



WOMEN *for* WOMEN
International

**WOMEN FOR WOMEN INTERNATIONAL
AND AFFILIATES**

**Consolidated Financial Statements and
Supplemental Information**

For the Year Ended December 31, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)



**and
Report Thereon**



WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2015, 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 as of December 31, 2015, 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

We have previously audited Women for Women's 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 3, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, 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
June 1, 2016

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10,993,665	\$ 7,571,126
Contributions and grants receivable, current portion	1,344,250	2,056,802
Accounts receivable	218,984	379,594
Investments	5,724,676	5,846,389
Prepaid expenses and deposits	614,838	409,343
Inventory	2,635	24,741
Other current assets	92,600	103,603
Total Current Assets	18,991,648	16,391,598
Contributions and grants receivable, net of current portion	250,000	500,000
Property and equipment, net	3,651,503	3,890,933
TOTAL ASSETS	\$ 22,893,151	\$ 20,782,531
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,518,472	\$ 1,596,419
Other current liabilities	91,485	78,784
Deferred rent and lease incentives, current portion	148,905	129,402
Refundable grant advances	115,211	42,743
Loan payable	1,404,890	1,650,942
Total Current Liabilities	3,278,963	3,498,290
Deferred rent and lease incentives, net of current portion	1,640,103	1,789,008
TOTAL LIABILITIES	4,919,066	5,287,298
Net Assets		
Unrestricted		
Undesignated	9,897,393	9,735,145
Board designated	3,000,000	3,000,000
Total Unrestricted	12,897,393	12,735,145
Temporarily restricted	5,015,942	2,699,338
Permanently restricted	60,750	60,750
TOTAL NET ASSETS	17,974,085	15,495,233
TOTAL LIABILITIES AND NET ASSETS	\$ 22,893,151	\$ 20,782,531

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, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)

	Unrestricted			Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
	Undesignated	Board Designated	Total Unrestricted				
REVENUE AND SUPPORT							
Individual contributions	\$ 17,493,588	\$ -	\$ 17,493,588	\$ 247,789	\$ -	\$ 17,741,377	\$ 18,009,045
Foundation, multilateral and corporate contributions	1,690,056	-	1,690,056	7,248,905	-	8,938,961	7,570,113
Donated legal and professional fees	421,309	-	421,309	-	-	421,309	1,020,353
Other income	313,680	-	313,680	-	-	313,680	317,753
Investment income (loss)	(17,081)	-	(17,081)	-	-	(17,081)	75,206
U.S government grants	-	-	-	-	-	-	801,344
Net foreign currency transaction losses	(57,619)	-	(57,619)	-	-	(57,619)	(85,093)
Net assets released from restrictions:							
Satisfaction of program restrictions	5,180,090	-	5,180,090	(5,180,090)	-	-	-
TOTAL REVENUE AND SUPPORT	25,024,023	-	25,024,023	2,316,604	-	27,340,627	27,708,721
EXPENSES							
Program Services:							
Training and related programs	16,970,524	-	16,970,524	-	-	16,970,524	18,506,289
Media, communications and outreach	487,332	-	487,332	-	-	487,332	451,311
Total Program Services	17,457,856	-	17,457,856	-	-	17,457,856	18,957,600
Supporting Services:							
Finance and administration	1,932,812	-	1,932,812	-	-	1,932,812	2,985,922
Fundraising	5,671,083	-	5,671,083	-	-	5,671,083	5,360,637
TOTAL EXPENSES	25,061,751	-	25,061,751	-	-	25,061,751	27,304,159
Return of unused grant funds	-	-	-	-	-	-	566,497
CHANGE IN NET ASSETS	(37,728)	-	(37,728)	2,316,604	-	2,278,876	(161,935)
Foreign currency translation gains (losses)	199,976	-	199,976	-	-	199,976	(35,456)
NET ASSETS, BEGINNING OF YEAR	9,735,145	3,000,000	12,735,145	2,699,338	60,750	15,495,233	15,692,624
NET ASSETS, END OF YEAR	\$ 9,897,393	\$ 3,000,000	\$ 12,897,393	\$ 5,015,942	\$ 60,750	\$ 17,974,085	\$ 15,495,233

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, 2015

(With Summarized Financial Information for the Year Ended December 31, 2014)

	Program Services			Support Services		2015 Total	2014 Total
	Training and Related Programs	Media, Communications and Outreach	Total Program Services	Finance and Administration	Fundraising		
Salary, temporary labor and benefits	\$ 8,071,489	\$ 369,816	\$ 8,441,305	\$ 1,288,060	\$ 1,558,611	\$ 11,287,976	\$ 11,626,460
Printing, production, postage and delivery	564,173	15,495	579,668	9,203	2,147,573	2,736,444	2,548,403
Training, staff development and program expenses	1,853,804	749	1,854,553	2,021	676	1,857,250	1,775,177
Training stipends	2,299,628	-	2,299,628	-	-	2,299,628	3,422,402
Rent and facilities	877,367	16,070	893,437	161,910	158,627	1,213,974	1,169,443
Professional service fees	742,576	55,790	798,366	131,683	203,858	1,133,907	1,542,591
Travel and meals	679,604	13,176	692,780	38,004	184,913	915,697	1,069,836
Special events	12,212	-	12,212	482	861,033	873,727	756,499
Office and other expenses	486,634	12,569	499,203	140,455	100,037	739,695	676,489
Depreciation and amortization	627,919	-	627,919	15,857	-	643,776	686,864
Bank and merchant account service fees	293,427	-	293,427	41,618	209,444	544,489	526,034
Information technology and communications	305,361	3,427	308,788	42,927	14,405	366,120	480,471
Equipment rental and maintenance	8,039	240	8,279	905	5,318	14,502	3,137
Interest expense	6,645	-	6,645	2,303	4,309	13,257	-
SUBTOTAL EXPENSES	16,828,878	487,332	17,316,210	1,875,428	5,448,804	24,640,442	26,283,806
Donated services	141,646	-	141,646	57,384	222,279	421,309	1,020,353
TOTAL EXPENSES	\$ 16,970,524	\$ 487,332	\$ 17,457,856	\$ 1,932,812	\$ 5,671,083	\$ 25,061,751	\$ 27,304,159

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, 2015
(With Summarized Financial Information for the Year Ended December 31, 2014)
Increase (Decrease) in Cash and Cash Equivalents

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,278,876	\$ (161,935)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	643,776	686,864
Unrealized losses (gains) on investments	35,977	(15,367)
Realized losses (gains) on investments	47,736	(2,163)
Loss (gain) on revaluation of foreign assets and liabilities	(199,976)	35,456
Loss on disposal of property and equipment	6,510	13,239
Changes in assets and liabilities:		
Contributions and grants receivable	962,552	(264,375)
Accounts receivable	160,610	(91,549)
Prepaid expenses and deposits	(205,495)	27,685
Inventory	22,106	1,700
Other current assets	11,003	68,173
Accounts payable and accrued expenses	(77,947)	(353,690)
Other current liabilities	21,460	(71,568)
Deferred rent and lease incentives	(129,402)	(110,374)
Refundable grant advances	72,468	(78,149)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,650,254	(316,053)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,032,400)	(2,825,085)
Proceeds from maturities and sales of investments	1,070,400	594,906
Purchases of property and equipment	(275,715)	(610,548)
Proceeds from sale of property and equipment	10,000	5,100
NET CASH USED IN INVESTING ACTIVITIES	(227,715)	(2,835,627)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,422,539	(3,151,680)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,571,126	10,722,806
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,993,665	\$ 7,571,126

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, 2015

1. Organization and Summary of Significant Accounting Policies

Organization

Women for Women International US

Women for Women International US (Women for Women US) was founded in 1993. Women for Women US is a development organization dedicated to offering marginalized women in countries affected by conflict a constructive, dignified way to regain control over their lives, through the delivery of knowledge, skills and resources that yield tangible results. Women for Women's holistic program brings women together and over the course of a year, Women for Women fosters awareness and understanding of women's rights; provides critical information on key health and wellness issues; offers vocational and business skills training; provides access to income generation support; and encourages women to take active decision-making roles in the family and participate in their communities. Combined with the provision of a monthly training stipend, this holistic training package 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 women's empowerment. Women for Women US has operations in Afghanistan, the Democratic Republic of the Congo, Kosovo, Nigeria, Rwanda and South Sudan. Women for Women US also continued to operate in Bosnia and Herzegovina in 2015, but operations were reduced as Women for Women US prepared to transfer the activities conducted by this chapter office to a newly established independent organization in 2016. (See Note 15) In September 2014, Women for Women US was forced to close its office in Iraq for security reasons. To continue its work in Iraq, Women for Women US has established relationships with several independent local nongovernmental organizations (NGOs) to serve marginalized women in the semi-autonomous Kurdistan Regional of Iraq. The activities of Women for Women US are funded primarily through individual and foundation contributions and corporate grants and multilateral agreements.

Women for Women International United Kingdom

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

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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

Organization (continued)

Women for Women International, Afghanistan Microfinance (continued)

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 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 (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 towards 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 is currently in the process of establishing 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 there were no activities during the year ended December 31, 2015.

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. 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, 2015

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 accounts 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, interest-bearing cash deposits for investment purpose and an alternative investment. 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).

Investments include alternative investments that may invest with hedge fund managers who enter into short/long transactions, option contracts, future contracts, forward contracts and swap contracts. As part of their risk management and control procedures, these funds may hold derivatives and certain other financial instruments to hedge or manage risks associated with foreign currency fluctuations, interest rate changes, commodity price fluctuations and equity market movements. These investments are recorded in the accompanying consolidated financial statements at their estimated fair value, as provided by the external investment managers. The estimated fair value for these investments may be based on historical cost, appraisals, obtainable prices for similar assets or other estimates. Because of the inherent uncertainty of valuation for these alternative investments or their underlying investments, values for those investments may differ from values that would have been used had a ready market for the investment existed.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, 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 measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of 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.

Women for Women follows the measurement provisions of Accounting Standards Update (ASU) No. 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The guidance permits, as a practical expedient, the fair value of investments within its scope to be estimated using net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with the measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal the fair value that would be calculated pursuant to the *Fair Value Measurements* topic.

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.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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

Classification of Net Assets (continued)

- 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. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Women for Women receives grants from 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.

Donated Professional 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 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, 2015, Women for Women received donated legal, advertising and accounting services with an estimated value of \$421,309. This amount is included in donated services in the accompanying consolidated statement of functional expenses based on the functional areas receiving the benefit.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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

Donated Professional Services (continued)

Women for Women benefits from the dedicated service of a number of volunteers. Volunteers have contributed more than 1,209 hours of service for the year ended December 31, 2015. The value of this contributed time is not reflected in the accompanying consolidated statement of activities because it does not meet the necessary criteria for recognition under 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 net 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, 2015:

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 \$30 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, 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.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

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

Functional Allocation of Expenses (continued)

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, 2015:

Mutual funds	\$ 4,537,055
Interest-bearing cash deposits	510,137
Hedge fund	381,444
Certificates of deposit	<u>296,040</u>
Total Investments	<u>\$ 5,724,676</u>

Investment returns are summarized as follows:

Interest and dividend income	\$ 66,632
Unrealized losses	(35,977)
Realized losses	<u>(47,736)</u>
Total Investment Income (Loss)	<u>\$ (17,081)</u>

3. Contributions and Grants Receivable

Contributions and grants receivable consisted of the following as of December 31, 2015:

Foundation, government and corporate contributions	\$ 1,316,030
Individual contributions	<u>278,220</u>
Total Contributions and Grants Receivable	<u>\$ 1,594,250</u>

As of December 31, 2015, contributions and grants receivable are considered fully collectible and are due within one year, apart from \$250,000 that is due from one donor and is due to be collected in one to five years.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

4. Fair Value Measurements

In May 2015, the FASB issued amended guidance on the disclosures for investments in certain entities that calculate NAV per share (or its equivalent). The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has not elected to measure the fair value using that practical expedient. The guidance is effective for fiscal years beginning after December 15, 2015, and for interim periods within those years. As permitted under the guidance, Women for Women has elected to early adopt the guidance for the fiscal year ended December 31, 2015.

The following table summarizes Women for Women's assets measured at fair value on a recurring basis as of December 31, 2015, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds:				
Bond funds	\$ 2,742,375	\$ 2,742,375	\$ -	\$ -
US large cap	951,570	951,570	-	-
EAFE equity	411,407	411,407	-	-
US small/mid cap	155,014	155,014	-	-
Global equity	177,500	177,500	-	-
Japanese large cap	57,350	57,350	-	-
European large cap	30,726	30,726	-	-
Non-US equity	<u>11,113</u>	<u>11,113</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	4,537,055	4,537,055	-	-
Certificates of deposit	<u>296,040</u>	<u>-</u>	<u>296,040</u>	<u>-</u>
Subtotal	<u>4,833,095</u>	<u>4,537,055</u>	<u>296,040</u>	<u>-</u>
Cash	510,137			
Hedge fund	<u>381,444</u>			
Total Assets	<u>\$ 5,724,676</u>			

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

4. Fair Value Measurements (continued)

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

Mutual funds – 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.

Hedge fund – There is no established trading market for this hedge fund, whose fair value is estimated using the NAV provided by the fund manager. The NAV is calculated by the fund manager on a monthly basis.

The table below details Women for Women's ability to redeem investment funds valued at NAV or its equivalent as of December 31, 2015. NAV is provided by the fund manager.

	<u>Number of Funds</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency if Currently Eligible</u>	<u>Redemption Notice Period</u>
Hedge fund (a)	1	\$ 381,444	\$ -	Quarterly	25 days

This hedge fund had a one year lock up period which expired on March 31, 2015 and then the fund has quarterly liquidity.

(a) This alternative investment is an actively-managed, registered fund of hedge funds with a target portfolio of 20-25 single-strategy, diversified hedge funds. It seeks to fully complement an existing traditional stock and bond portfolio with a focus on generating capital appreciation over the long-term, with relatively low volatility and a low correlation with traditional equity and fixed-income markets.

5. Conditional Grants

During the years ended December 31, 2015, 2014 and 2013, Women for Women was awarded several multi-year conditional grants totaling \$22,845,261. 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, 2016 and 2017, based on the goals and milestones established in the grant agreements. For the year ended December 31, 2015, Women for Women recognized \$6,417,531 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, 2015, Women for Women has not recognized revenue of \$7,592,134 related to these conditional grants.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

6. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2015:

Building and land	\$ 1,951,198
Vehicles	1,251,225
Leasehold improvements	953,366
Internally developed software and website	1,499,264
Computers and other equipment	230,557
Office furniture	<u>1,104,326</u>
Total Property and Equipment	6,989,936
Less: Accumulated Depreciation and Amortization	<u>(3,338,433)</u>
Property and Equipment, Net	<u>\$ 3,651,503</u>

Depreciation and amortization expense was \$643,776 for the year ended December 31, 2015.

During the year ended December 31, 2014, Women for Women completed construction of the Women's Opportunity Center (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, 2015, that is included in the property and equipment disclosure above are as follows:

Building and land	\$ 1,190,137
Office furniture	<u>22,169</u>
Total Property and Equipment	1,212,306
Less: Accumulated Depreciation and Amortization	<u>(81,862)</u>
Property and Equipment, Net	<u>\$ 1,130,444</u>

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 loans payable to MISFA. It is Women for Women's understanding that the rest of the loans 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.

Continued

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

7. Loan Payable (continued)

As of December 31, 2015, Afghanistan MCO was obligated under the following loan payable agreement, which has been converted to US 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 Af 300 million (which is equivalent to approximately \$4.1 million US as of December 31, 2015) 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 Loans Payable – Due on Demand \$ 1,404,890

8. Operating Lease

Women for Women leases its office space in Washington, DC, under a noncancelable operating lease. The lease provides for fixed annual rent increases of 2.5%, except in year six when it increases \$2.00 per square foot. The lease expires in August 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, DC. The sublease became effective October 1, 2013 and expires in November 2016. The base rate is subject to annual increases of 4%, and the sublease is secured with a \$27,697 deposit.

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015**

8. Operating Lease (continued)

As of December 31, 2015, total future minimum lease payments and sublease income receipts were as follows:

<u>For the Year Ending December 31,</u>	<u>Rent Payments</u>	<u>Sublease Income</u>	<u>Net</u>
2016	\$ 799,645	\$ (165,952)	\$ 633,693
2017	819,636	-	819,636
2018	858,272	-	858,272
2019	879,728	-	879,728
2020	901,721	-	901,721
Thereafter	<u>2,519,006</u>	<u>-</u>	<u>2,519,006</u>
Total	<u>\$ 6,778,008</u>	<u>\$ (165,952)</u>	<u>\$ 6,612,056</u>

Rent expense was \$1,037,934 for the year ended December 31, 2015, 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 for the following as of December 31, 2015:

Training and related programs:		
Economic and Social Development		\$ 4,144,271
Monitoring and Evaluation		356,859
Women's Opportunity Center		31,434
Restricted due to time		<u>483,378</u>
Total		<u>\$ 5,015,942</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, 2015, assets in these countries totaled approximately \$3,966,000, representing approximately 17% 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, 2015**

10. Risks and Commitments (continued)

Concentration of Credit Risk

Women for Women maintains its cash and cash equivalents with certain commercial financial institutions, 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, 2015, Women for Women had approximately \$7,529,000 composed of demand deposits, savings and money market accounts, and certificates of deposit, which exceeded the maximum limit insured by the FDIC by approximately \$7,013,000. 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 also holds cash in bank accounts in foreign countries. As of December 31, 2015, cash held in foreign institutions was approximately \$406,000.

Line of Credit

Women for Women has a \$1,000,000 unsecured revolving line of credit with a bank that expired on January 3, 2016. The line of credit was renewed in December 2015 and currently expires on January 3, 2017. Interest accrues on all outstanding balances at the prime rate plus 1.05%, which was 4.55% as of December 31, 2015. The line can be canceled at the bank's discretion and is due upon demand. As of December 31, 2015, there was no outstanding balance on this line of credit, nor were amounts borrowed and paid off during the year.

11. Pension 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. Pension expense under both plans was approximately \$218,000 for the year ended December 31, 2015.

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 is required as of December 31, 2015, 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, 2015, no tax was due. Afghanistan MCO is a nonprofit entity under the laws of Afghanistan and, as of December 31, 2015, no tax was due. WFWI WOC is a for-profit entity under the laws of Rwanda and, as of December 31, 2015, had no net income 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, 2015

12. Income Taxes (continued)

Women for Women adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Women for Women performed an evaluation of uncertain tax positions for the year ended December 31, 2015, 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, 2015, the statute of limitations for tax years ended December 31, 2012, through December 31, 2014, remains open with the US 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 uncertain tax positions, 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, 2014, from which the summarized information was derived.

14. Reclassifications

Certain 2014 balances have been reclassified to conform with the 2015 presentation.

15. Subsequent Events

In preparing these consolidated financial statements, Women for Women has evaluated events and transactions for potential recognition or disclosure through June 1, 2016, the date the consolidated financial statements were available to be issued.

In December 2015, Women for Women entered into an affiliation agreement with Zene za Zene International (ZzZ International), an independent organization dedicated to women's empowerment in Bosnia and Herzegovina. ZzZ International was formed from Women for Women's Bosnia country office. Under the affiliation agreement, Women for Women will share internal policies with ZzZ International to assist it to operate in a manner consistent with Women for Women's mission and also provide technical, financial and capacity building supports. The agreement became effective January 1, 2016, for a term of two years, with an option to automatically renew for additional two years.

Other than the item identified above, there were no other 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, 2015

	Women for Women International US	Women for Women International UK	Women for Women International, Afghanistan Microfinance	Eliminating Entries	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 7,694,910	\$ 3,298,755	\$ -	\$ -	\$ 10,993,665
Contributions and grants receivable, current portion	1,021,743	322,507	-	-	1,344,250
Accounts receivable	17,655	201,329	-	-	218,984
Intercompany receivable	1,040,458	-	-	(1,040,458)	-
Investments	5,428,636	296,040	-	-	5,724,676
Prepaid expenses and deposits	548,134	66,704	-	-	614,838
Inventory	-	2,635	-	-	2,635
Other current assets	92,600	-	-	-	92,600
Total Current Assets	15,844,136	4,187,970	-	(1,040,458)	18,991,648
Contributions and grants receivable, net of current portion	250,000	-	-	-	250,000
Property and equipment, net	3,636,377	15,126	-	-	3,651,503
TOTAL ASSETS	\$ 19,730,513	\$ 4,203,096	\$ -	\$ (1,040,458)	\$ 22,893,151
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable and accrued expenses	\$ 1,301,496	\$ 216,976	\$ -	\$ -	\$ 1,518,472
Intercompany payable	-	1,040,458	-	(1,040,458)	-
Other current liabilities	17,510	25,592	48,383	-	91,485
Deferred rent and lease incentives, current portion	148,905	-	-	-	148,905
Deferred compensation liability	-	-	-	-	-
Refundable grant advances	115,211	-	-	-	115,211
Loan payable	-	-	1,404,890	-	1,404,890
Total Current Liabilities	1,583,122	1,283,026	1,453,273	(1,040,458)	3,278,963
Deferred rent and lease incentives, net of current portion	1,640,103	-	-	-	1,640,103
TOTAL LIABILITIES	3,223,225	1,283,026	1,453,273	(1,040,458)	4,919,066
Net Assets					
Unrestricted					
Undesignated	10,236,981	1,113,685	(1,453,273)	-	9,897,393
Board designated	3,000,000	-	-	-	3,000,000
Total Unrestricted	13,236,981	1,113,685	(1,453,273)	-	12,897,393
Temporarily restricted	3,209,557	1,806,385	-	-	5,015,942
Permanently restricted	60,750	-	-	-	60,750
TOTAL NET ASSETS	16,507,288	2,920,070	(1,453,273)	-	17,974,085
TOTAL LIABILITIES AND NET ASSETS	\$ 19,730,513	\$ 4,203,096	\$ -	\$ (1,040,458)	\$ 22,893,151

WOMEN FOR WOMEN INTERNATIONAL AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	Women for Women International US	Women for Women International UK	Women for Women International, Afghanistan Microfinance	Eliminating Entries	Total
REVENUE AND SUPPORT					
Individual contributions	\$ 15,155,314	\$ 2,586,063	\$ -	\$ -	\$ 17,741,377
Foundation, multilateral and corporate contributions	5,238,585	3,700,376	-	-	8,938,961
Donated legal and professional fees	421,309	-	-	-	421,309
Other income	196,159	117,521	-	-	313,680
Investment income (loss)	(27,296)	10,215	-	-	(17,081)
Intercompany grant revenue	2,754,713	-	-	(2,754,713)	-
Net foreign currency transaction losses	(40,564)	(17,055)	-	-	(57,619)
TOTAL REVENUE AND SUPPORT	23,698,220	6,397,120	-	(2,754,713)	27,340,627
EXPENSES					
Program Services:					
Training and related programs	16,288,632	3,436,605	-	(2,754,713)	16,970,524
Media, communications and outreach	487,332	-	-	-	487,332
Total Program Services	16,775,964	3,436,605	-	(2,754,713)	17,457,856
Supporting Services:					
Finance and administration	1,358,876	573,936	-	-	1,932,812
Fundraising	4,810,322	860,761	-	-	5,671,083
TOTAL EXPENSES	22,945,162	4,871,302	-	(2,754,713)	25,061,751
CHANGE IN NET ASSETS	753,058	1,525,818	-	-	2,278,876
Foreign currency translation gains (losses)	(3,846)	(50,704)	254,526	-	199,976
NET ASSETS, BEGINNING OF YEAR	15,758,076	1,444,956	(1,707,799)	-	15,495,233
NET ASSETS, END OF YEAR	\$ 16,507,288	\$ 2,920,070	\$ (1,453,273)	\$ -	\$ 17,974,085