Hencorp Becstone Capital, L.C.

Financial Statements
December 31, 2016

KAUFMAN ROSSIN

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cpa • advisors

INDEPENDENT AUDITORS' REPORT

Hencorp Becstone Capital, L.C.
Miami, Florida

We have audited the accompanying financial statements of Hencorp Becstone Capital, L.C., which comprise the balance sheet as of December 31, 2016, and the related statements of income, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hencorp Becstone Capital, L.C. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kaufman, Rossin & Co., P.A.

June 30, 2017
Miami, Florida

HENCORP BECSTONE CAPITAL, L.C.
BALANCE SHEET
DECEMBER 31, 2016

ASSETS		
CASH AND CASH EQUIVALENTS	$	7,601,706
LOANS HELD FOR SALE (NOTES 3 AND 5)		67,602,299
INTEREST RECEIVABLE (NOTE 3)		1,009,582
INTEREST-ONLY STRIP RECEIVABLE (NOTE 8)		2,832,551
DUE FROM RELATED PARTIES (NOTE 6)		125,097
PROPERTY AND EQUIPMENT, NET (NOTE 4)		196,591
OTHER ASSETS		263,990
INVESTMENT IN FUNDS (NOTE 6)		3,396,307
FIXED INCOME MARKETABLE SECURITIES (NOTE 2)		8,705,162
	$	91,733,285
LIABILITIES AND MEMBER'S EQUITY		
SERVICER REMITTANCE PAYABLE, NET (NOTE 3)	$	4,643,268
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (NOTE 7)		1,904,152
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (NOTE 2)		5,493,540
LOAN SERVICING LIABILITY (NOTE 5)		76,090
LINE OF CREDIT FACILITIES (NOTE 7)		61,036,335
DEFERRED LOAN ORIGINATION FEES (NOTE 3)		29,737
DUE TO RELATED PARTY (NOTE 6)		483,431
TOTAL LIABILITIES		73,666,553
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
MEMBER'S EQUITY		18,066,732
	$	91,733,285

See accompanying notes.

HENCORP BECSTONE CAPITAL, L.C.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2016

REVENUE		
Interest income, including loan fees (Note 3)	$	8,996,318
Gain on sale of loans (Notes 5 and 6)		998,304
Advisory and consulting fees (Note 6)		740,528
Other (Note 6)		369,702
Earnings from equity method investments (Note 6)		151,529
Dividend income		1,515
Total revenue		11,257,896
OPERATING EXPENSES		
Management fees (Note 6)		4,538,431
Interest (Note 7)		3,011,389
Professional fees		709,825
Foreign offices		667,420
Commissions		380,270
Other		320,027
Provision for loan losses (Note 3)		300,000
Total operating expenses		9,927,362
NET INCOME	$	1,330,534

See accompanying notes.

HENCORP BECSTONE CAPITAL, L.C.
STATEMENT OF CHANGES IN MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2016

MEMBER'S EQUITY AS OF DECEMBER 31, 2015	$ 16,736,198
NET INCOME	1,330,534
MEMBER'S EQUITY AS OF DECEMBER 31, 2016	$ 18,066,732

See accompanying notes.

HENCORP BECSTONE CAPITAL, L.C.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$	1,330,534
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		22,446
Provision for loan losses		300,000
Earnings from equity method investees, net of distributions received		29,463
Loan originations	(	247,002,186)
Proceeds from sales and principal repayments of loans		244,204,938
Gain on sale of loans	(	998,304)
Amortization of discount on fixed income marketable securities	(	200,879)
Accretion of loan servicing liability	(	121,744)
Amortization of interest-only strip receivable		1,868,776
Loan origination fees generated		1,530,229
Amortization of deferred loan origination fees	(	1,524,606)
Changes in operating assets and liabilities:		
Interest receivable	(	179,649)
Other assets		149,680
Accounts payable and accrued liabilities	(	89,960)
Servicer remittance payable, net		1,270,175
Due to related party		483,431
Total adjustments	(	258,190)
Net cash provided by operating activities		1,072,344
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(	197,105)
Repayment of principal on fixed income marketable securities		30,156
Purchase of fixed income marketable security	(	4,727,914)
Investment in funds	(	20,592,353)
Proceeds from sale of investment in funds		17,352,000
Due from related parties		1,805,514
Net cash used in investing activities	(	6,329,702)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from line of credit facilities		6,349,070
Net securities sold under agreements to repurchase		2,295,053
Net cash provided by financing activities		8,644,123
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,386,765
CASH AND CASH EQUIVALENTS - BEGINNING		4,214,941
CASH AND CASH EQUIVALENTS - ENDING	$	7,601,706

See accompanying notes.

HENCORP BECSTONE CAPITAL, L.C.
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED DECEMBER 31, 2016

Supplemental Disclosure of Cash Flow Information:		
Interest paid	$	2,875,858
Income taxes paid	$	-

See accompanying notes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business and Organization

Hencorp Becstone Capital, L.C. (the Company), was organized on April 18, 2002 as a Florida Limited Liability Company. The Company is wholly-owned by Hencorp Becstone, L.C. (the Parent). The Company is engaged primarily in originating and structuring loans to customers. Corporate finance loans and credits are sold and participated to banks and private investors principally located in Central America, South America and the Caribbean (the Region). Project finance loans holding credit guarantees from Export-Import Bank of the United States are sold exclusively to the Private Export Funding Corporation ("PEFCO"). All loans are sold without recourse. The servicing rights are generally retained by the Company. The Company also retains interests in loans for its own portfolio and provides advisory, consulting and loan brokerage services.

Pursuant to the terms of the Company's operating agreement, unless otherwise amended, the Company shall dissolve effective April 18, 2020.

Cash and Cash Equivalents

Cash and cash equivalents include liquid instruments with a purchased maturity of three months or less. The Company, from time to time, maintains deposits with financial institutions in excess of federally insured limits.

Marketable Securities

The Company considers its investment in fixed income marketable securities as held to maturity. Held to maturity securities are reported at amortized cost. Premium and discounts are charged and credited to interest income using the interest method over the period of maturity.

Investment in Funds

The Company uses the cost method of accounting for investments in unconsolidated affiliates when the Company owns less than 20% of the voting interest and has no significant influence over the investee. Under the cost method of accounting, the investment is carried at cost and income is recognized when dividends are received. Impairment is recognized for a cost method investment when and if the investment suffers an other than temporary decline in value. At that time, the investment is adjusted to its new fair value and the difference is recognized as a loss. If the Company can exercise siginificant influence over the investee, the investment is accounted for under the equity method, whereby the Company recognizes its proportionate share of the investee's undistributed earnings or losses and reduces the investment to reflect distributions received from the investee.

Loans Held For Sale

Loans held for sale are carried at the unpaid principal amount, adjusted for deferred origination costs and fees, net of allowance for loan losses, representing the lower of cost or fair value.

A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due in a sale of the loan or according to the contractual terms of the loan agreement. The Company's loan portfolio, which principally consists of commercial loans, is evaluated for impairment based upon unobservable inputs that are supported by little or no market activity and that are significant to the fair value calculation. Factors considered include the nature of the loan portfolio, review of loans and management's judgment with respect to current economic conditions, industry trends, collateral, if any, industry standards and their impact on the existing loan portfolio. If the recorded investment in the impaired loan exceeds the measure of fair value of the loan, a valuation allowance is recorded as a component of the allowance for loan losses. Changes to the valuation allowance are recorded as a component of the provision for loan losses. Loans deemed uncollectible are charged to the allowance for loan losses. At December 31, 2016, there is an allowance for loan losses recorded totaling approximately $2,644,000. The evaluation of the adequacy of the allowance for loan losses is inherently subjective, as it requires estimates that are susceptible to significant revisions as market factors change or as more information becomes available.

At December 31, 2016, an entity related by common ownership accounts for approximately 12% of the loans held for sale.

Interest -Only Strip Receivable and Retained Servicing Rights (Obligations)

The Company sells loans to a buyer for a cash purchase price and generally retains the servicing rights (obligations) on loans sold. The Company is then required to remit principal and interest at the investor pass-through rate. The Company typically does not receive contractual servicing fees and uses its own estimate of costs incurred less ancillary income, if applicable, to arrive at the initial estimated value of its servicing obligations. Once recorded, servicing liabilities are amortized using a straight-line method based upon the contractual lives of the underlying loan.

The note rate on loans is higher in comparison to the investor pass-through interest rates, creating at participation loan closings, an interest-only strip receivable. In determining the fair value of the interest-only strip receivable, the Company estimates the future cash flow stream it expects to receive taking into account delinquencies, defaults and default loss severity as it affects the amount and timing of the estimated cash flows, utilizing a discount rate on residual cash flows of approximately 8.65%.

The Company carries the interest-only strip receivable at fair value. The precise market value of the interest-only strip receivable cannot be readily determined because these assets are not actively traded in stand-alone markets. Considerable judgment is required to determine the fair value and continuing carrying value of retained interests and the exercise of such judgment can significantly impact the Company's reported earnings.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major betterments and additions are charged to the asset accounts, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are charged to expense as incurred.

Depreciation and Amortization

Depreciation and amortization of property and equipment is computed by the straight-line method over the estimated useful lives of the assets, ranging from three to seven years. Depreciation of leasehold improvements is computed at the lesser of the useful life of the asset or the lease term.

Gain on Sale of Loans

Loan sales are accounted for as sales when control of the loans is surrendered or sold without recourse. Liabilities incurred in connection with loan sales are measured at fair value. Gains or losses resulting from the sale of loans are recognized at the date of settlement and are based on the difference between consideration received, including interest-only receivable, less retained servicing rights and the carrying value of the related loans sold. The Company uses its own discounted cash flow models to arrive at the initial estimated value of its interest-only receivable and retained servicing obligations.

In addition, the Company allocates its acquisition costs between the loan sold and the retained interests, based on their relative fair values.

Interest Income

Interest income on loans is generally recognized using methods which approximate the interest method. In general, loans are placed on non-accrual status when a loan becomes delinquent for 90 days or more or when management believes that interest on such loans may not be collected in the ordinary course of doing business. Interest income is recognized on delinquent and impaired loans upon collection.

Loan Origination Fees and Costs

Net loan origination fees are initially deferred and amortized as an adjustment of the related loan's yield utilizing the interest method. Upon the sale of the loan, the related origination fees and costs are recorded as a component of interest income.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by the Company. The Company's sole member/parent is taxed on the Company's earnings. No provision for income taxes is included in the accompanying financial statements.

The Company assesses its tax positions in accordance with "*Accounting for Uncertainties in Income Taxes*" as prescribed by the Accounting Standards Codification, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Company's major tax jurisdictions.

The Company assesses its tax positions and determines whether it has any material unrecognized liabilities for uncertain tax positions. The Company records these liabilities to the extent it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Company believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses for the year presented. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the price that the Company would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the investment or liability. Fair value measurement establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Company's investments.

The inputs are summarized in the three broad levels listed below.

Level 1 - Quoted prices in active markets for identical assets and liabilities

Level 2 - Other observable inputs, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Interest-only strips. As interest-only strips do not trade in active markets in readily observable prices, the Company uses a valuation model that calculates the present value of estimated future cash flows. These fair value measurements use significant unobservable inputs, and accordingly, are classified as level 3 in the hierarchy.

The following is a description of the valuation methodologies used for instruments measured at fair value on a non-recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Loans held for sale. Loans held for sale are carried at the lower of cost or fair value determined in the aggregate. In determining whether the fair value of loans held for sale is less than cost when quoted market prices are not available, the Company may consider outstanding investor commitments, guarantees, discounted cash flow analyses with market assumptions or the fair value of the collateral if the loan is collateral dependent. The fair value of the Company's loans are determined using significant unobservable inputs, and accordingly, are classified as Level 3 in the hierarchy.

NOTE 2. FIXED INCOME MARKETABLE SECURITIES

The amortized cost and estimated market value of fixed income marketable securities held to maturity are as follows:

	Amortized Cost	Gross Unrealized Gains	Approximate Fair Values
Securities held to maturity - December 31, 2016:			
El Salvador Bonds	$ 4,723,515	$ 68,349	$ 4,791,864
El Salvador Treasury Bills	3,981,647	18,353	4,000,000
	$ 8,705,162	$ 86,702	$ 8,791,864

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As of December 31, 2016, there were no fixed income marketable securities with unrealized losses.

The amortized cost and estimated market value of fixed income marketable securites, at December 31, 2016, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Approximate Fair Values
Due in one year or less	$ 3,981,647	$ 4,000,000
Due after ten years	4,723,515	4,791,864
	$ 8,705,162	$ 8,791,864

Subsequent to year-end, the Company collected 100% of the Salvadorian Treasury Bills at their respective maturity dates. Accrued interest as of December 31, 2016 amounted to approximately $17,000, which is included as a component of other assets in the accompanying balance sheet.

NOTE 2. FIXED INCOME MARKETABLE SECURITIES (Continued)

As of December 31, 2016, the Company had entered into repurchase agreements in which bonds and treasury bills with a face value of $5,493,540 were sold to outside third parties bearing interest at rates ranging from 4.74% to 6.74% for periods ranging from 5 to 32 days. The buyer is obligated to resell the bond to the Company at the termination of the repurchase agreements under fixed price arrangements. Funds received pursuant to the agreements are recorded as liabilities and the Company includes the underlying securities in the balance sheet for the term of the agreements. At December 31, 2016, repurchase agreements totaled $5,493,540.

NOTE 3. LOANS HELD FOR SALE

Loans held for sale at December 31, 2016 consisted of the following:

Total loans originated, including renewals, and serviced	$ 652,533,222
Amount sold to investors	(582,286,751)
Loans held for sale	70,246,471
Less: allowance for loan losses	(2,644,172)
	$ 67,602,299

The gross amount of the above loans, including renewals, was originated by the Company. The amounts sold represent the sale to investors of principal plus the right to receive interest income at a specified rate. Although the Company typically retains servicing rights for loans sold, such sold instruments are not included in assets in the accompanying balance sheet as the Company has surrendered control and economic interest in these assets.

In connection with loan servicing, amounts collected from borrowers including loan pay-offs and interest not yet remitted to loan holders due to timing, as of December 31, 2016 amounted to $4,643,268 and are included in the accompanying balance sheet.

NOTE 3. LOANS HELD FOR SALE (Continued)

Loans held for sale at December 31, 2016 consisted of the following:

Various unsecured short-term loans (maturity less than one year) to companies with interest due semi-annually, quarterly, annually or at maturity.	$ 36,253,574
Various unsecured short-term loans (maturity less than one year) to companies with interest due monthly.	30,026,067
Various unsecured long-term loans (maturity greater than one year) to companies with interest due monthly.	1,082,168
Various secured short-term loans (maturity less than one year) to companies with interest due monthly.	2,006,113
Various secured long-term loans (maturity greater than one year) to companies with interest due semi-annually, quarterly, annually or at maturity.	587,811
Various secured long-term loans (maturity greater than one year) to companies with interest due semi-annually, quarterly, annually or at maturity.	290,738
	$ 70,246,471

Long-term loans with maturities in excess of one year have maturity dates through December 2029. In connection with loans held for sale, at December 31, 2016, the Company had interest receivable of $1,009,582.

The Company's portfolio of loans and related interest receivable are denominated in United States dollars and also are subject to the credit risks inherent in the countries where the loans were issued. Loans held for sale at December 31, 2016, consisted of loans receivable from borrowers located in the following countries:

El Salvador	$ 31,109,959
Costa Rica	10,258,353
Panama	8,642,830
Nicaragua	7,056,465
Guatemala	3,197,005
Mexico	3,110,000
Honduras	1,638,324
Peru	1,524,641
Trinidad & Tobago	1,190,591
British Virgin Islands	1,020,000
Dominican Republic	1,000,000
United States	498,303
	$ 70,246,471

NOTE 3. LOANS HELD FOR SALE (Continued)

Origination fees on loans, net of costs, are deferred and amortized as an adjustment of the related loans yield utilizing the interest method. Net origination fee income for the year ended December 31, 2016 amounted to $1,524,606, which is included in interest income in the accompanying statement of income. Deferred loan origination fees of $29,737 are included in the accompanying balance sheet at December 31, 2016.

Transactions affecting the allowance for loan losses are summarized as follows:

Balance at January 1	$	2,344,172
Provision for loan losses		300,000
Balance at December 31	$	2,644,172

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016 consisted of the following:

Furniture and equipment	$	127,234
Leasehold improvements		146,493
		273,727
Less: accumulated depreciation and amortization	(	77,136)
	$	196,591

Depreciation and amortization expense amounted to $22,446 for the year ended December 31, 2016.

NOTE 5. GAIN ON SALE OF LOANS

Upon the sale of a loan, the Company estimates its servicing liability based upon direct internal costs estimated to be incurred during the servicing period, which approximates fair value, amortized over the term of the loan. At December 31, 2016, the Company held servicing rights on loans sold of approximately $582,000,000. The servicing liability related to these loans amounted to $76,000 at December 31, 2016. Amortization of loan servicing liability during 2016 amounted to approximately $122,000, which included a portion of the prior years' unamortized servicing liability.

For the year ended December 31, 2016, the Company recognized gains on the sale of loans amounting to approximately $998,000 (Note 6).

NOTE 6. RELATED PARTY TRANSACTIONS

Management Fee

The Company receives management and administrative services, including the use of its office facility, from an entity affiliated by common ownership. In this regard, the affiliate incurs operating expenses and provides facilities and staff in consideration of a management fee. For the year ended December 31, 2016, the Company incurred $4,538,431 of management fees, of which $483,431 is reflected as due to related party in the accompanying balance sheet.

Advances

At December 31, 2016, the Company had advances receivable from entities related by virtue of common ownership and/or management approximating $125,000, which are included in due from related parties in the accompanying balance sheet.

Sale of Loans

During 2016, the Company sold loans totaling approximately $239,496,000 to related entities without recourse. The Company recorded gains of approximately $273,000 related to these sales, which are included in gain on sale of loans in the accompanying statement of income. At December 31, 2016, approximately $119,328,000 of these loans were being serviced by the Company.

During 2016, the Company originated loans totaling approximately $98,630,000 to related entities, of which $13,281,000 were outstanding at December 31, 2016. During 2016, interest income related to these loans totaled approximately $1,616,000.

Borrowings

At December 31, 2016, the Company had borrowings from related entities and individuals aggregating approximately $4,901,000. During 2016, interest expense related to borrowings from related parties totaled approximately $161,000 (Note 7).

Hencorp Income Opportunity Fund, S.A. ("HIOF")

In July 2014, the Company entered into an agreement with HIOF, which is controlled by entities related by common ownership, to act as the Fund's investment manager which incudes making investment decisions and structuring transactions on behalf of HIOF; accordingly the Company can exercise significant influence over HIOF and thus accounts for its investment under the equity method of accounting. HIOF accounts for its investments under the historical method of accounting, which approximates fair value. The Fund shall pay the Company a quarterly management fee equal to 1.25% per annum of the amount of the aggregate total capital commitments. After the end of the Commitment Period, the management fee is calculated against the aggregate unreturned capital contributions. The Company earned approximately $313,000 of management fees for the year ended December 31, 2016 which are included as a component of advisory and consulting fees in the accompanying statement of income.

Distributions received from HIOF for the year ended December 31, 2016 amounted to approximately $19,000. For the year ended December 31, 2016, the Company's proportionate share of the net loss of HIOF approximated $2,000, which is included as a component of earnings from equity method investments in the accompanying statement of income. At December 31, 2016, the Company's investment in HIOF amounted to $1,793,307. As of December 31, 2016, the Fund's investment portfolio consisted of $933,078 of loan participations purchased from the Company. Subsequent to year-end, the Company ceased providing investment services and liquidated 100% of its position in the fund at no gain or loss.

Hencorp Loan Fund ("Loan Fund")

In November 2014, the Company entered into an agreement with the Loan Fund, which is related by virtue of common management, to act as the Loan Fund's administrator which incudes making investment decisions on behalf of the Loan Fund; accordingly the Company can exercise significant influence over the Loan Fund and thus accounts for its investment under the equity method of accounting. The Loan Fund shall pay the Company an administrative fee of up to 1.5% per annum, payable monthly, based on the average daily investment portfolio balance. The Company earned approximately $355,000 of administrative fees for the year ended December 31, 2016, which are included as a component of other income in the accompanying statement of income.

Substantially all of HLF's assets are comprised of loan participations purchased from the Company. HLF accounts for its investments under the historical cost method of accounting, which approximates fair value.

During 2016, the Company invested $18,955,000 into the Loan Fund, of which $17,352,000 was liquidated prior to year-end at no gain or loss, resulting in a 5.34% ownership stake in the Loan Fund. The Company's proportionate share of the net income of the Loan Fund approximated $153,000 for the year ended December 31, 2016, which is included as a component of earnings from equity method investments in the accompanying statement of income. Distributions received amounted to $153,000 during the year ended December 31, 2016. At December 31, 2016, the Company's investment balance in the Loan Fund amounts to $1,603,000.

Consulting Income

The Company earned approximately $295,000 in consulting related income for services provided to an entity related by virtue of common management during the year ended December 31, 2016, which is included as a component of advisory and consulting fees in the accompanying statement of income.

NOTE 7. LINE OF CREDIT FACILITIES

The line of credit facilities at December 31, 2016 consisted of the following:

Maximum borrowings of $16,500,000 with various banks in Panama, with interest rates ranging between 5.50% and 6.00%, payable monthly, expiring through January 2018.	$ 16,500,000
Maximum borrowings of $39,700,000 with various banks in El Salvador, with interest rates ranging between 3.50% and 6.00%, payable monthly, expiring through September 2018.	13,377,000
Maximum borrowings of $16,500,000 with various banks in the United States, with interest rates ranging between 3.50% and 4.29% payable monthly, expiring through November 2017.	13,000,000
Maximum borrowings of $15,000,000 with various banks in Guatemala, with interest rates ranging between 5.90% and 6.00%, payable monthly, expiring through November 2017.	12,000,000
Maximum borrowings of $4,900,716 with related parties, with interest rates ranging between 3.78% and 4.13%, payable monthly, expiring through July 2017.	4,900,716
Other	1,258,619
	$ 61,036,335

Interest expense amounted to $2,920,185 for the year ended December 31, 2016, of which $159,735 is included in accounts payable and accrued liabilities at December 31, 2016. Certain line of credit facilities have variable interest rates that are tied to an index and others are adjustable at the lender's discretion. Management expects to renew or refinance its expiring line of credit facilities before their maturity dates.

Certain of the Company's line of credit facilities are subject to customary covenants and if compliance is not maintained, outstanding balances might be accelerated and would be due on demand. Credit facilities with a balance at December 31, 2016 of approximately $21,677,000 are collateralized by corporate guarantees.

NOTE 8. FAIR VALUE MEASUREMENT

The interest-only strip receivable, which at December 31, 2016 totaled $2,832,551, is measured on a recurring basis at fair value.

Changes in Level 3 assets measured at fair value for the year ended December 31, 2016 are as follows:

ASSETS, at fair value		Interest-only Receivable
Beginning Balance	$	3,599,024
Total gross gains included in earnings		1,102,303
Amortization of interest-only strip receivable	(	1,868,776)
Ending Balance	$	2,832,551

Realized gains from the sale of loans are included in the accompanying statement of income.

At December 31, 2016, the fair value of the interest-only strip receivable was based on a discounted cash flow valuation model that incorporates market driven assumptions such as discount rate, delinquency rates and prepayment speeds. Specifically, the model assumes cash flows from borrower repayments are made in accordance with contractual terms with nominal delinquency or prepayments with a discount rate of approximately 8.65%.

Delinquency levels and discount rate are considered the key assumptions in the determination of the interest-only strip receivable calculation. At December 31, 2016 a 10% and 20% adverse change in borrower delinquency levels yield a $(110,000) and $(220,000) impact on the initial interest-only strip receivable calculation, respectively. At December 31, 2016 a 10% and 20% adverse change in discount rate yields a $(15,000) and $(29,000) impact on the initial interest-only strip receivable calculation, respectively.

These sensitivities are hypothetical and should be used with caution as the results cannot necessarily be extrapolated because the relationship of the change in assumption to the fair value may not be linear. Furthermore, estimated fair values disclosed should not be considered indicative of future earnings on these assets.

NOTE 9. COMMITMENTS AND CONTINGENCY

Commitments

On December 15, 2014, the Company entered into a Bond Purchase and Sale Agreement with a financial institution. The agreement required the Company to purchase $10,000,000 in bonds issued by an entity related to the Company by common ownership beginning in January 2015 and continuing through December 2015. Per the Company's request, the repurchase obligations were extended for completion during 2017. The agreement allows the Company to solicit third parties to buy the bonds in satisfaction of the commitment. As of December 31, 2016, the Company is committed to repurchasing approximately $1,000,000 in bonds.

Litigation

From time to time, the Company may be involved in legal actions arising in the ordinary course of business. In the opinion of management, the Company does not believe that these matters will have a material adverse effect on the Company's financial position.

NOTE 10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 30, 2017, which is the date the accompanying financial statements were available to be issued.