



KIVA MICROFUNDS AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2020 AND 2019



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, 2020 and 2019, 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, 2020 and 2019, 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.

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, Thompson & Lynch

June 10, 2021

KIVA MICROFUNDS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

	December 31,	
	2020	2019
Current assets:		
Cash	\$ 14,930,636	\$ 14,828,601
Cash restricted as to use	2,240,178	1,999,497
Investments	164,978	-
Pledges and grants receivable, net of allowance	1,495,697	539,713
Due from affiliate, net of loan loss reserve	543,625	502,921
Prepaid expenses and other assets	1,006,748	753,092
Total current assets	20,381,862	18,623,824
Property and equipment, net of accumulated depreciation and amortization	164,523	91,204
Intangible assets, net of accumulated amortization	3,868,973	2,927,086
Other assets:		
Pledges and grants receivable, less current portion and net of discounts	1,344,933	923,548
Investment in California Rebuilding Fund, LLC	5,107,351	-
Kiva-DAF, LLC: Donor-advised funds for microloans	7,464,207	6,515,817
Deposits	137,971	183,995
	14,054,462	7,623,360
	\$ 38,469,820	\$ 29,265,474
Liabilities and Net Assets		
Current liabilities:		
Paycheck Protection Program loan payable	\$ 2,306,995	\$ -
Accounts payable	691,745	1,049,512
Accrued expenses	1,828,516	1,887,626
Due to affiliate	-	50,000
Deferred revenue	832,915	1,074,072
Total current liabilities	5,660,171	4,061,210
Deferred rent obligation	26,496	8,860
Deferred revenue, less current portion	36,111	147,778
Total liabilities	5,722,778	4,217,848
Net assets:		
Without donor restrictions	15,198,641	12,520,183
With donor restrictions	17,548,401	12,527,443
Total net assets	32,747,042	25,047,626
	\$ 38,469,820	\$ 29,265,474

KIVA MICROFUNDS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Year Ended December 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Online donations	\$ 10,937,263	\$ -	\$ 10,937,263	\$ 10,136,619	\$ -	\$ 10,136,619
Auto-converted Kiva Cards	473,105	-	473,105	558,300	-	558,300
Auto-converted user accounts	2,402,714	-	2,402,714	1,674,374	-	1,674,374
Foundation contributions	1,482,982	3,107,415	4,590,397	388,602	1,322,083	1,710,685
Corporate contributions	1,887,831	6,921,285	8,809,116	315,314	1,178,252	1,493,566
Individual contributions	1,733,481	170,281	1,903,762	1,213,327	38,259	1,251,586
Fee for service revenue	4,505,502	-	4,505,502	2,887,375	-	2,887,375
In-kind contributions	4,792,555	-	4,792,555	1,598,134	-	1,598,134
Interest income	251,904	-	251,904	196,160	-	196,160
Currency and KDAF loan losses	(89,826)	-	(89,826)	(321,848)	-	(321,848)
Earnings from California Rebuilding Fund, LLC	-	4,697,351	4,697,351	-	-	-
Other income	34,728	-	34,728	24,243	-	24,243
Net assets released from restrictions	9,875,374	(9,875,374)	-	11,321,042	(11,321,042)	-
Total revenue and support	<u>38,287,613</u>	<u>5,020,958</u>	<u>43,308,571</u>	<u>29,991,642</u>	<u>(8,782,448)</u>	<u>21,209,194</u>
Functional expenses:						
Program services	27,847,200	-	27,847,200	21,534,020	-	21,534,020
Management and general	4,974,399	-	4,974,399	4,512,316	-	4,512,316
Fundraising	2,787,556	-	2,787,556	2,256,810	-	2,256,810
Total functional expenses	<u>35,609,155</u>	<u>-</u>	<u>35,609,155</u>	<u>28,303,146</u>	<u>-</u>	<u>28,303,146</u>
Change in net assets	2,678,458	5,020,958	7,699,416	1,688,496	(8,782,448)	(7,093,952)
Net assets, beginning of year	12,520,183	12,527,443	25,047,626	10,831,687	21,309,891	32,141,578
Net assets, end of year	<u>\$ 15,198,641</u>	<u>\$ 17,548,401</u>	<u>\$ 32,747,042</u>	<u>\$ 12,520,183</u>	<u>\$ 12,527,443</u>	<u>\$ 25,047,626</u>

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

KIVA MICROFUNDS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel expenses:								
Salaries	\$ 10,153,591	\$ 1,832,327	\$ 1,744,609	\$ 13,730,527	\$ 8,609,193	\$ 1,271,468	\$ 1,137,452	\$ 11,018,113
Payroll taxes	927,605	127,159	121,581	1,176,345	775,161	106,116	96,641	977,918
Benefits	1,446,943	177,621	190,761	1,815,325	1,128,921	217,881	149,594	1,496,396
Total personnel expenses	12,528,139	2,137,107	2,056,951	16,722,197	10,513,275	1,595,465	1,383,687	13,492,427
Other functional expenses:								
Professional fees	3,626,551	724,119	1,185	4,351,855	1,065,932	460,688	241,080	1,767,700
Contractors	2,705,874	724,559	82,260	3,512,693	2,507,773	990,087	61,099	3,558,959
Information technology	2,429,636	481,887	261,161	3,172,684	1,281,968	594,003	150,675	2,026,646
Depreciation and amortization	1,660,641	229,262	218,110	2,108,013	1,054,523	159,745	142,277	1,356,545
Bank fees	1,456,474	4,102	1,787	1,462,363	1,448,396	32,091	91	1,480,578
Marketing and communications	1,452,883	1,800	-	1,454,683	538,070	13,992	-	552,062
Occupancy	1,007,749	312,516	130,331	1,450,596	1,343,247	202,006	180,392	1,725,645
Insurance	234,808	42,356	29,979	307,143	192,218	34,223	24,401	250,842
Bad debt expense	236,128	-	-	236,128	208,783	-	-	208,783
Travel, conferences, and meetings	182,891	51,702	1,291	235,884	685,827	149,642	35,754	871,223
Interest expense	-	-	-	-	316,550	-	-	316,550
Portfolio related expenses	207,415	1,495	27	208,937	211,900	2,798	-	214,698
Staff development	9,978	183,319	473	193,770	13,149	175,490	21	188,660
Office expense	72,151	65,619	3,896	141,666	63,209	78,066	3,005	144,280
KDAF distributions	24,230	-	-	24,230	24,001	-	-	24,001
Other expenses	-	14,406	-	14,406	37,250	23,968	29,328	90,546
External events	11,652	150	105	11,907	27,949	52	5,000	33,001
Total other functional expenses	15,319,061	2,837,292	730,605	18,886,958	11,020,745	2,916,851	873,123	14,810,719
Total functional expenses	\$ 27,847,200	\$ 4,974,399	\$ 2,787,556	\$ 35,609,155	\$ 21,534,020	\$ 4,512,316	\$ 2,256,810	\$ 28,303,146

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

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 7,699,416	\$ (7,093,952)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,108,013	1,356,545
Earnings from California Rebuilding Fund, LLC	(4,697,351)	-
Loss on disposal of property and equipment	-	2,250
Non-cash contributions of marketable securities	(183,430)	(14,113)
Proceeds from sales of contributed marketable securities	18,452	14,113
Changes in operating assets and liabilities:		
Pledges and grants receivable, net of allowance and discounts	(1,377,369)	(9,298)
Due from affiliate, net of loan loss reserve	(31,977)	402,216
Prepaid expenses, other assets, and deposits	(216,359)	435,362
Accounts payable	(357,767)	415,135
Accrued expenses	(59,110)	394,802
Due to affiliate	(50,000)	50,000
Deferred revenue	(352,824)	(705,110)
Deferred rent obligation	17,636	(26,496)
Net cash provided by (used in) operating activities	2,517,330	(4,778,546)
Cash flows from investing activities:		
Proceeds from sale of investments	-	6,857
Purchases of property and equipment	(103,009)	(101,381)
Investment in California Rebuilding Fund, LLC	(410,000)	-
(Decrease) increase in donor-advised funds available for microloans, net	(948,390)	5,649,232
Capitalization of website and internet platform software development costs	(3,020,210)	(2,668,719)
Net cash (used in) provided by investing activities	(4,481,609)	2,885,989
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan payable	2,306,995	-
Net increase (decrease) in cash and restricted cash	342,716	(1,892,557)
Cash and restricted cash, beginning of year	16,828,098	18,720,655
Cash and restricted cash, end of year	\$ 17,170,814	\$ 16,828,098
Reconciliation of cash and restricted cash with amounts reported on the consolidated statements of financial position:		
Cash	\$ 14,930,636	\$ 14,828,601
Cash restricted as to use	2,240,178	1,999,497
	\$ 17,170,814	\$ 16,828,098
Cash paid during the year:		
Franchise taxes	\$ 7,300	\$ 20,193

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

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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 currently partners with approximately 304 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 \$1.5 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 17,000 Direct loans with a value of approximately \$44 million have been funded since inception.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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. The program ended in 2019 and KIF had no activity in 2020 (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 December 2020, Jurnus LLC, a single member Delaware Limited Liability Company whose sole member is Kiva, was established to house Kiva’s block chain-related work with Diem, a global block chain-for-financial-inclusion initiative.

In July 2019, Kiva Capital Management LLC (referred hereinafter as “KCM”), 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 (hereinafter referred to as KRIF), a Delaware Statutory Public Benefit Limited Liability Company, was established with KCM as its sole initial member. The purpose of KRIF is to make loans to microfinance institutions and social enterprises in support of refugees, internally displaced persons, and impacted host populations. KRIF did not commence any significant operations as of December 31, 2020, and subsequent through the issuance date of these consolidated financial statements. In October 2020, Small Business Resilience Fund LLC (referred hereinafter as “SBRF”), a Delaware Limited Liability Company, was established with KCM as its sole member. In November 2020, SBRF admitted a non-affiliated member who contributed equity, and KCM remained a non-equity management member (see Note 2). SBRF is treated as a disregarded entity for U.S. federal income tax purposes. The purpose of SBRF is to make loans to support lower income communities in selected geographies around the world to recover from the adverse impacts of COVID-19 on poverty and economic development.

In September 2020, California Rebuilding Fund, LLC (referred hereinafter as “CRF”), a single member Delaware Statutory Public Benefit Limited Liability Company whose sole member is Kiva, was established to raise funds from institutional investors to be lent to small businesses in California to address capital needs as they reopen and recover from the COVID-19 health and economic crisis. CRF is governed by a Governance and Allocation Committee comprising independent members of the business community, and will focus on small businesses with fewer than 50 employees located in historically under-resourced communities. The small business loans will be originated and serviced by local Community Development Financial Institutions with loan capital borrowed from CRF. CRF established two wholly owned special purpose vehicles, CASE G-SPV, LLC and CASE B-SPV, LLC, whose sole assets comprise 95% of the eligible small business loans. KCM serves as administrator for CRF (see Note 2).

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 Capital Management, LLC, and Kiva Protocol LLC (collectively “Kiva”). All significant balances and transactions between the entities have been eliminated in consolidation.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of significant accounting policies (continued)

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.

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, value of in-kind contributions, and allocation of functional expenses. Actual results could differ from those estimates.

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 1.67% and 1.69% for each of the years ended December 31, 2020 and 2019, 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, 2020 and 2019.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of significant accounting policies (continued)

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, 2020 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.

Upon donors' instructions, KDAF distributed approximately \$1,600,000 and \$6,000,000 to Kiva, for the years ended December 31, 2020 and 2019, 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,	
	2020	2019
Asia	\$ 887,427	\$ 273,107
Africa	847,463	197,961
Central America	359,434	65,533
South America	322,174	145,988
Eastern Europe	127,698	6,584
Oceania	106,151	11,016
North America	4,037	-
Middle East	-	12,531
	<u>\$ 2,654,384</u>	<u>\$ 712,720</u>

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of significant accounting policies (continued)

Revenue recognition - contracts with customers (continued)

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 \$1,710,900 and \$2,174,655, for the years ended December 31, 2020 and 2019, respectively. Deferred revenue represents amounts received in advance for those services to be rendered in the future.

Revenue recognition - management fees

Management fees represent administrative fees charged by KCM to CRF and SBRF for administrative management services provided by KCM. Fee amounts and timing are specified in individual contracts with CRF and SBRF. Management fees are recognized over time as actual services are provided. Kiva is using a cost-based input method to recognize revenue, as Kiva believes that this method provides a more accurate depiction of the transfer of services based on the inputs needed to satisfy the obligations.

Management fees amounted to \$148,218 for the year ended December 31, 2020. There were no management fees for the year ended December 31, 2019.

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.

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.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of significant accounting policies (continued)

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

Donated securities are recorded at market value on the date received or at nominal value when the market value is not readily available.

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.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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 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, 2020, 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. 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, KCM, KRIF, SBRF, CRF, CASE G-SPV, CASE B-SPV, LLC, KP and Jurnus are single member LLCs and are disregarded entities for Federal income tax purposes. Under California law, KUF, KDAF, KIF, KCM, KRIF, SBRF, CRF, CASE G-SPV, CASE B-SPV, KP and Jurnus 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, 2020 and 2019. Kiva, KUF, KDAF, KIF, KCM, KRIF, SBRF, CRF, CASE G-SPV, CASE B-SPV, KP and Jurnus are subject to examination by major tax jurisdictions back to 2017, or inception of the entity in the case of KCM, KRIF, SBRF, CRF, CASE G-SPV, CASE B-SPV, KP, and Jurnus.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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 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, 2020 and 2019, KUF's equity balance is zero, and therefore no investment in KUF is reflected within these consolidated statements of financial position.

KUF's balance sheets consisted of the following:

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 58,792,122	\$ 67,928,526
Accounts receivable from users	64,846	45,337
Loans receivable:		
Field partners	82,960,760	74,927,718
U.S. Direct	10,757,747	8,099,855
Total assets	<u>\$ 152,575,475</u>	<u>\$ 151,001,436</u>
Accounts payable to lenders	\$ 249,914	\$ 567,726
Due to Kiva Microfunds	725,536	533,334
Unsettled loan transactions	109,913,129	102,392,211
Funds held on behalf of lenders	40,848,806	46,642,110
Unredeemed Kiva Cards	838,090	866,055
Total liabilities	<u>\$ 152,575,475</u>	<u>\$ 151,001,436</u>

Accounting for ownership interest in CRF

Though Kiva is the sole member of CRF, a Statutory Public Benefit LLC established in Delaware, Kiva has not consolidated CRF'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 CRF on the equity basis. As of December 31, 2020, CRF's equity balance is \$5,107,351, and Kiva earned management fees in 2020 of \$8,728.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of significant accounting policies (continued)

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.

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.

In 2020, the FASB issued accounting guidance focused on the presentation and disclosure requirements for contributed nonfinancial assets. The new guidance is effective for Kiva's year beginning January 2021. The new standard requires the entity to present contributed nonfinancial assets, such as property and equipment, food, supplies and intangible assets, as a separate line item on the statement of activities. In addition, the standard also requires enhanced disclosures including qualitative information about whether or not the contributed nonfinancial assets were utilized in a program or monetized; policies for monetizing those assets; descriptions of donor restrictions; and enhanced disclosure regarding the fair value techniques. Early adoption is permitted and the standard is to be applied retrospectively. 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.

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 June 10, 2021, which is the date the consolidated financial statements were available to be issued.

In March 2021, KRIF admitted new members in a single closing through the issuance of membership interests, with KCM holding a non-voting membership interest and serving as the managing member.

In February 2021, SBRF received a capital contribution of \$3,177,014 from the equity member.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 3 - Liquidity and availability of resources

The following table reflects Kiva's financial assets as of December 31, 2020 and 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, 2020, and 2019 are as follows:

	December 31,	
	2020	2019
Financial assets:		
Cash and restricted cash	\$ 17,170,814	\$ 16,828,098
Pledges and grants receivable, net	2,840,630	1,463,261
Due from affiliate, net of loan loss reserve	543,625	502,921
Investments	164,978	-
Donor-advised funds available for microloans	7,464,207	6,515,817
Total financial assets	<u>28,184,254</u>	<u>25,310,097</u>
Less:		
Pledges and grants receivable - noncurrent, net of discounts	(1,344,933)	(923,548)
Due to affiliate	-	(50,000)
Deferred revenue - noncurrent	(36,111)	(147,778)
Donor-advised funds available for microloans	(6,200,000)	(2,000,000)
Net assets with donor restrictions	<u>(4,300,000)</u>	<u>(1,700,000)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 16,303,210</u>	<u>\$ 20,488,771</u>

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 \$2,240,178 and \$1,999,497 at December 31, 2020 and 2019, respectively.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 5 - Pledges and grants receivable

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

	December 31,	
	2020	2019
Less than one year, net of allowance	<u>\$ 1,495,697</u>	<u>\$ 539,713</u>
One to five years	1,469,675	971,986
Less discounts	<u>(124,742)</u>	<u>(48,438)</u>
Total pledges and grants receivable - noncurrent portion, net of discounts	<u>1,344,933</u>	<u>923,548</u>
Total pledges and grants receivable, net of allowance and discounts	<u><u>\$ 2,840,630</u></u>	<u><u>\$ 1,463,261</u></u>

Note 6 - Property and equipment

Property and equipment consisted of the following:

	December 31,	
	2020	2019
Leasehold improvements	\$ -	\$ 162,576
Office furniture and fixtures	125,563	125,563
Computer equipment	1,135,913	1,128,822
Construction in progress	<u>95,918</u>	<u>-</u>
	1,357,394	1,416,961
Less: accumulated depreciation and amortization	<u>(1,192,871)</u>	<u>(1,325,757)</u>
	<u><u>\$ 164,523</u></u>	<u><u>\$ 91,204</u></u>

Depreciation and amortization expense for property and equipment for the years ended December 31, 2020 and 2019 was \$29,690 and \$11,014, respectively.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 7 - Intangibles

Intangible assets consisted of the following:

	December 31,	
	2020	2019
In-house internet platform software	\$ 23,415,737	\$ 20,395,527
Domain name	25,000	25,000
	23,440,737	20,420,527
Less: accumulated amortization	(19,571,764)	(17,493,441)
	<u>\$ 3,868,973</u>	<u>\$ 2,927,086</u>

Amortization expense for the in-house internet platform software was \$2,078,323, and \$1,345,531 for the years ended December 31, 2020 and 2019, 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
2021	\$ 2,043,109
2022	1,452,980
2023	347,884
	<u>\$ 3,843,973</u>

Note 8 - Loan payable

Paycheck Protection Program loan payable

On April 18, 2020, Kiva received loan proceeds in the amount of \$2,306,995 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provided for loans to qualifying businesses for amounts of up to 2.5 times the average monthly payroll expenses of the qualifying business for the qualifying time period. The loan and accrued interest are forgivable after the applicable time period in the CARES Act as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The unforgiven portion of the PPP loan is payable over two years, in monthly installments and at an interest rate of 1%, with the payment being deferred to the date that Small Business Administration ("SBA") remits the loan forgiveness amount to the lender or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period.

Kiva intended to use the proceeds for purposes consistent with the PPP. While Kiva currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there is no assurance of such forgiveness until final approval by the SBA, guarantor of the loan.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 8 - Loan payable (continued)

Institutional Investor 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 were 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, was 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 indemnify 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, 2019	Additions	Released from Restrictions	December 31, 2020
Geographical	\$ 423,471	\$ 1,525,591	\$ (1,247,185)	\$ 701,877
Product innovation	9,975,994	13,120,339	(8,445,739)	14,650,594
Time restricted	2,127,978	250,402	(182,450)	2,195,930
	<u>\$ 12,527,443</u>	<u>\$ 14,896,332</u>	<u>\$ (9,875,374)</u>	<u>\$ 17,548,401</u>
	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
	<u>\$ 21,309,891</u>	<u>\$ 2,538,594</u>	<u>\$ (11,321,042)</u>	<u>\$ 12,527,443</u>

Note 10 - Commitments

In January of 2020, Kiva entered into an operating lease agreement for an 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. Kiva records rent expense on a straight-line basis, and has recorded a deferred rent liability of \$26,496 and \$8,860 as of December 31, 2020 and 2019, respectively.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 10 - Commitments (continued)

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, 2020.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 506,930
2022	512,608
2023	523,290
2024	538,988
2025	<u>90,270</u>
	<u>\$ 2,172,086</u>

Rent expense, which includes Kiva's portion of common area expenses, amounted to \$1,006,720 and \$1,544,700 for the years ended December 31, 2020 and 2019, respectively.

Note 11 - Related-party transactions

Amounts due from affiliate consist of interest income, online donations and contributions contractually required by a donor to be deployed for microloans.

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 \$180,000 and \$137,000, under this contract during the years ended December 31, 2020 and 2019, respectively.

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

As of December 31, 2020, CRF had member's equity of \$5,107,351.

KCM reimbursed Kiva for outside legal expenses of \$201,054 incurred to launch SBRF during the year ended December 31, 2020. The revenue, receivables, and corresponding expenses and payables are eliminated upon consolidation.

In accordance with the operating agreement, KCM charges CRF a monthly management fee. Management fee revenue amounted to \$8,728 for the year ended December 31, 2020.

In accordance with the operating agreement, KCM charges SBRF a closing fee and a monthly management fee. Total fee revenue amounted to \$140,216 for the year ended December 31, 2020.

KIVA MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019, matching and discretionary contributions of \$271,718 and \$265,813, 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, 2020 and 2019 are as follows:

	December 31,	
	2020	2019
Interest income	\$ 58,008	\$ 60,174
Auto-converted Kiva Cards	\$ 473,105	\$ 558,300
Auto-converted user accounts	\$ 2,402,714	\$ 1,674,374
Online donations	\$ 10,937,263	\$ 10,136,619

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 years ended December 31, 2020 and 2019, Kiva had no significant grantor that represented more than 10% of total revenue and support.

At December 31, 2020, Kiva had outstanding receivables from one grantor representing 27% of pledges and grants receivable, respectively. At December 31, 2019, Kiva had outstanding amounts due from two grantors representing 12%, and 11% of pledges and grants receivable, respectively.

Domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The extent of the impact of COVID-19 on Kiva's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on 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 MICROFUNDS AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 15 - In-kind contributions

In-kind contributions consisted of the following:

	December 31,	
	2020	2019
Legal	\$ 2,913,351	\$ 100,000
Bank fees	1,384,338	1,448,366
Marketing and communication	423,291	46,568
Share workspace	71,575	-
Consultants	-	3,200
	<u>\$ 4,792,555</u>	<u>\$ 1,598,134</u>

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, 2020, 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, 2019 consolidated financial statements to conform to the December 31, 2020 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, 2020

	Assets					
	Kiva Microfunds	Kiva-DAF, LLC	Kiva Protocol, LLC	Kiva Capital Management, LLC	Eliminations	Consolidated
Current assets:						
Cash	\$ 14,362,222	\$ -	\$ 568,414	\$ -	\$ -	\$ 14,930,636
Cash restricted as to use	2,240,178	-	-	-	-	2,240,178
Investments	164,978	-	-	-	-	164,978
Pledges and grants receivable, net of allowance	1,364,206	-	-	131,491	-	1,495,697
Due from affiliates, net of loan loss reserve	1,313,093	-	-	8,727	(778,195)	543,625
Prepaid expenses and other assets	1,006,748	-	-	-	-	1,006,748
Total current assets	20,451,425	-	568,414	140,218	(778,195)	20,381,862
Property and equipment, net of accumulated depreciation and amortization	164,523	-	-	-	-	164,523
Intangible assets, net of accumulated amortization	3,868,973	-	-	-	-	3,868,973
Other assets:						
Pledges and grants receivable, less current portion and net of discounts	1,344,933	-	-	-	-	1,344,933
Investment in California Rebuilding Fund, LLC	5,107,351	-	-	-	-	5,107,351
Kiva-DAF, LLC:						
Donor-advised funds for microloans	-	7,464,207	-	-	-	7,464,207
Deposits	137,971	-	-	-	-	137,971
Total other assets	6,590,255	7,464,207	-	-	-	14,054,462
	<u>\$ 31,075,176</u>	<u>\$ 7,464,207</u>	<u>\$ 568,414</u>	<u>\$ 140,218</u>	<u>\$ (778,195)</u>	<u>\$ 38,469,820</u>

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

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

December 31, 2020

Liabilities and Net Assets

	Kiva Microfunds	Kiva-DAF, LLC	Kiva Protocol, LLC	Kiva Capital Management, LLC	Eliminations	Consolidated
Current liabilities:						
Paycheck Protection Program loan payable	\$ 2,306,995	\$ -	\$ -	\$ -	\$ -	\$ 2,306,995
Accounts payable	691,745	-	-	-	-	691,745
Accrued expenses	1,828,241	275	-	-	-	1,828,516
Due to affiliate	-	-	568,414	209,781	(778,195)	-
Deferred revenue	832,915	-	-	-	-	832,915
Total current liabilities	5,659,896	275	568,414	209,781	(778,195)	5,660,171
Deferred rent obligation	26,496	-	-	-	-	26,496
Deferred revenue, less current portion	36,111	-	-	-	-	36,111
Total liabilities	5,722,503	275	568,414	209,781	(778,195)	5,722,778
Net assets:						
Without donor restrictions	15,275,477	(7,273)	-	(69,563)	-	15,198,641
With donor restrictions	10,077,196	7,471,205	-	-	-	17,548,401
Total net assets	25,352,673	7,463,932	-	(69,563)	-	32,747,042
	<u>\$ 31,075,176</u>	<u>\$ 7,464,207</u>	<u>\$ 568,414</u>	<u>\$ 140,218</u>	<u>\$ (778,195)</u>	<u>\$ 38,469,820</u>

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

KIVA MICROFUNDS AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Kiva Microfunds			Kiva-DAF, LLC			Kiva Protocol, LLC			Kiva Capital Management, 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	\$ 10,937,263	\$ -	\$ 10,937,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,937,263	\$ -	\$ 10,937,263
Auto-converted Kiva Cards	473,105	-	473,105	-	-	-	-	-	-	-	-	-	-	473,105	-	473,105
Auto-converted user accounts	2,402,714	-	2,402,714	-	-	-	-	-	-	-	-	-	-	2,402,714	-	2,402,714
Foundation contributions	1,482,982	3,107,415	4,590,397	-	-	-	-	-	-	-	-	-	-	1,482,982	3,107,415	4,590,397
Corporate contributions	1,887,831	4,281,987	6,169,818	-	2,639,298	2,639,298	-	-	-	-	-	-	-	1,887,831	6,921,285	8,809,116
Individual contributions	1,733,481	164,703	1,898,184	-	5,578	5,578	-	-	-	-	-	-	-	1,733,481	170,281	1,903,762
Operating fee/fee-for-service	8,812,810	-	8,812,810	-	-	-	-	-	-	140,218	-	140,218	(4,447,526)	4,505,502	-	4,505,502
In-kind contributions	4,792,555	-	4,792,555	-	-	-	-	-	-	-	-	-	-	4,792,555	-	4,792,555
Interest income	251,904	-	251,904	-	-	-	-	-	-	-	-	-	-	251,904	-	251,904
Currency and KDAF loan loss	(3,645)	-	(3,645)	(86,181)	-	(86,181)	-	-	-	-	-	-	-	(89,826)	-	(89,826)
Earnings from California Rebuilding Fund, LLC	-	4,697,351	4,697,351	-	-	-	-	-	-	-	-	-	-	-	4,697,351	4,697,351
Other income	34,728	-	34,728	-	-	-	-	-	-	-	-	-	-	34,728	-	34,728
Net assets released from restrictions	5,511,698	(5,511,698)	-	1,712,006	(1,712,006)	-	2,651,670	(2,651,670)	-	-	-	-	-	9,875,374	(9,875,374)	-
Total revenue and support	38,317,426	6,739,758	45,057,184	1,625,825	932,870	2,558,695	2,651,670	(2,651,670)	-	140,218	-	140,218	(4,447,526)	38,287,613	5,020,958	43,308,571
Functional expenses:																
Program services	27,807,450	-	27,807,450	1,625,825	-	1,625,825	2,651,670	-	2,651,670	209,781	-	209,781	(4,447,526)	27,847,200	-	27,847,200
Management and general	4,974,399	-	4,974,399	-	-	-	-	-	-	-	-	-	-	4,974,399	-	4,974,399
Fundraising	2,787,556	-	2,787,556	-	-	-	-	-	-	-	-	-	-	2,787,556	-	2,787,556
Total functional expenses	35,569,405	-	35,569,405	1,625,825	-	1,625,825	2,651,670	-	2,651,670	209,781	-	209,781	(4,447,526)	35,609,155	-	35,609,155
Change in net assets	2,748,021	6,739,758	9,487,779	-	932,870	932,870	-	(2,651,670)	(2,651,670)	(69,563)	-	(69,563)	-	2,678,458	5,020,958	7,699,416
Net assets:																
Beginning 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
End of year	<u>\$ 15,275,477</u>	<u>\$ 10,077,196</u>	<u>\$ 25,352,673</u>	<u>\$ (7,273)</u>	<u>\$ 7,471,205</u>	<u>\$ 7,463,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (69,563)</u>	<u>\$ -</u>	<u>\$ (69,563)</u>	<u>\$ -</u>	<u>\$ 15,198,641</u>	<u>\$ 17,548,401</u>	<u>\$ 32,747,042</u>

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, 2020

	Kiva Microfunds	Kiva-DAF, LLC	Kiva Protocol, LLC	Kiva Capital Management, LLC	Eliminations	Consolidated
Cash flows from operating activities:						
Change in net assets	\$ 9,487,779	\$ 932,870	\$ (2,651,670)	\$ (69,563)	\$ -	\$ 7,699,416
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	2,108,013	-	-	-	-	2,108,013
Earnings from California Rebuilding Fund, LLC	(4,697,351)	-	-	-	-	(4,697,351)
Non-cash contributions of marketable securities	(183,430)	-	-	-	-	(183,430)
Proceeds from sales of contributed marketable securities	18,452	-	-	-	-	18,452
Changes in operating assets and liabilities:						
Pledges and grants receivable, net of allowance and discounts	(1,311,398)	65,520	-	(131,491)	-	(1,377,369)
Due from affiliates, net of loan loss reserve	1,534,482	-	-	-	(1,566,459)	(31,977)
Prepaid expenses, other assets, and deposits	(207,632)	-	-	(8,727)	-	(216,359)
Accounts payable	(357,767)	-	-	-	-	(357,767)
Accrued expenses	(59,110)	-	-	-	-	(59,110)
Due to affiliate	-	(50,000)	(1,776,240)	209,781	1,566,459	(50,000)
Deferred revenue	(352,824)	-	-	-	-	(352,824)
Deferred rent obligation	17,636	-	-	-	-	17,636
Net cash provided by (used in) operating activities	<u>5,996,850</u>	<u>948,390</u>	<u>(4,427,910)</u>	<u>-</u>	<u>-</u>	<u>2,517,330</u>
Cash flows from investing activities:						
Purchase of property and equipment	(103,009)	-	-	-	-	(103,009)
Investment in California Rebuilding Fund, LLC	(410,000)	-	-	-	-	(410,000)
Increase in donor-advised funds for microloans, net of repayments	-	(948,390)	-	-	-	(948,390)
Capitalization of website and internet platform software development costs	(3,020,210)	-	-	-	-	(3,020,210)
Net cash used in investing activities	<u>(3,533,219)</u>	<u>(948,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,481,609)</u>
Cash flows from financing activities:						
Proceeds from Paycheck Protection Program loan payable	2,306,995	-	-	-	-	2,306,995
Net increase in cash and restricted cash	4,770,626	-	(4,427,910)	-	-	342,716
Cash and restricted cash, beginning of year	11,831,774	-	4,996,324	-	-	16,828,098
Cash and restricted cash, end of year	<u>\$ 16,602,400</u>	<u>\$ -</u>	<u>\$ 568,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,170,814</u>

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

KIVA MICROFUNDS AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)

Year Ended December 31, 2020

	<u>Kiva Microfunds</u>	<u>Kiva-DAF, LLC</u>	<u>Kiva Protocol, LLC</u>	<u>Kiva Capital Management, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Reconciliation of cash and restricted cash with amounts reported on the consolidating statements of financial position:						
Cash	\$ 14,362,222	\$ -	\$ 568,414	\$ -	\$ -	\$ 14,930,636
Cash restricted as to use	<u>2,240,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,240,178</u>
	<u>\$ 16,602,400</u>	<u>\$ -</u>	<u>\$ 568,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,170,814</u>
Cash paid during the year:						
Franchise taxes	<u>\$ 7,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,300</u>