



**STICHTING TO PROMOTE WOMEN'S
WORLD BANKING**

Consolidated Financial Statements and Schedules

December 31, 2016

(With comparative financial information as of December 31, 2015)

(With Independent Auditors' Report Thereon)



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

Independent Auditors' Report

The Board of Trustees
Stichting To Promote Women's World Banking:

We have audited the accompanying consolidated financial statements of Stichting To Promote Women's World Banking (the Organization), which comprise the consolidated balance sheet as of December 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Stichting To Promote Women's World Banking as of December 31, 2016, 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 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in schedules 1, 2, 3, and 4 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

KPMG LLP

May 16, 2017

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Consolidated Balance Sheet

December 31, 2016

(With comparative financial information as of December 31, 2015)

Assets	2016	2015
Cash and cash equivalents	\$ 10,593,760	11,674,082
Restricted cash (notes 2(d) and 6(e))	1,624,129	—
Due from FWWB	33,757	31,178
Grants and contributions receivable, net (note 3)	1,831,125	7,282
Grants receivable from FWWB (note 3)	—	7,000
Investments (note 6)	16,692,579	16,687,289
Accounts receivable and other assets (note 8)	418,030	450,963
Interest in net assets of supporting organization (note 11)	851,677	1,884,349
Furniture, equipment, and leasehold improvements, net (note 5)	562,640	541,845
Total assets	\$ 32,607,697	31,283,988
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 429,219	408,489
Deferred revenue	63,722	34,214
Deferred rent credit (note 8)	243,469	174,685
Deferred liability - WWBCP LP distribution subject to clawback (notes 2(d) and 6(e))	1,623,129	—
Total liabilities	2,359,539	617,388
Commitments (notes 6, 8, and 10)		
Net assets:		
Unrestricted	7,490,286	7,476,267
Temporarily restricted (note 7)	22,064,796	22,497,257
Permanently restricted capital fund (note 7)	693,076	693,076
Total net assets	30,248,158	30,666,600
Total liabilities and net assets	\$ 32,607,697	31,283,988

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Activities

Year ended December 31, 2016

(With summarized comparative financial information for the year ended December 31, 2015)

	Unrestricted	Temporarily restricted	Permanently restricted	Total	
				2016	2015
Operating activities:					
Revenue and support:					
Grants and contributions (notes 2(i) and 11)	\$ 431,000	9,253,941	—	9,684,941	8,328,664
In-kind contributions (note 9)	224,692	34,460	—	259,152	169,075
Investment return (loss), net of fees (note 6)	674	688,727	—	689,401	(246,178)
Change in interest in supporting organization (note 11)	—	(1,032,672)	—	(1,032,672)	(445,823)
Foreign currency translation gain (loss)	—	9,061	—	9,061	(153,218)
Fee for services	1,294,403	—	—	1,294,403	906,396
Other income	159,887	2,647	—	162,534	151,691
Net assets released from restrictions	9,388,625	(9,388,625)	—	—	—
Total revenue and support	11,499,281	(432,461)	—	11,066,820	8,710,607
Expenses and loss:					
Program services:					
Institutional development programs	4,068,009	—	—	4,068,009	2,903,172
Functional products and services	3,700,701	—	—	3,700,701	3,877,395
Knowledge and influence	1,676,433	—	—	1,676,433	1,421,360
Total program services	9,445,143	—	—	9,445,143	8,201,927
General and administrative	986,136	—	—	986,136	784,137
Fund-raising	728,023	—	—	728,023	704,696
Total expenses	11,159,302	—	—	11,159,302	9,690,760
Contributions to network institutions	288,349	—	—	288,349	154,054
Loss on uncollectible receivables	37,611	—	—	37,611	—
Total expenses and losses	11,485,262	—	—	11,485,262	9,844,814
Increase (decrease) in net assets	14,019	(432,461)	—	(418,442)	(1,134,207)
Net assets at beginning of year	7,476,267	22,497,257	693,076	30,666,600	31,800,807
Net assets at end of year	\$ 7,490,286	22,064,796	693,076	30,248,158	30,666,600

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Cash Flows

Year ended December 31, 2016

(With comparative financial information for the year ended December 31, 2015)

	2016	2015
Cash flows from operating and nonoperating activities:		
Decrease in net assets	\$ (418,442)	(1,134,207)
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	135,804	119,932
Donated software	(34,460)	—
Change in interest in net assets of supporting organization	1,032,672	445,823
Loss on uncollectible receivables	37,611	—
Realized and unrealized (gains) losses	(369,962)	299,776
(Increase) decrease in due from FWWB	(2,579)	253,072
(Increase) decrease in grants and contributions receivable	(1,823,843)	1,340,231
Decrease in grants receivable from FWWB	7,000	262,391
Increase in other assets	(4,678)	(267,350)
Increase (decrease) in accounts payable and accrued expenses	20,730	(221,666)
Increase (decrease) in deferred revenue	29,508	(3,836)
Increase in deferred rent credit	68,784	174,685
Net cash (used in) provided by operating activities	(1,321,855)	1,268,851
Cash flows from investing activities:		
Purchases of furniture, equipment, and leasehold improvements	(122,139)	(35,978)
Proceeds from distribution from WWBCP LP (subject to clawback)	1,623,129	—
Purchases of investments	(16,983,296)	(4,775,321)
Proceeds from sale of investments	17,347,968	5,393,680
Net cash provided by investing activities	1,865,662	582,381
Net increase in cash, cash equivalents, and restricted cash	543,807	1,851,232
Cash, cash equivalents, and restricted cash at beginning of year	11,674,082	9,822,850
Cash, cash equivalents, and restricted cash at end of year	\$ 12,217,889	11,674,082
Supplemental cash flow information:		
Donated software	\$ 34,460	—
Disposal of equipment, fully depreciated	700	—

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

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(With comparative financial information as of December 31, 2015)

(1) Organization

Stichting To Promote Women's World Banking (SWWB or the Organization) is an international, independent organization incorporated in the Netherlands for the purpose of expanding the economic assets, participation and power of low-income women and their households by helping them access financial services, knowledge, and markets. The Organization is headquartered in New York City. SWWB has been classified as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code.

The accompanying consolidated financial statements include the accounts of Stichting to Promote Women's World Banking and its subsidiaries, WWB Asset Management, LLC (WAM) and WWB Investments, LLC (the LLC). All intercompany balances and transactions have been eliminated upon consolidation. The accompanying consolidated financial statements do not include the accounts of SWWB's network members, which are independent and unrelated organizations.

WAM, a for-profit Delaware limited liability company, is a wholly owned subsidiary of the Organization. The entity was established to conduct the operations of the Organization's WAM activity. WAM directs and manages private equity investments in high-performing, women-focused financial institutions worldwide and works to achieve objectives of demonstrating the investment case for conscientious, women-focused financial institutions while also achieving positive economic returns. WAM began operations on February 15, 2012. WAM is one of two investment managers of Women's World Banking Capital Partners, L.P. (WWBCP), a Delaware limited partnership, formed in August 2010 to act as a socially responsible private equity fund. WAM's members' equity, which is reflected within unrestricted net assets on the accompanying consolidated financial statements, as of December 31, 2016 and 2015 was \$541,413 and \$427,823, respectively.

The LLC, a for-profit Delaware limited liability company, was a wholly owned subsidiary of the Organization until December 22, 2015. On that date, the Organization amended the LLC agreement so that three related parties would receive a combined total of 30% of the LLC's equity. The LLC is the general partner of WWBCP. The activity of WWBCP is not consolidated within these financial statements as the general partner can be removed without cause through certain actions of the limited partners. As of December 31, 2016 and 2015, the LLC's general partner position in WWBCP has no financial value (note 6e). The LLC's members' deficit, which is reflected within unrestricted net assets on the accompanying consolidated financial statements, as of December 31, 2016 was \$(5,566). In addition, SWWB has a limited partner interest in WWBCP (note 6d), which it obtained through capital contributions. The investment in WWBCP by SWWB is reflected in these consolidated financial statements under the equity method.

Friends of WWB/USA, Inc. (FWWB) is a nonprofit corporation whose purpose is to support programs of the Organization and is reflected as interest in net assets of supporting organization on the consolidated balance sheet (note 11).

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SWWB's programs are organized into three functional classifications:

- (a) Institutional Development Programs (IDP) consists of technical support and strategy development for the SWWB network. Under this program, SWWB offers leadership development trainings as well as services in building gender diversity in financial institutions. IDP provides strategic advice to the network, organizes workshops and exchanges, and is charged with monitoring existing and cultivating new network members. In addition, SWWB conducts research to better inform audiences on best practices in serving the women's market well with financial products and services. IDP also includes the expenses of WAM and the LLC.
- (b) Functional Products and Services (FPS) support the network and associates in expanding financial services to low-income women and in forging partnerships with banks and other financial institutions. The products and services include marketing and market research, financial education, introduction of new products such as savings, micro-insurance, individual lending, and rural lending.
- (c) Knowledge and Influence (K&I) is the third programmatic element of SWWB and is designed to serve as the amplifier of the work of the Organization. It takes the lessons learned and best practices from IDP and FPS and shares this work more broadly through social media, conferences, speaking engagements, roundtables, publications, influencer outreach, media relations, peer learning, and learning communities. K&I's objective is to share the importance of financial inclusion for women to drive other organizations to serve women well with financial products and services.

(2) Significant Accounting Policies

(a) Basis of Accounting

The accompanying consolidated 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 SWWB and changes therein are classified and reported as follows:

(i) Unrestricted net assets

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

(ii) Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that will be met by actions of SWWB and/or the passage of time.

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(iii) Permanently restricted net assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. SWWB's permanently restricted net assets consist of a Capital Fund. Generally, the donors of these assets permit the Organization to use all or part of the income earned, including net realized and unrealized gains on investments, for general purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions or by law. 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 (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(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 or published net asset value for alternative investments with characteristics similar to a mutual fund.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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.

The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the Organization's valuation methodologies at December 31, 2016 and 2015. The Organization recognizes transfers as of the actual date of the event or change in circumstance that caused the transfer.

(d) Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid debt instruments with original maturities of three months or less at the time of purchase to be cash equivalents, except for those held for long-term investment

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purposes. Restricted cash consists of the LLC's capital contributions of \$1,000 and a 2016 general partner distribution from WWBCP in the amount of \$1,623,129, which is subject to a clawback (note 6e).

(e) 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. 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.

The Organization often receives multiyear grants denominated in foreign currency amounts, which are subject to future currency fluctuations. As a result, the Organization will recognize foreign exchange gains or losses representing the difference in the dollar value of the grant between the time the grant commitment is made and recognized and when the sums are received. In addition, grants and contributions receivable at year end that are denominated in foreign currency are converted to U.S. currency as of the balance sheet date.

(f) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices or published net asset value for alternative investments with characteristics similar to a mutual fund.

For limited partnerships, the fair value is estimated using, as a practical expedient, net asset value per share or its equivalent as reported by the fund managers. The estimated fair values may differ significantly from values that would have been used had a ready market for these securities existed. These values are reviewed and evaluated by management for reasonableness.

(g) Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements are reported at cost less accumulated depreciation or amortization. Depreciation of furniture and equipment is computed on a straight-line basis over their estimated useful lives of three to seven years. Amortization of leasehold improvements is computed on a straight-line basis over the life of the lease or the estimated useful life of the improvement, whichever is shorter.

(h) Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The significant estimates made in the preparation of these consolidated financial

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statements include the fair value of alternative investments. Actual results could differ from those estimates.

(i) Concentration of Revenues

In 2016 and 2015, three funding sources accounted for approximately 57% and 59%, respectively, of contribution and grant revenue. Included in the funding sources is FWWB, an affiliated organization (note 11). In 2016 and 2015, FWWB provided approximately 15% and 19%, respectively, of total grant and contribution revenue.

As of December 31, 2016, contributions receivable is due primarily from one donor.

(j) Prior Year Information

The consolidated statement of activities is presented with certain prior year summarized financial 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 consolidated financial statements for the year ended December 31, 2015 from which the summarized information was derived.

(k) 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 at December 31, 2016 and 2015, and has determined that there are no significant uncertain tax positions and that it will continue to be exempt from income taxes.

(l) New Accounting Pronouncement

In 2016, the Organization adopted the provisions of the FASB's Emerging Issues Task Force relating to the presentation of restricted cash in the statement of cash flows, which requires companies to include in total cash and cash equivalents on the statement of cash flows the cash and cash equivalents that have restrictions on withdrawal or use.

(3) Grants and Contributions Receivable

Grants and contributions receivable, including grants receivable from FWWB, at December 31, 2016 and 2015 were \$1,831,125 and \$14,282, respectively, and are collectible within one year.

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(4) Conditional Grants

The Organization has been awarded several multiyear conditional grants, which will be recognized as revenue as the conditions are met. These grants have not been recognized as revenue and are not reflected in the Organization's consolidated financial statements. As of December 31, 2016, conditional grants totaled \$11,012,986 and are currently expected to be recognized as revenue as follows:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Argidius Foundation	\$ 235,750	113,160	—	348,910
Australia Department of Foreign Affairs and Trade	2,159,140	2,159,140	1,439,425	5,757,705
Bill & Melinda Gates Foundation	1,059,473	420,122	—	1,479,595
Financial Sector Deepening Africa	1,654,429	646,537	—	2,300,966
Swedish International Development Cooperation Agency	1,093,830	—	—	1,093,830
United Nations Capital Development Fund	31,980	—	—	31,980
	<u>6,234,602</u>	<u>3,338,959</u>	<u>1,439,425</u>	<u>11,012,986</u>
Total conditional grants receivable	\$ <u>6,234,602</u>	<u>3,338,959</u>	<u>1,439,425</u>	<u>11,012,986</u>

Amounts due from the Australia Department of Foreign Affairs and Trade and the Swedish International Development Cooperation Agency are due in Australian dollars and Swedish Krona, respectively. The anticipated amounts reflected above were converted to U.S. dollars based on the conversation rate as of December 31, 2016.

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(5) Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements consist of the following as of December 31, 2016 and 2015:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
Equipment	3	\$ 285,439	218,538
Furniture	7	304,766	303,247
Leasehold improvements	15	<u>244,015</u>	<u>156,536</u>
		834,220	678,321
Less accumulated depreciation and amortization		<u>(271,580)</u>	<u>(136,476)</u>
Total property and equipment		<u>\$ 562,640</u>	<u>541,845</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$135,804 and \$119,932, respectively.

(6) Investments

(a) Principles of Investment

The Women's World Banking Capital Fund (the Capital Fund) represents assets intended to provide long-term fiscal security to the Organization through investment income. The Capital Fund is primarily invested by the organization through two investment vehicles that have been established to support the Organization's mission and are aligned with the Organization's investment strategy.

(b) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for the Capital Fund intended to provide a predictable stream of funding to programs supported by the fund while seeking to maintain the purchasing power of the fund. The fund includes donor-restricted assets that are temporarily and permanently restricted (note 7).

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

(c) Spending Policy

In 2016 and 2015, the Organization appropriated \$679,943 and \$679,227, respectively, of investment return to be spent to support the general operations of the Organization. The Organization utilizes funds for expenditure based on the Organization's spending policy, which is reviewed and approved annually by the Organization's Finance Committee. This appropriation was made based on the average of the prior five-year net assets of the capital fund (note 7a). The spending rate for 2016 and 2015 was 4%.

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(d) Fair Value Hierarchy

The following table presents the Organization's fair value hierarchy for investments as of December 31, 2016:

	<u>Fair value</u>	<u>Level 1</u>
Cash and cash equivalents:		
Cash and cash equivalents	\$ 837,930	837,930
Equities:		
Domestic and non-U.S. equity	3,756,246	3,756,246
Exchange traded products:		
Exchange traded funds	4,117,314	4,117,314
Fixed income:		
Mutual funds	2,791,346	2,791,346
Corporate bonds	2,484,572	2,484,572
U.S. Treasuries	2,372,174	2,372,174
	<u>16,359,582</u>	<u>\$ 16,359,582</u>
Investments reported at net assets value or its equivalent:		
Limited partnerships	<u>332,997</u>	
Total investments	<u>\$ 16,692,579</u>	

The following table presents the Organization's fair value hierarchy for investments as of December 31, 2015:

	<u>Fair value</u>	<u>Level 1</u>
Cash and cash equivalents:		
Cash and cash equivalents	\$ 3,046,293	3,046,293
Equities:		
Domestic and Non-U.S. equity	7,496,893	7,496,893
Exchange traded products:		
Exchange traded funds	1,378,678	1,378,678
Fixed income:		
Mutual funds	1,624,659	1,624,659
Corporate bonds	1,279,630	1,279,630
	<u>14,826,153</u>	<u>\$ 14,826,153</u>
Investments reported at net assets value or its equivalent:		
Limited partnerships	<u>1,861,136</u>	
Total investments	<u>\$ 16,687,289</u>	

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As of December 31, 2016 and 2015, the estimated fair value of the Organization's limited partnerships totaled \$332,997 and \$1,861,136, respectively. This balance is invested through one and six limited partnership agreements in 2016 and 2015, respectively.

Included in the Organization's limited partnerships balance at December 31, 2016 and 2015 is the Organization's investment in Women's World Banking Capital Partners, L.P. (note 1) of \$332,997 and \$349,058, respectively. As of December 31, 2016 and 2015, the Organization had an unfunded commitment of approximately \$172,939 and \$211,000, respectively, to WWBCP. The total commitment represents a 1% interest in WWBCP. There were no other unfunded commitments in the other limited partnerships.

Investment return (loss) includes the following for the years ended December 31, 2016 and 2015:

	2016	2015
Interest and dividends	\$ 391,013	277,628
Realized and unrealized gains (losses)	369,962	(299,776)
Fees and taxes	(71,574)	(224,030)
	\$ 689,401	(246,178)

(e) WWB Investments, LLC

As discussed in note 1, the Organization holds a controlling interest in the LLC, which is the general partner of WWBCP. The LLC received \$300 in capital contributions in 2016. The \$300, along with the Organization's capital contribution of \$700, is reflected as restricted cash in the accompanying financial statements.

During the year ended December 31, 2016, WWBCP distributed carried interest of \$1,623,129 to the LLC. In accordance with WWBCP's LP agreement, the distribution is subject to a clawback until certain conditions are met and, therefore, has not been recognized as revenue in the accompanying consolidated financial statements. Management estimates that the clawback status will be resolved no later than 2022, at which point the distribution will either be partially or fully recognized as revenue and/or partially or fully returned to WWBCP. The distribution is reflected as a deferred liability and restricted cash in the accompanying consolidated financial statements.

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(With comparative financial information as of December 31, 2015)

(7) Restricted Net Assets

(a) Temporarily Restricted Net Assets

At December 31, 2016 and 2015, temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Institutional development programs	\$ 1,574,662	1,395,842
Functional products and services	1,975,323	2,171,723
Knowledge and influence	400,691	684,967
Core funding, subgrants and operations	1,262,941	369,658
Interest in supporting organization (note 11)	851,677	1,884,349
Temporarily restricted donor capital fund	15,979,993	15,862,356
Accumulated gains on permanently restricted capital fund (note 7b)	<u>19,509</u>	<u>128,362</u>
	<u>\$ 22,064,796</u>	<u>22,497,257</u>

In October 2013, SWWB received clarifying communications from its four largest donors of the Capital Fund who represent 97% or \$15,248,169 of the Fund. The donors acknowledged that their gifts would be reclassified from a permanently restricted endowment to an expendable restricted gift and would continue to remain invested under the direction of the SWWB's Board of Directors. The funds will be utilized for the following purposes: (1) support the general operations of SWWB; (2) support a loan guarantee program; and (3) support the capitalization of Microfinance institutions. Spending will be based on an established spending rate as directed by the Board in a manner consistent with the gift purpose. As a result, SWWB reclassified the funds in 2013 from a permanently restricted endowment fund to a temporarily restricted donor capital fund.

(b) Permanently Restricted Net Assets

The Organization's Capital Fund contains a certain portion of permanently restricted assets. As required by GAAP, net assets associated with the Capital Fund are classified and reported based upon the existence or absence of donor-imposed restrictions. At December 31, 2016 and 2015, permanently restricted donor funds were \$693,076.

Gains and losses on permanently restricted assets are recorded as temporarily restricted assets until they are appropriated for expenditure in accordance with the Capital Fund Spending Policy. At December 31, 2016 and 2015, accumulated gains not yet appropriated for spending related to the permanently restricted capital fund were \$19,509 and \$128,362, respectively.

(i) 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

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(With comparative financial information as of December 31, 2015)

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, 2016 or 2015.

(ii) *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.

(8) Lease Commitment

On April 29, 2014, the Organization executed a facilities lease agreement, which expires on March 31, 2030 and made a security deposit of \$100,476 that is included in other assets on the consolidated balance sheet as of December 31, 2016 and 2015. Renovations of the space started during the 4th quarter of 2014 and occupancy occurred on January 5, 2015. SWWB records the lease expense on a straight-line basis. The rent was abated until April 1, 2015. The lease contains a termination provision, at the option of the Organization, on March 31, 2025 with proper notice and a lease termination payment. The lease also contains escalation clauses which provide for increased payments resulting from increases in real estate taxes and certain other building expenses.

Total rent, utilities, and maintenance expense in 2016 and 2015 amounted to \$502,485 and \$518,533, respectively.

Future lease payments, including base rent and escalation increases, as of December 31, 2016 are as follows:

2017	\$	414,662
2018		422,126
2019		429,724
2020		456,637
2021		471,249
Thereafter		4,357,574
Total	\$	6,551,972

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(9) In-Kind Contributions

The fair value of in-kind contributions has been recorded in the accompanying consolidated financial statements as support, expense, and fixed assets. During the years ended December 31, 2016 and 2015, in-kind contributions consisted of \$186,047 and \$169,075, respectively, for legal and other services. In addition, donated software valued at \$73,105 was subgranted from FWFB in 2016, of which \$34,460 was capitalized.

(10) Pension Benefits

SWWB and WAM sponsor a 401(k) retirement plan for its eligible employees with benefits up to 3.5% of eligible compensation. In addition, effective January 1, 2016, eligible employees receive a matching employer contribution up to 1.5% of eligible compensation. Total SWWB and WAM retirement expense in 2016 and 2015 was \$230,182 and \$152,797, respectively. In addition, SWWB allocates a portion of the retirement costs to FWFB (note 11). Retirement expense reported by FWFB in 2016 and 2015 was \$10,160 and \$9,117, respectively.

(11) Interest in Net Assets of Supporting Organization

SWWB acts in cooperation with FWFB and in compliance with an operating agreement. FWFB has a separate board of directors and maintains its legal and financial independence, although management of SWWB and FWFB is shared. The principal activity of FWFB is the solicitation, receipt, and administration of grants and contributions on behalf of SWWB. From time to time, FWFB will grant funds to SWWB for certain programs in compliance with all 501(c)(3) activities. SWWB regularly reports back to FWFB's board of directors on the progress of projects and the utilization of funds granted.

In accordance with Financial Accounting Standards Board Accounting Standards Codification 958-20, *Financially Interrelated Entities*, SWWB's consolidated balance sheet includes its interest in the net assets of FWFB. The decrease in SWWB's interest in the net assets of the supporting organization during 2016 and 2015 of \$(1,032,672) and \$(445,823), respectively, was recorded as change in interest in supporting organization.

Expenses allocated to FWFB include amounts for personnel, travel, and overhead of \$415,341 and \$448,877 in 2016 and 2015, respectively. SWWB received grants, contributions and in-kind from FWFB of \$1,529,300 and \$1,618,750 in 2016 and 2015, respectively.

(12) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Organization evaluated subsequent events after the consolidated balance sheet date of December 31, 2016 through May 16, 2017, the date the consolidated financial statements were available to be issued, and noted no additional items that would require adjustment to, or disclosure in, the 2016 consolidated financial statements.

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Grants and Contributions Receivable Rollforward

December 31, 2016

	Net receivable balance at December 31, 2015	New grants and contributions, 2016	Foreign currency translation, 2016	Cash receipts, 2016	Net receivable balance at December 31, 2016
Argidius Foundation	\$ —	480,943	—	(480,943)	—
Australia Department of Foreign Affairs and Trade (DFAT)	—	2,571,097	16,817	(788,634)	1,799,280
Bill & Melinda Gates Foundation	—	559,965	—	(559,965)	—
Credit Suisse Foundation	—	701,204	(7,756)	(693,448)	—
Financial Sector Deepening Africa (FSDA)	—	1,461,352	—	(1,461,352)	—
Ministry for Foreign Affairs of Finland	—	1,104,100	—	(1,104,100)	—
Swedish International Development Cooperation Agency (SIDA)	—	1,189,335	—	(1,189,335)	—
United Nations Capital Development Fund	—	100,905	—	(100,905)	—
Others	7,282	59,845	—	(35,282)	31,845
Friends of WWB/USA, Inc.	7,000	1,456,195	—	(1,463,195)	—
	<u>\$ 14,282</u>	<u>9,684,941</u>	<u>9,061</u>	<u>(7,877,159)</u>	<u>1,831,125</u>

See accompanying independent auditors' report.

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Schedule of Functional Expenses

Year ended December 31, 2016

(With summarized comparative financial information for the year ended December 31, 2015)

	Institutional development programs excluding WAM and LLC	WWB Asset Management (WAM)	WWB Investments (LLC)	Total institutional development programs	Functional products and services	Knowledge and influence	Total program services	General and administrative	Fund-raising	Total	
										2016	2015
Personnel costs	\$ 1,604,514	335,836	—	1,940,350	1,891,034	1,031,473	4,862,857	730,541	472,844	6,066,242	5,175,826
Consultants	1,362,811	267	207	1,363,285	789,953	176,885	2,330,123	34,458	48,789	2,413,370	1,858,680
Legal, accounting, and auditing	79,893	2,789	4,500	87,182	92,526	53,614	233,322	38,214	26,736	298,272	206,495
Travel, workshops, and meetings	324,196	8,186	1,859	334,241	577,546	204,097	1,115,884	49,822	89,727	1,255,433	1,381,603
Printing, production, and video	9,861	—	—	9,861	6,563	3,828	20,252	2,503	1,621	24,376	37,344
Rent and utilities	140,696	—	—	140,696	165,820	90,447	396,963	64,059	41,463	502,485	518,533
Telephone and cable	32,457	2,080	—	34,537	42,532	20,572	97,641	14,550	9,443	121,634	128,554
Office expenses	102,706	10,923	—	113,629	92,755	72,623	279,007	35,774	26,905	341,686	263,793
Depreciation and amortization	44,228	—	—	44,228	41,972	22,894	109,094	16,215	10,495	135,804	119,932
	<u>\$ 3,701,362</u>	<u>360,081</u>	<u>6,566</u>	<u>4,068,009</u>	<u>3,700,701</u>	<u>1,676,433</u>	<u>9,445,143</u>	<u>986,136</u>	<u>728,023</u>	<u>11,159,302</u>	<u>9,690,760</u>
Project initiatives – contributions to network institutions										288,349	154,054
Loss on uncollectible receivables										37,611	—
Total expenses and losses										<u>\$ 11,485,262</u>	<u>9,844,814</u>

See accompanying independent auditors' report.

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Schedule of Agence Française de Développement Grant Activity

Year ended December 31, 2016

		<u>CareGiver Replication in Morocco</u>	<u>CareGiver Replication in Egypt</u>	<u>CareGiver Replication in Uganda</u>	<u>Savings in Tanzania</u>	<u>Savings in Nigeria</u>	<u>Communication Support</u>
Support and revenue:							
Co-financing	\$ 31,845						
Interest income	683						
	<u>32,528</u>						
Expenses:							
Personnel costs	250,750	17,375	53,125	57,187	4,063	21,688	97,312
Technical service consultants	77,820	2,860	19,427	11,066	—	17,100	27,367
Travel, workshops, and meetings	107,179	4,885	21,181	23,238	—	11,078	46,797
Telephone and cable	283	74	63	146	—	—	—
Office expenses and subscriptions	145	19	103	23	—	—	—
	436,177	<u>25,213</u>	<u>93,899</u>	<u>91,660</u>	<u>4,063</u>	<u>49,866</u>	<u>171,476</u>
Accounting and audit	5,300						
Indirect costs	43,651						
Decrease in temporarily restricted	(452,600)						
Temporarily restricted at beginning of year	452,600						
Temporarily restricted at end of year	\$ <u>—</u>						

Co-financing in the schedule above are contributions made by the recipients of the project services to be utilized by SWWB in furtherance of the project objectives. The donor, Agence Française de Développement, requires these contributions as a condition of the grant agreement.

See accompanying independent auditors' report.

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Schedule of Core Funding

Year ended December 31, 2016

	Swedish International Development Cooperation Agency	Ministry for Foreign Affairs of Finland	Australia Department of Foreign Affairs and Trade	Total
Temporarily restricted at beginning of year	\$ 527,075	—	—	527,075
Support and revenue:				
Grants	1,189,335	1,104,100	1,079,570	3,373,005
Expenses:				
Personnel costs	1,510,362	965,641	—	2,476,003
Rent and utilities	206,048	138,459	—	344,507
Total expenses	<u>1,716,410</u>	<u>1,104,100</u>	<u>—</u>	<u>2,820,510</u>
Temporarily restricted at end of year	\$ <u>—</u>	<u>—</u>	<u>1,079,570</u>	<u>1,079,570</u>

Core Funders are a grouping of Donors who have agreed to support the SWWB's strategic plan. All Donors have provided guidance on the results framework and expected outcomes of the strategic period. These funds support strategic outcomes of the Organization toward the advancement of financial inclusion for low-income women, and are not earmarked for a specific region or work product.

See accompanying independent auditors' report.