



**WOMEN'S WORLD BANKING, INC.  
AND SUBSIDIARIES**

Consolidated Financial Statements and Schedules

December 31, 2018

(With Independent Auditors' Report Thereon)



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

## Independent Auditors' Report

The Board of Directors  
Women's World Banking, Inc.:

We have audited the accompanying consolidated financial statements of Women's World Banking, Inc. and subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the 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 financial position of Women's World Banking, Inc. and subsidiaries as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



*Emphasis of Matter*

As discussed in note 1 to the consolidated financial statements, effective January 1, 2018, the operations of Stichting to Promote Women's World Banking Inc. (SWWB) were merged with the operations of Friends of WWB/USA, Inc. and reconstituted into a new entity, Women's World Banking, Inc. Our opinion is not modified with respect to this matter.

As discussed in note 2(l) to the consolidated financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

*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 and 2 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 3, 2019

**WOMEN'S WORLD BANKING, INC.  
AND SUBSIDIARIES**

Consolidated Statement of Financial Position

December 31, 2018

**Assets**

Cash and cash equivalents	\$ 18,082,160
Restricted cash (notes 2(d) and 6(e))	1,459,504
Grants and contributions receivable, net (note 3)	668,194
Investments (note 6)	16,827,193
Accounts receivable and other assets (note 8)	712,493
Furniture, equipment, and leasehold improvements, net (note 5)	<u>598,523</u>
Total assets	<u>\$ 38,348,067</u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable and accrued expenses	\$ 961,131
Deferred revenue	43,550
Deferred rent credit (note 8)	358,908
Deferred liability WWBCP LP distribution subject to clawback (notes 2(d) and 6(e))	<u>1,458,504</u>

Total liabilities 2,822,093

Commitments (notes 6, 8, and 10)

Net assets:

Without donor restrictions	9,146,450
With donor restrictions (note 7)	<u>26,379,524</u>

Total net assets 35,525,974

Total liabilities and net assets \$ 38,348,067

See accompanying notes to consolidated financial statements.

**WOMEN'S WORLD BANKING, INC.  
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Consolidated Statement of Activities

Year ended December 31, 2018

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Operating activities:			
Revenue and support:			
Grants and contributions (note 2(i))	\$ 515,129	13,502,145	14,017,274
In-kind contributions (note 9)	410,950	41,450	452,400
Investment loss, net of fees (note 6)	(110)	(817,018)	(817,128)
Foreign currency translation gain	—	967	967
Fee for services	1,184,930	—	1,184,930
Other income	246,115	14,275	260,390
Net assets released from restrictions	13,384,749	(13,384,749)	—
Total revenue and support	15,741,763	(642,930)	15,098,833
Expenses (note 2(k)):			
Program services:			
WWB Programs	10,900,370	—	10,900,370
WWB Asset Management LLC	620,580	—	620,580
WWB Investments LLC	4,696	—	4,696
Total program services	11,525,646	—	11,525,646
General and administrative	1,580,291	—	1,580,291
Fund-raising	2,007,146	—	2,007,146
Total expenses	15,113,083	—	15,113,083
Increase (decrease) in net assets	628,680	(642,930)	(14,250)
Net assets recognized in merger (note 1)	8,517,770	27,022,454	35,540,224
Net assets at end of year	\$ 9,146,450	26,379,524	35,525,974

See accompanying notes to consolidated financial statements.

**WOMEN'S WORLD BANKING, INC.  
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Consolidated Statement of Functional Expenses

Year ended December 31, 2018

	<b>WWB Programs (WWB)</b>	<b>WWB Asset Management (WAM)</b>	<b>WWB Investments (LLC)</b>	<b>Total program services</b>	<b>General and administrative</b>	<b>Fund-raising</b>	<b>Total</b>
Personnel costs	\$ 6,053,562	588,359	—	6,641,921	895,814	1,584,096	9,121,831
Consultants	2,374,910	614	521	2,376,045	20,981	43,316	2,440,342
Legal, accounting, and auditing	—	2,000	4,175	6,175	519,940	7,900	534,015
Travel, workshops, and meetings	1,319,064	16,874	—	1,335,938	37,623	172,933	1,546,494
Printing, production, and video	36,519	—	—	36,519	1,990	4,872	43,381
Rent and utilities	359,830	—	—	359,830	53,248	94,160	507,238
Telephone, internet, and cable	56,986	2,293	—	59,279	8,116	14,561	81,956
Office expenses, insurance, dues, licenses, and filing fees	351,204	10,440	—	361,644	29,665	62,470	453,779
Project initiatives – contributions to partner institutions	219,620	—	—	219,620	—	—	219,620
Depreciation and amortization	128,675	—	—	128,675	12,914	22,838	164,427
Total expenses	<u>\$ 10,900,370</u>	<u>620,580</u>	<u>4,696</u>	<u>11,525,646</u>	<u>1,580,291</u>	<u>2,007,146</u>	<u>15,113,083</u>

See accompanying independent auditors' report.

**WOMEN'S WORLD BANKING, INC.  
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Consolidated Statement of Cash Flows

Year ended December 31, 2018

Cash flows from operating activities:	
Decrease in net assets	\$ (14,250)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation and amortization	164,427
Donated software	(41,450)
Realized and unrealized losses	1,162,799
Decrease in grants and contributions receivable	35,861
Increase in accounts receivable and other assets	(196,501)
Increase in accounts payable and accrued expenses	483,197
Increase in deferred revenue	18,550
Increase in deferred rent credit	53,987
Net cash provided by operating activities	<u>1,666,620</u>
Cash flows from investing activities:	
Purchases of furniture, equipment, and leasehold improvements	(126,159)
Purchases of investments	(19,202,406)
Proceeds from sale of investments	<u>19,555,245</u>
Net cash provided by investing activities	<u>226,680</u>
Net increase in cash, cash equivalents, and restricted cash	1,893,300
Cash, cash equivalents, and restricted cash transferred from SWWB	<u>17,648,364</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 19,541,664</u>
Supplemental cash flow information:	
Donated software	\$ 41,450
Equipment transferred from FWWB, fully depreciated	70,021

See accompanying notes to consolidated financial statements.

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**(1) Organization**

Women's World Banking, Inc. (WWB) is an international nonprofit organization that designs and invests in market-driven financial solutions, institutions, and policy environments in emerging markets to create greater economic stability and prosperity for women, their families, and their communities. WWB was formed in the United States on August 17, 2017 and began operations on January 1, 2018. WWB is the newly merged entity of Stichting to Promote Women's World Banking Inc. (SWWB) and Friends of WWB/USA, Inc. (FWWB). WWB is a U.S. nonprofit corporation classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. WWB is headquartered in New York City.

SWWB is an international independent organization incorporated in the Netherlands. SWWB is a merging entity of WWB and fulfilled the same purpose and mission as WWB. SWWB had been classified as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. SWWB ceased US operations on December 31, 2017 and officially surrendered authority to operate as a corporation in the state of New York on July 17, 2018. SWWB will continue to maintain its corporate status in the Netherlands. On January 1, 2018, SWWB transferred all assets and liabilities to WWB, which included cash and cash equivalents of \$16,188,860, restricted cash of \$1,459,504, investments of \$18,342,831, other assets of \$1,815,388, and total liabilities of \$2,266,359. Additionally, SWWB's net assets without donor restriction of \$8,517,770 and net assets with donor restrictions of \$27,022,454 were recognized by WWB on January 1, 2018.

FWWB was a U.S. nonprofit corporation whose purpose was to support the programs of SWWB. FWWB had been classified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. FWWB ceased operations on December 31, 2017 and was officially dissolved on July 16, 2018. On January 1, 2018, FWWB transferred all assets and liabilities to WWB, of which only fully depreciated equipment existed.

The accompanying consolidated financial statements include the accounts of Women's World Banking Inc. and its subsidiaries, WWB Asset Management, LLC (WAM), WWB Investments, LLC (the LLC), and WWB Investments II, LLC (the LLC2), collectively, the Organization. All intercompany balances and transactions have been eliminated upon consolidation. The accompanying consolidated financial statements do not include the accounts of WWB's network members, which are independent and unrelated organizations.

WAM, a for-profit Delaware limited liability company, is a wholly owned subsidiary of WWB. The entity was established to conduct the operations of WWB'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, 2018 was \$635,230.

The LLC, a for-profit Delaware limited liability company, was a wholly owned subsidiary of WWB until December 22, 2015. On that date, WWB 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

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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, 2018, 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, 2018 was \$(15,565). In addition, WWB has a limited partner interest in WWBCP (note 6d), which it obtained through capital contributions. The investment in WWBCP by WWB is reflected in these consolidated financial statements under the equity method.

On June 28, 2018, the Organization formed WWB Investments II, LLC (LLC2), a for-profit Delaware limited liability company, which is wholly owned by WWB. LLC2 is the general partner of Women's World Banking Capital Partners II, L.P. (WWBCP2), a Canadian limited partnership, formed in 2018 to act as a second socially responsible private equity fund. As of December 31, 2018, LLC2 had no assets or liabilities.

For purposes of the statement of functional expenses, the Organization classifies its program activities into three functional categories:

- (1) Women's World Banking's programs, which holds the Organization's primary programmatic activities. Within WWB's programming, the organization has three primary focus areas:
  - (a) Develop Market-driven financial solutions: Leveraging Market Intelligence in key markets, the Organization understands market barriers for women's financial inclusion both from the perspective of the institutions and women clients. The Organization identifies critical partners within priority markets to develop commercially viable solutions utilizing women-centered design to prototype and develop solutions that have the highest potential to drive engagement among underbanked women customers.
  - (b) Deliver Leadership & Diversity programs: The Organization delivers a wide variety of global, regional, and customized training programs for financial service providers and regulatory bodies to build stronger, more gender-diverse teams and drive increased focus on serving the women's market.
  - (c) Action for Influence: The Organization takes the lessons learned and best practices from developing market-driven financial solutions, its research and leadership & diversity programs and shares this work more broadly through targeted influencer outreach, conferences, speaking engagements, roundtables, publications, social media, and peer learning. The goal for sharing knowledge more broadly is to influence others to increase focus on women's financial inclusion.
- (2) WWB Asset Management LLC, which holds the activity of WAM. WAM 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.
- (3) WWB Investments LLC, which has been presented as a separate program activity on the statement of functional expenses for administration purposes.

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**(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 the Organization and changes therein are classified and reported as follows:

*(i) Without donor restrictions*

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

*(ii) With donor restrictions*

Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. 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 net assets without donor restrictions unless their use is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor 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.

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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, 2018.

**(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 purposes. Restricted cash consists of the LLC's capital contributions of \$1,000 and a general partner distribution from WWBCP in the amount of \$1,458,504 which is subject to a clawback as of December 31, 2018 (see 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.

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**(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 statements include the fair value of alternative investments and allocation of functional expenses. Actual results could differ from those estimates.

**(i) Concentration of Revenues**

In 2018, four funding sources accounted for approximately 74%, of grant and contribution revenue.

As of December 31, 2018, grants receivable is due primarily from two donors.

**(j) 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, 2018, and has determined that there are no significant uncertain tax positions and that it will continue to be exempt from income taxes.

**(k) Functional Allocation of Expenses**

The Organization presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. If expenses benefit multiple functional areas they have been allocated using cost allocation techniques such as square footage and time and effort. Natural expenses are accounted for on a direct cost basis to the program or function upon which the expense is incurred.

**(l) New Accounting Pronouncement**

During 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets and permanently restricted net assets in 2017. Additionally, it expands the quantitative and qualitative disclosures regarding liquidity and availability of resources and requires expenses to be reported by both their natural and functional classification in one location.

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**(m) Future Accounting Standards**

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs-Contracts with Customers (Subtopic 340-40)*. The ASU introduces a single framework for revenue recognition under which revenue recognized is reflective of the consideration to which an entity expects to be entitled in exchange for goods and services. The Organization plans to adopt ASU No. 2014-09 for the year ending December 31, 2019.

The FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This updates current guidance about whether a transfer of cash or other assets, or the reduction, settlement, or cancellation of liabilities, should be accounted for as a contribution or an exchange transaction. The ASU establishes a criteria for determining whether the asset provider is receiving commensurate value in return for those assets and that determination then dictates whether the organization follows contribution guidance or exchange transaction guidance. The Organization plans to adopt ASU No. 2018-08 for the year ending December 31, 2019.

**(3) Grants and Contributions Receivable**

Grants and contributions receivable at December 31, 2018 were \$668,194 and are expected to be collected in 2019.

**(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. On January 1, 2018, SWWB transferred approximately \$23 million of these conditional grants to WWB. As of December 31, 2018, conditional grants totaled \$15,236,730 and are currently expected to be recognized as revenue as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Australia Department of Foreign Affairs and Trade	\$ 1,410,519	—	—	1,410,519
Bill & Melinda Gates Foundation	347,745	—	—	347,745
Government of Germany	144,974	—	—	144,974
Swedish International Development Cooperation Agency	1,119,370	1,119,370	1,119,370	3,358,110
Swiss Capacity Building Facility	229,896	—	—	229,896
Visa Foundation	4,587,894	3,523,627	1,375,795	9,487,316
William and Flora Hewlett Foundation	258,170	—	—	258,170
Total conditional grants receivable	<u>\$ 8,098,568</u>	<u>4,642,997</u>	<u>2,495,165</u>	<u>15,236,730</u>

Amounts due from the Australia Department of Foreign Affairs and Trade, Government of Germany, Swedish International Development Cooperation Agency, and Swiss Capacity Building Facility are due in

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Australian dollars, Euros, Swedish Krona, and Swiss Francs, respectively. The anticipated amounts reflected above were converted to U.S. dollars based on the conversation rate as of December 31, 2018.

**(5) Furniture, Equipment, and Leasehold Improvements, net**

Furniture, equipment, and leasehold improvements, net consist of the following as of December 31, 2018:

	Life		
Equipment	3	\$	634,052
Furniture	7		328,876
Leasehold improvements	15		244,015
			1,206,943
Less accumulated depreciation and amortization			(608,420)
Total furniture, equipment, and leasehold improvements, net		\$	598,523

Depreciation and amortization expense for the year ended December 31, 2018 was \$164,427.

**(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 2018, the Organization appropriated \$698,620 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 7). The spending rate for 2018 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, 2018:

	<u>Fair value</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 217,126	217,126
Domestic and non-U.S. equities	3,838,029	3,838,029
Exchange traded funds	4,700,727	4,700,727
Fixed income:		
Mutual funds	2,390,198	2,390,198
Corporate bonds	3,679,449	3,679,449
U.S. Treasuries	1,607,836	1,607,836
	<u>16,433,365</u>	<u>\$ 16,433,365</u>
Investments reported at net assets value or its equivalent:		
Limited partnerships	<u>393,828</u>	
Total investments	<u>\$ 16,827,193</u>	

The Organization's limited partnership balance at December 31, 2018 is the Organization's investment in WWBCP (note 1). The estimated fair value of this investment was \$393,828 as of December 31, 2018. As of December 31, 2018, the Organization had an unfunded commitment of approximately \$102,972, to WWBCP. The total commitment represents a 1% interest in WWBCP.

Investment loss includes the following for the year ended December 31, 2018:

Interest and dividends	\$ 408,732
Realized and unrealized losses	(1,162,799)
Investment expenses	<u>(63,061)</u>
	<u>\$ (817,128)</u>

**(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.

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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, was not recognized as revenue in 2016. 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. During the year ended December 31, 2017, the LLC was allowed to recognize carried interest income of \$164,625, which it further distributed to the Members of the LLC to cover their 2016 tax obligations related to the 2016 carried interest distribution of \$1,623,129. The remaining balance of \$1,458,504 continues to be reflected as a deferred liability and restricted cash in the accompanying consolidated financial statements as of December 31, 2018.

**(7) Net Assets With Donor Restrictions**

At December 31, 2018, net assets with donor restrictions are available for the following purposes:

WWB program services	\$ 9,552,331
Nonendowment capital fund	16,129,954
Perpetual endowment capital fund	693,076
Accumulated gains on perpetual endowment capital fund	<u>4,163</u>
	<u>\$ 26,379,524</u>

In October 2013, SWWB received clarifying communications from its four largest donors of the Capital Fund (the Fund) who represent 97% or \$15,248,169 of the Fund. The donors acknowledged that their gifts would be reclassified from a restricted endowment to an expendable restricted gift and would continue to remain invested under the direction of the Organization's Board of Directors. The funds will be utilized for the following purposes: (1) support the general operations of the Organization; (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 restricted endowment fund to a restricted donor capital fund.

The Organization's Capital Fund contains a certain portion of net assets with permanent donor restrictions. As required by GAAP, net assets associated with the perpetual endowment Capital Fund are classified and reported based upon the existence or absence of donor-imposed restrictions.

Gains and losses on net assets with perpetual endowment donor restrictions are recorded as net assets with donor restrictions until they are appropriated for expenditure in accordance with the Capital Fund

**WOMEN'S WORLD BANKING, INC.  
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Notes to Consolidated Financial Statements

December 31, 2018

Spending Policy. At December 31, 2018, accumulated gains not yet appropriated for spending related to the perpetual endowment capital fund were \$4,163.

(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. There were no deficiencies in the donor-restricted funds as of December 31, 2018.

(ii) *Interpretation of Relevant Law*

The Organization classifies as restricted net assets (a) the original value of gifts donated to the endowment; (b) the original value of subsequent gifts to the endowment; and (c) accumulations to the 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 to be classified as net assets with donor restrictions until appropriated for expenditure by the board of directors.

**(8) Lease Commitment**

On April 29, 2014, SWWB 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, 2018. Renovations of the space started during the fourth quarter of 2014 and occupancy occurred on January 5, 2015. The rent was abated until April 1, 2015. SWWB transferred the lease agreement to WWB on January 1, 2018. The Organization records the lease expense on a straight-line basis. 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 that provide for increased payments resulting from increases in real estate taxes and certain other building expenses.

Total rent, utilities, and maintenance expense in 2018 amounted to \$507,239.

Future lease payments, including base rent and escalation increases, as of December 31, 2018 are as follows:

2019	\$	429,724
2020		456,637
2021		471,249
2022		479,732
2023		488,367
Thereafter		<u>3,389,475</u>
Total	\$	<u><u>5,715,184</u></u>

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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 year ended December 31, 2018, in-kind contributions consisted of \$452,400, for legal and other services.

**(10) Pension Benefits**

WWB and WAM sponsor a 401(k) retirement plan for its eligible employees with benefits up to 3.5% of eligible compensation. Eligible employees receive a matching employer contribution up to 1.5% of eligible compensation. Total WWB and WAM retirement expense in 2018 was \$310,801.

**(11) Liquidity and Availability**

Financial assets available for general expenditure within one year of December 31, 2018 are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$ 18,082,160
Restricted cash	1,459,504
Grants and contributions receivable, net	668,194
Investments	16,827,193
Accounts receivable	<u>419,373</u>

Total financial assets at year-end 37,456,424

Less amounts not available to meet general expenditures within one year:

Restricted cash subject to clawback	1,459,504
Future expendable nonendowment capital fund	15,444,915 *
Portion of donor-restricted endowment to be retained in perpetuity	<u>693,076</u>

Financial assets available to meet general expenditures within one year \$ 19,858,929

\* The Organization currently estimates that \$689,202 in nonendowment capital fund will be utilized for general expenditure in 2019.

WWB regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

**(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, 2018 through May 3, 2019, 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 2018 consolidated financial statements.

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Grants and Contributions Receivable Rollforward

December 31, 2018

	SWWB Net receivable balance at December 31, 2017	New grants and contributions, 2018	Wire fees and foreign currency translation, 2018	Cash receipts, 2018	Net receivable balance at December 31, 2018
Argidius Foundation	\$ —	282,210	(36)	(113,142)	169,032
Australia Department of Foreign Affairs and Trade (DFAT)	—	2,174,075	—	(2,174,075)	—
Bill & Melinda Gates Foundation	—	1,420,122	—	(1,420,122)	—
Caterpillar Foundation	—	160,000	—	(160,000)	—
Convergence Blended Finance Inc.	—	298,046	—	(202,686)	95,360
Credit Suisse Foundation	512,117	500,400	967	(1,013,484)	—
ExxonMobil Foundation	—	50,000	—	(50,000)	—
Financial Sector Deepening Africa (FSDA)	—	708,803	—	(708,803)	—
Friends of WWB/USA, Inc.	166,963	—	—	(166,963)	—
Government of Germany (GIZ)	—	141,606	—	(141,606)	—
MetLife Foundation	—	737,500	—	(450,000)	287,500
Swedish International Development Corporation Agency (SIDA)	—	1,099,880	—	(1,099,880)	—
Swiss Capacity Building Facility (SCBF)	—	161,103	—	(130,827)	30,276
Visa Foundation	—	5,640,366	—	(5,640,366)	—
Visa USA Inc.	—	61,884	—	(61,884)	—
William and Flora Hewlett Foundation	—	241,830	—	(241,830)	—
Other foundations	—	132,474	—	(89,311)	43,163
Other corporations	24,975	122,834	—	(116,655)	31,154
Other individuals	—	72,938	—	(72,432)	506
Other government	—	11,203	—	—	11,203
	<u>\$ 704,055</u>	<u>14,017,274</u>	<u>931</u>	<u>(14,054,066)</u>	<u>668,194</u>

See accompanying independent auditors' report.

**WOMEN'S WORLD BANKING, INC.  
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Schedule of Core Funding  
Year ended December 31, 2018

	<b>Swedish International Development Cooperation Agency</b>	<b>Australia Department of Foreign Affairs and Trade</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Support and revenue:			
Grants	\$ 1,099,880	1,087,037	2,186,917
Expenses:			
Personnel costs	<u>(1,099,880)</u>	<u>(1,087,037)</u>	<u>(2,186,917)</u>
Net assets with donor restrictions at end of year	\$ <u>          —</u>	<u>          —</u>	<u>          —</u>

Core funders are a grouping of donors who have agreed to support the WWB'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.