



WOMEN *for* WOMEN
International

**WOMEN FOR WOMEN INTERNATIONAL
AND AFFILIATES**

**Consolidated Financial Statements and
Supplementary Information**

For the Year Ended December 31, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)



**and
Report Thereon**



WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Women for Women International
and Affiliates

We have audited the accompanying consolidated financial statements of Women for Women International and Affiliates (collectively referred to as Women for Women), which comprise the consolidated statement of financial position as of December 31, 2018, 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 accounting principles generally accepted in the United States of America; 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 entity'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 entity'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.

Continued

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Opinion

In our opinion, the 2018 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Women for Women International and Affiliates as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

WFWI's 2017 consolidated financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP as of October 1, 2018, and whose report dated May 17, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information 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.

Marcum LLP

Washington, DC
June 6, 2019

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2018
(With Summarized Financial Information as of December 31, 2017)

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,709,407	\$ 8,090,128
Contributions and grants receivable	3,290,080	1,331,457
Accounts receivable	17,470	64,073
Investments	6,875,915	8,401,954
Prepaid expenses and deposits	870,577	976,954
Inventory	13,853	18,967
Other current assets	191,168	119,811
Total Current Assets	18,968,470	19,003,344
Property and equipment, net	2,717,348	2,833,174
TOTAL ASSETS	\$ 21,685,818	\$ 21,836,518
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,371,545	\$ 1,521,637
Other current liabilities	43,977	138,634
Deferred rent and lease incentives, current portion	228,989	207,532
Refundable grant advances	131,905	15,000
Loan payable	1,266,551	1,373,159
Total Current Liabilities	3,042,967	3,255,962
Deferred rent and lease incentives, net of current portion	1,034,685	1,263,674
TOTAL LIABILITIES	4,077,652	4,519,636
Net Assets		
Without donor restrictions		
Undesignated	10,508,282	10,760,237
Board-designated	3,000,000	3,000,000
Total Without Donor Restrictions	13,508,282	13,760,237
With donor restrictions	4,099,884	3,556,645
TOTAL NET ASSETS	17,608,166	17,316,882
TOTAL LIABILITIES AND NET ASSETS	\$ 21,685,818	\$ 21,836,518

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, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Without Donor Restrictions				2018	2017
	Undesignated	Board- Designated	Total	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT						
Individual contributions	\$ 16,498,911	\$ -	\$ 16,498,911	\$ 113,000	\$ 16,611,911	\$ 16,620,901
Foundation, multilateral and and corporate contributions	693,932	-	693,932	6,742,235	7,436,167	7,097,349
Government grants	200,379	-	200,379	-	200,379	-
Donated goods and services	379,255	-	379,255	-	379,255	111,319
Other income	1,198,097	-	1,198,097	-	1,198,097	957,747
Investment income (loss)	(238,216)	-	(238,216)	43	(238,173)	592,901
Net foreign currency transaction gains (losses)	202,529	-	202,529	-	202,529	(77,124)
Net assets released from restrictions:						
Satisfaction of program restrictions	6,312,039	-	6,312,039	(6,312,039)	-	-
TOTAL REVENUE AND SUPPORT	25,246,926	-	25,246,926	543,239	25,790,165	25,303,093
EXPENSES						
Program Services:						
Training and related programs	15,935,925	-	15,935,925	-	15,935,925	16,050,742
Media, communications and outreach	1,002,233	-	1,002,233	-	1,002,233	420,752
Total Program Services	16,938,158	-	16,938,158	-	16,938,158	16,471,494
Supporting Services:						
Finance and administration	2,038,218	-	2,038,218	-	2,038,218	2,020,702
Fundraising	6,335,699	-	6,335,699	-	6,335,699	5,808,069
TOTAL EXPENSES	25,312,075	-	25,312,075	-	25,312,075	24,300,265
Change in net assets before translation adjustments	(65,149)	-	(65,149)	543,239	478,090	1,002,828
Foreign currency translation gains (losses)	(186,806)	-	(186,806)	-	(186,806)	336,333
CHANGE IN NET ASSETS	(251,955)	-	(251,955)	543,239	291,284	1,339,161
NET ASSETS, BEGINNING OF YEAR	10,760,237	3,000,000	13,760,237	3,556,645	17,316,882	15,977,721
NET ASSETS, END OF YEAR	\$ 10,508,282	\$ 3,000,000	\$ 13,508,282	\$ 4,099,884	\$ 17,608,166	\$ 17,316,882

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, 2018

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Program Services			Supporting Services		2018 Total	2017 Total
	Training and Related Programs	Media, Communications and Outreach	Total Program Services	Finance and Administration	Fundraising		
Salary, temporary labor and benefits	\$ 7,763,916	\$ 625,574	\$ 8,389,490	\$ 1,252,453	\$ 2,059,739	\$ 11,701,682	\$ 10,613,187
Printing, production, postage and delivery	675,727	50,352	726,079	26,391	2,355,387	3,107,857	2,868,642
Training, staff development and program expenses	2,162,031	13,547	2,175,578	17,167	38,980	2,231,725	2,631,824
Training stipends	1,733,937	-	1,733,937	-	-	1,733,937	1,481,171
Rent and facilities	722,795	73,472	796,267	120,535	278,471	1,195,273	1,115,717
Travel and meals	817,755	30,672	848,427	51,311	180,129	1,079,867	1,026,814
Office and other expenses	487,763	42,893	530,656	93,375	212,175	836,206	773,590
Professional service fees	330,853	112,802	443,655	94,994	202,951	741,600	1,080,057
Special events	101,372	22,069	123,441	29,951	485,633	639,025	334,301
Information technology and communications	460,801	9,311	470,112	47,465	103,015	620,592	535,513
Depreciation and amortization	411,399	17,641	429,040	40,291	72,924	542,255	576,885
Bank and merchant account service fees	260,420	3,062	263,482	19,307	202,433	485,222	492,331
Equipment rental and maintenance	7,156	838	7,994	1,479	8,106	17,579	22,509
Contributions	-	-	-	-	-	-	565,449
Bad debt expense	-	-	-	-	-	-	70,956
SUBTOTAL	15,935,925	1,002,233	16,938,158	1,794,719	6,199,943	24,932,820	24,188,946
Donated goods and services	-	-	-	243,499	135,756	379,255	111,319
TOTAL EXPENSES	\$ 15,935,925	\$ 1,002,233	\$ 16,938,158	\$ 2,038,218	\$ 6,335,699	\$ 25,312,075	\$ 24,300,265

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, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 291,284	\$ 1,339,161
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	542,255	576,885
Unrealized losses (gains) on investments	402,332	(385,690)
Realized gains on investments	(15)	(82,479)
Loss (gain) on revaluation of foreign assets and liabilities	186,806	(336,333)
Loss on transfer of property and equipment	-	565,449
Changes in assets and liabilities:		
Contributions and grants receivable	(1,958,623)	181,394
Accounts receivable	46,603	77,406
Prepaid expenses and deposits	106,377	(211,302)
Inventory	5,114	(16,771)
Other current assets	(71,357)	(72,313)
Accounts payable and accrued expenses	(150,092)	(385,723)
Other current liabilities	(94,657)	87,730
Deferred rent and lease incentives	(207,532)	(168,897)
Refundable grant advances	116,905	(19,706)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(784,600)	1,148,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(620,213)	(4,224,875)
Proceeds from maturities and sales of investments	1,743,935	2,357,533
Purchases of property and equipment	(426,429)	(913,255)
Proceeds from sale of property and equipment	-	17,676
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	697,293	(2,762,921)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(293,414)	281,550
NET DECREASE IN CASH AND CASH EQUIVALENTS	(380,721)	(1,332,560)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,090,128	9,422,688
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,709,407	\$ 8,090,128

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, 2018

1. Organization and Summary of Significant Accounting Policies

Organization

Women for Women International US

Since 1993, Women for Women International US (Women for Women US) has helped more than 475,000 marginalized women in countries affected by war and conflict. Women for Women US serves women in eight countries, offering support, tools and access to life-changing skills to move from crisis and poverty to stability and economic self-sufficiency. Women for Women US's holistic "core" program brings women together over the course of a year to foster awareness and understanding of women's rights, provide critical information on key health and wellness issues, offer vocational and business skills training, provide access to income generation support, and encourage women to take on active decision-making roles in the family and participate in their communities. Combined with the provision of a monthly training stipend, this intensive training program and safe group learning setting helps women restart their lives in ways that are independent, productive and secure. Participants may also be linked with a sponsor. In the same target communities, Women for Women US also works with male community leaders and community members in short-term training and awareness raising programs to engage men as allies in women's rights and empowerment.

Women for Women US has operations in Afghanistan, the Democratic Republic of the Congo (DRC), Iraq, Nigeria, and Rwanda, and provides support to local nongovernmental organization (NGO) partners in many of these countries as well as South Sudan. Women for Women continues to serve women in Bosnia and Herzegovina and Kosovo through a relationship with independent organizations affiliated with Women for Women US.

The activities of Women for Women US are funded primarily through individual and foundation contributions, corporate grants, and multilateral agreements.

Women for Women International United Kingdom (UK)

Women for Women International United Kingdom (Women for Women UK) was established and received its charitable status in 2006 with the objective of relieving and assisting women who are victims of war or civil strife. By raising funds to provide education and training for such women, and by building awareness and influencing policy in the United Kingdom and Europe, Women for Women UK seeks to support and amplify the work of Women for Women US in conflict-affected regions of the world. In May 2013, Women for Women UK established a new company, WFWI Services (UK) Ltd. Women for Women UK is the sole member of WFWI Services (UK) Ltd, a general trading company which sells WFWI *Share* cookbooks and the related calendar.

Women for Women International Germany

Women for Women International Germany (WFWI Germany) was established and received its charitable status in 2018 with the objective of relieving and assisting women who are victims of war or civil strife. By raising funds to provide education and training for such women, and by building awareness and influencing policy in Germany and Europe, Women for Women Germany seeks to support and amplify the work of Women for Women US in conflict-affected regions of the world.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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

Organization (continued)

Women for Women International, Afghanistan Microfinance

Women for Women US began its Microcredit Lending Program in Afghanistan in July 2004. Women for Women International, Afghanistan Microfinance (Afghanistan MCO), was one of the first organizations to receive funding from Microfinance Investment and Support Facility for Afghanistan (MISFA), which was established by the World Bank. In July 2007, 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 US owns 96% of these shares. Until June 2011, Afghanistan MCO was one of four organizations in Afghanistan that offered loans exclusively to women and provided affordable microcredit loans that help women restart their lives in ways that are independent, productive and secure. In June 2011, the Afghanistan Microfinance Program assigned its loan portfolio and other assets to MISFA as partial payments for the outstanding loans payable owed to MISFA. Although the legal entity structure for Afghanistan MCO has been preserved, Afghanistan MCO is no longer functioning as a viable going concern and does not intend to engage in microfinance operations in the future. The loans will continue to be shown as a liability until the debts are forgiven or otherwise-discharged by MISFA. See Note 8 for additional discussion about these transactions.

Women Opportunity Center Rwanda Limited

In January 2012, a partnership agreement was established between Women for Women US and the Government of Rwanda for the construction of the Women Opportunity Center (the WOC). Women for Women US was responsible for the principal construction, furnishing and equipping of the center with learning materials and equipment while the Government of Rwanda contributed toward taxes and duties. On January 16, 2014, a separate legal entity was established in Rwanda under the name of Women Opportunity Center Rwanda Limited (WOC Rwanda LTD) which was intended to manage and operate the WOC. On November 24, 2015, Women for Women US registered a Limited Liability Company in Delaware under the name WFWI Empowerment Center, LLC and Women for Women US established a branch office of that company in Rwanda in order to manage and operate the WOC. WFWI Empowerment Center, LLC, is fully owned by Women for Women US, and its activities during the year ended December 31, 2018, are combined with those of Women for Women US due to immateriality.

Principles of Consolidation

The consolidated financial statements include the accounts of Women for Women US, Women for Women UK, WFWI Germany, Afghanistan MCO and WFWI WOC (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 (GAAP). All significant intercompany balances and transactions have been eliminated in the consolidation.

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.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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

Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment acquisitions in excess of \$2,500 and an estimated useful life of more than one year are capitalized. Office furniture, computers and other equipment and vehicles are being depreciated on a straight-line basis over their estimated useful lives of five years. Buildings are being depreciated over an estimated useful life of 20 years. Web development (including costs incurred during the application stage related to the development of the website) is amortized on a straight-line basis over an estimated useful life of three years. Internally developed software is amortized on a straight-line basis over an estimated useful life of five years. 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, while maintenance and repair costs are charged to expense as incurred. At the time property and equipment is retired or otherwise disposed of, the property and equipment and the related accumulated depreciation or amortization are eliminated from their respective accounts, with the resulting gain or loss, if any, credited or charged to operating revenue or expenses.

Impairment of Long-Lived Assets

Women for Women reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of December 31, 2018, Women for Women had not recognized an impairment loss.

Investments

Investments consist of certificates of deposit with an original maturity date of three months or more, mutual funds, equities and interest-bearing cash deposits for investment purposes. 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. Interest and dividend income is recorded as earned. Realized and unrealized gains (losses) on investments are reported as unrestricted gains (losses).

Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands 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 on the basis of the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurement, 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 on the basis of 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.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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

Fair Value Measurement (continued)

The three levels of the fair value hierarchy are described as follows:

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

Level 2 – 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 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining fair value.

For a disclosure of inputs and valuation techniques, see Note 4.

Classification of Net Assets

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

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of Women for Women's operations. Net assets without donor restrictions also include board-designated net assets that have been designated by the Board of Directors as a reserve fund.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of Women for Women or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2018, Women for Women had \$60,750 in net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

Contributions without donor restrictions are recognized as revenue in the period in which they are received or when unconditional promises are made. Contributions and grants receivable represent amounts unconditionally committed to Women for Women that have not been received as of the end of the fiscal year.

Women for Women reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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

Revenue Recognition (continued)

Women for Women receives grants from foundations in exchange for services. Revenue from these grants is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs or, for a fixed-price contract, based on the deliverables. Revenue recognized on these grants for which billings have not been presented to the grantor, or 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 grant advances in the accompanying consolidated statement of financial position.

Donated Goods and Services

Women for Women receives professional services from companies and is not charged for these services. In accordance with accounting standards related to contributions, Women for Women recognizes revenue and corresponding expenses for donated professional services and goods on the basis of 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, 2018, Women for Women received donated goods and professional services with an estimated value of \$379,255. This amount is included in donated goods and services in the accompanying consolidated statement of functional expenses on the basis of the functional areas receiving the benefit.

Women for Women benefits from the dedicated service of a number of volunteers. Volunteers have contributed more than 1,900 hours of service for the year ended December 31, 2018, the value of which is not reflected in the accompanying consolidated statement of activities because it does not meet the necessary criteria for recognition under GAAP.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and 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 or loss is reflected in the accompanying consolidated statement of activities as foreign currency transaction gains or losses. The U.S. dollar is considered the functional and reporting currency of Women for Women US. The functional currencies of Women for Women UK, Afghanistan MCO and WFWI WOC are the local currencies of the respective countries and are translated into U.S. dollars at current exchange rates. The resulting translation gain or loss is shown in the accompanying consolidated financial statements as a separate component of the change in net assets.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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

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 functional expenses. Expenses directly attributed to specific functional areas of Women for Women are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas on the basis of estimates determined by management to be equitable. Rent and facilities expense is allocated on the basis of the percentage of employees assigned to each department. All other shared costs are allocated on the basis of a time study of how department's time is used. Women for Women's major programs are as follows for the year ended December 31, 2018:

Training and related programs – The training programs foster awareness and understanding of women's rights; offer vocational and business skills training; and provide access to income generation support that helps women restart their lives in ways that are independent, productive and secure. Participants may also be linked with a sponsor, whose contribution of \$35 per month supports the training and links women around the world with women survivors of war in the countries and regions in which Women for Women operates. The monthly sponsorship gift is combined with gifts from other sponsors and contributors, government and foundation grants, and goods donated by companies to fund Women for Women's work. Sponsors and sisters may also exchange letters, providing emotional support to a woman who has lost everything due to war.

Media, communications and outreach – 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, families and communities in the aftermath of war.

2. Investments

Women for Women's investments, at fair value, were as follows as of December 31, 2018:

Mutual funds	\$ 4,154,660
Certificates of deposit	1,508,531
Interest-bearing cash deposits	1,211,703
Equities	<u>1,021</u>
Total Investments	<u>\$ 6,875,915</u>

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

3. Contributions and Grants Receivable

Contributions and grants receivable consisted of the following as of December 31, 2018:

Less than one year	\$ 2,389,080
One to five years	<u>901,000</u>
Total Contributions and Grants Receivable	<u>\$ 3,290,080</u>

The discount on contributions and grants receivable in more than one year as of December 31, 2018, was insignificant. As of December 31, 2018, contributions and grants receivable were considered fully collectible.

4. Fair Value Measurement

The following table summarizes Women for Women's assets measured at fair value on a recurring basis as of December 31, 2018, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured in the fair value hierarchy:				
Mutual funds:				
Bond funds	\$ 1,499,295	\$ 1,499,295	\$ -	\$ -
Global equity	<u>2,655,365</u>	<u>2,655,365</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	4,154,660	4,154,660	-	-
Certificates of deposit	1,508,531	-	1,508,531	-
Equities	<u>1,021</u>	<u>1,021</u>	<u>-</u>	<u>-</u>
Total Investments Measured in the Fair Value Hierarchy	<u>5,664,212</u>	<u>\$ 4,155,681</u>	<u>\$ 1,508,531</u>	<u>\$ -</u>
Cash	<u>1,211,703</u>			
Total Assets	<u>\$ 6,875,915</u>			

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

Mutual funds and equities – Valued based on a quoted price in an active market. These investments are classified within Level 1 of the valuation hierarchy.

Certificates of deposit – Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics. These investments are classified within Level 2 of the valuation hierarchy.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

5. Conditional Grants

Between fiscal years 2015 and 2018, Women for Women was awarded several multi-year conditional grants totaling approximately \$14,729,000. These grants are contingent upon Women for Women's achievement of certain goals and milestones mutually agreed to between Women for Women and the donors. Payments will be made to Women for Women at various times through the years ending December 31, 2019 and 2021, based on the goals and milestones established in the grant agreements. For the year ended December 31, 2018, Women for Women recognized approximately \$3,183,000 in revenue under these grants, which is included in foundation, multilateral and corporate contributions in the accompanying consolidated statement of activities. As of December 31, 2018, Women for Women had yet to recognize revenue of approximately \$4,847,000 related to these conditional grants.

6. Net Assets With Donor Restrictions

As of December 31, 2018, net assets with donor restrictions were restricted as follows:

Perpetual in nature:	
Endowment fund	\$ 60,750
Purpose-restricted:	
Economic and social development	4,017,663
Monitoring and evaluation	<u>21,471</u>
Total Net Assets With Donor Restrictions	<u>\$ 4,099,884</u>

7. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2018:

Internally developed software and website	\$ 2,022,498
Leasehold improvements	1,368,991
Building and land	1,265,950
Vehicles	1,032,363
Office furniture	615,172
Computers and other equipment	<u>633,455</u>
Total Property and Equipment	6,938,429
Less: Accumulated Depreciation and Amortization	<u>(4,221,081)</u>
Property and Equipment, Net	<u>\$ 2,717,348</u>

Depreciation and amortization expense was \$542,255 for the year ended December 31, 2018.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

7. Property and Equipment and Accumulated Depreciation and Amortization (continued)

During the year ended December 31, 2014, Women for Women completed construction of the WOC in the Kayonza District, Eastern Province, in Rwanda. As part of the process of building the WOC, Women for Women entered into an agreement with the government of Rwanda which gave Women for Women the right to build the WOC, but stated that, if Women for Women should dissolve or wind down the activities in Rwanda, Women for Women would dispose of the assets, materials and other belongings for the benefit of the women of Rwanda in mutual agreement with the government of Rwanda. Property and equipment related to the WOC and the related accumulated depreciation as of December 31, 2018, that is included in the property and equipment disclosure above are as follows:

Building and land	\$ 1,210,572
Office furniture and equipment	<u>68,441</u>
Total Property and Equipment	1,279,013
Less: Accumulated Depreciation and Amortization	<u>(293,814)</u>
Property and Equipment, Net	<u>\$ 985,199</u>

In September 2016, Women for Women US temporarily suspended its operations in South Sudan for security reasons. Women for Women has continued to depreciate the property and equipment held in South Sudan, including during the year ended December 31, 2018, until operations in that country office are resumed. Women for Women signed an agreement with Kosovo – Women 4 Women (KW4W) which was effective January 1, 2017. As part of the agreement, the property and equipment from the former Kosovo chapter office was transferred to KW4W during the year ended December 31, 2016. During the year ended December 31, 2017, Women for Women also transferred a building and land in Kosovo with a net book value of \$565,449 to KW4W.

8. Loan Payable

Afghanistan MCO entered into several loan agreements to help fund its microloan programs in Afghanistan. In June 2011, Afghanistan MCO assigned its loan portfolio and other assets to MISFA as partial payment for the amount outstanding on the loan payable to MISFA. It is Women for Women's understanding that the rest of the loan payable will eventually be forgiven, but this was not confirmed by MISFA. As a result, the remaining loans payable will continue to be shown as a liability until the debts are forgiven or otherwise formally discharged. Although the legal entity structure has been preserved as required under the agreement with MISFA, Afghanistan MCO is no longer functioning as a viable going concern and does not intend to engage in microfinance operations in the future.

As of December 31, 2018, Afghanistan MCO was obligated under the following loan payable agreement, which has been converted to U.S. dollar equivalents for presentation in the consolidated financial statements:

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

8. Loan Payable (continued)

In February 2009, Afghanistan MCO renegotiated its old loan with MISFA and entered into a new loan agreement with MISFA for a loan of up to Afg. 300 million (which is equivalent to approximately \$4.3 million U.S. as of December 31, 2018) for its microcredit lending program in Afghanistan. The terms of the agreement require Afghanistan MCO to pay a quarterly interest charge of 5% per annum to MISFA on any outstanding funds. The balance reflects the remaining principal due after the estimated fair value of the assets assigned to MISFA has been deducted. Any excess collections on the loans receivable by MISFA will be applied against this balance, but it is not expected that the balance can ever be fully repaid. As of May 2011, MISFA stopped accruing interest on this loan and, as of June 1, 2011, Women for Women could no longer borrow funds from this loan.

Total Loan Payable – Due on Demand \$ 1,266,551

9. Operating Lease

Women for Women leases its office space in Washington, D.C., under a noncancelable operating lease. The lease provides for fixed annual rent increases of 2.5%, except in year six when it increases \$2 per square foot. The lease expires on August 31, 2023. Women for Women is responsible for its proportionate share of the real estate taxes and operating and maintenance costs of the landlord. The lease provided incentives of \$1,350,090, which were fully utilized as of December 31, 2013. Under GAAP, all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent and lease incentives in the accompanying consolidated statement of financial position. Women for Women also leases office space in various countries for its foreign field offices with initial noncancelable lease terms of less than one year.

In September 2013, Women for Women entered into a noncancelable sublease for part of its leased office space in Washington, D.C. The sublease became effective October 1, 2013, and was amended on October 17, 2016, to increase the square foot portion and extend the term through August 31, 2023. The base rate is subject to annual increases of 4%, and the sublease is secured with a \$72,409 standby letter of credit for which Women for Women is the beneficiary. The lease for the chapter office in Nigeria expires in October 2019. Subsequent to year-end, Women for Women entered into various office leases for its international chapter offices in DRC, Rwanda, Iraq and Afghanistan under noncancelable operating leases, of which the latest was set to expire in March 2019. Women for Women UK leases its office space under a cancelable operating lease. Under the terms of the lease, Women for Women UK may terminate the lease at any time with six months' written notice.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

9. Operating Lease (continued)

As of December 31, 2018, total future minimum lease payments and sublease income receipts, excluding international chapter offices, were as follows:

<u>For the Year Ending December 31,</u>	<u>Rent Payments</u>	<u>Sublease Income</u>	<u>Net</u>
2019	\$ 879,728	\$ (393,150)	\$ 486,578
2020	901,721	(490,293)	411,428
2021	924,265	(509,910)	414,355
2022	947,371	(530,316)	417,055
2023	<u>647,370</u>	<u>(366,457)</u>	<u>280,913</u>
Total	<u>\$ 4,300,455</u>	<u>\$ (2,290,126)</u>	<u>\$ 2,010,329</u>

Rent expense was \$1,023,529 for the year ended December 31, 2018, and is included in rent and facilities in the accompanying consolidated statement of functional expenses.

10. Availability and Liquidity

Women for Women regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. Women for Women's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2018, were as follows:

Cash and cash equivalents	\$ 7,709,407
Contributions and grants receivable due in less than one year	2,389,080
Accounts receivable	17,470
Investments	<u>6,875,915</u>
Total Financial Assets Available Within One Year	16,991,872
Less:	
Amounts unavailable for general expenditures within one year due to donor's restriction with purpose restriction	(4,099,884)
Amounts unavailable to management without board approval:	
Board-designated for working capital reserve	<u>(3,000,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 9,891,988</u>

Women for Women has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Women for Women throughout the year. Management is aware of the cyclical nature of Women for Women's cash flow related to Women for Women's various funding sources and is therefore

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

10. Availability and Liquidity (continued)

able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. Women for Women can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs. To help manage unanticipated liquidity needs, Women for Women has a committed line of credit of \$1,000,000, all of which was unused and available to draw upon as of December 31, 2018. Women for Women's line of credit is secured by Women for Women's investments. Additionally, Women for Women has board-designated net assets that could be available for current operations with board approval, if necessary.

11. Risks and Commitments

Foreign Operations

Women for Women has operations in several foreign countries. These foreign operations maintain cash accounts and fixed assets. In addition, the inventory and portions of the prepaid expenses, receivables and other assets are related to activities in these foreign countries. The future of these programs may 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, 2018, assets in these countries totaled approximately \$4,656,000, representing approximately 21% of Women for Women's total consolidated assets.

Concentration of Credit Risk

Women for Women maintains its cash and cash equivalents with certain commercial financial institutions in the U.S., which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2018, Women for Women had approximately \$6,838,000 composed of demand deposits, savings and money market accounts and certificates of deposit, which exceeded the maximum limit insured by the FDIC by approximately \$5,248,000. Women for Women monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents. In addition, Women for Women holds cash in bank accounts in foreign countries. As of December 31, 2018, cash held in foreign institutions was approximately \$2,763,000.

Line of Credit

Women for Women has a \$1,000,000 unsecured revolving line of credit with a bank that was set to expire on December 3, 2018. The line of credit was renewed in January 2019 and currently expires on February 3, 2020. Interest accrues on all outstanding balances at the prime rate plus 0.25%, which was 5.5% as of December 31, 2018. The line can be canceled at the bank's discretion and is due upon demand. As of December 31, 2018, there was no outstanding balance on this line of credit, nor were amounts borrowed and paid off during the year.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

12. Retirement Plan

Women for Women US sponsors a defined contribution plan (the Plan) for all eligible U.S. employees. Women for Women matches employee contributions to the Plan up to 5% of an employee's salary. Women for Women UK sponsors a defined contribution plan for all eligible UK employees and contributes based on employee contributions up to 7% of an employee's salary. Retirement plan expense under both plans was approximately \$339,755 for the year ended December 31, 2018.

13. Income Taxes

Women for Women US 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 was required as of December 31, 2018, as Women for Women had no significant net unrelated business income. Women for Women UK is a registered charity incorporated in England and therefore is not liable for income taxes or corporation tax on income derived from its charitable activities. As of December 31, 2018, no tax was due. Afghanistan MCO is a nonprofit entity under the laws of Afghanistan and taxes due as of December 31, 2018, cannot be estimated but are considered immaterial by management. WFWI WOC is a for-profit entity under the laws of Rwanda and had no net income as of December 31, 2018, and, as a result, no taxes were due.

Women for Women has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *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 evaluated its uncertainty in income taxes for the year ended December 31, 2018, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Women for Women files tax returns; however, there are currently no audits for any tax periods in progress. It is Women for Women's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2018, Women for Women had no accruals for interest and/or penalties.

14. Prior Year Summarized Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Women for Women's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

15. Subsequent Events

In preparing these consolidated financial statements, Women for Women has evaluated events and transactions, for potential recognition or disclosure, through June 6, 2019, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2018

	Women for Women International US	Women for Women International UK	Women for Women International Germany	Women for Women International, Afghanistan Microfinance	Eliminating Entries	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ 5,710,824	\$ 1,836,146	\$ 162,437	\$ -	\$ -	\$ 7,709,407
Contributions and grants receivable	3,074,670	215,410	-	-	-	3,290,080
Accounts receivable	17,470	-	-	-	-	17,470
Intercompany receivable	529,610	-	-	-	(529,610)	-
Investments	6,613,652	262,263	-	-	-	6,875,915
Prepaid expenses and deposits	784,528	86,049	-	-	-	870,577
Inventory	13,853	-	-	-	-	13,853
Other current assets	191,168	-	-	-	-	191,168
Total Current Assets	16,935,775	2,399,868	162,437	-	(529,610)	18,968,470
Property and equipment, net	2,697,858	19,490	-	-	-	2,717,348
TOTAL ASSETS	19,633,633	\$ 2,419,358	\$ 162,437	\$ -	\$ (529,610)	\$ 21,685,818
LIABILITIES AND NET ASSETS						
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	1,247,307	\$ 124,238	\$ -	\$ -	\$ -	\$ 1,371,545
Intercompany payable	-	529,610	-	-	(529,610)	-
Other current liabilities	358	-	-	43,619	-	43,977
Deferred rent and lease incentives, current portion	228,989	-	-	-	-	228,989
Refundable grant advances	131,905	-	-	-	-	131,905
Loan payable	-	-	-	1,266,551	-	1,266,551
Total Current Liabilities	1,608,559	653,848	-	1,310,170	(529,610)	3,042,967
Deferred rent and lease incentives, net of current portion	1,034,685	-	-	-	-	1,034,685
TOTAL LIABILITIES	2,643,244	653,848	-	1,310,170	(529,610)	4,077,652
Net Assets						
Without donor restrictions						
Undesignated	10,187,542	1,468,473	162,437	(1,310,170)	-	10,508,282
Board-designated	3,000,000	-	-	-	-	3,000,000
Total Without Donor Restrictions	13,187,542	1,468,473	162,437	(1,310,170)	-	13,508,282
With donor restrictions	3,802,847	297,037	-	-	-	4,099,884
TOTAL NET ASSETS	16,990,389	1,765,510	162,437	(1,310,170)	-	17,608,166
TOTAL LIABILITIES AND NET ASSETS	19,633,633	\$ 2,419,358	\$ 162,437	\$ -	\$ (529,610)	\$ 21,685,818

See independent auditors' report on supplementary information.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2018

	Women for Women International US	Women for Women International UK	Women for Women International Germany	Women for Women International, Afghanistan Microfinance	Eliminating Entries	Total
REVENUE AND SUPPORT						
Individual contributions	\$ 15,044,152	\$ 1,474,818	\$ 92,941	\$ -	\$ -	\$ 16,611,911
Foundation, multilateral and corporate contributions	5,045,993	2,302,791	87,383	-	-	7,436,167
Government grants	200,379	-	-	-	-	200,379
Donated goods and services	243,499	135,756	-	-	-	379,255
Other income	531,936	666,103	58	-	-	1,198,097
Investment income (loss)	(245,406)	7,233	-	-	-	(238,173)
Intercompany grant revenue	3,805,499	-	-	-	(3,805,499)	-
Net foreign currency transaction gains	93,930	107,926	673	-	-	202,529
TOTAL REVENUE AND SUPPORT	24,719,982	4,694,627	181,055	-	(3,805,499)	25,790,165
EXPENSES						
Program Services:						
Training and related programs	15,071,727	4,669,697	-	-	(3,805,499)	15,935,925
Media, communications and outreach	598,940	403,293	-	-	-	1,002,233
Total Program Services	15,670,667	5,072,990	-	-	(3,805,499)	16,938,158
Supporting Services:						
Finance and administration	1,490,892	547,326	-	-	-	2,038,218
Fundraising	5,115,479	1,201,602	18,618	-	-	6,335,699
TOTAL EXPENSES	22,277,038	6,821,918	18,618	-	(3,805,499)	25,312,075
Change in net assets before translation adjustments	2,442,944	(2,127,291)	162,437	-	-	478,090
Foreign currency translation gains (losses)	(56,183)	(240,902)	-	110,279	-	(186,806)
CHANGE IN NET ASSETS	2,386,761	(2,368,193)	162,437	110,279	-	291,284
NET ASSETS, BEGINNING OF YEAR	14,603,628	4,133,703	-	(1,420,449)	-	17,316,882
NET ASSETS, END OF YEAR	\$ 16,990,389	\$ 1,765,510	\$ 162,437	\$ (1,310,170)	\$ -	\$ 17,608,166

See independent auditors' report on supplementary information.