GRAMEEN RESEARCH, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

CONTENTS

NEWBURG & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grameen Research, Inc.
Woburn, Massachusetts

We have audited the accompanying statements of financial position of Grameen Research, Inc. (the “Organization”) as of December 31, 2011 and 2010 and the related statements of activities and changes in unrestricted net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Grameen Research, Inc. as of December 31, 2011 and 2010, and the changes in its unrestricted net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Newburg & Company LLP

Certified Public Accountants
March 16, 2012

TRUSTED FINANCIAL ADVISORS
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GRAMEEN RESEARCH, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS:		
Cash	**$ 8,863**	$ 14,605
Accounts receivable	**7,244**	2,500
Total current assets	**16,107**	17,105
PROPERTY AND EQUIPMENT:		
Office equipment	**63,285**	63,285
Accumulated depreciation	**(47,469)**	(34,812)
Total property and equipment, net	**15,816**	28,473
DUE FROM RELATED PARTY	**82,724**	77,944
TOTAL ASSETS	**$ 114,647**	$ 123,522

LIABILITIES AND DEFICIENCY IN UNRESTRICTED NET ASSETS

	2011	2010
CURRENT LIABILITIES:		
Accounts payable	**$ 38,269**	$ 33,498
Due to related parties	**1,151,535**	489,547
Total current liabilities	**1,189,804**	523,045
NOTE PAYABLE- RELATED PARTY	**1,100,000**	1,100,000
DEFICIENCY IN UNRESTRICTED NET ASSETS	**(2,175,157)**	(1,499,523)
TOTAL LIABILITIES AND DEFICIENCY IN UNRESTRICTED NET ASSETS	**$ 114,647**	$ 123,522

The accompanying notes are an integral part of these financial statements.

GRAMEEN RESEARCH, INC
STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
UNRESTRICTED SUPPORT	**$ 1,496,626**	$ 696,747
EXPENSES:		
Program expenses:		
Subcontracted services	**950,546**	170,978
Travel	**415,699**	129,522
Advertising	**93,740**	-
Video production costs	**48,424**	27,002
Meetings and events	**64,769**	37,575
Salaries and benefits	**8,302**	8,302
Total program expenses	**1,581,480**	373,379
Administrative expenses:		
Professional fees	**396,273**	132,448
Corporate overhead	**86,452**	84,734
Interest expense	**32,538**	13,068
Office expense	**41,737**	19,288
Telephone	**19,169**	17,676
Depreciation	**12,657**	12,657
Postage and delivery	**1,954**	4,785
Total administrative expenses	**590,780**	284,656
TOTAL EXPENSES	**2,172,260**	658,035
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	**(675,634)**	38,712
DEFICIENCY IN UNRESTRICTED NET ASSETS, beginning	**(1,499,523)**	(1,538,235)
DEFICIENCY IN UNRESTRICTED NET ASSETS, ending	**$ (2,175,157)**	$ (1,499,523)

The accompanying notes are an integral part of these financial statements.

GRAMEEN RESEARCH, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
OPERATING ACTIVITIES:		
Increase (decrease) in unrestricted net assets	**$ (675,634)**	$ 38,712
Adjustments to reconcile change in unrestricted net assets from operations to net cash provided by (used for) operating activities:		
Depreciation	**12,657**	12,657
Interest expense	**32,538**	13,068
(Increase) decrease in operating assets:		
Accounts receivable	**(4,744)**	(2,500)
Increase (decrease) in operating liabilities:		
Accounts payable	**4,771**	(57,893)
Net cash provided by (used for) operating activities	**(630,412)**	4,044
FINANCING ACTIVITIES:		
Advances to related party	**(4,780)**	-
Net advances (repayments) to related parties	**629,450**	(47,949)
Net cash provided by (used for) financing activities	**624,670**	(47,949)
NET DECREASE IN CASH	**(5,742)**	(43,905)
CASH, beginning	**14,605**	58,510
CASH, ending	**$ 8,863**	$ 14,605

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Cash paid during the year for:		
Interest accrual on notes payable, related parties	**$ 32,538**	$ 13,068

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF ACTIVITIES AND BASIS FOR PRESENTATION:

Nature of Activities:
Grameen Research, Inc. (the "Organization") is a not-for-profit corporation with a mission to undertake research, education, and training projects in the field of microfinance. The Organization's primary activities are to conduct research on the application of the "Grameen model", provide financial counseling and education to the poorest populations, and provide training to microfinance professionals who are applying the Grameen model. The Organization initially established a presence in the United States and has since, and continues, to expand to countries throughout the World.

Grameen Research, Inc. has been created to complement the various microfinance, healthcare, and education initiatives of the Grameen Trust in the United States and throughout the World. The Grameen Trust is an affiliate of the Grameen Bank of Bangladesh, which initiated the Grameen model of microfinance.

Basis of Accounting:
The financial statements of the Organization have been prepared on the accrual basis of accounting, in conformity with generally accepted accounting principles ("GAAP"). Under this method, revenue is recorded when earned and expenses when incurred.

Basis of Presentation:
In accordance with GAAP related to financial statements of not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, in accordance with the existence and/or nature of any donor imposed restrictions. As of December 31, 2011 and 2010 there were no temporary or permanently restricted net assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates:
The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. The estimates are based on the management's best knowledge of current events, historical experience, and various other factors that are believed to be reasonable under current condition. Therefore, actual results may differ from those estimates.

Accounts Receivable:
The Organization uses the allowance method to account for uncollectible accounts receivable. The allowance is an estimate based upon the review of the accounts in conjunction with the Organization's historical bad debt experience. Accordingly, the allowance does not include any adjustments for future economic fluctuations. The Organization has determined that an allowance was not necessary as of December 31, 2011 and 2010. It is the Organization's policy not to accrue interest on past due accounts receivable.

Revenue Recognition:
Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue Recognition (Continued):
The Organization reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Contributed Services:
As required by GAAP related to contributed services, the Organization reports contributed services that materially affect its financial statements. During the years ended December 31, 2011 and 2010, contributed services have not been considered material by management and have not been recorded. Contributed services primarily consist of consulting by the board of trustees.

Fair Value of Financial Instruments:
As required by GAAP related to fair value measurements, the Organization abides by the established fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1 measurements), then priority to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market (Level 2 measurements), then the lowest priority to unobservable inputs (Level 3 measurements).

The Organization's financial instruments consist of accounts receivable, accounts payable and long-term debt. The recorded values of accounts receivable and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable and long-term debt approximate their fair values, as interest approximates market rates.

Impairment of Long-Lived Assets:
GAAP related to impairment or disposal of long-lived assets requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. The Organization's policy is to evaluate long-lived assets used in operations, primarily fixed assets, when events and circumstances indicate that the carrying value of the assets might not be recoverable in accordance with GAAP.

Property and Equipment:
All property and equipment is recorded at cost. Major additions and improvements are capitalized while maintenance and repairs which do not improve or extend the useful lives of the respective assets are expensed in the year incurred. Depreciation is computed using the straight-line method over the assets' estimated useful lives, which are as follows:

	Estimated Useful Life
Office equipment	5 years

Advertising:
Advertising costs are expensed as incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes:
The Organization is a not-for-profit organization exempt from federal and state income taxes under Internal Revenue Code Section 501 (3) as determined by the Internal Revenue Service in its letter dated July 3, 2008. Management is not aware of any circumstances that would impair the original determination.

In the preparation of income tax returns, tax positions are taken based on interpretation of federal and state income tax laws for which the outcome is uncertain. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts ultimately due or owed. The benefits of tax positions are recorded in income tax expense in the financial statements, net of the estimates of ultimate amounts due or owed including any applicable interest and penalties. Changes in the estimated amounts due or owed may result from closing of the statute of limitations on tax returns, new legislation, clarification of existing legislation through government pronouncements, the courts and through the examination process. The Organization's policy is to report interest and penalties, if any, related to unrecognized tax benefits in income tax expense in the Statements of Revenues and expenses.

Management of the Organization believes that all tax positions taken on its federal and state income tax returns would more likely than not be sustained upon examination. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no income tax audits for any tax periods in progress. The Organization believes they are no longer subject to income tax examinations for years prior to 2008.

Subsequent Events:
Transactions subsequent to the year ended December 31, 2011 have been evaluated through March 16, 2012, the date the financial statements were available to be issued. No events were noted that could have a material impact on the financial statements.

Reclassification:
Certain amounts in the December 31, 2010 financial statements have been reclassified to conform to the December 31, 2011 financial statement presentation. These reclassifications had no effect on previously reported results of activities or unrestricted net assets.

NOTE 3 - RELATED PARTY TRANSACTIONS:

Note Payable, Related Party:
The Organization has a promissory note agreement with an affiliated entity. The balance of the note was due in January 2012 with interest on the principal outstanding balance at the simple annual rate of 4%, from December 2008 until such principal sum is paid with any accrued interest payable in full in arrears as of the maturity date. The maturity date of the note was extended during 2011 until January 2013. The outstanding balance due as of December 31, 2011 and 2010 was $1,100,000.

Due From Related Party:
The Organization has a note receivable with another not-for-profit organization who is an officer with the Organization. Amounts due from related party are unsecured, bear no interest, and have no fixed repayment terms.

NOTE 3 - RELATED PARTY TRANSACTIONS (CONTINUED):

Due To Related Parties:
Amounts due to related parties are unsecured, bear interest at 4% with payments made on the principal from time to time. The total amount of interest accrued at December 31, 2011 and 2010 was $32,538 and $13,068, respectively

NOTE 4 - CONCENTRATIONS:

The Organization is dependent on third-party donors for funding. The loss of certain principal donors or a significant reduction in the size of donations they contribute could have a material adverse effect on the Organization. The Organization believes that its relationships with its principal donors is satisfactory and does not anticipate any changes in the amount of funding. For the years ended December 31, 2011 and 2010, the Organization received $500,000 and $600,000 in donations from an officer.

NOTE 5 - FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various program activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated for the programs and supporting services benefited.

NOTE 6 - CONTINUING OPERATIONS:

As shown in the accompanying financial statements, the Organization had a decrease in unrestricted net assets of $675,634 for the year ended December 31, 2011 and a deficiency in unrestricted net assets of $2,175,157 as of December 31, 2011. The Organization's current liabilities exceeded current assets by $1,173,697 as of December 31, 2011. These factors raise doubt about the Organization's ability to continue operations. The Organization's president is presently funding the Organization's operations to ensure all cash requirements are met, and has agreed to continue funding the operations for the fiscal year 2012. Additionally, the related party who is due substantial funds from the Organization has agreed to not demand repayment during the upcoming fiscal year. The accompanying financial statements do not include any adjustments that might be necessary if the Organization is unable to continue operations.