



FRIENDS OF WWB/USA, INC.

Financial Statements and Schedules

December 31, 2013

(with comparative financial information as of December 31, 2012)

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Friends of WWB/USA, Inc.:

We have audited the accompanying financial statements of Friends of WWB/USA, Inc. (the Organization), which comprise the balance sheet as of December 31, 2013, and the related statements of activities 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 U.S. generally accepted accounting principles; 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.

Auditors' 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 auditors' 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 organization'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 organization'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 Friends of WWB/USA, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited the Organization's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 6, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

May 16, 2014

FRIENDS OF WWB/USA, INC.

Balance Sheet

December 31, 2013

(with comparative financial information as of December 31, 2012)

Assets	2013	2012
Cash and cash equivalents	\$ 1,419,304	1,337,244
Grants and contributions receivable (note 3)	30,340	83,690
Total assets	<u>\$ 1,449,644</u>	<u>1,420,934</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 34,300	—
Due to SWWB (note 2)	126,907	731,264
Grants payable to SWWB	391,475	—
Total liabilities	<u>552,682</u>	<u>731,264</u>
Net assets:		
Unrestricted	242,737	260,517
Temporarily restricted (note 5)	650,000	424,928
Permanently restricted – income unrestricted (note 5)	4,225	4,225
Total net assets	<u>896,962</u>	<u>689,670</u>
Total liabilities and net assets	<u>\$ 1,449,644</u>	<u>1,420,934</u>

See accompanying notes to financial statements.

FRIENDS OF WWB/USA, INC.

Statement of Activities

Year ended December 31, 2013

(with summarized comparative financial information for the year ended December 31, 2012)

	Unrestricted	Temporarily restricted	Permanently restricted	Total	
				2013	2012
Revenue and support:					
Grants and contributions	\$ 387,523	2,391,649	—	2,779,172	3,394,958
In-kind contributions (note 4)	—	—	—	—	24,000
Special events					
(net of direct benefits to donors of \$74,519)	375,862	—	—	375,862	—
Miscellaneous income	1,516	—	—	1,516	1,709
Net assets released from restrictions	2,166,577	(2,166,577)	—	—	—
Total revenue and support	2,931,478	225,072	—	3,156,550	3,420,667
Expenses and loss (notes 2 and 4):					
Program services:					
Grants and contributions to Stitching to					
Promote Women's World Banking	2,387,124	—	—	2,387,124	2,388,786
Program development and education	77,940	—	—	77,940	278,020
Total program services	2,465,064	—	—	2,465,064	2,666,806
General and administrative	24,943	—	—	24,943	46,566
Fund-raising	459,251	—	—	459,251	549,807
Total expenses	2,949,258	—	—	2,949,258	3,263,179
Loss on uncollectible grants receivable	—	—	—	—	50,000
Increase in net assets	(17,780)	225,072	—	207,292	107,488
Net assets at beginning of year	260,517	424,928	4,225	689,670	582,182
Net assets at end of year	\$ 242,737	650,000	4,225	896,962	689,670

See accompanying notes to financial statements.

FRIENDS OF WWB/USA, INC.

Statement of Cash Flows

Year ended December 31, 2013

(with comparative financial information for the year ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 207,292	107,488
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease in grants and contributions receivable	53,350	41,310
Decrease in due from SWWB	—	113,320
Decrease in other assets	—	10,000
Increase in accounts payable and accrued expenses	34,300	—
(Decrease) increase in due to SWWB	(604,357)	731,264
Increase in grants payable to SWWB	391,475	—
Net cash provided by operating activities	<u>82,060</u>	<u>1,003,382</u>
Cash and cash equivalents at beginning of year	<u>1,337,244</u>	<u>333,862</u>
Cash and cash equivalents at end of year	<u>\$ 1,419,304</u>	<u>1,337,244</u>

See accompanying notes to financial statements.

FRIENDS OF WWB/USA, INC.

Notes to Financial Statements

December 31, 2013

(with comparative financial information as of December 31, 2012)

(1) Organization and Summary of Significant Accounting Policies

Friends of WWB/USA, Inc. (Friends or the Organization) is a nonprofit corporation whose purpose is to support programs of Stitching to Promote Women's World Banking (SWWB), an affiliated organization. SWWB's mission is to expand the economic assets, participation and power of low-income women and their households by helping them access financial services, knowledge and markets. Friends acts in cooperation with SWWB. The principal activity of Friends is the solicitation, receipt, and administration of grants and contributions on behalf of SWWB. Friends has a separate board of directors and maintains its legal and financial independence. The management of Friends and SWWB is shared. Friends has been classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

In February 2011, Friends established WWB Holding Management No. 1 LLC. (WWB Holding), a limited partnership in Canada, to become owner-operators of microfinance institutions in select regions as part of its 2011-2013 strategy. The challenges faced in finding like-minded investors proved too great and Women's World Banking discontinued this diversification strategy in 2013. WWB Holding had no significant financial activity distinct from the organization during 2013.

(a) *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) *Basis of Presentation*

Net assets and revenue, gains, losses, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Friends and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of Friends and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization. The donors of these assets permit the Organization to use the income earned on the related investments for general purposes.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, if any, are reported as net assets released from restrictions. The donor-restricted gifts received on behalf of SWWB are reported as temporarily restricted or permanently restricted net assets held on behalf of SWWB.

(c) *Fair Value Measurements*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an

FRIENDS OF WWB/USA, INC.

Notes to Financial Statements

December 31, 2013

(with comparative financial information as of December 31, 2012)

orderly transaction between market participants on the measurement date. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices 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 level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement.

Cash and cash equivalents at December 31, 2013 and 2012 are measured at cost, which approximates fair value, and are classified as Level 1.

The carrying values of the Organization's accounts payable and accrued expenses approximated their fair values at December 31, 2013 and 2012 because of the terms and relatively short maturities of these financial instruments. These estimated values, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

(d) *Grants and Contributions*

Grants and contributions, which include unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give are recognized initially at fair value as grants and contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discount is recorded as additional grants and contributions revenue.

For Friends, approximately 56% and 68% of total grants and contribution revenue were generated from three donors in 2013 and 2012, respectively.

(e) *Cash and Cash Equivalents*

Friends considers all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash equivalents.

FRIENDS OF WWB/USA, INC.

Notes to Financial Statements

December 31, 2013

(with comparative financial information as of December 31, 2012)

(f) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Prior Year Information

The statement of activities is presented with prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

(h) Tax Status

The Organization recognizes the effects of income tax positions only if those positions are more likely than not to be sustained. The Organization has evaluated its tax positions in 2013 and 2012, and has determined that there are no significant uncertain tax positions and that it will continue to be exempt from income taxes.

(2) Allocation of Expenses

Expenses allocated between Friends and SWWB relating to the New York office include expenses for personnel, travel, and overhead. The expense amounts allocated to Friends totaled \$562,134 and \$874,393 in 2013 and 2012, respectively.

(3) Grants and Contributions Receivable

There were grants and contributions receivable of \$30,340 and \$83,690 at December 31, 2013 and 2012, respectively. All of the grants and contributions receivable at December 31, 2013 were due in less than one year.

In 2012, Friends received a multiyear conditional grant in the amount of \$1,000,000 from an Anonymous donor, which is being recognized as the conditions are met. During the year ended December 31, 2013 and 2012, \$481,649 and \$224,000, respectively, of this grant was received and recognized as revenue.

(4) In-Kind Contributions

In-kind contributions are recorded where there is an objective basis upon which to value these contributions. These amounts are recognized as both support and expense in the accompanying financial statements. For the year ended December 31, 2012, in-kind contributions of \$24,000 was received for legal and other services. There were no in-kind contributions in 2013.

FRIENDS OF WWB/USA, INC.

Notes to Financial Statements

December 31, 2013

(with comparative financial information as of December 31, 2012)

(5) Restricted Net Assets

(a) *Temporarily Restricted Net Assets*

At December 31, 2013 and 2012, temporarily restricted net assets which were available for program support were \$650,000 and \$424,928, respectively.

(b) *Permanently Restricted Net Assets*

The Organization's permanently restricted net assets consist of funds that have been established to support the Organization's mission. As required by GAAP, net assets are classified and reported based upon the existence or absence of donor-imposed restrictions. The Organization has no board-designated endowment funds. The Organization's donor-restricted funds were \$4,225 at December 31, 2013 and 2012.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are to be reported in unrestricted net assets as of year-end. There were no deficiencies in the donor-restricted funds as of December 31, 2013 or 2012.

Interpretation of Relevant Law

The Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. GAAP requires, as a result of the New York Prudent Management of Institutional Funds Act, that the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets to be classified as temporarily restricted net assets until appropriated for expenditure by the board of directors.

(6) Subsequent Events

In connection with the preparation of the financial statements, the Organization evaluated subsequent events after the balance sheet date of December 31, 2013 and through May 16, 2014, the date the financial statements were available to be issued, and noted no additional items that would require adjustment to, or disclosure in, the 2013 financial statements.

FRIENDS OF WWB/USA, INC.

Schedule of Functional Expenses

Year ended December 31, 2013

(with summarized comparative financial information for the year ended December 31, 2012)

	Grants and contributions	Program development and education	General and administrative	Fund-raising	Total	
					2013	2012
Personnel costs	\$ —	58,329	14,456	304,524	377,309	414,753
Consultants, legal, accounting, and auditing	—	8,667	8,667	104,996	122,330	218,861
Travel, workshops, and meetings	—	9,124	—	29,342	38,466	215,978
Grants to Stitching to Promote Women's World Banking	2,387,124	—	—	—	2,387,124	2,388,786
Other	—	1,820	1,820	20,389	24,029	24,801
	<u>\$ 2,387,124</u>	<u>77,940</u>	<u>24,943</u>	<u>459,251</u>	<u>2,949,258</u>	<u>3,263,179</u>
Provision for uncollectible grants receivable					\$ —	50,000
Total expenses					<u>\$ 2,949,258</u>	<u>3,313,179</u>

See accompanying independent auditors' report.

FRIENDS OF WWB/USA, INC.

Grants and Contributions Receivable Rollforward

Year ended December 31, 2013

	Receivable balance at December 31, 2012	2013 Grants and contributions	2013 Cash receipts, net	Receivable balance at December 31, 2013
Anonymous	\$ —	109,000	(109,000)	—
Cisco	—	175,000	(175,000)	—
Barclays	—	225,000	(225,000)	—
Anonymous	—	481,649	(481,649)	—
Citi Microfinance Group	—	100,000	(100,000)	—
MetLife Foundation	—	550,000	(550,000)	—
Stuart Family Foundation	—	75,000	(75,000)	—
McGraw-Hill Co.	—	200,000	(200,000)	—
Citigroup Foundation	—	520,000	(520,000)	—
NYSE	—	50,000	(50,000)	—
Moody's	65,000	—	(65,000)	—
Other foundations	5,000	26,000	(16,000)	15,000
Other corporations	—	139,796	(139,796)	—
Individuals	13,690	127,727	(126,077)	15,340
	<u>\$ 83,690</u>	<u>2,779,172</u>	<u>(2,832,522)</u>	<u>30,340</u>

See accompanying independent auditors' report.