



WOMEN *for* WOMEN  
*International*

**WOMEN FOR WOMEN INTERNATIONAL  
AND AFFILIATES**

**Consolidated Financial Statements and  
Supplemental Information**

*For the Year Ended December 31, 2017*

*(With Summarized Financial Information for the Year Ended December 31, 2016)*



**and  
Report Thereon**



**WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES**

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**For the Year Ended December 31, 2017**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S 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, 2017, 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.

### **Auditor's 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 auditor's 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.

### **Opinion**

In our opinion, the 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, 2017, 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.

**Continued**

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited Women for Women's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 supplemental consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it 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.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
May 17, 2018

**WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**  
**(With Summarized Financial Information as of December 31, 2016)**

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 8,090,128	\$ 9,422,688
Contributions and grants receivable	1,331,457	1,512,851
Accounts receivable	64,073	141,479
Investments	8,401,954	6,066,443
Prepaid expenses and deposits	976,954	765,652
Inventory	18,967	2,196
Other current assets	119,811	47,498
<b>Total Current Assets</b>	<b>19,003,344</b>	<b>17,958,807</b>
Property and equipment, net	2,833,174	3,079,929
<b>TOTAL ASSETS</b>	<b>\$ 21,836,518</b>	<b>\$ 21,038,736</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,521,637	\$ 1,907,360
Other current liabilities	138,634	50,904
Deferred rent and lease incentives, current portion	207,532	168,896
Refundable grant advances	15,000	34,706
Loan payable	1,373,159	1,427,942
<b>Total Current Liabilities</b>	<b>3,255,962</b>	<b>3,589,808</b>
Deferred rent and lease incentives, net of current portion	1,263,674	1,471,207
<b>TOTAL LIABILITIES</b>	<b>4,519,636</b>	<b>5,061,015</b>
Net Assets		
Unrestricted		
Undesignated	10,760,237	9,991,133
Board designated	3,000,000	3,000,000
<b>Total Unrestricted</b>	<b>13,760,237</b>	<b>12,991,133</b>
Temporarily restricted	3,495,895	2,925,838
Permanently restricted	60,750	60,750
<b>TOTAL NET ASSETS</b>	<b>17,316,882</b>	<b>15,977,721</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 21,836,518</b>	<b>\$ 21,038,736</b>

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, 2017**  
**(With Summarized Financial Information for the Year Ended December 31, 2016)**

	Unrestricted			Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
	Undesignated	Board Designated	Total Unrestricted				
<b>REVENUE AND SUPPORT</b>							
Individual contributions Foundation, multilateral and corporate contributions	\$ 15,929,955	\$ -	\$ 15,929,955	\$ 690,946	\$ -	\$ 16,620,901	\$ 15,545,053
Donated goods and services	1,787,461	-	1,787,461	5,309,888	-	7,097,349	4,477,855
Other income	111,319	-	111,319	-	-	111,319	93,037
Investment income	957,747	-	957,747	-	-	957,747	648,499
Net foreign currency transaction losses	592,901	-	592,901	-	-	592,901	140,767
Net assets released from restrictions:	(77,124)	-	(77,124)	-	-	(77,124)	(45,986)
Satisfaction of time restrictions	250,000	-	250,000	(250,000)	-	-	-
Satisfaction of program restrictions	5,180,777	-	5,180,777	(5,180,777)	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	24,733,036	-	24,733,036	570,057	-	25,303,093	20,859,225
<b>EXPENSES</b>							
Program Services:							
Training and related programs	16,050,742	-	16,050,742	-	-	16,050,742	15,175,185
Media, communications and outreach	420,752	-	420,752	-	-	420,752	316,647
<b>Total Program Services</b>	16,471,494	-	16,471,494	-	-	16,471,494	15,491,832
Supporting Services:							
Finance and administration	2,020,702	-	2,020,702	-	-	2,020,702	2,257,715
Fundraising	5,808,069	-	5,808,069	-	-	5,808,069	4,665,668
<b>TOTAL EXPENSES</b>	24,300,265	-	24,300,265	-	-	24,300,265	22,415,215
Change in net assets before translation adjustments	432,771	-	432,771	570,057	-	1,002,828	(1,555,990)
Foreign currency translation gains (losses)	336,333	-	336,333	-	-	336,333	(440,374)
<b>CHANGE IN NET ASSETS</b>	769,104	-	769,104	570,057	-	1,339,161	(1,996,364)
<b>NET ASSETS, BEGINNING OF YEAR</b>	9,991,133	3,000,000	12,991,133	2,925,838	60,750	15,977,721	17,974,085
<b>NET ASSETS, END OF YEAR</b>	\$ 10,760,237	\$ 3,000,000	\$ 13,760,237	\$ 3,495,895	\$ 60,750	\$ 17,316,882	\$ 15,977,721

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, 2017**  
**(With Summarized Financial Information for the Year Ended December 31, 2016)**

	Program Services			Supporting Services		2017 Total	2016 Total
	Training and Related Programs	Media, Communications and Outreach	Total Program Services	Finance and Administration	Fundraising		
Salary, temporary labor and benefits	\$ 7,148,582	\$ 253,102	\$ 7,401,684	\$ 1,274,818	\$ 1,936,685	\$ 10,613,187	\$ 10,421,772
Printing, production, postage and delivery	602,063	38,909	640,972	6,077	2,221,593	2,868,642	2,345,836
Training, staff development and program expenses	2,584,563	795	2,585,358	31,172	15,294	2,631,824	2,235,813
Training stipends	1,481,171	-	1,481,171	-	-	1,481,171	1,736,054
Depreciation and amortization	460,517	7,088	467,605	33,223	76,057	576,885	629,454
Contributions	565,449	-	565,449	-	-	565,449	-
Rent and facilities	761,378	13,863	775,241	194,751	145,725	1,115,717	1,191,840
Professional service fees	454,152	64,752	518,904	114,255	446,898	1,080,057	896,975
Travel and meals	752,888	28,184	781,072	78,173	167,569	1,026,814	922,553
Office and other expenses	481,894	12,475	494,369	138,240	140,981	773,590	765,576
Information technology and communications	396,148	1,176	397,324	77,228	60,961	535,513	345,906
Bank and merchant account service fees	257,743	2	257,745	39,634	194,952	492,331	499,926
Special events	26,255	-	26,255	601	307,445	334,301	296,731
Bad debt expense	15,323	-	15,323	5,140	50,493	70,956	1,119
Equipment rental and maintenance	14,392	406	14,798	1,423	6,288	22,509	32,623
	<u>16,002,518</u>	<u>420,752</u>	<u>16,423,270</u>	<u>1,994,735</u>	<u>5,770,941</u>	<u>24,188,946</u>	<u>22,322,178</u>
SUBTOTAL							
Donated goods and services	<u>48,224</u>	<u>-</u>	<u>48,224</u>	<u>25,967</u>	<u>37,128</u>	<u>111,319</u>	<u>93,037</u>
TOTAL EXPENSES	<u>\$ 16,050,742</u>	<u>\$ 420,752</u>	<u>\$ 16,471,494</u>	<u>\$ 2,020,702</u>	<u>\$ 5,808,069</u>	<u>\$ 24,300,265</u>	<u>\$ 22,415,215</u>

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, 2017

(With Summarized Financial Information for the Year Ended December 31, 2016)

Increase (Decrease) in Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,339,161	\$ (1,996,364)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	576,885	621,595
Unrealized gains on investments	(385,690)	(60,231)
Realized losses (gains) on investments	(82,479)	23,799
Loss (gain) on revaluation of foreign assets and liabilities	(336,333)	440,374
Loss on transfer of property and equipment	565,449	7,859
Changes in assets and liabilities:		
Contributions and grants receivable	181,394	81,399
Accounts receivable	77,406	77,505
Prepaid expenses and deposits	(211,302)	(150,814)
Inventory	(16,771)	439
Other current assets	(72,313)	45,102
Accounts payable and accrued expenses	(385,723)	388,888
Other current liabilities	87,730	(41,375)
Deferred rent and lease incentives	(168,897)	(148,905)
Refundable grant advances	<u>(19,706)</u>	<u>(80,505)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>1,148,811</u>	 <u>(791,234)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(4,224,875)	(11,425,250)
Proceeds from maturities and sales of investments	2,357,533	11,119,915
Purchases of property and equipment	(913,255)	(74,899)
Proceeds from sale of property and equipment	<u>17,676</u>	<u>24,878</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(2,762,921)</u>	 <u>(355,356)</u>
 EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	 <u>281,550</u>	 <u>(424,387)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (1,332,560)	 (1,570,977)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>9,422,688</u>	 <u>10,993,665</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 8,090,128</u>	 <u>\$ 9,422,688</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, 2017

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#### 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, 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

## WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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

##### **Organization (continued)**

###### *Women for Women International, Afghanistan Microfinance (continued)*

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 7 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 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, 2017, 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, 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, 2017

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

##### **Property and Equipment and Accumulated Depreciation and Amortization**

Property and equipment are stated at cost. Women for Women uses a capitalization threshold of \$2,500. 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.

##### **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 purpose. 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 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 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 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 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.

# WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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

#### **Fair Value Measurement (continued)**

*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:

- 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 as a reserve fund.
- Temporarily restricted net assets are specifically restricted by donors for various programs or use in future periods.
- Permanently restricted net assets represent funds requiring that the gift be held in perpetuity and that only the investment earnings be expended for the purposes designated by the donors.

#### **Revenue Recognition**

Unrestricted contributions 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 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. Conditional promises to give are not included in revenue and support until such time as the conditions are substantially met.

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, if 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.

Continued

## WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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

##### **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 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, 2017, Women for Women received donated goods and professional services with an estimated value of \$111,319. This amount is included in donated goods and services in the accompanying consolidated statement of functional expenses based on the functional areas receiving the benefit.

Women for Women benefits from the dedicated service of a number of volunteers. Volunteers have contributed more than 1,500 hours of service for the year ended December 31, 2017, 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 US 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 US 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 US 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.

##### **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, 2017:

*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

## WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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

##### **Functional Allocation of Expenses (continued)**

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, 2017:

Mutual funds	\$ 4,461,862
Certificates of deposit	3,624,659
Interest-bearing cash deposits	313,741
Equities	<u>1,692</u>
Total Investments	<u>\$ 8,401,954</u>

Investment returns are summarized as follows:

Interest and dividend income	\$ 124,732
Unrealized gains	385,690
Realized gains	<u>82,479</u>
Total Investment Income	<u>\$ 592,901</u>

#### 3. Contributions and Grants Receivable

Contributions and grants receivable consisted of the following as of December 31, 2017:

Foundation, government and corporate contributions	\$ 225,549
Individual contributions	<u>1,105,908</u>
Total Contributions and Grants Receivable	<u>\$ 1,331,457</u>

As of December 31, 2017, contributions and grants receivable were considered fully collectible and were due within one year.

Continued

**WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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, 2017, 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)
Assets:				
Mutual funds:				
Bond funds	\$ 1,492,292	\$ 1,492,292	\$ -	\$ -
Global equity	<u>2,969,570</u>	<u>2,969,570</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	4,461,862	4,461,862	-	-
Certificates of deposit	3,624,659	-	3,624,659	-
Equities	<u>1,692</u>	<u>1,692</u>	<u>-</u>	<u>-</u>
Subtotal	<u>8,088,213</u>	<u>\$ 4,463,554</u>	<u>\$ 3,624,659</u>	<u>\$ -</u>
Cash	<u>313,741</u>			
Total Assets	<u>\$ 8,401,954</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.

5. Conditional Grants

Between fiscal years 2013 and 2017, Women for Women was awarded several multi-year conditional grants totaling approximately \$23,484,000. 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, 2018 and 2021, based on the goals and milestones established in the grant agreements. For the year ended December 31, 2017, Women for Women recognized \$4,865,869 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, 2017, Women for Women has yet to recognize revenue of approximately \$6,311,000 related to these conditional grants.

Continued

## WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

#### 6. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2017:

Internally developed software and website	\$ 1,499,264
Leasehold improvements	1,368,991
Building and land	1,250,450
Vehicles	970,985
Office furniture	969,270
Computers and other equipment	286,730
Website-in-process	<u>228,800</u>
Total Property and Equipment	6,574,490
Less: Accumulated Depreciation and Amortization	<u>(3,741,316)</u>
Property and Equipment, Net	<u>\$ 2,833,174</u>

Depreciation and amortization expense was \$576,885 for the year ended December 31, 2017.

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, 2017, 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>(221,633)</u>
Property and Equipment, Net	<u>\$ 1,057,380</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, 2017, until operations in that chapter 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.

Continued

## WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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#### 7. 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, 2017, 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:

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, 2017) 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	<u>\$ 1,373,159</u>
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#### 8. 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

**WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017**

8. Operating Lease (continued)

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 2018. 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 expires in January 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.

As of December 31, 2017, 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>
2018	\$ 858,272	\$ (378,034)	\$ 480,238
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
Thereafter	<u>647,370</u>	<u>(366,457)</u>	<u>280,913</u>
Total	<u>\$ 5,158,727</u>	<u>\$ (2,668,160)</u>	<u>\$ 2,490,567</u>

Rent expense was \$932,708 for the year ended December 31, 2017, and is included in rent and facilities in the accompanying consolidated statement of functional expenses.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets were available as follows as of December 31, 2017:

Training and related programs:		
Economic and Social Development		\$ 3,335,172
Monitoring and Evaluation		<u>160,723</u>
Total Temporarily Restricted Net Assets		<u>\$ 3,495,895</u>

10. 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, 2017, assets in these countries totaled approximately \$6,774,000, representing approximately 31% of Women for Women's total consolidated assets.

## WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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#### 10. Risks and Commitments (continued)

##### **Concentration of Credit Risk**

Women for Women maintains its cash and cash equivalents with certain commercial financial institutions in the US, 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, 2017, Women for Women had approximately \$7,019,000 composed of demand deposits, savings and money market accounts and certificates of deposit, which exceeded the maximum limit insured by the FDIC by approximately \$3,164,000. 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, 2017, cash held in foreign institutions was approximately \$4,885,000.

##### **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 November 3, 2017. The line of credit was renewed in November 2017 and currently expires on December 3, 2018. Interest accrues on all outstanding balances at the prime rate plus 0.25%, which was 4.75% as of December 31, 2017. The line can be canceled at the bank's discretion and is due upon demand. As of December 31, 2017, there was no outstanding balance on this line of credit, nor were amounts borrowed and paid off during the year.

#### 11. Retirement Plan

Women for Women US sponsors a defined contribution plan (the Plan) for all eligible US 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 \$260,400 for the year ended December 31, 2017.

#### 12. 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, 2017, as Women for Women had no 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, 2017, no tax was due. Afghanistan MCO is a nonprofit entity under the laws of Afghanistan and taxes due as of December 31, 2017, 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, 2017, and, as a result, no taxes were due.

**WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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12. Income Taxes (continued)

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, 2017, 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, 2017, the statute of limitations for tax years 2014 through 2016 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Women for Women files tax returns. It is Women for Women's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

13. 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, 2016, from which the summarized information was derived.

14. Subsequent Events

In preparing these consolidated financial statements, Women for Women has evaluated events and transactions, for potential recognition or disclosure, through May 17, 2018, the date the consolidated financial statements were available to be issued. Except for activity related to the international chapter office leases as disclosed in Note 8, there were no subsequent events that require recognition or disclosure in the consolidated financial statements.

**SUPPLEMENTAL INFORMATION**

**WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**

	Women for Women International US	Women for Women International UK	Women for Women International, Afghanistan Microfinance	Eliminating Entries	Total
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 3,972,834	\$ 4,117,294	\$ -	\$ -	\$ 8,090,128
Contributions and grants receivable	1,136,650	194,807	-	-	1,331,457
Accounts receivable	64,073	-	-	-	64,073
Intercompany receivable	434,369	-	-	(434,369)	-
Investments	8,129,582	272,372	-	-	8,401,954
Prepaid expenses and deposits	870,204	106,750	-	-	976,954
Inventory	18,967	-	-	-	18,967
Other current assets	119,811	-	-	-	119,811
<b>Total Current Assets</b>	<b>14,746,490</b>	<b>4,691,223</b>	<b>-</b>	<b>(434,369)</b>	<b>19,003,344</b>
Property and equipment, net	2,811,483	21,691	-	-	2,833,174
<b>TOTAL ASSETS</b>	<b>\$ 17,557,973</b>	<b>\$ 4,712,914</b>	<b>\$ -</b>	<b>\$ (434,369)</b>	<b>\$ 21,836,518</b>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,376,795	\$ 144,842	\$ -	\$ -	\$ 1,521,637
Intercompany payable	-	434,369	-	(434,369)	-
Other current liabilities	91,344	-	47,290	-	138,634
Deferred rent and lease incentives, current portion	207,532	-	-	-	207,532
Refundable grant advances	15,000	-	-	-	15,000
Loan payable	-	-	1,373,159	-	1,373,159
<b>Total Current Liabilities</b>	<b>1,690,671</b>	<b>579,211</b>	<b>1,420,449</b>	<b>(434,369)</b>	<b>3,255,962</b>
Deferred rent and lease incentives, net of current portion	1,263,674	-	-	-	1,263,674
<b>TOTAL LIABILITIES</b>	<b>2,954,345</b>	<b>579,211</b>	<b>1,420,449</b>	<b>(434,369)</b>	<b>4,519,636</b>
Net Assets					
Unrestricted					
Undesignated	10,436,073	1,744,613	(1,420,449)	-	10,760,237
Board designated	3,000,000	-	-	-	3,000,000
<b>Total Unrestricted</b>	<b>13,436,073</b>	<b>1,744,613</b>	<b>(1,420,449)</b>	<b>-</b>	<b>13,760,237</b>
Temporarily restricted	1,106,805	2,389,090	-	-	3,495,895
Permanently restricted	60,750	-	-	-	60,750
<b>TOTAL NET ASSETS</b>	<b>14,603,628</b>	<b>4,133,703</b>	<b>(1,420,449)</b>	<b>-</b>	<b>17,316,882</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 17,557,973</b>	<b>\$ 4,712,914</b>	<b>\$ -</b>	<b>\$ (434,369)</b>	<b>\$ 21,836,518</b>

**WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES**

**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2017**

	Women for Women International US	Women for Women International UK	Women for Women International, Afghanistan Microfinance	Eliminating Entries	Total
<b>REVENUE AND SUPPORT</b>					
Individual contributions	\$ 15,015,484	\$ 1,605,417	\$ -	\$ -	\$ 16,620,901
Foundation, multilateral and corporate contributions	2,842,576	4,254,773	-	-	7,097,349
Donated goods and services	74,191	37,128	-	-	111,319
Other income	563,770	393,977	-	-	957,747
Investment income	590,817	2,084	-	-	592,901
Intercompany grant revenue	3,181,595	-	-	(3,181,595)	-
Net foreign currency transaction losses	4,462	(81,586)	-	-	(77,124)
<b>TOTAL REVENUE AND SUPPORT</b>	<b>22,272,895</b>	<b>6,211,793</b>	<b>-</b>	<b>(3,181,595)</b>	<b>25,303,093</b>
<b>EXPENSES</b>					
<b>Program Services:</b>					
Training and related programs	15,138,497	4,093,840	-	(3,181,595)	16,050,742
Media, communications and outreach	420,752	-	-	-	420,752
<b>Total Program Services</b>	<b>15,559,249</b>	<b>4,093,840</b>	<b>-</b>	<b>(3,181,595)</b>	<b>16,471,494</b>
<b>Supporting Services:</b>					
Finance and administration	1,354,621	666,081	-	-	2,020,702
Fundraising	5,014,262	793,807	-	-	5,808,069
<b>TOTAL EXPENSES</b>	<b>21,928,132</b>	<b>5,553,728</b>	<b>-</b>	<b>(3,181,595)</b>	<b>24,300,265</b>
Change in net assets before translation adjustments	344,763	658,065	-	-	1,002,828
Foreign currency translation gains	-	279,663	56,670	-	336,333
<b>CHANGE IN NET ASSETS</b>	<b>344,763</b>	<b>937,728</b>	<b>56,670</b>	<b>-</b>	<b>1,339,161</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>14,258,865</b>	<b>3,195,975</b>	<b>(1,477,119)</b>	<b>-</b>	<b>15,977,721</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 14,603,628</b>	<b>\$ 4,133,703</b>	<b>\$ (1,420,449)</b>	<b>\$ -</b>	<b>\$ 17,316,882</b>