229	$ 203,386
Realized and unrealized gains and losses, net	1,085,442	1,806
Total Return on Investments	**$ 1,137,671**	**$ 205,192**

Note 8 - Fair Value Measurements

Valuation Techniques - Generally accepted accounting principles (GAAP) provide a consistent model for determining fair value measures for financial assets and liabilities. GAAP identifies three levels of inputs that are available for measuring fair value. Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Fair Values Measured on a Recurring Basis - Fair values of assets and liabilities measured on a recurring basis at December 31, 2009 and 2008, were as follows:

	Fair Value Measurements at December 31, 2009			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	*Significant Other Observable Inputs (Level 2)*	*Significant Unobservable Inputs (Level 3)*	*Total*
Money market funds	$ 2,528,722	$ -	$ -	$ 2,528,722
Certificates of deposit	3,533,936			3,533,936
US government securities		2,502,020		2,502,020
Fair Value Measurements at December 31, 2009	**$ 6,062,658**	**$ 2,502,020**	**$ -**	**$ 8,564,678**
Fair Value Measurements at December 31, 2008	**$ 1,597,484**	**$ 9,022,327**	**$ -**	**$ 10,619,811**

Note 9 - Notes Payable

In January 2008, Unitus entered into a promissory note agreement with a foundation for $1,000,000. The principal amount was due in one installment in January 2009. Subsequent to December 31, 2008, a new loan agreement was signed with the foundation to extend the due date of the $1,000,000 loan to January 31, 2010. The note is unsecured and there is no interest due on the principal. However, an in-kind contribution and in-kind interest have been imputed for this note at 1% (Note 15).

In May 2006, Unitus entered into an agreement with a foundation controlled by a board member for an unsecured term loan of $500,000, with interest of 4.5% due on May 1 of each year, to be used to support loan guarantees for Unitus partners. The loan matured May 1, 2009, and was renewed with interest of 3.0% until May 1, 2010.

In April 2007, the Calvert Foundation (Calvert) provided Unitus with a $1,000,000 loan to support program activity. Unitus may draw as necessary and use the proceeds to provide debt facilities to its partners. The balance outstanding at December 31, 2009 and 2008, was $1,000,000. The interest rate on the loan is at 4.5% for the first 365 days and is then set by Calvert at a rate not higher than the two-year Treasury note rate. The loan is due in April 2010.

In December 2007, Calvert provided Unitus with a $250,000 loan to support program activity. The interest rate on the loan is at 5.5% for the first 365 days and is then set by Calvert at a rate not higher than the two-year Treasury note rate. The loan was paid off during 2009.

In January 2008, Calvert provided Unitus with a $250,000 loan to support program activity. The interest rate on the loan is at 5.5% for the first 365 days and is then set by Calvert at a rate not higher than the two-year Treasury note rate. The loan was paid off during 2009.

Principal payments on notes payable of $2,500,000 as of December 31, 2009, are due in 2010.

Note 10 - Related Party Transactions

Contributions and Pledges - As of December 31, 2009 and 2008, the consolidated financial statements include $2,750,000 and $3,750,000 of pledges receivable, respectively, for contributions from a foundation controlled by a member of the Unitus board.

As of December 31, 2009, the consolidated financial statements include $105,461 of pledges receivable from a company founded by a member of the Unitus board.

As of December 31, 2009 and 2008, Unitus also has pledges receivable from other Unitus board members totaling $278,630 and $290,000.

Note Payable - In 2006, Unitus entered into a $500,000 term loan with a foundation controlled by a Unitus board member (Note 9).

The Dignity Fund, L.P. - Two Unitus board members and the founding Chief Executive Officer of Unitus serve on the board of The Dignity Fund, L.P.

Note 10 - Continued

Unitus/UIM and UEF - UEF and UIM executed a management agreement on March 15, 2006. Per the management agreement, UIM provides UEF with management, administrative and operating services as outlined in the Limited Partnership agreement. The management fee is accrued at an annual rate equal to 2.5% of aggregate capital commitments from the initial closing (March 15, 2006) until the expiration of the commitment period. After that point, the management fee is equal to 2% of capital contributions. For the years ended December 31, 2009 and 2008, UIM recognized $585,375 and $585,375 of management fee income from UEF, respectively. At December 31, 2009 and 2008, related party receivables reflect amounts due from UEF for management fees and certain organizational and deal costs totaling $0 and $291,115, respectively.

In addition, at December 31, 2009 and 2008, UIM has a net capital investment of $1,170,124 and $142,647 in UEF, respectively (Notes 1 and 7).

Note 11 - Leases

Unitus has entered into lease agreements with third parties for office space and office equipment. Additionally, UAPL has entered into two lease agreements with third parties for office space in Bangalore, India.

Future minimum lease payments under all non-cancelable leases are as follows:

	Unitus	*UAPL*
For years ending December 31,		
2010	$ 352,453	$ 34,799
2011	363,674	
2012	374,895	
2013	142,096	
	$ 1,233,118	**$ 34,799**

Rental expense for 2009 and 2008 totaled $491,265 and $391,668, respectively.

Note 12 - Retirement Plan

Unitus has a 403(b) retirement plan for the exclusive benefit of its employees. Under the plan, Unitus will match up to 3% of the compensation of eligible employees and an additional 3% to those employees who have made salary reduction contributions to the plan. Participants may elect to make additional contributions in excess of the 3% within the limitations set forth in the plan. Unitus' expense for the years ended December 31, 2009 and 2008, was $119,697 and $147,579, respectively.

Note 13 - Concentrations

In 2009, Unitus received contributions of $3,115,000 from one foundation, which comprise 43% of total contribution revenues for the year. At December 31, 2009, 85% of the gross pledges receivable balance before present value discount was due from one donor, and 83% of the grant receivable balance was due from one foundation.

In 2008, Unitus received contributions of $2,250,000 and $1,000,000 from two foundations, which comprise 31% and 14%, respectively, of total contribution revenues for the year. At December 31, 2008, 79% of the gross pledges receivable balance before present value discount was due from one donor, and 87% of the grant receivable balance was due from one foundation.

Note 14 - Commitments and Contingencies

Adhikar - In May 2009, Unitus entered into an agreement with Adhikar to issue a standby letter of credit for $550,000 which expires in December 2010. The credit facility guarantees the amount borrowed from an Indian bank. In exchange for the guarantee, Unitus receives an annual fee.

IIRM - In December 2009, Unitus entered into an agreement with IIRM to issue a standby letter of credit for $463,400 which expires in January 2011. The credit facility guarantees the amount borrowed from an Indian bank. In exchange for the guarantee, Unitus receives an annual fee.

Due to financial difficulties of IIRM, Unitus has entered into an agreement commencing December 2009, in which they will advance IIRM funds to help keep the underlying loan current. IIRM is required to make payments to Unitus from December 2010 to December 2011 for repayment of the advance which will total $224,000. Unitus has a receivable of $66,624 and allowance on uncollectable accounts of $20,000 as of December 31, 2009. Unitus has recorded a contingent liability of $180,000.

Ajiwika - In April 2008, Unitus entered into an agreement with Ajiwika to issue a standby letter of credit through April 2010 guaranteeing borrowing up to $200,000. The credit facility guarantees the amount borrowed from an Indian bank. In exchange for the guarantee, Unitus receives an annual fee.

Mimo - In October 2008, Unitus entered into an agreement with Mimo to issue a standby letter of credit through April 2010 guaranteeing borrowing up to $1,000,000. The credit facility guarantees the amount borrowed from an Indian bank. In exchange for the guarantee, Unitus receives an annual fee.

In the event of default by a MFI partner, who has a guarantee described above, Unitus will be required to pay the outstanding balance. It is not possible to evaluate the potential liability, if any, due to any potential default at this time. However, Unitus closely monitors and works with these partners to reduce the risk of default.

Note 15 - In-Kind Contributions

Unitus received the following in-kind contributions for the years ended December 31:

	2009	*2008*
Interest (Note 9)	$ 10,935	$ 53,396
Special event goods and services	10,384	56,213
Professional services	689,980	646,318
Software and books	50,881	648
Stocks	21,620	
Other		8,942
	$ 783,800	**$ 765,517**

Professional services include legal and training for program, administration and fundraising activities.

Note 16 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31:

	2009	*2008*
MFI Efficiency Project – purpose restricted	$ 58,707	$ 302,898
MFI services – time and purpose restricted	2,200,302	1,699,501
Other pledges receivable – time restricted	3,070,373	4,282,260
	$ 5,329,382	**$ 6,284,659**

Note 17 - Subsequent Event

Subsequent to December 31, 2009, Unitus entered into an eight year agreement with the Overseas Private Investment Corporation (OPIC) and Citi to create a $15 million revolving loan and credit facility targeting early stage MFIs. Unitus is responsible for due diligence, selection of recipients including credit evaluation, and providing some capital. The default risk is shared between Unitus (33%) and OPIC (67%), and Unitus has first loss provision of $1.5 million.

SUPPLEMENTAL INFORMATION

UNITUS

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)

	Program Services	Management and General	Fundraising	2009 Total	2008 Total
Salaries, payroll taxes, and benefits	$ 1,957,584	$ 685,934	$ 605,500	$ 3,249,018	$ 4,344,284
Professional fees	1,064,250	268,143	54,171	1,386,564	1,036,953
Partner grants and support	600,099			600,099	1,183,385
Travel	523,995	37,684	49,820	611,499	939,850
Printing and reproduction	38,901	7,267	5,524	51,692	62,386
Occupancy	402,342	69,033	48,755	520,130	423,368
Telephone	132,021	20,676	21,802	174,499	251,702
Supplies and shipping	26,650	7,852	8,738	43,240	59,654
Other contractual expenses	366,667			366,667	
Other	640,146	50,438	44,251	734,835	565,865
Financial expense	149,270	9,696	4,692	163,658	369,553
	5,901,925	1,156,723	843,253	7,901,901	9,237,000
Depreciation	112,459	18,539	13,974	144,972	160,062
Total Expenses	**$ 6,014,384**	**$ 1,175,262**	**$ 857,227**	**$ 8,046,873**	**$ 9,397,062**

See auditors' report.