



WOMEN *for* WOMEN
International

Consolidated Financial Statements

For the Year Ended December 31, 2009



**and
Report Thereon**



WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

TABLE OF CONTENTS

Page

Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Functional Expenses	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6-18
Supplemental Information	
Consolidating Statement of Financial Position	19
Consolidating Statement of Activities	20



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Women for Women International

CONSULTING
ACCOUNTING
TECHNOLOGY

Certified Public
Accountants

We have audited the accompanying consolidated statement of financial position of Women for Women International and Affiliates (collectively referred to as Women for Women) as of December 31, 2009, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of Women for Women's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Women for Women's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Women for Women as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purposes of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental consolidating information is presented for the purpose of additional analysis of the basic consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities. The basic consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic consolidated financial statements taken as a whole.



RAFFA, P.C.

Washington, DC
August 31, 2010

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2009

ASSETS

Current Assets

Cash and cash equivalents	\$ 11,506,572
Contributions and grants receivable	2,725,360
Accounts receivable	218,652
Investments	659,063
Micro-credit loans receivable, net of allowance	1,845,153
Prepaid expenses and deposits	444,887
Inventory	28,292
Other current assets	203,573

Total Current Assets 17,631,552

Property and Equipment, Net 1,760,990

TOTAL ASSETS \$ 19,392,542

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 1,723,450
Other current liabilities	198,798
Deferred rent and lease incentives, current portion	60,260
Refundable advances	54,464

Total Current Liabilities 2,036,972

Deferred rent and lease incentives, net of current portion 475,890

Deferred compensation liability 16,653

Loans payable 2,266,785

TOTAL LIABILITIES 4,796,300

Net Assets

Unrestricted	
Undesignated	7,599,750
Board-designated	2,327,424

Total Unrestricted Assets 9,927,174

Temporarily restricted 4,669,068

TOTAL NET ASSETS 14,596,242

TOTAL LIABILITIES AND NET ASSETS \$ 19,392,542

The accompanying notes are an integral part of these consolidated financial statements.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	Unrestricted			Temporarily Restricted	Total
	Undesignated	Board- Designated	Subtotal		
REVENUE AND SUPPORT					
Individual contributions	\$ 19,725,577	\$ -	\$ 19,725,577	\$ 575,184	\$ 20,300,761
Foundation, multilateral and corporate contributions	5,875,079	-	5,875,079	1,408,509	7,283,588
Donated services	881,947	-	881,947	-	881,947
Micro-lending income	596,465	-	596,465	-	596,465
Government grants	412,163	-	412,163	-	412,163
Other income	246,528	-	246,528	-	246,528
Net foreign currency transaction gains (losses)	207,107	-	207,107	-	207,107
Net assets released from restrictions:					
Satisfaction of program restrictions	2,056,661	-	2,056,661	(2,056,661)	-
TOTAL REVENUE AND SUPPORT	30,001,527	-	30,001,527	(72,968)	29,928,559
EXPENSES					
Program Services:					
Sponsorship and related programs	16,180,921	-	16,180,921	-	16,180,921
Micro-credit lending	1,082,909	-	1,082,909	-	1,082,909
Media, communications and outreach	421,122	-	421,122	-	421,122
Total Program Services	17,684,952	-	17,684,952	-	17,684,952
Supporting Services:					
Fundraising	4,527,633	-	4,527,633	-	4,527,633
Finance and administration	2,400,858	94,067	2,494,925	-	2,494,925
TOTAL EXPENSES	24,613,443	94,067	24,707,510	-	24,707,510
CHANGE IN NET ASSETS	5,388,084	(94,067)	5,294,017	(72,968)	5,221,049
Foreign Currency Translation Losses	(26,406)	-	(26,406)	-	(26,406)
NET ASSETS, BEGINNING OF YEAR	2,238,072	2,421,491	4,659,563	4,742,036	9,401,599
NET ASSETS, END OF YEAR	\$ 7,599,750	\$ 2,327,424	\$ 9,927,174	\$ 4,669,068	\$ 14,596,242

The accompanying notes are an integral part of these consolidated financial statements.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

	Program Services			Supporting Services			
	Sponsorship and Related Programs	Micro-Credit Lending	Media, Communications and Outreach	Total Program Services	Fundraising	Finance and Administration	Total
Salary & Benefits	\$ 5,306,059	\$ 560,713	\$ 299,445	\$ 6,166,217	\$ 1,539,909	\$ 1,199,360	\$ 8,905,486
Sponsorship Distributions	4,253,335	-	-	4,253,335	-	-	4,253,335
Training, Staff Development & Program Expenses	1,897,405	68,661	-	1,966,066	193	43	1,966,302
Printing & Productions	251,200	345	-	251,545	1,299,288	12,556	1,563,389
Professional Service Fees	756,037	44,643	41,603	842,283	285,128	192,311	1,319,722
Rent & Utilities	877,718	60,757	-	938,475	132,343	195,016	1,265,834
Travel & Per Diem	618,736	95,753	52,483	766,972	77,406	60,820	905,198
Special Events	25,524	-	1,000	26,524	383,065	153	409,742
Donated Services	410,799	-	-	410,799	122,148	349,000	881,947
Office Expenses	493,329	62,276	21,786	577,391	71,387	86,210	734,988
Postage & Delivery	165,982	-	4,654	170,636	509,267	4,203	684,106
Bank and Merchant Account Service Fees	542,924	1,859	-	544,783	11,491	26,504	582,778
Information Technology & Communication	275,721	2,089	151	277,961	48,784	65,730	392,475
Depreciation & Amortization Expense	220,455	25,651	-	246,106	40,611	41,269	327,986
Interest Expense	-	160,162	-	160,162	-	35,328	195,490
Equipment Rental & Maintenance	68,351	-	-	68,351	4,804	4,145	77,300
Miscellaneous	17,346	-	-	17,346	1,809	222,277	241,432
TOTAL	\$ 16,180,921	\$ 1,082,909	\$ 421,122	\$ 17,684,952	\$ 4,527,633	\$ 2,494,925	\$ 24,707,510

The accompanying notes are an integral part of these consolidated financial statements.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2009

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOW FROM OPERATING ACTIVITIES	
Change in net assets	\$ 5,221,049
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated stock	(422,055)
Depreciation and amortization expense	327,986
Change in micro-credit loan loss reserve	28,552
Gain on revaluation of foreign assets/liabilities	(26,406)
Gain on sales of property and equipment	(1,652)
Changes in assets and liabilities:	
Contributions and grants receivable	675,337
Accounts receivable	(156,344)
Prepaid expenses and deposits	(136,463)
Investment - 457(b) plan	(16,653)
Inventory	3,525
Other current assets	(121,759)
Accounts payable and accrued expenses	809,679
Other current liabilities	168,466
Deferred rent and lease incentives	(31,226)
Deferred compensation liability	16,653
Refundable advances	(352,005)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,986,684</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Proceeds from maturities of investments	1,025,496
Purchases of investments	(642,410)
Disbursements of Micro-credit loans receivable	(3,753,609)
Repayments of Micro-credit loans receivable	3,014,776
Purchases of property and equipment	(593,135)
Proceeds from sale of property and equipment	13,146
NET CASH USED IN INVESTING ACTIVITIES	<u>(935,736)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Payments of line of credit	(1,000,000)
Payments on loans payable	(3,506,526)
Proceeds from issuance of loans payable	3,258,500
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,248,026)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,802,922
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,703,650</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,506,572</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	<u>\$ 195,490</u>
Donated Stock	<u>\$ 422,055</u>

The accompanying notes are an integral part of these consolidated financial statements.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. Organization and Summary of Significant Accounting Policies

Organization

Women for Women International U.S. (Women for Women U.S.)

Women for Women U.S. was founded in 1993. Women for Women U.S. is a humanitarian organization dedicated to providing women survivors of war, civil strife, and other conflicts with tools and resources needed to move from crisis and poverty into stability and self-sufficiency. Women for Women U.S. was founded to help women overcome the horrors of war in ways that help them rebuild their lives, families and communities. Through a tiered program that begins with direct financial and emotional support, Women for Women U.S. fosters awareness and understanding of women's rights; offers vocational and business skills training; and provides access to income generation support that helps women restart their lives in ways that are independent, productive and secure. Women for Women U.S. has operations in Afghanistan, Bosnia and Herzegovina, Democratic Republic of Congo, Iraq, Kosovo, Nigeria, Sudan and Rwanda. These activities are funded primarily through individual contributions and foundation, multilateral and corporate grants.

Women for Women International United Kingdom (Women for Women UK)

Women for Women UK was established and received its charitable status in 2006. Women for Women UK was formed to build Women for Women U.S.'s presence and reputation in Great Britain and Europe. It is working to diversify the overall organizational funding and supporter base and raise public awareness about the importance of women's participation in post-conflict reconstruction and development. These activities are funded primarily through individual contributions and foundation grants.

Women for Women International, Afghanistan Micro-Finance (Afghanistan MCO)

Women for Women U.S. began its Microcredit Lending Program in Afghanistan in July 2004. It was one of the first organizations to receive funding from Microfinance Investment and Support Facility for Afghanistan (MISFA), established by the World Bank. In July 2007, Women for Women, Afghanistan MCO was formed under the laws of Afghanistan as a separate legal entity with an issued share capital of 100 shares. Women for Women U.S. owns 96% of these shares. Afghanistan MCO is one of four organizations in Afghanistan that offers loans exclusively to women and provides affordable micro-credit loans that help women restart their lives in ways that are independent, productive and secure. The target group of clients is women with relatively low levels of income who use micro-credit loans to implement their business ideas for self-financing and self-employment. These activities are funded primarily through micro-credit lending and investment income and loans from financial institutions.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Principles of Consolidation

The consolidated financial statements include the accounts of Women for Women U.S., Women for Women UK, and Afghanistan MCO (collectively referred to as Women for Women). These entities have been consolidated due to the presence of common control and economic interest, as required under accounting principles generally accepted in the United States of America. All significant intercompany balances and transactions have been eliminated in the consolidation.

New Accounting Pronouncements

Effective January 1, 2009, Women for Women adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105-10, *FASB Codification* (the Codification). The Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference.

Cash and Cash Equivalents

Women for Women considers money market funds and certificates of deposit purchased with an original maturity of less than three months to be cash equivalents. Included in cash and cash equivalents is cash held by Women for Women for its micro-credit revolving loan program, which represents the cash available for loans to women. As of December 31, 2009, the balance in these cash accounts available for loans amounted to \$512,782.

Loans Receivable

Women for Women records loans receivable when the loan funds are disbursed. An allowance for loan losses is estimated and recorded based on Women for Women's historical bad debt experience and management's judgment. Interest income is recognized on the accrual basis using the effective yield method. A loan becomes overdue when a scheduled payment is missed.

Property and Equipment

Office furniture and equipment and vehicles are stated at cost and are being depreciated on a straight-line basis over their estimated useful lives of five years. The building, when it is placed into service, will be amortized over 20 years. Web development is amortized on a straight-line basis over an estimated useful life of three years. Maintenance and repair costs are charged to expense as incurred. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining life of the related lease. Expenditures for major repairs and improvements are capitalized. At the time property and equipment is retired or otherwise

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

disposed of, the property and equipment and the related accumulated depreciation or amortization accounts are disposed of, and the property and equipment and the related accumulated depreciation or amortization accounts are eliminated from their respective accounts, with the resulting gain or loss, if any, credited or charged to operating revenue or expenses. Women for Women uses a capitalization threshold of \$2,500.

Investments

Investments consist of certificates of deposit with an original maturity date of three months or more. The investments are recorded in the accompanying consolidated financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Also included in investments are the assets related to the deferred compensation liability. These amounts are invested in equity mutual funds.

Fair Value of Financial Instruments

Women for Women adopted the provisions of the *Fair Value Measurements* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) for financial assets and liabilities measured at fair value on a recurring basis. The ASC defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and requires disclosures about fair value measurements. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of fair value hierarchy are described as follows:

Level 1—is based on unadjusted, quoted market prices in active markets for identical assets or liabilities accessible at the measurement date.

Level 2—is based on inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3—is based on unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining fair value.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

As of December 31, 2009, only Women for Women's investments, as described in Note 4, were measured at fair value on a recurring basis.

Classification of Net Assets

The net assets of Women for Women are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of Women for Women's operations. Unrestricted net assets also include board-designated net assets that have been designated by the Board of Directors to start a reserve fund.
- Temporarily restricted net assets are specifically restricted by donors for various programs or use in future periods.

Revenue Recognition

Unrestricted contributions are recognized as revenue in the period received or when unconditional promises are made. Contributions and grants receivable represent amounts unconditionally committed by individuals or grantors that have not been received by Women for Women as of the end of the fiscal year.

Women for Women reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Women for Women receives grants from governments and foundations in exchange for services. Revenue from these grants is recognized as direct costs are incurred on the basis of direct costs plus allowable indirect costs and based on the percentage of the task completed. Revenue recognized on these grants for which billings have not been presented to the grantor and cash has not been received from the grantor is reflected as contributions and grants receivable in the accompanying consolidated statement of financial position. Funds received, but not yet expended, under these grants are reflected as refundable advances in the accompanying consolidated statement of financial position.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Micro-Credit Lending Grants

Women for Women receives grants that provide that a portion of the funds shall be available for the micro-credit lending program's revolving loans and operating expenses. The terms of some of these grants include the possibility that granting agencies may request the repayment of all or portions of the grants. Revenue is recognized when operating expenses are incurred and when the granting agency notifies Women for Women that the agency does not expect Women for Women to pay the money back.

Contributed Goods and Services

Women for Women receives goods and services from companies and are not charged for them. In accordance with accounting standards related to contributions, Women for Women recognizes revenue and corresponding expenses for donated professional services based on management's estimate of the cost that Women for Women would have incurred if these services had not been donated. During the year ended December 31, 2009, Women for Women received donated legal, advertising and architectural services with an estimated value of \$881,947. This amount is included in donated services in the accompanying consolidated statement of functional expenses based on the functional areas benefited.

Women for Women benefits from the dedicated service of a large number of volunteers. Volunteers have contributed more than 4,482 hours for the year ended December 31, 2009. The value of this contributed time is not reflected in the accompanying consolidated statement of activities because it does not meet the necessary criteria for recognition under U.S. GAAP.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported disclosures. Accordingly, actual results could differ from those estimates.

Transactions in Foreign Currencies

Women for Women conducts many of its programs through field offices in foreign countries and, accordingly, transacts in the local currencies of those countries. These foreign currency transactions are translated into U.S. dollars at the appropriate exchange rates when each transaction is executed. The resulting gain is reflected in the accompanying consolidated statement of activities as net foreign currency transaction gains. The U.S. dollar is considered to be the functional and reporting currency of Women for Women U.S. The functional currency of Women for Women UK and the Afghanistan MCO are the local currencies of the respective countries and are translated into U.S. dollars at current exchange rates. The resulting translation loss is shown in the accompanying consolidated financial statements as a separate component of net assets.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Cash and cash equivalents and investments reflect amounts that approximate fair value due to the short maturity of these instruments. Contributions and grants receivable reflect fair value based on discounting the future cash flows of amounts expected to be collected by an applicable rate that market participants would use. Loans payable reflect an amount that is a reasonable estimate of fair value due to variable interest rates that adjust with the currently available terms and conditions for similar debt.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs and an allocated portion of shared costs. Women for Women's major programs are as follows for the year ended December 31, 2009:

Sponsorship and Related Programs

The sponsorship program links women around the world with women survivors of war in the countries and regions in which Women for Women operates. Each sponsor contributes \$27 per month, a portion of which is given to her "sponsored sister" as direct aid and supports her participation in year-long rights awareness education and job skills training programs. Sponsors also send letters, providing emotional support to a woman who has lost everything due to war.

Media, Communications and Outreach Program

The media, communications and outreach program creates allies and advocates for socially excluded women in conflict-ridden societies. The program provides updates on situations and current events in post-conflict societies and personal stories of women living in post-conflict societies. The program seeks to educate Women for Women's supporters about the challenges women face in rebuilding their lives, their families and communities in the aftermath of war.

Micro-credit Lending Program

The micro-credit lending programs provide small loans to women in Afghanistan. Afghanistan MCO requires all the borrowers to form solidarity groups of 3 to 10 members that will act as co-signers for each other's loans. Interest and/or service fees are computed at a flat interest rate of 15% of the original loan amount and are then repaid in equal amounts over the life of the loan. A payment plan is scheduled for an average of nine months. Women for Women meets with the borrowers on a semi-monthly and monthly basis to collect the loan repayments.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

2. Contributions and Grants Receivable

Contributions and grants receivable consisted of the following as of December 31, 2009:

Individual contributions – sponsorship program	\$ 1,052,082
Foundation, government and corporate contributions	864,904
Individual contributions – other	<u>808,374</u>
Contributions and grants receivable	<u>\$ 2,725,360</u>

As of December 31, 2009, contributions and grants receivable are due to be received within one year and are considered fully collectible.

3. Micro-Credit Loans Receivable and Provision for Loan Losses

Micro-credit loans receivable include loans made by Women for Women through its micro-credit lending program in Afghanistan. These loans, which carry an annual flat interest rate of 15% of the original loan amount, mature at various times over the next year and are disbursed and repaid in the local currency.

As of December 31, 2009, micro-credit loans receivable consist of the following and are due within one year:

Loans receivable	\$ 1,903,133
Less: Allowance for loan losses	<u>(57,980)</u>
Net loans receivable	<u>\$ 1,845,153</u>

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

4. Investments

The following table summarizes Women for Women’s investments, which are measured at fair value on recurring basis as of December 31, 2009, aggregated by type and the fair value hierarchy level within which those measurements were made.

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 628,922	\$ -	\$ 628,922	\$ -
Equities	13,488	13,488	-	-
Equity mutual funds 457(b) plan	<u>16,653</u>	<u>16,653</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 659,063</u>	<u>\$ 30,141</u>	<u>\$ 628,922</u>	<u>\$ -</u>

Women for Women used the following methods and significant assumptions to estimate fair value for assets recorded at fair value.

Equities and Equity Mutual Funds—are measured using quoted market prices for identical assets in active markets.

Certificates of Deposit—are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

5. Conditional Grant

During the year ended December 31, 2009, Women for Women was awarded a conditional grant of \$15,000,000. The grant is contingent upon Women for Women’s achievement of certain goals and milestones mutually agreed to between Women for Women and the donor. Payments will be made to Women for Women at various times through December 31, 2012, based on the goals and milestones established in the grant agreement. For the year ended December 31, 2009, Women for Women recognized \$3,750,000 in revenue, which is included in grants and contribution revenue in the accompanying consolidated statement of activities. The remaining balance of \$11,250,000 will be recognized in future periods when it is definite that Women for Women will be able to meet the goals and milestones that have been established in the grant agreement.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

6. Property, Equipment and Accumulated Depreciation and Amortization

Property and equipment consist of the following as of December 31, 2009:

Land and building	\$ 509,152
Vehicles	730,634
Computers and other equipment	630,436
Leasehold improvements	602,560
Office furniture	196,949
Web development	<u>147,745</u>
Total property and equipment	2,817,476
Less: Accumulated depreciation and amortization	<u>(1,056,486)</u>
Property and equipment, net	<u>\$ 1,760,990</u>

7. Loans Payable

Women for Women has entered into several loan agreements to help fund its loan programs in Afghanistan. Many of the Afghanistan micro-credit loans are revolving loan funds and allow Women for Women to draw down against the loan as needed. As of December 31, 2009, Women for Women was obligated under the following loan payable agreements, which have been converted to the U.S. dollar equivalent for presentation in the consolidated financial statements:

In February 2009 Women for Women renegotiated the old loan with MISFA and entered into a new loan agreement with MISFA for a loan of up to AF 300 million (which is equivalent to approximately \$6.1 million as of December 31, 2009) for its micro-credit lending program in Afghanistan. The terms of the agreement require Women for Women to pay a quarterly interest charge of 5% per annum to MISFA on any outstanding funds. This loan is available to Women for Women through December 31, 2018. \$ 2,066,785

On November 15, 2009, Women for Women entered into a loan agreement with the Mennonite Economic Development Associates and Sarona Risk Capital Fund, LLP (MEDA) to loan \$100,000 for its micro-credit lending program in Afghanistan. The terms of the agreement require Women for Women to pay zero percent (0%) interest per annum to MEDA until the maturity, and 1% per month on the unpaid balance after the maturity date of November 30, 2012. 100,000

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WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

7. Loans Payable (continued)

On November 15, 2009, Women for Women entered into a loan agreement with the MEDA to loan \$100,000 for its micro-credit lending program in Afghanistan. The terms of the agreement require Women for Women to pay interest of 9% per annum to MEDA both before and after the maturity, and 1% per month on the unpaid balance after the maturity date of November 30, 2012.

	<u>100,000</u>
Total Loans Payable	<u>\$ 2,266,785</u>

Principal payments on the loans payable are due as follows as of December 31, 2009:

For the Year Ending
December 31,

2010	\$ -
2011	-
2012	200,000
2013	-
2014	-
Thereafter	<u>2,066,785</u>
Total	<u>\$ 2,266,785</u>

8. Commitments

Women for Women leases its office space in Washington, DC. The lease provides for fixed annual rental increases of 2.25%. The lease expires in July 2016. Women for Women is responsible for its proportionate share of real estate taxes and operating and maintenance costs of the landlord. The lease provided a lease incentive for build out of the space, totaling \$602,560. Under U.S. GAAP, all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the U.S. GAAP rent expense and the required lease payments is reflected as deferred rent and lease incentive in the accompanying consolidated statement of financial position. Women for Women also leases office space in various countries for its foreign field offices on a month-to-month basis.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

8. Commitments (continued)

Future minimum lease payments are as follows:

For the Year Ending December 31,	
2010	\$ 471,390
2011	486,936
2012	504,806
2013	516,163
2014	527,776
Thereafter	<u>858,541</u>
Total	<u>\$ 3,365,612</u>

Rent expense was \$916,805 for the year ended December 31, 2009, and is included in rent and utilities on the accompanying consolidated statement of functional expenses.

9. Temporary Restricted Net Assets

Temporarily restricted net assets were available for the following activities as of December 31, 2009:

Sponsorship and related programs:	
Women's Opportunity Center and Income Generation Strategy	\$ 2,687,084
Sponsorship	1,204,504
Other chapter programs	<u>777,480</u>
Total	<u>\$ 4,669,068</u>

10. Risks and Commitments

Foreign Operations

Women for Women has operations in several foreign countries that maintain cash accounts and fixed assets. In addition, the inventory and loans receivable balances are related to activities in these countries. The future of these programs can be adversely affected by a number of potential factors, such as currency devaluations, terrorist activity or changes in the political climate. As of December 31, 2009, assets in these countries totaled approximately \$5,926,000, representing approximately 31% of Women for Women's total consolidated assets.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

10. Risks and Commitments (continued)

Concentration of Credit Risk

Women for Women's cash is held in accounts at various financial institutions. Although the amount at a given bank, at times, exceeds the amount guaranteed by the Federal Deposit Insurance Corporation and, therefore, bears some risk, Women for Women has neither experienced nor anticipates any losses on its funds. As of December 31, 2009, the amount in excess of the Federal Deposit Insurance Corporation insured limit of \$250,000 was approximately \$7,548,000. In addition, Women for Women also holds cash in bank accounts in foreign countries. As of December 31, 2009, cash held in foreign institutions was approximately \$2,384,000.

Line of Credit

Women for Women has a \$1,000,000 unsecured revolving line of credit with a bank. The line of credit bears interest at the bank's prime rate plus 0.5%, which was 3.75% as of December 31, 2009. The line can be withdrawn at the bank's discretion and is due upon demand. As of December 31, 2009, there was no outstanding balance on this line of credit.

11. Pension Plan

Women for Women maintains a defined contribution plan for all eligible employees. An eligible employee is defined as any employee who has at least one year of service. Women for Women matches the employee's contributions to the plan up to 5% of an employee's salary. Pension expense was \$81,972 for the year ended December 31, 2009.

12. Deferred Compensation Plan

Women for Women offers eligible employees a deferred compensation plan (the Plan), which was created in 2009 in accordance with Section 457(b) of the Internal Revenue Code. The Plan permits participants to defer a portion of their compensation on a pre-tax basis until future years. Deferred compensation and investments designated for such deferrals are available and taxable to participants or their beneficiaries only upon termination of employment, retirement, death or an unforeseeable emergency. Until paid or made available to the participant or beneficiary, all deferred amounts, investment earnings related to deferred amounts, and all property and rights purchased with these amounts, are solely the property and rights of Women for Women. Deferred compensation plan investments consist of mutual funds and are recorded at fair value at December 31, 2009. As of December 31, 2009, the deferred compensation plan has a balance of \$16,653.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

13. Income Taxes

Women for Women U.S. is exempt from the payment of taxes under Section 501(c)(3) of the Internal Revenue Code on income other than net unrelated business income. No provision for income taxes is required as of December 31, 2009, as Women for Women had no net unrelated business income. Women for Women UK is a charity incorporated in England. The Afghanistan MCO is a nonprofit entity under the laws of Afghanistan and, as of December 31, 2009, there are no net income taxes due.

Effective January 1, 2009, Women for Women adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Women for Women performed an evaluation of uncertain tax positions for the year ended December 31, 2009, and determined that there were no matters that would require recognition in the financial statements or which may have any affect on its tax-exempt status. For the year ended December 31, 2009, the statute of limitations for tax years 2006 through 2008 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Women for Women files tax returns.

14. Subsequent Events

In preparing these consolidated financial statements, Women for Women has evaluated events and transactions for potential recognition or disclosure through August 31, 2010, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the consolidated financial statements.

SUPPLEMENTAL INFORMATION

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2009

	Women for International (U.S.)	Women for International (UK)	Women for International Afghanistan Micro-Finance	Eliminating Entries	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 10,332,730	\$ 614,694	\$ 559,148	\$ -	\$ 11,506,572
Contributions and grants receivable	2,680,152	45,208	-	-	2,725,360
Accounts receivable	178,672	16,096	23,884	-	218,652
Intercompany receivable	-	265,440	-	(265,440)	-
Investments	659,063	-	-	-	659,063
Micro-credit loans receivable, net of allowance	-	-	1,845,153	-	1,845,153
Prepaid expenses and deposits	392,802	16,227	35,858	-	444,887
Inventory	28,292	-	-	-	28,292
Other current assets	132,244	15,909	55,420	-	203,573
Total Current Assets	14,403,955	973,574	2,519,463	(265,440)	17,631,552
Investment in Afghanistan Micro-Finance	169,620	-	-	(169,620)	-
Property and equipment, net	1,696,809	6,516	57,665	-	1,760,990
TOTAL ASSETS	\$ 16,270,384	\$ 980,090	\$ 2,577,128	\$ (435,060)	\$ 19,392,542
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued expenses	\$ 1,557,062	\$ 52,457	\$ 113,931	\$ -	\$ 1,723,450
Intercompany payable	265,440	-	-	(265,440)	-
Other current liabilities	172,006	-	26,792	-	198,798
Deferred rent and lease incentives, current portion	60,260	-	-	-	60,260
Refundable advances	53,671	793	-	-	54,464
Total Current Liabilities	2,108,439	53,250	140,723	(265,440)	2,036,972
Deferred rent and lease incentives, net of current portion	475,890	-	-	-	475,890
Deferred compensation liability	16,653	-	-	-	16,653
Loans payable	-	-	2,266,785	-	2,266,785
TOTAL LIABILITIES	2,600,982	53,250	2,407,508	(265,440)	4,796,300
Net Assets					
Unrestricted					
Undesignated	6,315,079	799,416	169,620	315,635	7,599,750
Board-designated	2,200,000	127,424	-	-	2,327,424
Total Unrestricted	8,515,079	926,840	169,620	315,635	9,927,174
Temporarily restricted	5,154,323	-	-	(485,255)	4,669,068
TOTAL NET ASSETS	13,669,402	926,840	169,620	(169,620)	14,596,242
TOTAL LIABILITIES AND NET ASSETS	\$ 16,270,384	\$ 980,090	\$ 2,577,128	\$ (435,060)	\$ 19,392,542

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	Women for Women International (U.S.)	Women for Women International (UK)	Women for Women International Afghanistan Micro-Finance	Eliminating Entries	Total
REVENUE AND SUPPORT					
Individual contributions	\$ 18,707,607	\$ 1,593,154	\$ -	\$ -	\$ 20,300,761
Foundation, multilateral and corporate contributions	6,687,535	20,225	575,828	-	7,283,588
Donated services	881,947	-	-	-	881,947
Micro-lending income	-	-	596,465	-	596,465
Government grants	412,163	-	-	-	412,163
Other income	191,552	63,103	2,089	(10,216)	246,528
Net foreign currency transaction gains (losses)	190,098	20,325	(3,316)	-	207,107
Intercompany grant revenue	621,114	21,438	-	(642,552)	-
TOTAL REVENUE AND SUPPORT	27,692,016	1,718,245	1,171,066	(652,768)	29,928,559
EXPENSES					
Program Services:					
Sponsorship and related programs	15,981,520	841,953	-	(642,552)	16,180,921
Micro-credit lending	23,998	-	1,058,911	-	1,082,909
Media, communications and outreach	421,122	-	-	-	421,122
	16,426,640	841,953	1,058,911	(642,552)	17,684,952
Supporting Services:					
Fundraising	4,042,589	485,044	-	-	4,527,633
Finance and administration	2,102,298	288,350	104,277	-	2,494,925
TOTAL EXPENSES	22,571,527	1,615,347	1,163,188	(642,552)	24,707,510
CHANGE IN NET ASSETS	5,120,489	102,898	7,878	(10,216)	5,221,049
Foreign Currency Translation Gains (Losses)	(71,035)	42,291	(3,105)	5,443	(26,406)
NET ASSETS, BEGINNING OF YEAR	8,619,948	781,651	164,847	(164,847)	9,401,599
NET ASSETS, END OF YEAR	\$ 13,669,402	\$ 926,840	\$ 169,620	\$ (169,620)	\$ 14,596,242