



**STICHTING TO PROMOTE WOMEN'S  
WORLD BANKING**

Financial Statements

December 31, 2008

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
345 Park Avenue  
New York, NY 10154

## **Independent Auditors' Report**

The Board of Trustees  
Stichting To Promote Women's World Banking:

We have audited the accompanying balance sheet of Stichting To Promote Women's World Banking (the Organization) as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated April 15, 2008, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stichting To Promote Women's World Banking as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

May 5, 2009

**STICHTING TO PROMOTE WOMEN'S  
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Balance Sheet

December 31, 2008

(With comparative financial information as of December 31, 2007)

<b>Assets</b>	<b>2008</b>	<b>2007</b>
Cash and cash equivalents	\$ 510,339	1,333,062
Grants and contributions receivable, net (notes 3 and 5)	3,766,867	5,496,982
Investments (notes 4 and 5)	18,548,409	31,597,781
Other assets	142,271	49,529
Interest in net assets of supporting organization (notes 9 and 13)	2,086,163	321,747
Furniture, equipment, and leasehold improvements, net of accumulated depreciation and amortization of \$265,714 and \$235,044 in 2008 and 2007, respectively	68,005	63,288
Total assets	\$ 25,122,054	38,862,389
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 746,762	964,575
Other liabilities	35,722	28,543
Total liabilities	782,484	993,118
Net assets:		
Unrestricted	1,839,570	8,657,170
Temporarily restricted (note 9)	5,904,744	5,365,139
Permanently restricted capital fund – income generally unrestricted (note 9)	16,595,256	23,846,962
Total net assets	24,339,570	37,869,271
Total liabilities and net assets	\$ 25,122,054	38,862,389

See accompanying notes to financial statements.

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Statement of Activities

Year ended December 31, 2008

(With summarized financial information for the year ended December 31, 2007)

	Unrestricted	Temporarily restricted	Permanently restricted	Total	
				2008	2007
Operating activities:					
Revenue and support:					
Grants and contributions (note 6)	\$ 3,046,321	2,153,884	—	5,200,205	4,876,321
In-kind contributions (note 11)	746,104	—	—	746,104	521,419
Investment income, net of investment expenses of \$39,363 in 2008 and \$44,232 in 2007	533,132	—	—	533,132	691,370
Change in interest in supporting organization (note 13)	—	1,764,416	—	1,764,416	(127,253)
Foreign currency translation (loss) gain	(271,746)	—	—	(271,746)	100,208
Other income	295,542	—	—	295,542	100,692
Net assets released from restrictions (note 9)	10,630,401	(3,378,695)	—	7,251,706	—
Donor released net assets (note 9)	—	—	(7,251,706)	(7,251,706)	—
<b>Total revenue and support</b>	<b>14,979,754</b>	<b>539,605</b>	<b>(7,251,706)</b>	<b>8,267,653</b>	<b>6,162,757</b>
Expenses and loss (note 11):					
Program services:					
Institutional development programs	2,608,638	—	—	2,608,638	2,741,110
Functional products and services	3,917,245	—	—	3,917,245	3,750,499
<b>Total program services</b>	<b>6,525,883</b>	<b>—</b>	<b>—</b>	<b>6,525,883</b>	<b>6,491,609</b>
General and administrative	1,225,339	—	—	1,225,339	1,338,474
Fund-raising	783,999	—	—	783,999	519,143
<b>Total expenses</b>	<b>8,535,221</b>	<b>—</b>	<b>—</b>	<b>8,535,221</b>	<b>8,349,226</b>
Loss:					
Provision for uncollectible grants receivable	11,450	—	—	11,450	90,614
<b>Total expenses and loss</b>	<b>8,546,671</b>	<b>—</b>	<b>—</b>	<b>8,546,671</b>	<b>8,439,840</b>
(Decrease) increase in net assets from operating activities	6,433,083	539,605	(7,251,706)	(279,018)	(2,277,083)
Nonoperating activities:					
Net (depreciation) appreciation in fair value of investments	(13,221,981)	—	—	(13,221,981)	1,194,070
Contributions to affiliates	(28,702)	—	—	(28,702)	(111,012)
<b>Total nonoperating activities</b>	<b>(13,250,683)</b>	<b>—</b>	<b>—</b>	<b>(13,250,683)</b>	<b>1,083,058</b>
(Decrease) increase in net assets	(6,817,600)	539,605	(7,251,706)	(13,529,701)	(1,194,025)
Net assets at beginning of year	8,657,170	5,365,139	23,846,962	37,869,271	39,063,296
<b>Net assets at end of year</b>	<b>\$ 1,839,570</b>	<b>5,904,744</b>	<b>16,595,256</b>	<b>24,339,570</b>	<b>37,869,271</b>

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended December 31, 2008

(With comparative financial information for the year ended December 31, 2007)

	<b>2008</b>	<b>2007</b>
Cash flows from operating activities:		
Decrease in net assets	\$ (13,529,701)	(1,194,025)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	30,670	33,136
Provision for uncollectible grants receivable	11,450	90,614
Investment income classified as financing activities	(27,628)	(32,230)
Net depreciation (appreciation) in fair value of investments	13,221,981	(1,194,070)
(Increase) decrease in interest in supporting organization	(1,764,416)	127,253
Decrease (increase) in grants and contributions receivable, net	1,718,665	(378,843)
Increase decrease in other assets	(92,742)	(22,070)
(Decrease) increase in accounts payable and accrued expenses	(217,813)	170,431
Increase in other liabilities	7,179	3,525
Net cash used in operating activities	(642,355)	(2,396,279)
Cash flows from investing activities:		
Purchases of furniture, equipment, and leasehold improvements	(35,387)	(22,653)
Purchases of investments	(20,881,996)	(717,405)
Proceeds from sale of investments	20,709,387	3,450,000
Net cash (used in) provided by investing activities	(207,996)	2,709,942
Cash flows from financing activities:		
Investment income classified as financing activities	27,628	32,230
Net (decrease) increase in cash and cash equivalents	(822,723)	345,893
Cash and cash equivalents at beginning of year	1,333,062	987,169
Cash and cash equivalents at end of year	\$ 510,339	1,333,062

See accompanying notes to financial statements.

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Notes to Financial Statements

December 31, 2008

(With comparative financial information as of and for the year ended December 31, 2007)

**(1) Organization**

Stichting To Promote Women's World Banking (WWB or the Organization) is an international, independent financial organization incorporated in the Netherlands for the purpose of encouraging the direct participation of women and their families in the full use of the money economies of their countries, particularly those women who have not generally had access to the services of established financial institutions. WWB has been classified as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. The accompanying financial statements do not include the financial position or the changes in net assets of WWB's affiliates, which are separately incorporated organizations.

WWB's programs are organized into five areas: technical services; financial products and services; linkages and learning; policy and market development; and knowledge and communications. The following functional classifications have been established to account for the program services of WWB:

- (a) Institutional Development Program consists of technical services to WWB affiliates and associates in areas that include strategy, client research, building and improving operations and organization, introducing new products, and becoming a regulated financial institution with a difference.
- (b) Functional Products and Services consist of the other four program areas of WWB. Financial products and services support affiliates and associates in expanding financial services to low-income entrepreneurs and in forging partnerships with banks. The modalities include capitalization and loan guarantees, brokering, and advisory services on securing borrowings and other financing. Under linkages and learning activities, WWB organizes best practice workshops, exchanges, e-learning, and innovation partnerships with affiliates, associates, and members of the WWB global network for banking innovation. Policy and market development activities include work with network members, other microfinance and banking leaders, country-level networks, and policy makers at local and global levels. This activity is aimed at building performance standards, policies, and regulatory and legal structures that work for microfinance and mobilizing mainstream commercial banks and capital markets for microfinance. WWB distills and disseminates knowledge and innovation from within and beyond the network on key themes, to build and shape the microfinance industry.

**(2) Significant Accounting Policies**

(a) *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) *Basis of Presentation*

Net assets and revenues, expenses, gains, losses, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of WWB and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

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*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met by actions of WWB and/or the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. WWB's permanently restricted net assets consist of capital funds, which are intended to be the permanent capital base of the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned, including realized and unrealized gains and losses on investments, for general purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(c) ***Fair Value Hierarchy***

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quotes prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, and corporate-debt securities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

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Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

**(d) *Cash and Cash Equivalents***

The Organization considers all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash equivalents, except for those held for long-term investment purposes.

**(e) *Grants and Contributions***

Revenue from grants and contributions is recognized when an unconditional commitment is made by a donor. WWB often receives multiyear grants denominated in foreign currency amounts, which are subject to future currency fluctuations. As a result, WWB will recognize foreign exchange gains or losses representing the difference in the dollar value of the grant between the time the grant commitment is made and recognized and when the sums are received.

Grants and contributions not expected to be received within one year are discounted at a risk-free rate. Amortization of the discount is recorded as additional grants and contributions revenue.

**(f) *Investments***

Investments are recorded at fair value based on published market quotations.

**(g) *Furniture, Equipment, and Leasehold Improvements***

Furniture, equipment, and leasehold improvements are reported at cost less accumulated depreciation or amortization. Depreciation of furniture and equipment is computed on a straight-line basis over a period of three to five years. Amortization of leasehold improvements is computed on a straight-line basis over the remaining life of the lease or the estimated useful life of the improvement, whichever is shorter.

**(h) *Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**(i) Concentration of Revenues**

In 2008, nine funding sources accounted for 100% of new grants, and in 2007, thirteen funding sources accounted for 100% of new grants. Included in the funding source is Friends of WWB (USA), Inc. (Friends), an affiliated organization (see note 6). In 2008, Friends in turn recognized funding principally from seven grant sources. With respect to cash collections, WWB received cash from seventeen funding sources. For Friends, seven funding sources accounted for the cash collections in 2008 and nine in 2007 (including the category "others" that reflects multiple donations but is reflected as one funding source). Approximately 89% and 72% of total grants and contributions for Friends are generated from three top donors in 2008 and 2007, respectively.

**(j) Prior Year Information**

The statement of activities is presented with certain prior year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007 from which the summarized information was derived.

**(k) New Accounting Pronouncements**

Effective January 1, 2008, the Organization adopted SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This pronouncement does not require any new fair value measurements. In February 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which defers the effective date of SFAS No. 157 for one year for nonfinancial assets and nonfinancial liabilities that are not disclosed at fair value in the financial statements on a recurring basis. The FSP did not defer the recognition and disclosure requirements for financial or nonfinancial assets and liabilities that are measured at least annually. In February 2008, the Organization adopted FSP No. FAS 157-2. In October 2008, the FASB issued FSP No. FAS 157-3, *Determining the Fair Value of a Financial Asset in a Market That Is Not Active*. FSP No. FAS 157-3 was effective upon issuance, and applies to periods for which financial statements have not been issued. The FSP's guidance clarifies various application issues with respect to the objective of a fair value measurement, distressed transactions, relevance of observable data, and the use of management's assumptions. The effect of the adoption of SFAS 157, FAS 152-2 and 157-3 did not have a material effect on the changes in net assets or financial position of the Organization.

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Effective December 31, 2008, the Organization adopted FSP No. FAS 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FSP 117-1). FSP 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP 117-1 also improves disclosures about an organization's donor-restricted and board-designated endowment funds. Since New York has not enacted UPMIFA as of December 31, 2008, only the new disclosures required by FSP 117-1 were implemented by the Organization.

**(3) Grants and Contributions Receivable**

Grants and contributions receivable at December 31, 2008 and 2007 are scheduled to be collected as follows:

	<u>2008</u>	<u>2007</u>
Less than one year	\$ 2,928,568	3,951,077
One to five years	859,255	1,807,230
	<u>3,787,823</u>	<u>5,758,307</u>
Less discount to present value (at discount rates ranging from 2.50% to 4.3%)	(20,956)	(261,325)
	<u>\$ 3,766,867</u>	<u>5,496,982</u>

**(4) Investments**

A summary of the Organization's investments at December 31, 2008 and 2007, reported at fair value, is as follows:

	<u>2008</u>	<u>2007</u>
Invested cash and cash equivalents	\$ 16,661,441	858,913
Money market funds	1,886,968	136,051
Equity securities	—	18,395,574
Fixed income securities	—	12,207,243
Total investments	<u>\$ 18,548,409</u>	<u>31,597,781</u>

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(With comparative financial information as of and for the year ended December 31, 2007)

**(5) Fair Value of Financial Assets**

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value as of December 31, 2008. At December 31, 2008, Level 1 assets comprised 100% of the Organization's total investment portfolio fair value. Level 3 assets comprise the Organization's other financial assets reported at fair value.

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
Investments:				
Invested cash and cash equivalents	\$ 16,661,441	16,661,441	—	—
Money market funds	1,886,968	1,886,968	—	—
Total	18,548,409	18,548,409	—	—
Grants and contributions receivable	3,766,867	—	—	3,766,867
Total	<u>\$ 22,315,276</u>	<u>18,548,409</u>	<u>—</u>	<u>3,766,867</u>

**(6) Due from Friends of WWB/USA, Inc.**

WWB acts in cooperation with Friends. Friends has a separate board of trustees and maintains its legal and financial independence. Management of WWB and Friends is shared.

Expenses allocated to Friends include amounts for personnel, certain publications, U.S.-based policy work, and an allocation of total audit costs. WWB received grants and contributions from Friends of \$1,602,801 and \$1,814,794 in 2008 and 2007, respectively.

**(7) Loan Guarantee**

WWB provides partial guarantees through letters of credit for a loan or a line of credit from a bank to two affiliates for on-lending to the affiliates' clients. WWB has two outstanding loan guarantees in 2008 and 2007 of \$700,000 and \$500,000, respectively.

**(8) Affiliate Capitalization Program**

No funds for Capitalization Program were received in 2008 or 2007. Capitalization funds are used by participating affiliates to: expand their microloan portfolios; leverage funds from local financial systems for microlending; and invest to generate income for operating expenditures. For the majority of these funds, WWB acts as an agent for the funds received for affiliate capitalization.

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(With comparative financial information as of and for the year ended December 31, 2007)

**(9) Restricted Net Assets**

**(a) Temporarily Restricted Net Assets**

At December 31, 2008 and 2007, temporarily restricted net assets are available for the following purposes:

	<b>2008</b>	<b>2007</b>
Institutional development programs	\$ 1,493,432	1,588,422
Functional products and services	2,240,149	2,173,343
Investment pilot program	85,000	281,627
Grants and contributions from Friends of WWB/USA, Inc.	—	1,000,000
Interest in supporting organization	2,086,163	321,747
	\$ 5,904,744	5,365,139

**(b) Permanently Restricted Net Assets**

At December 31, 2008 and 2007, permanently restricted net assets consist of contributions held by the Organization as follows:

	<b>2008</b>	<b>2007</b>
Permanently restricted net assets	\$ 16,595,256	23,846,962
Total	\$ 16,595,256	23,846,962

The Organization's Capital Fund (the fund) consists of funds that have been established to support the Organization's mission. These funds are invested by the Organization. As required by U.S. generally accepted accounting principles (GAAP), net assets associated with the Capital Fund are classified and reported based upon the existence or absence of donor-imposed restrictions.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are to be reported in unrestricted net assets as of year end. There were no such deficiencies as of December 31, 2008 and 2007, although as discussed below, one donor to the Capital Fund released certain restrictions due to investment losses during 2008.

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Interpretation of Relevant Law

The board of trustees of the Organization has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the fund, (b) the original value of subsequent gifts to the fund, and (c) accumulations to the fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The investment income earned on the accumulations to the permanently restricted fund is classified as temporarily restricted net assets until the donor-imposed restrictions have been met.

Spending Policy

The Organization has a policy that allows the appropriation for distribution each year of 4% of the Capital Fund's average fair value at the beginning of the fiscal year in which the distribution is planned as long as sufficient investment income or appreciation exists at the time of the appropriation. In establishing this policy, the Organization considered the long-term expected return on the fund. Accordingly, over the long term, the Organization expects the current spending policy to allow the fund to grow at an average of 4% annually. This is consistent with the organization's objective to maintain the purchasing power of the fund's assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for the Capital Fund that attempts to provide a predictable stream of funding to programs supported by the fund while seeking to maintain the purchasing power of the fund. The fund includes those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the Capital Fund is invested in a manner that is intended to achieve a rate of return equal to or greater than the respective benchmark, +1.0% per year for Global Equities, and +0.5% for Fixed Income, while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

As discussed below charges to the investment portfolio were made during 2008 in reaction to market conditions.

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The Organization has no board-designated endowment funds. The following represents the net asset classes of the Organization's donor restricted funds at December 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted capital fund	\$ —	—	16,595,256	16,595,256
Total	<u>\$ —</u>	<u>—</u>	<u>16,595,256</u>	<u>16,595,256</u>

The following represents the net asset classes of the Organization's donor restricted funds at December 31, 2007:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor restricted capital fund	\$ —	—	23,846,962	23,846,962
Total	<u>\$ —</u>	<u>—</u>	<u>23,846,962</u>	<u>23,846,962</u>

The following table presents changes in the Capital Fund for the year ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Capital fund, beginning of year	\$ 7,305,925	—	23,846,962	31,152,887
Investment return:				
Investment/interest income	505,505	—	58,845	564,350
Net depreciation	(5,911,430)	—	(7,310,551)	(13,221,981)
Total investment return	<u>(5,405,925)</u>	<u>—</u>	<u>(7,251,706)</u>	<u>(12,657,631)</u>
Contributions	—	—	—	—
Appropriation for expenditure	<u>(1,900,000)</u>	<u>—</u>	<u>—</u>	<u>(1,900,000)</u>
Net capital fund, end of year	<u>\$ —</u>	<u>—</u>	<u>16,595,256</u>	<u>16,595,256</u>

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December 31, 2008

(With comparative financial information as of and for the year ended December 31, 2007)

In light of the continued deterioration in the financial markets throughout the fourth quarter of 2008, the Board of Trustees decided in November 2008 to liquidate both the fixed income and equity portions of the Capital Fund. This resulted in a realized loss of \$13,221,981 reducing the value of the permanently restricted fund from \$23,846,962 at December 31, 2007 to \$16,595,256 as of December 31, 2008. The Dutch government, one of the original donors of the Capital Fund, lifted the release of the permanent restriction on their original donation to account for the losses in the amount of \$7,251,706.

**(10) Lease Commitment**

WWB occupies facilities under a lease agreement expiring December 31, 2014. The lease contains escalation clauses, which provide for increased payments resulting from increases in real estate taxes and certain other building expenses in excess of the base period amounts.

Future minimum lease payments under this lease are as follows:

	<u>Amount</u>
Year ending December 31:	
2009	\$ 588,000
2010	595,000
2011	603,000
2012	635,000
2013	643,000
2014	<u>651,000</u>
	<u>\$ 3,715,000</u>

Total rent utilities and maintenance expense in 2008 and 2007 amounted to \$683,186 and \$621,413, respectively.

**(11) In-Kind Contributions**

In-kind contributions are recorded where there is an objective basis upon which to value these contributions and where these services are an essential part of WWB's activities. These amounts are recognized as both support and expense in the accompanying financial statements. During the years ended December 31, 2008 and 2007, in-kind contributions consisted of \$746,104 and \$521,419, respectively, for legal services.

**(12) Pension Benefits**

WWB sponsors an employee pension-individual retirement account pension plan covering substantially all of its employees. Discretionary contributions are funded annually up to a maximum of \$41,000 or 25% of compensation, whichever is less. WWB has currently been funding on an annual basis, up to \$23,000 or 10% of compensation, whichever is less. Total pension expense relating to 2008 and 2007 was approximately \$267,000 and \$343,000, respectively. The plan is funded annually up to the total obligation relative to annual compensation.

**STICHTING TO PROMOTE WOMEN'S  
WORLD BANKING**

Notes to Financial Statements

December 31, 2008

(With comparative financial information as of and for the year ended December 31, 2007)

**(13) Interest in Supporting Organization**

In accordance with Statement of Financial Accounting Standards No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, WWB recorded its interest in the net assets of Friends. The change in WWB's interest in the net assets of the supporting organization during 2008 and 2007 of \$1,764,416 and (\$127,253), respectively, was recorded as change in interest in supporting organization.

**(14) Related Parties**

WWB is the managing partner of WWB GP LLC, A Delaware limited liability company. WWB GP LLC is the General partner for WWB Microfinance Equity Fund (WMEF). Although WWB GP LLC is wholly owned by WWB, the two are separate legal entities and WWB does not directly engage in the management of the Fund. WMEF was organized on February 28, 2008, but is not yet operational. WMEF was formed to act as a private equity fund to facilitate interest in micro-financing entities. WWB absorbed expenses during 2008 and WWB's 2008 financial statements also reflect \$313,355 in pro-bono legal expenses related to the Fund's set up and organization.