



**KIVA MICROFUNDS AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Kiva Microfunds and Subsidiaries, (collectively "Kiva"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 U.S. generally accepted auditing standards. 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 Subsidiaries as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2016 consolidated financial statements as a whole. The consolidating statement of financial position as of December 31, 2016, and the related consolidating statements of activities and cash flows for the year then ended (pages 21-23) are presented for purposes of additional analysis and are not a required part of the 2016 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 2016 consolidated financial statements. The information for 2016 has been subjected to the auditing procedures applied in the audit of the 2016 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 2016 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the consolidated information is fairly stated in all material respects in relation to the 2016 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Abbott, Shingler & Lynch". The signature is written in a cursive, flowing style.

May 12, 2017

**KIVA MICROFUNDS AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**Assets**

	December 31,	
	2016	2015
Current assets:		
Cash and cash equivalents	\$ 9,398,205	\$ 7,509,058
Cash restricted as to use	889,287	152,877
Investments	2,504,918	4,626,016
Pledges and grants receivable	202,060	667,818
Due from affiliate	873,538	486,127
Beneficial interest in trusts	140,000	165,766
Prepaid expenses and other assets	1,524,063	565,613
Total current assets	15,532,071	14,173,275
Property and equipment, net of accumulated depreciation and amortization	2,406,071	3,089,161
Other assets:		
Pledges and grants receivable, less current portion and net of discounts	1,119,086	1,835,399
Due from affiliate, net of loan loss reserve and discount	10,483,746	477,491
Temporarily restricted assets - Kiva-DAF, LLC:		
Donor-advised funds for microloans	10,143,080	8,975,983
Intangible asset	25,000	25,000
Deposits	57,428	56,927
Total other assets	21,828,340	11,370,800
Total assets	\$ 39,766,482	\$ 28,633,236

**Liabilities and Net Assets**

Current liabilities:		
Accounts payable	\$ 415,091	\$ 343,732
Accrued expenses	887,567	757,161
Deferred revenue	706,950	-
Other current liabilities	41,736	37,287
Total current liabilities	2,051,344	1,138,180
Deferred rent obligation	18,259	105,217
Note payable	10,000,000	-
Net assets:		
Unrestricted net assets	13,063,021	12,812,405
Temporarily restricted	14,633,858	14,577,434
Total net assets	27,696,879	27,389,839
Total liabilities and net assets	\$ 39,766,482	\$ 28,633,236

## KIVA MICROFUNDS AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended December 31,					
	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Online donations	\$ 8,431,532	\$ -	\$ 8,431,532	\$ 8,287,055	\$ -	\$ 8,287,055
Auto-converted Kiva Cards	876,015	-	876,015	852,870	-	852,870
Auto-converted user accounts	1,284,935	-	1,284,935	971,280	-	971,280
Foundation contributions	753,687	912,974	1,666,661	319,737	3,079,413	3,399,150
Corporate contributions	655,303	2,513,795	3,169,098	295,435	4,508,226	4,803,661
Individual contributions	56,257	651,691	707,948	845,095	416,314	1,261,409
Fee for service revenue	934,623	-	934,623	-	-	-
Interest income	116,184	-	116,184	47,115	-	47,115
Net unrealized and realized gain (loss) on investments	1,479	-	1,479	(1,320)	-	(1,320)
Currency and KDAF loan losses	(96,468)	-	(96,468)	(167,997)	-	(167,997)
Other income, net	22,436	-	22,436	4,401	-	4,401
Net assets released from restrictions	4,022,036	(4,022,036)	-	3,984,754	(3,984,754)	-
Total revenue and support	<u>17,058,019</u>	<u>56,424</u>	<u>17,114,443</u>	<u>15,438,425</u>	<u>4,019,199</u>	<u>19,457,624</u>
In-kind donations:						
Technology and equipment	-	-	-	204,339	-	204,339
Services	1,943,941	-	1,943,941	1,832,046	-	1,832,046
Total in-kind donations	<u>1,943,941</u>	<u>-</u>	<u>1,943,941</u>	<u>2,036,385</u>	<u>-</u>	<u>2,036,385</u>
Total revenue and support including in-kind donations	<u>19,001,960</u>	<u>56,424</u>	<u>19,058,384</u>	<u>17,474,810</u>	<u>4,019,199</u>	<u>21,494,009</u>
Functional expenses:						
Program services	14,845,969	-	14,845,969	14,217,673	-	14,217,673
Management and general	2,646,027	-	2,646,027	2,231,186	-	2,231,186
Fundraising	1,259,348	-	1,259,348	1,197,884	-	1,197,884
Total functional expenses	<u>18,751,344</u>	<u>-</u>	<u>18,751,344</u>	<u>17,646,743</u>	<u>-</u>	<u>17,646,743</u>
Change in net assets	250,616	56,424	307,040	(171,933)	4,019,199	3,847,266
Net assets, beginning of year	<u>12,812,405</u>	<u>14,577,434</u>	<u>27,389,839</u>	<u>12,984,338</u>	<u>10,558,235</u>	<u>23,542,573</u>
Net assets, end of year	<u>\$ 13,063,021</u>	<u>\$ 14,633,858</u>	<u>\$ 27,696,879</u>	<u>\$ 12,812,405</u>	<u>\$ 14,577,434</u>	<u>\$ 27,389,839</u>

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

**KIVA MICROFUNDS AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended December 31,							
	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel expenses:								
Salaries	\$ 6,844,009	\$ 814,389	\$ 708,559	\$ 8,366,957	\$ 6,095,089	\$ 580,748	\$ 599,765	\$ 7,275,602
Payroll taxes	656,021	69,576	60,521	786,118	661,475	57,169	58,706	777,350
Benefits	1,143,572	183,053	119,168	1,445,793	1,128,378	156,814	111,761	1,396,953
<b>Total personnel expenses</b>	<b>8,643,602</b>	<b>1,067,018</b>	<b>888,248</b>	<b>10,598,868</b>	<b>7,884,942</b>	<b>794,731</b>	<b>770,232</b>	<b>9,449,905</b>
Other functional expenses:								
Depreciation and amortization	1,721,922	212,587	185,103	2,119,612	2,064,997	203,908	212,133	2,481,038
In-kind expenses	1,837,618	114,143	174	1,951,935	1,762,908	142,844	2,174	1,907,926
Contractors	494,570	442,231	-	936,801	272,827	383,799	1,874	658,500
Occupancy	568,250	79,596	56,136	703,982	609,909	77,292	57,875	745,076
Information technology	431,356	125,729	41,607	598,692	316,432	99,177	27,430	443,039
Marketing and communications	385,425	-	1,055	386,480	391,663	-	17,215	408,878
Professional fees	17,736	368,269	370	386,375	17,660	291,703	1,236	310,599
Travel, conferences, and meetings	266,128	8,615	62,421	337,164	266,650	12,123	70,381	349,154
Insurance	96,301	17,402	10,149	123,852	100,304	6,999	9,771	117,074
Staff development	34,778	86,384	1,516	122,678	38,051	98,288	236	136,575
Portfolio related expenses	105,198	232	-	105,430	137,989	-	-	137,989
Office expense	47,428	43,582	3,632	94,642	38,327	39,411	2,005	79,743
External events	90,897	-	899	91,796	164,837	-	21,224	186,061
Other expenses	58,481	8,682	3,736	70,899	59,027	5,332	425	64,784
Bank fees	2,541	63,546	19	66,106	7,706	71,856	10	79,572
Phones and internet	29,988	8,011	4,283	42,282	40,004	3,723	3,663	47,390
Interest expense	13,750	-	-	13,750	43,440	-	-	43,440
<b>Total other functional expenses</b>	<b>6,202,367</b>	<b>1,579,009</b>	<b>371,100</b>	<b>8,152,476</b>	<b>6,332,731</b>	<b>1,436,455</b>	<b>427,652</b>	<b>8,196,838</b>
<b>Total functional expenses</b>	<b>\$ 14,845,969</b>	<b>\$ 2,646,027</b>	<b>\$ 1,259,348</b>	<b>\$ 18,751,344</b>	<b>\$ 14,217,673</b>	<b>\$ 2,231,186</b>	<b>\$ 1,197,884</b>	<b>\$ 17,646,743</b>

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

## KIVA MICROFUNDS AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

	Year Ended December 31,	
	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 307,040	\$ 3,847,266
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,119,612	2,481,038
Net unrealized and realized (gain) loss on investments	(1,479)	1,320
In-kind contribution of equipment	-	(204,283)
Loss on disposal of equipment	6,633	-
Changes in operating assets and liabilities:		
Cash restricted as to use	(736,410)	(103)
Funds held in trust	-	18,889
Pledges and grants receivable, net of discounts	1,182,071	(2,031,949)
Due from affiliate	(10,348,234)	(513,065)
Beneficial interest in trusts	25,766	254,234
Prepaid expenses, other assets and deposits	(958,951)	10,832
Accounts payable	71,359	82,891
Accrued expenses	130,406	(3,090)
Deferred revenue	706,950	-
Other current liabilities	4,449	10,405
Deferred rent obligation	(86,958)	(57,971)
Net cash (used in) provided by operating activities	(7,577,746)	3,896,414
Cash flows from investing activities:		
Purchases of investments	(8,377,423)	(9,501,544)
Proceeds from sale of investments	10,500,000	8,950,994
Increase in donor-advised funds for microloans, net of repayments	(1,212,529)	(1,439,554)
Purchases of property and equipment	(2,003)	(10,364)
Capitalization of website and internet platform software development costs	(1,441,152)	(1,981,194)
Net cash used in investing activities	(533,107)	(3,981,662)
Cash flows from financing activities:		
Proceeds from note payable	10,000,000	-
Net cash provided by financing activities	10,000,000	-
Net increase (decrease) in cash and cash equivalents	1,889,147	(85,248)
Cash and cash equivalents, beginning of year	7,509,058	7,594,306
Cash and cash equivalents, end of year	\$ 9,398,205	\$ 7,509,058
Supplemental cash flows information:		
Non-cash investing activities:		
In-kind contribution of equipment	\$ -	\$ 204,283

See accompanying independent auditor's report and notes to consolidated financial statements. 7

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 1 - Nature of operations

Kiva Microfunds (referred hereinafter as "Kiva") is a nonprofit, tax-exempt organization founded in 2005 to connect people through lending for the sake of alleviating poverty and creating opportunity. Kiva empowers individuals to lend to low-income borrowers around the world. Kiva partners with approximately 300 active global Microfinance Institutions ("MFIs") and other socially minded organizations and enterprises in eighty-eight (88) 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 US \$907 million in loans from lenders through the website. 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 user 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 microloan 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.



# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 1 - Nature of operations (continued)

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 is managed by Kiva. Direct maintains separate bank accounts from Kiva and KUF. As of December 31, 2016, approximately 13,000 Direct loans with a value of approximately \$18 million had been funded since inception. As of December 31, 2015, approximately 12,000 Direct loans with a value of approximately \$11.2 million had been funded since inception.

In July 2016, Kiva Impact Funds, LLC (referred hereinafter as "KIF") a single member Delaware Limited Liability Company, was established to hold loans or funds received from an Institutional Investor. These funds have been passed on to an account in KUF to facilitate a specified managed lending program.

### Note 2 - Summary of significant accounting policies

#### Principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of Kiva Microfunds, Kiva-DAF, LLC, and Kiva Impact Funds, 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 U.S. generally accepted accounting principles.

#### Financial statement presentation

The accompanying consolidated financial statements include statements of financial position that present the amounts for each of the three classes of net assets: unrestricted, temporarily restricted and permanently restricted. These net assets are classified based on the existence or absence of donor-imposed restrictions and statements of activities that reflect the changes in those categories of net assets.

*Unrestricted net assets* - are neither permanently restricted nor temporarily restricted by donor imposed stipulations. The only limits on unrestricted net assets are broad limits resulting from the nature of Kiva and the purposes specified in its articles of incorporation or bylaws.

*Temporarily restricted net assets* - result from contributions and other inflows of assets whose use by Kiva is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of Kiva pursuant to those stipulations.

*Permanently restricted net assets* - result from contributions and other inflows of assets whose use by Kiva is permanently restricted by the donor, which require the assets to be maintained in perpetuity but permit the organization to expend all or part of the income derived from the donated assets. At December 31, 2016 and 2015, Kiva had no permanently restricted net assets.

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 2 - Summary of significant accounting policies (continued)

#### Use of estimates

The preparation of consolidated 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 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, 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 a 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 rate of approximately 1.93% and 1.75% for each of the years ended December 31, 2016 and 2015, respectively, to record the discount.

#### 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, 2016 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. These fee rates range from 3% - 10%. The operating fee revenue and corresponding expense are eliminated upon consolidation.

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 2 - Summary of significant accounting policies (continued)

#### Revenue recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support 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 temporarily restricted support are then reclassified to unrestricted net assets upon expiration of the restriction, usually when the funds are spent. Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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.

Fee for service revenue relates to Kiva's efforts in introducing product innovations and increasing the capacity of social enterprises, all detailed in service contracts with third parties. Deferred revenue represents amounts received in advance for these services to be performed in the future.

Distributions made to Kiva from KDAF are eliminated upon consolidation. For December 31, 2016 and 2015, KDAF distributed approximately \$12,000 and \$134,000 to Kiva, respectively.

#### 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 unrestricted net assets unless their use has been temporarily restricted by donors.

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 2 - Summary of significant accounting policies (continued)

#### 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. 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 unrestricted support unless the donor stipulates specifically how the donated asset must be used.

Kiva develops and maintains in-house internet platform software to enable lending and other on-line donation activities. Personnel costs including payroll taxes, workers compensation, and benefit allocations 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 spent and is evaluated on a quarterly basis.

#### Intangible asset

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, 2016, has recorded no amortization.

#### 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. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

#### 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 provisions for income taxes or related credits are included in these financial statements.

KUF, KDAF and KIF are single member LLCs and are disregarded for Federal income tax purposes. Under California law, KUF, KDAF and KIF 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, 2016 and 2015. Kiva, KUF, KDAF and KIF are subject to examination by a major tax jurisdiction back to 2012.

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 2 - Summary of significant accounting policies (continued)

#### 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 program and supporting services provided. 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, 2016 and 2015, KUF's equity balance is zero, and therefore no investment in KUF is reflected within the consolidated statements of financial position of Kiva.

KUF's balance sheets consisted of the following:

	December 31,	
	2016	2015
Cash and cash equivalents	\$ 28,128,952	\$ 62,207,059
Certificates of deposit	42,082,849	-
Accounts receivable from users	21,255	40,482
Loans receivable:		
Field partners	79,454,545	74,251,651
Direct - Zip U.S.	7,794,103	5,059,004
Total assets	<u>\$ 157,481,704</u>	<u>\$ 141,558,196</u>
Accounts payable to lenders	\$ 403,955	\$ 289,965
Due to Kiva Microfunds	1,373,538	986,127
Unsettled loan transactions	103,399,053	96,234,431
Funds held on behalf of lenders	51,103,726	42,512,238
Unredeemed Kiva Cards	1,201,432	1,535,435
Total liabilities	<u>\$ 157,481,704</u>	<u>\$ 141,558,196</u>

#### Subsequent events

In preparing its consolidated financial statements, Kiva has evaluated subsequent events through May 12, 2017, which is the date the consolidated financial statements were available to be issued.

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 3 - Cash restricted as to use

Cash restricted as to use represents segregated funds in the amount of \$152,969 and \$152,877 at December 31, 2016 and 2015, respectively, to support a letter of credit issued on July 28, 2011 related to the operating lease agreement for the main office. In addition at December 31, 2016, Kiva has \$500,000 of restricted cash for loan losses related to the note payable with an Institutional Investor (see Note 8), with \$236,318 restricted for other purposes.

### Note 4 - Investments

Investments consisted of the following:

	December 31,	
	2016	2015
Certificates of deposit	\$ 2,503,318	\$ 4,626,016
Equity securities	1,600	-
	\$ 2,504,918	\$ 4,626,016

Unrestricted investment income (loss) generated from Kiva's investments is comprised of the following:

	Year Ended December 31,	
	2016	2015
Dividends and interest income	\$ 17,389	\$ 14,043
Net realized and unrealized gain (loss)	1,479	(1,320)
	\$ 18,868	\$ 12,723

### Note 5 - Pledges and grants receivable

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

	December 31,	
	2016	2015
Less than one year	\$ 202,060	\$ 667,818
One to five years	1,136,276	1,837,156
Less discounts	(17,190)	(1,757)
Total pledges and grants receivable - noncurrent portion, net of discounts	1,119,086	1,835,399
Total pledges and grants receivable, net of discounts	\$ 1,321,146	\$ 2,503,217

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 6 - Beneficial interest in trusts

Kiva is the beneficiary of two trusts where a third party serves as trustee. Under the terms of each trust, Kiva is entitled to 14% and 10%, respectively, of the principal and interest distributions made by the trusts. During 2015, Kiva was informed by the trustee that both trusts will be making distributions of principal and interest in 2016 or 2017. Based on the total assets held in each trust as of December 31, 2015, Kiva estimated the expected 2016 distributions to total \$140,000, and this amount is reflected as a beneficial interest in trusts in Kiva's consolidated statements of financial position.

Kiva is also a beneficiary of a revocable trust where a third party serves as trustee. As of May 2014, the trust became irrevocable due to the death of the grantor. Under the terms of this trust, Kiva is entitled to 6% of the principal and interest distributions made by the trust. However, the trust assets are currently under the custody of the California Probate Court. The value of Kiva's interest in this trust is not readily determinable, and is not reflected in Kiva's consolidated statements of financial position as of December 31, 2016 or 2015.

### Note 7 - Property and equipment

Property and equipment consisted of the following:

	December 31,	
	2016	2015
Leasehold improvements	\$ 162,575	\$ 173,949
Office furniture and fixtures	125,563	125,563
Computer equipment	1,027,442	1,025,463
Website and internet platform software development costs	<u>15,541,697</u>	<u>14,100,544</u>
	16,857,277	15,425,519
Less accumulated depreciation and amortization	<u>(14,451,206)</u>	<u>(12,336,358)</u>
	<u>\$ 2,406,071</u>	<u>\$ 3,089,161</u>

Depreciation and amortization expense for the years ended December 31, 2016 and 2015 was \$2,119,612 and \$2,481,038, respectively.

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### 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 have been deposited into KUF to provide matching funds to individual borrowers in approximately 60 countries. The principal sum of \$10,000,000 is 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 the interest costs. If the loan remains outstanding beyond December 2019, the last two years of interest, or \$660,000 would be payable on February 15, 2020.

In addition, Kiva Microfunds entered into a separate agreement with a donor that would cover up to \$500,000 in micro-loan losses over the first three years of the loan term. The amount is currently recorded as cash restricted to use (See Note 3). If Kiva cannot secure additional funding to cover the interest and potential micro-loan losses for years four and five of the loan term the loan will be repaid in full in December 2019.

### Note 9 - Temporarily restricted net assets

Temporarily restricted net assets were available for the following purposes:

	December 31, 2015	Additions	Released from Restrictions	December 31, 2016
Geographical	\$ 1,740,427	\$ 2,239,000	\$ (1,683,042)	\$ 2,296,385
Product innovation	9,841,464	1,667,545	(985,736)	10,523,273
Time restricted	2,995,543	171,915	(1,353,258)	1,814,200
	<u>\$ 14,577,434</u>	<u>\$ 4,078,460</u>	<u>\$ (4,022,036)</u>	<u>\$ 14,633,858</u>
	December 31, 2014	Additions	Released from Restrictions	December 31, 2015
Geographical	\$ 772,271	\$ 2,393,000	\$ (1,424,844)	\$ 1,740,427
Product innovation	8,760,523	3,209,226	(2,128,285)	9,841,464
Time restricted	1,025,441	2,401,727	(431,625)	2,995,543
	<u>\$ 10,558,235</u>	<u>\$ 8,003,953</u>	<u>\$ (3,984,754)</u>	<u>\$ 14,577,434</u>



# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 10 - Commitments and contingencies

#### 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 \$43,307, and includes five months of rent abatement along with escalating rent payments beginning in December 2012, and increasing annually thereafter. Kiva records rent expense on a straight-line basis, and has recorded a deferred rent liability of \$18,259 and \$91,298 for this lease, as of December 31, 2016 and 2015, respectively.

In November 2012, Kiva entered into an operating lease agreement for office space in Nairobi, Kenya which expires in November 2018. Kiva terminated the lease agreement as of March 2016, and is not liable for any additional lease payments. Kiva records rent expense on a straight-line basis, and has recorded no deferred rent liability for this lease as of December 31, 2016. Deferred rent liability was \$13,919 as of December 31, 2015.

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

<u>Years Ending December 31,</u>	<u>Amount</u>
2017	\$ 1,015,950
2018	1,184,722
2019	1,220,248
2020	<u>307,298</u>
	<u>\$ 3,728,218</u>

Rent expense, which includes Kiva's portion of common area expenses, amounted to \$572,459 and \$578,320 for the years ended December 31, 2016 and 2015, respectively.

### Note 11 - 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.

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 11 - Fair value measurements (continued)

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 the Organization's statements of financial position include cash and cash equivalents and certificates of deposit. The carrying amount of these instruments approximates their fair values.

### Note 12 - 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 through the end of 2017, and the \$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,	
	2016	2015
Less than one year	\$ 873,538	\$ 486,127
One to five years	10,500,000	500,000
Less: Reserve for loan losses	(10,000)	(10,000)
Discount	(6,254)	(12,509)
Total due from affiliate - noncurrent portion, net of loan loss reserve and discount	10,483,746	477,491
Total due from affiliate	\$ 11,357,284	\$ 963,618

# KIVA MICROFUNDS AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2016 and 2015

### Note 13 - Employee retirement plan

Kiva has a 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 amounts fully vest upon contribution. During the years ended December 31, 2016 and 2015, matching and discretionary contributions of \$307,477 and \$256,221, respectively, were made to the Plan.

### Note 14 - 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 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 online donations disbursed from these bank accounts for the years ended December 31, 2016 and 2015 are as follows:

	December 31,	
	2016	2015
Interest income	\$ 98,794	\$ 33,071
Auto-converted Kiva Cards	\$ 876,015	\$ 852,870
Auto-converted user accounts	\$ 1,284,935	\$ 971,280
Online donations	\$ 8,431,532	\$ 8,287,055

### Note 15 - Concentrations

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 years ended December 31, 2016 and 2015, Kiva did not have a significant grantor that represented more than 10% of total revenue and support. At December 31, 2016, Kiva had outstanding receivables from two grantors that represented 40% and 15% of pledges and grants receivable. At December 31, 2015, Kiva had outstanding receivables from three grantors representing 21%, 20% and 15% of pledges and grants receivable.

Pledges and grants receivable represent amounts committed by donors that have not been received. 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. At December 31, 2016 and 2015, no allowance for uncollectible pledges and grants receivable has been recognized.

## **SUPPLEMENTAL INFORMATION**

# KIVA MICROFUNDS AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2016

	Assets				Consolidated
	Kiva Microfunds	Kiva-DAF, LLC	Kiva Impact Funds, LLC	Eliminations	
Current assets:					
Cash and cash equivalents	\$ 9,388,205	\$ -	\$ 10,000	\$ -	\$ 9,398,205
Cash restricted as to use	389,287	-	500,000	-	889,287
Investments	2,504,918	-	-	-	2,504,918
Pledges and grants receivable	202,060	-	-	-	202,060
Due from affiliate	873,538	22,716	-	(22,716)	873,538
Beneficial interest in trusts	140,000	-	-	-	140,000
Prepaid expenses and other assets	525,404	79,276	976,250	(56,867)	1,524,063
<b>Total current assets</b>	<b>14,023,412</b>	<b>101,992</b>	<b>1,486,250</b>	<b>(79,583)</b>	<b>15,532,071</b>
Property and equipment, net of accumulated depreciation and amortization	2,406,071	-	-	-	2,406,071
Other assets:					
Pledges and grants receivable, less current portion and net of discounts	1,119,086	-	-	-	1,119,086
Due from affiliate, net of loan loss reserve and discount	983,746	-	10,000,000	(500,000)	10,483,746
Temporarily restricted assets - Kiva-DAF, LLC:					
Donor-advised funds for microloans	-	10,143,080	-	-	10,143,080
Intangible asset	25,000	-	-	-	25,000
Deposits	57,428	-	-	-	57,428
Investment in Kiva Impact Funds, LLC	983,892	-	-	(983,892)	-
<b>Total other assets</b>	<b>3,169,152</b>	<b>10,143,080</b>	<b>10,000,000</b>	<b>(1,483,892)</b>	<b>21,828,340</b>
<b>Total assets</b>	<b>\$ 19,598,635</b>	<b>\$ 10,245,072</b>	<b>\$ 11,486,250</b>	<b>\$ (1,563,475)</b>	<b>\$ 39,766,482</b>

### Liabilities and Net Assets/Member's Equity

Current liabilities:					
Accounts payable	\$ 415,091	\$ -	\$ -	\$ -	\$ 415,091
Accrued expenses	885,209	-	2,358	-	887,567
Due to affiliate	22,716	-	500,000	(522,716)	-
Deferred revenue	763,817	-	-	(56,867)	706,950
Other current liabilities	41,736	-	-	-	41,736
<b>Total current liabilities</b>	<b>2,128,569</b>	<b>-</b>	<b>502,358</b>	<b>(579,583)</b>	<b>2,051,344</b>
Deferred rent obligation	18,259	-	-	-	18,259
Note payable	-	-	10,000,000	-	10,000,000
Net assets/member's equity:					
Unrestricted net assets/member's equity	13,070,294	(7,273)	983,892	(983,892)	13,063,021
Temporarily restricted	4,381,513	10,252,345	-	-	14,633,858
<b>Total net assets</b>	<b>17,451,807</b>	<b>10,245,072</b>	<b>983,892</b>	<b>(983,892)</b>	<b>27,696,879</b>
<b>Total liabilities and net assets</b>	<b>\$ 19,598,635</b>	<b>\$ 10,245,072</b>	<b>\$ 11,486,250</b>	<b>\$ (1,563,475)</b>	<b>\$ 39,766,482</b>

**KIVA MICROFUNDS AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**

Year Ended December 31, 2016

	Kiva Microfunds			Kiva-DAF, LLC			Kiva Impact Funds, LLC			Eliminations	Consolidated		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Unrestricted	Temporarily Restricted	Total
Revenue and support:													
Online donations	\$ 8,431,532	\$ -	\$ 8,431,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,431,532	\$ -	\$ 8,431,532
Auto-converted Kiva Cards	876,015	-	876,015	-	-	-	-	-	-	-	876,015	-	876,015
Auto-converted user accounts	1,284,935	-	1,284,935	-	-	-	-	-	-	-	1,284,935	-	1,284,935
Foundation contributions	753,687	912,974	1,666,661	-	-	-	-	-	-	-	753,687	912,974	1,666,661
Corporate contributions	667,303	1,312,500	1,979,803	-	1,201,295	1,201,295	-	-	-	(12,000)	655,303	2,513,795	3,169,098
Individual contributions	56,257	525,441	581,698	-	126,250	126,250	-	-	-	-	56,257	651,691	707,948
Operating fee/fee-for-service	1,398,930	-	1,398,930	-	-	-	-	-	-	(464,307)	934,623	-	934,623
Interest income	116,184	-	116,184	-	-	-	-	-	-	-	116,184	-	116,184
Net unrealized and realized gain on investments	1,479	-	1,479	-	-	-	-	-	-	-	1,479	-	1,479
Currency and KDAF loan losses	(2,669)	-	(2,669)	(93,799)	-	(93,799)	-	-	-	-	(96,468)	-	(96,468)
Other income, net	6,328	-	6,328	-	-	-	-	-	-	16,108	22,436	-	22,436
Net assets released from restrictions	3,451,930	(3,451,930)	-	570,106	(570,106)	-	-	-	-	-	4,022,036	(4,022,036)	-
Total revenue and support	17,041,911	(701,015)	16,340,896	476,307	757,439	1,233,746	-	-	-	(460,199)	17,058,019	56,424	17,114,443
In-kind donations:													
Services	1,943,941	-	1,943,941	-	-	-	-	-	-	-	1,943,941	-	1,943,941
Total in-kind donations	1,943,941	-	1,943,941	-	-	-	-	-	-	-	1,943,941	-	1,943,941
Total revenue and support including in-kind donations	18,985,852	(701,015)	18,284,837	476,307	757,439	1,233,746	-	-	-	(460,199)	19,001,960	56,424	19,058,384
Functional expenses:													
Program services	14,845,969	-	14,845,969	476,307	-	476,307	-	-	-	(476,307)	14,845,969	-	14,845,969
Management and general	2,629,919	-	2,629,919	-	-	-	16,108	-	16,108	-	2,646,027	-	2,646,027
Fundraising	1,259,348	-	1,259,348	-	-	-	-	-	-	-	1,259,348	-	1,259,348
Total functional expenses	18,735,236	-	18,735,236	476,307	-	476,307	16,108	-	16,108	(476,307)	18,751,344	-	18,751,344
Change in net assets	250,616	(701,015)	(450,399)	-	757,439	757,439	(16,108)	-	(16,108)	16,108	250,616	56,424	307,040
Net asset, beginning of year	12,819,678	5,082,528	17,902,206	(7,273)	9,494,906	9,487,633	-	-	-	-	12,812,405	14,577,434	27,389,839
Investment in KIF	-	-	-	-	-	-	1,000,000	-	1,000,000	(1,000,000)	-	-	-
Net assets/member's equity, end of year	\$ 13,070,294	\$ 4,381,513	\$ 17,451,807	\$ (7,273)	\$ 10,252,345	\$ 10,245,072	\$ 983,892	\$ -	\$ 983,892	\$ (983,892)	\$ 13,063,021	\$ 14,633,858	\$ 27,696,879

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

# KIVA MICROFUNDS AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2016

	Kiva Microfunds	Kiva-DAF, LLC	Kiva Impact Funds, LLC	Eliminations	Consolidated
Cash flows from operating activities:					
Change in net assets	\$ (450,399)	\$ 757,439	\$ (16,108)	\$ 16,108	\$ 307,040
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,119,612	-	-	-	2,119,612
Loss from investment in KIF	16,108	-	-	(16,108)	-
Net unrealized and realized gain on investments	(1,479)	-	-	-	(1,479)
Loss on disposal of equipment	6,633	-	-	-	6,633
Changes in operating assets and liabilities:					
Cash restricted as to use	(236,410)	-	(500,000)	-	(736,410)
Pledges and grants receivable, net of discounts	704,571	477,500	-	-	1,182,071
Due from affiliate	(863,252)	22,716	(10,000,000)	492,302	(10,348,234)
Beneficial interest in trusts	25,766	-	-	-	25,766
Prepaid expenses, other assets and deposits	39,708	(14,712)	(976,250)	(7,697)	(958,951)
Accounts payable	71,359	-	-	-	71,359
Accrued expenses	128,048	-	2,358	-	130,406
Due to affiliate	22,716	(30,414)	500,000	(492,302)	-
Deferred revenue	699,253	-	-	7,697	706,950
Other current liabilities	4,449	-	-	-	4,449
Deferred rent obligation	(86,958)	-	-	-	(86,958)
Net cash provided by (used in) operating activities	2,199,725	1,212,529	(10,990,000)	-	(7,577,746)
Cash flows from investing activities:					
Purchases of investments	(8,377,423)	-	-	-	(8,377,423)
Proceeds from sale of investments	10,500,000	-	-	-	10,500,000
Increase in donor-advised funds for microloans, net of repayments	-	(1,212,529)	-	-	(1,212,529)
Purchases of property and equipment	(2,003)	-	-	-	(2,003)
Capitalization of website and internet platform software development costs	(1,441,152)	-	-	-	(1,441,152)
Investment in Kiva Impact Funds, LLC	(1,000,000)	-	-	1,000,000	-
Net cash used in investing activities	(320,578)	(1,212,529)	-	1,000,000	(533,107)
Cash flows from financing activities:					
Proceeds from note payable	-	-	10,000,000	-	10,000,000
Member's contribution from Kiva Microfunds	-	-	1,000,000	(1,000,000)	-
Net cash provided by financing activities	-	-	11,000,000	(1,000,000)	10,000,000
Net increase in cash and cash equivalents	1,879,147	-	10,000	-	1,889,147
Cash and cash equivalents, beginning of year	7,509,058	-	-	-	7,509,058
Cash and cash equivalents, end of year	<u>\$ 9,388,205</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 9,398,205</u>