



**FRIENDS OF WWB/USA, INC.**

Financial Statements and Schedules

December 31, 2014

(With comparative financial information as of December 31, 2013)

(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, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 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 20, 2015

**FRIENDS OF WWB/USA, INC.**

Balance Sheet

December 31, 2014

(with comparative financial information as of December 31, 2013)

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 1,161,336	1,419,304
Grants and contributions receivable, net (note 3)	1,659,773	30,340
Equipment (notes 1(f) and 4)	70,021	—
Total assets	<u>\$ 2,891,130</u>	<u>1,449,644</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 7,317	34,300
Due to SWWB (note 2)	284,250	126,907
Grants payable to SWWB	269,391	391,475
Total liabilities	<u>560,958</u>	<u>552,682</u>
Net assets:		
Unrestricted	679,493	242,737
Temporarily restricted (note 5)	1,650,679	650,000
Permanently restricted – income unrestricted (note 5)	—	4,225
Total net assets	<u>2,330,172</u>	<u>896,962</u>
Total liabilities and net assets	<u>\$ 2,891,130</u>	<u>1,449,644</u>

See accompanying notes to financial statements.

**FRIENDS OF WWB/USA, INC.**

Statement of Activities

Year ended December 31, 2014

(with summarized comparative financial information for the year ended December 31, 2013)

	Unrestricted	Temporarily restricted	Permanently restricted	Total	
				2014	2013
Revenue and support:					
Grants and contributions (note 1(d))	\$ 399,793	4,579,876	—	4,979,669	2,779,172
In-kind contributions (note 4)	153,737	—	—	153,737	—
Special events	577,789	—	—	577,789	450,381
Less direct benefits to donors	(53,470)	—	—	(53,470)	(74,519)
Miscellaneous income	3,408	—	—	3,408	1,516
Net assets released from restrictions	3,583,422	(3,579,197)	(4,225)	—	—
Total revenue and support	<u>4,664,679</u>	<u>1,000,679</u>	<u>(4,225)</u>	<u>5,661,133</u>	<u>3,156,550</u>
Expenses and loss (notes 2 and 4):					
Program services:					
Grants and contributions to Stichting to Promote Women's World Banking	3,582,522	—	—	3,582,522	2,387,124
Program development and education	52,621	—	—	52,621	77,940
Total program services	3,635,143	—	—	3,635,143	2,465,064
General and administrative	52,621	—	—	52,621	24,943
Fund-raising	540,159	—	—	540,159	459,251
Total expenses	<u>4,227,923</u>	<u>—</u>	<u>—</u>	<u>4,227,923</u>	<u>2,949,258</u>
Increase (decrease) in net assets	436,756	1,000,679	(4,225)	1,433,210	207,292
Net assets at beginning of year	242,737	650,000	4,225	896,962	689,670
Net assets at end of year	<u>\$ 679,493</u>	<u>1,650,679</u>	<u>—</u>	<u>2,330,172</u>	<u>896,962</u>

See accompanying notes to financial statements.

**FRIENDS OF WWB/USA, INC.**

Statement of Cash Flows

Year ended December 31, 2014

(with comparative financial information for the year ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,433,210	207,292
Donated equipment	(70,021)	—
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
(Increase) decrease in grants and contributions receivable, net	(1,629,433)	53,350
(Decrease) increase in accounts payable and accrued expenses	(26,983)	34,300
Increase (decrease) in due to SWWB	157,343	(604,357)
(Decrease) increase in grants payable to SWWB	(122,084)	391,475
Net cash (used in) provided by operating activities	(257,968)	82,060
Cash and cash equivalents at beginning of year	<u>1,419,304</u>	<u>1,337,244</u>
Cash and cash equivalents at end of year	<u>\$ 1,161,336</u>	<u>1,419,304</u>
Supplemental cash flow information:		
Donated equipment	\$ 70,021	—

See accompanying notes to financial statements.

## FRIENDS OF WWB/USA, INC.

### Notes to Financial Statements

December 31, 2014

(with comparative financial information  
as of and for the year ended December 31, 2013)

#### (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 (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.

##### (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.

**FRIENDS OF WWB/USA, INC.**

Notes to Financial Statements

December 31, 2014

(with comparative financial information  
as of and for the year ended December 31, 2013)

**(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 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, 2014 and 2013 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, 2014 and 2013 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.

## **FRIENDS OF WWB/USA, INC.**

### Notes to Financial Statements

December 31, 2014

(with comparative financial information  
as of and for the year ended December 31, 2013)

For Friends, approximately 84% and 56% of total grants and contributions revenue were generated from four and three donors in 2014 and 2013, respectively. As of December 31, 2014, contributions receivable was concentrated to one donor, which accounted for approximately 98% of the total at year end.

**(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) *Equipment***

Donated equipment is reported at fair value less accumulated depreciation or amortization. Depreciation of donated equipment is computed on a straight-line basis over a period of three years. During the year ended December 31, 2014, the Organization received donated equipment valued at \$70,021, which went into service in 2015.

**(g) *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.

**(h) *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, 2013, from which the summarized information was derived.

**(i) *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 2014 and 2013, 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 \$645,401 and \$562,134 in 2014 and 2013, respectively.

**FRIENDS OF WWB/USA, INC.**

Notes to Financial Statements

December 31, 2014

(with comparative financial information  
as of and for the year ended December 31, 2013)

**(3) Grants and Contributions Receivable**

Grants and contributions receivable at December 31, 2014 and 2013 are scheduled to be collected as follows:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 1,038,052	30,340
One to five years	653,196	—
	<u>1,691,248</u>	<u>30,340</u>
Less discount to present value (at discount rate of 2.5% per year)	<u>(31,475)</u>	—
	<u>\$ 1,659,773</u>	<u>30,340</u>

In 2012, Friends was awarded 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 years ended December 31, 2014, 2013, and 2012, \$294,351, \$481,649, and \$224,000, respectively, of this grant was recognized as revenue and subgranted to SWWB.

**(4) In-Kind Contributions**

The fair value of in-kind contributions has been recorded in the accompanying financial statements as both support, expense, and equipment. For the year ended December 31, 2014 the Organization received in-kind contributions of \$83,716, which was received for legal and other services. In addition, the Organization received donated equipment valued at \$70,021 during the year ended December 31, 2014 (note 1(f)).

**(5) Restricted Net Assets**

*(a) Temporarily Restricted Net Assets*

At December 31, 2014 and 2013, temporarily restricted net assets, which were available for program support, were \$1,650,679 and \$650,000, respectively. During the year ended December 31, 2014, the temporarily restricted balance held at December 31, 2013 was subgranted to SWWB.

## **FRIENDS OF WWB/USA, INC.**

### Notes to Financial Statements

December 31, 2014

(with comparative financial information  
as of and for the year ended December 31, 2013)

#### **(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. As of December 31, 2013, the Organization's donor-restricted funds were \$4,225. During the year ended December 31, 2014, these funds were subgranted to SWWB, where they are reflected as permanently restricted as of December 31, 2014.

#### **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, 2014 or 2013.

#### **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, 2014 and through May 20, 2015, the date the financial statements were available to be issued, and noted no additional items that would require adjustment to, or disclosure in, the 2014 financial statements.

## FRIENDS OF WWB/USA, INC.

## Schedule of Functional Expenses

Year ended December 31, 2014

(with summarized comparative financial information for the year ended December 31, 2013)

	Grants and contributions	Program development and education	General and administrative	Fund-raising	Total	
					2014	2013
Personnel costs	\$ —	15,541	15,541	308,278	339,360	377,309
Consultants, legal, accounting, and auditing	—	33,074	33,074	190,519	256,667	122,330
Travel, workshops, and meetings	—	2,511	2,511	12,210	17,232	38,466
Grants to Stichting to Promote Women's World Banking	3,582,522	—	—	—	3,582,522	2,387,124
Other	—	1,495	1,495	29,152	32,142	24,029
Total expenses	\$ 3,582,522	52,621	52,621	540,159	4,227,923	2,949,258

See accompanying independent auditors' report.

## FRIENDS OF WWB/USA, INC.

## Grants and Contributions Receivable Rollforward

Year ended December 31, 2014

	<b>Receivable balance at December 31, 2013</b>	<b>New grants and contributions, 2014</b>	<b>Cash receipts, 2014</b>	<b>Discount adjustments, 2014</b>	<b>Receivable balance at December 31, 2014</b>
Barclays Services Corporation	\$ —	150,000	(150,000)	—	—
Cisco Systems Foundation	—	200,000	(200,000)	—	—
Citi Foundation	—	250,000	(250,000)	—	—
ExxonMobil Foundation	—	250,000	(250,000)	—	—
GE Foundation	—	100,000	(100,000)	—	—
McGraw Hill Foundation	—	52,000	(52,000)	—	—
MetLife Foundation	—	3,365,000	(1,714,554)	(31,475)	1,618,971
Moody's Foundation, The	—	100,000	(100,000)	—	—
Stuart Family Foundation	—	75,000	(75,000)	—	—
Anonymous	—	294,351	(294,351)	—	—
Other foundations	15,000	47,351	(62,351)	—	—
Other corporations	—	20,832	(20,832)	—	—
Individuals	15,340	106,610	(93,648)	—	28,302
	<u>\$ 30,340</u>	<u>5,011,144</u>	<u>(3,362,736)</u>	<u>(31,475)</u>	<u>1,647,273</u>
Special events contributions, receivable at December 31, 2014					<u>12,500</u>
				<u>\$ 1,659,773</u>	

See accompanying independent auditors' report.