KPMG

FRIENDS OF WWB/USA, INC.

Financial Statements

December 31, 2009

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

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

We have audited the accompanying balance sheet of Friends of WWB/USA, Inc. (the Organization) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated May 5, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Friends of WWB/USA, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

May 11, 2010

FRIENDS OF WWB/USA, INC.

Balance Sheet

December 31, 2009
(With comparative financial information
as of December 31, 2008)

Assets		**2009**	**2008**
Cash and cash equivalents	$	65,611	181,686
Grants and contributions receivable (note 3)		1,147,722	1,937,440
Total assets	$	1,213,333	2,119,126
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	21,000	20,500
Grants payable to Stichting to Promote Women's World Banking		—	12,463
Total liabilities		21,000	32,963
Net assets:			
Unrestricted		46,219	144,623
Temporarily restricted (note 5)		1,141,889	1,937,315
Permanently restricted – income unrestricted (note 5)		4,225	4,225
Total net assets		1,192,333	2,086,163
Total liabilities and net assets	$	1,213,333	2,119,126

See accompanying notes to financial statements.

FRIENDS OF WWB/USA, INC.

Statement of Activities

Year ended December 31, 2009
(With summarized financial information for
the year ended December 31, 2008)

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2009	Total 2008
Revenue and support:					
Grants and contributions	$ 539,731	1,243,217	—	1,782,948	3,617,169
In-kind contributions (note 4)	10,000	—	—	10,000	25,000
Miscellaneous income	1,240	—	—	1,240	180
Net assets released from restrictions	2,038,643	(2,038,643)	—	—	—
Total revenue and support	2,589,614	(795,426)	—	1,794,188	3,642,349
Expenses and loss (notes 2 and 4):					
Program services:					
Grants and contributions to Stichting to Promote Women's World Banking	2,400,530	—	—	2,400,530	1,602,801
Program development and education	80,497	—	—	80,497	77,036
Total program services	2,481,027	—	—	2,481,027	1,679,837
General and administrative	11,499	—	—	11,499	11,005
Fund-raising	195,492	—	—	195,492	187,091
Total expenses	2,688,018	—	—	2,688,018	1,877,933
(Decrease) increase in net assets	(98,404)	(795,426)	—	(893,830)	1,764,416
Net assets at beginning of year	144,623	1,937,315	4,225	2,086,163	321,747
Net assets at end of year	$ 46,219	1,141,889	4,225	1,192,333	2,086,163

See accompanying notes to financial statements.

FRIENDS OF WWB/USA, INC.

Statement of Cash Flows

Year ended December 31, 2009
(With comparative financial information for
the year ended December 31, 2008)

		2009	2008
Cash flows from operating activities:			
Decrease (increase) in net assets	$	(893,830)	1,764,416
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:			
Decrease (increase) in grants and contributions receivable		789,718	(1,837,440)
Decrease in accounts and grants payable and accrued expenses		(11,963)	(984,537)
Net cash used in operating activities		(116,075)	(1,057,561)
Cash and cash equivalents at beginning of year		181,686	1,239,247
Cash and cash equivalents at end of year	$	65,611	181,686

See accompanying notes to financial statements.

(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 Stichting to Promote Women's World Banking (WWB), an affiliated organization. WWB's mission is to be a network of leaders in building low-income women's assets, participation, and power by building financial systems that work for the majority. Friends acts in cooperation with WWB, an affiliated organization. The principal activity of Friends is the solicitation, receipt, and administration of grants and contributions on behalf of WWB. Friends has a separate board of directors and maintains its legal and financial independence. The management of Friends and WWB is shared. Friends has been classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

(a) Basis of Accounting

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

(b) Basis of Presentation

Net assets and revenues, 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. Unrestricted contributions are primarily received on behalf of WWB and are reported as unrestricted net assets held on behalf of WWB.

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.

Revenues are 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 WWB are reported as temporarily restricted or permanently restricted net assets held on behalf of WWB.

(c) Fair Value Hierarchy

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 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.

For certain investments in funds that do not have readily determinable fair values including the limited partnerships, the fair value is determined using net asset value per share or its equivalent.

Fair value measurement would primarily affect cash and cash equivalents and grants and contributions receivable, which are stated at fair value and would be classified as Level 1 and Level 3, respectively.

(d) Grants and Contributions

Grants and contributions, which include unconditional promises to give, are recognized as revenues in the period received. Grants and contributions not expected to be received within one year are discounted at a risk adjusted rate. Amortization of the discount is recorded as additional grants and contributions revenue. Grant expense is recorded when the grant is approved by the board of directors.

For Friends, four and six funding sources accounted for the majority of cash collections in 2009 and 2008, respectively. Approximately 69% and 89% of total grants and contributions are generated from three top donors in 2009 and 2008, 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.

(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 revenues 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, 2008, from which the summarized information was derived.

(h) New Accounting Pronouncements

In 2008, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10-15, deferred the effective date for the implementation of related guidance on measurement, classification, interest and penalties, and disclosures for uncertainties in income taxes recognized in most nonpublic entities annual financial statements for fiscal years beginning after December 15, 2008. The guidance prescribes a threshold of more-likely than-not for recognition of tax positions taken or expected to be taken in a tax return. Management evaluated its tax positions in 2009 and noted no impact on the entity.

(2) Allocation of Expenses

Expenses allocated between Friends and WWB relating to the New York office include expenses for personnel, travel, and overhead. No expenses due to WWB were payable at December 31, 2009. The amounts allocated to Friends were $146,982 and $211,750 in 2009 and 2008, respectively.

(3) Grants and Contributions Receivable

There were grants and contributions receivable of $1,147,722 and $1,937,440 at December 31, 2009 and 2008, respectively. All of the grants and contributions receivable at December 31, 2009 were due in less than one year.

(4) In-Kind Contributions

In-kind contributions are recorded where there is an objective basis upon which to value these contributions and where these services are an essential part of the Organization's activities. These amounts are recognized as both support and expense in the accompanying financial statements. For the years ended December 31, 2009 and 2008, in-kind contributions consisted of $10,000 and $25,000, respectively, for legal and other services.

(Continued)

(5) Restricted Net Assets

(a) Temporarily Restricted Net Assets

At December 31, 2009 and 2008, temporarily restricted net assets are available for the following purposes:

		2009	2008
Time restricted	$	—	700,000
Time and purpose restricted		1,141,889	1,237,315
	$	1,141,889	1,937,315

(b) Permanently Restricted Net Assets

Effective December 31, 2008, the Organization adopted ASC 958-205-65, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds,* which provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA. A key component for entities subject to UPMIFA is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

As of December 31, 2009, New York State has not adopted UPMIFA and the Committee is not subject to UPMIFA but rather to the Uniform Management of Institutional Funds Act of 2006 (UMIFA). Accordingly, the impact on the 2009 financial statements is limited to additional disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Organization's permanently restricted net assets consist of funds that have been established to support the Organization's mission. These funds are invested by the Organization. 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 following represents the net asset classes of the Organization's donor-restricted funds at December 31, 2009 and 2008:

		Unrestricted restricted	Permanently restricted	Total
Donor-restricted fund	$	—	4,225	4,225
Total	$	—	4,225	4,225

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 during 2009.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the fund, (b) the original value of subsequent gifts to the fund, and (c) accumulations to the fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The investment income earned on the accumulations to the permanently restricted fund is classified as temporarily restricted net assets until the donor-imposed restrictions have been met.

Spending Policy

The Organization has a policy that allows the use of the Fund’s income each year.

(6) Subsequent Events

Effective December 31, 2009, the Organization adopted FASB ASC 855-10, *Subsequent Events*, which establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable GAAP. The Organization evaluated events subsequent to December 31, 2009 and through May 11, 2010, the date on which the financial statements were issued.