



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

Consolidated Financial Statements and Schedules

December 31, 2019

(With Summarized Comparative Financial Information
as of and for the Year Ended 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, 2019, and the related consolidated statements 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, 2019, 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.



Report on Summarized Comparative Information

We have previously audited the Organization's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated audited financial statements in our report dated May 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 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 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 15, 2020

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

Consolidated Statements of Financial Position

December 31, 2019

(With comparative amounts as of December 31, 2018)

| | 2019 | 2018 |
|---------------------------------------------------------------------------------------|---------------|-------------|
| Assets | | |
| Cash and cash equivalents | \$ 15,715,804 | 18,082,160 |
| Restricted cash (notes 2(d) and 6(e)) | 1,459,504 | 1,459,504 |
| Grants and contributions receivable, net (note 3) | 351,930 | 668,194 |
| Investments (note 6) | 19,326,546 | 16,827,193 |
| Accounts receivable and other assets (note 8) | 681,308 | 712,493 |
| Furniture, equipment, and leasehold improvements, net (note 5) | 473,374 | 598,523 |
| Total assets | \$ 38,008,466 | 38,348,067 |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 657,557 | 961,131 |
| Deferred revenue | 90,241 | 43,550 |
| Deferred rent credit (note 8) | 405,298 | 358,908 |
| Deferred liability WWBCP LP distribution subject to clawback (notes 2(d) and 6(e)) | 1,458,504 | 1,458,504 |
| Total liabilities | 2,611,600 | 2,822,093 |
| Commitments (notes 6, 8, and 10) | | |
| Net assets: | | |
| Without donor restrictions | 8,490,084 | 9,146,450 |
| With donor restrictions (note 7) | 26,906,782 | 26,379,524 |
| Total net assets | 35,396,866 | 35,525,974 |
| Total liabilities and net assets | \$ 38,008,466 | 38,348,067 |

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities

Year ended December 31, 2019

(With comparative totals for the year ended December 31, 2018)

| | Without donor restrictions | With donor restrictions | Total | |
|----------------------------------------------|-------------------------------|----------------------------|------------|------------|
| | | | 2019 | 2018 |
| Operating activities: | | | | |
| Revenue and support: | | | | |
| Grants and contributions (note 2(i)) | \$ 774,104 | 9,536,906 | 10,311,010 | 14,017,274 |
| In-kind contributions (note 9) | 907,249 | — | 907,249 | 452,400 |
| Investment (loss) gain, net of fees (note 6) | (56) | 3,188,555 | 3,188,499 | (817,128) |
| Foreign currency translation gain | 851 | 3,571 | 4,422 | 967 |
| Fee for services | 747,665 | — | 747,665 | 1,184,930 |
| Other income | 417,632 | 26,010 | 443,642 | 260,390 |
| Net assets released from restrictions | 12,227,784 | (12,227,784) | — | — |
| Total revenue and support | 15,075,229 | 527,258 | 15,602,487 | 15,098,833 |
| Expenses (note 2(k)): | | | | |
| Program services: | | | | |
| WWB Programs | 10,511,976 | — | 10,511,976 | 10,900,370 |
| WWB Asset Management LLC | 706,179 | — | 706,179 | 620,580 |
| WWB Investments LLC | 4,729 | — | 4,729 | 4,696 |
| WWB Investments II LLC | 4,167 | — | 4,167 | — |
| Total program services | 11,227,051 | — | 11,227,051 | 11,525,646 |
| General and administrative | 2,091,804 | — | 2,091,804 | 1,580,291 |
| Fund-raising | 2,412,740 | — | 2,412,740 | 2,007,146 |
| Total expenses | 15,731,595 | — | 15,731,595 | 15,113,083 |
| (Decrease) increase in net assets | (656,366) | 527,258 | (129,108) | (14,250) |
| Net assets at beginning of year | 9,146,450 | 26,379,524 | 35,525,974 | 35,540,224 |
| Net assets at end of year | \$ 8,490,084 | 26,906,782 | 35,396,866 | 35,525,974 |

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Functional Expenses

Year ended December 31, 2019

(With comparative totals for the year ended December 31, 2018)

| | WWB Programs (WWB) | WWB Asset Management (WAM) | WWB Investments (LLC) | WWB Investments II (LLC2) | Total program services | General and administrative | Fund-raising | Total | |
|-------------------------------------------------------------|-----------------------------------|-----------------------------------------------|--------------------------------------|------------------------------------------|---------------------------------------|-------------------------------------------|---------------------|-------------------|-------------------|
| | | | | | | | | 2019 | 2018 |
| Personnel costs | \$ 5,771,295 | 673,951 | — | — | 6,445,246 | 902,648 | 1,682,686 | 9,030,580 | 9,121,831 |
| Consultants | 2,435,023 | 1,323 | 529 | — | 2,436,875 | 44,642 | 265,246 | 2,746,763 | 2,440,342 |
| Legal, accounting, and auditing | 83,792 | 4,000 | 4,200 | — | 91,992 | 984,594 | 7,500 | 1,084,086 | 534,015 |
| Travel, workshops, and meetings | 1,266,048 | 8,007 | — | — | 1,274,055 | 30,932 | 204,564 | 1,509,551 | 1,546,494 |
| Printing, production, and video | 21,912 | — | — | — | 21,912 | 1,723 | 19,629 | 43,264 | 43,381 |
| Rent and utilities | 364,608 | — | — | — | 364,608 | 57,026 | 106,306 | 527,940 | 507,238 |
| Telephone, internet, and cable | 47,673 | 2,275 | — | — | 49,948 | 6,794 | 12,665 | 69,407 | 81,956 |
| Office expenses, insurance, dues, licenses, and filing fees | 342,331 | 16,623 | — | 4,167 | 363,121 | 35,476 | 82,887 | 481,484 | 453,779 |
| Bad debt | — | — | — | — | — | 11,203 | — | 11,203 | — |
| Project initiatives – contributions to partner institutions | 41,000 | — | — | — | 41,000 | — | — | 41,000 | 219,620 |
| Depreciation and amortization | 138,294 | — | — | — | 138,294 | 16,766 | 31,257 | 186,317 | 164,427 |
| Total expenses | <u>\$ 10,511,976</u> | <u>706,179</u> | <u>4,729</u> | <u>4,167</u> | <u>11,227,051</u> | <u>2,091,804</u> | <u>2,412,740</u> | <u>15,731,595</u> | <u>15,113,083</u> |

See accompanying independent auditors' report.

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

Consolidated Statements of Cash Flows

Year ended December 31, 2019

(with comparative amounts for the year ended December 31, 2018)

| | 2019 | 2018 |
|----------------------------------------------------------------------------------------------------------|----------------------|-------------------|
| Cash flows from operating activities: | | |
| Decrease in net assets | \$ (129,108) | (14,250) |
| Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 186,317 | 164,427 |
| Donated software | — | (41,450) |
| Realized and unrealized (gains) losses, net | (2,830,269) | 1,162,799 |
| Decrease in grants and contributions receivable | 316,264 | 35,861 |
| Decrease (increase) in accounts receivable and other assets | 31,185 | (196,501) |
| (Decrease) increase in accounts payable and accrued expenses | (303,574) | 483,197 |
| Increase in deferred revenue | 46,691 | 18,550 |
| Increase in deferred rent credit | 46,390 | 53,987 |
| | <u>(2,636,104)</u> | <u>1,666,620</u> |
| Cash flows from investing activities: | | |
| Purchases of furniture, equipment, and leasehold improvements | (61,168) | (126,159) |
| Purchases of investments | (24,973,707) | (19,202,406) |
| Proceeds from sale of investments | 25,304,623 | 19,555,245 |
| | <u>269,748</u> | <u>226,680</u> |
| Net (decrease) increase in cash, cash equivalents, and restricted cash | (2,366,356) | 1,893,300 |
| Cash, cash equivalents, and restricted cash at beginning of year (2019) and transferred from SWWB (2018) | <u>19,541,664</u> | <u>17,648,364</u> |
| Cash, cash equivalents, and restricted cash at end of year | <u>\$ 17,175,308</u> | <u>19,541,664</u> |
| Supplemental cash flow information: | | |
| Donated software | \$ — | 41,450 |
| Disposal of software, fully depreciated | 89,200 | — |
| Equipment transferred from FWWB, fully depreciated | — | 70,021 |

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

(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 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 U.S. 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. In 2018, WAM became the general manager of Women's World Banking Capital Partners II, L.P. (WWBCP2), a Mauritius limited partnership, formed to act as a second socially responsible private equity fund (originally formed as a Canadian limited partnership in 2018, formed as a Mauritius limited partnership in 2019). WAM's members' equity, which is reflected within net assets without donor restrictions on the

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

accompanying consolidated financial statements as of December 31, 2019 and 2018 was \$380,814 and \$635,230, respectively.

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 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, 2019 and 2018, the LLC's general partner position in WWBCP has no financial value (note 6(e)). The LLC's members' deficit, which is reflected within net assets without donor restrictions on the accompanying consolidated financial statements, as of December 31, 2019 and 2018 was \$(20,294) and \$(15,565), respectively. In addition, WWB has a limited partner interest in WWBCP (note 6(d)), 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 WWBCP2. The LLC2's members' deficit, which is reflected within net assets without donor restrictions on the accompanying consolidated financial statements, as of December 31, 2019 and 2018 was \$(4,167) and \$0, respectively.

For purposes of the statement of functional expenses, the Organization classifies its program activities into four 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.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

- (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.
- (4) WWB Investments II LLC, which has been presented as a separate program activity on the statement of functional expenses for administration purposes.

(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

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

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, 2019 or 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 as of December 31, 2019 and 2018 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 (see note 6(e)).

(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

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

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 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 2019 and 2018, four funding sources accounted for approximately 67% and 74%, respectively, of grant and contribution revenue.

As of December 31, 2019 and 2018, grants and contributions 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, 2019 and 2018 and has determined that there are no significant uncertain tax positions and that it will continue to be exempt from income taxes.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

(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 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (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. Management has determined that this ASU did not significantly impact the Organization's consolidated financial statements.

During 2019, the Organization adopted FASB 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. Management has determined that this ASU did not significantly impact the Organization's consolidated financial statements.

(3) Grants and Contributions Receivable

Grants and contributions receivable at December 31, 2018 and 2019 are expected to be received within the following year.

(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

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

totalled \$15,236,730. As of December 31, 2019, conditional grants totalled \$10,650,675 and are currently expected to be recognized as revenue as follows:

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>Total</u> |
|---------------------------------------------------------|---------------------|------------------|---------------|-------------------|
| Bill & Melinda Gates Foundation | \$ — | 750,000 | — | 750,000 |
| Mastercard Impact Fund | 125,100 | — | — | 125,100 |
| Michael & Susan Dell Foundation | 239,943 | — | — | 239,943 |
| Swedish International Development Cooperation Agency | 1,070,040 | 1,070,040 | — | 2,140,080 |
| Swiss Capacity Building Facility | 52,580 | — | — | 52,580 |
| Swiss Re Foundation | 150,000 | 100,000 | 50,000 | 300,000 |
| Visa Foundation | 5,667,177 | 1,375,795 | — | 7,042,972 |
| Total conditional grants receivable | \$ <u>7,304,840</u> | <u>3,295,835</u> | <u>50,000</u> | <u>10,650,675</u> |

Amounts due from the Michael & Susan Dell Foundation, Swedish International Development Cooperation Agency, and Swiss Capacity Building Facility are due in Indian Rupee, 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, 2019.

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

Furniture, equipment, and leasehold improvements, net consist of the following as of December 31, 2019:

| | <u>Life</u> | |
|-------------------------------------------------------------|-------------|--------------------------|
| Equipment | 3 | \$ 606,020 |
| Furniture | 7 | 328,876 |
| Leasehold improvements | 15 | <u>244,015</u> |
| | | 1,178,911 |
| Less accumulated depreciation and amortization | | <u>(705,537)</u> |
| Total furniture, equipment, and leasehold improvements, net | | \$ <u><u>473,374</u></u> |

Depreciation and amortization expense for the year ended December 31, 2019 was \$186,317.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

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 assets with donor restrictions (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 2019 and 2018, the Organization appropriated \$689,202 and \$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 2019 and 2018 was 4%.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

(d) Fair Value Hierarchy

The following table presents the Organization's fair value hierarchy for investments as of December 31, 2019:

| | Fair value | Level 1 |
|-------------------------------------------------------------|-------------------|----------------|
| Cash equivalents | \$ 205,986 | 205,986 |
| Domestic and non-U.S. equities | 3,602,257 | 3,602,257 |
| Exchange traded funds | 6,886,195 | 6,886,195 |
| Fixed income: | | |
| Mutual funds | 2,699,088 | 2,699,088 |
| Corporate bonds | 2,695,485 | 2,695,485 |
| U.S. Treasuries | 2,770,916 | 2,770,916 |
| | 18,859,927 | \$ 18,859,927 |
| Investments reported at net assets value or its equivalent: | | |
| Limited partnership | 466,619 | |
| Total investments | \$ 19,326,546 | |

The Organization's limited partnership balance at December 31, 2019 is the Organization's investment in WWBCP (note 1). The estimated fair value of this investment was \$466,619 as of December 31, 2019. As of December 31, 2019, the Organization had an unfunded commitment of approximately \$37,098, to WWBCP. The total commitment represents a 1% interest in WWBCP.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

The following table presents the Organization's fair value hierarchy for investments as of December 31, 2018:

| | Fair value | Level 1 |
|-------------------------------------------------------------|-------------------|----------------|
| 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 |
| | 16,433,365 | \$ 16,433,365 |
| Investments reported at net assets value or its equivalent: | | |
| Limited partnership | 393,828 | |
| Total investments | \$ 16,827,193 | |

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 gain (loss), net of fees includes the following for the years ended December 31, 2019 and 2018:

| | 2019 | 2018 |
|----------------------------------------|--------------|-------------|
| Interest and dividends | \$ 431,409 | 408,732 |
| Realized and unrealized gains (losses) | 2,830,269 | (1,162,799) |
| Investment expenses | (73,179) | (63,061) |
| | \$ 3,188,499 | (817,128) |

(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 consolidated 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, was not recognized as revenue in 2016. Management estimates that

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

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, 2019 and 2018.

(7) Net Assets With Donor Restrictions

At December 31, 2019 and 2018, net assets with donor restrictions are available for the following purposes:

| | 2019 | 2018 |
|-------------------------------------------------------|---------------|-------------|
| WWB program services | \$ 7,580,236 | 9,552,331 |
| Nonendowment capital fund | 18,514,199 | 16,129,954 |
| Perpetual endowment capital fund | 693,076 | 693,076 |
| Accumulated gains on perpetual endowment capital fund | 119,271 | 4,163 |
| | \$ 26,906,782 | 26,379,524 |

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 Spending Policy. At December 31, 2019 and 2018, accumulated gains not yet appropriated for spending related to the perpetual endowment capital fund were \$119,271 and \$4,163, 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. There were no deficiencies in the donor-restricted funds as of December 31, 2019 or 2018.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended 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 statements of financial position as of December 31, 2019 and 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 2019 and 2018 amounted to \$527,940 and \$507,238, respectively.

Future lease payments, including base rent and escalation increases, as of December 31, 2019 are as follows:

| | | |
|------------|----|------------------|
| 2020 | \$ | 456,637 |
| 2021 | | 471,249 |
| 2022 | | 479,732 |
| 2023 | | 488,367 |
| 2024 | | 497,158 |
| Thereafter | | <u>2,892,317</u> |
| Total | \$ | <u>5,285,460</u> |

(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, 2019 and 2018, in-kind contributions consisted of \$907,249 and \$452,400, respectively, for legal and other services.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

(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. WWB also contributes to various international retirement plans for eligible employees. Total WWB and WAM retirement expense in 2019 and 2018 was \$291,398 and \$310,801, respectively.

(11) Liquidity and Availability

Financial assets available for general expenditure within one years of December 31, 2019 and 2018 are as follows:

| | 2019 | 2018 |
|--------------------------------------------------------------------------|---------------|--------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 15,715,804 | 18,082,160 |
| Restricted cash | 1,459,504 | 1,459,504 |
| Grants and contributions receivable, net | 351,930 | 668,194 |
| Investments | 19,326,546 | 16,827,193 |
| Accounts receivable | 359,237 | 419,373 |
| Total financial assets at year-end | 37,213,021 | 37,456,424 |
| Less amounts not available to meet general expenditures within one year: | | |
| Restricted cash subject to clawback | 1,459,504 | 1,459,504 |
| Future expendable nonendowment capital fund | 17,930,639 * | 15,444,915 * |
| Portion of donor-restricted endowment to be retained in perpetuity | 693,076 | 693,076 |
| Financial assets available to meet general expenditures within one year | \$ 17,129,802 | 19,858,929 |

* The Organization currently estimates that \$702,831 in nonendowment capital fund will be utilized for general expenditure in 2020. The Organization utilized \$689,202 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 statement of financial position date of December 31, 2019 through May 15, 2020, 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 2019 consolidated financial statements, except as described below.

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

Notes to Consolidated Financial Statements

December 31, 2019

(With comparative amounts as of and for the year ended December 31, 2018)

The Organization invests in various investment securities and relies on fundraising to support its operations. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The spread of coronavirus (COVID-19) around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its financial position and changes in net assets in the future. In April 2020, the Organization applied for, and received, a small business loan of \$1,236,000 through the Paycheck Protection Program. The loan will be forgiven if certain conditions are met, which is management's expectation.

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

Grants and Contributions Receivable Rollforward

December 31, 2019

| | SWWB net receivable balance at December 31, 2018 | New grants and contributions, 2019 | Bad debt, wire fees and foreign currency translation, 2019 | Cash receipts, 2019 | Net receivable balance at December 31, 2019 |
|-------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------|
| Argidius Foundation | \$ 169,032 | — | — | (169,032) | — |
| Australia Department of Foreign Affairs and Trade (DFAT) | — | 1,375,376 | — | (1,375,376) | — |
| Bill & Melinda Gates Foundation | — | 2,097,745 | — | (2,097,745) | — |
| Caterpillar Foundation | — | 100,000 | — | (100,000) | — |
| Citibank, N.A. | — | 50,000 | — | (50,000) | — |
| Convergence Blended Finance Inc. | 95,360 | — | 851 | (96,211) | — |
| Credit Suisse Foundation | — | 494,364 | — | (494,364) | — |
| ExxonMobil Foundation | — | 250,000 | — | (250,000) | — |
| Facebook, Inc. (WhatsApp and Calibra) | — | 80,000 | — | (80,000) | — |
| Government of Germany (GIZ) | — | 138,950 | — | (110,535) | 28,415 |
| Government of Luxembourg | — | 198,294 | 3,571 | — | 201,865 |
| Mastercard Impact Fund | — | 125,640 | — | (125,640) | — |
| MetLife Foundation | 287,500 | 15,000 | — | (302,500) | — |
| Michael & Susan Dell Foundation | — | 260,057 | — | (260,057) | — |
| Standard Chartered Bank | — | 200,000 | (28) | (199,972) | — |
| Swedish International Development Corporation Agency (SIDA) | — | 1,077,281 | — | (1,077,281) | — |
| Swiss Capacity Building Facility (SCBF) | 30,276 | 131,914 | — | (95,254) | 66,936 |
| Swiss Re Foundation | — | 200,000 | — | (200,000) | — |
| Unilever U.K. Central Resources Limited | — | 325,530 | — | (325,530) | — |
| Visa Foundation | — | 2,444,344 | — | (2,444,344) | — |
| William and Flora Hewlett Foundation | — | 258,170 | — | (258,170) | — |
| Other foundations | 43,163 | 124,192 | — | (153,778) | 13,577 |
| Other corporations | 31,154 | 223,028 | — | (242,800) | 11,382 |
| Other individuals | 506 | 117,010 | — | (101,876) | 15,640 |
| Other government | 11,203 | 24,115 | (11,203) | (10,000) | 14,115 |
| | <u>\$ 668,194</u> | <u>10,311,010</u> | <u>(6,809)</u> | <u>(10,620,465)</u> | <u>351,930</u> |

See accompanying independent auditors' report.

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

Schedule of Core Funding

Year ended December 31, 2019

| | Swedish International Development Cooperation Agency | Australia Department of Foreign Affairs and Trade | Total |
|------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Support and revenue: | | | |
| Grants | \$ 1,077,281 | 1,031,532 | 2,108,813 |
| Expenses: | | | |
| Personnel costs | <u>(1,077,281)</u> | <u>(1,031,532)</u> | <u>(2,108,813)</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.