KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2019 AND 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kiva Microfunds and Subsidiaries
San Francisco, California

We have audited the accompanying consolidated financial statements of Kiva Microfunds and its subsidiaries (collectively "Kiva"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 Kiva Microfunds and its subsidiaries as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter - Changes in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, Kiva adopted Accounting Standards Update No. 2016-18 (ASU 2016-18) *Statement of Cash Flows* (ASC Topic 230) - *Restricted Cash*, and Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606). Our opinion is not modified with respect to these matters.

Other Matter

Our audits were 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 and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Abbott, Stringham & Lynch

August 7, 2020

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

	December 31, 2019	December 31, 2018
Current assets:		
Cash and cash equivalents	$ 14,828,601	$ 15,811,829
Cash restricted as to use	1,999,497	2,908,826
Investments	-	6,857
Pledges and grants receivable, net of allowance	539,713	859,008
Due from affiliate, net of loan loss reserve	502,921	10,705,280
Prepaid expenses and other assets	753,092	1,197,634
Total current assets	18,623,824	31,489,434
Property and equipment, net of accumulated depreciation and amortization	91,204	3,087
Intangible assets, net of accumulated amortization	2,927,086	1,603,898
Other assets:		
Pledges and grants receivable, less current portion and net of discounts	923,548	594,955
Due from affiliate, less current portion and loan loss reserve	-	199,857
Kiva-DAF, LLC: Donor-advised funds for microloans	6,515,817	12,165,049
Deposits	183,995	174,815
Total other assets	7,623,360	13,134,676
Total assets	$ 29,265,474	$ 46,231,095

Liabilities and Net Assets

	December 31, 2019	December 31, 2018
Current liabilities:		
Note payable	$ -	$ 10,000,000
Accounts payable	1,049,512	634,377
Accrued expenses	1,887,626	1,492,824
Due to affiliate	50,000	-
Deferred revenue	1,074,072	1,926,960
Total current liabilities	4,061,210	14,054,161
Deferred rent obligation	8,860	35,356
Deferred revenue	147,778	-
Total liabilities	4,217,848	14,089,517
Net assets:		
Without donor restrictions	12,520,183	10,831,687
With donor restrictions	12,527,443	21,309,891
Total net assets	25,047,626	32,141,578
Total liabilities and net assets	$ 29,265,474	$ 46,231,095

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Online donations	$ 10,136,619	$ -	$ 10,136,619	$ 8,586,154	$ -	$ 8,586,154
Auto-converted Kiva Cards	558,300	-	558,300	551,090	-	551,090
Auto-converted user accounts	1,674,374	-	1,674,374	1,520,888	-	1,520,888
Foundation contributions	388,602	1,322,083	1,710,685	680,819	5,868,813	6,549,632
Corporate contributions	315,314	1,178,252	1,493,566	294,778	2,485,553	2,780,331
Individual contributions	1,213,327	38,259	1,251,586	1,125,684	317,709	1,443,393
Fee for service revenue	2,887,375	-	2,887,375	1,632,853	-	1,632,853
Net investment income	196,160	-	196,160	70,382	-	70,382
Currency and KDAF loan losses	(321,848)	-	(321,848)	(178,111)	-	(178,111)
Other income	24,243	-	24,243	47,950	-	47,950
Net assets released from restrictions	11,321,042	(11,321,042)	-	2,984,548	(2,984,548)	-
Total revenue and support	28,393,508	(8,782,448)	19,611,060	17,317,035	5,687,527	23,004,562
In-kind donations:						
In-kind support	1,598,134	-	1,598,134	1,894,961	-	1,894,961
Total in-kind donations	1,598,134	-	1,598,134	1,894,961	-	1,894,961
Total revenue and support, including in-kind donations	29,991,642	(8,782,448)	21,209,194	19,211,996	5,687,527	24,899,523
Functional expenses:						
Program services	21,534,020	-	21,534,020	15,810,776	-	15,810,776
Management and general	4,512,316	-	4,512,316	3,176,850	-	3,176,850
Fundraising	2,256,810	-	2,256,810	1,435,358	-	1,435,358
Total functional expenses	28,303,146	-	28,303,146	20,422,984	-	20,422,984
Change in net assets	1,688,496	(8,782,448)	(7,093,952)	(1,210,988)	5,687,527	4,476,539
Net assets, beginning of year	10,831,687	21,309,891	32,141,578	12,042,675	15,622,364	27,665,039
Net assets, end of year	$ 12,520,183	$ 12,527,443	$ 25,047,626	$ 10,831,687	$ 21,309,891	$ 32,141,578

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31,							
	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel expenses:								
Salaries	$ 8,609,193	$ 1,271,468	$ 1,137,452	$ 11,018,113	$ 6,933,603	$ 874,426	$ 820,177	$ 8,628,206
Payroll taxes	775,161	106,116	96,641	977,918	629,038	70,662	64,131	763,831
Benefits	1,128,921	217,881	149,594	1,496,396	1,065,080	175,269	124,342	1,364,691
Total personnel expenses	10,513,275	1,595,465	1,383,687	13,492,427	8,627,721	1,120,357	1,008,650	10,756,728
Other functional expenses:								
Contractors	2,507,773	990,087	61,099	3,558,959	1,023,864	719,839	709	1,744,412
Information technology	1,249,607	584,213	146,335	1,980,155	596,303	244,035	53,252	893,590
Professional fees	1,065,932	460,688	241,080	1,767,700	299,717	460,182	-	759,899
Occupancy	1,343,247	202,006	180,392	1,725,645	1,183,095	154,623	153,052	1,490,770
Bank fees	1,448,396	32,091	91	1,480,578	1,348,011	18,375	-	1,366,386
Depreciation and amortization	1,054,523	159,745	142,277	1,356,545	1,065,243	137,146	127,746	1,330,135
Travel, conferences, and meetings	685,827	149,642	35,754	871,223	237,521	109,617	22,851	369,989
Marketing and communications	538,070	13,992	-	552,062	532,833	92	-	532,925
Interest expense	316,550	-	-	316,550	330,000	-	-	330,000
Insurance	192,218	34,223	24,401	250,842	126,869	24,063	14,224	165,156
Portfolio related expenses	211,900	2,798	-	214,698	160,895	609	-	161,504
Bad debt expense	208,783	-	-	208,783	-	11,489	-	11,489
Staff development	13,149	175,490	21	188,660	39,247	112,402	-	151,649
Office expense	63,209	78,066	3,005	144,280	47,695	49,283	1,286	98,264
Other expenses	37,250	23,968	29,328	90,546	38,334	7,203	47,543	93,080
Phones and internet	32,361	9,790	4,340	46,491	37,488	7,371	5,050	49,909
External events	27,949	52	5,000	33,001	115,940	164	995	117,099
KDAF distributions	24,001	-	-	24,001	-	-	-	-
Total other functional expenses	11,020,745	2,916,851	873,123	14,810,719	7,183,055	2,056,493	426,708	9,666,256
Total functional expenses	$ 21,534,020	$ 4,512,316	$ 2,256,810	$ 28,303,146	$ 15,810,776	$ 3,176,850	$ 1,435,358	$ 20,422,984

See accompanying independent auditor's report and notes to consolidated financial statements.

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2019	Year Ended December 31, 2018
Cash flows from operating activities:		
Change in net assets	$ (7,093,952)	$ 4,476,539
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,356,545	1,330,135
Loss on disposal of property and equipment	2,250	-
Net unrealized and realized loss on investments	-	1,037
Non-cash contributions of marketable securities	(14,113)	(21,022)
Proceeds from sales of contributed marketable securities	14,113	15,429
Changes in operating assets and liabilities:		
Pledges and grants receivable, net of allowance and discounts	(9,298)	(429,651)
Due from affiliate, net of loan loss reserve	402,216	171,903
Beneficial interest in trusts	-	118,000
Prepaid expenses, other assets, and deposits	435,362	106,510
Accounts payable	415,135	204,493
Accrued expenses	394,802	581,107
Due to affiliate	50,000	-
Deferred revenue	(705,110)	434,042
Deferred rent obligation	(26,496)	9,031
Net cash (used in) provided by operating activities	(4,778,546)	6,997,553
Cash flows from investing activities:		
Purchases of investments	-	(505,968)
Proceeds from sale of investments	6,857	1,007,861
Purchases of property and equipment	(101,381)	-
Increase (decrease) in donor-advised funds available for microloans, net	5,649,232	(629,377)
Capitalization of website and internet platform software development costs	(2,668,719)	(1,281,474)
Net cash provided by (used in) investing activities	2,885,989	(1,408,958)
Net (decrease) increase in cash, cash equivalents and restricted cash	(1,892,557)	5,588,595
Cash, cash equivalents and restricted cash, beginning of year	18,720,655	13,132,060
Cash, cash equivalents and restricted cash, end of year	$ 16,828,098	$ 18,720,655
Reconciliation of cash, cash equivalents and restricted cash with amounts reported on the consolidated statements of financial position:		
Cash and cash equivalents	$ 14,828,601	$ 15,811,829
Cash restricted as to use	1,999,497	2,908,826
	$ 16,828,098	$ 18,720,655
Cash paid during the year:		
Franchise taxes	$ 20,190	$ 7,600

Note 1 - Nature of operations

Kiva Microfunds (referred to hereinafter as “Kiva”) is a nonprofit, tax-exempt organization founded in 2005. Kiva’s mission is to expand financial access to help underserved communities thrive. Kiva has to date partnered with approximately 312 active global Microfinance Institutions (“MFIs") and other socially minded organizations and enterprises in ninety-four (94) countries. Partner organizations are responsible for selecting borrowers, reviewing the loan applications, and uploading the loan requests to Kiva's website once they have approved the loans. When the loan funds are raised, Kiva sends the money (via a net billing process) to the partner, which uses the funds to replenish the loan that has been pre-disbursed to the borrower, and administers the loan. To date, Kiva has facilitated approximately $1.3 billion in loans. Kiva is supported primarily through individual and corporate contributions, and grants from foundations.

KIVA User Funds LLC (referred hereinafter as "KUF") was established to hold a user’s (lender) funds in several pooled accounts for the benefit of the applicable users who have transactional credits (e.g. funds deposited by a lender to make a micro-loan or repayments made to a lender by a borrower). The lending activities that take place on Kiva's website are transacted through the KUF accounts in order to maintain a separation between the two entities' holdings, and ensure that funds belonging to KUF's users are distinct from funds that are designated for Kiva's operations. KUF is a California Limited Liability Company whose sole member is Kiva.

Funds of KUF's users are held in FBO ("for the benefit of") bank accounts at a credit-worthy bank. KUF maintains the FBO accounts, which are held separate and apart from the operational funds accounts of Kiva. Kiva performs administrative functions and record-keeping duties that reflect individual user balances and transactions (such as microloans made or repayments received) relating to KUF's users' participation utilizing the Kiva platform, and accounts for the users' corresponding funds held in, or transacted via, the FBO accounts.

During 2013, Kiva-DAF, LLC (referred hereinafter as “KDAF”) was established to serve as a holder of a donor-advised fund. KDAF is a Delaware Limited Liability Company whose sole member is Kiva. Kiva intends to use KDAF to seek charitable donations from corporations, foundations and high net worth individuals to be used to lend to Kiva borrowers. By doing so, this creates a mutually beneficial result, as the donors are able to obtain a charitable deduction and Kiva will both expand the immediate scope of its microloan program and bring on a new group of individuals who will gain familiarity with the Kiva system.

Upon entering each donor-advised fund agreement, KDAF would transfer the donated funds to KUF to facilitate loans. Donors appoint Advisors who would then select loans on the Kiva platform in the same manner an individual lender would do. Alternatively, donors would be allowed to advise on specific parameters for Kiva to use in directing funds from KDAF to match loans made by other lenders. In each case, donated funds would, at the sole discretion of Kiva, be transferred to the MFI as advised by the donor or advisors subject to IRS regulations.

In 2011, Kiva launched Zip, now called U.S. Direct (“Direct”), a pilot program to allow Kiva users to fund loans that are disbursed directly to borrowers, without being channeled through a field partner. Direct currently operates only in the U.S, where mobile payment technology is available. The Direct model relies on “character based lending” to evaluate credit-worthiness. Borrowers are also required to raise a specified amount of loan funds from friends and family before being posted on the Direct website. Direct borrowers are not charged interest or fees on their loans. Direct transactions flow through KUF. Disbursement of loans, and collection and distribution of repayments are managed by Kiva. Direct maintains separate bank accounts from Kiva and KUF. To date, approximately 6,221 Direct loans with a value of approximately $34 million have been funded since inception.

Note 1 - Nature of operations (continued)

In July 2016, Kiva Impact Funds, LLC (referred hereinafter as “KIF”) a single member Delaware Limited Liability Company whose sole member is Kiva, was established to hold loans or funds received from an Institutional Investor in support of a specified managed lending program (see Note 8).

In October 2018, Kiva Protocol LLC (referred hereinafter as “KP”) a single member Delaware Limited Liability Company whose sole member is Kiva, was established as part of an initiative to help address the problems of financial exclusion by giving unbanked people a digital identity and a way for them to build verifiable credit history.

In July 2019, Kiva Capital Management LLC, a single member Delaware Limited Liability Company whose sole member is Kiva, was established to manage impact-first return bearing vehicles designed to further promote financial inclusion. In July 2019, Kiva Refugee Investment Fund LLC, a single member Delaware Public Benefit Limited Liability Company whose sole member is Kiva Capital Management LLC, was established to raise funds from institutional investors to be lent to refugees, internationally displaced persons and impacted host populations while targeting impact-first returns for investors. Both Kiva Capital Management LLC and Kiva Refugee Investment Fund LLC did not commence any significant operations as of December 31, 2019 and subsequent to year-end through the issuance of these financial statements

Note 2 - Summary of significant accounting policies

Principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of Kiva Microfunds, Kiva-DAF, LLC, Kiva Impact Funds, LLC, and Kiva Protocol LLC (collectively “Kiva”). All significant balances and transactions between the entities have been eliminated in consolidation.

Basis of accounting

The consolidated financial statements of Kiva have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation

Under accounting principles generally accepted in the United States of America, Kiva is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

> Without donor restrictions - net assets that are not subject to donor-imposed restrictions. This category represents net assets over which the Board of Directors has discretionary control and which are used to carry out operations of Kiva in accordance with its bylaws.
>
> With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of Kiva or the passage of time. This classification includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests.

Note 2 - Summary of significant accounting policies (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these consolidated financial statements include discounts on long-term pledges receivable, valuation of investments, useful lives of property and equipment and intangibles, the default rate on managed lending contracts, and allocation of functional expenses. Actual results could differ from those estimates.

Cash and cash equivalents

Kiva considers cash on deposit and temporary investments with financial institutions, with an original maturity of three months or less at the time of purchase, to be cash equivalents.

Pledges and grants receivable

Kiva records pledges and grants receivable, net of discounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received.

Pledges receivable include loan repayment amounts which are promised to Kiva post completion of designated lending cycles (referred to as “managed lending contracts”) in the KUF system. These pledges are discounted to reflect the default rate on the KUF lending platform.

Kiva discounts grants receivable that are expected to be collected in future periods using an appropriate discount rate commensurate with the risks involved. Kiva used the five-year Treasury bond rates of approximately 1.69% and 2.51% for each of the years ended December 31, 2019 and 2018, respectively, to record the discount.

Kiva makes judgments as to the ability to collect all of its outstanding receivables and provides allowances for amounts when collection becomes doubtful. Provisions are made based upon a specific review of past due and other outstanding balances for which collection is considered uncertain. Allowance for uncollectible pledges and grants receivable amounted to approximately $52,000 at December 31, 2019. At December 31, 2018, no allowance for uncollectible pledges and grants receivable has been recognized.

Donor-advised funds for microloans

Donor-advised funds for microloans represent amounts transferred from KDAF to KUF to facilitate loans. As discussed in Note 1, the donor appointed Advisors select the type of loans, loan matching programs, and the duration of the overall lending cycle(s), all in accordance with the terms and conditions of the respective donor-advised fund agreement. Amounts as of December 31, 2019 represent funds deployed as loans net of repayments, as well as funds available for lending.

For each donor-advised fund agreement, KDAF pays Kiva an operating fee based on a percentage of the original contributed amount or account balance. These fee rates range from 3% - 10%. The operating fee revenue and corresponding expense are eliminated upon consolidation.

Note 2 - Summary of significant accounting policies (continued)

Donor-advised funds for microloans (continued)

Upon donors' instructions, KDAF distributed approximately $6,000,000 and $127,000 to Kiva, for the years ended December 31, 2019 and 2018, respectively. These distributions are also eliminated upon consolidation.

Revenue recognition - contracts with customers

On January 1, 2019, Kiva adopted ASC 606, Revenue from Contracts with Customers (ASC 606) and all the related amendments using the modified retrospective method, whereby the adoption did not impact any prior periods. The effect of adopting the new standard did not require any cumulative effect adjustment to net assets as of January 1, 2019.

Partner Investment (PI) revenue represents administrative fees charged to the MFI or Field Partner on loan funds advanced for approved borrowers. Fee percentages are stipulated in the contracts with the MFIs and Field Partners who are located in over ninety countries. PI revenue is assessed monthly and is based upon loan fund amounts raised through Kiva's website. PI revenue is collected at the time loan funds are transmitted to the MFI and Field Partner, and recognized at a point in time, and settled through the monthly net billing process.

The following table provides Kiva's disaggregated PI revenue by primary geographical location for the year ended December 31, 2019:

Asia	$ 273,107
Africa	197,961
South America	145,988
Central America	65,533
Middle East	12,531
Oceania	11,016
Eastern Europe	6,584
	$ 712,720

There was no PI revenue for the year ended December 31, 2018.

Fee for service and US hub revenues relate to Kiva's efforts in introducing product innovations, increasing the capacity of social enterprises, and provide training and resources for micro-lending. Revenue for these services is recognized over the lives of these contracts, generally between one to three years. Revenue generated from these contracts are within North America. Fee for service and US hub revenues amounted to $2,174,655 and $1,632,853, for the years ended December 31, 2019 and 2018, respectively. Deferred revenue represents amounts received in advance for those services to be rendered in the future.

All revenues are short-term in nature and do not have any significant financing component, as payment is received at or shortly after the request for payment is issued.

Note 2 - Summary of significant accounting policies (continued)

Revenue recognition - contracts with customers (continued)

In accordance with the operating agreement, KP reimburses Kiva for operating expense paid on behalf of KP. The operating fee revenue, receivables, and corresponding expense and payables are eliminated upon consolidation.

Revenue recognition - contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. Such contributions required to be reported as support with donor restrictions are then reclassified to net assets without donor restrictions upon expiration of the restriction, usually when the funds are spent. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Kiva earns revenue from a variety of sources. Online donations are contributions made by lenders through Kiva's online lending platform. Kiva Card auto-conversion revenue is recognized when a Kiva Card holder fails to redeem a Kiva Card that includes a provision for an auto-conversion-to-donation after a 12-month period, and becomes a donation to Kiva at that point in time. KUF user accounts that have been inactive for a period of two years, and after reminders have been sent to the lender regarding balances in their accounts, are automatically converted as donations to Kiva based on the terms of the users’ account agreements. Revenue is also earned through contributions and grants from foundations, corporations, and individual donors.

In-kind support

Kiva records various types of in-kind support including professional services, and donations and use of tangible assets. Contributed professional services are recognized if the services received: (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets or the use thereof is recognized when promised or received, whichever is earlier. The amounts reflected in the accompanying consolidated financial statements as in-kind support are offset by like amounts included in expenses or in the case of long-term assets, over the period benefited.

Additionally, Kiva receives a significant amount of contributed time from volunteers, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying consolidated financial statements.

Investments

Investments in marketable securities are stated at fair market value based on quoted market prices. Investment income (including interest and dividends) and realized and unrealized gains and losses are reflected in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless their use has been restricted by donors.

Note 2 - Summary of significant accounting policies (continued)

Fair value measurements

Kiva measures and discloses fair value measurements as required by the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification.

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability.

As a basis for considering such assumptions, the FASB establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Valuations based on observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial instruments included in Kiva's consolidated statements of financial position include cash and cash equivalents and investments in equity securities. The carrying amount of these instruments approximates their fair values and are valued at Level 1.

Property, equipment, depreciation and amortization

Kiva capitalizes property and equipment acquisitions over $5,000. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to seven years. Leasehold improvements are amortized over the shorter of the asset life or the remaining lease term. Gifts of property and equipment are reported as support without donor restrictions unless the donor stipulates specifically how the donated asset must be used.

Intangible assets

Kiva develops and maintains in-house internet platform software to enable lending and other on-line donation activities. Personnel costs, including payroll taxes, worker's compensation, and benefits associated with the development of the software, are capitalized and amortized using the straight-line method over three years. The allocation of personnel costs is based on development time incurred, and is evaluated on a quarterly basis.

Kiva capitalized the costs incurred to obtain Kiva's website domain name. Kiva has determined the domain name has an indefinite useful life and as of December 31, 2019, has recorded no amortization.

Note 2 - Summary of significant accounting policies (continued)

Impairment of long-lived assets

Kiva reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Kiva evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair value. To date, Kiva has not recorded any impairment of its long-lived assets as a result of this analysis.

Tax-exempt status and income and franchise taxes

Kiva is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Accordingly, no provision for income taxes or related credits is included in these financial statements.

KUF, KDAF, KIF, and KP are single member LLCs and are disregarded entities for Federal income tax purposes. Under California law, KUF, KDAF, KIF, and KP are subject to tax on gross receipts, or a minimum tax of $800 per entity, whichever is greater.

Kiva has adopted the accounting standard related to uncertainties in income taxes. Management has considered its tax positions and believes that all of the positions taken by Kiva in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination; therefore, no liability for unrecognized income tax benefits has been recorded as of December 31, 2019 and 2018. Kiva, KUF, KDAF, KIF, and KP are subject to examination by major tax jurisdictions back to 2015.

Functional allocation of expenses

The costs of providing various program services, management and general expenses, and fundraising expenses have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of Kiva.

Accounting for ownership interest in KUF

Though Kiva is the sole member of KUF, a California Limited Liability Company ("LLC"), Kiva has not consolidated KUF's assets and liabilities in these consolidated financial statements. Kiva does not retain the rights, obligations, or benefits typically afforded to a sole member of an LLC and, therefore, has elected to account for its investment in KUF on the equity basis. As of December 31, 2019 and 2018, KUF's equity balance is zero, and therefore no investment in KUF is reflected within these consolidated statements of financial position.

Note 2 - Summary of significant accounting policies (continued)

Accounting for ownership interest in KUF (continued)

KUF's balance sheets consisted of the following:

	December 31,	
	2019	2018
Cash, cash equivalents and restricted cash	$ 67,928,526	$ 76,582,059
Accounts receivable from users	45,337	14,297
Loans receivable:		
Field partners	74,927,718	78,540,157
U.S. Direct	8,099,855	9,276,871
Total assets	$ 151,001,436	$ 164,413,384
Accounts payable to lenders	$ 567,726	$ 563,469
Due to Kiva Microfunds	533,334	975,110
Unsettled loan transactions	102,392,211	103,101,446
Funds held on behalf of lenders	46,642,110	58,626,344
Unredeemed Kiva Cards	866,055	1,147,015
Total liabilities	$ 151,001,436	$ 164,413,384

Change in accounting principle - consolidated statements of cash flows

In 2019, Kiva adopted the provisions of Accounting Standards Update No. 2016-18 (ASU 2016-18), *Statement of Cash Flows* (Topic 230) - *Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change in cash, cash equivalents and restricted cash, rather than solely the change in cash and cash equivalents, as was previously presented by Kiva. This change in accounting principle was adopted retrospectively, with the new guidance applied to both periods presented in these consolidated financial statements. See additional information regarding the impact of this accounting change in Note 4.

New accounting pronouncements not yet adopted

In 2016 and through subsequent amendments, the FASB issued new accounting guidance for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning with January 2022 with early adoption permitted, and must be applied using a modified retrospective approach. Kiva is currently evaluating the impact of adopting this standard on its consolidated financial statements and does not expect to adopt the new guidance earlier than required.

Note 2 - Summary of significant accounting policies (continued)

New accounting pronouncements not yet adopted (continued)

In 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year beginning January 1, 2023. Kiva is currently in the process of evaluating the impact of adoption of this ASU on its consolidated financial statements

Other accounting pronouncements that have been enacted but not yet implemented are not expected to have a material impact on Kiva's consolidated financial statements.

Subsequent events

In preparing its consolidated financial statements, Kiva has evaluated subsequent events through August 7, 2020, which is the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity and availability of resources

The following table reflects Kiva's financial assets as of December 31, 2019, reduced by amounts not available for general expenditures within one year from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year of December 31, 2019 are as follows:

Financial assets:	
Cash, cash equivalents and restricted cash	$ 16,828,098
Pledges and grants receivable	1,463,261
Due from affiliate, net of loan loss reserve	502,921
Donor-advised funds available for microloans	6,515,817
Financial assets, at December 31, 2019	25,310,097
Less:	
Pledges and grants receivable - noncurrent, net of discounts	(923,548)
Due to affiliate	(50,000)
Deferred revenue - noncurrent	(147,778)
Donor-advised funds available for microloans	(2,000,000)
Net assets with donor restrictions	(1,700,000)
Total financial assets and liquidity resources available within one year	$ 20,488,771

Pledges and grants receivable balances with certain donor restrictions that will be satisfied in the ensuing year, and expected to be collected within one year, are included as available for general expenditures. Cash and cash equivalents are available for general expenditures provided that the donor restrictions are also met during the ensuing year.

Note 4 - Cash restricted as to use

Kiva has cash restricted for specific purposes in the amount of $1,999,497 and $2,408,826 at December 31, 2019 and 2018, respectively. At December 31, 2018, Kiva had an additional $500,000 of cash restricted for loan losses related to the note payable with an Institutional Investor (see Note 8).

With the adoption of the guidance in ASU 2016-18 (see Note 2 Change in accounting principle - consolidated statements of cash flows), Kiva retrospectively adjusted the 2018 consolidated statement of cash flows to conform to the 2019 presentation. Net cash provided by operating activities and net increase in cash and cash equivalents, as previously reported, decreased and increased, respectively, by $149,701, which represents the decrease in restricted cash during 2018.

Note 5 - Pledges and grants receivable

Promises to give are scheduled to be realized in the following periods:

	December 31,	
	2019	2018
Less than one year, net of allowance	$ 539,713	$ 859,008
One to five years	971,986	645,783
Less discounts	(48,438)	(50,828)
Total pledges and grants receivable - noncurrent portion, net of discounts	923,548	594,955
Total pledges and grants receivable, net of discounts	$ 1,463,261	$ 1,453,963

Note 6 - Property and equipment

Property and equipment consisted of the following:

	December 31,	
	2019	2018
Leasehold improvements	$ 162,576	$ 164,826
Office furniture and fixtures	125,563	125,563
Computer equipment	1,128,822	1,027,442
	1,416,961	1,317,831
Less: accumulated depreciation and amortization	(1,325,757)	(1,314,744)
	$ 91,204	$ 3,087

Depreciation and amortization expense for property and equipment for the years ended December 31, 2019 and 2018 was $11,014 and $38,867, respectively.

Note 7 - Intangibles

Intangible assets consisted of the following:

	December 31, 2019	December 31, 2018
In-house internet platform software	$ 20,395,527	$ 17,726,808
Domain name	25,000	25,000
	20,420,527	17,751,808
Less: accumulated amortization	(17,493,441)	(16,147,910)
	$ 2,927,086	$ 1,603,898

Amortization expense for the in-house internet platform software was $1,345,531, and $1,291,268 for the years ended December 31, 2019 and 2018, respectively.

The estimated amortization expense relating to the in-house internet platform software for each of the succeeding years is as follows:

Year Ending December 31,	Amount
2020	$ 1,391,502
2021	1,036,373
2022	474,211
	$ 2,902,086

Note 8 - Note payable

In November 2016, KIF signed a definitive agreement with an Institutional Investor for a $10,000,000 note payable. In November 2016, KMF signed a sponsor agreement with the same Institutional Investor in support of KIF's definitive agreement. The proceeds from the loan had been deposited into KUF to provide matching funds to individual borrowers in approximately 60 countries. The principal sum of $10,000,000 was payable in full no later than December 16, 2021, with no prepayment penalty, at an interest rate of 3.3%. The interest for the first three years, $990,000, has been prepaid with restricted purpose funds received from a donor to cover this expense. This loan was repaid in full in September of 2019.

In addition, Kiva Microfunds entered into a separate agreement with a donor that would indemnity up to $500,000 in micro-loan losses over the first three years of the loan term. At the end of the loan term, approximately $330,000 was used to cover micro-loan losses. Per the terms of the agreement, Kiva returned approximately $170,000 to this donor in 2019.

Note 9 - Net assets with donor restrictions

Net assets with donor restrictions were available for the following purposes:

	December 31, 2018	Additions	Released from Restrictions	December 31, 2019
Geographical	$ 734,242	$ 848,597	$ (1,159,368)	$ 423,471
Product innovation	18,119,460	1,666,572	(9,810,038)	9,975,994
Time restricted	2,456,189	23,425	(351,636)	2,127,978
	$ 21,309,891	$ 2,538,594	$ (11,321,042)	$ 12,527,443

	December 31, 2017	Additions	Released from Restrictions	December 31, 2018
Geographical	$ 1,483,886	$ 776,000	$ (1,525,644)	$ 734,242
Product innovation	11,998,294	7,371,552	(1,250,386)	18,119,460
Time restricted	2,140,184	524,523	(208,518)	2,456,189
	$ 15,622,364	$ 8,672,075	$ (2,984,548)	$ 21,309,891

Note 10 - Commitments

Lease agreements

In November 2011, Kiva entered into an operating lease agreement for office space in San Francisco, California which was due to expire in March 2017. In January of 2017, the lease was extended to March 2020. The lease agreement calls for minimum monthly lease payments beginning at $96,554 with escalating rent payments beginning in April 2018, and increasing annually thereafter. Kiva records rent expense on a straight-line basis, and has recorded a deferred rent liability of $8,860 and $35,356 as of December 31, 2019 and 2018, respectively. This lease was terminated in March of 2020.

In January of 2020, Kiva entered into an operating lease agreement for a new office space in San Francisco. The lease term is for five years and the lease agreement calls for minimum monthly lease payments beginning at $40,102 with escalating rent payments beginning in March 2020, and increasing annually thereafter.

In April 2017, Kiva entered into a new operating lease agreement for office space in Nairobi, Kenya which was due to expire in March 2020. This lease has been extended to March 2022. Kiva records rent expense on a straight-line basis, and has recorded no deferred rent liability for this lease as of December 31, 2019.

Note 10 - Commitments (continued)

Lease agreements (continued)

Future minimum lease payments required under the non-cancellable facility leases are as follows:

Year Ending December 31,	Amount
2020	$ 703,280
2021	506,930
2022	512,608
2023	523,290
2024	538,968
2025	90,270
	$ 2,875,346

Rent expense, which includes Kiva's portion of common area expenses, amounted to $1,544,700 and $1,355,549 for the years ended December 31, 2019 and 2018, respectively.

Note 11 - Related-party transactions and amounts due from affiliate

Amounts due from affiliate consist of interest income, online donations and contributions contractually required by a donor to be deployed for microloans. For the year ended December 31, 2018, this also includes $10,000,000 of funds provided by the note payable with the Institutional Investor. Amounts are scheduled to be received in the following periods:

	December 31, 2019	December 31, 2018
Less than one year, net of loan loss reserve	$ 502,921	$ 10,705,280
Noncurrent portion, net of loan loss reserve and discount	-	199,857
Total due from affiliate	$ 502,921	$ 10,905,137

Kiva contracted with one current Board member in an executive level advisory role. The contract calls for payment of monthly fees. The agreement is reviewed and renewed by the Board on an annual basis. Kiva incurred approximately $137,000 and $83,000, under this contract during the years ended December 31, 2019 and 2018, respectively.

Note 12 - Employee retirement plan

Kiva has a defined contribution 401(k) plan (the "Plan") for employees who meet certain service and eligibility requirements. Each eligible employee may elect to contribute to the Plan, and Kiva may make matching and/or discretionary contributions. All matching and/or discretionary contribution amounts fully vest when funded. During the years ended December 31, 2019 and 2018, matching and discretionary contributions of $265,813 and $216,547, respectively, were made to the Plan.

Note 13 - KIVA User Funds LLC bank accounts

As discussed in Note 1, KUF maintains FBO accounts, which are held separate and apart from the operational funds accounts of Kiva. Kiva is entitled to the interest earned on the funds held in the FBO accounts, pursuant to the binding terms of use with individual users at the time a user account is established. Kiva is also entitled to the auto-converted donations from Kiva Cards and auto-converted user account balance held in these accounts, and online donations intended for Kiva that are processed from these accounts.

Interest income, donations from auto-converted Kiva Cards and user accounts, and online donations disbursed from these bank accounts for the years ended December 31, 2019 and 2018 are as follows:

	December 31,	
	2019	2018
Interest income	$ 60,174	$ 60,078
Auto-converted Kiva Cards	$ 558,300	$ 551,090
Auto-converted user accounts	$ 1,674,374	$ 1,520,888
Online donations	$ 10,136,619	$ 8,586,154

Note 14 - Concentrations, risk and uncertainties

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject Kiva to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and pledges and grants receivable.

Kiva maintains its cash and cash equivalents and investment accounts with high-credit, quality financial institutions. Kiva believes its credit policies do not result in significant adverse risk, and historically has not experienced significant credit-related losses.

During the year ended December 31, 2019, Kiva had no significant grantor that represented more than 10% of total revenue and support. During the year ended December 31, 2018, Kiva had one significant grantors that represented 22% of total revenue and support.

At December 31, 2019, Kiva had outstanding receivables from two grantors representing 12%, and 11% of pledges and grants receivable, respectively. At December 31, 2018, Kiva had outstanding amounts due from three grantors that represented 27%, 13% and 13% of pledges and grants receivable, respectively.

As of March 2020, domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The extent of the impact of COVID-19 on the Kiva's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Kiva's funders, partners, and employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact Kiva's financial condition or results of operations is uncertain. Kiva received a Paycheck Protection Program (PPP) loan in April 2020, approximating $2,300,000, which may be forgiven if spent on qualifying expenses during the covered period. The loan amount that is not forgiven will be payable within 2 years from the date of determination of loan forgiveness. Management believes that Kiva will be able to apply for forgiveness of the entire loan amount.

Note 15 - In-kind contributions

In-kind contributions consisted of the following:

	December 31, 2019	December 31, 2018
Bank fees	$ 1,448,366	$ 1,347,955
Legal	100,000	275,079
Marketing and communication	46,568	106,327
Software subscriptions	-	165,600
Consultants	3,200	-
	$ 1,598,134	$ 1,894,961

Note 16 - Contingency

On December 9, 2018, KP, upon receiving a $5,000,000 grant, entered into a convertible support agreement with the grantor. The conversion feature within this support agreement provides an option for the grantor to convert up to the full amount of the funds granted, into equity securities upon a “qualified financing” event occurring within five (5) years of the grant date. At December 31, 2019, and through the date that the consolidated financial statements were available to be issued, no qualified financing event has occurred.

Note 17 - Reclassifications

Certain reclassifications have been made to the December 31, 2018 consolidated financial statements to conform to the December 31, 2019 consolidated financial statement presentation. Such reclassifications had no effect on changes in net assets.

SUPPLEMENTARY INFORMATION

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2019

Assets

	Kiva Microfunds	Kiva-DAF, LLC	Kiva Protocol, LLC	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	$ 9,832,277	$ -	$ 4,996,324	$ -	$ 14,828,601
Cash restricted as to use	1,999,497	-	-	-	1,999,497
Pledges and grants receivable, net of allowance	474,193	65,520	-	-	539,713
Due from affiliates, net of loan loss reserve	2,847,575	-	-	(2,344,654)	502,921
Prepaid expenses and other assets	753,092	-	-	-	753,092
Total current assets	15,906,634	65,520	4,996,324	(2,344,654)	18,623,824
Property and equipment, net of accumulated depreciation and amortization	91,204	-	-	-	91,204
Intangible assets, net of accumulated amortization	2,927,086	-	-	-	2,927,086
Other assets:					
Pledges and grants receivable, less current portion and net of discounts	923,548	-	-	-	923,548
Kiva-DAF, LLC:			-		
Donor-advised funds for microloans	-	6,515,817	-	-	6,515,817
Deposits	183,995	-	-	-	183,995
Total other assets	1,107,543	6,515,817	-	-	7,623,360
Total assets	$ 20,032,467	$ 6,581,337	$ 4,996,324	$ (2,344,654)	$ 29,265,474

See accompanying independent auditor’s report and notes to consolidated financial statements.

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

December 31, 2019

Liabilities and Net Assets/Member's Deficit

	Kiva Microfunds	Kiva-DAF, LLC	Kiva Protocol, LLC	Eliminations	Consolidated
Current liabilities:					
Accounts payable	$ 1,049,512	$ -	$ -	$ -	$ 1,049,512
Accrued expenses	1,887,351	275	-	-	1,887,626
Due to affiliate	-	50,000	2,344,654	(2,344,654)	50,000
Deferred revenue	1,074,072	-	-	-	1,074,072
Total current liabilities	4,010,935	50,275	2,344,654	(2,344,654)	4,061,210
Deferred rent obligation	8,860	-	-	-	8,860
Deferred revenue	147,778	-	-	-	147,778
Total liabilities	4,167,573	50,275	2,344,654	(2,344,654)	4,217,848
Net assets/(member's deficit):					
Without donor restrictions/(member's deficit)	12,527,456	(7,273)	-	-	12,520,183
With donor restrictions	3,337,438	6,538,335	2,651,670	-	12,527,443
Total net assets/(member's deficit)	15,864,894	6,531,062	2,651,670	-	25,047,626
Total liabilities and net assets/(member's deficit)	$ 20,032,467	$ 6,581,337	$ 4,996,324	$ (2,344,654)	$ 29,265,474

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

	Kiva Microfunds			Kiva-DAF, LLC			Kiva Impact Funds, LLC			Kiva Protocol, LLC			Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:																
Online donations	$ 10,136,619	$ -	$ 10,136,619	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,136,619	$ -	$ 10,136,619
Auto-converted Kiva Cards	558,300	-	558,300	-	-	-	-	-	-	-	-	-	-	558,300	-	558,300
Auto-converted user accounts	1,674,374	-	1,674,374	-	-	-	-	-	-	-	-	-	-	1,674,374	-	1,674,374
Foundation contributions	388,602	1,322,083	1,710,685	-	-	-	-	-	-	-	-	-	-	388,602	1,322,083	1,710,685
Corporate contributions	315,314	572,601	887,915	-	605,651	605,651	-	-	-	-	-	-	-	315,314	1,178,252	1,493,566
Individual contributions	1,213,327	38,259	1,251,586	-	-	-	-	-	-	-	-	-	-	1,213,327	38,259	1,251,586
Operating fee/fee-for-service	11,544,622	-	11,544,622	-	-	-	-	-	-	-	-	-	(8,657,247)	2,887,375	-	2,887,375
Net investment income	196,160	-	196,160	-	-	-	-	-	-	-	-	-	-	196,160	-	196,160
Currency and KDAF loan loss	(16,553)	-	(16,553)	(305,295)	-	(305,295)	-	-	-	-	-	-	-	(321,848)	-	(321,848)
Other (losses) income, net	(293,657)	-	(293,657)	-	-	-	(4,142)	-	(4,142)	-	-	-	322,042	24,243	-	24,243
Net assets released from restrictions	2,330,838	(2,330,838)	-	6,641,889	(6,641,889)	-	-	-	-	2,348,315	(2,348,315)	-	-	11,321,042	(11,321,042)	-
Total revenue and support	28,047,946	(397,895)	27,650,051	6,336,594	(6,036,238)	300,356	(4,142)	-	(4,142)	2,348,315	(2,348,315)	-	(8,335,205)	28,393,508	(8,782,448)	19,611,060
In-kind donations:																
In-kind support	1,598,134	-	1,598,134	-	-	-	-	-	-	-	-	-	-	1,598,134	-	1,598,134
Total in-kind donations	1,598,134	-	1,598,134	-	-	-	-	-	-	-	-	-	-	1,598,134	-	1,598,134
Total revenue and support, including in-kind donations	29,646,080	(397,895)	29,248,185	6,336,594	(6,036,238)	300,356	(4,142)	-	(4,142)	2,348,315	(2,348,315)	-	(8,335,205)	29,991,642	(8,782,448)	21,209,194
Functional expenses:																
Program services	21,192,119	-	21,192,119	6,336,594	-	6,336,594	317,900	-	317,900	2,344,654	-	2,344,654	(8,657,247)	21,534,020	-	21,534,020
Management and general	4,508,655	-	4,508,655	-	-	-	-	-	-	3,661	-	3,661	-	4,512,316	-	4,512,316
Fundraising	2,256,810	-	2,256,810	-	-	-	-	-	-	-	-	-	-	2,256,810	-	2,256,810
Total functional expenses	27,957,584	-	27,957,584	6,336,594	-	6,336,594	317,900	-	317,900	2,348,315	-	2,348,315	(8,657,247)	28,303,146	-	28,303,146
Change in net assets	1,688,496	(397,895)	1,290,601	-	(6,036,238)	(6,036,238)	(322,042)	-	(322,042)	-	(2,348,315)	(2,348,315)	322,042	1,688,496	(8,782,448)	(7,093,952)
Net assets/member's equity (deficit):																
Beginning of year	10,838,960	3,735,333	14,574,293	(7,273)	12,574,573	12,567,300	322,042	-	322,042	-	4,999,985	4,999,985	(322,042)	10,831,687	21,309,891	32,141,578
End of year	$ 12,527,456	$ 3,337,438	$ 15,864,894	$ (7,273)	$ 6,538,335	$ 6,531,062	$ -	$ -	$ -	$ -	$ 2,651,670	$ 2,651,670	$ -	$ 12,520,183	$ 12,527,443	$ 25,047,626

See accompanying independent auditor's report and notes to consolidated financial statements.

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

	Kiva Microfunds	Kiva-DAF, LLC	Kiva Impact Funds, LLC	Kiva Protocol, LLC	Eliminations	Consolidated
Cash flows from operating activities:						
Change in net assets	$ 1,290,601	$ (6,036,238)	$ (322,042)	$ (2,348,315)	$ 322,042	$ (7,093,952)
Adjustments to reconcile change in net assets to net cash provided (used in) by operating activities:						
Depreciation and amortization	1,356,545	-	-	-	-	1,356,545
Loss on disposal of property and equipment	2,250					2,250
Loss from investment in KIF	322,042	-	-	-	(322,042)	-
Non-cash contributions of marketable securities	(14,113)	-	-	-	-	(14,113)
Proceeds from sales of contributed marketable securities	14,113	-	-	-	-	14,113
Changes in operating assets and liabilities:						
Pledges and grants receivable, net of allowance and discounts	(332,627)	323,329	-	-	-	(9,298)
Due from affiliates, net of loan loss reserve	(1,436,023)	-	-	-	1,838,239	402,216
Prepaid expenses, other assets, and deposits	117,462	13,652	317,900	-	(13,652)	435,362
Accounts payable	415,135	-	-	-	-	415,135
Accrued expenses	394,527	275	-	-	-	394,802
Due to affiliate	-	49,750	(506,165)	2,344,654	(1,838,239)	50,000
Deferred revenue	(718,762)	-	-	-	13,652	(705,110)
Deferred rent obligation	(26,496)	-	-	-	-	(26,496)
Net cash provided by (used in) operating activities	1,384,654	(5,649,232)	(510,307)	(3,661)	-	(4,778,546)
Cash flows from investing activities:						
Proceeds from sale of investments	6,857	-	-	-	-	6,857
Purchase of property and equipment	(101,381)	-	-	-	-	(101,381)
Increase in donor-advised funds for microloans, net of repayments	-	5,649,232	-	-	-	5,649,232
Capitalization of website and internet platform software development costs	(2,668,719)	-	-	-	-	(2,668,719)
Net cash (used in) provided by investing activities	(2,763,243)	5,649,232	-	-	-	2,885,989
Net decrease in cash, cash equivalents and restricted cash	(1,378,589)	-	(510,307)	(3,661)	-	(1,892,557)
Cash, cash equivalents and restricted cash, beginning of year	13,210,363	-	510,307	4,999,985	-	18,720,655
Cash, cash equivalents and restricted cash, end of year	$ 11,831,774	$ -	$ -	$ 4,996,324	$ -	$ 16,828,098

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)

Year Ended December 31, 2019

	Kiva Microfunds	Kiva-DAF, LLC	Kiva Impact Funds, LLC	Kiva Protocol, LLC	Eliminations	Consolidated
Reconciliation of cash, cash equivalents and restricted cash with amounts reported on the consolidating statements of financial position:						
Cash and cash equivalents	$ 9,832,277	$ -	$ -	$ 4,996,324	$ -	$ 14,828,601
Cash restricted as to use	1,999,497	-	-	-	-	1,999,497
	$ 11,831,774	$ -	$ -	$ 4,996,324	$ -	$ 16,828,098
Cash paid during the year:						
Franchise taxes	$ 20,190	$ -	$ -	$ -	$ -	$ 20,190