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BOARD OF DIRECTORS  
GRAMEEN FOUNDATION USA  
WASHINGTON, DC

We have audited the accompanying statements of financial position of Grameen Foundation USA, as of December 31, 2003 and 2002 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Grameen Foundation USA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grameen Foundation USA, as of December 31, 2003 and 2002 and the statement of activities and changes in its net assets, functional expenses, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated March 24, 2004 on our consideration of Grameen Foundation USA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.



Our audit was performed for the purpose of forming an opinion on the basic financial statements of Grameen Foundation USA, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Berlin, Ramos Company, P.A.*  
BERLIN, RAMOS & COMPANY, P.A.

March 24, 2004

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GRAMEEN FOUNDATION USA  
STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	<u>2003</u>	<u>2002</u>
Cash and Cash Equivalents	\$ 1,666,386	\$ 1,221,689
Contributions Receivable	350,801	57,680
Government Grant Funds Receivable	21,921	
Investments		51,089
Inventory		21,978
Employee and Other Advances	10,301	
Prepaid Expenses	17,596	20,832
Property and Equipment , Net	24,274	36,331
Deposits	12,689	10,580
Program Related Investments	251,267	
Micro-Credit Interest Receivable	23,287	
Micro-Credit Loans Receivable	176,135	106,948
	<u>\$ 2,554,657</u>	<u>\$ 1,527,127</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 131,903	\$ 87,263
Payroll liabilities	4,383	
Deferred Government Grant Funds	7,391	
Notes Payable	183,230	106,230
Loans Payable		10,462
Recoverable Grants Payable	212,664	
TOTAL LIABILITIES	<u>539,571</u>	<u>203,955</u>
NET ASSETS - Unrestricted	593,191	71,454
NET ASSETS - Restricted	1,421,895	1,251,718
TOTAL NET ASSETS	<u>2,015,086</u>	<u>1,323,172</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,554,657</u>	<u>\$ 1,527,127</u>

The accompanying notes are an integral part of this statement.

GRAMEEN FOUNDATION USA  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(WITH COMPARATIVE TOTALS FOR 2002)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2002</u>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Contributions	\$ 607,856	\$5,348,176	\$ 5,956,032	\$4,035,722
Program Revenues	112,634		112,634	23,906
Interest and Dividends	61,207		61,207	44,937
In-kind Donations	197,863		197,863	130,898
Other Income	261,340		261,340	811
Gain on Sale of Securities	2,998		2,998	541
Net Assets Released from Restrictions	5,177,999	(5,177,999)		
	<u>6,421,897</u>	<u>170,177</u>	<u>6,592,074</u>	<u>4,236,815</u>
<b>EXPENSES</b>				
Program Services:				
Grameen Bank Replication (Including Grants of \$2,629,997 and \$1,490,590)	3,657,318		3,657,318	2,123,338
Poverty Alleviation Collaborative (Including Grants of \$525,000 for 2002)				621,325
Grameen Technology Center (Including Grants of \$107,050 and \$50,000)	618,424		618,424	434,605
Peoples Fund (Including Grants of \$7,788 and \$23,701)	7,788		7,788	23,910
Public Education (Including Grants of \$20,000 for 2003)	377,877		377,877	256,363
The Plan Fund	299,847		299,847	213,878
Total Program Services	<u>4,961,254</u>		<u>4,961,254</u>	<u>3,673,419</u>
Supporting Services:				
Fundraising	90,533		90,533	89,597
Management and General	848,373		848,373	393,429
TOTAL SUPPORTING SERVICES	<u>938,906</u>		<u>938,906</u>	<u>483,026</u>
TOTAL EXPENSES	<u>5,900,160</u>		<u>5,900,160</u>	<u>4,156,445</u>
CHANGE IN NET ASSETS	521,737	170,177	691,914	80,370
NET ASSETS, BEGINNING OF YEAR	<u>71,454</u>	<u>1,251,718</u>	<u>1,323,172</u>	<u>1,242,802</u>
NET ASSETS, END OF YEAR	<u>\$ 593,191</u>	<u>\$ 1,421,895</u>	<u>\$ 2,015,086</u>	<u>\$ 1,323,172</u>

The accompanying notes are an integral part of this statement.

GRAMEEN FOUNDATION USA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(WITH COMPARATIVE TOTALS FOR 2002)

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTALS	TOTALS	
	Grameen Bank Replication	Grammen Technology Center	People's Fund	Public Education	The PLAN Fund	Total Program Services	Fundraising	Management and General	Total Supporting Services	2003	2002
Salary	\$ 339,454	\$ 199,832	\$	\$ 104,410	\$ 175,066	\$ 818,762	\$ 28,883	\$ 356,087	\$ 384,970	\$ 1,203,732	\$ 943,928
Insurance and Benefits	60,487	33,913		17,719	29,749	141,868	5,502	62,235	67,737	209,605	154,732
Total Employee Costs	399,941	233,745		122,129	204,815	960,630	34,385	418,322	452,707	1,413,337	1,098,660
Occupancy		23,307			9,975	33,282		118,310	118,310	151,592	116,171
Public Awareness Events											20,255
Publications	275	68		39,928	60	40,331	70	1,166	1,236	41,567	4,787
Client Training	35,563					35,563				35,563	1,714
Office Expense	7,305	7,201		295	9,553	24,354	759	68,773	69,532	93,886	76,107
Computer Expense	581	6,364		680	624	8,249	4,499	11,244	15,743	23,992	31,124
Postage and Delivery	3,551	1,159		14,158	767	19,635	13,047	11,123	24,170	43,805	40,712
Printing	2,147	969		63,519	1,908	68,543	12,213	3,703	15,916	84,459	76,274
Telephone and Fax	2,484	22,484		337	6,539	31,844		37,170	37,170	69,014	36,421
Travel and Meetings	266,739	72,084		57,867	8,444	405,134	3,012	38,502	41,514	446,648	235,600
Grants and Recoverable Grants	2,629,997	107,050	7,788	20,000		2,764,835				2,764,835	2,089,291
Professional Services	199,434	85,173		58,946	25,525	369,078	12,736	107,326	120,062	489,140	160,657
Pro Bono Services	107,683	57,823			22,176	187,682	3,225	6,956	10,181	197,863	130,898
Miscellaneous	1,618	997		18	9,461	12,094	6,587	25,778	32,365	44,459	37,774
Total Functional Expenses	\$ 3,657,318	\$ 618,424	\$ 7,788	\$ 377,877	\$ 299,847	\$ 4,961,254	\$ 90,533	\$ 848,373	\$ 938,906	\$ 5,900,160	\$ 4,156,445
Percent of Functional Expenses	61.99%	10.49%	0.13%	6.40%	5.09%	84.10%	1.52%	14.38%	15.90%	100%	

The accompanying notes are an integral part of this statement.

GRAMEEN FOUNDATION USA  
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 691,914	\$ 80,370
Adjustments to Reconcile Change in Net Assets to Cash		
Used by Operating Activities:		
Depreciation	14,622	14,927
Stock Contributions	(358,788)	(237,240)
Net Realized Investment Gains	(2,998)	(541)
Increase In:		
Micro-Credit Loans Receivable	(69,187)	(2,548)
Micro-Credit Interest Receivable	(23,287)	
Government Grant Funds Receivable	(21,921)	
Contributions Receivable	(293,121)	(57,680)
Employee & Other Advances	(10,301)	
Program related Investments	(251,267)	
Payroll Liabilities	4,383	
Deposits	(2,109)	
Accounts Payable	44,640	43,162
Deferred Government Grant Funds	7,391	
Recoverable Grants Payable	212,664	
Decrease In:		
Salaries Payable		(23,411)
Prepaid Expenses	3,236	(20,832)
Inventory	21,978	1,775
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(32,151)</b>	<b>(202,018)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sale of Investments	412,875	186,692
Purchase of Property and Equipment	(2,565)	(12,249)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>410,310</b>	<b>174,443</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Loans	77,000	50,000
Principal Repayment of Loans	(10,462)	(135,770)
<b>NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<b>66,538</b>	<b>(85,770)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	444,697	(113,345)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>1,221,689</b>	<b>1,335,034</b>
<b>CASH AND CASH EQUIVALENTS- ENDING</b>	<b>\$ 1,666,386</b>	<b>\$ 1,221,689</b>

The accompanying notes are an integral part of this statement.

GRAMEEN FOUNDATION USA  
DECEMBER 31, 2003

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Grameen Foundation USA (GF-USA) is a nonprofit organization created to collaborate with public and private institutions to achieve the long-term goal of eliminating poverty throughout the world.

Income Tax Status - GF-USA is exempt from paying income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. Contributions made to the Foundation are deductible by the donor for Federal income tax purposes, subject to the statutory limitation on charitable contributions.

Fixed Assets - Fixed Assets are recorded at cost or fair value, if donated. The Organization capitalizes purchases of property and equipment of \$2,500 or more. Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets and is included in office expense.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates made by the Foundation's management.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, GF-USA considers all currency, bank demand notes, and other negotiable instruments that are readily acceptable in lieu of currency and with a maturity of three months or less to be cash and cash equivalents.

Contributions - GF-USA accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions.

Inventories - Inventories are valued at the lower of cost or market on a first-in, first-out basis.

GRAMEEN FOUNDATION USA  
DECEMBER 31, 2003

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Assets - All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Concentrations of Credit Risk - GF-USA maintains cash balances at several financial institutions located in Washington, DC AND Dallas, TX Accounts at these institutions are insured by the FDIC and SIPC up to \$100,000. At December 31, 2003 and 2002, the Foundation's balances exceeded the insured limits by approximately \$1,185,000 and \$887,000, respectively.

NOTE 2 - OPERATING LEASES

Effective August 30, 2001 GF-USA entered into a twelve-month lease beginning October 1, 2001 and terminated December 31, 2002, for its office in Seattle, Washington. The lease called for a minimum monthly rental of \$1,500. The lease also called for the Foundation to pay \$138 monthly for utilities. Since the lease expired December 31, 2002, GF-USA continues to rent the office space on a month-to-month basis under the same conditions specified in the original lease.

Effective November 5, 2001 GF-USA entered into a five-year lease for its Washington, DC office beginning December 1, 2001 and expiring on November 30, 2006. The lease calls for a minimum monthly rental of \$8,981. The lease also calls for operating expense and real estate tax reimbursements to the landlord on a pro rata basis, otherwise known as "additional rent".

Future minimum lease payments are due for the following years ended December 31:

2004	\$107,772
2005	107,772
2006	<u>98,791</u>
	<u>\$314,335</u>

NOTE 3 – MICRO-CREDIT LOANS

Included in Grameen Bank Replication Program and Poverty Alleviation Collaborative grants and recoverable grants expense for the years ended December 31, 2003 and 2002, respectively, are \$2,629,997 and \$2,015,590 of micro-credit loans to various micro-credit style lenders. These loans have been classified as recoverable grants since their recovery is uncertain due to exchange rate risk, borrower risk, foreign currency controls, potential re-lending and other factors.

GRAMEEN FOUNDATION USA  
DECEMBER 31, 2003

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2003</u>	<u>2002</u>
Furniture and Equipment	\$ 79,037	\$ 76,472
Less: Accumulated Depreciation and Amortization	<u>(54,763)</u>	<u>(40,141)</u>
Net Property and Equipment	<u>\$ 24,274</u>	<u>\$ 36,331</u>

Depreciation expense, included in office expense for the years ended December 31, 2003 and 2002, was \$14,622 and \$14,927, respectively.

NOTE 5 - LOANS PAYABLE

As of December 31, 2003 and 2002 the Foundation had the following loan outstanding:

	<u>2003</u>	<u>2002</u>
Muhummad Yunus	\$ 0	\$ 10,462

This loan was unsecured, non-interest bearing and repaid October 27, 2003.

NOTE 6 - NOTES PAYABLE

Effective September 27, 2001 GF-USA obtained a line of credit in the amount of \$350,000 with Wachovia Bank (formerly First Union National Bank). The Note is due and payable in consecutive monthly payments of accrued interest only. The Note, including principal and accrued interest, is payable on demand. The Note was renewed during 2002 and again in 2003. If demand is not made by the lender, the Note will mature on September 27, 2004 at which time principal and all accrued interest will be due and payable unless further extended or renewed. Interest accrued and paid monthly under this note is charged at a rate equal to the Bank's prime rate plus 3%. The outstanding principal balance at December 31, 2003 and 2002 was \$0.

GRAMEEN FOUNDATION USA  
DECEMBER 31, 2003

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - NOTES PAYABLE (CONTINUED)

Effective February 13, 2001 GF-USA entered into an agreement for a revolving line of credit loan for \$100,000 with the Bank of Texas, N.A. Monthly payments are made for accrued interest only. The Note, including principal and accrued interest is payable on demand. The Note was further extended and renewed on March 4, 2002 and increased to \$150,000. The note was again extended on March 4, 2003. If demand is not made by the lender, the Note will mature on March 4, 2004 at which time principal and all accrued interest will be due and payable unless further extended or renewed. Interest on the loan will be charged at a rate equal to the J. P. Morgan Chase Bank Prime Rate minus 1%. The outstanding principal balance at December 31, 2003 and 2002 was \$133,230 and \$56,230, respectively.

Effective May 8, 2002, GF-USA entered into a Recoverable Grant agreement for \$50,000 with JP Morgan Chase & Co. The grant was due in whole and without interest on November 30, 2003. The outstanding balance at December 31, 2003 and 2002 was \$50,000. The grant was repaid on February 4, 2004.

NOTE 7 - CONTRIBUTED SERVICES AND GIFTS IN KIND

GF-USA receives and recognizes contributed services and gifts in kind from various sources. During 2003 and 2002, GF-USA received contributed services and gifts in kind, valued at fair value, in the amount of \$197,863 and \$130,898, respectively.

Contributed services and gifts in kind for 2003 and 2002 were as follows:

	<u>2003</u>	<u>2002</u>
Legal Services	\$ 197,863	\$ 122,078
Computer Services	<u>                    </u>	<u>8,820</u>
Total	<u>\$ 197,863</u>	<u>\$ 130,898</u>

NOTE 8 - INVESTMENTS

Investments are stated at fair market value and consist of investments in corporate stocks. For the years ended December 31, 2003 and 2002, the fair market value of investments held by GF-USA were \$0 and \$51,089, respectively.

GRAMEEN FOUNDATION USA  
DECEMBER 31, 2003

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - INVESTMENTS (CONTINUED)

For the years ended December 31, 2003 and 2002, GF-USA had realized gains from investments of \$2,998 and \$541, respectively. GF-USA had no unrealized gains or losses on investment for the years ended December 31, 2003 or 2002.

NOTE 9 – INVENTORY

Inventory consists of the following:

	<u>2003</u>	<u>2002</u>
Textiles	\$ 0	\$ 12,211
Books and Publication	<u>0</u>	<u>9,767</u>
Total	<u><u>\$ 0</u></u>	<u><u>\$ 21,978</u></u>

Remaining textiles and books and publications inventories were charged off to operating expense during 2003. The Foundation will no longer carry any textiles or books and publications inventories.

NOTE 10 –PROGRAM RELATED INVESTMENTS

Program Related Investments consists of funds on deposit with Citibank, New York to guarantee a \$250,000 loan from Citibank, India to Cashpor Financial and Technical Services (CFTS) in Hyerabad, India, the purpose of which is to expand the micro lending program of CFTS. As of December 31, 2003, the balance of the investment is \$251,267.



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO THE BOARD OF DIRECTORS  
GRAMEEN FOUNDATION USA  
WASHINGTON, DC

We have audited the financial statements of Grameen Foundation USA, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Grameen Foundation USA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with auditing standards which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grameen Foundation USA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

BERLIN, RAMOS & COMPANY, P.A.

March 24, 2004

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO THE BOARD OF DIRECTORS  
GRAMEEN FOUNDATION USA  
WASHINGTON, DC

Compliance

We have audited the compliance of Grameen Foundation USA, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. Grameen Foundation USA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Grameen Foundation USA's management. Our responsibility is to express an opinion on Grameen Foundation USA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grameen Foundation USA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Grameen Foundation USA's compliance with those requirements.

In our opinion, Grameen Foundation USA, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

### Internal Control Over Compliance

The management of Grameen Foundation USA is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Grameen Foundation USA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

BERLIN, RAMOS & COMPANY, P.A.

March 24, 2004

GRAMEEN FOUNDATION USA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2003

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Grameen Foundation USA.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Grameen Foundation USA were disclosed during the audit.
4. No reportable conditions were disclosed during audit of the major federal award programs and no reportable conditions were reported in the report on compliance with requirements applicable to each major program and on internal control over compliance required by OMB Circular A-133.
5. Audit findings relative to the major federal awarded programs for Grameen Foundation USA, are reported in this Schedule.
7. The programs tested as a major program include:
  - US Agency for International Development Grant, LAPO, Benin City, Nigeria  
GEG-A-00-02-00030-00
  - US Agency for International Development Grant, Uganda,  
EEM-A-00-03-00011-00
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Grameen Foundation USA was determined not to qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

GRAMEEN FOUNDATION USA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2003 (CONTINUED)

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.