



KIVA USER FUNDS LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 and 2019



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KIVA User Funds LLC
San Francisco, California

We have audited the accompanying balance sheets of KIVA User Funds LLC ("KUF") as of December 31, 2020 and 2019, and the related notes (the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of KIVA User Funds LLC as of December 31, 2020 and 2019, in accordance with accounting principles generally accepted in the United States of America.

June 10, 2021

KIVA USER FUNDS LLC

BALANCE SHEETS

Assets

	December 31,	
	<u>2020</u>	<u>2019</u>
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	<u>10,757,747</u>	<u>8,099,855</u>
 Total assets	 <u>\$ 152,575,475</u>	 <u>\$ 151,001,436</u>

Liabilities

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 users	40,848,806	46,642,110
Unredeemed Kiva Cards	<u>838,090</u>	<u>866,055</u>
 Total liabilities	 <u>\$ 152,575,475</u>	 <u>\$ 151,001,436</u>

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 1 - Nature of operations

KIVA User Funds LLC (referred to hereinafter as “KUF”) is a limited liability company (“LLC”) whose sole member is Kiva Microfunds (“Kiva”). Founded in November 2005, Kiva is a major nonprofit internet platform in the United States (U.S.) that offers individuals (“lenders” or “users”) opportunities to support economic development and entrepreneurship, mostly in developing countries, through partnerships with local institutions. As part of its efforts to alleviate poverty and create more economic opportunity by connecting people through lending, Kiva facilitates the collection and transfer of philanthropic capital, funded by its lenders, to active microfinance institutions (“MFIs”) and other socially-minded organizations and enterprises (such as entities providing agricultural inputs or portable, sanitary toilets for urban slums) (collectively “field partners” or “partners”) around the world to fund interest-bearing loans to entrepreneurs and other borrowers in their communities. At December 31, 2020 and 2019, there were approximately 304 and 292 active partners, respectively.

KUF was established to hold users’ 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 Kiva’s users are distinct from funds that are designated for Kiva’s operations.

Kiva screens, rates, and monitors each field partner on its platform and assigns it a risk rating for lenders to consider in their funding decisions. Since KUF’s inception through December 31, 2020, approximately 2 million KUF lenders had funded approximately \$1.5 billion for approximately 1,921,000 microloans across 94 countries (approximately 1.91 million KUF lenders had funded approximately \$1.4 billion for approximately 1,757,000 microloans across 94 countries as of December 31, 2019).

Funds of Kiva’s users are held in “for the benefit of” (“FBO”) bank accounts. 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 for individual user balances and transactions (such as microloans made or repayments received) relating to Kiva users’ participation on the Kiva platform, and accounts for the users’ corresponding funds held in, or transacted via, the FBO accounts.

Kiva allows lenders to register for an online account to select and fund loans to borrowers throughout the United States and in developing countries, who are seeking money to support their small business (microenterprise) operations or other needs (e.g. school tuition). Kiva aggregates loan funds from lenders and transmits those funds either directly to the borrowers in the United States or to field partners in foreign countries who administer the loans to borrowers. Field partners transmit borrowers’ repayments to Kiva, which in turn distributes the lenders’ shares of the funds received back to the lenders’ accounts.

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 1 - Nature of operations (continued)

Loans facilitated through microfinance institutions/field partners

Individuals are eligible to become lenders on Kiva's platform by providing basic information, including their name and e-mail address. Once lenders have registered, Kiva automatically generates a profile page; however, lenders may choose to remain anonymous. Through the platform website, lenders can review the loan requests and select the borrowers they are interested in funding. Lenders can fund as little as \$25 and as much as the entire amount of the loan. Requested loan amounts vary, generally ranging from \$25 to \$50,000. Kiva relies on the local field partner organization to screen and evaluate borrowers and set loan amounts and terms. Additionally, the field partners work with the borrowers to collect their stories, pictures, and loan details and upload the information to Kiva's website for potential lenders to view. When lenders select the borrowers they want to fund on Kiva's platform, they generally do not make loans directly to the borrowers. Rather, the loan proceeds typically reimburse the field partners for the loans that they distributed to borrowers when they were needed. Often, the loans are disbursed to the borrower before the loan details are posted on Kiva's website for lenders to view and fund. Even though Kiva lenders provide loan funds free of interest, the intermediary field partner institutions typically charge the borrowers interest on their loans to help cover the institutions' operating costs. As of December 2020 and 2019, the average portfolio yield among Kiva's MFI field partners was approximately 36 percent. As the intermediary field partner institutions collect the scheduled repayments from borrowers, they retain the interest payments and any other fees they charge to help finance their operations, and transfer the amount of principal repayments to Kiva, which credits lenders' accounts for their share of the corresponding loans. If a borrower fails to make a scheduled payment, the field partner notifies Kiva and lenders could potentially receive a late or partial payment or receive no payment. The repayment rate for all of its loans from all Kiva's partners as of December 31, 2020 and 2019 was approximately 96 and 97 percent, respectively.

Kiva lenders do not earn interest on the loans they fund. Instead, Kiva emphasizes the potential social and economic benefits that lenders may help achieve, through their support of microfinance and entrepreneurship. To the extent that the funds from lenders provide Kiva's field partners the capital to finance loans that they would not have otherwise made, the platform's activities may increase the supply of credit for individual borrowers who might not have access to traditional banking services in their home countries.

Lenders on Kiva's platform face credit risk – the possibility that they will lose their principal if borrowers or Kiva's field partners fail to repay the loans. Kiva and its field partners do not guarantee repayment of lenders' loans, so the lenders assume all of the risk that borrowers may not repay. In addition, lenders face risks because they rely on Kiva's field partners to screen borrowers, service their loans, and transmit payments to Kiva. As a result, even if borrowers repay their loans, lenders may not be repaid due to a field partner's bankruptcy, fraud, or poor operations which are then generally disclosed on Kiva's website. Similarly, lenders face operational risks associated with their reliance on Kiva to screen and monitor its intermediary field partners and effectively maintain its platform for servicing the loans and transmitting payments to lenders. Kiva also discloses on its website that lenders face potential currency risks and country-specific risks.

Kiva's field partners may choose to pass on to lenders a share of the foreign currency risks associated with their receiving loan payments in local currency and needing to repay loans to Kiva in U.S. dollars. Also, broader risks of economic or political disruption or natural disaster in borrowers' home countries can affect repayments to lenders.

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 1 - Nature of operations (continued)

Direct loans facilitated through U.S. Direct program

In 2011, Kiva launched Zip in the U.S. and Kenya, a pilot program to allow Kiva users to fund loans that are disbursed directly to borrowers, without being channeled through a field partner. In 2016, the program ceased funding this loan type in Kenya, and was renamed U.S. Direct ("Direct"). The Direct model relies on "character-based lending" to evaluate credit-worthiness. In order to be posted on the Direct website, borrowers generally must be recommended by a Direct trustee or work with a Lead in a Kiva City. 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 and are included in the accompanying balance sheets. Disbursement of loans, and collection and distribution of repayments are managed by Kiva. As of December 31, 2020, lenders had funded approximately 17,000 Direct loans, inclusive of loans made to Kenya, with a value of approximately \$44 million (approximately 16,000 Direct loans with a value of approximately \$36 million as of December 31, 2019).

Crisis Support Loans

In a response to meet field partners' needs during COVID-19, Kiva created *Crisis Support Loans*. These new, larger loans range in size from \$50,000 to \$500,000, and offer flexible repayment options to meet field partners' needs, such as longer terms of 18-32 months, and grace periods of 6-9 months to begin making the first repayment installment. These loans provide direct funding to field partners, to cover operational needs during this challenging period, including salaries and retention of staff, investment in communication technology to increase field partners' ability to work remotely and continue to serve borrowers, and funding needed to create, market, and finance new emergency loan products specifically designed for entrepreneurs affected by this crisis. During the year ended December 31, 2020, \$7.5 million in Crisis Support Loans were provided to 38 field partners.

Idle Capital Initiative

In February 2020, Kiva launched a new initiative to leverage idle capital held in KUF lender accounts. In an effort to put more funds to work in the field to increase Kiva's impact, an auto-lending feature was put in place for all lenders who did not opt out, whereby lender funds would automatically be lent after a set period of inactivity, starting at 90-days. Lenders enrolled in auto-lending can set their lending preferences, but if no preferences are selected, Kiva's Impact Investments team has some discretion as to how auto-lending funds are deployed.

Under the new *Idle Capital Initiative*, unless changed by the lender, 15% of each auto-loan will be taken from the lender's account as a donation to Kiva. While Kiva does not track auto-lending donations received under the new initiative separate from donations received from lenders who opted to use auto-lending prior to the 2020 initiative, total donations from auto-lending increased significantly during the year ended December 31, 2020. Total donations from auto-lending during the years ended December 31, 2020 and 2019 were approximately \$1.5 million and \$204,000, respectively.

Note 2 - Summary of significant accounting policies

Basis of accounting

The balance sheets of KUF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of significant accounting policies (continued)

Cash and cash equivalents

KUF 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. Interest earned is remitted to Kiva on a monthly basis (see Note 5).

Accounts receivable from users

KUF users make deposits to their accounts to fund transactions. In some instances, these user deposits fail. When a failure occurs, a lender's account balance will go negative creating a lender account receivable and requiring the lender to replenish their account. In cases where the account is not replenished, Kiva will collect the amounts outstanding as loans are repaid to the lender or via reversal of any donations to Kiva made by the lender. In cases where this is not sufficient, negative account balances will be written off by Kiva.

Loans receivable

Kiva distributes loans held in KUF accounts that have been fully funded by lenders via field partners, or directly to the borrowers in the case of the Direct loans. Loans receivable are made up of the total net amount outstanding from the lending relationship between Kiva and its field partners and Direct borrowers. Payables and receivables are maintained on a partner-by-partner and loan by loan basis.

All loans become payable to Kiva's partners/borrowers when they are fully funded. On a monthly basis, these loans as well as billing and currency adjustments are aggregated by field partners for remittance purposes. All loans on Kiva's website are denominated in U.S. dollars; however, field partners distribute loans in their local currency. Non-partner investment (PI) partners are liable for covering losses originating from unfavorable currency exchange rates up to a certain threshold, currently set at 10%. Losses above this threshold are passed on to lenders, thus enabling them to protect the field partner and its borrowers from catastrophic currency devaluations. PI partners without the currency peg are liable for covering all losses originating from unfavorable currency exchange rates. For PI partners with the currency peg, lenders are liable for covering all losses originating from unfavorable currency exchange rates. In addition, PI loans with the currency peg may see gains originating from favorable currency exchange rates. These gains will be used to offset any losses lenders incurred on the same loan. If there are any excess gains at the end of a loan term, the gains will be transferred to a Kiva operated lending account for loan matching. Simultaneously, field partners are responsible for collecting repayments from their borrowers and submitting a report to Kiva regarding the payment status of all of their outstanding loans. Kiva uses a net billing process, aggregating the amount due to partners versus the amount of repayments received by partners, to compute a total amount due to/from each partner.

Kiva distributes Direct loans held in KUF accounts that have been fully funded by lenders directly to borrowers.

Loans receivable represents amounts disbursed to borrowers that have not been repaid or defaulted.

No reserve or provision for uncollectible loans receivable is recorded by KUF as the risk of loan loss is borne by the lenders per the lender agreements with the users.

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of significant accounting policies (continued)

Accounts payable to lenders

Accounts payable to lenders is made up of the amounts users have requested to withdraw from KUF that are awaiting final payment processing. In the vast majority of cases, withdrawals are processed via PayPal.

Unsettled loan transactions

Kiva's platform facilitates the purchase of loans in \$25 increments for borrowers posted on its website. All lending on Kiva's website involves the risk of principal loss to the lender. Kiva does not guarantee repayment, with an exception for one past managed lending account funded by an Institutional Investor in 2016 to 2019 (see Note 3).

Unsettled loan transactions are amounts outstanding to lenders and represent loans funded by lenders that have not expired or been refunded, been repaid via distribution of borrower repayments, or been defaulted. Loans become payable to Kiva's field partners (or directly to borrowers in the case of Direct loans) once the loan is fully funded or, if partially funded, for most loans after the stated purchase time (generally 30 days from posting). In the case when a loan is not fully funded within the stated purchase time, a small minority of loans will expire rather than partially fund, thus returning funds back to the original lender. As loans are repaid by borrowers, funds become payable to the lender through the settlement process.

Funds held on behalf of users

Deposits are made into the KUF financial system via PayPal processed transactions, checks, Kiva Card gift product redemptions, and through third party matching, incentive, and free trial programs. All deposited funds and repayments received from borrowers are held on behalf of users to be used at their discretion. Deposited funds are temporarily housed in KUF's PayPal account and are subsequently maintained in FBO accounts at a bank to ensure accessibility and liquidity. Participants on Kiva's web-based platform use deposited funds to purchase loans, make donations to Kiva, purchase Kiva Cards (which transfer deposits to a gift recipient), and to reclaim deposited funds via withdrawal. Funds held on behalf of users is made up of three categories: individual lender accounts, managed lending accounts, and Kiva funded promotional lending accounts (Kiva Fund Pool).

Fair value of financial instruments

GAAP requires the disclosure of the fair value of financial instruments at the balance sheet date. For financial instruments where there are no quoted market prices, a reasonable estimate of fair value would require incurring excessive costs. Because the mission of KUF is to raise and lend funds at zero percent interest rates, these disclosures for KUF's loans receivable, unsettled loan transactions, and funds held on behalf of users are not meaningful and are not presented in these financial statements.

Income and franchise taxes

KUF is a single-member LLC and is a disregarded entity for Federal income tax purposes. Under California law, KUF is subject to a tax on gross receipts, or a minimum tax of \$800, whichever is greater.

KUF accounts for uncertain tax positions in accordance with Accounting Standards Codification (ASC) 740-10, Accounting for Uncertainty in Income Taxes. KUF has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 2 - Summary of significant accounting policies (continued)

Income and franchise taxes (continued)

KUF's state tax returns for the 2016 through 2019 tax years are subject to audit and adjustment by the taxing authorities.

Subsequent events

In preparing its balance sheets, KUF has evaluated subsequent events through June 10, 2021, which is the date the financial statements were available to be issued.

Note 3 - Managed lending and Kiva Fund Pools

Managed lending accounts are accounts funded by a corporation/foundation/individual that can be used by the contributing organization's employees to make loans on the Kiva platform, or for free trial or matching loan programs available to all users. There is generally a contract in place between Kiva and the corporation/foundation/individual, which stipulates how funds will be lent across the site based on specified dimensions. Additionally, these contracts will state how many rounds of loans the program will be eligible for, and ways in which funds can be withdrawn by the sponsoring organization or individual.

There is also a Kiva Fund Pool that is funded by a promotional marketing expense from Kiva, where the funds are used to offer promotional loans that can be utilized by users. All such funds will be used for this purpose on a revolving basis to users only. Users are not allowed to withdraw these funds and the funds will never be returned to Kiva. At December 31, 2020, managed lending and Kiva Fund Pool balances available for lending were \$7,619,687 and \$544,999, respectively (\$6,173,677 and \$448,486, respectively, at December 31, 2019). Managed lending and Kiva Fund Pool balances are included in "Funds held on behalf of users" in the accompanying balance sheets.

In December 2016, Kiva signed a definitive agreement with an Institutional Investor for \$10,000,000. The proceeds from the loan were deposited into KUF, and included in the managed lending accounts to provide matching funds to individual borrowers in approximately 60 countries. The Institutional Investor required the full amount of the loan to be repaid, irrespective of any loan losses. In September 2019, funds were withdrawn and the loan was fully repaid.

In addition, Kiva had entered into a separate agreement with a donor to reimburse up to \$500,000 in microloan losses over the first three years of the Institutional Investor's loan term. The donor deposited these funds into its own managed lending account with KUF to cover losses incurred. In late 2019, the balance remaining in this account was withdrawn and returned to the donor.

Note 4 - Kiva Cards

Kiva Cards are a hybrid product (similar to retail "gift" cards) with a built-in feature that allows them to auto-convert into a donation to Kiva per the terms of use if they are not redeemed to support a microloan on the Kiva platform within 12 months of purchase. Kiva Cards provide a way for one individual to give Kiva Credit to another individual. Once the card is redeemed, it is reclassified from "unredeemed Kiva Cards" to "Kiva Credit." With this credit, individuals can purchase a loan, purchase another Kiva Card, make a donation, or withdraw the funds from the Kiva system. At December 31, 2020 and 2019, the unredeemed Kiva Cards balances were \$838,090 and \$866,055, respectively.

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 5 - Due to Kiva Microfunds

Kiva acts as the custodian of KUF's web-based platform, maintains FDIC insured depository accounts, collects all Kiva's intended donations transacted through KUF's platform and interest earned on KUF accounts pursuant to the terms of use agreement to which all registered Kiva users agree, and facilitates all wire transfers to and from field partners and direct borrowers to disburse KUF initiated loans and collect borrower repayments.

As such, the amount due to Kiva is made up of an accumulation of all donations, Kiva Card auto-conversions, and interest income less banking fees, on a monthly basis. Once a month, a transfer is made to settle the prior month's outstanding balance.

The net payable due to Kiva at December 31, 2020 and 2019 totaled \$725,536 and \$533,334, respectively. Included in the balance at December 31, 2020 and 2019 is the remaining portion due, approximating \$21,000 and \$65,000, respectively, of a contribution which was contractually required by the donor to be deployed by Kiva for microloans through 2017. Upon KUF's receipt of repayments of microloans deployed from this contribution, the funds are to be transferred to Kiva.

Note 6 - Concentration of credit risk

Credit risk is the failure of another party to perform in accordance with the contract terms. Kiva believes its credit risk policies do not result in significant adverse risk, and Kiva historically has not experienced significant credit-related losses.

Financial instruments which potentially subject KUF to concentrations of credit risk consist of cash, certificates of deposit, and receivables.

KUF maintains its cash balances with high-credit, quality financial institutions, as well as with two online payment processors.

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 6 - Concentration of credit risk (continued)

The top cash exposures for outstanding loans receivable balances with field partners that KUF has in its portfolio as of December 31, 2020 and 2019 are as follows:

	As of December 31, 2020	% Cash Exposure
Palestine for Credit & Development (FATEN)	\$ 4,304,914	5.19%
Negros Women for Tomorrow Foundation (NWTF)	2,883,345	3.48%
CAURIE Microfinance	2,381,899	2.87%
Bai Tushum Bank	2,316,513	2.79%
Juhudi Kilimo	2,275,539	2.74%
Fundación Paraguaya	2,031,533	2.45%
Al Majmoua	2,001,388	2.41%
Humo	1,953,020	2.35%
Fundación Pro Mujer	1,793,062	2.16%
UGAFODE Microfinance	1,659,809	2.00%
 Total	 \$ 23,601,022	 28.44%
	As of December 31, 2019	% Cash Exposure
Palestine for Credit & Development (FATEN)	\$ 4,131,795	5.51%
Negros Women for Tomorrow Foundation (NWTF)	3,342,401	4.46%
CrediCampo	2,442,863	3.26%
Juhudi Kilimo	2,368,548	3.16%
Al Majmoua	2,008,936	2.68%
Thanh Hoa Microfinance Institution	1,926,367	2.57%
Fundacion Paraguaya	1,903,039	2.54%
Bai Tushum Bank	1,772,622	2.37%
Interactuar	1,768,805	2.36%
SEF International	1,546,870	2.06%
 Total	 \$ 23,212,246	 30.97%

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 6 - Concentration of credit risk (continued)

The top countries in terms of cash exposures for loans receivable balances with field partners as of December 31, 2020 and 2019 are as follows:

<u>Country</u>	<u># of Partners</u>	<u>% Active Lenders</u>	<u>As of December 31, 2020</u>	<u>% Cash Exposure</u>
Kenya	28	9.2%	\$ 6,033,995	7.3%
Philippines	7	2.3%	4,475,938	5.4%
Palestine	2	0.7%	4,305,313	5.2%
Uganda	10	3.3%	3,565,081	4.3%
Lebanon	3	1.0%	3,234,810	3.9%
Tajikistan	3	1.0%	2,976,524	3.6%
Ecuador	8	2.6%	2,713,880	3.3%
Bolivia	4	1.3%	2,662,354	3.2%
Cambodia	7	2.3%	2,654,764	3.2%
Senegal	2	0.7%	2,600,369	3.1%
Total	74	24.4%	\$ 35,223,028	42.5%

<u>Country</u>	<u># of Partners</u>	<u>% Active Lenders</u>	<u>As of December 31, 2019</u>	<u>% Cash Exposure</u>
Kenya	26	8.9%	\$ 5,878,603	7.8%
Philippines	8	2.7%	4,917,569	6.6%
Palestine	3	1.0%	4,163,000	5.6%
Lebanon	3	1.0%	3,244,355	4.3%
Vietnam	5	1.7%	3,220,557	4.3%
El Salvador	3	1.0%	2,982,445	4.0%
Ecuador	7	2.4%	2,746,097	3.7%
Uganda	14	4.8%	2,746,086	3.7%
Colombia	7	2.4%	2,524,929	3.4%
Kyrgyzstan	3	1.0%	2,183,418	2.9%
Total	79	26.9%	\$ 34,607,059	46.3%

As of December 31, 2020, total exposure to partners was \$82,960,760 and 304 partners were active lenders (\$74,927,718 and 292 partners, as of December 31, 2019).

During the year ended December 31, 2020, the U.S. and Colombia accounted for 45% and 18% of defaulted loans, respectively (the U.S. and India accounted for 26% and 12% of defaulted loans, respectively, during the year ended December 31, 2019).

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 6 - Concentration of credit risk (continued)

During the years ended December 31, 2020 and 2019, the maximum loan amount authorized for borrowing under the Direct program was generally \$15,000 and \$10,000, respectively. However, KUF will authorize a loan amount that is larger than the maximum, based on an assessment of the borrower. As of December 31, 2020, there were fourteen Direct loans outstanding that exceeded \$15,000. Twelve loans were \$25,000 and two were \$20,000, and all were disbursed after November 2017. As of December 31, 2019, there were fourteen Direct loans outstanding that exceeded \$10,000. Eleven loans were \$25,000, two were \$20,000, and one was \$15,000, and all were disbursed between November 2017 and September 2018.

Note 7 - Loans settleable to lenders (unaudited)

The following table shows the total outstanding loan balances for all loans purchased and funded that were being paid back by the borrowers as of December 31, 2020 and 2019. Outstanding loans include the full value of each loan, and reflect the amount of principal that has already been repaid by the borrower. These amounts exclude currency exchange adjustments and loan refunds, and are not necessarily the actual "Loans settleable to lenders" balances included in "Loans receivable" amounts in the accompanying balance sheets as of December 31, 2020 and 2019.

	As of December 31, 2020	
	Field Partners	Direct
Outstanding loans, gross	\$ 165,452,716	\$ 17,494,025
Less: Principal repayments	<u>(82,491,956)</u>	<u>(6,736,278)</u>
Outstanding loans, net	<u>\$ 82,960,760</u>	<u>\$ 10,757,747</u>

	As of December 31, 2019	
	Field Partners	Direct
Outstanding loans, gross	\$ 158,492,177	\$ 15,253,300
Less: Principal repayments	<u>(83,564,459)</u>	<u>(7,153,445)</u>
Outstanding loans, net	<u>\$ 74,927,718</u>	<u>\$ 8,099,855</u>

KIVA USER FUNDS LLC

Notes to Financial Statements

December 31, 2020 and 2019

Note 7 - Loans settleable to lenders (unaudited) (continued)

Loan repayments are required to be made on a monthly basis per the terms of each loan agreement with field partners and Direct borrowers. Kiva tracks loan delinquency for each field partner and for the Direct program. As of December 31, 2020 and 2019, the following tables show total delinquent amounts and the number of days' delinquent.

	As of December 31, 2020	
	Field Partners	Direct
Outstanding - 30 days	\$ 2,683,127	\$ 88,740
Outstanding - 60 days	2,014,272	73,969
Outstanding - 90 days	1,577,158	62,101
Outstanding - 120 days	16,370,780	973,669
Total	<u>\$ 22,645,337</u>	<u>\$ 1,198,479</u>
Delinquency rate	27.30%	11.14%

	As of December 31, 2019	
	Field Partners	Direct
Outstanding - 30 days	\$ 3,571,427	\$ 107,192
Outstanding - 60 days	796,773	98,827
Outstanding - 90 days	642,544	82,598
Outstanding - 120 days	6,539,250	1,115,518
Total	<u>\$ 11,549,994</u>	<u>\$ 1,404,135</u>
Delinquency rate	15.41%	17.34%

Note 8 - Risk and uncertainty

As of June 2021, domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The extent of the impact of COVID-19 on KUF's operations will depend on certain developments, including the duration and spread of the outbreak and the effect on micro and macro economies, potentially impacting the ability of lenders to extend loans, the amount of online donations received by Kiva, the financial viability of MFIs and field partners, and the ability of borrowers to repay their loans. The likelihood of these potential impacts is uncertain and the actual results cannot be predicted. As of the date of issuance of the financial statements, the extent to which COVID-19 may impact KUF's financial condition is uncertain.