

Persevering Through Unexpected Challenges



Western NIS
Enterprise Fund

ANNUAL REPORT 2020

Western NIS Enterprise Fund

The Western NIS Enterprise Fund (WNISEF) is a \$150 million regional fund, a pioneering initiative in Ukraine and Moldova with over two decades of successful experience investing in small and medium-sized enterprises (SMEs). WNISEF was funded by the U.S. government via the U.S. Agency for International Development (USAID).

The Fund's original mission focused on developing small and medium-sized businesses, supporting solid corporate governance and transparency, and attracting additional capital to Ukraine, Moldova, and Belarus. Since its inception in 1994, WNISEF has provided loans, equity, grants, technical and other assistance to companies operating in a variety of sectors. This included financial institutions, agriculture, manufacturing, and services. WNISEF has invested \$186 million in 130 companies, employing over 26,000 people in Ukraine and Moldova. **Since inception, WNISEF has unlocked an estimated \$2 billion of capital for Ukrainian and Moldovan companies based on the original \$150 million grant from USAID.**

In March 2015, USAID approved the launch of a \$30 million Legacy Program funded by a portion of the profits earned from investment activities. The program focuses on export promotion, local economic development, impact investing and economic leadership. In April 2016, USAID approved i) expanding the Legacy Program to \$35 million; ii) \$5 million earmarked for direct investments in SMEs, primarily start-ups; and iii) a \$30 million commitment to Emerging Europe Growth Fund III, L.P. (EEGF III), a fund raised by Horizon Capital and focused on providing financing to SMEs in Ukraine and Moldova. In June 2017, the Fund committed \$30 million to EEGF III.

In November 2017, WNISEF launched U.Ventures, a new \$5 million fund for early stage technology startups offering co-financing and scaling assistance for Seed to Series A startups with Ukrainian or Moldovan co-founders.

This new activity inspired the wording for the new mission of the Fund: ***Transforming the lives of ordinary people in Ukraine and Moldova.*** Presently, WNISEF is funding innovative, transformational, reform-focused programs. The Fund aims to support both countries in this critical period by fostering the development of sound economic policies and leadership.

We are proud to share details of this new phase in our investment activities and the sixth year of our Legacy Program, marked by the launch of new projects, the expansion of fruitful cooperation with local partners and continuation of learning from hundreds of individuals involved in our projects in Ukraine and Moldova.



USAID is the world's premier international development agency and a catalytic actor driving development results. USAID's work demonstrates American generosity and promotes a path to recipient self-reliance and resilience, and advances U.S. national security and economic prosperity. USAID has partnered with Ukraine since 1992, providing nearly \$5 billion in assistance. USAID's current strategic priorities include strengthening democracy and good governance, promoting economic development and energy security, improving health care systems, and mitigating the effects of the conflict in the east, as well as health and humanitarian assistance to mitigate the spread of the COVID-19 outbreak in Ukraine.

www.usaid.gov/ukraine



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Letter from Management



Dennis A. Johnson
Chairman of the Board



Jaroslawa Zelinsky Johnson
President and Chief Executive Officer

Some years challenge us to develop new programs as fast as we can. Others test the strength of our established programs. The year 2020 was the latter.

As the world descended into the COVID-19 pandemic with its many social and economic consequences, WNISEF realized that it was time for perseverance. Although the many unexpected challenges of 2020 tested our Programs to the fullest, they also revealed the resilience of the legacy we have already established in Ukraine and Moldova. Moreover, they helped us continue to improve so that we can achieve better results in 2021.

Our **Export Promotion Policy Program** explored new formats to provide the support needed most by SMEs in Ukraine and Moldova. In an environment where international trade networking ground to a halt, the Program launched a new online project to inspire entrepreneurs in the region to persevere and adapt to new circumstances.

Our **Local Economic Development Program** continued bringing together authorities, businesses, NGOs and changemakers to cope with the 'new normal'. Making the most of new digital tools, the Program turned crisis into new opportunities, engaging international speakers and exploring new formats for 2021.

Our **Impact Investing Program** not only advised and supported participating companies through difficult times but expanded through new partnerships. Thanks to a \$100,000 grant received from USAID Economic Resilience Activity (ERA), the Program replicated its model in Eastern Ukraine, supporting social entrepreneurship which can have the most transformative impact.

Our **Economic Leadership Program** focused on maintaining its capacity, connections and third-party funding, which makes it possible to re-launch many international programs after travel restrictions are lifted. Domestically, the Ukrainian Leadership Academy re-evaluated its format to continue operation through the pandemic and enhance its curriculum for Ukraine's future leaders.

Our **U.Ventures** helped keep alive the spark of entrepreneurship and innovation even when communications within the tech industry were at an all-time low. The Fund not only helped its portfolio companies find success amidst failure, but also supported the broader startup community to develop successful ventures in the future.

Beyond our Legacy Programs, WNISEF also continued its investment activity. In 2020, the Fund made a successful business exit in Moldova, selling its stake in Glass Container Company and Glass Container Prim to Vetropack Austria Holding AG. Over the years under WNISEF's support, the companies have grown to become the largest glass packaging manufacturing platform in Moldova with a strong presence across the region. By engaging Vetropack, a global glassworks business leader, the Fund brought additional capital to the region as well as demonstrated the strength of its management of portfolio companies.

Despite the unexpected challenges of 2020, WNISEF continued to provide valuable support to Ukraine and Moldova. We protected and showcased our legacy in the region. More importantly, we adapted and helped our partners adapt to new circumstances to enhance our impact in the future.

We wish to thank members of the Western NIS Enterprise Fund Board of Directors, US Agency for International Development (USAID) in Washington and the USAID Missions in Ukraine and Moldova, the U.S. Embassies in Kyiv and Chisinau, and our business and government partners for their support and contributions to WNISEF's programs and activities designed to develop and reinforce democratic values and economic prosperity in Ukraine and Moldova.

Sincerely,



Dennis A. Johnson
Chairman of the Board



Jaroslawa Zelinsky Johnson
President and Chief Executive Officer





Ukraine

Key figures 2020



The COVID-19 pandemic became a trigger for economic and social change around the world, including Ukraine.

Despite adverse conditions and projections, Ukraine's economy bore insignificant losses and maintained promising indicators for 2021. GDP declined by -4% YoY compared to IMF's initial forecast of -7.2% YoY. This was made possible by strong private consumption; a moderate drop in household disposable income along with travel restrictions redirected Ukrainians' spending to local goods and services.

Ukraine's current account balance has improved in recent years, and the trend continued in 2020 with a current account surplus of 4.4%. This was driven by export growth dominated by the agricultural sector as well as the decline in imports of goods caused by a nationwide lockdown. Ukraine's foreign currency reserves grew 15% YoY, or \$3.8 billion, nearly reaching a nine-year high of \$29.1 billion or 5.6 months of import. The growth was fueled by an estimated \$1.8 billion of asset revaluations and \$1.0 billion of net foreign exchange purchases from the market.

In 2020, Ukraine also successfully completed Eurobond issues: EUR 1.25 billion worth of 10-Y Eurobonds priced at 4.375% in January; USD 2 billion of 12-Y Eurobonds priced at 7.253% in July, and a USD 0.6 billion tap issue of the 12-Y, 7.253% Eurobonds in December, reducing their yield.

Despite being a top performing currency in 2019, the Ukrainian hryvnia still weakened by a moderate 4.5% YoY in 2020, down to an average UAH 27.0 per USD. However, early 2021 indicators suggest a positive trend toward strengthening by the end of the year.

External funding remains a significant element supporting Ukraine's economy. In July 2020, Ukraine received the first \$2.1 billion tranche of the \$5 billion, 18-month IMF Stand-by program (SBA). This funding helped the country cope with the first wave of the COVID-19 crisis and organize a special pandemic fund. However, the remaining two tranches for \$0.7 billion each were not approved as the Government of Ukraine has not met the necessary reform milestones. The IMF program remains on hold, which affects approval of financial aid from other international partners – the EU and World Bank.

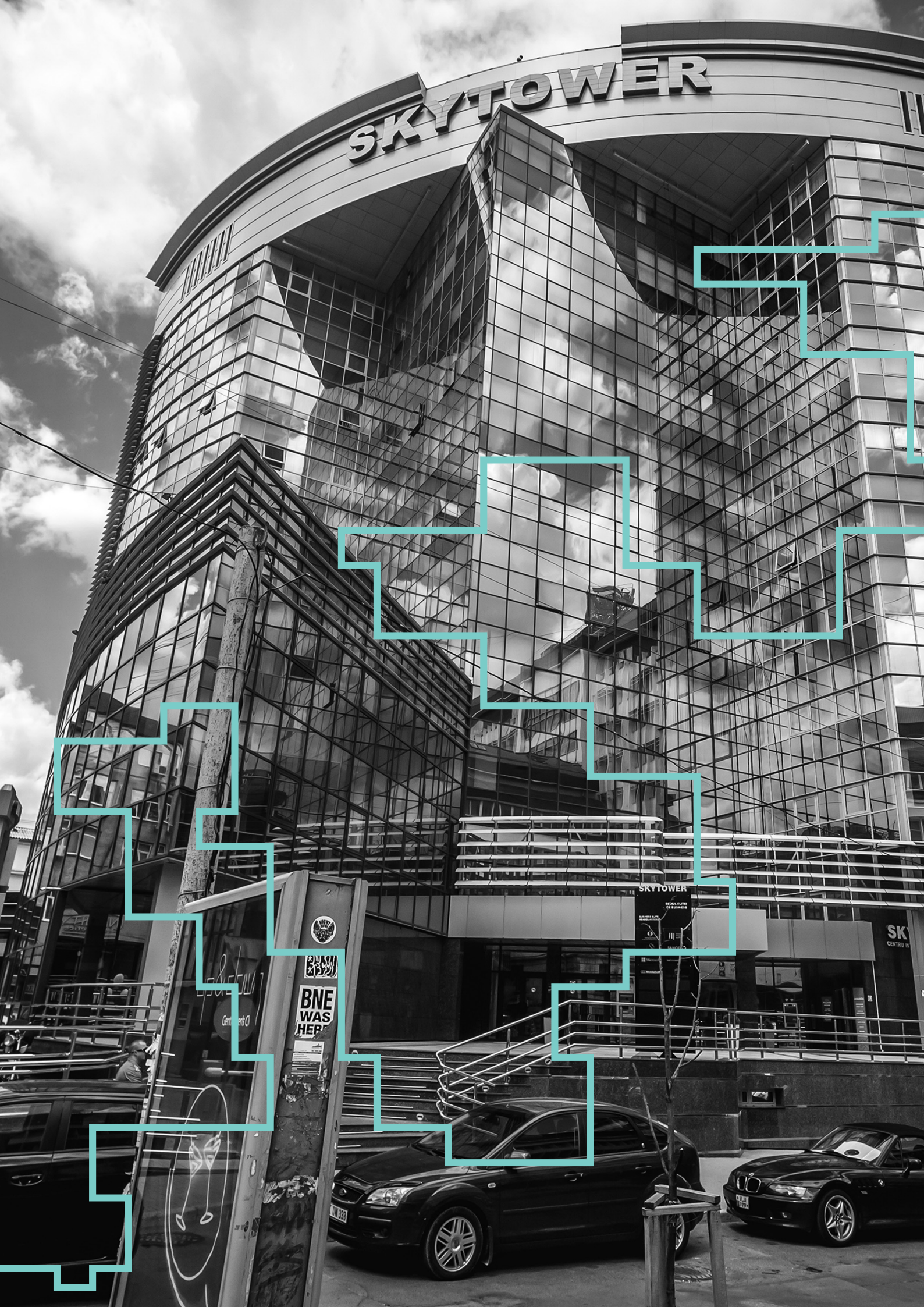
In summary, Ukraine managed to mitigate the economic risks of 2020. Structural reforms undertaken in recent years secured faster post-pandemic recovery. According to the IMF, Ukraine's GDP growth is expected to resume growth at 4% in 2021, subject to the post-pandemic global economic recovery, while the Ministry of Finance of Ukraine estimates a more optimistic 4.6%. At the same time, political and constitutional reforms remain a priority, especially to ensure further support from international financial institutions (IFIs).

Indicators	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP Growth, %	0.0	(6.6)	(9.8)	2.4	2.5	3.3	3.2	(4.0)
Inflation End of Year, %	0.5	24.9	43.3	12.4	13.7	9.8	4.1	5.0
Average Exchange Rate, USD	8.0	11.9	21.8	25.6	26.6	27.2	25.8	27.0
Current Account Balance, % of GDP	(9.0)	(3.4)	1.8	(1.4)	(1.9)	(3.4)	(0.9)	4.4
External Debt (USD billions)	142.1	126.3	118.7	113.5	116.6	114.7	121.7	125.7
FDI (USD billions, net)	4.1	0.3	3.0	3.3	2.2	2.4	2.4	(0.9)

Sources: International Monetary Fund, National Bank of Ukraine, State Statistics Service of Ukraine



SKYTOWER



BNE
WAS
HER

SKYTOWER

SK
CENTRU



Moldova

Key figures 2020



The year 2020 was a turbulent year for the Moldovan economy. The country entered the global economic and healthcare crisis with its economy already in slowdown. Political transformations and instability also impaired the authorities' response to the pandemic in terms of fiscal stimulus and social support. As a result, Moldova's GDP declined by 7.5% YoY in 2020.

The decrease was driven primarily by a considerable drop in private consumption as well as a substantial drop in agriculture trade caused by a severe drought. Exports also continued to decline, slowing down by 10.6%. Exports to Moldova's three top trading partners (Romania, Germany, and Italy) fell by 7.7%, 20.0% and 8.3% respectively, YoY imports also experienced a 7.3% drop.

In December 2020, the inflation rate experienced an unprecedented decline to 0.4% YoY caused by low domestic demand and falling energy prices. Central Bank of Moldova supported this fall by lowering the prime rate five times to a new record low of 2.65%.

In 2020, Moldova managed to sign a staff-level agreement on a three-year IMF program in the amount of \$558 million. However, its final approval is still pending due to Moldova's slow compliance with IMF requirements, especially central bank independence, improved financial sector supervision and fiscal discipline. Uncertainty over IMF support put on hold agreements with other IFIs, including an expected EUR 50 million EU macroeconomic assistance package.

The success of Moldova's post-pandemic recovery highly depends on political and economic decisions by its leadership. Political stability will be the key to ensuring continued access to funding from IFIs and qualitative changes in Moldova's economic situation. Overall, the IMF expects Moldova's economy to resume growth at an estimated 4.5% in 2021.

Indicators	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP Growth, %	9.4	4.8	(0.4)	4.5	4.5	4.0	3.6	(7.5)
Inflation End of Year, %	5.2	4.7	13.6	2.4	7.3	0.9	7.5	0.4
Average Exchange Rate, USD	12.6	14.0	18.8	19.9	18.5	16.8	17.6	17.3
Current Account Balance, % of GDP	(6.1)	(7.1)	(7.2)	(4.2)	(7.6)	(9.9)	(5.7)	(6.7)

Sources: International Monetary Fund, National Bank of Moldova, National Bureau of Statistics of Moldova







Export Promotion Policy Program

Discovering New Ways to Inspire SMEs

Helping SMEs from Ukraine and Moldova showcase their products at global exhibitions and trade shows has been a significant component of the Export Promotion Policy Program’s work. Global travel restrictions in 2020 put such projects on hold indefinitely. At the same time, SMEs bore the brunt of the pandemic’s impact and required assistance.



Video Made in Ukraine: Agrocomplex Vinnichina

The first lockdown in March-April 2020 brought an explosion of ZOOM conferences, online masterclasses and numerous other online projects. We soon realized that knowledge-sharing was not the only, nor the most important area of support for which there was more demand. Rather than overload information space, the Program focused on emotional support, encouraging entrepreneurs in the region to persist with their aspirations despite difficult circumstances. This is how the **Made in Ukraine** project was born.



Made in Ukraine Video Interview: Igor Timofeev, Agrocomplex Vinnichina.

Made in Ukraine is a promotional and education campaign launched by WNISEF. The program’s goals are informational and inspirational. A series of online videos explains how successful Ukrainian SMEs are built and developed. The stories provide useful examples and aim to inspire would-be entrepreneurs to find the required courage and self-confidence to build their own businesses. In the videos, selected entrepreneurs shared their experience in growing a business, entering new markets and, notably, adapting to the business environment transformed by the pandemic.



Made in Ukraine Video Interview: Natalia Lymonova, Snite.

One story was told by Igor Timofeev, director of Agrocomplex Vinnichina LLC, a grower of fresh apples. This is a small business that significantly improved the quality of its products to access new markets in the Middle East, Asia, and Europe through use of modern technologies.

Another story came from Natalia Lymonova, an entrepreneur and civic activist. Natalia (a mathematician) and her husband Serhiy Verminsky (musician) had an ambitious goal: to create things that are beautiful and useful for people.

Together they started their first company Snite in 1997 to make furniture for children and grew it from a small family enterprise to a national and international manufacturer and exporter of furniture. Natalia’s interests went far beyond furniture business and she became actively engaged in promoting education, including as the founder of GIOS, an early stage online educational platform for learning math. When COVID-19 hit, Snite transitioned its sales to online channels. And while the furniture business was negatively affected by

the pandemic, her other business – the online education platform – gained significant number of new users almost overnight.

These video stories generated thousands of views and a positive response from other entrepreneurs struggling in the new normal. With the latest video published in November 2020, the project remains active, with more stories planned for 2021.

Although we plan to resume support for Ukrainian and Moldovan companies' participation at global trade shows and exhibitions in 2021, we are confident that virtual formats are here to stay. By adapting to global changes, we have discovered new opportunities for our Export Promotion Policy Program, which will help us help small and medium-sized businesses conquer new markets going forward. ■



Video Made in
Ukraine: Snite

Ukraine House Davos – Transforming with the Times

Just prior to the onset of the world's pandemic in January 2020, WNISEF helped organize **Ukraine House Davos** at the World Economic Forum for a third consecutive year. During a week of thematic discussions, meetings and networking, Ukraine's representatives showcased the country's cultural, economic and innovative potential, laying the foundation for future investments and partnerships.

With the other organizers (Victor Pinchuk Foundation, the Ukrainian Association of Venture and Private Capital (UVCA), Horizon Capital and others), WNISEF reported that the 2020 **Ukraine House Davos** achieved even larger exposure than in the previous years. Numbers speak louder than words: 94 hours of activities; 16 panels about investment, infrastructure, IT and education issues with speakers from 12 countries, over 8,000 guests. Live streams from **Ukraine House Davos** generated 400,000 views, and social media posts reached almost 2.2 million readers. In addition, the venue housed cultural diplomacy events attended by Ukrainian government officials, top managers of international companies as well as other international guests.



94
HOURS



16
PANELS



12
COUNTRIES



8,000
GUESTS



400,000
VIEWS



2.2 mln
READERS

Given subsequent global pandemic safety restrictions, in 2020 we decided to take the event online, to be held alongside the World Economic Forum Special Annual Meeting in Singapore in May 2021. Considering WNISEF's successful history of online engagement in 2020, we look forward to a successful transition to the new format for Ukraine House Davos in 2021.

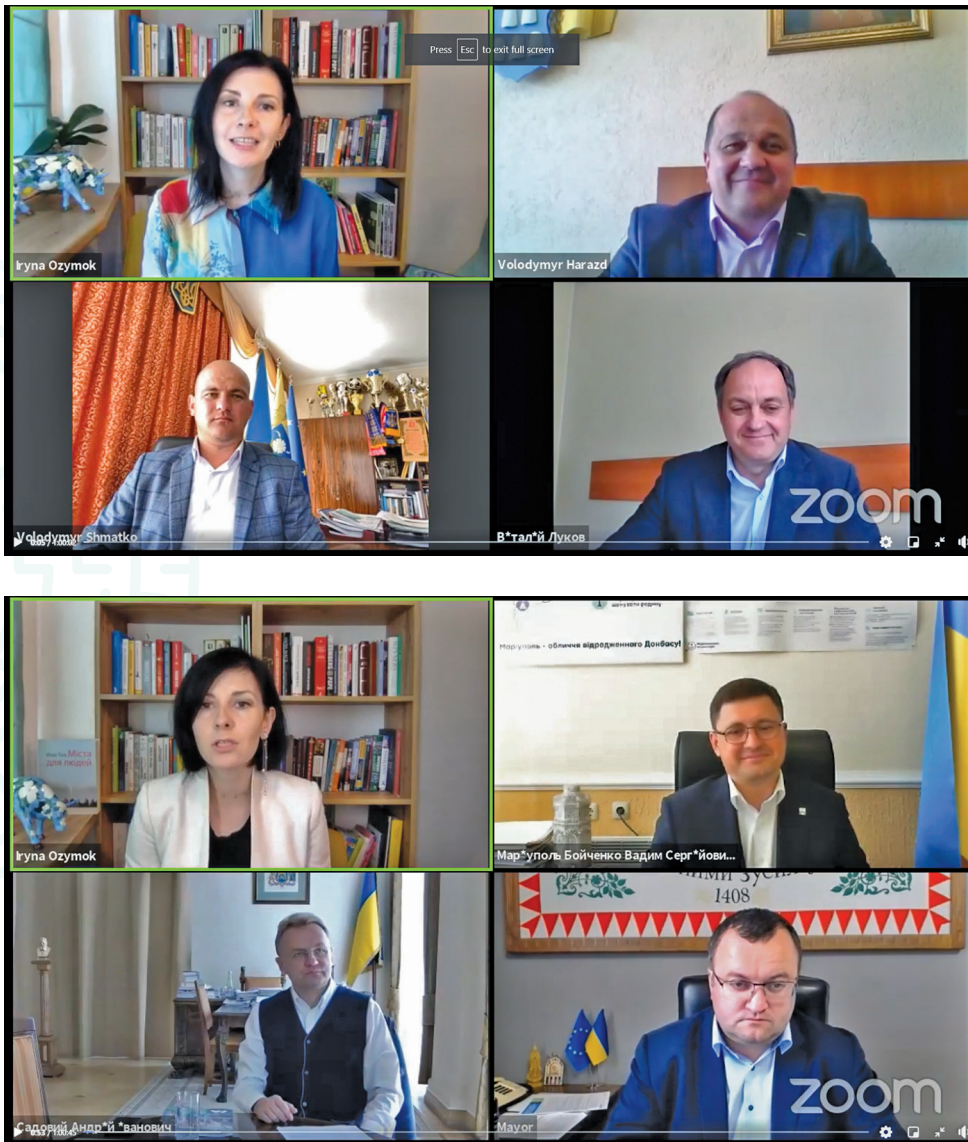




Local Economic Development Program

Turning Crisis
into Opportunity

With the pandemic's stay-at-home admonitions, the significance of local communities to people's lives skyrocketed. Cooperation between local authorities, businesses, NGOs and changemakers was key to COVID-19 response and later, recovery. Realizing this, the Local Economic Development Program redoubled its efforts to serve as an effective platform for sustainable transformation of Ukrainian cities and communities. As a result, the Program team managed to keep key projects operational and even implement new ones, while contending with necessary safety restrictions.



For the **International Mayors Summit**, this meant a transition to online. Instead of the usual special event, the Summit became a series of online discussions focusing on the topic, “Cities vs COVID-19”. WNISEF organized ten virtual dialogues featuring 17 mayors and 13 experts, where speakers addressed infrastructural challenges, including transport, water supply, youth engagement, inclusiveness as well as cooperation between business and local authorities. These topics remain highly relevant even in a pandemic, as communities look for ways to keep cities operating in the ‘new normal’.

This new format allowed the Summit to stay relevant, maintain existing relations with

Cities VS Crisis Online Talks

local communities and help them learn from each other how to tackle new and unusual challenges of 2020. Moreover, these critical discussions were spread out over several weeks, making it possible to cover more topics in more detail while keeping public attention for longer. Overall, the online streams received more than 100,000 views, 500 engagements and 300 shares.

The search for new formats produced not only quality discussions, but also real assistance to local communities. Collaboration between the International Mayors Summit and Ukraine's first inclusive atelier Lady Di Atelier brought about the project, **“Breaking barriers is easy. Together!”**, which drew public attention to inclusivity in development through art. In Septem-



ber 2020, the partners launched production of silk scarves based on drawings by children with Down syndrome and autism, which depicted cities of their dreams.

“Breaking barriers is easy. Together!”
Photo Project.

To promote the initiative, the **International Mayors Summit** team organized a special photoshoot to promote inclusiveness for children with Down syndrome and autism in Ukraine. The partners also co-organized a New Year’s fundraising auction, which attracted top Ukrainian influencers, celebrities, and media and raised total of UAH 500,000 (around \$18,000) to finance creation of Sunny Workshop, an art-therapy center for children with autism and Down syndrome in Lviv.

To further promote inclusivity in urban environments, in December 2020 Local Economic Development Program Manager Iryna Ozymok participated in the Inclusivity Forum organized by Dostupno. UA, Ukraine’s key NGO dedicated to protecting the rights of people with disabilities. Iryna co-hosted the ceremony for the “Open Doors” nomination, which recognized businesses and public spaces



Open Doors Conference.



“Cities in 2030”
Photo Project.

for setting higher standards for inclusivity in Ukraine, which is a serious ongoing issue in the region.

To further reinforce the importance of urban development while respecting social distancing norms, WNISEF partnered with Ukrayinska Pravda, one of Ukraine’s top online publications, to launch the project, “**Cities in 2030**”. As part of the project, WNISEF asked photographers and designers to depict the future of Ukrainian cities based on eleven possible scenarios where today’s decisions could transform tomorrow’s reality. The resulting story aimed to encourage discussions about the future of Ukraine. Will urban communities resolve issues with environment, nature and healthcare, resort to new technologies, or instead live with the consequences? Scenarios ranging from inspiring to horrifying reached at least 36,000 people, triggering active public discussions on the topic.

While all of these new formats proved successful and allowed the Local Economic Development Program to remain relevant during a challenging year, they also emphasized the value of and demand for networking and offline events. In 2021, WNISEF will pursue further evolution of the **International Mayors Summit**, combining the best of both worlds. Offline discussions will bring together local mayors, experts, entrepreneurs and activists, while online tools will allow the **Summit** to engage more international speakers to share their experience.

In addition, 2020 became a year of reflection and preparation for the Local Economic Development Program team. Through strategic sessions as well as interviews with partners and mayors, WNISEF re-evaluated the **International Mayors Summit**, resulting in a new visual identity as well as a host of new program ideas to be implemented in 2021.

Finally, the microgrant competition for urban transformation projects **DREAMactions** will be making a comeback in 2021 as **DREAMactions 4.0**, providing even more opportunities for more teams of changemakers to pitch and win support for their projects aimed at transforming local communities. ■

Technovation Girls – First Practical Application

The year 2020 saw the fourth season of **Technovation Girls in Ukraine**, the global contest that encourages schoolgirls to pursue a career in IT and challenges gender stereotypes in the technology sector. While the overall number of participants was lower due to the pandemic, this season's winner, "IT Babushka" team from Kyiv, not only developed a successful prototype but continued to support it until a full market launch. This is the first market launch for projects developed as part of Technovation in Ukraine, and this represents the kind of impact we'd like our projects to have.



IT Babushka Project

IT Babushka's computer and smartphone literacy courses for elderly people quickly gained traction in the market. In addition, global travel restrictions became a blessing in disguise, as WNISEF provided a special UAH 30,000 (\$1,050) grant to the winners as a main prize instead of the trip to the United States, and which the winning team could invest into development of their product. With WNISEF support, IT Babushka implemented marketing and sales strategies, making major headway in promoting the courses. Finally, WNISEF helped establish a partnership between IT Babushka and LIFELOVER Charitable Foundation that helps elderly people.

In 2021, WNISEF plans to continue supporting Technovation while searching for additional partners to assist with its promotion and organization. As Peace Corps Ukraine volunteers are currently unable to participate due to travel restrictions, we established partnership with GoGlobal and Teach For Ukraine to serve as mentors for participating teams. We also plan to continue supporting "IT Babushka" to ensure positive impact of their product.



IT Babushka
website





Impact Investing Program

Expanding through Partnership

The year 2020 upended Impact Investing Program's traditional functions. Prior to the pandemic, the Program focused primarily on supporting social enterprises with an appetite for development. However, the 'new normal' brought new challenges for businesses, forcing them to focus on resilience and adaptation rather than expansion. To protect its legacy, the Impact Investing Program advised and supported participating companies through the difficult times. At the same time, the Program continued to expand its reach through newfound partnerships, which highlighted the effectiveness of our model.

Given the pandemic's impact on small and medium businesses in Ukraine and Moldova, the Program decided to support its participants through difficult times. For six of the 11 active loans, WNISEF granted requests to postpone repayment to allow the companies time to adapt to the unexpected circumstances. Nevertheless, it is important to note that loan recipients remained committed to their obligations, with an additional eight prior loans repaid in 2020. Moreover, the companies produced a UAH 8M (approx. \$ 285,000) equivalent of social impact throughout the year.

Social Business in UA Conference.



In addition, the Impact Investing Program continued its usual activities. Out of the 15 new loan applications, WNISEF supported six. The loan for Drukarskyi Dim, Kramatorsk, a company that employs people with disabilities and provides social and legal support, allowed the company to purchase an additional printing machine and expand its product range. The two stabilizing loans for Veterano Pizza and Horikhovyi Dim helped transform their business models in response to the pandemic. Overall, WNISEF issued a total of \$181,021 in 2020, with remaining loans carried over into 2021.



Yuriy Melnyk, CEO of Drukarskyi Dim, Kramatorsk.
Photo courtesy USAID.

Impact Investing Program also continued promoting social entrepreneurship in Ukraine by driving public discussions on the topic. Throughout 2020, the microlending program was presented at 18 public online events, most notably at the Social Business in UA conference, where Program Manager Vasyl Nazaruk moderated discussion on developing a White Book for social entrepreneurship in Ukraine.

The most impact, however, came from new partnerships

that allowed the Impact Investing Program to expand its reach despite existing limitations. The biggest breakthrough was the \$100,000 grant received from the USAID Economic Resilience Activity (ERA), which allowed WNISEF to launch **“Affordable loans for social enterprises in Eastern Ukraine”** in May 2020. The program used Impact Investing Program’s business model but targeted profitable social enterprises operating for at least 12 months and located in the “grey zone,” the area of Eastern Ukraine close to the demarcation line.

Unlike our usual activities, it was a challenge to locate social enterprises in the region, particularly those willing to accept a low-interest loan rather than a grant in these trying times. To drive the process, WNISEF organized an active promotional campaign to encourage eligible enterprises to apply. As a result, we identified three potential borrowers, with two contracts signed and one in progress.

One loan will again go to “Veterano Pizza”, a pizza restaurant employing and supporting war veterans, and will fund development of their branch in Mariupol. Another loan will go to AnVita clinic in Dobropillia, which not only provides modern medical services but also consults and assists other local businesses.

The third recipient is Drukarskyi Dim in Kramatorsk, which has been a recipient of WNISEF loans in the past. All three enterprises are located in Donetsk region. Another key partnership was with Ukrainian Social Venture Fund, co-founded in 2019 by ChildFund Deutschland, School of Mindful Entrepreneurship, Silab Ukraine and WNISEF. In 2020, **Ukrainian Social Venture Fund** issued an additional five partially repayable grants to social enterprises, including Simka, Re:Ban, WoodLike, Stare Misto and InvaFishky. About 10% of the funds provided have been repaid in February 2021 to finance the next selection round.

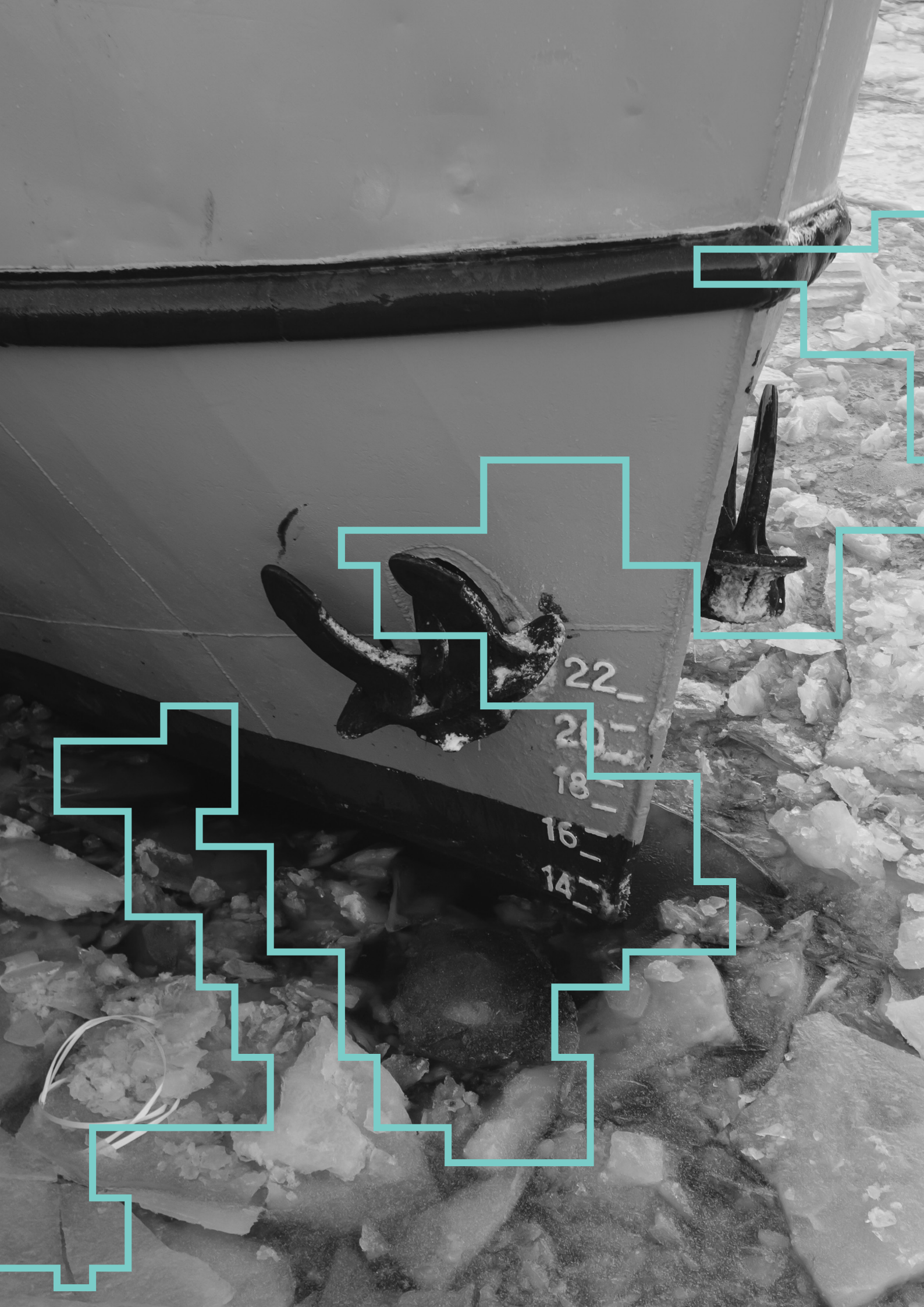
In 2021, the Impact Investing Program will continue to grow in scope and scale. In late 2020, WNISEF founded a public charity organization **Impact Ukraine** to facilitate fundraising that will provide access to additional funding more loans to social enterprises. We are considering establishment of an additional anti-crisis lending program for social enterprises to help them compete in the post-pandemic market. ■



AnVita Clinic Team.



Cooking Class with Olexiy Kachko, CEO of Veterano Pizza Mariupol.



22_

20_

18_

16_

14_



Economic Leadership Program

Maintaining
Partnerships

The Economic Leadership Program focuses on nurturing a new generation of leaders in Ukraine and Moldova by helping them gain access to world-class education. The year 2020 brought travel restrictions that placed most of its activities on hold. Instead, WNISEF focused on maintaining the partnerships that made the Program possible and prepared for post-pandemic recovery. In addition, the Program's alumni again demonstrated the long-term impact of WNISEF's efforts.

Stanford University's **Ukrainian Emerging Leaders Program**, which offers Ukrainians an opportunity to study for an academic year at one of the world's leading research institutions, was deferred until 2021 due to the spread of COVID-19 in the US. Alumni who completed their studies in 2020 returned safely to Ukraine.

Throughout the year, the Economic Leadership Program focused on planning for post-pandemic re-activation of the Program as well as supporting alumni activities. Three new fellows for the 2021-2022 academic year emerged in competition among 330 applicants: Yulia Bezvershenko, Denis Gutenko and Nariman Ustaiev.

Immediately after returning to Ukraine, the 2019-2020 Stanford cohort established the Ukrainian Nexus Conference, an online event focusing on the importance of tech and creativity sectors for the GOU. The organizers made full use of the connections acquired abroad to bring in top-level speakers such as former US National Security Adviser H.R. McMaster, former US Ambassador to Ukraine John Herbst, former Prosecutor General of Ukraine Ruslan Riaboshapka and others.



Olexandr Starodubtsev, Deputy Head of the National Agency on Corruption Prevention.



Dmytro Romanovych, Former Deputy Minister of Economic Development and Trade of Ukraine.

Past alumni also continued to make the most of their experience to lead Ukraine toward reform. In May 2020, Olexandr Starodubtsev of the 2017-2018 Stanford cohort was appointed Deputy Head of the National Agency on Corruption Prevention, where he is focusing on corruption prevention and digital transformation of the Agency. Dmytro Romanovych, of the same cohort, served as a Deputy Minister of Economic Development and Trade through most of 2020, proposing numerous bills to support the ease of doing business in Ukraine, particularly for SMEs.

Thanks to continued efforts by the Economic Leadership Program's team and the success of its alumni, the Ukrainian Emerging Leaders Program will be institutionalized at Stanford in fall 2021. This means that, rather than operating as a special program made possible through WNISEF and other donor

funding, it will transition to a long-term perpetual program that will continue offering unique opportunities to Ukrainian leaders.



Mitacs Globalink Research Internship Program also was cancelled in 2020 due to the pandemic's impact. Moreover, the GOU reallocated funds intended for special education programs toward managing COVID-19's impact on the country.

Thanks to the efforts by the Economic Leadership Program's team, the program will resume in 2021 as its budget was officially reinstated in late 2020. The team is currently focusing on making preparations for the program's activation, provided the global pandemic situation allows it to proceed.

SEED Grant, the leading provider of scholarships for young Ukrainian professionals since 2015, was suspended in 2020 due to waning occupational market demand for additional MBAs. By the end of 2020, all grant recipients completed the program. Out of the 44 participants, 28 returned to Ukraine, while the rest repaid tuition costs with interest. Many of the program's alumni have demonstrated significant impact on business development, launching new businesses or joining global business leaders as top managers in Ukraine.

Next year the Economic Leadership program will focus on re-activating projects placed on hold by the unexpected challenges of 2020. In addition to the examples above, WNISEF is also looking to re-engage **Teach for Ukraine**, whose new CEO Oksana Matiash has been proactive in developing the program. WNISEF aims to attract further corporate support and funding for the program as well as build relations with the Ministry of Education of Ukraine to ensure official support.

The Economic Leadership Program also has been negotiating with the Kyiv School of Economics, seeking to provide financial and technical support for developing new specialized Bachelor's and Master's programs in specialized business streams. WNISEF funding will help expand the curriculum and increase the number of bachelor students at the Kyiv School of Economics. ■



Dmytro Okhrymchuk
(MBA, UC Berkeley)

As the CEO of Esports Organization GG, on-line videogame sports platform, Dmytro successfully raised \$200,000 in funding through the Berkeley University accelerator. The platform helps gaming streamers turn their passion into a full-time job.



Viktoria Barbaniuk
(MPA, Columbia)

Victoria became CEO for the Ukrainian branch of consulting company CIVITTA one of the leading management consulting companies in Central and Eastern Europe. Her achievement highlights the growing role of female leadership in the modern business environment.



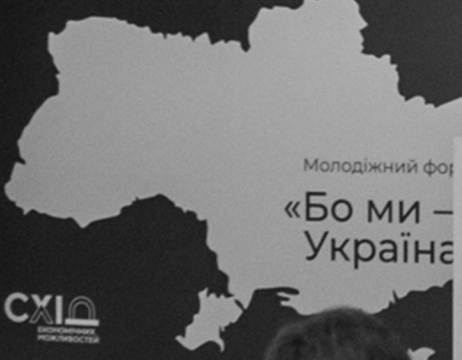
Natalia Shavrina
(MBA, Yale)

Natalia became a Representative for Global Capital Finance in Ukraine, a leading international investment banking and financial services firm.

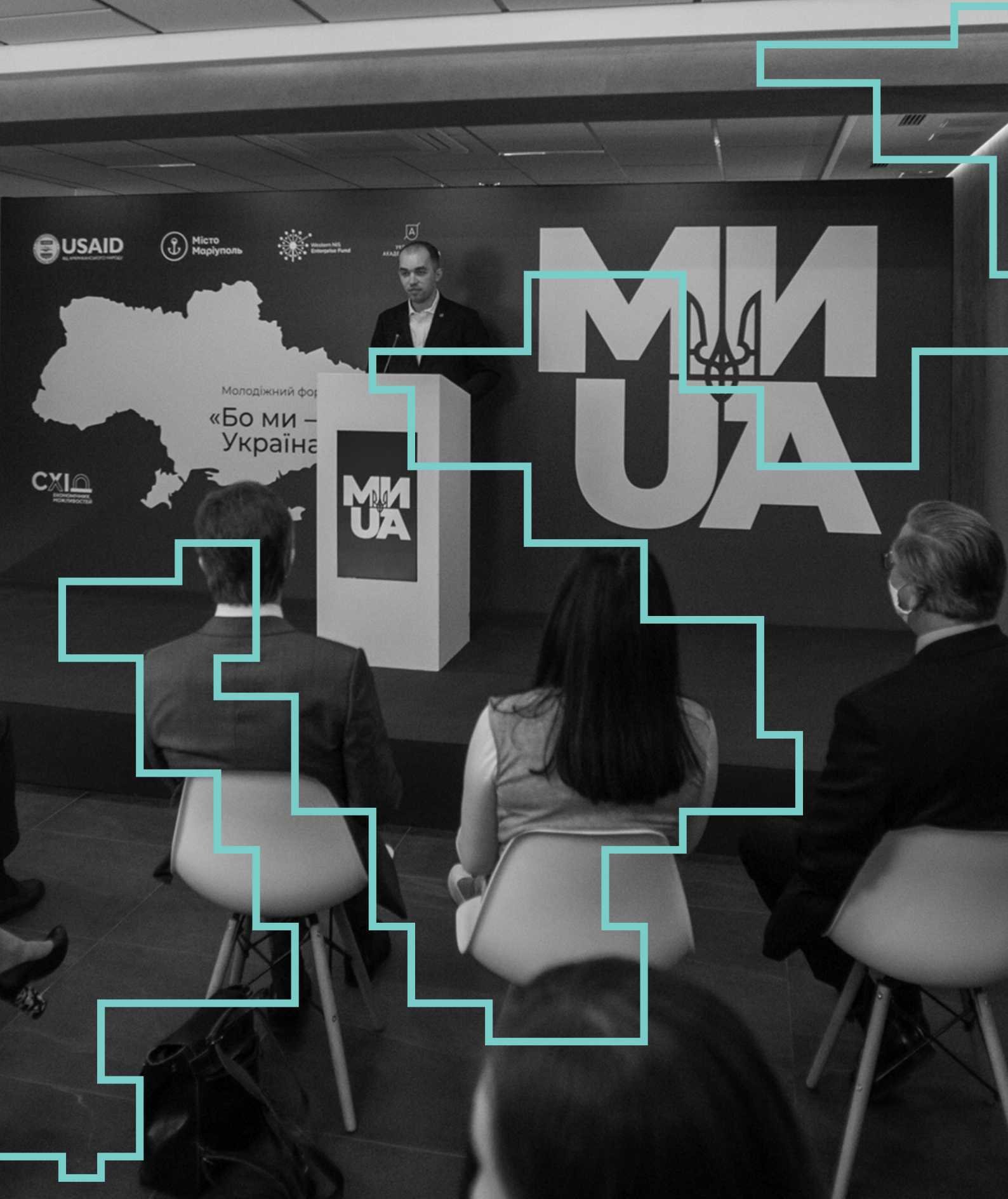


Viktor Petrus
(MBA, Cornell Johnson Graduate School of Management)

Viktor opened a Ukrainian office for Fulcrum Capital, successfully expanding its global corporate presence in Ukraine.




Молодіжний форум
«Бо ми – Україна»





**Ukrainian
Leadership
Academy**
Transforming
through
Challenges



Ukrainian Leadership Academy faced a double challenge in 2020. Because the Academy's activities are tied to the academic calendar, it had to rapidly adapt to complete its program for the 2019-2020 cohort as well as select and launch a new program for the 2020-2021 cohort – all within one year. Thanks to the team's dedicated work, the Academy re-evaluated its format and improved its curriculum to continue nurturing the next generation of Ukraine's leaders.

The pandemic forced most educational institutions to rethink their pedagogical structure as traditional programs faced serious limitations. New technologies made it possible for the 2019-2020 cohort to complete its studies with full adherence to social distancing limitations. However, we also saw student engagement decrease because distance learning is an imperfect tool and will not deliver desired results without significant changes to the traditional ULA curriculum.

This realization allowed Ukrainian Leadership Academy to reflect on its methodology and offer a new approach that works in the 'new reality' for the 2020-2021 cohort. To achieve this, in spring 2020, the Academy's board invited top experts to examine the issue and develop a new structure for its curriculum. Rather than embrace a fully digital approach, we produced a hybrid format. Most lectures still take place online, however, students also meet physically to share thoughts and experiences. The new structure organizes the students geographically in groups of 10 rather than by campus, which makes it convenient and safe for them to meet. This approach also allows the Academy to have a truly nationwide presence, as all students can interact freely online rather than being tied to their physical campus.

The application process also changed. We needed a more rigorous methodology to make remote testing possible. We also needed stronger motivation for potential students and their parents to persuade them that the Ukrainian Leadership Academy is safe during the pandemic and a worthwhile time investment. To achieve this, we invited guest speakers, including well-known and respected Ukrainian leaders to interview potential students. The guest speakers shared their impressions of the Academy and encouraged the applicants to grow, experiment, learn new technologies and take responsibility for their decisions.

Thanks to this more rigorous selection process, Ukrainian Leadership Academy gathered its strongest and most motivated group since its founding. With a competition of 13 candidates per spot, the Academy welcomed 168 new students for the academic year 2020-2021, emphasizing quality over quantity.

In addition to internal challenges, the Academy also dealt with external factors. This included a temporary lapse of funding from the GOU which was redirected to combating COVID-19. Some local private donors also were unable to meet their commitments in 2020, leading us to temporarily shut down campuses in Chernivtsi and Poltava. However, thanks to the team's efforts, the Academy will regain UAH 15M in GOU funding starting 2021.

Thanks to WNISEF's proactive government outreach, we were able to showcase our value for the country's development. Based on our discussions, the Ministry for Reintegration of Temporary Occupied Territories of Ukraine invited Ukrainian Leadership Academy's team to develop a joint project with the government to be launched in spring 2021. This new study program will be



Mariupol Leadership Development Center Launch

In September 2020, Ukrainian Leadership Academy opened a **Leadership Development Center** in Mariupol. For the first time, the Academy received a permanent campus reconstructed by the local community and co-financed with UAH 16.6 million from the municipal budget. USAID also made a significant contribution, donating modern technical equipment for learning and leisure.



"This is the success of teamwork. The US government is proud to be part of this initiative. Now more and more young people consider Mariupol to be the city of the future,"

Joseph Pennington,
Acting Deputy Chief of the US
Diplomatic Mission to Ukraine.



"Together, we are making Mariupol a city where you want to live. We are grateful to our partners, who have been helping address openness and transparency of government, IT development in the city and much more for over 5 years,"

Vadim Boychenko,
mayor of Mariupol.

The opening in Mariupol became an important precedent of a sustainable long-term solution for ULA. The Academy also is pursuing similar projects with local authorities in Mykolaiv, Lviv and Kyiv. WNISEF is negotiating with local officials, organizing fundraising campaigns and exploring solutions that will allow us to establish a stronger footprint in these regions starting 2021.

DobroDvizh

DobroDvizh is an “online marathon of good deeds”, a community support project launched by Kyiv Academy students in April 2020. DobroDvizh encourages young people to volunteer and support their neighbors in need, especially through the challenges of 2020.

To engage and organize participants, the student team developed a list of 35 specific help activities, such as buying groceries for the elderly, becoming a blood donor or sending a postcard to a child with cancer. Using social media, DobroDvizh brought together more than 100 participants from around the country who performed 1,277 good deeds in just a few weeks.



“We want to ensure that social distancing does not make people indifferent to one another, and to remind everyone about the importance of helping those in need. Let the good sound loud!”

Khrystyna Osadcha,

ULA graduate, 2019-2020 cohort.

In addition to volunteering, the project also included networking sessions and lectures from participants on socially important topics, such as “How to start acting in a passive environment” by Anastasia Khalamova and “How to live sustainably” by Myroslava Kosiakova. Overall media reach of the project exceeded 50,000 contacts.



“DobroDvizh is my first online project and the first time I've volunteered online. It turned my life upside down! I started registering for more social projects, and found a lot of like-minded people,”

Liuda Romanchuk,

participant from Chernivtsi.

In December 2020, the project experimented with new formats, now encouraging children aged 10-14 to perform 10 good deeds during Christmas week. The initiative aimed to show younger children that good deeds are important and easy to do given dedication. This time, 59 children performed 194 good deeds.

Thanks to DobroDvizh, the Ukrainian Leadership Academy won a UAH 298,000 (approx. \$10,650) grant from EU4CSOs, the first EU-funded grant to WNISEF. In online voting, DobroDvizh was recognized as the best innovative social initiative aimed at dealing with the consequences of the COVID-19 pandemic. The grant will finance DobroDvizh 2.0 – a larger one-month marathon in spring 2021.

Ukrainians who make history

In 2020, the Ukrainian Leadership Academy organized a series of online events for its students, focusing on various aspects of community building: entrepreneurship, health and healthy lifestyle, defense and national security, governance and national identity. The students themselves voted on speakers to invite and moderated the agenda.

The first guest speaker was Yevhen Klopotenko, chef and ambassador of Ukrainian cuisine, who held an online masterclass on preparing an ancient Ukrainian meal and talked about cuisine's impact on national identity. One student, selected competitively, met Yevhen in person and joined him in the studio.

Overall, 11 such events are planned for the 2020-2021 cohort. We are encouraging Ukrainian Leadership Academy students and speakers to share their experiences during these events on social media, bringing additional exposure for the Academy and motivating current and potential students.

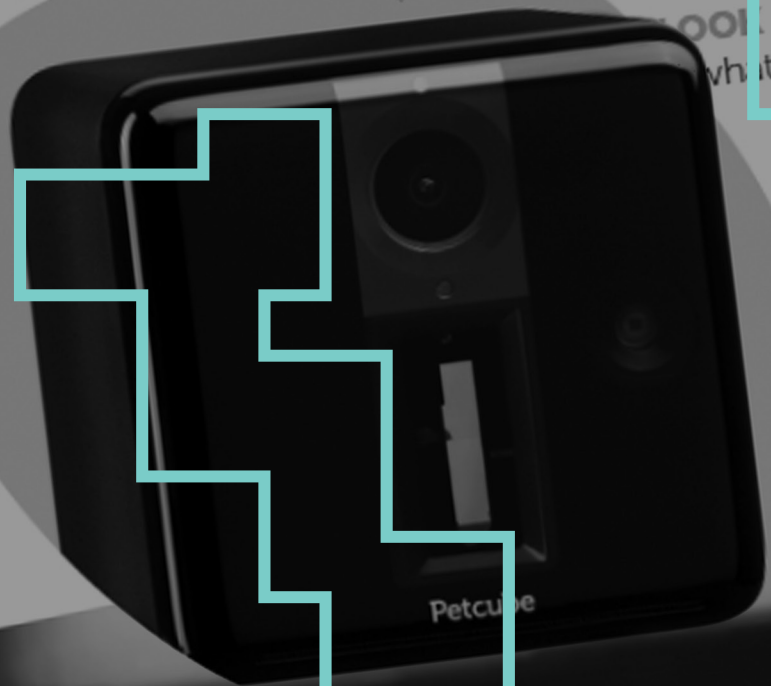


based on the Ukrainian Leadership Academy model and target young leaders from temporarily occupied territories as well as the “grey zone”, helping them reintegrate into Ukraine’s society for the long term. The project also aspires to locate young people from the region who can act as ambassadors for reintegration in Ukraine and abroad.

The challenges of 2020 transformed Ukrainian Leadership Academy’s approach, model, and vision. In 2021, we will continue building on this newfound knowledge and experience to continue expanding the Academy’s reach. Despite ongoing uncertainty in all spheres of public life, we are transforming challenges into new opportunities, selecting the best students, and engaging the best role models to continue developing young leadership in Ukraine. ■

u.ventures

About us Investment



See, talk, play, and treat when you're away

We back local entrepreneurs
to build exciting



About us

Investment

**Daring ideas
transform**

Established by Western NIS
early stage technology startups
potential for global growth.
entrepreneurs who dare to build

**Daring
trans**

Established by
early stage technol
potential for
entrepreneurs

ntrepreneurs
g global vent



U.Ventures

Overcoming
Challenges
through
Community-
Building

1. 3DLOOK Team.
2. Founders and Team of YouTeam Startup.
3. Petcube Team.



During these uncertain times, U.Ventures portfolio companies needed support like never before. In addition to the Fund's main mission of promoting development of technological startups, U.Ventures helped portfolio companies respond to the unexpected challenges of 2020. This included thematic workshops, accelerators, and events to assist portfolio companies transform their infrastructure and services to adapt to the 'new normal'.

In 2020, U.Ventures identified two fundamental goals for its activities: promoting resilience and adaptability of its portfolio companies as well as continuing to help develop Ukraine's technological ecosystem.

The pandemic's impact on the Fund's portfolio companies was varied and required individual approaches. For example, **Petcube**, whose product allows people to communicate with their pets remotely, lost much of its appeal as people spent more time at home. The company decided to restructure its activities and focus on new opportunities. With the help of U.Ventures, Petcube reached out to top experts and market players to discuss their transformation.

Conversely, companies whose products focused on online services faced incredible demand in 2020. One such company was **3DLOOK**, whose product allows customers to capture their own body measurements for online shopping using only two photos taken on any smartphone device. Since the beginning of the pandemic, the company used its technology to help global retailers such as Fechheimer and Safariland transition to remote contactless service, offering customers safe and convenient online shopping experience. By taking advantage of new opportunities and leveraging the strong talent pool of Ukraine, 3DLOOK doubled in size since the Fund's initial investment.

Likewise, **YouTeam**, a remote employment marketplace for the IT industry, suddenly found its services in high demand as remote work became part of the 'new normal'. In addition to its usual services, the company launched a directory and series of guidelines in summer 2020 to help small businesses in the tech industry use licensed applications essential for remote workers.

Developing the startup and scaleup ecosystem in Ukraine: Free & Virtual

September 2, 14:00 - 16:00 (Kyiv time)

Get inspired by the best! Discover the latest trends & insights in the Ukraine's startup world. Organised by Adam Smith Conferences in collaboration with Ukrainian Startup Fund and Blue Lake Accelerator.



Victoria Tigipko
TA Ventures



Dominique Piotet
UNIT.City



Kirill Bigai
Preply.com



Charles Whitehead
Cornell Law School



Andrii Sorokhan
u.ventures

Ukraine's tech ecosystem as a whole also faced unusual challenges in 2020. Although new and improved online tools allowed many companies to continue working remotely, this also had a negative impact on communications within the sector. If the country's best innovators stop interacting, the industry will stagnate. U.Ventures sought to rectify this by becoming a platform for technology startups to share experiences, spark new ideas and foster successful projects. At one level, this meant helping our portfolio companies expand their list of partners, establish international cooperation (for example, with Ukrainians living and working in Silicon Valley) and integrate them into international communities.

On the nationwide level, U.Ventures in partnership with Adam Smith Conferences organized an online workshop, **"Developing and Scaling Ukraine's Tech Ecosystem"**. The event gathered influential opinion leaders from the venture community, entrepreneurs and government officials to discuss the opportunities of Ukraine's ecosystem as well as ways for organizing a support system for tech startups. The Fund also shared its experience with the market in a series of **"Innovation Lighthouse"** podcasts. Finally, in partnership with the Center for Entrepreneurship at Lviv Business School, U.Ventures organized a series of discussions, **"Investing in startups: prospects amidst crisis"**.

Moreover, U.Ventures representatives contributed to the tech community by acting as mentors in several programs for startups. This included the three-month NEST Bootcamp, implemented by UNIT.City to support startups and entrepreneurs seeking knowledge or networking to reach a new level as well as the YEP incubator aimed at encouraging entrepreneurship in Ukraine in general.

Overall, 2020 produced increased demand for U.Ventures support both among portfolio companies and the community at large. Going forward, we expect rapid transformation and innovation to continue. In 2021, the Fund will not only continue seeking new potential startups for its portfolio, but also expand involvement in the tech community to encourage creation of new products and companies. ■

Developing the Startup and Scaleup Ecosystem in Ukraine Online Conference.



CHF
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Hem



Financial Statements



Financial Statements

Western NIS Enterprise Fund

Years ended September 30, 2020 and 2019

with Report of Independent Auditors

Western NIS Enterprise Fund

Financial Statements

Years ended September 30, 2020 and 2019

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Independent Auditors' Report

To the Board of Directors of Western NIS Enterprise Fund

We have audited the accompanying financial statements of Western NIS Enterprise Fund (the Fund), which comprise the statements of assets and liabilities including the condensed schedules of investments as of September 30, 2020 and 2019, and the related statements of operations and changes in fund balance, functional expenses, and cash flows for the years then ended, and the related notes to 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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.

Entity: Western NIS Enterprise Fund

Independent auditor: Private Joint-Stock Company KPMG Audit, a company incorporated under the Laws of Ukraine, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International (limited), a private English company limited by guarantee.

Registration No. in the Unified State Register of Legal Entities and Entrepreneurs of Ukraine 31032100

Registration No. in the Register of Auditors and Audit Organizations 2397

Address: 32/2 Moskovska Str., Kyiv 01010, Ukraine



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western NIS Enterprise Fund as of September 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in blue ink that reads 'JSC KPMG Audit'.

JSC KPMG Audit
December 28, 2020

Western NIS Enterprise Fund

Statements of Assets and Liabilities

September 30, 2020 and 2019

Expressed in US Dollars

	2020	2019
Assets		
Investments, at fair value (cost of \$50,890,438 and \$54,655,597 as of September 30, 2020 and 2019, respectively)	\$ 61,056,053	\$ 45,417,053
Cash and cash equivalents (<i>note 6</i>)	14,487,421	21,491,914
Impact Investing Program long-term deposits	472,107	509,898
Prepaid expenses:		
Investment management fees (<i>note 13</i>)	-	-
Program management fees (<i>note 13</i>)	-	131,250
Other	50,632	300,008
Fixed assets, net of accumulated depreciation and amortization (<i>note 7</i>)	34,196	60,415
Interest, dividends and other receivables	108,685	91,989
Other assets	297,269	141,711
Total assets	\$ 76,506,363	\$ 68,144,238
 Liabilities and fund balance		
Deposits received on sale (<i>note 5</i>)	\$ 325,000	\$ 325,000
Accounts payable and other accrued expenses	1,466,258	479,231
Grants payable (<i>note 11</i>)	-	71,346
Deferred income (Grants received) (<i>note 4</i>)	30,000	-
Other liabilities	6,591	8,008
Total liabilities	1,827,849	883,585
 Fund balance (with Donor Restrictions)	 74,678,514	 67,260,653
Total liabilities and fund balance	\$ 76,506,363	\$ 68,144,238

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Statement of Operations and Changes in Fund Balance

Year ended September 30, 2020

Expressed in US Dollars

	With Donor Restrictions	Without Donor Restrictions	Total
Investment income			
Dividend income	\$ 152,093	\$ 152,093	\$ 152,093
Interest income	115,717	-	115,717
Other income	66,752	-	66,752
Total investment income	334,562	-	334,562
Net assets released from restrictions			
Satisfaction of program restrictions (investing activities)	(1,191,279)	1,191,279	-
Operating expenses for investment activities	-	(1,191,279)	(1,191,279)
Net investment loss	(856,717)	-	(856,717)
Net realized loss and change in unrealized gain on investments			
Net realized loss on investments (<i>note 5</i>)	(7,143,023)	-	(7,143,023)
Net change in unrealized gain on investments (<i>note 5</i>)	18,949,349	-	18,949,349
Net realized loss and change in unrealized gain on investments	11,806,326	-	11,806,326
Net increase in fund balance from investment activities	10,949,609	-	10,949,609
Net assets released from restrictions			
Satisfaction of program restrictions (Legacy Programs)	(3,531,748)	3,531,748	-
Legacy Programs			
Economic Leadership Program	-	(1,595,597)	(1,595,597)
Export Promotion Policy Program	-	(376,978)	(376,978)
Local Economic Development Program	-	(99,925)	(99,925)
Impact Investing Program	-	(182,196)*	(182,196)
Administration	-	(1,277,052)	(1,277,052)
Net decrease in fund balance from Legacy Programs	-	(3,531,748)	(3,531,748)
Net increase in fund balance	7,417,861	-	7,417,861
Fund balance, beginning of year	67,260,653	-	67,260,653
Fund balance, end of year	\$ 74,678,514	-	\$ 74,678,514

* Program expenses also include currency translation loss on hryvnia-denominated deposits of \$99,903.

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Statement of Operations and Changes in Fund Balance

Year ended September 30, 2019

Expressed in US Dollars

	With Donor Restrictions	Without Donor Restrictions	Total
Investment income			
Interest income	\$ 142,858	-	\$ 142,858
Other income	50,527	-	50,527
Total investment income	193,385	-	193,385
Net assets released from restrictions			
Satisfaction of program restrictions (investing activities)	(1,247,065)	1,247,065	-
Operating expenses for investment activities	-	(1,247,065)	(1,247,065)
Net investment loss	(1,053,680)	-	(1,053,680)
Net realized loss and change in unrealized loss on investments			
Net realized loss on investments (<i>note 5</i>)	(18,966)	-	(18,966)
Net change in unrealized loss on investments (<i>note 5</i>)	6,700,883	-	6,700,883
Net realized loss and change in unrealized loss on investments	6,681,917	-	6,681,917
Net increase in fund balance from investment activities	5,628,237	-	5,628,237
Net assets released from restrictions			
Satisfaction of program restrictions (Legacy Programs)	(5,235,576)	5,235,576	-
Legacy Programs			
Economic Leadership Program	-	(3,101,622)	(3,101,622)
Export Promotion Policy Program	-	(653,840)	(653,840)
Local Economic Development Program	-	(233,232)	(233,232)
Impact Investing Program	-	13,865*	13,865
Administration	-	(1,260,747)	(1,260,747)
Net decrease in fund balance from Legacy Programs	-	(5,235,576)	(5,235,576)
Net increase in fund balance	392,661	-	392,661
Fund balance, beginning of year	66,867,992	-	66,867,992
Fund balance, end of year	\$ 67,260,653	-	\$ 67,260,653

* Program expenses of \$84,365 offset by currency translation gain on hryvnia-denominated deposits of \$98,230.

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Statements of Functional Expenses

Year ended September 30, 2020

(with comparative totals for the year ended September 30, 2019)

Expressed in US Dollars

	Legacy Programs	Investment Activities	Total 2020	Total 2019
Grants	\$ 1,666,796	-	\$ 1,666,796	\$ 2,498,134
Investment management fees	-	635,181	635,181	637,938
Program management fees	525,000	-	525,000	525,000
Organization and support of forums, events, conferences	264,113	-	264,113	220,955
Scholarships	(309,399)*	-	(309,399)	408,946
Employee compensation and benefits	974,199	125,490	1,099,689	1,104,157
Professional fees	68,443	224,060	292,503	586,544
Business travel	68,853	77,941	146,794	267,152
Other expenses	161,150**	89,600	250,750	81,523
Occupancy	84,480	36,921	121,401	121,300
Depreciation and amortization	28,113	2,086	30,199	30,992
Total	\$ 3,531,748	\$ 1,191,279	\$ 4,723,027	\$ 6,482,641

* Scholarships of \$208,912 offset by return of grants of \$518,311, to be received from grantees who did not abide by full grant conditions.

** Legacy Program other expenses also include currency translation loss on hryvnia-denominated deposits of \$99,903 within Impact Investing Program.

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Statements of Cash Flows

Years ended September 30, 2020 and 2019

Expressed in US Dollars

	2020	2019
Cash flows from operating activities		
Net increase in fund balance from operations	\$ 7,417,861	\$ 392,661
Adjustments to reconcile net increase in fund balance to net cash used in operating activities:		
Proceeds from:		
Limited Partnership Interests, distributions	1,025,718	958,557
Equity securities – sale to third parties, net of advisory fees	376,849	74,667
Return of equity	298,728	400,333
Grants received	30,000	-
Disbursements for:		
Limited Partnership Interests, capital calls	(5,444,734)	(4,245,007)
Equity securities	-	(250,000)
Fixed assets	(4,381)	(1,660)
Depreciation and amortization	30,199	30,992
Net realized loss from sale of investments	7,143,023	18,966
Net change in unrealized gain/loss on investments	(18,949,349)	(6,700,883)
Loss on disposal of fixed assets	402	382
Decrease in Impact Investing Program long-term deposit	37,791	9,322
Decrease in prepaid investment management fees	-	162,320
Decrease in prepaid program management fees	131,250	-
Decrease (increase) in other prepaid expenses	249,376	(41,269)
Increase in interest, dividends, and other receivables	(105,932)	(100,544)
Increase in other assets	(155,558)	(1,689)
Increase in accounts payable and other accrued expenses	987,027	104,817
Decrease in grants payable	(71,346)	(159,777)
Decrease in other liabilities	(1,417)	(2,492)
Net cash used in operating activities	(7,004,493)	(9,350,304)
Cash and cash equivalents, beginning of year	21,491,914	30,842,218
Cash and cash equivalents, end of year	\$ 14,487,421	\$ 21,491,914

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Condensed Schedule of Investments

September 30, 2020
Expressed in US Dollars

Investments (81.8%) ¹	Principal	Cost	Fair Value
Limited Partnership Interests (34.3%)			
Emerging Europe Growth Fund III, L.P. (EEGF III)		\$ 23,969,740	
Emerging Europe Growth Fund, L.P. (EEGF)			1,663,696
Total Limited Partnership Interests²		\$ 15,805,292	\$ 25,633,436
Equity (43.5%)			
Moldova (38.1%)			
Manufacturing (38.1%)			
Glass Container Prim S.A. (GCPrim)			16,843,203
Glass Container Company S.A. (GCC)			11,582,256
Ukraine (5.4%)			
Manufacturing (4.1%)			
			3,080,156
IT Services (0.8%)			
			625,000
Interactive products (0.5%)			
			337,500
Total Equity		31,435,644	32,468,115
Debt (2.9%)			
Moldova (2.5%)			
Manufacturing (2.5%)³			
	\$ 1,849,502		1,849,502
Ukraine (0.4%)			
IT services (0.3%)			
	\$ 250,000		250,000
Manufacturing (0.1%)			
	\$ 400,000		40,000
Total Debt		2,499,502	2,139,502
Other financial assets⁴ (1.1%)			
Ukraine (1.1%)			
Information and communication technology (1.1%)			
			815,000
Total Other Financial Assets		1,150,000	815,000
TOTAL INVESTMENTS		\$ 50,890,438	\$ 61,056,053

¹ Percentages indicated are based on the fund balance as of September 30, 2020. The Fund's investments are closed-end investments with no periodic liquidity.

² Cost of EEGF and EEGF III limited partnership interests is presented net of cumulative operating income and expenses.

³ The Fund converted accrued interest receivable from this portfolio company of \$1,859,111 in January 2012 to debt on pari passu terms as new debt provided by a third-party lender. This was a condition precedent to debt disbursement. This amount is not considered to be invested capital as no funds were disbursed; rather overdue interest receivable was converted to long-term debt. In December 2016, 2017, 2018, 2019, the Fund converted accrued interest receivable from this portfolio company to debt in the amounts of \$194,012, \$80,832, \$84,931, and \$89,235, respectively.

⁴ Simple agreement for future equity (SAFE). Investment in Sixa Inc. is fully reserved.

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Condensed Schedule of Investments

September 30, 2019

Expressed in US Dollars

Investments (67.5%) ¹	Principal	Cost	Fair Value
Limited Partnership Interests (26.7%)			
Emerging Europe Growth Fund III, L.P. (EEGF III)		\$ 15,900,926	
Emerging Europe Growth Fund, L.P. (EEGF)			2,078,818
Total Limited Partnership Interests²	\$ 17,773,452		17,979,744
Equity (37.0%)			
Moldova (29.7%)			
Manufacturing (27.6%)			
Glass Container Prim S.A.			13,790,473
Glass Container Company S.A.			4,770,000
Financial services (2.1%)			1,434,527
Ukraine (7.3%)			
Manufacturing (5.3%)			
			3,567,138
IT Services (1.4%)			
			940,000
Interactive products (0.5%)			
			300,000
E-commerce (0.1%)			
			54,904
Total Equity		33,321,878	24,857,042
Debt (3.0%)			
Moldova (2.6%)			
Manufacturing (2.6%)³			
	\$ 1,760,267		1,760,267
Ukraine (0.4%)			
IT services (0.3%)			
	\$ 250,000		250,000
Manufacturing (0.1%)			
	\$ 400,000		40,000
Total Debt		2,410,267	2,050,267
Other financial assets⁴ (0.8%)			
Ukraine (0.8%)			
Information and communication technology (0.8%)			
			530,000
Total Other Financial Assets		1,150,000	530,000
TOTAL INVESTMENTS		\$ 54,655,597	\$ 45,417,053

¹ Percentages indicated are based on the fund balance as of September 30, 2019. The Fund's investments are closed-end investments with no periodic liquidity.

² Cost of EEGF and EEGF III limited partnership interests is presented net of cumulative operating income and expenses.

³ The Fund converted accrued interest receivable from this portfolio company of \$1,859,111 in January 2012 to debt on pari passu terms as new debt provided by a third-party lender. This was a condition precedent to debt disbursement. This amount is not considered to be invested capital as no funds were disbursed; rather overdue interest receivable was converted to long-term debt. In December 2016, 2017, 2018, the Fund converted accrued interest receivable from this portfolio company to debt in the amounts of \$194,012, \$80,832, and \$84,931, respectively.

⁴ Simple agreement for future equity (SAFE). Investment in Sixa Inc. is fully reserved against and the investee has not fulfilled their commitment to open operations in Ukraine.

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

1. Background

(a) Organization and Description of Business

Western NIS Enterprise Fund (the Fund) is a not-for-profit corporation for tax purposes formed pursuant to the Support for East European Democracy Act of 1989 (the SEED Act) and the 1992 Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act (the FREEDOM Support Act) to promote the development of the private sector in the Western Newly Independent States region (the Region), which consists of Ukraine, Moldova, and Belarus. The United States Government (USG) authorized appropriations of \$150 million, which have been committed by the United States Agency for International Development (USAID) for the Fund program purposes and administrative expenditures (the Grant). Grants received from USAID are conditioned upon the Fund's compliance with the requirements of the Grant agreement with USAID and the SEED and FREEDOM Support Acts, which impose certain U.S. policy objectives and reporting obligations. The full amount of the Grant has been provided to the Fund by USAID, with the final tranche received in fiscal year 2007. Under the terms of this Grant agreement, the Fund may retain investment and realized gain income for program purposes.

According to the Grant agreement, USAID must establish a Termination Commencement Date (TCD) after which the Fund cannot make any new commitments or investments without the prior written consent of USAID and will commence the winding up of its affairs and sale of its assets. Under this authority, USAID originally established the TCD as August 26, 2009, and during fiscal 2009, granted an extension to August 26, 2011. During fiscal 2011, the Fund obtained a second extension from USAID of the TCD to August 26, 2013, based on the understanding that the Fund's proposal for establishment of a future legacy foundation was to be submitted prior to August 26, 2011. The Fund's proposal was submitted to USAID as required, including confirmation that as of August 26, 2011, the Fund will make no new investments, no new follow-on investments in its existing portfolio (beyond one follow-on investment approved prior to this date) and only continue to fund, as legally required, its unfunded commitment in Emerging Europe Growth Fund, L.P. (EEGF). In June 2013, rather than further extend the TCD, the Grant Agreement was amended to establish August 26, 2016 as the Target Liquidation Date (TLD) requiring the Fund to use best efforts to ensure the wind-up and liquidation of all of its assets on or before this date. Effective January 28, 2015, USAID approved the Fund's proposal to continue the mission of the FREEDOM Support Act of 1992 and the Foreign Assistance Act of 1961, through the existing WNISEF structure. As such, the Grant Agreement was amended to change the TCD from August 26, 2013 to December 31, 2017 and change the TLD from August 26, 2016 to December 31, 2018 to allow the Fund to carry out the program activities described in its proposal. Effective April 14, 2016, USAID additionally modified the Grant to change the TCD from December 31, 2017 to December 31, 2022 and change the TLD from December 31, 2018 to December 31, 2023. The TLD in effect is December 31, 2023 and it may only be extended with the prior written approval of USAID. The Amended Grant Agreement enabled the Fund: i) to disburse \$5 million to make new investments and commitments in Ukraine and Moldova to encourage the creation and expansion of small and medium enterprises (SMEs); ii) to apply an additional \$5 million to its Legacy Programs, thereby increasing total allowable expenditures from \$30 million to \$35 million; iii) to commit \$30 million of program income as anchor investor, on pari passu terms with private investors, in EEGF III, a U.S.-domiciled fund launched by Horizon Capital that raised \$200 million to provide loans, equity and financial support to SMEs in Ukraine and Moldova.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

1. Background (continued)

(a) Organization and Description of Business (continued)

Legacy Programs

In February 2015, the Fund initiated Legacy Programs based on a proposal submitted to USAID that originally envisioned a \$30 million three-year Legacy Program funded by a portion of the reflows earned by the Fund from its investment activities. In April 2016, as a result of a Grant Modification, the Fund was able to use an additional \$5 million for Legacy Programs, increasing total allowable expenditures to a minimum of \$35 million, before factoring in proceeds from sale of existing and future investments. Specifically, Grant Modification #24 as of April 14, 2016, signed by USAID and the Fund states:

“Notwithstanding any other provision of this Grant Agreement, WNISEF will continue selling on an orderly basis the following assets existing in its direct investment portfolio as of September 30, 2015: Glass Container Company; Glass Container Prim; Kerameya; Fincombank; Svitanok; and a limited partnership interest in the Emerging Europe Growth Fund, L.P., with a total estimated fair market value of \$17.7 million per the audited financial statements. Further, any liquidation proceeds realized by the WNISEF pursuant to the sale of these assets, as well as the sale of new investments in the future described in 11.1.c above (i.e. SME program), and future investments in the EEGF III portfolio described in 11.1.a above, shall be allocated as follows: (i) 50% of such proceeds shall be utilized by WNISEF to support activities described in the Legacy Proposal; and (ii) 50% of such proceeds shall be utilized by WNISEF for new investments and commitments to be undertaken to encourage the creation and expansion of SMEs in Ukraine and Moldova.”

The goals and objectives of the Legacy Programs are to assist Ukraine and Moldova with further development of sound economic policies and leadership during this critical time in their respective histories. Both Ukraine and Moldova signed Deep and Comprehensive Free Trade Agreements (DCFTA) with the European Union (EU) and must now undertake significant changes to their economic policies and to build cadres of well-trained leaders to fully benefit from the DCFTA. The four programs focus on:

- Mobilizing capital to address complex social issues (Impact Investing Program);
- Developing innovative market-based solutions linking local government and businesses to improve provision of services to citizens while supporting SMEs (Local Economic Development Program);
- Investing in people to broaden and deepen the human capacity necessary to advance private sector development in Ukraine and Moldova (Economic Leadership Program); and,
- Improving ability of Ukrainian exporters to access new markets (Export Promotion Policy Program).

The fund balance of the Fund is reported as with Donor Restrictions as USAID has imposed certain restrictions on net assets: on further commitments or investments as described in the Organization and Description of Business subsection and on usage of liquidation proceeds as described in Note 4.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

1. Background (continued)

(a) Organization and Description of Business (continued)

Investment activities

The Fund makes no new follow-on investments in its existing portfolio, but continues to fund, as legally required, its unfunded commitments in EEGF and EEGF III. At the same time the Fund continues to be engaged in a private investment program in the Region, which through equity, debt investments, technical assistance, and other measures, emphasizes a commitment to SMEs. Through its direct role in investments in the Region's private sector, the Fund seeks to generate proceeds that will further support its activities and attract investment by others.

Following the precedent of USAID-financed Enterprise Funds in Central and Eastern Europe, the Fund actively pursued its mission of attracting significant private capital to the Region by supporting the establishment of a private management company, Horizon Capital Associates, LLC (HCA, Investment Manager) and the launch of a private successor fund, EEGF. Based on USAID and Congressional approval, in 2006, the Board of Directors of the Fund committed \$25 million to EEGF and approved the sale of five Fund investments to EEGF in anticipation of its initial closing as well as the transfer of one Fund subsidiary to EEGF.

Following the initial closing of EEGF, as of March 1, 2006, all employees, excluding employees based in the Fund's U.S. office, became employees of HCA's wholly owned subsidiary, Horizon Capital Advisors, LLC (HCAD), resulting in the transfer of employee compensation, operating and other expenses from the Fund to HCA and HCAD. However, beginning fiscal 2015, the Fund has hired certain employees focused solely on Legacy Programs. Their compensation is included in the Legacy Programs section of the statement of operations and changes in fund balance.

The Fund became an anchor investor of EEGF III, the third private fund launched by Horizon Capital. Based on USAID approval, in 2016, the Board of Directors of the Fund committed \$30 million to EEGF III and approved the warehousing of up to 100% of its \$30 million commitment of investments within WNISEF, which were transferred to EEGF III at cost upon its first closing.

In June 2017, EEGF III held an initial closing of \$75 million in aggregate commitments and concluded an investment management agreement with Horizon Capital Associates III, LLC (HCA III, Investment Manager). As of the initial closing of EEGF III, based on USAID approval, securities purchase agreements were signed between the Fund and EEGF III for the sale at cost of two investments: Matar Trade & Invest Limited (Genesis) and Avalex Investment Limited (Anex). EEGF III reached its hard cap of \$200 million in aggregate commitments and held its final closing in December 2018.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

1. Background (continued)

(b) Business environment

All of the Fund's investments are in business activities conducted in the Region. The Region has been experiencing political and economic change which has affected, and may continue to affect, the activities of entities operating in this environment and involve risks that do not typically exist in other markets. Due to the potential for these economic uncertainties to continue in the foreseeable future, there is a possibility that the assets may not be recovered at their carrying amounts in the ordinary course of business, with a corresponding impact on profitability in future periods. The Fund continually assesses the potential impact of the economic uncertainties on revenues and profitability and, as a consequence, on the recoverability of its current and non-current assets.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a "Public Health Emergency of International Concern". The COVID-19 outbreak continues to impact global commercial activity, disrupt global demand and supply chains, and contribute to significant volatility in financial markets. Most governments around the world took increasingly stringent steps to stem the spread of the virus, including requiring self-isolation and quarantine, social distancing and controlling or closing borders and "locking-down" cities, regions or even entire countries. In Ukraine, a quarantine has been introduced until February 28, 2021, which may be extended. Some businesses have also instructed employees to remain at home and curtailed or suspended temporarily business operations. The extent of the impact of the COVID-19 outbreak on the financial performance of the Fund's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Fund's investment results may be materially adversely affected.

Whilst management believes it is taking appropriate measures to support the sustainability of the Fund's business in the current circumstances, deterioration in the business environment could negatively affect the Fund's results and financial position in a manner not currently determinable. Deteriorating operating conditions for the portfolio companies may also have an impact on the Fund's cash flow forecasts and assessment of the impairment of financial and non-financial assets. The ability to assess the valuation of the Fund's investments is also significantly influenced by the current economic conditions.

These financial statements reflect management's assessment of the impact of current conditions on the operations and the financial position of the Fund. Future conditions may differ from management's assessment. The impact of such differences on the operations and the financial position of the Fund may be significant.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

2. Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Fund is an investment company and follows accounting policies contained in the Accounting Standard Codification (ASC) Topic 946, *Financial Services - Investment Companies* (the Investment Company Guide), which requires investment companies to account for their investments at fair value, as opposed to consolidation or using the equity method. As such this presentation provides more useful information to users of the financial statements regarding performance of an investment company.

In 2015 the Fund started its activities under Legacy Programs and started to follow the Accounting Standard Codification (ASC) Topic 958, *Not-for-Profit Entities*, which requires additional disclosures, resulting in related changes in the presentation of the financial statements and notes to them.

In August 2016, the FASB issued ASU 2016-14, Not-For-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-For-Profit Entities*. The amendments in this ASU are designed to improve the current net asset classification requirements and the information presented in the financial statements about a not-for-profit entity's liquidity, financial performance, and cash flows. The Fund has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all period presented. Its implementation has no impact on the previously reported fund balance. Fund balance previously reported as temporarily restricted is now reported as fund balance with Donor Restrictions.

Effective October 1, 2008, the Fund adopted ASC Subtopic 820 *Fair Value Measurement* that requires funds to classify investments into a fair value hierarchy as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or,
- Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk), and are developed based on the best information available in the circumstances, which includes the Fund's own data.

3. Summary of Significant Accounting Policies

Management Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant item subject to estimates and assumptions is the fair value of investments. Actual results could differ from those estimates.

Investments in Equity and Debt Securities

Investments, which include both debt and equity components, are not readily marketable and are typically not listed on an exchange or quoted in an open market and, accordingly, are classified as Level 3 in the fair value hierarchy. These investments are stated at fair value by applying the guidance contained in the International Private Equity and Venture Capital Valuation Guidelines, edition December 2018, which is consistent with the requirements of the Investment Company Guide, as determined in good faith by management and approved by the Board of Directors. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Equity investments may be made in cash or with in-kind equipment contributions and are initially reflected at cost. Subsequent valuation is determined by considering relevant available qualitative and quantitative information. This information may include the financial condition and operating results of each investee, current economic conditions affecting operations, recent purchase or sale of securities of the investee, any subsequent events or financing transactions that may indicate a change in fair value and available market comparables. For equity investments in financial institutions, fair value is estimated by applying a multiple to net assets. Multiples are determined based on observed market transactions, adjusted for factors specific to the investment. For equity investments in other companies, the Fund estimates fair value by applying a multiple to earnings before interest, taxes, depreciation and amortization (EBITDA), multiple to sales or using the discounted cash flows technique.

The Fund may invest in multiple securities or tranches of the same investee company. If a market participant would be expected to transact all positions in the same underlying investee company simultaneously, for example separate investments made in series A, series B, and series C, then fair value shall be estimated for the aggregate Investment in the investee company. If a market participant would be expected to transact separately, for example purchasing series A independent from series B and series C, or if debt investments are purchased independent of equity, then fair value shall be determined for each individual financial instrument.

The price of the initial investment in an investee company or instrument will be deemed fair value as of the date of the transaction if the entry transaction is considered orderly. If there were subsequent follow-on investment, the price at which a significant amount of new investment into the investee company was made will be used to calibrate inputs used in the respective valuation technique to derive valuation if the entry transaction is considered orderly. However, the Fund

3. Summary of Significant Accounting Policies (continued)

Investments in Equity and Debt Securities (continued)

should in all cases assess at each measurement date whether changes or events subsequent to the relevant transaction would imply a change in the investment's fair value and corroborate against valuations derived via other methodologies and may be discounted or increased.

In case a third-party validation has occurred since the previous valuation, the price of the most recent investment will serve as the initial basis for a revised estimate of fair value, however, such valuation will still be compared to valuations derived via other methodologies and may be discounted or increased. In certain cases, the Fund assesses the fair value of its investments based on third-party offers expressing interest in buying the underlying portfolio companies.

In some cases, EBITDA may be adjusted to remove non-recurring items or to reflect results on a more sustainable basis. Multiples are determined by reference to third-party data. These factors are subject to change over time and are reviewed periodically. Changes in fair value are reported on an annual basis or in the period in which they become known.

For debt securities, fair values are based upon the Investment Manager's continuing review and evaluation of these investments with consideration of current interest rates for similar loans, past experience, sovereign and currency risk, the financial condition of the borrowers, current conditions in the Region, and other relevant factors such as the non-collection of principal and interest when due in accordance with the contractual terms of the agreement.

The carrying values assigned to the investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future circumstances and cannot be determined with certainty until the individual positions are liquidated, and such differences could be material.

Investment transactions are recorded on a trade date basis with the resulting realized and unrealized gains and losses recorded in the statements of operations and changes in fund balance. For purposes of determining gains or losses on sales of investments, the cost of investments sold is determined on the specific identification basis.

Grants issued and grants payable

Grants issued are recorded as grant expense in the accompanying statements of operations and changes in fund balance and grants payable in the accompanying statements of assets and liabilities in the period in which the grantee meets the terms of conditions.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

3. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash held in bank accounts as well as any highly liquid financial instruments purchased with original maturities of three months or less.

Dividend Income

Due to the irregular nature of dividends from investments, dividend income is recorded on the ex-dividend date, when possible, and on a cash basis when dividends that were not previously known are received.

Interest Income

Interest on debt securities is accrued at the contractual rate based upon the principal amount outstanding and credited to income as earned.

Functional allocation of expenses

The costs of providing the programs and other activities have been summarized in the statements of operations and changes in fund balance. Directly identifiable expenses are charged to programs and other activities when incurred.

Depreciation and Amortization

Computer equipment and software, furniture and other office equipment are depreciated on a straight-line basis over their estimated useful lives, principally 5-7 years. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the term of the lease.

Translation of Foreign Currency

The functional currency is the U.S. dollar. Generally, operating transactions are denominated in U.S. dollars; however, on occasion transactions are contracted in foreign currencies.

Investments, which are denominated in foreign currencies, are initially recorded at the U.S. dollar equivalent on the date of the transaction and valued at September 30, 2020 and 2019 in accordance with the valuation policies. Items of income or expense that are denominated in a foreign currency are translated at the average rate for the month in which the transaction occurred.

Long-Term Equity Incentive Plan

The Board of Directors established a Long-Term Equity Incentive Plan (the LTEI Plan) with an effective date of October 1, 2002 for certain employees. This LTEI Plan, as approved by Congress and USAID, awards an interest in the net realized gain upon sale of the equity interest in a portfolio

3. Summary of Significant Accounting Policies (continued)

Long-Term Equity Incentive Plan (continued)

company. Interests are granted by the Board of Directors generally at the time of purchase of an investment. For LTEI Plan purposes, the calculation of net realized gain includes proceeds from sale, as well as cumulative dividends and preferred returns received from the portfolio company, net of any applicable financial participation rights (Proceeds). Interests are subject to a three-year vesting period and vest in one-third increments on each anniversary of the date of grant.

Under the terms of the LTEI Plan, the Board of Directors may, in its sole discretion, accelerate vesting, extend the term or period of exercisability, modify the exercise price or waive any terms of conditions applicable to any interests. Accordingly, no liability is recognized and no LTEI Plan expenses are recorded in the financial statements until a sale of an investment is realized.

In February 2006, the Board of Directors amended the LTEI Plan to enable continuation of LTEI Plan rights for eligible participants who remain an officer and/or key employee of the Fund or of HCA, or its affiliate, and HCA is retained as investment manager to the Fund. In February 2012, the Board of Directors further amended the LTEI Plan to extend the termination date of the Plan from September 30, 2012 to September 30, 2018. In November 2016, the Board of Directors further amended the LTEI Plan to extend the termination date of the Plan from September 30, 2018 to December 31, 2022, as well as approved a revised schedule of participation percentages to be used in allocating Proceeds.

4. U.S. Government Grants

The Fund has drawn down the \$150 million Grant in full. Under the terms of the Grant Modification, any liquidation proceeds realized by the Fund pursuant to winding up its affairs and selling its assets shall be allocated as follows: (i) 50% of such proceeds shall be utilized by WNISEF to support activities described in the Legacy Proposal; and (ii) 50% of such proceeds shall be utilized by the Fund for new investments and commitments to be undertaken to encourage the creation and expansion of SMEs in Ukraine and Moldova.

During fiscal 2020, WNISEF was selected as a grantee for USAID's Economic Resilience Activity Project. Total financing to be disbursed to the Fund of \$110,020 must be used within the Impact Investment Program to provide deposits as security for low-interest loans for social businesses operating in the Donetsk and Luhansk regions. As of September 30, 2020, the Fund received \$30,000 in grant funding. This amount was recorded as deferred income in the statement of assets and liabilities, to be offset by the amount of expenses in fiscal 2021 once new deposits are placed. WNISEF has established a local non-profit organization called "Impact Ukraine" to attract new funding for existing Legacy Programs.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

5. Investments

In the accompanying statements of assets and liabilities, investments are stated at fair value. The Fund recorded a net unrealized gain on investments of \$18,949,349 and \$6,700,883 for the years ended September 30, 2020 and 2019, respectively, based on valuation of the investment portfolio at fair value as of September 30.

In addition, during the year ended September 30, 2020, the Fund recorded a net realized loss of \$1,210,658 from the final sale of its equity investment in Fincombank, net realized loss of \$5,553,926 reflecting its pro-rata share of EEGF realized losses incurred during this period, net realized loss of \$378,439 reflecting its pro-rata share of EEGF III realized losses incurred during this period, resulting in a total net realized loss on investments of \$7,143,023. During the year ended September 30, 2019, the Fund recorded a net realized loss of \$13,756 from the partial sale of one of the Fund's equity investments, and a net realized loss of \$5,210, reflecting its pro-rata share of EEGF realized losses incurred during this period, resulting in a total net realized loss on investments of \$18,966.

In May 2008, a sale-purchase agreement was entered into to sell shares for the Ukrainian Hryvnia (UAH) equivalent of \$600,000 to be paid in tranches with the last payment to be received in May 2009. Subsequent to December 2008, given the financial crisis, no further payments have been made to the Fund. The Fund has received the UAH equivalent of \$325,000 and recorded a full allowance against the remaining amount due pursuant to the sale-purchase agreement. Amounts relating to these transactions are included in deposits received on sale in the accompanying statement of assets and liabilities.

In July 2020, WNISEF entered into a sale-purchase agreement with Vetropack Austria Holding AG to sell its entire stakes of Glass Container Company S. A. of 200,000 ordinary shares and of Glass Container Prim S. A. of 232,487 ordinary shares. This transaction was concluded subsequent to year-end.

The following additional disclosures relate to the changes in fair value of the Level 3 investments as of September 30, 2020 and 2019:

Fair value at October 1, 2019	\$ 45,417,053
Net realized loss from sales	(7,143,023)
Net change in unrealized gain on investments in earnings	18,949,349
Conversion of accrued interest to equity and debt investments	89,235
Purchases for the year ended September 30, 2020	5,444,734
Proceeds for the year ended September 30, 2020	(1,701,295)
Fair value at September 30, 2020	<u>61,056,053</u>
Change in unrealized gain in earnings relating to assets still held	\$ 18,949,349

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

5. Investments (continued)

Fair value at October 1, 2018	\$ 35,588,755
Net realized loss from sales	(18,966)
Net change in unrealized loss on investments in earnings	6,700,883
Conversion of accrued interest to equity and debt investments	84,931
Purchases for the year ended September 30, 2019	4,495,007
Proceeds for the year ended September 30, 2019	(1,433,557)
Fair value at September 30, 2019	<u>45,417,053</u>
Change in unrealized loss in earnings relating to assets still held	\$ 6,700,883

The table below presents the ranges of significant unobservable inputs used to value Level 3 financial instruments representing the equity and debt investments. These ranges represent the significant unobservable inputs that were used in the valuation of these financial instruments. These inputs are not representative of the inputs that could have been used in the valuation of any one financial instrument. Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the Fund's Level 3 financial instruments.

<u>Level 3 Financial Instruments</u>	<u>Significant Unobservable Inputs By Valuation Technique</u>	<u>Range of Significant Unobservable Inputs as of September 30, 2020</u>
Equity Investments*	EV/EBITDA multiple	4.7
	EV/Sales multiple	5.8 - 6.4
SAFE	EV/Sales multiple	14.1 - 17.5

* *eTachki* was fully reserved and thus, not included in the multiples range.

The significant unobservable inputs used in the fair value measurement of equity investments are EV/EBITDA (Enterprise value to EBITDA) multiples for recent, relevant, verifiable, comparable companies. The current EV/EBITDA multiple has been applied to 2018 EBITDA (the lowest for three years) given moderately negative statistics for the sector in Ukraine and the COVID-19 pandemic. The significant unobservable input used in the fair value measurement of equity investments and financial instrument (SAFE) is EV/Sales (Enterprise value to sales) multiple for recent, relevant, verifiable, comparable companies as this more accurately reflects the current value of these entities and challenges they have faced due to market conditions caused by COVID-19, including devaluation. In addition, for the valuation of the SAFE instrument, the current multiple has been applied to forecasted annual sales as this best reflects the current value of this entity and increasing performance, despite the economic uncertainties caused by the pandemic. In certain cases, the Fund assesses the fair value of its investments based on third-party offers expressing interest in buying the underlying portfolio companies.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

5. Investments (continued)

Significant increases (decreases) in these inputs may result in a significantly higher (lower) fair value measurement. The Fund's investments in EEGF and EEGF III represent the Fund's limited partnership interests in EEGF and EEGF III. In the process of valuing its equity investments, EEGF and EEGF III apply substantially the same types of unobservable inputs as applied by the Fund with EV/EBITDA multiples range up to 15.1 and EV/Sales multiples range up to 1.5 as EEGF's and EEGF III investments also relate to entities operating in the Region. The reason for deviations in multiples is due to different industries in which investees operate.

6. Concentration of Credit Risk and Liquidity

By statute, all investments are in business activities conducted in the Region. As such, these investments and cash balances held in the Region's local banks are subject to the political and economic uncertainties associated with doing business in the Region. As of September 30, 2020 and 2019, the Fund had investments in debt securities of \$2,139,502 and \$2,050,267, respectively. As of September 30, 2020 and 2019, the Fund held cash and cash equivalents of \$58,749 and \$46,575 with a commercial bank based in the United Kingdom, \$14,224,115 and \$21,190,997 with commercial banks based in the United States and held remaining cash balances equaling \$204,557 and \$254,342 in the Region, respectively.

As of September 30, 2020 and 2019, all assets of the Fund are considered to be current excluding investments, fixed assets, and Impact Investing Program long-term deposits in amount of \$360,244. As of September 30, 2020 and 2019, all liabilities of the Fund are considered to be current.

7. Fixed Assets

As of September 30, 2020 and 2019, fixed assets consisted of:

	2020	2019
Automobiles	\$ 103,070	\$ 103,070
Computer equipment and software	48,254	47,161
Furniture, fixtures and equipment	21,629	21,629
Telephone equipment	8,001	5,512
Leasehold improvements	4,646	4,646
	<hr/> 185,600	<hr/> 182,018
Accumulated depreciation and amortization	(151,404)	(121,603)
Fixed assets, net	<hr/> <hr/> \$ 34,196	<hr/> <hr/> \$ 60,415

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

8. Retirement Plan

The Fund established a defined contribution retirement plan (the Plan) designed to be qualified under Section 403(b) of the US Internal Revenue Code. All eligible employees meeting certain age and service requirements may participate. Eligible employees may contribute amounts up to \$19,500 in calendar year 2020 and \$19,000 in calendar year 2019. Eligible employees who are age 50 or over at the end of the calendar year can also make catch-up contributions of \$6,500 and \$6,000 in calendar years 2020 and 2019, respectively, beyond the basic limit on elective deferrals. In addition, the Fund makes monthly contributions to each eligible employee's account equal to 25% of the employee's base monthly salary, as defined, plus 5.7% of the amount of salary in excess of the Social Security Taxable Wage Base (\$137,700 as of January 1, 2020 and \$132,900 as of January 1, 2019). Employees are eligible to participate in the Plan immediately and are fully vested in the employer's portion after two years of service. Employer contributions to the Plan totaled approximately \$54,871 and \$57,153 for the years ended September 30, 2020 and 2019, respectively, and the related expense is included in employee compensation and benefits in the accompanying statements of operations and changes in fund balance.

9. Long-Term Equity Incentive Plan

Since the inception of the LTEI Plan as of October 1, 2002, the Fund has realized exits on eight qualifying portfolio companies resulting in incentive awards to LTEI participants during the fiscal years ended 2003 to 2015, with no such payments made thereafter to date. As of September 30, 2020 and 2019 and for the years then ended, no exit-based incentive payable and exit-based incentive expense are recorded.

10. Liquidity and availability of resources

The Fund regularly monitors liquidity required to meet its general expenditures, other obligations, and commitments. Financial assets available to meet cash needs for general expenditures within one year of the date of the statement of assets and liabilities include:

	September 30, 2020	September 30, 2019
Cash and cash equivalents	\$ 14,487,421	\$ 21,491,914
Deposits due within one year	111,863	101,594
Other assets	280,890	125,331
Interest, dividends, and other receivables	1,723	1,170
Total	\$ 14,881,897	\$ 21,720,009

The Fund structures its financial assets to be available and liquid as its general expenditures, other obligations and commitments come due.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

11. Commitments

Investments

As of September 30, 2020 and 2019, the Fund has outstanding investment commitments to EEGF III totaling \$12,770,554 and \$18,122,531, respectively.

As of September 30, 2020 and 2019, the Fund has outstanding investment commitments to EEGF totaling \$149,413.

As of September 30, 2018, the Fund pledged its 3,866 ordinary shares in Glass Container Company S. A. to European Bank for Reconstruction and Development (EBRD) and B. C. Mobiasbanca – Groupe Societe Generale S. A. (MBSG) as security for loan agreements of Glass Container Company S. A. with MBSG and EBRD. As of September 30, 2017, the Fund pledged its 232,487 ordinary shares in Glass Container Prim S. A. and 196,134 ordinary shares in Glass Container Company S. A. to International Finance Corporation (IFC) and Black Sea Trade and Development Bank (BSTDB) as security for loans provided by IFC and BSTDB to Glass Container Prim S. A. In February 2018, the pledge of the WNISEF shares to IFC was taken over by VR Global Partners LP, the acquirer of debt held by IFC.

Collateral

As of September 30, 2020 and 2019, the Fund pledged a part of Impact Investing Program long-term deposits amounting to \$410,058 and \$463,003, respectively, as security for loans provided by the banks to social enterprises.

Grants

As of September 30, 2020 and 2019, under the Economic Leadership Program, the Fund provided support to students attending masters programs amounting to \$208,912 and \$358,766, respectively, which is included as Economic Leadership Program expense in the statement of operations and changes in fund balance. Grant awards, for which the grantees have not met terms of the condition of the grant total \$518,311 as of September 30, 2020, have already been partially repaid and are expected to be repaid during the year 2021. The Fund has no contractual obligations to others.

Operating Leases

Rent expense for the years ended September 30, 2020 and 2019 is \$121,401 and \$121,300, respectively.

In January 2008, the Fund entered into a lease agreement (Lease Agreement) for the Chicago, Illinois premises that took effect on February 1, 2008 and was in effect until January 31, 2010. The lease has been extended on several occasions and is in effect until April 30, 2022. Monthly rental payments are required under the lease and, as the Grant Agreement with USAID mandates that the Fund maintain a U.S. office, continue to be an obligation of the Fund.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

11. Commitments (continued)

Operating Leases (continued)

In addition, as of March 1, 2006, the lease obligations in Kyiv, Ukraine and Chisinau, Moldova were transferred to HCAD, except for a nominal portion of these office leases to maintain the Fund's status in the Region. These nominal rental payments were paid by the Fund and reimbursed in full by HCAD, in accordance with the investment management agreement between the Fund and HCA. Starting from February 2015 and due to the Legacy Programs launch lease costs in Ukraine are allocated as follows: 1/3 to the Fund and 2/3 to HCAD based on the estimated usage of space by each organization.

Future lease payments under both lease agreements as of September 30, 2020 to be paid by the Fund are as follows:

Financial year 2021	\$	61,679
Financial year 2022		24,152
Total operating lease commitments	\$	<u>85,831</u>

12. Tax Status

United States

Historically, the Fund has been exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code), and, because it was funded through U.S. government grants, has been classified as an organization that is not a private foundation as defined in Section 509(a)(1) of the Code. The Fund changed its classification during 2010 from an organization that is not a private foundation under Section 509(a)(1) to a public charity as defined in Section 509(a)(2) of the Code, given that its income is no longer derived primarily from grants. The Fund continues to maintain its 501(c)(3) designation and is exempt from payment of state and local income taxes. The Fund is registered as a Charitable Trust in Illinois.

Western NIS Region

The registration of the Fund's accredited representative offices in Ukraine and Moldova occurred on March 31 and July 28, 1995, respectively. Under a bilateral agreement between the Government of the United States of America and the Governments of Ukraine and Moldova regarding cooperation to facilitate the provision of assistance, the Fund is exempt from taxation on income received in connection with implementation of the United States assistance programs. During fiscal year 2003, the Fund ceased activities of its representative office in Ukraine, electing to conduct its operations as an international technical assistance project, as defined by the Governments of the United States and Ukraine.

Notes to Financial Statements

September 30, 2020 and 2019

13. Related Party Transactions

In February 2006, the Fund entered into an investment management agreement with HCA, approved by the Board of Directors, to manage the Fund's investments on the same terms as the investment management agreement between EEGF and HCA. The agreement envisioned a fee of 2.5% of committed capital to manage its portfolio during the commitment period, payable semi-annually in advance on January 2 and July 1, decreasing to 2.0% of funded commitments after the expiration of the commitment period. As the commitment period of EEGF ended December 31, 2008, the step-down in management fees to 2.0% of funded commitments took effect as of January 1, 2009. The management fee expense from October 1, 2019 through September 30, 2020 totaled \$635,181 and an accrued expense of \$796,298 is included in the statement of assets and liabilities as of September 30, 2020. The management fee expense from October 1, 2018 through September 30, 2019 totaled \$637,938 and an accrued expense of \$161,117 is included in the statement of assets and liabilities as of September 30, 2019.

In February 2015, the Fund entered into a shared services agreement with HCA, approved by the Board of Directors, to provide additional program management and administrative services for Legacy Programs. The agreement envisioned a fee of \$525,000, payable annually in advance on the first business day of January, with the first payment made in May 2015 for the period from February 1, 2015 through December 31, 2015. The Program management fee expense from October 1, 2019 through September 30, 2020 totaled \$525,000 and an accrued expense of \$393,750 is included in the statement of assets and liabilities as of September 30, 2020. The Program management fee expense from October 1, 2018 through September 30, 2019 totaled \$525,000 and a prepaid balance of \$131,250 is included in the statement of assets and liabilities as of September 30, 2019. At HCA's sole discretion, HCA refrained from seeking payment of amounts owing under these agreements until such time as proceeds were received from the sale of Fund portfolio companies GCC and GCPrim.

The Fund also entered into the following arrangements with EEGF:

- In January 2007, the Fund co-invested \$2,000,000 with EEGF in Kerameya LLC. In November 2008, the Fund increased its investment by \$1,000,000 to \$3,000,000 and in September 2011, the Fund increased its investment by \$1,250,000 to \$4,250,000. In September 2017, the Fund received \$302,546 from Kerameya LLC as a return of capital. In February 2018, the Fund received \$100,722 of proceeds from Sakonia Ventures Limited (holding company for Kerameya) for sale of 125 shares (0.54% ownership) in Sakonia Ventures Limited to management of Kerameya. In October 2018, the Fund received from Sakonia Ventures Limited \$400,333 as a return of capital and \$74,667 of proceeds for sale of 112 shares (0.48% ownership) in Sakonia Ventures Limited to management of Kerameya. In December 2019, the Fund received from Sakonia Ventures Limited \$298,728 as a return of capital.
- In June 2007, the Fund subscribed for 323,897 shares in Banca de Finante si Comert S.A. (Fincombank) for \$7,999,740 and entered into an agreement with EEGF whereby EEGF provided \$5,000,000 to the Fund and received the option to acquire 202,440 shares or 15.63% in the Fincombank investment and share in the net risks and rewards of this investment. In the statement of assets and liabilities, the \$5,000,000 provided by EEGF to the Fund, in relation to these 202,440 shares, is netted against the \$7,999,740 acquisition cost for the full share stake. In March 2009, a new share emission was concluded

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

13. Related Party Transactions (continued)

and the Fund's interest in Fincombank had reduced to 24.62%. In January 2015, the Fund realized a partial exit of its stake in Fincombank by participating in a planned buy-back of shares into treasury resulting in a decrease of the Fund's interest in Fincombank to 20.72%, which includes 12.95% relating to this option for purchase by EEGF. In June 2016, the Fund realized another partial exit of its stake in Fincombank by participating in a planned buy back of shares into treasury resulting in a decrease of the Fund's interest in Fincombank to 13.03%, which includes 8.14% relating to this option for purchase by EEGF. In April 2020, the Fund finally exited its investment in Fincombank realizing gross proceeds amounting to \$413,577 pursuant to its ownership.

Subsequent to the initial closing of EEGF, a majority of the Fund's personnel, administrative and operating expenses were transferred to HCAD. During fiscal years 2020 and 2019, the Fund made payments on behalf of HCAD totaling \$54,437 and \$24,206, respectively, and HCAD made payments on behalf of the Fund totaling \$59,887 and \$74,494, respectively. As of September 30, 2020, there was an outstanding balance of \$2,094 due from the Fund to the HCAD and included in other assets in the accompanying statements of assets and liabilities. As of September 30, 2019, there was an outstanding balance of \$3,356 due from the HCAD to the Fund and included in other assets in the accompanying statements of assets and liabilities.

Effective as of January 1, 2007, the Fund and HCAD entered into an agreement for the use by HCAD of the Fund's Chicago office and services of personnel based in this office for a fee of \$2,000 per month payable quarterly in advance by HCAD to the Fund. Beginning in 2009 this amount was increased to \$3,000. Another agreement was entered into in 2009 in relation to employment by the Fund of an individual based in Chicago, Illinois to perform work on behalf of HCAD and requires \$500 per month payable quarterly in advance by HCAD to the Fund as well as reimbursement of agreed-upon expenses. This employment ended on September 15, 2019.

The Fund provided grant funding to Ukrainian Leadership Academy (ULA) in relation to its operations. During fiscal 2020 and 2019, the Board of Directors approved the expenditure and the Fund provided funding of \$1,700,000 and \$2,126,000, respectively. WNISEF may at its discretion suspend funding.

In addition, the Fund contracted a service provider to provide limited legal outsourcing services, GP Advisors and its affiliate GPA, both entities controlled by the spouse of a former officer of the Fund, who ceased her engagement with the Fund in June 2019. These services were provided at market terms with the respective officer recused from firm selection, contract negotiation and execution. During the year ended September 30, 2019, the Fund paid \$5,536 for such legal fees.

During the years ended September 30, 2020 and 2019, the Fund earned \$1,724 and \$1,708 of director's fees from its portfolio investments, respectively.

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

13. Related Party Transactions (continued)

The Fund pays certain costs on behalf of its portfolio companies for which the Fund seeks reimbursement. Amounts not ultimately reimbursed to the Fund are written off and expensed in the accompanying statements of operations and changes in fund balance.

14. Contingencies

In the ordinary course of business, the Fund may be involved in various claims and legal actions and may bear material legal costs relating to such matters. In the opinion of management, no provision is required, and none is included in the accompanying financial statements as the loss, if any, will not have a material adverse effect on the financial position or changes in fund balance.

15. Guarantees

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, management believes the risk of loss to be remote.

16. Financial Highlights

The financial highlights for the years ended September 30, 2020 and 2019 are as follows:

	2020	2019
Ratios to average fund balance		
Net investment loss	(1.2) %	(1.6) %
Net realized loss on investments	(10.1) %	-
Operating expenses for investment activities	1.7 %	1.9 %
Legacy Programs	5.0 %	7.8 %
Total return	11.0 %	0.6 %
Ratios to committed capital		
Net investment loss	(0.6) %	(0.7) %
Net realized loss on investments	(4.8) %	-
Operating expenses for investment activities	0.8 %	0.8 %

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

16. Financial Highlights (continued)

Ratios to average fund balance are computed as net investment gain or loss (total investment income less total expenses), net realized gain or loss on investments (excluding realized losses from the write-off of investments) and expenses divided by the average fund balance for the years ended September 30. The total return represents the change in the value of an investment and is measured by comparing the aggregate ending value of fund balance to the aggregate beginning value of the fund balance.

Ratios to committed capital are computed as net investment gain or loss (total investment income less total expenses), net realized gain or loss on investments (excluding realized losses from the write-off of investments) and expenses divided by committed capital. Committed capital is the total letter of credit commitment from USAID. As of September 30, 2020 and 2019, this amount was \$150,000,000.

17. Subsequent Events

Subsequent to year-end, in December 2020, WNISEF sold its stake in Moldova-based portfolio companies GCC and GCPrim to Vetropack Austria Holding AG, receiving net proceeds of \$27,121,229 as of the closing date. The signed transaction documents allow for an adjustment of proceeds based on audited 2020 GCC and GCPrim results, potential for earn-out by exceeding performance targets set for 2021 and 2022, and potential for release of holdback in place for three years relating to future potential anti-competition council-related claims, with WNISEF's pro-rata share totaling EUR 1,847,727.

In addition, subsequent to year-end, the lead investor of eTachki recommended wind-up of the asset given financial difficulties faced. This asset is currently 100% reserved against in the Fund's accounts. Prior to the onset of the COVID-19 pandemic, eTachki's operations faced significant pressure due to low liquidity and unsuccessful shift in its business model, with the health crisis delivering a final blow to the business.

In November 2020, the Fund received a third disbursement of \$15,000 within its Economic Resilience Activity Project to be utilized to provide deposits as security for low-interest loans for social businesses operating in Donetsk and Luhansk Region.

In December 2020, the Fund signed an Amendment to the Lease Agreement for the office premises in Ukraine, extending the lease term through December 31, 2023. Future lease payments are as follows:

Fiscal 2021	\$	84,480
Fiscal 2022		84,480
Fiscal 2023		84,480
Total operating lease commitments	\$	<u>253,440</u>

Western NIS Enterprise Fund

Notes to Financial Statements

September 30, 2020 and 2019

17. Subsequent Events (continued)

Management has evaluated events from the date of the statement of assets and liabilities through December 28, 2020, the date at which the financial statements were available to be issued and has determined that there are no other items to disclose.

Western NIS Enterprise Fund Directory

Board of Directors

Dennis A. Johnson, Chairman of the Board

Executive Vice President
Cooperative Housing Resources, LLC

Jaroslawa Zelinsky Johnson

President and Chief Executive Officer
Western NIS Enterprise Fund

Jeffrey C. Neal

Founding Partner
Horizon Capital

John E. Herbst

Director
Dinu Patriciu Eurasia Center
Atlantic Council

Marta Farion

President
Kyiv Mohyla Foundation of America

Daniel Runde

Senior Vice President
William A. Schreyer Chair and Director,
Project on Prosperity and Develop-
ment, Center of Strategic & Internation-
al Studies (CSIS)

Director Emeritus

Patrick H. Arbor

Shatkin Arbor, Inc.

WNISEF Officers

Jaroslawa Zelinsky Johnson

President and Chief Executive Officer

Lenna Koszarny

Executive Vice President

Natalia Kovalenko

Chief Financial and Administrative Officer and Treasurer

Elaine McCormack

Secretary



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