

**THE MICRODREAMS FOUNDATION, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**THE MICRODREAMS FOUNDATION, INC.
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Table of Contents

	<u>Page</u>
Independent Accountant's Review Report	1 - 2
Financial Statements	
Statements of financial position	3
Statements of activities	4
Statements of changes in net assets	5
Statements of functional expenses	6
Statements of cash flows	7
Notes to financial statements	8 - 17
Supplementary Information	
Schedule I - functional revenues and expenses	18 - 19

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
The MicroDreams Foundation, Inc.

We have reviewed the accompanying financial statements of The MicroDreams Foundation, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Schedule I on pages 18 - 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.



CERTIFIED PUBLIC ACCOUNTANTS

Livingston, New Jersey
March 10, 2021

THE MICRODREAMS FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ 183,558	\$ 70,719
Certificate of deposit	10,024	10,021
Marketable securities	10,800	4,464
Contributions receivable	4,285	12,303
Loan interest and fees receivable	16,363	7,066
Microenterprise loans receivable, net	<u>1,363,219</u>	<u>1,239,124</u>
TOTAL ASSETS	<u>\$ 1,588,249</u>	<u>\$ 1,343,697</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Reserve for loan guarantees	\$ 30,706	\$ 17,900
Commitments and contingencies (Note 6)		
Net assets:		
Without donor restrictions	<u>1,557,543</u>	<u>1,325,797</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,588,249</u>	<u>\$ 1,343,697</u>

See independent accountant's review report and accompanying notes to financial statements.

THE MICRODREAMS FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenue and support:		
Contributions	\$ 291,621	\$ 219,973
Program operating revenue:		
Loan portfolio income	101,678	86,368
Guarantee fee income	5,016	16,401
Foreign currency transaction gain (loss)	386	(4,190)
Realized and unrealized gain (loss) on marketable securities	(48)	4,584
Other income	<u>5,391</u>	<u>192</u>
Total revenue and support	<u>404,044</u>	<u>323,328</u>
Expenses:		
Program services:		
Lending	71,980	48,517
Advisory	<u>62,956</u>	<u>57,891</u>
Total program services	<u>134,936</u>	<u>106,408</u>
Supporting services:		
Management and general	29,902	26,083
Fundraising	<u>7,460</u>	<u>6,936</u>
Total supporting services	<u>37,362</u>	<u>33,019</u>
Total expenses	<u>172,298</u>	<u>139,427</u>
INCREASE IN NET ASSETS	<u>\$ 231,746</u>	<u>\$ 183,901</u>

See independent accountant's review report and accompanying notes to financial statements.

**THE MICRODREAMS FOUNDATION, INC.
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Net assets without donor restrictions - January 1, 2019	\$ 1,141,896
Increase in net assets	<u>183,901</u>
Net assets without donor restrictions - December 31, 2019	1,325,797
Increase in net assets	<u>231,746</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - DECEMBER 31, 2020	<u>\$ 1,557,543</u>

See independent accountant's review report and accompanying notes to financial statements.

THE MICRODREAMS FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020					2019				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Lending	Advisory	Management and General	Fundraising	Total	Lending	Advisory	Management and General	Fundraising	Total
Professional fees and marketing	\$ -	\$ 5,326	\$ 16,000	\$ 500	\$ 21,826	\$ -	\$ 261	\$ 12,000	\$ -	\$ 12,261
Management and consulting fees	57,630	57,630	13,560	6,780	135,600	57,630	57,630	13,560	6,780	135,600
Office	-	-	342	-	342	-	-	348	-	348
Microenterprise loan loss provision	1,268	-	-	-	1,268	26,505	-	-	-	26,505
Increase (decrease) in loan guarantee reserve	12,806	-	-	-	12,806	(39,160)	-	-	-	(39,160)
Bad debts	246	-	-	-	246	3,377	-	-	-	3,377
Other	<u>30</u>	<u>-</u>	<u>-</u>	<u>180</u>	<u>210</u>	<u>165</u>	<u>-</u>	<u>175</u>	<u>156</u>	<u>496</u>
TOTAL	<u>\$ 71,980</u>	<u>\$ 62,956</u>	<u>\$ 29,902</u>	<u>\$ 7,460</u>	<u>\$ 172,298</u>	<u>\$ 48,517</u>	<u>\$ 57,891</u>	<u>\$ 26,083</u>	<u>\$ 6,936</u>	<u>\$ 139,427</u>

See independent accountant's review report and accompanying notes to financial statements.

THE MICRODREAMS FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 231,746	\$ 183,901
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Interest on certificate of deposit	(2)	(4)
Increase (decrease) in loan guarantee reserves	12,806	(39,160)
Provision for loan loss reserves and bad debts	1,538	29,882
Marketable securities donated	(6,384)	(31,566)
Realized and unrealized losses (gains) on marketable securities	48	(4,584)
Foreign currency transaction losses (gains)	(386)	4,190
Changes in assets and liabilities:		
Contributions receivable	8,016	52,702
Loan interest and fees receivable	(9,543)	5,704
Net cash provided by operating activities	237,839	201,065
Cash flows from investing activities:		
Principal collected on microenterprise loans	50,000	177,597
Issuance of microenterprise loans	(175,000)	(485,000)
Proceeds from sale of marketable securities	-	41,906
Net cash used in investing activities	(125,000)	(265,497)
Net increase (decrease) in cash	112,839	(64,432)
Cash - beginning	70,719	135,151
CASH - ENDING	\$ 183,558	\$ 70,719

See independent accountant's review report and accompanying notes to financial statements.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1. NATURE OF ORGANIZATION

The MicroDreams Foundation, Inc. (the "Organization") is a not-for-profit organization that provides new venture financing and advisory services to assist microenterprise development organizations in the world's poor and developing countries. Substantially all program operating income was earned from the related-party loans.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions - The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There were no donor restricted net assets in 2020 or 2019.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Significant Estimates

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to the allowance for microenterprise loans receivable and the reserve for loan guarantees. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

Certificate of Deposit

The Organization reflects its certificate of deposit in the accompanying statements of financial position at cost plus accrued interest which, because of the short duration of the certificate, approximates market value.

See independent accountant's review report.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under ASC 820, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Marketable Securities

Marketable securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the statements of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from dividends are recognized on the ex-dividend date.

See independent accountant's review report.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Microenterprise Loans Receivable

Microenterprise loans receivable are carried at their estimated collectible amounts. Interest income on loans is recognized using the interest method. Interest income on impaired loans is recognized as cash is collected or on a cost-recovery basis.

Provisions for losses on loans receivable are determined on the basis of loss experience, known and inherent risks in the loan portfolio, and current economic conditions.

Reserve for Loan Guarantees

Reserves for loan guarantees are determined on the basis of loss experience, known and inherent risks in the loans guaranteed, and current economic conditions.

Revenue Recognition

Under FASB Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, revenue is measured based on consideration specified in contracts and when it has reasonable assurance of payment.

Loan portfolio income

The Organization provides new venture financing and advisory services to assist microenterprise development organizations in the world's poor and developing countries. The Organization provides unsecured interest-bearing loans ranging from 6.5% to 9.5% with a maximum duration of four years to affiliates primarily located in the South Pacific Islands. Interest income on this loan portfolio is earned on the outstanding balances of microenterprise loans receivable.

Guarantee fee income

The Organization also guarantees loans for affiliates and charges a percentage of the maximum guaranteed loan balance during the year. The Organization is obligated to have capital available should the borrower default on the loan obligation. Loan guarantee income is earned ratably over the term of the guarantee period. During 2019 and through early 2020, the loan guarantee fee was charged at 3% of the guarantee amount. Effective May 4, 2020, the guarantee fee was reduced to 2% of the guarantee amount.

Contributions

Under FASB ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, the Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

There were no exchange transactions, conditional promises to give, or restricted contributions during either of the years ended December 31, 2020 and 2019.

See independent accountant's review report.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated by management between the programs and supporting services benefited. Expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Management fees	Time and effort
Consulting fees	Time and effort

Tax Exemption Status

The Organization qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from federal income taxes. The Organization is also exempt from state income taxes.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the Company's previously reported increase in net assets.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through March 10, 2021, the date on which these financial statements were available to be issued.

NOTE 3. UNCERTAINTY DUE TO COVID-19

During calendar year 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern." To date, the COVID-19 pandemic has not had a material impact on the Organization's operations as it shifted operations from its office to a virtual environment. The extent to which COVID-19 will impact the Organization's future business will depend on future developments and health advancements, which are highly uncertain and cannot be predicted with confidence.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following as of December 31, 2020 and 2019:

	2020	2019
Cash	\$ 183,558	\$ 70,719
Certificate of deposit	10,024	10,021
Marketable securities	10,800	4,464
Contributions receivable	4,285	12,303
Loan interest and fees receivable	16,363	7,066
Total financial assets available to meet cash needs for general expenditures within one year	\$ 225,030	\$ 104,573

As part of the Organization's liquidity management, it seeks to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 5. CONCENTRATIONS OF RISK

Routinely throughout the years ended December 31, 2020 and 2019, the Organization maintained certain bank accounts in excess of the limits that are insurable by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to such balances.

Contributions from the Organization's board members and their immediate family members accounted for 78% and 67% of the total contributions received for the years ended December 31, 2020 and 2019, respectively. Additionally, contributions from an unrelated party accounted for 14% and 23% of the total contributions received for the years ended December 31, 2020 and 2019, respectively.

Substantially all of the Organization's program activities are provided to affiliates in the developing countries of Samoa, the Kingdom of Tonga, Republic of Fiji, the Solomon Islands and Vanuatu. The Organization's program services are subject to various political, economic, and other risks and uncertainties inherent in the countries in which the Organization operates. Among other risks, the Organization's activities are subject to the risks and restrictions on transfer of funds, foreign exchange restrictions, political conditions, and governmental regulations.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6. FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables summarize the Organization's assets measured at fair value on a recurring basis, categorized by U.S. GAAP's valuation hierarchy, as of December 31, 2020 and 2019:

<u>Description</u>	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2020	Valuation Technique
Certificate of deposit	\$ -	\$ 10,024	\$ -	\$ 10,024	(a)
Common stocks	<u>10,800</u>	<u>-</u>	<u>-</u>	<u>10,800</u>	(a)
Total	<u>\$ 10,800</u>	<u>\$ 10,024</u>	<u>\$ -</u>	<u>\$ 20,824</u>	

<u>Description</u>	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2019	Valuation Technique
Certificate of deposit	\$ -	\$ 10,021	\$ -	\$ 10,021	(a)
Common stocks	<u>4,464</u>	<u>-</u>	<u>-</u>	<u>4,464</u>	(a)
Total	<u>\$ 4,464</u>	<u>\$ 10,021</u>	<u>\$ -</u>	<u>\$ 14,485</u>	

Common stocks are valued based on quoted market prices, when available, or market prices provided by recognized broker-dealers or fund managers. The certificate of deposit approximates fair value due to the short-term nature of the investment.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

See independent accountant's review report.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7. RESERVE FOR LOAN GUARANTEES

The Organization is contingently liable as the guarantor with respect to the indebtedness of several microenterprise institutions. The guarantee expires in December 2023. In certain instances of delinquencies or default as described in the guarantee agreement, the Organization would be obligated to perform under the guarantee by making the required payments. Based on information gathered as part of its monitoring of risks, the Organization recorded a reserve of \$30,706 and \$17,900, respectively, in 2020 and 2019 as an estimate of what it believes it will have to pay under the guarantee.

The following schedule summarizes the Organization's loan guarantees and related reserves at December 31, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Maximum</u>	<u>Reserve</u>	<u>Maximum</u>	<u>Reserve</u>
	<u>Exposure</u>	<u>Recorded</u>	<u>Exposure</u>	<u>Recorded</u>
SPBD Microfinance Holdings (Singapore) Pte. Ltd. ("SPBD - Singapore"), a Singaporean holding company that is a related entity, expiring December 2023	\$ 307,060	\$ 30,706	\$ -	\$ -
SPBD - Singapore, a Singaporean holding company that is a related entity, expiring April 2020	-	-	21,000	2,100
SPBD - Singapore, a Singaporean holding company that is a related entity, expiring April 2020	-	-	13,000	1,300
SPBD - Singapore, a Singaporean holding company that is a related entity, expiring April 2020	-	-	92,000	9,200
SPBD - Singapore, a Singaporean holding company that is a related entity, expiring April 2020	-	-	32,000	3,200
SPBD - Singapore, a Singaporean holding company that is a related entity, expiring April 2020	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>2,100</u>
	<u>\$ 307,060</u>	<u>\$ 30,706</u>	<u>\$ 179,000</u>	<u>\$ 17,900</u>

See independent accountant's review report.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8. RELATED-PARTY TRANSACTIONS

Microenterprise Loans Receivable

The Organization provides unsecured loans to several microenterprise organizations. Each of the entities has common ownership by an individual who is a board member of the Organization. Substantially all of the Organization's loan portfolio income is earned from related-party microenterprise loans.

The following schedule summarizes the Organization's microenterprise loans receivable in total due from each of its affiliates at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
SPBD - Tonga	\$ 515,131	\$ 339,768
SPBD - Fiji	60,000	60,000
SPBD - Solomon Islands	128,052	128,052
SPBD - Singapore	<u>840,000</u>	<u>890,000</u>
	1,543,183	1,417,820
Less: allowance for microenterprise loans receivable	<u>179,964</u>	<u>178,696</u>
Microenterprise loans receivable, net of allowance	<u>\$ 1,363,219</u>	<u>\$ 1,239,124</u>

The following schedules detail the microenterprise loans receivable due from each of its affiliates at December 31, 2020 and 2019:

SPBD - Tonga

The Organization has provided unsecured interest-bearing loans to SPBD - Tonga. SPBD - Tonga did not make any principal payments during the years ended December 31, 2020 and 2019. The following schedule summarizes the loans receivable from SPBD - Tonga at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Loan receivable with interest at 6.5% per annum, maturing in September 2022	\$ 150,000	\$ 150,000
Loan receivable with interest at 6.5% per annum, maturing in December 2023	75,000	75,000
Loan receivable with interest at 9.5% per annum, maturing in December 2023	57,714	57,532
Loan receivable with interest at 9.5% per annum, maturing in December 2023	57,417	57,236
Loan receivable with interest at 6.5% per annum, maturing in September 2023	125,000	-
Loan receivable with interest at 6.5% per annum, maturing in December 2024	<u>50,000</u>	<u>-</u>
	<u>\$ 515,131</u>	<u>\$ 339,768</u>

See independent accountant's review report.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8. RELATED-PARTY TRANSACTIONS (CONTINUED)

SPBD - Fiji

The Organization has provided unsecured interest-bearing loans to SPBD - Fiji. SPBD - Fiji did not make any principal payments during the year ended December 31, 2020. SPBD - Fiji repaid loans totaling \$63,700 during the year ended December 31, 2019. The following schedule summarizes the loans receivable from SPBD - Fiji at December 31, 2020 and 2019:

	2020	2019
Loan receivable with interest rate at 7.5% per annum, maturing in December 2022	\$ <u>60,000</u>	\$ <u>60,000</u>
	\$ <u><u>60,000</u></u>	\$ <u><u>60,000</u></u>

SPBD - Solomon Islands

The Organization has provided unsecured interest-bearing loans to SPBD - Solomon Islands. SPBD - Solomon Islands did not make any principal payments during the year ended December 31, 2020. SPBD - Solomon Islands repaid loans totaling \$62,855 during the year ended December 31, 2019. The following schedule summarizes the loans receivable from SPBD - Solomon Islands at December 31, 2020 and 2019:

	2020	2019
Loan receivable with interest at 8.5% per annum, maturing in September 2023	\$ <u>128,052</u>	\$ <u>128,052</u>
	\$ <u><u>128,052</u></u>	\$ <u><u>128,052</u></u>

See independent accountant's review report.

THE MICRODREAMS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8. RELATED-PARTY TRANSACTIONS (CONTINUED)

SPBD - Singapore

The Organization has provided unsecured interest-bearing loans to SPBD - Singapore. SPBD - Singapore repaid loans totaling \$50,000 during each of the years ended December 31, 2020 and 2019. The following schedule summarizes the loans receivable from SPBD - Singapore at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Loan receivable with interest at 6.5% per annum, maturing in June 2021	\$ 150,000	\$ 200,000
Loan receivable with interest at 6.5% per annum, maturing in September 2021	100,000	100,000
Loan receivable with interest at 6.5% per annum, maturing in September 2021	50,000	50,000
Loan receivable with interest at 6.5% per annum, maturing in June 2022	180,000	180,000
Loan receivable with interest at 6.5% per annum, maturing in June 2022	70,000	70,000
Loan receivable with interest at 6.5% per annum, maturing in June 2023	150,000	150,000
Loan receivable with interest at 6.5% per annum, maturing in December 2023	<u>140,000</u>	<u>140,000</u>
	<u>\$ 840,000</u>	<u>\$ 890,000</u>

Foreign currency transaction gains and losses

At December 31, 2020 and 2019, two loans from SPBD - Tonga are measured using the affiliate's local currency (Tonga Pa'Anga) as the functional currency. The loans receivable have been translated into United States dollars at the rates of exchange on the statements of financial position dates.

For the year ended December 31, 2020, foreign currency transaction gains were \$386. For the year ended December 31, 2019, foreign currency transaction losses were \$4,190. Foreign currency transaction gains and losses are included in the statement of activities.

Other

The Organization paid management fees to Transformative Ventures, LLC ("Transformative"), an affiliate that is owned by a board member, to perform certain administrative duties for the Organization. Additionally, Transformative provided consulting services to the Organization. Management and consulting fees paid to Transformative totaled \$135,600 for each of the years ended December 31, 2020 and 2019.

See independent accountant's review report.

SUPPLEMENTARY INFORMATION

THE MICRODREAMS FOUNDATION, INC.
SCHEDULE I - FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

I. Allocation of Revenues	Program Services		Supporting Services		Total
	Lending	Advisory	Management and General	Fundraising	
Contributions	\$ 247,878	\$ 43,743	\$ -	\$ -	\$ 291,621
Program operating revenue	52,298	17,433	29,889	7,460	107,080
Other income	330	5,000	13		5,343
TOTAL REVENUES	\$ 300,506	\$ 66,176	\$ 29,902	\$ 7,460	\$ 404,044
II. Allocation of Expenses					
Professional fees and marketing	\$ -	\$ 5,326	\$ 16,000	\$ 500	\$ 21,826
Management and consulting fees	57,630	57,630	13,560	6,780	135,600
Office	-	-	342	-	342
Microenterprise loan loss provision	1,268	-	-	-	1,268
Loan guarantee reserve increase	12,806	-	-	-	12,806
Other	276	-	-	180	456
TOTAL EXPENSES	\$ 71,980	\$ 62,956	\$ 29,902	\$ 7,460	\$ 172,298
III. Increase in Net Assets					\$ 231,746

IV. Analytics

	Source of Revenues			
	Contributions	Program		Total
		Operations	Other	
Program Services	\$ 129,936	\$ -	\$ 5,000	\$ 134,936
Supporting Services	-	37,362	-	37,362
Increase in Net Assets	161,685	69,718	343	231,746
	\$ 291,621	\$ 107,080	\$ 5,343	\$ 404,044

Use of Revenues

Key Highlights

- % of contributions spent on support services = 0%
- % of contributions used for program services and to increase net assets = 100%
- Increase in net assets = \$231,746

See independent accountant's review report.

THE MICRODREAMS FOUNDATION, INC.
SCHEDULE I - FUNCTIONAL REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

I. Allocation of Revenues	Program Services		Supporting Services		Total
	Lending	Advisory	Management and General	Fundraising	
Contributions	\$ 186,977	\$ 32,996	\$ -	\$ -	\$ 219,973
Program operating revenue	52,752	17,584	21,307	6,936	98,579
Other income	-	-	4,776	-	4,776
TOTAL REVENUES	\$ 239,729	\$ 50,580	\$ 26,083	\$ 6,936	\$ 323,328
II. Allocation of Expenses					
Professional fees and marketing	\$ -	\$ 261	\$ 12,000	\$ -	\$ 12,261
Management and consulting fees	57,630	57,630	13,560	6,780	135,600
Office	-	-	348	-	348
Microenterprise loan loss provision	26,505	-	-	-	26,505
Loan guarantee reserve reduction	(39,160)	-	-	-	(39,160)
Other	3,542	-	175	156	3,873
TOTAL EXPENSES	\$ 48,517	\$ 57,891	\$ 26,083	\$ 6,936	\$ 139,427
III. Increase in Net Assets					\$ 183,901

IV. Analytics

	Source of Revenues			
	Contributions	Program Operations		Total
		Other		
Program Services	\$ 106,408	\$ -	\$ -	\$ 106,408
Supporting Services	-	33,019	-	33,019
Increase in Net Assets	113,565	65,560	4,776	183,901
	\$ 219,973	\$ 98,579	\$ 4,776	\$ 323,328

Use of Revenues

Key Highlights

- % of contributions spent on support services = 0%
- % of contributions used for program services and to increase net assets = 100%
- Increase in net assets = \$183,901

See independent accountant's review report.