

Form **990**

Department of the Treasury  
Internal Revenue Service

# Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- ▶ Do not enter Social Security numbers on this form as it may be made public.
- ▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2015**

Open to Public Inspection

**A** For the 2015 calendar year, or tax year beginning 2015, and ending 20

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Tax-exempt  
 Amended return  
 Application pending

**C** Name of organization: ROOT CAPITAL, INC.  
 Doing Business As  
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
130 BISHOP ALLEN DRIVE 2ND FLOOR  
 City or town, state or province, country, and ZIP or foreign postal code  
CAMBRIDGE, MA 02139-3309

**D** Employer identification number: 04-3478123

**E** Telephone number: (617) 661-5792

**F** Name and address of principal officer: WILLIAM F. FOOTE  
130 BISHOP ALLEN DRIVE 2ND FLOOR CAMBRIDGE, MA 02139

**G** Gross receipts \$ 19,729,515.

**H(a)** Is this a group return for subordinates? Yes  No

**H(b)** Are all subordinates included? Yes  No   
 If "No," attach a list. (see instructions)

**H(c)** Group exemption number ▶

**I** Tax-exempt status:  501(c)(3)  501(c) ( ) ◀ (insert no.)  4947(a)(1) or  527

**J** Website: ▶ WWW.ROOTCAPITAL.ORG

**K** Form of organization:  Corporation  Trust  Association  Other ▶

**L** Year of formation: 1999 **M** State of legal domicile: MA

**Part I Summary**

**1** Briefly describe the organization's mission or most significant activities: A NON-PROFIT ORGANIZATION THAT HELPS INCREASE INCOMES AND STABILITY FOR RURAL FARMERS DISCONNECTED FROM THE FORMAL ECONOMY.

**2** Check this box  if the organization discontinued its operations or disposed of more than 25% of its net assets.

**3** Number of voting members of the governing body (Part VI, line 1a) **3** 14.

**4** Number of independent voting members of the governing body (Part VI, line 1b) **4** 12.

**5** Total number of individuals employed in calendar year 2015 (Part V, line 2a) **5** 79.

**6** Total number of volunteers (estimate if necessary) **6** 17.

**7a** Total unrelated business revenue from Part VIII, column (C), line 12 **7a** 0.

**7b** Net unrelated business taxable income from Form 990-T, line 34 **7b** 0.

	Prior Year	Current Year
<b>8</b> Contributions and grants (Part VIII, line 1h)	7,221,264.	6,528,783.
<b>9</b> Program service revenue (Part VIII, line 2g)	11,893,488.	12,438,190.
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	169,098.	94,009.
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	278,620.	668,533.
<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	19,562,470.	19,729,515.
<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	9,608,293.	9,741,013.
<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>698,058.</u>		
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	13,799,054.	15,358,651.
<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	23,407,347.	25,099,664.
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	-3,844,877.	-5,370,149.
<b>20</b> Total assets (Part X, line 16)	Beginning of Current Year 141,261,244.	End of Year 130,926,608.
<b>21</b> Total liabilities (Part X, line 26)	108,602,390.	105,114,723.
<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	32,658,854.	25,811,885.

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer: [Signature] Date: 9/9/14

Type or print name and title: WILLIAM F. FOOTE, CHIEF EXECUTIVE OFFICER

**Paid Preparer Use Only**

Print/Type preparer's name: ROBERT J BUTLER JR. Preparer's signature: [Signature] Date: 8/22/16 Check  if self-employed PTIN: P00037953

Firm's name ▶ GRANT THORNTON LLP Firm's EIN ▶ 36-6055558

Firm's address ▶ 75 STATE STREET BOSTON, MA 02109 Phone no 617-723-7900

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2015)

JSA SE1065 1.000

**Part III** Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III  X

- 1 Briefly describe the organization's mission:  
 ROOT CAPITAL SEEKS TO INCREASE INCOMES AND STABILIZE EMPLOYMENT FOR FARMERS IN AFRICA, SOUTH-EAST ASIA, AND LATIN AMERICA. ROOT CAPITAL DOES THIS THROUGH A PROVEN CHANNEL: SUPPORT FOR AGRICULTURAL BUSINESSES THAT COLLECT AND MARKET THE CROPS OF THOUSANDS OF FARMERS.
- 2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No  
 If "Yes," describe these new services on Schedule O.
- 3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
 If "Yes," describe these changes on Schedule O.
- 4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 15,206,741, including grants of \$ ) (Revenue \$ 12,824,498 )  
 ROOT CAPITAL PROVIDES AGRICULTURAL BUSINESSES WITH A UNIQUE COMBINATION OF CAPITAL, TRAINING AND ACCESS TO GLOBAL MARKETS TO HELP THEM GROW. THESE CORE ACTIVITIES COMPRISE A THREE-PRONG STRATEGY: FINANCE, ADVISE, CATALYZE  
 FINANCE: ROOT CAPITAL TYPICALLY PROVIDES LOANS RANGING FROM \$50,000 TO \$3 MILLION TO RURAL SMALL AND GROWING BUSINESSES, ESPECIALLY THOSE BUSINESSES NOT CURRENTLY REACHED BY COMMERCIAL LENDERS.

4b (Code: ) (Expenses \$ 4,325,632, including grants of \$ ) (Revenue \$ 282,225 )  
 ADVISE: ROOT CAPITAL'S ADVISORY SERVICES PROGRAM PROVIDES TARGETED TRAINING TO CURRENT AND PROSPECTIVE CLIENTS. ROOT CAPITAL'S FINANCIAL ADVISORY SERVICES (FAS) ARE DESIGNED TO PREPARE BUSINESSES WITH GROWTH POTENTIAL TO QUALIFY FOR CREDIT, TO SHEPHERD MORE PROSPECTIVE CLIENTS INTO OUR PORTFOLIO, AND TO MITIGATE THE RISK OF LENDING TO THESE BUSINESSES.

4c (Code: ) (Expenses \$ 2,295,816, including grants of \$ ) (Revenue \$ )  
 CATALYZE: ROOT CAPITAL SEEKS TO DEMONSTRATE AND INSPIRE OTHERS TO PRACTICE AN APPROACH TO RURAL LENDING THAT IS GROUNDED IN LONG-TERM CLIENT RELATIONSHIPS, A DEEP UNDERSTANDING OF RURAL BUSINESS' FINANCING NEEDS, AND SHARED SOCIAL AND ENVIRONMENTAL VALUES. ROOT CAPITAL AIMS TO CATALYZE A NEW FINANCIAL MARKET AND TO SET THE STANDARD WITHIN THAT MARKET FOR SUSTAINABLE SOCIAL AND ENVIRONMENTAL PRACTICES OVER THE LONG TERM.

4d Other program services (Describe in Schedule O.)  
 (Expenses \$ including grants of \$ ) (Revenue \$ )  
 4e Total program service expenses ▶ 21,738,189.

Part IV Checklist of Required Schedules

Table with 3 columns: Question number, Yes, No. Contains 19 main questions and sub-questions (a-f) regarding organizational requirements and reporting.

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 20a through 38 regarding hospital facilities, financial statements, grants, compensation, tax-exempt bonds, excess benefit transactions, and Schedule O completion.

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with columns for question number, question text, and Yes/No columns. Includes questions 1a through 14b regarding Form 1096, W-2G, gaming, employees, foreign accounts, and charitable trusts.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 1a through 9 regarding governing body members, relationships, and documentation.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 10a through 16b regarding local chapters, conflict of interest policies, whistleblower policies, and joint ventures.

Section C. Disclosure

- List of disclosure questions 17 through 20 regarding state filing requirements, public inspection of forms, and record keeping.

PETER BERNARD, COO, 130 BISHOP ALLEN DRIVE, 2ND FL, CAMBRIDGE, MA 02139 617-661-5792

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII.

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's current key employees, if any. See instructions for definition of "key employee."
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JEREMY MINDICH CHAIR	1.00 0.	X		X				0.	0.	0.
(2) PETER BERNARD VICE CHAIR	1.00 0.	X		X				0.	0.	0.
(3) KATHERINE BORSECNIK VICE CHAIR (THRU 2/15)	1.00 0.	X		X				0.	0.	0.
(4) HANK CAULEY ASST. CLERK (THRU 2/15)	1.00 0.	X		X				0.	0.	0.
(5) KEN ANSIN BOARD MEMBER (THRU 2/15)	1.00 0.	X						0.	0.	0.
(6) PHILIP MARTIN BROWN BOARD MEMBER	1.00 0.	X						0.	0.	0.
(7) PEGGY CLARK BOARD MEMBER	1.00 0.	X						0.	0.	0.
(8) FRANZ COLLOREDO-MANSFIELD BOARD MEMBER	1.00 0.	X						0.	0.	0.
(9) DAN CRISAFULLI BOARD MEMBER	1.00 0.	X						0.	0.	0.
(10) MELISSA DANN BOARD MEMBER	1.00 0.	X						0.	0.	0.
(11) MARCELA ESCOBARI BOARD MEMBER	1.00 0.	X						0.	0.	0.
(12) RYAN ISRAEL BOARD MEMBER	1.00 0.	X						0.	0.	0.
(13) PAUL LEANDER-ENGSTROM BOARD MEMBER	1.00 0.	X						0.	0.	0.
(14) ELIZABETH LUCKETT BOARD MEMBER	1.00 0.	X						0.	0.	0.

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
( 15) FUNKE OYEWOLE BOARD MEMBER	1.00 0.	X					0.	0.	0.	
( 16) RICK PEYSER BOARD MEMBER	1.00 0.	X					0.	0.	0.	
( 17) SIMON WINTER BOARD MEMBER	1.00 0.	X					0.	0.	0.	
( 18) WILLIAM F. FOOTE CEO & PRESIDENT	40.00 0.			X			283,702.	0.	27,096.	
( 19) RANDALL ATKIN SVP FIN, AND TREASURER	40.00 0.			X			180,267.	0.	30,979.	
( 20) LUBNA MARIA ELIA SR DIR, GRC & CLERK(1/15-2/15)	40.00 0.			X			121,739.	0.	6,711.	
( 21) KARINA CHAMORRO CLERK (2/15-8/15)	40.00 0.			X			45,166.	0.	12,867.	
( 22) ANNIE BRENNAN CLERK (8/15-PRESENT)	40.00 0.			X			48,078.	0.	8,096.	
( 23) LIAM BRODY SVP OF COMM & MKTG	40.00 0.				X		173,214.	0.	16,763.	
( 24) CATHERINE GILL SVP, INV. RELATIONS & OPS	40.00 0.				X		171,079.	0.	23,610.	
( 25) BRIAN MATTHEW ONIE MILDER SVP OF STRATEGY, ADV, & INNOV	40.00 0.				X		177,497.	0.	8,314.	
<b>1b Sub-total</b>							0.	0.	0.	
<b>c Total from continuation sheets to Part VII, Section A</b>							1,847,930.	0.	214,931.	
<b>d Total (add lines 1b and 1c)</b>							1,847,930.	0.	214,931.	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **16**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 3		

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **2**



**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
26) NATHANIEL SCHAFFRAN SVP OF LENDING	40.00 0.					X	152,193.	0.	12,365.	
27) DARCY SALINGER CHIEF CREDIT OFFICER	40.00 0.					X	147,366.	0.	7,249.	
28) BRYAN G. WOLINER DIRECTOR OF FINANCE	40.00 0.					X	109,800.	0.	22,254.	
29) JERONIMO BOLLEN VP LATIN AMERICA	40.00 0.					X	118,767.	0.	31,271.	
30) MARY HELEN NSANGOU SENIOR DIRECTOR OF HR & ADMIN	40.00 0.					X	119,062.	0.	7,356.	
<b>1b Sub-total</b> . . . . . ▶										
<b>c Total from continuation sheets to Part VII, Section A</b> . . . . . ▶										
<b>d Total (add lines 1b and 1c)</b> . . . . . ▶										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶ 16

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual . . . . .	3	X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual . . . . .	4	X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person . . . . .	5	X

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶

**Part VIII** Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII.

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d				
	e	Government grants (contributions) . . . . .	1e	939,727.			
	f	All other contributions, gifts, grants, and similar amounts not included above . . . . .	1f	5,589,056.			
	g	Noncash contributions included in lines 1a-1f: \$					
	h	<b>Total.</b> Add lines 1a-1f . . . . .		6,528,783.			
Program Service Revenue	2a	LOAN INTEREST	Business Code				
			522298	9,924,100.	9,924,100.		
	b	LOAN FEES	522298	1,661,422.	1,661,422.		
	c	RECOVERED LOANS	522298	852,668.	852,668.		
	d						
	e						
	f	All other program service revenue . . . . .					
g	<b>Total.</b> Add lines 2a-2f . . . . .		12,438,190.				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts). . . . .		94,009.		94,009.	
	4	Income from investment of tax-exempt bond proceeds . . . . .		0.			
	5	Royalties . . . . .		0.			
	6a	Gross rents . . . . .	(i) Real				
			(ii) Personal				
	b	Less: rental expenses . . . . .					
	c	Rental income or (loss) . . . . .					
	d	Net rental income or (loss) . . . . .		0.			
	7a	Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
	b	Less: cost or other basis and sales expenses . . . . .					
	c	Gain or (loss) . . . . .					
d	Net gain or (loss) . . . . .		0.				
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 . . . . .	a					
b	Less: direct expenses . . . . .	b					
c	Net income or (loss) from fundraising events . . . . .		0.				
9a	Gross income from gaming activities. See Part IV, line 19 . . . . .	a					
b	Less: direct expenses . . . . .	b					
c	Net income or (loss) from gaming activities . . . . .		0.				
10a	Gross sales of inventory, less returns and allowances . . . . .	a					
b	Less: cost of goods sold . . . . .	b					
c	Net income or (loss) from sales of inventory . . . . .		0.				
Miscellaneous Revenue			Business Code				
11a	CONTRACT REVENUE	900099	663,590.	663,590.			
b	OTHER REVENUE	900099	4,943.	4,943.			
c							
d	All other revenue . . . . .						
e	<b>Total.</b> Add lines 11a-11d . . . . .		668,533.				
12	<b>Total revenue.</b> See instructions. . . . .		19,729,515.	13,106,723.		94,009.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .	0.			
2 Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .	0.			
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .	0.			
4 Benefits paid to or for members . . . . .	0.			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	1,335,177.	637,278.	487,781.	210,118.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0.			
7 Other salaries and wages . . . . .	6,915,056.	5,621,105.	1,037,258.	256,693.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	125,778.	95,487.	23,202.	7,089.
9 Other employee benefits . . . . .	971,487.	737,525.	179,205.	54,757.
10 Payroll taxes . . . . .	393,515.	298,745.	72,590.	22,180.
11 Fees for services (non-employees):				
a Management . . . . .	0.			
b Legal . . . . .	0.			
c Accounting . . . . .	158,018.		158,018.	
d Lobbying . . . . .	0.			
e Professional fundraising services. See Part IV, line 17.	0.			
f Investment management fees . . . . .	0.			
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) ATCH 4	2,616,218.	2,344,724.	249,976.	21,518.
12 Advertising and promotion . . . . .	8,927.	3,927.	5,000.	
13 Office expenses . . . . .	239,191.	188,680.	40,142.	10,369.
14 Information technology . . . . .	354,897.	279,952.	59,560.	15,385.
15 Royalties . . . . .	0.			
16 Occupancy . . . . .	845,735.	699,195.	116,051.	30,489.
17 Travel . . . . .	1,321,631.	1,152,543.	118,860.	50,228.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0.			
19 Conferences, conventions, and meetings . . . . .	157,474.	137,327.	14,162.	5,985.
20 Interest . . . . .	2,550,608.	2,550,608.		
21 Payments to affiliates . . . . .	0.			
22 Depreciation, depletion, and amortization . . . . .	88,408.	66,935.	18,039.	3,434.
23 Insurance . . . . .	55,435.	41,971.	11,311.	2,153.
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a ALLOWANCE FOR LOAN LOSS	6,694,432.	6,694,432.		
b OTHER DIRECT COSTS	177,739.	119,662.	53,911.	4,166.
c MEMBERSHIP & PUBLICATIONS	89,938.	68,093.	18,351.	3,494.
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	25,099,664.	21,738,189.	2,663,417.	698,058.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .	0.			

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X. . . . .

		(A)		(B)		
		Beginning of year		End of year		
Assets	1	Cash - non-interest-bearing . . . . .	26,071,832.	1	24,252,675.	
	2	Savings and temporary cash investments . . . . .	2,628,162.	2	2,537,426.	
	3	Pledges and grants receivable, net . . . . .	8,315,567.	3	2,844,964.	
	4	Accounts receivable, net . . . . .	1,016,900.	4	959,133.	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .	0.	5	0.	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L . . . . .	0.	6	0.	
	7	Notes and loans receivable, net . . . . .	0.	7	0.	
	8	Inventories for sale or use . . . . .	0.	8	0.	
	9	Prepaid expenses and deferred charges . . . . .	422,391.	9	389,186.	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	10a	1,084,619.		
	b	Less: accumulated depreciation. . . . .	10b	804,009.	10c	280,610.
	11	Investments - publicly traded securities . . . . .	198,006.	11	200,720.	
	12	Investments - other securities. See Part IV, line 11 . . . . .	0.	12	0.	
	13	Investments - program-related. See Part IV, line 11 . . . . .	100,038,039.	13	95,530,590.	
	14	Intangible assets . . . . .	0.	14	0.	
	15	Other assets. See Part IV, line 11 . . . . .	2,434,764.	15	3,931,304.	
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	141,261,244.	16	130,926,608.		
Liabilities	17	Accounts payable and accrued expenses . . . . .	2,788,034.	17	3,720,746.	
	18	Grants payable . . . . .	0.	18	0.	
	19	Deferred revenue . . . . .	0.	19	0.	
	20	Tax-exempt bond liabilities . . . . .	0.	20	0.	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .	1,928,261.	21	1,528,569.	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .	2,050,000.	22	2,150,000.	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .	0.	23	0.	
	24	Unsecured notes and loans payable to unrelated third parties . . . . .	101,803,463.	24	97,623,544.	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D . . . . .	32,632.	25	91,864.	
	26	<b>Total liabilities.</b> Add lines 17 through 25. . . . .	108,602,390.	26	105,114,723.	
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets . . . . .	12,269,634.	27	9,295,684.	
	28	Temporarily restricted net assets . . . . .	20,389,220.	28	16,516,201.	
	29	Permanently restricted net assets . . . . .	0.	29	0.	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds . . . . .		30		
	31	Paid-in or capital surplus, or land, building, or equipment fund . . . . .		31		
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .		32		
33	<b>Total net assets or fund balances</b> . . . . .	32,658,854.	33	25,811,885.		
34	<b>Total liabilities and net assets/fund balances.</b> . . . . .	141,261,244.	34	130,926,608.		

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	19,729,515.
2	Total expenses (must equal Part IX, column (A), line 25)	2	25,099,664.
3	Revenue less expenses. Subtract line 2 from line 1	3	-5,370,149.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	32,658,854.
5	Net unrealized gains (losses) on investments	5	-417.
6	Donated services and use of facilities	6	0.
7	Investment expenses	7	0.
8	Prior period adjustments	8	0.
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-1,476,403.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	25,811,885.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

- 1 Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- b Were the organization's financial statements audited by an independent accountant? . . . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .
- b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
2a		X
2b	X	
2c	X	
3a	X	
3b	X	

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Public Charity Status and Public Support**

OMB No. 1545-0047

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

**2015**

Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 990 or Form 990-EZ.

**Open to Public Inspection**

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

ROOT CAPITAL, INC.

Employer identification number

04-3478123

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2  A school described in section 170(b)(1)(A)(ii). (Attach Schedule E (Form 990 or 990-EZ).)
- 3  A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4  A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8  A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. You must complete Part IV, Sections A and B.
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). You must complete Part IV, Sections A and C.
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). You must complete Part IV, Sections A, D, and E.
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). You must complete Part IV, Sections A and D, and Part V.
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations .....
  - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
<b>Total</b>						

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2015

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Table with 7 columns: (a) 2011, (b) 2012, (c) 2013, (d) 2014, (e) 2015, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person; 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2011, (b) 2012, (c) 2013, (d) 2014, (e) 2015, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities; 10 Other income; 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities; 13 First five years.

Section C. Computation of Public Support Percentage

Table with 2 columns: Line number, Percentage. Rows include: 14 Public support percentage for 2015 (77.42%); 15 Public support percentage from 2014 Schedule A, Part II, line 14 (73.37%); 16a 33 1/3% support test - 2015 (checked); 16b 33 1/3% support test - 2014; 17a 10%-facts-and-circumstances test - 2015; 17b 10%-facts-and-circumstances test - 2014; 18 Private foundation.

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . . . .						
3 Gross receipts from activities that are not an unrelated trade or business under section 513 . . . . .						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
5 The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
6 Total. Add lines 1 through 5 . . . . .						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year . . . . .						
c Add lines 7a and 7b. . . . .						
8 Public support. (Subtract line 7c from line 6.) . . . . .						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(f) Total
9 Amounts from line 6. . . . .						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
c Add lines 10a and 10b . . . . .						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . . .						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .						
13 Total support. (Add lines 9, 10c, 11, and 12.) . . . . .						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here . . . . .

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2015 (line 8, column (f) divided by line 13, column (f)) . . . . .	15	%
16 Public support percentage from 2014 Schedule A, Part III, line 15 . . . . .	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2015 (line 10c, column (f) divided by line 13, column (f)) . . . . .	17	%
18 Investment income percentage from 2014 Schedule A, Part III, line 17 . . . . .	18	%

19a 33 1/3% support tests - 2015. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2014. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions



**Part IV Supporting Organizations**

(Complete only if you checked a box in line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 11a or 11b in Part I, answer (b) and (c) below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI.		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI.		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI.		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI.		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

Part IV Supporting Organizations (continued)

Table with 3 columns: Question, Yes, No. Row 11: Has the organization accepted a gift or contribution from any of the following persons? Sub-rows 11a, 11b, 11c.

Section B. Type I Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? Row 2: Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization?

Section C. Type II Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)?

Section D. All Type III Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided? Row 2: Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? Row 3: By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year?

Section E. Type III Functionally-Integrated Supporting Organizations

Table with 3 columns: Question, Yes, No. Row 1: Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions): a, b, c. Row 2: Activities Test. Answer (a) and (b) below. Sub-rows 2a, 2b. Row 3: Parent of Supported Organizations. Answer (a) and (b) below. Sub-rows 3a, 3b.

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

1  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e Discount claimed for blockage or other factors (explain in detail in Part VI):			
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	

7  Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations** (continued)

Section D - Distributions		Current Year		
1	Amounts paid to supported organizations to accomplish exempt purposes			
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity			
3	Administrative expenses paid to accomplish exempt purposes of supported organizations			
4	Amounts paid to acquire exempt-use assets			
5	Qualified set-aside amounts (prior IRS approval required)			
6	Other distributions (describe in Part VI). See instructions.			
7	<b>Total annual distributions.</b> Add lines 1 through 6.			
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.			
9	Distributable amount for 2015 from Section C, line 6			
10	Line 8 amount divided by Line 9 amount			
Section E - Distribution Allocations (see instructions)		(i) Excess Distributions	(ii) Underdistributions Pre-2015	(iii) Distributable Amount for 2015
1	Distributable amount for 2015 from Section C, line 6			
2	Underdistributions, if any, for years prior to 2015 (reasonable cause required-see instructions)			
3	Excess distributions carryover, if any, to 2015:			
a				
b				
c				
d	From 2013 . . . . .			
e	From 2014 . . . . .			
f	<b>Total of lines 3a through e</b>			
g	Applied to underdistributions of prior years			
h	Applied to 2015 distributable amount			
i	Carryover from 2010 not applied (see instructions)			
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4	Distributions for 2015 from Section D, line 7: \$			
a	Applied to underdistributions of prior years			
b	Applied to 2015 distributable amount			
c	Remainder. Subtract lines 4a and 4b from 4.			
5	Remaining underdistributions for years prior to 2015, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6	Remaining underdistributions for 2015. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7	<b>Excess distributions carryover to 2016.</b> Add lines 3j and 4c.			
8	Breakdown of line 7:			
a				
b				
c	Excess from 2013 . . . . .			
d	Excess from 2014 . . . . .			
e	Excess from 2015 . . . . .			

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**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

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Schedule of Contributors

2015

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

ROOT CAPITAL, INC.

Employer identification number

04-3478123

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

**Caution.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization **ROOT CAPITAL, INC.**

Employer identification number  
04-3478123

**Part I** Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 1,000,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2		\$ 398,155.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3		\$ 939,727.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4		\$ 1,609,084.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5		\$ 300,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6		\$ 200,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization **ROOT CAPITAL, INC.**

Employer identification number  
04-3478123

**Part I** Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7		\$ 200,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8		\$ 187,337.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9		\$ 141,621.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)



Name of organization ROOT CAPITAL, INC.

Employer identification number

04-3478123

**Part II** Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____
_____	_____ _____ _____	\$ _____	_____

Name of organization ROOT CAPITAL, INC.

Employer identification number

04-3478123

**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ► \$ \_\_\_\_\_  
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	_____ _____ _____	_____ _____ _____	_____ _____ _____

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

_____ _____ _____	_____ _____ _____
-------------------------	-------------------------

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	_____ _____ _____	_____ _____ _____	_____ _____ _____

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

_____ _____ _____	_____ _____ _____
-------------------------	-------------------------

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	_____ _____ _____	_____ _____ _____	_____ _____ _____

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

_____ _____ _____	_____ _____ _____
-------------------------	-------------------------

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	_____ _____ _____	_____ _____ _____	_____ _____ _____

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

_____ _____ _____	_____ _____ _____
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Supplemental Financial Statements

2015

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

Attach to Form 990.

Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization

Employer identification number

ROOT CAPITAL, INC.

04-3478123

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?, 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

Part II Conservation Easements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

Table with 2 columns: Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements held by the organization (check all that apply), 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year, 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?, 6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?, 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

Table with 2 columns: Revenue, Assets. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items. 1b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenue included in Form 990, Part VIII, line 1, (ii) Assets included in Form 990, Part X. 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items: a Revenue included in Form 990, Part VIII, line 1, b Assets included in Form 990, Part X.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
a Public exhibition
b Scholarly research
c Preservation for future generations
d Loan or exchange programs
e Other
4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?
b If "Yes," explain the arrangement in Part XIII and complete the following table:
c Beginning balance
d Additions during the year
e Distributions during the year
f Ending balance
2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?
b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

Table with 5 columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows include: 1a Beginning of year balance, b Contributions, c Net investment earnings, gains, and losses, d Grants or scholarships, e Other expenditures for facilities and programs, f Administrative expenses, g End of year balance.

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
a Board designated or quasi-endowment %
b Permanent endowment %
c Temporarily restricted endowment %
The percentages on lines 2a, 2b, and 2c should equal 100%.

- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

Table with 2 columns: Yes, No. Rows: (i) unrelated organizations, (ii) related organizations, b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?

- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Table with 4 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other, Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely-held equity interests . . . . .		
(3) Other		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) LOANS RECEIVABLE	95,530,590.	FMV
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) DEFERRED RENT ABATEMENT	77,240.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	9,214,188.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
	a	Net unrealized gains (losses) on investments	2a	-417.
	b	Donated services and use of facilities	2b	206,533.
	c	Recoveries of prior year grants	2c	
	d	Other (Describe in Part XIII.)	2d	-10,721,443.
	e	Add lines 2a through 2d	2e	-10,515,327.
3	Subtract line 2e from line 1		3	19,729,515.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
	a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
	b	Other (Describe in Part XIII.)	4b	
	c	Add lines 4a and 4b	4c	
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	19,729,515.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	16,061,157.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
	a	Donated services and use of facilities	2a	206,533.
	b	Prior year adjustments	2b	
	c	Other losses	2c	
	d	Other (Describe in Part XIII.)	2d	
	e	Add lines 2a through 2d	2e	206,533.
3	Subtract line 2e from line 1		3	15,854,624.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
	a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
	b	Other (Describe in Part XIII.)	4b	9,245,040.
	c	Add lines 4a and 4b	4c	9,245,040.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5	25,099,664.

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

SEE PAGE 5

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**Part XIII** Supplemental Information (continued)

SCHEDULE D, PART IV, LINE 2B

AT TIMES, ROOT CAPITAL CO-LENDS WITH OTHER ORGANIZATIONS AND ADMINISTERS THE ENTIRE LOAN. CREDIT COUNSELING AND DEBT MANAGEMENT SERVICES ARE PROVIDED BY THE CO-LENDER. IN MANY LOCATIONS, ROOT CAPITAL BEARS THE RESPONSIBILITY TO CREATE A TRIANGULATED PARTNERSHIP BETWEEN THE CO-LENDER, BORROWER, AND COMMERCIAL BUYER. THIS CREATES AN ADDED MEASURE OF SECURITY FOR ROOT CAPITAL'S CLIENTS BY ENSURING THAT THEIR PRODUCTS CAN BE SOLD AT A FAIR PRICE, AND HELPS BUYERS CONTRIBUTE TO THE LOCAL ECONOMIES.

THE ESCROW FUNDS REPRESENT A TIMING DIFFERENCE BETWEEN REPAYMENTS FROM BORROWERS AND TRANSFER OF FUNDS DUE TO CO-LENDING PARTNERS. THE ESCROW ACCOUNT IS ALSO USED WHEN A BUYER PAYS ROOT CAPITAL THE FULL AMOUNT OF THE MONEY OWED TO A SUPPLIER/BORROWER. ROOT CAPITAL DEDUCTS THE PRINCIPAL AND INTEREST OWED ON ITS LOAN AND FORWARDS THE REMAINING BALANCE TO THE SUPPLIER/BORROWER.

SCHEDULE D, PART X, LINE 2

ROOT CAPITAL IS A TAX-EXEMPT ORGANIZATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND IS GENERALLY EXEMPT FROM INCOME TAXES PURSUANT TO SECTION 501(A). ACCDER AND ROOT CAPITAL A.C. ARE ORGANIZED AND OPERATED UNDER THE REGULATIONS OF THEIR RESPECTIVE COUNTRIES, PERU AND MEXICO. ROOT CAPITAL A.C. IS A REGISTERED CHARITABLE ORGANIZATION IN MEXICO. THE INCOME TAX CONSEQUENCES, IF ANY, ARE REFLECTED IN THE FINANCIAL STATEMENTS AND DO NOT HAVE A MATERIAL EFFECT, INDIVIDUALLY OR IN THE AGGREGATE, UPON ROOT CAPITAL'S FINANCIAL STATEMENTS.

**Part XIII** Supplemental Information (continued)

## SCHEDULE D, PART XI, LINE 2D

## OTHER REVENUES NOT REPORTED ON FORM 990

PROVISION FOR LOAN LOSS:	(\$6,694,432)
FOREIGN CURRENCY EXCHANGE LOSS:	(\$1,476,403)
INTEREST EXPENSE:	(\$2,550,608)
TOTAL:	(\$10,721,443)

## SCHEDULE D, PART XII, LINE 4B

## OTHER EXPENSES NOT REPORTED ON FINANCIALS STATEMENTS

INTEREST EXPENSE:	\$2,550,608
PROVISION FOR LOAN LOSS:	\$6,694,432
TOTAL:	\$9,245,040



**SCHEDULE F  
(Form 990)**

**Statement of Activities Outside the United States**

OMB No. 1545-0047

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.
- ▶ Attach to Form 990.
- ▶ Information about Schedule F (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**2015**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization

ROOT CAPITAL, INC.

Employer identification number

04-3478123

**Part I** **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.

**1** For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .  Yes  No

**2** For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

**3** Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) SUB-SAHARAN AFRICA	1.	24.	PROGRAM SERVICES	LOAN DISBURSEMENTS	47,292,432.
(2) SOUTH AMERICA	1.	16.	PROGRAM SERVICES	LOAN DISBURSEMENTS	46,647,909.
(3) CENTRAL AMERICA/CARIBBEAN	2.	24.	PROGRAM SERVICES	LOAN DISBURSEMENTS	45,882,649.
(4) NORTH AMERICA	1.	13.	PROGRAM SERVICES	LOAN DISBURSEMENTS	8,532,989.
(5) EAST ASIA AND THE PACIFIC		1.	PROGRAM SERVICES	LOAN DISBURSEMENTS	4,515,616.
(6) SUB-SAHARAN AFRICA			PROGRAM SERVICES	LENDING/ADVISORY	1,646,136.
(7) SOUTH AMERICA			PROGRAM SERVICES	LENDING/ADVISORY	1,772,968.
(8) CENTRAL AMERICA/CARIBBEAN			PROGRAM SERVICES	LENDING/ADVISORY	2,223,812.
(9) NORTH AMERICA			PROGRAM SERVICES	LENDING/ADVISORY	653,684.
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3a</b> Sub-total, . . . . .	5.	78.			160,168,195.
<b>b</b> Total from continuation sheets to Part I . . . . .					
<b>c</b> Totals (add lines 3a and 3b)	5.	78.			160,168,195.

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2015

JSA  
5E1274 1.000

**Part II** Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

- 2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter. . . . . ▶ \_\_\_\_\_
- 3 Enter total number of other organizations or entities. . . . . ▶ \_\_\_\_\_

**Part III** Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

**Part IV Foreign Forms**

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* . . . . .  Yes  No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to separately file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A; do not file with Form 990)* . . . . .  Yes  No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations (see Instructions for Form 5471)* . . . . .  Yes  No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* . . . . .  Yes  No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* . . . . .  Yes  No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713; do not file with Form 990)* . . . . .  Yes  No

**Part V** Supplemental Information

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

**SCHEDULE J  
(Form 990)**

**Compensation Information**

OMB No. 1545-0047

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**2015**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization

ROOT CAPITAL, INC.

Employer identification number

04-3478123

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain . . . . .

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a? . . . . .

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                                |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input checked="" type="checkbox"/> Form 990 of other organizations     | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment? . . . . .
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . .
- c** Participate in, or receive payment from, an equity-based compensation arrangement? . . . . .
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.**

**5** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization? . . . . .
- b** Any related organization? . . . . .
- If "Yes" to line 5a or 5b, describe in Part III.

**6** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization? . . . . .
- b** Any related organization? . . . . .
- If "Yes" on line 6a or 6b, describe in Part III.

**7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described on lines 5 and 6? If "Yes," describe in Part III. . . . .

**8** Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III . . . . .

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? . . . . .

	Yes	No
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2015

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 WILLIAM F. FOOTE CEO & PRESIDENT	(i)	283,702.	0.	0.	10,600.	16,496.	310,798.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
2 RANDALL ATKIN SVP FIN. AND TREASURER	(i)	180,267.	0.	0.	9,727.	21,252.	211,246.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
3 LIAM BRODY SVP OF COMM & MKTG	(i)	173,214.	0.	0.	0.	16,763.	189,977.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
4 CATHERINE GILL SVP, INV. RELATIONS & OPS	(i)	171,079.	0.	0.	6,941.	16,669.	194,689.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
5 BRIAN MATTHEW ONIE MILD SVP OF STRATEGY, ADV, & INNOV	(i)	173,523.	0.	3,974.	6,941.	1,373.	185,811.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
6 NATHANIEL SCHAFFRAN SVP OF LENDING	(i)	152,193.	0.	0.	6,119.	6,246.	164,558.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
7 DARCY SALINGER CHIEF CREDIT OFFICER	(i)	146,898.	0.	468.	5,876.	1,373.	154,615.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
8 JERONIMO BOLLEN VP LATIN AMERICA	(i)	118,767.	0.	0.	3,563.	27,708.	150,038.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

**Part III** Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.



**SCHEDULE L**  
**(Form 990 or 990-EZ)**

**Transactions With Interested Persons**

OMB No. 1545-0047

**2015**

**Open To Public Inspection**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**  
▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

Name of the organization

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**Part I Excess Benefit Transactions** (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Correct?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

- 2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ \$ \_\_\_\_\_
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization. . . . . ▶ \$ \_\_\_\_\_

**Part II Loans to and/or From Interested Persons.**  
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
			(1) PAUL LEANDER-ENGSTROM	BOARD MEMBER			INVESTMENT	X		2,000,000.	2,000,000.	
(2) RANDALL ATKIN	OFFICER	INVESTMENT	X		50,000.	50,000.		X		X	X	
(3) FRANZ COLLOREDO-MANSFI	BOARD MEMBER	INVESTMENT	X		100,000.	100,000.		X		X	X	
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
<b>Total</b> . . . . .						\$ 2,150,000.						

**Part III Grants or Assistance Benefiting Interested Persons.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990 or 990-EZ) 2015

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

Provide additional information for responses to questions on Schedule L (see instructions).

LOANS TO ROOT CAPITAL, INC.

SCHEDULE L, PART II

LOANS TO ROOT CAPITAL, INC. ARE DOCUMENTED IN A WRITTEN AGREEMENT BETWEEN THE ORGANIZATION AND THE RELATED PARTY. THE LOANS ARE ENTERED INTO AT ARM'S LENGTH, INDEPENDENTLY AND REMOVED FROM THE PERSON'S ROLES AT ROOT CAPITAL, AND MADE WITHIN THE USUAL PARAMETERS OFFERED TO ALL INVESTORS. ROOT CAPITAL TAKES MEASURES TO ENSURE THAT ITS INVESTORS ARE ACCREDITED INVESTORS.

SCHEDULE O  
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

Department of the Treasury  
Internal Revenue Service

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

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Open to Public  
Inspection

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ORGANIZATION'S MISSION, CONTINUED

FORM 990, PART III, LINE 1

THROUGH A UNIQUE COMBINATION OF CAPITAL, TRAINING, AND ACCESS TO GLOBAL  
MARKETS, ROOT CAPITAL HELPS AGRICULTURAL BUSINESSES INCREASE FARMER  
INCOMES, WHICH IN TURN IMPROVES FOOD SECURITY, EMPOWERS WOMEN, CONSERVES  
ECOSYSTEMS, AND ENCOURAGES THE NEXT GENERATION OF FARMERS.

SINCE 1999, ROOT CAPITAL HAS DISBURSED MORE THAN \$945 MILLION IN CREDIT  
TO MORE THAN 620 ENTERPRISES. COLLECTIVELY, THESE ENTERPRISES HAVE  
GENERATED \$7 BILLION IN REVENUE, MORE THAN 80 PERCENT OF WHICH HAS BEEN  
PAID DIRECTLY TO FARMERS. IN CALENDAR YEAR 2015, ROOT CAPITAL DISBURSED  
\$154 MILLION TO 277 SMALL AND GROWING BUSINESSES (SGBS) WHO REPRESENT  
MORE THAN 550,000 FARM HOUSEHOLDS IN AFRICA, SOUTH-EAST ASIA, AND LATIN  
AMERICA.

PROGRAM SERVICE ACCOMPLISHMENTS, CONTINUED

FINANCE

FORM 990, PART III, LINE 4A

MOST ROOT CAPITAL LOANS CAN BE CATEGORIZED AS FOLLOWS:

1) LINES OF CREDIT, WHICH ARE USED BY BORROWERS TO COVER COSTS OF  
PURCHASING RAW PRODUCT FROM THEIR FARMER SUPPLIERS. THESE LINES OF CREDIT  
HAVE TERMS OF UP TO ONE YEAR AND ARE GENERALLY ORIENTED AROUND A HARVEST  
OR PRODUCTION CYCLE.

Name of the organization ROOT CAPITAL, INC.	Employer identification number 04-3478123
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2) FIXED-ASSET LOANS WITH TERMS OF UP TO SEVEN YEARS FOR INVESTMENT IN EQUIPMENT AND INFRASTRUCTURE.

3) GENERAL WORKING CAPITAL LOANS WITH TERMS FROM ONE TO SEVEN YEARS.

ROOT CAPITAL ASSESSES PROSPECTIVE CLIENTS AND EVALUATES THEM ON A SERIES OF FINANCIAL, SOCIAL, AND ENVIRONMENTAL CRITERIA. SOCIAL CRITERIA INCLUDE PRICES PAID TO SUPPLIERS, EMPLOYEE WAGES, AND WORKING CONDITIONS, AND COMPANY SUPPORT FOR SOCIAL PROGRAMS SUCH AS TRAINING AND MEDICAL CARE. ENVIRONMENTAL CRITERIA INCLUDE SOIL AND WATER MANAGEMENT, THE IMPACT OF THE BUSINESS ON THE SURROUNDING COMMUNITY, AND STANDARDS FOR PRODUCT HANDLING AND PROCESSING.

ROOT CAPITAL'S LENDING SUPPORTS SUSTAINABLE ENVIRONMENTAL PRACTICES THAT PROTECT RURAL ECOSYSTEMS. CROPS PROCESSED AND MARKETED BY ROOT CAPITAL CLIENTS INCLUDE WILD-HARVESTED PRODUCTS SUCH AS NUTS AND NATIVE PLANTS FOR OILS, AGRO-FORESTRY CROPS SUCH AS SHADE-GROWN COFFEE AND COCOA, AND FARM-GROWN FRUITS AND VEGETABLES.

LENDING OFFICERS STAY ENGAGED WITH CLIENTS THROUGHOUT THE TERM OF EACH LOAN, AND ROOT CAPITAL'S FINANCIAL ADVISORY SERVICES PROGRAM PROVIDES TRAINING AS NEEDED.

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ADVISE

FORM 990, PART III, LINE 4B

THOUGH FINANCIAL MANAGEMENT TRAINING IS THE CORE OFFERING OF THE ORGANIZATION'S ADVISORY PROGRAM, ROOT CAPITAL ALSO PROVIDES COMPLIMENTARY NON-FINANCIAL SERVICES, SUCH AS PARTNERSHIP-BASED TRAINING IN AGRONOMY.

IN 2015, ROOT CAPITAL TRAINERS PROVIDED 2,500 DAYS OF TRAINING TO OUR CLIENTS ON FINANCIAL MANAGEMENT, AGRONOMIC PLANNING AND MONITORING, LOAN APPLICATION SUPPORT, FINANCIAL INSTITUTION (FI) ADVISORY AND MOBILE TECHNOLOGY. SINCE ITS LAUNCH IN 2006, ROOT CAPITAL'S ADVISORY SERVICES PROGRAM HAS SUCCESSFULLY TRAINED 811 PRODUCER ORGANIZATIONS REPRESENTING THOUSANDS OF PEOPLE.

CATALYZE

FORM 990, PART III, LINE 4C

THROUGH INDUSTRY ASSOCIATIONS SUCH AS THE ASPEN NETWORK OF DEVELOPMENT ENTREPRENEURS AND THE GLOBAL IMPACT INVESTMENT NETWORK, ROOT CAPITAL PLAYS A LEADERSHIP ROLE IN BUILDING THE ENABLING ENVIRONMENT FOR RURAL SMALL AND GROWING BUSINESS FINANCE.

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AS A NON-PROFIT COMMITTED TO ALLEVIATING RURAL POVERTY, ROOT CAPITAL SEEKS TO MAXIMIZE THE POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT OF OUR WORK. ECONOMIC, COMMUNITY, AND ENVIRONMENTAL SUSTAINABILITY ARE ALL PART OF OUR CORE VALUES.

ECONOMIC SUSTAINABILITY - ROOT CAPITAL CLIENTS LINK SMALL-SCALE FARMERS TO MARKETS THAT CAN OFFER HIGHER AND MORE STABLE PRICES THAN THEY HAVE HISTORICALLY RECEIVED. ROOT CAPITAL CLIENTS ALSO GENERATE EMPLOYMENT INCLUDING MANAGERS, ACCOUNTANTS, AGRICULTURAL EXTENSION STAFF, DRIVERS, AND WORKERS AT PROCESSING PLANTS.

SINCE 1999, ROOT CAPITAL HAS WORKED WITH 525 UNIQUE BUYERS OF AGRICULTURAL AND OTHER SUSTAINABLE PRODUCTS WORLDWIDE. IN 2015, ROOT CAPITAL WORKED WITH 180 UNIQUE BUYERS, INCLUDING COMPANIES SUCH AS COOPERATIVE COFFEES, ANDEAN NATURALS, GEPa, STARBUCKS, KEURIG GREEN MOUNTAIN, AND EQUAL EXCHANGE.

IN 2015, ROOT CAPITAL CLIENTS SPENT \$980 MILLION TO PURCHASE THE PRODUCTS OF SMALL-SCALE FARMERS AND ARTISANS.

COMMUNITY SUSTAINABILITY - FARMER ASSOCIATIONS ENCOURAGE PARTICIPATORY DECISION-MAKING AND ARE A SOURCE OF COMMUNITY OWNERSHIP AND PRIDE. THEY ALSO STEM MIGRATION TO URBAN AREAS BY MAKING TRADITIONAL AGRICULTURAL ACTIVITIES MORE VIABLE. SOCIAL IMPACT INCLUDES STABILIZING INCOMES IN

Name of the organization ROOT CAPITAL, INC.	Employer identification number 04-3478123
--	--

RURAL COMMUNITIES AND CREATING NEW ECONOMIC OPPORTUNITIES FOR WOMEN,  
INDIGENOUS PEOPLES AND OTHER MARGINALIZED GROUPS.

ENVIRONMENTAL SUSTAINABILITY - ROOT CAPITAL CLIENTS TYPICALLY PROVIDE  
FARMERS WITH TRAINING IN SUSTAINABLE PRODUCTION TO AVOID DEFORESTATION,  
REDUCE CHEMICAL USE, IMPROVE WATER AND SOIL MANAGEMENT, AND OTHERWISE  
PROTECT THE HEALTH OF RURAL ECOSYSTEMS.

IN 2015, SMALL SCALE PRODUCERS WHO SOLD TO ROOT CAPITAL CLIENTS  
SUSTAINABLY MANAGED 624,000 HECTARES OF LAND IN AFRICA AND LATIN  
AMERICA.

#### BUSINESS RELATIONSHIPS

FORM 990, PART VI, LINE 2

BOARD MEMBERS ELIZABETH LUCKETT AND JEREMY MINDICH HAVE A BUSINESS  
RELATIONSHIP.

#### UPDATES TO BY-LAWS

FORM 990, PART VI, LINE 4

THE BY-LAWS WERE AMENDED AND RESTATED ON MAY 14, 2015. SIGNIFICANT  
CHANGES INCLUDE:

- 1) REMOVE THE LIMITATION ON THE NUMBER OF YEARS A BOARD CHAIR MAY SERVE;
- 2) INCREASE THE NUMBER OF TERMS A DIRECTOR MAY SERVE FROM TWO TO THREE;
- 3) UPDATE THE COMMITTEE DESCRIPTIONS TO REFLECT CURRENT BOARD  
COMMITTEES.

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## FORM 990 REVIEW PROCESS

FORM 990, PART VI, LINE 11B

THE FORM 990 WAS PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTING FIRM WITH INFORMATION PROVIDED BY MANAGEMENT. THE FORM 990 IS REVIEWED BY THE PRESIDENT AND CURENT COO AND PRESENTED TO THE AUDIT COMMITTEE FOR APPROVAL. UPON APPROVAL BY THE AUDIT COMMITTEE, THE COMPLETE FORM 990 IS PROVIDED TO ALL VOTING MEMBERS OF THE BOARD OF DIRECTORS WITH OPPORTUNITY FOR QUESTIONS, COMMENTS, OR EDITS. PRIOR TO FILING WITH THE INTERNAL REVENUE SERVICE, DIRECTOR COMMENTS ARE INCORPORATED AS APPROPRIATE AND THE FINAL VERSION OF THE 990, AS IT WILL ULTIMATELY BE FILED, IS PROVIDED TO EACH VOTING MEMBER.

## CONFLICT OF INTEREST POLICY

FORM 990, PART VI, LINE 12C

ALL ROOT CAPITAL BOARD MEMBERS AND EMPLOYEES PARTICIPATE IN AN ANNUAL TRAINING ON ROOT CAPITAL'S CODE OF ETHICS, WHICH INCLUDES A CONFLICT OF INTEREST POLICY. DIRECTORS AND OFFICERS COMPLETE A CONFLICT OF INTEREST DISCLOSURE FORM EACH YEAR, WHICH IS REVIEWED BY ROOT CAPITAL'S GOVERNANCE, RISK MANAGEMENT & COMPLIANCE (GRC) TEAM, AND VETTED WITH LEGAL COUNSEL IF NEEDED. IF IT IS NECESSARY TO REVIEW OR CLEAR A CONFLICT RELATED TO THE CURRENT WORK OR ACTIVITY OF ROOT CAPITAL, THAT CONFLICT IS BROUGHT BEFORE THE GOVERNANCE COMMITTEE OF THE BOARD. IF THE DIRECTOR WITH THE CONFLICT SERVES ON THE GOVERNANCE COMMITTEE, S/HE IS RECUSED FROM THE CONVERSATION. THE GOVERNANCE COMMITTEE ENSURES THAT ANY BUSINESS



Name of the organization ROOT CAPITAL, INC.	Employer identification number 04-3478123
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DECISION THAT COULD BE AFFECTED BY THE PARTICULAR CONFLICT IS CONSIDERED OBJECTIVELY BY THE ROOT CAPITAL TEAM AND IS IN THE BEST INTEREST OF THE ORGANIZATION. THE GOVERNANCE COMMITTEE'S CONVERSATION AND DECISION WITH RESPECT TO THE CONFLICT IS RECORDED IN THE MINUTES OF THE MEETING AND SHARED WITH THE WHOLE BOARD IN THE SUBSEQUENT QUARTERLY BOARD BOOK.

LENDING PERSONNEL AT ROOT CAPITAL ARE TRAINED ON ROOT'S CONFLICT OF INTEREST POLICY IN THE COURSE OF ITS ANNUAL CODE OF ETHICS (COE) WORKSHOPS. BEFORE THESE WORKSHOPS, ALL OF ROOT CAPITAL'S INTERNAL POLICIES ARE SHARED WITH THE PARTICIPANTS AND, AFTER THE TRAINING, PARTICIPANTS ARE ASKED TO SIGN AN ACKNOWLEDGEMENT FORM ATTESTING THAT THEY HAVE READ THE POLICIES AND COMPLETED THE TRAINING. TO ENSURE THAT LENDING PERSONNEL ARE CLEAR REGARDING WHAT CONSTITUTES A CONFLICT OF INTEREST, IT IS ALWAYS THE CASE THAT ONE OF THE COE VIGNETTES USED IN THE TRAINING FOCUSES ON A CONFLICT OF INTEREST SITUATION INVOLVING A CREDIT DECISION. THOSE WHO DO NOT ATTEND THE TRAINING IN PERSON ARE REQUIRED TO SUBMIT A WRITTEN RESPONSE TO THE COE VIGNETTES BY YEAR END.

#### COMPENSATION REVIEW PROCESS

FORM 990, PART VI, LINE 15

PER DELEGATION OF THE FULL BOARD OF DIRECTORS EACH YEAR, THE ROOT CAPITAL BOARD OF DIRECTORS' GOVERNANCE COMMITTEE REVIEWS THE CEO'S PERFORMANCE AND COMPENSATION ANNUALLY AND RECOMMENDS A SALARY FOR APPROVAL BY THE EXECUTIVE COMMITTEE OF THE BOARD. THIS POWER IS DELEGATED TO THE EXECUTIVE COMMITTEE BY THE BOARD SINCE THE FIRST QUARTER BOARD MEETING OCCURS PRIOR TO SALARY ADJUSTMENTS EACH YEAR. THE CEO'S SALARY

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RECOMMENDATION IS SUPPORTED BY A COMPENSATION STUDY PERFORMED BY AN OUTSIDE COMPENSATION EXPERT EVERY TWO YEARS. DOCUMENTATION OF THE DELIBERATION AND DECISION IS FILED IN THE CEO'S PERSONNEL FOLDER.

COMPENSATION OF OTHER OFFICERS AND KEY EMPLOYEES IS DETERMINED BY THE CEO OF THE ORGANIZATION USING THE RESULTS OF A COMPENSATION SURVEY CONDUCTED ON AN ANNUAL BASIS. SALARIES FOR ALL STAFF, INCLUDING THE CEO, WERE REVIEWED IN THE LAST QUARTER OF 2015 AND FIRST QUARTER OF 2016.

PUBLIC DISCLOSURE

FORM 990, PART VI, LINE 19

THE ORGANIZATION'S AUDITED FINANCIALS ARE AVAILABLE ON ITS WEBSITE.

GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY ARE AVAILABLE UPON REQUEST.

OTHER CHANGES IN NET ASSETS

FORM 990, PART XI, LINE 9

FOREIGN CURRENCY EXCHANGE LOSS: (\$1,476,403)

ATTACHMENT 1

FORM 990, PART V, LINE 4B - FOREIGN COUNTRIES

KENYA

MEXICO

COSTA RICA

SENEGAL

PERU

Name of the organization ROOT CAPITAL, INC.	Employer identification number 04-3478123
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FORM 990, PART VI, LINE 17 - STATESATTACHMENT 2

AL, AK, AR, CA, CO, CT,  
DC, FL, GA, IL, KS, KY, ME, MD, MA, MI,  
MN, MS, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA,  
RI, SC, TN, UT, VA, WA, WV, WI,

ATTACHMENT 3990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
STITCHING PROGRESSO FOUNDATION KEIZERSGRACHT 452 1016 GD AMSTERDAM NETHERLANDS	AGRONOMIC COORD	631,623.
INSOURCE SERVICES, INC. 148 LINDEN STREET WELLESLEY, MA 02482	IT SERVICES	112,309.

ATTACHMENT 4FORM 990, PART IX - OTHER FEES

<u>DESCRIPTION</u>	<u>(A) TOTAL FEES</u>	<u>(B) PROGRAM SERVICE EXP.</u>	<u>(C) MANAGEMENT AND GENERAL</u>	<u>(D) FUNDRAISING EXPENSES</u>
PROFESSIONAL PROGRAM SUPPORT	2,616,218.	2,344,724.	249,976.	21,518.
TOTALS	<u>2,616,218.</u>	<u>2,344,724.</u>	<u>249,976.</u>	<u>21,518.</u>

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2015**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
- ▶ Attach to Form 990.
- ▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

Employer identification number

ROOT CAPITAL, INC.

04-3478123

**Part I Identification of Disregarded Entities** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

**Part II Identification of Related Tax-Exempt Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) ROOT CAPITAL AC MA. ADELINA FLORES NO. 20 COLO CHIAPA, SAN CRISTOBAL DE L	PRGM SUPPORT	MX	N/A	N/A	ROOT CAPITAL	X	
(2) ASOCIACION ACCDER AV. CAMINO REAL 348 TERRE EL P LIMA, PE	PRGM SUPPORT	PE	N/A	N/A	N/A		X
(3) ROOT CAPITAL AC 22 AVENIDA 3-87 ZONA 3, EDIFIC QUETZALTENANGO, GT	PRGM SUPPORT	GT	N/A	N/A	ROOT CAPITAL	X	
(4)							
(5)							
(6)							
(7)							

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2015

JSA

SE1307 1.000

**Part III** Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

Table with 11 columns: (a) Name, address, and EIN of related organization; (b) Primary activity; (c) Legal domicile; (d) Direct controlling entity; (e) Predominant income; (f) Share of total income; (g) Share of end-of-year assets; (h) Disproportionate allocations; (i) Code V-UBI amount; (j) General or managing partner; (k) Percentage ownership. Rows 1-7 are empty.

**Part IV** Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

Table with 10 columns: (a) Name, address, and EIN of related organization; (b) Primary activity; (c) Legal domicile; (d) Direct controlling entity; (e) Type of entity; (f) Share of total income; (g) Share of end-of-year assets; (h) Percentage ownership; (i) Section 512(b)(13) controlled entity. Rows 1-7 are empty.

**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity . . . . .	1a	X
b Gift, grant, or capital contribution to related organization(s) . . . . .	1b	X
c Gift, grant, or capital contribution from related organization(s) . . . . .	1c	X
d Loans or loan guarantees to or for related organization(s) . . . . .	1d	X
e Loans or loan guarantees by related organization(s) . . . . .	1e	X
f Dividends from related organization(s) . . . . .	1f	X
g Sale of assets to related organization(s) . . . . .	1g	X
h Purchase of assets from related organization(s) . . . . .	1h	X
i Exchange of assets with related organization(s) . . . . .	1i	X
j Lease of facilities, equipment, or other assets to related organization(s) . . . . .	1j	X
k Lease of facilities, equipment, or other assets from related organization(s) . . . . .	1k	X
l Performance of services or membership or fundraising solicitations for related organization(s) . . . . .	1l	X
m Performance of services or membership or fundraising solicitations by related organization(s) . . . . .	1m	X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .	1n	X
o Sharing of paid employees with related organization(s) . . . . .	1o	X
p Reimbursement paid to related organization(s) for expenses . . . . .	1p	X
q Reimbursement paid by related organization(s) for expenses . . . . .	1q	X
r Other transfer of cash or property to related organization(s) . . . . .	1r	X
s Other transfer of cash or property from related organization(s) . . . . .	1s	X

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) ROOT CAPITAL AC - MEXICO	P	685,627.	FMV
(2) ASOCIACION ACCDER	P	1,407,216.	FMV
(3)			
(4)			
(5)			
(6)			

**Part VI** Unrelated Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

**Part VII** Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

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Combined Financial Statements, Supplemental Schedules and  
Report of Independent Certified Public Accountants

**ROOT CAPITAL, INC.**

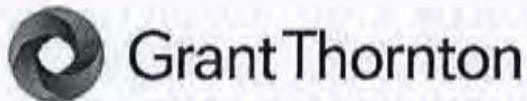
December 31, 2015 and 2014

# ROOT CAPITAL, INC.

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Grant Thornton LLP  
75 State Street, 13th Floor  
Boston, MA 02109  
T 617.723.7900  
F 617.723.3640  
[www.GrantThornton.com](http://www.GrantThornton.com)  
[linkedin.com/GrantThorntonUS](https://www.linkedin.com/company/grant-thornton-us)  
[twitter.com/GrantThorntonUS](https://twitter.com/GrantThorntonUS)

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
**Root Capital, Inc.**

We have audited the accompanying combined financial statements of Root Capital, Inc. ("the Organization"), which comprise the combined statements of financial position as of December 31, 2015 and 2014, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Root Capital, Inc. as of December 31, 2015 and 2014, and the results of its operations, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The statements of functional expenses for the years ended December 31, 2015 and 2014 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statement and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

*Grant Thornton LLP*

Boston, Massachusetts

April 18, 2016

**ROOT CAPITAL, INC.**  
**Combined Statement of Financial Position**  
**As of December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 25,261,532	\$ 26,771,734
Escrow funds held for others	1,528,569	1,928,261
Investments (Note 3)	200,720	198,006
Loans receivable, net of non current portion and allowance for loan loss (Notes 4 and 5)	53,522,508	56,295,291
Interest receivable, net (Note 5)	2,933,489	2,351,981
Fair value of FX hedges (Note 14)	-	1,534,418
Grants and pledges receivable, net (Note 7)	2,773,397	7,724,285
Prepaid expenses and other assets	<u>2,165,009</u>	<u>1,439,291</u>
Total current assets	<u>88,385,224</u>	<u>98,243,267</u>
<b>NONCURRENT ASSETS</b>		
Property, equipment and leasehold improvements, net (Note 8)	280,610	135,583
Loans receivable, net of current portion, allowance for loan loss, and deferred financing costs (Notes 4 and 5)	42,008,082	42,208,330
Grants and pledges receivable, net of current portion (Note 7)	71,568	591,282
Security deposits	<u>181,124</u>	<u>82,783</u>
Total noncurrent assets	<u>42,260,774</u>	<u>42,882,395</u>
Total assets	<u>\$ 130,926,608</u>	<u>\$ 141,261,245</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Notes payable, net of noncurrent portion (Note 6)	\$ 27,496,657	\$ 18,066,542
Subordinated debt, net of noncurrent portion (Note 6)	700,000	625,000
Line of credit, net of noncurrent portion	-	7,000,000
Escrow funds held for others	1,528,569	1,928,261
Accounts payable and accrued expenses	2,006,710	1,587,190
Accrued interest payable	1,119,806	762,054
Fair value of FX hedge payable (Note 14)	14,624	-
Other current liabilities	<u>578,484</u>	<u>471,422</u>
Total current liabilities	<u>33,444,850</u>	<u>30,440,469</u>
<b>NONCURRENT LIABILITIES</b>		
Notes payable, net of current portion (Note 6)	68,776,887	73,761,921
Subordinated debt, net of current portion (Note 6)	2,800,000	1,400,000
Line of credit, net of current portion	-	3,000,000
Other non-current liabilities (Note 10)	<u>92,986</u>	<u>-</u>
Total noncurrent liabilities	<u>71,669,873</u>	<u>78,161,921</u>
Total liabilities	<u>105,114,723</u>	<u>108,602,390</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>		
Operating reserve	4,695,044	4,728,523
Board designated for lending capital	-	2,695,339
Board designated for loan loss reserves	4,600,640	4,845,773
Unrestricted	9,295,684	12,269,635
<b>TEMPORARILY RESTRICTED (Note 9)</b>	<u>16,516,201</u>	<u>20,389,220</u>
Total net assets	<u>25,811,885</u>	<u>32,658,855</u>
Total liabilities and net assets	<u>\$ 130,926,608</u>	<u>\$ 141,261,245</u>

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

**ROOT CAPITAL, INC.**  
**Combined Statement of Activities**  
**For the year ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>			
Earned revenue			
Loan interest	\$ 9,924,100	\$ -	\$ 9,924,100
Loan fees	1,661,422	-	1,661,422
Provision for loan loss, net of recoveries	(5,841,764)	-	(5,841,764)
Management fees	381,365	-	381,365
Fee-for-service revenue	282,225	-	282,225
Foreign currency translation (Note 14)	(1,476,403)	-	(1,476,403)
Other revenue	4,943	-	4,943
Net earned revenue	<u>4,935,888</u>	<u>-</u>	<u>4,935,888</u>
Financial revenue (expense)			
Interest and investment income (Note 3)	93,592	-	93,592
Interest expense	(2,550,608)	-	(2,550,608)
Net financial expense	<u>(2,457,016)</u>	<u>-</u>	<u>(2,457,016)</u>
Net earned and financial revenue	2,478,872	-	2,478,872
Contributions and grants	2,246,579	4,282,204	6,528,783
In-kind contributions	206,533	-	206,533
Net assets released from donor restrictions	8,155,223	(8,155,223)	-
Total revenue	<u>13,087,207</u>	<u>(3,873,019)</u>	<u>9,214,188</u>
<b>EXPENSES</b>			
Program services			
Finance	5,961,701	-	5,961,701
Advise	4,325,632	-	4,325,632
Catalyze	2,382,118	-	2,382,118
Total program services	<u>12,669,451</u>	<u>-</u>	<u>12,669,451</u>
Supporting services			
Management and general	2,695,438	-	2,695,438
Fundraising	696,268	-	696,268
Total supporting services	<u>3,391,706</u>	<u>-</u>	<u>3,391,706</u>
Total expenses	16,061,157	-	16,061,157
Changes in net assets	(2,973,950)	(3,873,019)	(6,846,969)
Net assets at beginning of year	<u>12,269,634</u>	<u>20,389,220</u>	<u>32,658,854</u>
Net assets at end of year	<u>\$ 9,295,684</u>	<u>\$ 16,516,201</u>	<u>\$ 25,811,885</u>

*The accompanying notes are an integral part of this financial statement.*

**ROOT CAPITAL, INC.**  
**Combined Statement of Activities**  
For the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE</b>			
Earned revenue			
Loan interest	\$ 8,678,848	\$ -	\$ 8,678,848
Loan fees	1,570,459	-	1,570,459
Provision for loan loss, net of recoveries	(4,647,699)	-	(4,647,699)
Contracted revenue	258,620	-	258,620
Foreign currency translation (Note 14)	(622,016)	-	(622,016)
Other revenue	107,014	-	107,014
Net earned revenue	<u>5,345,226</u>	<u>-</u>	<u>5,345,226</u>
Financial expense			
Interest and investment income (Note 3)	129,223	-	129,223
Interest expense	(2,056,594)	-	(2,056,594)
Net financial expense	<u>(1,927,371)</u>	<u>-</u>	<u>(1,927,371)</u>
Net earned and financial revenue	3,417,855		3,417,855
Contributions and grants	2,479,846	4,741,418	7,221,264
In-kind contributions	270,485	-	270,485
Net assets released from donor restrictions	9,537,973	(9,537,973)	-
Total revenue	<u>15,706,159</u>	<u>(4,796,555)</u>	<u>10,909,604</u>
<b>EXPENSES</b>			
Program services			
Finance	5,804,560	-	5,804,560
Advise	4,142,426	-	4,142,426
Catalyze	2,257,433	-	2,257,433
Total program services	<u>12,204,419</u>	<u>-</u>	<u>12,204,419</u>
Supporting services			
Management and general	2,595,970	-	2,595,970
Fundraising	528,970	-	528,970
Total supporting services	<u>3,124,940</u>	<u>-</u>	<u>3,124,940</u>
Total expenses	15,329,359	-	15,329,359
Changes in net assets	376,800	(4,796,555)	(4,419,755)
Net assets at beginning of year	<u>11,892,834</u>	<u>25,185,775</u>	<u>37,078,609</u>
Net assets at end of year	<u>\$ 12,269,634</u>	<u>\$ 20,389,220</u>	<u>\$ 32,658,854</u>

*The accompanying notes are an integral part of this financial statement.*

**ROOT CAPITAL, INC.**  
**Combined Statement of Functional Expenses**  
For the year ended December 31, 2015

	Program Services			Supporting Services			Total Expenses	
	Finance	Advise	Catalyze	Total Program Services	Management and General	Fundraising		Total Supporting Services
Personnel	\$ 4,115,562	\$ 1,626,219	\$ 1,653,311	\$ 7,395,092	\$ 1,796,874	\$ 549,046	\$ 2,345,920	\$ 9,741,012
Professional services	577,626	1,639,731	298,717	2,516,074	443,177	21,518	464,695	2,980,769
Travel, conferences, and workshops	470,847	531,000	204,003	1,205,850	124,358	52,551	176,909	1,382,759
Occupancy and telecommunications	388,811	295,737	159,217	843,765	140,047	36,794	176,841	1,020,606
Other direct costs	<u>408,855</u>	<u>232,945</u>	<u>66,870</u>	<u>708,670</u>	<u>190,982</u>	<u>36,359</u>	<u>227,342</u>	<u>936,011</u>
Total	<u>\$ 5,961,701</u>	<u>\$ 4,325,632</u>	<u>\$ 2,382,118</u>	<u>\$ 12,669,451</u>	<u>\$ 2,695,438</u>	<u>\$ 696,268</u>	<u>\$ 3,391,706</u>	<u>\$ 16,061,157</u>

*The accompanying notes are an integral part of this financial statement.*



**ROOT CAPITAL, INC.**  
**Combined Statement of Functional Expenses**  
**For the year ended December 31, 2014**

	Program Services			Supporting Services			Total Expenses	
	Finance	Advise	Catalyze	Total Program Services	Management and General	Fundraising		Total Supporting Services
Personnel	\$ 4,039,528	\$ 1,763,709	\$ 1,621,772	\$ 7,425,009	\$ 1,766,010	\$ 417,273	\$ 2,183,283	\$ 9,608,292
Professional services	480,018	1,511,971	218,319	2,210,308	323,142	17,295	340,437	2,550,745
Travel, conferences, workshops	438,246	612,617	193,838	1,244,701	135,060	37,684	172,743	1,417,444
Occupancy and telecommunications	350,892	126,165	91,548	568,605	136,162	13,121	149,283	717,888
Other direct costs	<u>495,876</u>	<u>127,964</u>	<u>131,956</u>	<u>755,796</u>	<u>235,596</u>	<u>43,597</u>	<u>279,194</u>	<u>1,034,989</u>
Total	<u>\$ 5,804,560</u>	<u>\$ 4,142,426</u>	<u>\$ 2,257,433</u>	<u>\$ 12,204,419</u>	<u>\$ 2,595,970</u>	<u>\$ 528,970</u>	<u>\$ 3,124,940</u>	<u>\$ 15,329,359</u>

*The accompanying notes are an integral part of this financial statement.*

**ROOT CAPITAL, INC.**  
**Combined Statements of Cash Flows**  
**For the years ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (6,846,969)	\$ (4,419,754)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	88,408	138,569
Provision for loan loss	6,694,432	6,291,880
Provision for interest loss	309,132	508,438
Realized loss on investments	-	39,875
Unrealized loss on sales of investments	417	(16,818)
Rent abatement benefit	44,608	(64,430)
Present value discount on grants and pledges	(287)	(76,738)
Unrealized and realized losses on foreign currency (Note 14)	1,476,403	796,015
(Increase) decrease in		
Interest receivable	(812,099)	(1,277,874)
Grants and pledges receivable	5,470,889	4,851,711
Guarantees and other receivables	(365,910)	(760,507)
Prepaid expenses and other assets	44,947	(131,615)
Security deposits	(98,341)	9,228
Increase (decrease) in		
Loan participation liability	-	(20,829)
Accounts payable and accrued expenses	479,360	(234,453)
Other liabilities	53,661	272,476
Net cash provided by operating activities	<u>6,538,651</u>	<u>5,905,174</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, equipment, and leasehold improvements	(234,353)	(48,054)
Proceeds from sales of investments	-	8,900,000
Principal payments on loans receivable	149,968,359	141,686,193
Issuance of loans	(154,136,726)	(177,672,802)
Net cash used by investing activities	<u>(4,402,720)</u>	<u>(27,134,663)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(31,441,675)	(22,623,650)
Principal payments on subordinated debt	(625,000)	-
Proceeds from issuance of notes payable	26,620,543	51,251,602
Proceeds from subordinated debt	1,800,000	-
Net cash provided (used) by financing activities	<u>(3,646,132)</u>	<u>28,627,951</u>
Net increase (decrease) in cash and cash equivalents	(1,510,201)	7,398,463
Cash and cash equivalents at the beginning of year	<u>26,771,734</u>	<u>19,373,271</u>
Cash and cash equivalents at the end of year	<u>\$ 25,261,532</u>	<u>\$ 26,771,734</u>
Supplemental cash flow information:		
Interest paid	\$ 2,014,312	\$ 1,737,149

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

**ROOT CAPITAL, INC.**  
**Notes to Combined Financial Statements**  
**December 31, 2015 and 2014**

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**1. NATURE OF OPERATIONS AND BASIS OF ORGANIZATION**

**Nature of Operations**

Root Capital, Inc. is a non-profit, social investment organization that grows rural prosperity in poor, environmentally vulnerable places in Africa and Latin America by lending capital, delivering financial training, and strengthening market connections for small and growing agricultural businesses. Root Capital, Inc. operates the following programs:

*Finance:* Root Capital, Inc. provides loans ranging generally from \$50,000 to \$3 million to rural small and growing businesses, with a particular focus on those businesses that are currently not reached by commercial lenders. Most of Root Capital, Inc.'s loans can be categorized into one of the following:

- Lines of credit, which are used by borrowers to cover costs of purchasing raw product from their farmer suppliers. These lines of credit have terms of up to one year and are generally oriented around a harvest or production cycle.
- Fixed-asset loans with terms of up to seven years for investment in equipment and infrastructure.
- General working capital loans with terms from one to seven years.

*Advise:* The Financial Advisory Services program provides targeted financial management training to current and prospective clients so they have the financial management skills they need to grow and sustain their businesses. Financial Advisory Services prepares small and growing businesses with growth potential to qualify for credit and to mitigate the risk of lending to these businesses.

*Catalyze:* Root Capital, Inc. seeks to catalyze a thriving financial market to support historically underserved rural small and growing businesses. The program's strategy is to:

- Innovate - conduct R&D, study impact at the household and business levels, and look for ways to increase impact.
- Accelerate - share learning from work with like-minded peers to build common standards and practices necessary for the industry to thrive and scale.

**Basis of Organization**

Root Capital, Inc. combines its financials with Asociación Capacitadora y Catalizadora de Desarrollo Empresarial Rural (ACCDER), based in Lima, Peru, for the purposes of financial statement presentation, since Root Capital is ACCDER's primary source of its operational funding in the form of grants as well as its primary financing partner. ACCDER is a civil association that was incorporated in Peru on September 22, 2011. ACCDER is a nonprofit by virtue of its statutes, although it was never granted tax exemption by Peruvian tax authorities. Its objective is to provide financial management training and access to finance for small and medium agricultural enterprises.

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Root Capital, Inc. combines its financials with Root Capital, Asociación Civil (A.C.), based in San Cristóbal de las Casas, Chiapas, Mexico, for the purposes of financial statement presentation, since Root Capital, Inc. is one of two founding members of the entity. Root Capital, A.C., is a civil association that was incorporated in Mexico on December 4, 2012. Root Capital, A.C., is nonprofit by virtue of its statutes and has received tax exempt recognition from Mexican tax authorities. Its objective is to promote the sustainable development of rural communities through technical assistance to develop local individuals and businesses.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying combined financial statements are presented on the accrual basis of accounting, and represent the combined activity of Root Capital, Inc., ACCDER and Root Capital A.C., together "Root Capital." All intercompany transactions have been eliminated in combination.

**Cash and Cash Equivalents**

Root Capital considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Root Capital maintained adequate cash to meet liquidity-related covenants.

Root Capital held \$280,509 and \$543,380 of USD and foreign currency and cash equivalents at financial institutions in foreign countries at December 31, 2015 and 2014, respectively. The majority of funds on deposit in foreign countries are uninsured. Remaining cash balances were held at financial institutions in the United States and are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. Cash balances not insured by the FDIC were \$24,761,532 and \$26,271,733 at December 31, 2015 and 2014, respectively.

**Escrow Funds**

As a condition of certain tripartite lending agreements and servicing agreements, Root Capital holds in escrow short-term funds in accordance with the terms of these agreements. As of December 31, 2015 and 2014, total escrow funds were \$1,528,569 and \$1,928,261, respectively.

**Investments**

Investments consist of a mutual fund that invests primarily in money market instruments and short term, fixed income securities, and are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the accompanying Combined Statements of Activities.

**Loans Receivable and Allowance for Loan Losses**

Loans receivable are stated net of an allowance for loan losses (see Notes 4 and 5). The allowance is an amount that management believes will be adequate to absorb losses on existing loans that may become uncollectible.

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**Transfer of Financial Assets**

Transfer of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

**Grants and Pledges Receivable**

Grants and pledges receivable represent amounts due from donors and are stated at their net present value (discounted value of grants and pledges). Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Conditional grants are excluded from pledges receivable until the conditions are substantially met. Any assets contributed before the related conditions have been substantially met are accounted for as a liability on the combined statement of financial position.

**Property, Equipment and Leasehold Improvements**

Root Capital records purchased property and equipment with an acquisition value of \$5,000 or more at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets, generally three years (software) to five years (furniture and equipment). Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

**Income Taxes**

Root Capital is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a). ACCDER and Root Capital A.C. are organized and operated under the regulations of their respective countries, Peru and Mexico. Root Capital A.C. is a registered charitable organization in Mexico. The income tax consequences, if any, are reflected in the financial statements and do not have a material effect, individually or in the aggregate, upon Root Capital's financial statements.

**Revenue Recognition**

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor.

Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in accordance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying combined financial statements.

Revenues from interest on loans is recognized on the straight-line method based on fixed interest rates. Revenue from investment income is recognized using the effective interest method.

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Loan origination costs, net of origination fees are amortized over the life of the associated loans.

**Net Asset Classification**

The net assets are reported as follows:

*Unrestricted net assets* are those net resources that bear no external restrictions and are generally available for all uses by Root Capital. Root Capital has grouped its unrestricted net assets into the following categories:

- Operating reserve represents funds available to carry on the operations of Root Capital.
- Board designated for loan loss reserves represent amounts designated by the Board of Directors to provide for potential loan losses. The Board of Directors has maintained a policy to restrict certain funds to supplement the allowance for loan losses equal to 10% of the outstanding loans receivable balance (see Note 4). This serves as a liquidity reserve, providing a security enhancement to investors.
- Board designated for lending capital represents amounts set aside to provide a capital base for lending activities. Root Capital maintains a policy of committing unrestricted net assets in excess of those needed to fund operating and loan loss reserves for lending capital. This amount varies based on loan loss reserve requirements and based on the net operating surplus or deficit. As of December 31, 2015, the amount was \$0 due to the operating deficit in 2015. In 2014 the amount was \$2,695,339.

*Temporarily restricted net assets* are those unexpended financial resources that are restricted by donors as to purpose or timing of expenditure. Donor funds specifically designated for lending purposes represent resources which primarily provide a stable capital base, thus assisting in meeting debt covenants and providing for potential loan losses. This restricted lending capital is generally not available for operating costs. No donor has imposed an obligation on Root Capital to replenish the principal of any gift of lending capital in the event such funds are needed to offset loan losses. Accordingly, donor restricted lending capital funds have been classified as temporarily restricted net assets in the accompanying Statements of Financial Position. Once a loan is issued, there is no requirement to replenish that loan upon repayment. As a result, amounts from the temporarily restricted lending net assets can be released from restriction when the initial loan is issued.

**In-kind Contributions**

Root Capital receives in-kind contributions in support of the organization's operating and programmatic activities. In-kind contributions consist primarily of legal services, and are recorded at fair value as of the date of the gift as in-kind services revenue and as in-kind services expense in the accompanying combined financial statements.

**Use of Estimates**

The preparation of the combined 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 and liabilities at the date of the combined financial statements and the

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reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include the loan loss allowance and fair value of foreign currency contracts.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

In 2015, the functional expenses categories have been reduced from eleven to five major expense categories to match the reporting structure of most grant proposals and to increase the efficiency of the costs allocation process. For comparison, the 2014 Statement of Functional Expenses has been updated to reflect these five categories.

**3. INTEREST ON BANK DEPOSITS AND INVESTMENTS INCOME**

Included in interest and investment income for the years ended December 31 are the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 94,009	\$ 152,280
Unrealized loss on investments	(417)	(39,875)
Realized gain (loss) on sales of investments	-	16,818
	<u>          </u>	<u>          </u>
Total interest and investment income	<u>\$ 93,592</u>	<u>\$ 129,223</u>

**4. LOANS RECEIVABLE**

Following is a summary of Root Capital's loans receivable as of December 31:

<u>Portfolio</u>	<u>2015</u>		<u>2014</u>	
	<u>Number of Loans</u>	<u>Amount</u>	<u>Number of Loans</u>	<u>Amount</u>
Frontier Portfolio	81	\$ 8,171,883	42	\$ 7,925,073
Sustainable Trade Fund	<u>226</u>	<u>92,501,180</u>	<u>225</u>	<u>95,199,323</u>
Total	<u>307</u>	<u>\$ 100,673,063</u>	<u>267</u>	<u>\$ 103,124,396</u>

The five largest outstanding loans receivable were approximately 15% and 14% of the portfolio as of December 31, 2015 and 2014, respectively. The average outstanding loan balance at December 31, 2015 was \$325,803. The average outstanding loan balance at December 31, 2014 was \$386,234.

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Scheduled repayments of loans receivable at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
<b>Year Ending December 31</b>		
2016 and earlier	\$ 58,739,669	\$ 60,916,065
2017	15,159,416	16,568,658
2018	5,667,779	8,316,187
2019	11,948,675	5,175,805
2020	4,830,084	8,424,033
2021 and thereafter	<u>4,327,440</u>	<u>3,723,648</u>
	100,673,063	103,124,396
Less: allowance for loan losses (Note 5)	(5,407,604)	(4,620,775)
Deferred loan origination costs, net of origination fees	<u>265,131</u>	<u>-</u>
Net loan receivable	<u>\$ 95,530,590</u>	<u>\$ 98,503,621</u>

Historically, management has deemed the origination costs to be immaterial. In 2015, management began to account for them.

Root Capital makes loans in foreign currencies subject to various limitations, to accommodate clients whose products are not exported and who do not have access to U.S. currency. The portfolio includes loans made in several foreign currencies as listed below with the U.S. Dollar (\$) equivalent as of December 31 as follows:

<u>Currency</u>	<u>2015</u>	<u>2014</u>
U.S Dollar	\$ 86,011,752	\$ 81,745,852
Euro	10,045,898	16,023,608
Kenyan Shilling	1,485,839	698,239
Tanzanian Shilling	193,454	605,368
Ugandan Shilling	-	537,294
Ghanaian Cedi	1,568,092	1,818,172
Colombian Peso	49,809	62,263
Peruvian Nuevo Sol	148,536	-
Guatemalan Quetzal	189,811	1,158,699
Mexican Peso	<u>979,872</u>	<u>474,901</u>
Total loans receivable	<u>\$ 100,673,063</u>	<u>\$ 103,124,396</u>



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**Guarantee Agreements**

Root Capital has various loan guarantee agreements in place which are summarized below:

<u>Guarantor and Facility</u>	<u>Amount of Obligation</u>	<u>Term of Coverage</u>	<u>Outstanding Loan Balances</u>	<u>Claims in 2014</u>	<u>Claims in 2015</u>
USAID Development Credit Authority 50% Maximum Guarantee Facility (40% for loans approved after 9/30/2011) for SME Agribusiness in Select LA/African Countries	Maximum obligations of \$5,542,500	Through March 2020	\$ 1,374,461	\$ 178,276	\$ 562,489
USAID Development Credit Authority 50% Maximum Guarantee Facility for African Agricultural Financing	Maximum obligations of \$6,250,000	Through September 2019	\$ 5,362,026	\$ 27,579	\$ 152,968
USAID Development Credit Authority Guarantee Facility for Coffee Cooperatives	Maximum obligations of \$7,700,000	Through June 2026	\$ 2,569,737	\$ -	\$ -

**Loan Participation**

In 2014, Root Capital entered into a loan participation agreement (the "Agreement") with an impact-centered asset management company based in the U.S. (the "Investor"). Under the terms of the Agreement, the Investor would fund the loan participation program through cash and a note payable. The Investor pre-approved loans and borrowers that could be included in the loan participation. Each participation under this agreement is accompanied by a participation certificate. Root Capital services the Investor's participating interest.

The Investor, in executing the purchase of a participation interest, acquires a pro rata share of the loan receivable balance with each participation. Proceeds from participated interests are distributed on a pro rata basis between Root Capital and the Investor. Root Capital treats transactions under this participation agreement as transfer of financial assets, accounted for by derecognition of the loan receivable balances. Root Capital transfers the Investor's portion of proceeds from the participated loans, net of servicing fees. As of December 31, 2015 and December 31, 2014 the Investor's outstanding loan participation balance was \$ 1,292,598 and 2,430,771.

**5. ALLOWANCE FOR LOAN LOSSES**

The allowance for loan losses is an estimate of expected losses of loan principal due to borrower non-performance and is determined under Root Capital's provisioning policy. The allowance for loan losses is presented on the Statement of Financial Position as a reduction of the loan receivable balance. All outstanding loans are risk rated on a regular basis, based on performance factors related to product, management, buyer, and context. A quantitative and qualitative risk rating score as well as a delinquency classification is used to systematically classify the risk level of each loan.

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The activity within the allowance for loan losses consisted of the following for the year ended December 31:

	2015			2014		
	Sustainable Trade Fund	Frontier	Total	Sustainable Trade Fund	Frontier	Total
Balance, beginning of year	\$ 4,084,117	\$ 536,658	\$ 4,620,775	\$ 1,506,459	\$ 135,792	\$ 1,642,251
Provision for loan losses	5,696,921	997,511	6,694,432	5,442,712	849,168	6,291,880
Write-offs	(4,794,314)	(1,113,289)	(5,907,603)	(2,865,055)	(448,301)	(3,313,356)
Balance at December 31, 2015	<u>\$ 4,986,724</u>	<u>\$ 420,880</u>	<u>\$ 5,407,604</u>	<u>\$ 4,084,116</u>	<u>\$ 536,659</u>	<u>\$ 4,620,775</u>

**Guarantees and Recoveries**

As previously disclosed in note 4, some loans issued by Root Capital are guaranteed fully or partially by third parties such as USAID's Development Credit Authority (DCA). A guarantee receivable is established upon write-off of the guaranteed loan, with the corresponding recovery revenue also recorded. Other recoveries that are not related to guarantees are recognized on a cash basis. All recoveries are netted against provision for loan loss on the Statement of Activities. The following is a schedule of recoveries as of December 31:

	2015			2014		
	Sustainable Trade Fund	Frontier	Total	Sustainable Trade Fund	Frontier	Total
Recoveries						
Guarantees	\$ 232,843	\$ 329,909	\$ 562,752	\$ 845,487	\$ 133,458	\$ 978,945
Other	221,337	68,579	289,916	443,406	221,830	665,236
Total	<u>\$ 454,180</u>	<u>\$ 398,488</u>	<u>\$ 852,668</u>	<u>\$ 1,288,893</u>	<u>\$ 355,288</u>	<u>\$ 1,644,181</u>

**Impaired Loans**

A loan is considered impaired when, based on current information and events, it is likely that Root Capital will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Loans are considered non-current 30 days after a missed payment that remains unpaid or as otherwise determined by performance indicators other than delinquency.

Borrower performance is monitored on a regular basis by Root Capital lending staff, based on financial and other information that may be required from borrowers. In some instances, third party contractors provide the required reporting. At a minimum all loans are risk rated every two months, or as soon as monitoring information indicates the need to change a rating. Loans classified as non-current (special mention, substandard, and doubtful) are monitored more closely with increased attention from senior staff.

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Root Capital's loan classification methodology follows guidance from the Office of the Comptroller of the Currency (OCC) which charters, regulates, and supervises all national banks in the United States. OCC guidelines are summarized as follows:

**Loans with payments due in full at maturity**

- Loans are downgraded to Special Mention at 30 days past maturity;
- Loans are downgraded to Substandard when they are at least 90 days past maturity and no payment has been received in 90 days;
- Loans are downgraded to Doubtful when they are at least 180 days past maturity and no payment has been received in 180 days;
- Loans are written off when they are at least 270 days past maturity and no payment has been received in 270 days.

**Loans with amortization schedules and/or scheduled interest payments**

- Loans are downgraded to Special Mention at 30 days since last scheduled payment;
- Loans are downgraded to Substandard at 90 days since the last scheduled payment;
- Loans are downgraded to Doubtful at 270 days since the last scheduled payment;
- Loans are written off at 360 days since the last scheduled payment.

**Restructured loans**

- Loans are downgraded to Special Mention at 30 days since last scheduled payment;
- Loans are downgraded to Substandard at 90 days since the last scheduled payment;
- Loans are downgraded to Doubtful at 180 days since the last scheduled payment;
- Loans are written off at 270 days since the last scheduled payment.

**Non-Accrual and Write-off**

Loans classified as Substandard or Doubtful are automatically placed on non-accrual status from the first day of the month following the month they are downgraded. Authorized senior lending staff may also place other loans on non-accrual status as deemed appropriate on a per-loan basis.

Non-accrual status does not change the contractual obligations of the borrower, nor does it change the interest rate. Scheduled payments on loans on non-accrual status are applied to accrued interest and principal obligations. Accrual status for a particular borrower's loans resumes when the borrower performs satisfactorily for at least six months, the borrower is in compliance with all loan covenants, and no going concern issues exist that might interfere with the borrower's ability to make future payments.

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Summary of loan risk composition as of December 31:

	<b>2015</b>			
	<b>Outstanding Principal</b>	<b>Percent of Portfolio</b>	<b>Loan Loss Allowance</b>	<b>Provision Rate</b>
<b>Sustainable Trade Fund</b>				
Current	\$ 70,569,048	76.3 %	\$ 490,719	0.53 %
Special Mention	16,703,900	18.1	1,583,246	1.71
Substandard	4,404,883	4.8	2,089,410	2.26
Doubtful	823,349	0.9	823,349	0.89
Total	<u>92,501,180</u>	<u>100.0</u>	<u>4,986,724</u>	<u>5.39</u>
<b>Frontier</b>				
Current	4,605,326	56.4	55,636	0.68
Special Mention	3,131,916	38.3	204,600	2.50
Substandard	286,114	3.5	71,529	0.88
Doubtful	148,527	1.8	89,116	1.09
Total	<u>8,171,883</u>	<u>100.0</u>	<u>420,881</u>	<u>5.15</u>
Total - all portfolios	<u>\$ 100,673,063</u>	<u>100.0 %</u>	<u>\$ 5,407,605</u>	<u>5.37 %</u>
	<b>2014</b>			
	<b>Outstanding Principal</b>	<b>Percent of Portfolio</b>	<b>Loan Loss Allowance</b>	<b>Provision Rate</b>
<b>Sustainable Trade Fund</b>				
Current	\$ 82,840,624	87.0 %	\$ 852,503	0.90 %
Special Mention	8,198,991	8.6	676,377	0.71
Substandard	2,948,630	3.1	1,371,644	1.44
Doubtful	1,211,079	1.3	1,183,594	1.24
Total	<u>95,199,324</u>	<u>100.0</u>	<u>4,084,118</u>	<u>4.29</u>
<b>Frontier</b>				
Current	5,227,420	66.0	72,446	0.91
Special Mention	1,942,945	24.5	97,190	1.23
Substandard	546,158	6.9	236,740	2.99
Doubtful	208,549	2.6	130,283	1.64
Total	<u>7,925,072</u>	<u>100.0</u>	<u>536,659</u>	<u>6.77</u>
Total - all portfolios	<u>\$ 103,124,396</u>	<u>100.0 %</u>	<u>\$ 4,620,777</u>	<u>4.48 %</u>

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Loans are written off when it is determined that the likelihood and/or timing of repayment are highly uncertain. Delinquency write-off thresholds are established by payment structure with loans due in full at maturity being written off after 270 days of delinquency and loans with amortization schedules and/or scheduled interest payments after 360 days.

Root Capital sets aside a reserve, based on historical experience, as an estimate of potential loans losses according to the following guidelines:

Classification	Reserve Level	Delinquency Thresholds (Days)		
		Single Payment Loans (Due at Maturity)	Amortizing Loans	Restructured Loans*
Current	0.5%	N/A	N/A	N/A
Special Mention	5%	At Maturity	45	45
Substandard	50%	90	90	90
Doubtful	100%	180	270	180
Write-off	0%	270	360	270

\* Restructured loans are reserved at a minimum of 10%

**Restructured Loans**

A loan restructure is a modification to loan terms that results from the borrower's inability to perform under its existing loan terms due to a business weakness that is not temporary (more than 90 days). Restructured loans and loans in the process of being restructured are provisioned at a minimum of ten percent.

The table below shows restructured loans information as of December 31.

2015 Portfolio	Outstanding Principal	Percent of Portfolio	Allowance for Loan Loss
<b>Sustainable Trade Fund</b>			
Current	\$ 1,825,236	1.8 %	\$ 147,000
Doubtful	406,816	0.4	406,816
Special Mention	3,676,820	3.7	353,783
Substandard	1,624,100	1.6	812,050
	<u>7,532,972</u>	<u>7.5</u>	<u>1,719,649</u>
<b>Frontier</b>			
Current	113,067	0.1	5,653
Doubtful	148,527	0.1	89,116
Special Mention	1,761,063	1.7	146,353
Substandard	46,271	0.0	11,568
	<u>2,068,928</u>	<u>2.1</u>	<u>252,690</u>
Grand total	<u>\$ 9,601,900</u>	<u>9.5 %</u>	<u>\$ 1,972,339</u>

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2014 Portfolio	Outstanding Principal	Percent of Portfolio	Allowance for Loan Loss
Sustainable Trade Fund			
Current	\$ 1,103,972	1.1 %	\$ 110,397
Doubtful	967,690	0.9	940,190
Special Mention	542,180	0.5	51,852
Substandard	-	0.0	-
	<u>2,613,842</u>	<u>2.5</u>	<u>1,102,439</u>
Frontier			
Current	756,063	0.7	50,089
Doubtful	156,533	0.2	78,267
Special Mention	1,411,886	1.4	72,654
Substandard	181,698	0.2	54,509
	<u>2,506,180</u>	<u>2.4</u>	<u>255,519</u>
Grand total	<u>\$ 5,120,022</u>	<u>5.0 %</u>	<u>\$ 1,357,958</u>

**Allowance for Interest Losses**

Root Capital also records an allowance for potential losses on interest receivable for loans classified as substandard or doubtful through the date it was placed on non-accrual. Root Capital nets the provision expense associated with such allowances against interest revenue on loans in the accompanying Statements of Activities. The balance of the allowance for losses on interest receivable was \$132,837 and \$191,213 as of December 31, 2015 and 2014.

**6. NOTES PAYABLE, SUBORDINATED DEBT & LINES OF CREDIT**

**Notes Payable**

Root Capital had 245 and 196 outstanding notes payable as of December 31, 2015 and 2014 respectively. The notes mature at various dates from 2015 to 2025 and are unsecured.

**Subordinated Debt**

Included in notes payable as of December 31, 2015 is \$3,500,000 of subordinated debt from seven investors. One of the subordinated notes for \$200,000 has a 15% grant convertibility feature at maturity. One of the subordinated notes for \$300,000 has a convertibility feature such that the debt is convertible to net assets in the event of default or at the discretion of the investor. Included in notes payable as of December 31, 2014 is \$2,025,000 of subordinated debt from three investors. Interest payments are due annually on the subordinated debt, with lump-sum payments of principal due on or before the maturity dates between May 2016 and December 2025. The notes are subordinate to all senior creditors.

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The following is a summary of all notes payable including subordinated debt as of December 31:

<u>Investor</u>	2015	2014
	<u>Outstanding Principal</u>	<u>Outstanding Principal</u>
Corporation	\$ 16,250,000	\$ 13,000,000
Foundation	31,891,000	33,408,410
Government/Multilateral	28,340,000	28,700,000
Individual	15,697,987	8,664,686
Other	7,594,557	10,080,367
	<u>\$ 99,773,544</u>	<u>\$ 93,853,463</u>

<u>Investor</u>	2015	2014
	<u>Outstanding Principal</u>	<u>Outstanding Principal</u>
1	\$ 20,000,000	\$ 20,000,000
2	15,000,000	15,000,000
3	15,000,000	12,000,000
4	6,000,000	6,000,000
5	3,465,000	4,000,000
All other investors	40,308,544	36,853,463
	<u>\$ 99,773,544</u>	<u>\$ 93,853,463</u>

As of December 31, maturities on the outstanding principal of the notes payable were as follows:

<b>Year Ending December 31,</b>	
2016	\$ 27,676,657
2017	17,936,887
2018	18,090,000
2019	3,525,000
2020	3,560,000
2021 and thereafter	28,985,000
	<u>\$ 99,773,544</u>

The debt agreements contain various covenants that require Root Capital to maintain certain financial ratios. Those covenants place restrictions on Root Capital's activities including its ability to secure debt investment and lending funds. The most common financial covenant included within the agreements with a small number of our largest lenders is a debt to equity ratio of 5:1 which includes grant funded net assets and long-term subordinated debt in the calculation of equity as outlined in the debt agreements with those lenders.

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As of December 31, 2015, the open credit exposure ratio as defined by the covenant with one of the investors was 31%, against a covenant threshold maximum of 18%. The investor was notified prior to December 31, 2015 about the impending non-compliance and a waiver process was initiated, which was fully executed on January 28, 2016. Root Capital kept this investor informed throughout 2015, including communicating the three out of four quarters that Root Capital was out of compliance. There was no impact to any of the other existing covenants.

**Lines of Credit**

In 2014 Root Capital opened four lines of credit with a combined limit of \$10,000,000. Root Capital employs lines of credit to meet seasonal demand to agricultural borrowers and as a reserve to meet loan demand. As of December 31, 2015 all four lines of credit were unutilized. As of December 31, 2014 all lines credits were fully utilized. One of the lines of credit is secured, with Bank of America holding \$3,000,000 as cash collateral. The other lines are unsecured. The interest expense charged on all lines of credit in 2015 and 2014 was \$75,409 and \$49,579 respectively.

**7. GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges receivable represent unconditional promises to give in the form of grants and pledges from various donors. Grants and pledges due within one year are classified as current assets; those due beyond one year are recorded at their net present value using an interest rate effective as of the date of the gift.

Conditional grants are excluded from the pledges receivable until the conditions are substantially met. As of December 31, 2015 and December 31, 2014 unrecorded conditional grants were \$4,712,924 and \$2,264,346 respectively.

As of December 31, grants and pledges receivable were due as follows:

	<u>2015</u>	<u>2014</u>
One year or less	\$ 2,773,397	\$ 7,724,285
One to five years	<u>75,000</u>	<u>595,000</u>
Total grants and pledges receivable	2,848,397	8,319,285
Less: Current portion	(2,773,397)	(7,724,285)
Less: Discounts	<u>(3,432)</u>	<u>(3,718)</u>
Net noncurrent grants and pledges receivable	<u>\$ 71,568</u>	<u>\$ 591,282</u>



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**8. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

As of December 31, 2015 Root Capital had the following balances in property, equipment, and leasehold improvements:

		<u>2015</u>	<u>2014</u>
Leasehold improvements	5 - 7 Years	\$ 292,343	\$ 189,900
Property & equipment	3 - 5 Years	183,811	145,492
Computer software & hardware	3 Years	<u>608,465</u>	<u>514,874</u>
		1,084,619	850,266
Less: accumulated depreciation		<u>804,008</u>	<u>714,683</u>
Leasehold improvements, property, & equipment, net		<u>\$ 280,611</u>	<u>\$ 135,583</u>

**9. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Program restricted	\$ 4,505,636	\$ 8,388,655
Lending net assets	6,543,898	6,533,898
Loan loss reserve- donor designated	<u>5,466,667</u>	<u>5,466,667</u>
Total temporarily restricted net assets	<u>\$ 16,516,201</u>	<u>\$ 20,389,220</u>

The following temporarily restricted net assets were released from donor restrictions:

	<u>2015</u>	<u>2014</u>
Satisfaction of time restriction	\$ -	\$ 3,177,397
Satisfaction of program restriction	<u>8,155,223</u>	<u>6,360,576</u>
Net assets released from donor restrictions	<u>\$ 8,155,223</u>	<u>\$ 9,537,973</u>

**10. COMMITMENTS**

**Leases**

During 2015, Root Capital entered into a commercial lease for its principal office space in Cambridge, Massachusetts. The lease expires in 2022. In accordance with the lease, as is common practice in such agreements, Root Capital is also responsible for its pro-rata share of the building's operating expenses and real estate taxes in connection with this lease. At lease commencement date, Root Capital received a two month rent free period. Subsequent periods contain annual rent escalations beginning after the twelve month from lease commencement date, and as was the case with Root Capital's previous headquarters

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office also in Cambridge. The old lease ended in July 2015 while the new lease commenced in August 2015. The new lease contains a renewal option for additional 5 year term under substantially similar conditions. The difference between the actual monthly rent payments and the total lease liability calculated on a straight line basis is recorded as an increase/decrease to deferred rent liability, adjusted over the lease term. The deferred rent liability was \$44,608 in 2015. The deferred rent benefit was \$64,430 in 2014.

Root Capital also leases office space under short-term lease agreements in its various other locations in Africa and Latin America. ACCDER rents office space in Peru under a three-year operating lease agreement that expires in 2018.

The following is a schedule of the future minimum lease payments under all office leases:

2016	\$ 697,540
2017	652,759
2018	641,758
2019	544,958
2020	458,520
2021 and thereafter	<u>824,385</u>
Total commitments	<u>\$ 3,819,920</u>

Occupancy expense for the years ended December 31, 2015 and 2014 (including utilities and maintenance) totaled \$1,020,605 and \$600,018 respectively.

**EcoLogic Development Fund, Inc.**

EcoLogic Development Fund, Inc. (EDF), the original parent of Root Capital, divested of Root Capital in August 1999. At the time of the spin-off, Root Capital entered into an agreement whereby it agreed to pay EDF an annual royalty. Based on the formula for calculating the royalty, Root Capital has incurred an annual liability of \$15,000 to EDF. During 2014, Root Capital paid EDF \$15,000 which was included in "other direct costs" in the accompanying Statements of Functional Expenses. The payment related provisions of the agreement were subject to expiry or renewal in 2015. The Root Capital board elected to terminate, rather than renew and did so in accordance with the process outlined in the agreement. EDF acknowledged and accepted the termination as being sufficient.

**11. RETIREMENT PLAN**

Root Capital has implemented a defined contribution retirement plan covering all eligible employees, who begin to participate on the first day of employment. Root Capital contributes up to 4% of each participating employee's annual salary. During the years ended December 31, 2015 and 2014, total retirement benefit expense was \$164,830 and \$153,968, respectively, and is included in "salaries and related benefits" in the accompanying Statements of Functional Expenses.

**12. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, Fair Value Measurement, Root Capital has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical

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assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Combined Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

- Level 1 - These are investments where values are based on unadjusted quoted prices for identical assets in an active market Root Capital has the ability to access.
- Level 2 - These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

*Mutual funds:* The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained. As of December 31, 2015 and 2014, Root Capital's mutual funds investments, all Level 1, had a fair value of \$200,720 and \$198,006.

**13. TRANSACTIONS WITH RELATED PARTIES**

Root Capital's notes payable balance as of December 31, 2015 includes three notes from related parties totaling \$2,150,000. One note is held by an individual who as of December 31, 2015 served as a Root Capital officer. Two other notes are held by two members of Root Capital's Board of Directors. Notes payable balance as of December 31, 2014 included two notes from related parties totaling \$2,050,000. One note was held by a Root Capital officer and one note was held by a member of Root Capital's Board of Directors. The terms of the notes payable to related parties are consistent with terms of notes payable to non-related parties. Accrued interest on notes from related parties was \$20,984 and \$20,850 as of December 31, 2015 and December 31, 2014, respectively.

Root Capital had pledges receivable balance from related parties, specifically certain directors, in the amount of \$33,250 and \$1,017,885 in 2015 and 2014, respectively.

**14. FOREIGN EXCHANGE**

**Foreign Currency Translation**

The following table summarizes Root Capital's foreign exchange gains and losses on average outstanding foreign currency loan portfolio balances of \$19,039,215 and \$16,144,930 in 2015 and 2014, respectively; in addition to those resulting from Root Capital's foreign currency operating activities. After giving effect to offsetting gains and losses from hedging, additional losses were incurred primarily in local, "soft" currency

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exposures. The resulting foreign exchange losses are reported as foreign currency translation on the Statement of Activities.

	<u>Year ending December 31,</u>	
	<u>2015</u>	<u>2014</u>
FX losses on lending	\$ (2,732,160)	\$ (2,561,967)
FX gains on hedge activity	1,241,704	1,939,951
FX gains on operating activity	<u>14,053</u>	<u>-</u>
Total FX losses	<u>\$ (1,476,403)</u>	<u>\$ (622,016)</u>

The effect of such losses on net assets was partially reduced by additional interest revenue earned from local currency interest rate premiums charged on underlying loans. Root Capital's local currency pricing policy employs local benchmark rates, namely central bank and treasury-bill rates, forward rates, and anticipated hedging and other costs, to determine applicable interest rate premiums. In 2015, Root Capital earned local currency interest premium revenue of \$770,251, reported within interest revenue. In addition, the effect of foreign exchange losses on net assets was partially reduced by releases from a reserve set aside to offset foreign exchange gains and losses. In 2015, Root Capital released \$168,864 from such reserve, reported within net assets released from donor restrictions. Thus, in 2015 after local currency interest premium revenue and reserve releases, Root Capital had net losses of \$537,287 from foreign currency lending and operating activities.

**Fair Value of Currency Swap**

Root Capital uses derivative instruments when practical to manage foreign exchange risk related to loans receivable exposures denominated in foreign currencies. In 2015 and 2014 Root Capital entered into deliverable swap and forward agreements ranging from 1 to 18 months in duration to hedge exposures to the British Pound, Euro, Ghanaian Cedi, Kenyan Shilling and Mexican Peso. Foreign exchange gains and losses from hedging were generally effective in offsetting losses and gains on underlying exposures. Root Capital monitors its positions with, and the credit quality of, the financial institutions that are party to any of its financial transactions. The gain or loss on the derivative, as well as the offsetting loss or gain on the underlying transaction attributable to the hedged risk, are reflected in the foreign currency translation line item on the Statement of Activities

The following table presents the fair value of outstanding forward contracts as of December 31:

<u>Currency</u>	<u>2015</u>	<u>2014</u>
Euro	\$ 192,354	\$ 1,487,789
Ghanaian Cedi	(259,731)	-
Kenyan Shilling	45,630	-
Mexican Peso	<u>7,123</u>	<u>46,629</u>
Total currency swap	<u>\$ (14,624)</u>	<u>\$ 1,534,418</u>

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**15. MANAGEMENT FEES**

In 2015 Root Capital recognized \$381,365 of revenue for activities performed as the Company Manager of LAFCo, a Mauritius based Category 1 Global Business License (GBLI) Company which provides working capital to agricultural Small and medium-sized enterprises in sub-Saharan Africa. LAFCo was incorporated on 26 May 2015 and has two shareholders, KfW Development Bank and AgDevCo.

**16. OTHER RECEIVABLES**

In November 2015 Bank of America placed a temporary hold on an outgoing wire transfer of \$466,178 intended for disbursement to a client in Honduras due to a recent sanction of that client's bank by the Office of Foreign Assets Control (OFAC). Root Capital has made a formal request to OFAC for the release and return of these funds and has engaged counsel experienced with handling similar cases. The current assessment of Root Capital's counsel based on available information is that Root Capital has a strong case for receiving a favorable outcome. This \$466,178 is recorded as Other Assets on the Statement of Financial Position.

**17. SUBSEQUENT EVENTS**

In preparing these combined financial statements, Root Capital has evaluated events and transactions for potential recognition or disclosure through April 18, 2016, the date the financial statements were available to be issued.