KIVA MICROFUNDS

(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009

KIVA MICROFUNDS
(A NONPROFIT ORGANIZATION)
CONTENTS
December 31, 2010 and 2009

SingerLewak LLP

www.SingerLewak.com

Silicon Valley
Los Angeles
Orange County
Woodland Hills
Monterey Park
San Diego

50 YEARS 1959–2009

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kiva Microfunds
San Francisco, California

We have audited the accompanying statement of financial position of Kiva Microfunds (the "Organization") as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Kiva Microfunds for the year ended December 31, 2009, were audited by other auditors whose report, dated April 26, 2010, expressed an unqualified opinion on those statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of Kiva Microfunds as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

SingerLewak LLP

SingerLewak LLP

San Jose, California
April 22, 2011

100 West San Fernando Street, Suite 365 San Jose, CA 95113 T: 408.294.3924 F: 408.295.3925

877.754.4557

IGAF Worldwide An Association of Independent Firms

KIVA MICROFUNDS
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

ASSETS

	2010	2009
Current assets		
Cash and cash equivalents	$ 8,284,818	$ 3,900,482
Accounts receivable	4,254	18,491
Pledges and grants receivable-current portion, net of discounts	749,483	238,000
Due from Kiva User Funds Account	783,712	1,013,938
Investments	7,250	5,875
Prepaid expenses	243,365	121,461
Total current assets	10,072,882	5,298,247
Property and equipment	1,279,384	857,765
Other assets:		
Pledges and grants receivable, net of discounts	173,537	-
Other assets	39,421	39,421
Total other assets	212,958	39,421
Total assets	**$ 11,565,224**	**$ 6,195,433**

LIABILITIES AND NET ASSETS

	2010	2009
Current liabilities		
Accounts payable	$ 127,331	$ 50,020
Accrued expenses	296,607	354,479
Other liabilities	7,810	-
Total current liablities	431,748	404,499
Deferred rent	11,659	23,079
Total liabilities	443,407	427,578
Commitments and contingencies (Note 6)		
Net assets		
Unrestricted	9,190,073	4,987,770
Temporarily restricted	1,931,743	780,085
Total net assets	11,121,816	5,767,855
Total liabilities and net assets	**$ 11,565,223**	**$ 6,195,433**

The accompanying notes are an integral part of these financial statements.

KIVA MICROFUNDS
(A NONPROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2010 and 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support						
Foundations	$ 1,170,880	$ 794,988	$ 1,965,868	$ 275,000	$ 725,000	$ 1,000,000
Online donations	4,850,507	-	4,850,507	3,590,420	-	3,590,420
Auto-converted Kiva Cards	525,600	-	525,600	364,600	-	364,600
Corporate contributions	1,385,409	2,000,532	3,385,941	216,640	-	216,640
Individual contributions	474,770	10,000	484,770	400,343	54,151	454,494
Interest income	118,836	-	118,836	132,771	-	132,771
Investment gains, net	1,375	-	1,375	2,123	-	2,123
Other income	73,937	-	73,937	2,984	-	2,984
Net assets released from restrictions	1,653,862	(1,653,862)	-	1,853,555	(1,853,555)	-
Total revenue and support	10,255,176	1,151,658	11,406,834	6,838,436	(1,074,404)	5,764,032
In-kind donations						
Technology	109,839	-	109,839	139,622	-	139,622
Services	2,188,283	-	2,188,283	3,223,401	-	3,223,401
Use of facilities	1,495	-	1,495	-	-	-
Total in-kind donations	2,299,617	-	2,299,617	3,363,023	-	3,363,023
Total revenue and support including in-kind donations	12,554,793	1,151,658	13,706,451	10,201,459	(1,074,404)	9,127,055
Functional expenses						
Program services	6,823,657	-	6,823,657	7,457,758	-	7,457,758
Management and general	1,207,358	-	1,207,358	600,876	-	600,876
Fundraising	321,474	-	321,474	178,890	-	178,890
Total functional expenses	8,352,490	-	8,352,490	8,237,524	-	8,237,524
Change in net assets	4,202,303	1,151,658	5,353,961	1,963,935	(1,074,404)	889,531
Net assets, beginning of year	4,987,770	780,085	5,767,855	3,023,835	1,854,489	4,878,324
Net assets, end of year	**$ 9,190,073**	**$ 1,931,743**	**$ 11,121,816**	**$ 4,987,770**	**$ 780,085**	**$ 5,767,855**

The accompanying notes are an integral part of these financial statements.

KIVA MICROFUNDS
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2010 and 2009

	2010				2009			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Personnel expenses								
Salaries	$ 2,066,692	$ 387,356	$ 158,174	$ 2,612,222	$ 1,952,092	$ 373,413	$ 112,381	$ 2,437,886
Payroll taxes	225,294	41,915	17,367	284,576	199,158	38,097	11,465	248,720
Benefits	299,076	55,435	22,090	376,601	204,777	39,172	11,789	255,738
Total personnel expenses	2,591,062	484,706	197,631	3,273,399	2,356,027	450,682	135,635	2,942,344
Other functional expenses								
In-kind expenses	1,962,507	263,127	11,601	2,237,235	3,242,976	4,306	1,296	3,248,578
Contractors	806,539	88,261	-	894,800	429,089	33,962	-	463,051
Depreciation and amortization	569,451	103,774	45,594	718,819	552,080	9,829	2,958	564,867
MFI partnership program	235,038	-	-	235,038	145,355	-	-	145,355
Occupancy	176,569	33,332	13,634	223,535	147,846	28,281	8,512	184,639
Marketing and communications	113,498	13,303	-	126,801	85,446	1,591	-	87,037
Information technology	76,459	22,722	5,897	105,077	102,669	19,639	5,911	128,219
Travel, conferences and meetings	75,408	3,329	10,749	89,485	67,709	2,083	12,043	81,835
Professional fees	-	87,326	-	87,326	13,590	25,794	5,000	44,384
Staff development	12,266	67,989	252	80,508	29,935	5,726	1,723	37,384
Volunteer program	71,098	-	-	71,098	75,015	-	-	75,015
Organization costs	51,592	13,408	1,124	66,125	29,726	5,686	1,711	37,123
Office expense	33,955	18,151	4,575	56,681	13,513	2,585	778	16,876
Phones and internet	40,529	7,481	3,073	51,083	40,000	7,651	2,303	49,954
Miscellaneous	5,145	-	27,115	32,260	16,326	3,061	1,020	20,407
Indemnification	2,541	449	229	3,219	110,456	-	-	110,456
Total other functional expenses	4,232,595	722,652	123,843	5,079,090	5,101,731	150,194	43,255	5,295,180
Total functional expenses	**$ 6,823,657**	**$ 1,207,358**	**$ 321,474**	**$ 8,352,489**	**$ 7,457,758**	**$ 600,876**	**$ 178,890**	**$ 8,237,524**

The accompanying notes are an integral part of these financial statements.

KIVA MICROFUNDS
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Change in net assets	$ 5,353,961	$ 889,531
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	718,819	564,867
In-kind donation of fixed assets	-	(94,615)
In-kind donation of supplies	(62,382)	(18,848)
Unrealized gains on investments	(1,375)	(2,123)
Changes in operating assets and liabilities:		
Accounts receivables	14,237	(13,384)
Pledges receivable, net discounts	(685,020)	1,255,000
Due from Kiva User Funds Account	230,226	(515,182)
Prepaid expenses	(59,522)	(31,124)
Other assets	-	(8,372)
Accounts payable	77,311	(2,061)
Accrued expenses	(57,872)	100,388
Other liabilities	7,810	-
Deferred rent	(11,420)	(5,831)
Net cash provided by operating activities	5,524,773	2,118,246
Cash flows from investing activities		
Purchase of property and equipment	(71,306)	(57,310)
Capitalization of website and internet platform software development costs	(1,069,132)	(673,627)
Net cash used in investing activities	(1,140,438)	(730,937)
Net increase in cash and cash equivalents	4,384,335	1,387,309
Cash and cash equivalents, beginning of year	3,900,482	2,513,173
Cash and cash equivalents, end of year	**$ 8,284,817**	**$ 3,900,482**
Supplemental cash flows information:		
In-kind donation of fixed assets	$ -	$ 94,615
In-kind donation of supplies	$ 62,382	$ 54,848

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Kiva Microfunds ("Kiva") is a nonprofit, tax-exempt organization founded in 2005 to connect people through lending for the sake of alleviating poverty. Kiva empowers individuals to lend to low-income borrowers around the world. Kiva partners with over 110 global Microfinance Institutions ("MFIs") in more than fifty countries. MFIs are responsible for selecting borrowers, reviewing the loan applications, and uploading the loan requests to Kiva's website once they have approved the loans. When the loan funds are raised, Kiva sends the money (via a net billing process) to the MFI, who uses the funds to replenish the loan that has been pre-disbursed to the borrower, and administers the loan. To date, Kiva has facilitated over US $200 million in loans from lenders through the website.

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

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

Kiva is supported primarily through individual and corporate contributions and grants from foundations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Financial Statement Presentation</u>
The financial statements of Kiva have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 financial statement presentation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Permanently Restricted Net Assets - result from contributions and other inflows of assets whose use by Kiva is permanently restricted by the donor. At December 31, 2010 and 2009, Kiva had no permanently restricted net assets.

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

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

Cash and Cash Equivalents
Kiva considers cash on deposit and temporary investments with financial institutions with an original maturity of three months or less to be cash equivalents.

Investments
Investments in marketable equity securities are stated at market value. Investment income is reported in the statement of activities as increases in unrestricted net assets.

Revenue Recognition
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the restriction, usually when the funds are spent.

Kiva earns revenue from a variety of sources. Online donations are contributions made by lenders through Kiva's online lending platform. Kiva Card Auto-conversion revenue is recognized when a Kiva Card holder fails to redeem a Kiva Card that includes a provision for an auto-conversion-to-donation after a 12 month period, and becomes a donation to Kiva at that point in time. Revenue is also earned through contributions and grants from foundations, corporations, and individual donors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Pledges and Grants Receivable
Kiva records pledges and grants receivable, net of discount, when there is sufficient evidence in the form of verifiable documentation that a promise was made and received. Kiva discounts receivables that are expected to be collected in future periods using an appropriate discount rate commensurate with the risks involved. Kiva uses the 10 year Treasury bond rate to record the discount.

Property and Equipment
Kiva capitalizes property and equipment acquisitions over $1,000. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to seven years. Leasehold improvements are amortized over the shorter of the asset life or the remaining lease term. Gifts of property and equipment are reported as unrestricted support unless the donor stipulates specifically how the donated asset must be used.

Kiva develops in-house internet platform software to enable lending and other on-line donation activities. Personnel costs including taxes, workers compensation, and benefit allocations associated with the development of the software are capitalized and amortized over three years. The allocation of personnel costs is based on development time spent and is examined on a quarterly basis.

Functional Allocation of Expenses
The costs of providing various program services, management and general, and fundraising expenses have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services provided. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Kiva.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Kiva maintains its cash balances with one high-credit, quality financial institution. Kiva believes its credit policies do not result in significant adverse risk, and historically has not experienced significant credit-related losses. In addition, effective December 31, 2010 through December 31, 2012, the Federal Deposit Insurance Corporation ("FDIC") is providing unlimited insurance coverage on non-interest-bearing accounts.

Accounts receivable consist primarily of reimbursement of expenses from grantors. Pledges receivable represent amounts committed by donors that have not been received. Kiva makes judgments as to the ability to collect all of its outstanding receivables and provides allowances for amounts when collection becomes doubtful. Provisions are made based upon a specific review of past due and other outstanding balances for which collection is considered uncertain.

Income Taxes
Kiva is a California not-for-profit corporation and is therefore exempt from taxation under Section 501(c)(3) of the Internal Revenue Code ("IRC").

Effective January 1, 2009, Kiva adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 740, "Uncertainty in Income Taxes" ("ASC 740") (formerly FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109"). ASC 740 clarifies the uncertainty in income taxes recognized in the enterprise's financial statements. Kiva has determined that the adoption of ASC 740 did not result in the recognition of any liability for uncertain tax positions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Fair Value of Financial Instruments
As defined in FASB ASC Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820") (formerly SFAS No. 157, "Fair Value Measurements"), fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. In determining fair value, Kiva uses the market approach. Based on this approach, Kiva utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques Kiva is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and the reliability of the information used to determine fair values.

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 – Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. For the fiscal years ended December 31, 2010 and 2009, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Recently Adopted Accounting Pronouncements
In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-06, "Fair Value Measurements and Disclosures" (Topic 820). This guidance amends the disclosure requirements related to recurring and nonrecurring fair value measurements and requires new disclosures on the transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a roll-forward of activities on purchases, sales, issuance and settlements of the assets and liabilities measured using Level 3 measurements.

Additionally, the guidance requires a roll-forward of activities on purchases, sales, issuance and settlements of the assets and liabilities measured using Level 3 measurements. The guidance became effective for the reporting period beginning January 1, 2010, except for the disclosure on the roll-forward activities for Level 3 fair value measurements, which will become effective for the reporting period beginning January 1, 2011. The adoption of ASU 2010-06 did not have a material impact on Kiva's financial position or results of operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued ASU 2010-07, "Not-for-Profit Entities: Mergers and Acquisitions" (Topic 958). This guidance amends and clarifies the requirements under ASC 958-805, which establishes principles and requirements for how a not-for-profit entity accounts for and discloses mergers and acquisitions. It also amends SFAS No. 142, "Goodwill and Other Intangible Assets," to make it fully applicable to not-for-profit entities. ASC 958-805 is effective for mergers occurring on or after December 15, 2009, and acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. This pronouncement did not have an effect on Kiva's financial statements.

NOTE 3 – PLEDGES AND GRANTS RECEIVABLE

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

	2010	2009
In less than one year	$ 749,483	$ 238,000
In one to five years	185,000	-
Less discounts, rates range from 3.4% to 10.5%	(11,463)	-
Total pledges and grants receivable – noncurrent portion, net of discounts	173,537	-
Total pledges and grants receivable, net of discounts	**$ 923,020**	**$ 238,000**

NOTE 4 – INVESTMENTS

At December 31, 2010 and 2009, Kiva's investments consist of one publicly traded stock stated at fair value. This investment was classified as Level 1. At December 31, 2010 and 2009, the value was $7,250 and $5,875, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

	2010	2009
Leasehold improvements	$ 43,442	$ 70,942
Furniture	7,177	7,177
Computer equipment	341,061	263,017
Web site and internet platform software development costs	2,614,222	1,545,089
	3,005,902	1,886,225
Less accumulated depreciation	(1,726,518)	(1,028,460)
Total	**$ 1,279,384**	**$ 857,765**

Depreciation expense for the years ended December 31, 2010 and 2009 were $718,819 and $564,867, respectively.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Lease agreements
Kiva leases office space under an operating lease agreement that expires in August 2011. The agreement calls for below market rent for the first four months of the lease and minimum monthly lease payments of $14,421, with annual increases beginning September 2008. Kiva is recording rent expense on a straight-line basis which results in deferred rent of $11,659 and $23,079 for December 31, 2010 and 2009, respectively.

Rent expense paid under this lease was $210,866 and $177,468 for the years ended December 31, 2010 and 2009, respectively. Future minimum lease payments under this arrangement are $124,368 in 2011.

Groupon agreement
In late 2010, Kiva entered into a promotional campaign with Groupon to attract new users. In this campaign, discounted promotional vouchers were issued. A user could purchase a voucher, with a face value of $25, for $15. In November 2010, 9,964 vouchers were sold, and Groupon participated by contributing $10 to the user's account to complete the $25 loan credit value. These vouchers have no restrictions other than they will expire in May 2011, at which time the full $25 credit value will auto-convert to a Kiva donation.

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

Groupon agreement (Continued)
In December 2010, an additional 11,269 of Groupon promotional vouchers were sold. For these vouchers, Kiva agreed to fund the $10 credit for each voucher that was redeemed by the user in order to make a $25 loan. This $10 credit will revert to Kiva upon repayment of the respective loan made by the user. These purchased but unredeemed vouchers have no other restrictions other than they too will expire in May 2011, at which time the $15 dollar purchased value will auto-convert to a Kiva donation.

At December 31, 2010, there were 2,855 redeemed vouchers amounting to a promotional receivable due Kiva in the amount of $ 28,550. This amount is included in Due from Kiva User Funds.

Also at December 31, 2010, there remain 8,414 unredeemed vouchers which could result in an additional $84,410 of promotional credits to be issued to these users.

Litigation
In the normal course of business, Kiva has not become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of Kiva as of December 31, 2010, and through April 22, 2011.

NOTE 7 – 401 (K) PLAN

Kiva has a 401(k) Plan (the "Plan") for employees who meet certain service and eligibility requirements. Each eligible employee may elect to contribute to the Plan, and Kiva may make matching and/or discretionary contributions. The benefits vest upon contribution. During the years ended December 31, 2010 and 2009, matching and discretionary contributions of $91,001 and $64,623 were made to the Plan, respectively.

NOTE 8 – KIVA USER FUNDS BANK ACCOUNT

As discussed in Note 1, KUF maintains FBO accounts, which are held separate and apart from the operational funds accounts of Kiva. Kiva is entitled to the interest earned on the funds held in the FBO accounts, pursuant to the binding terms of use with individual users at the time a user account is established. Kiva is also entitled to the auto-converted donations from Kiva Cards held in these accounts, and online donations intended for Kiva that are processed to these accounts. Donations from interest income, auto-converted Kiva Cards, and online donations on these bank accounts for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Interest Income	$ 98,192	$ 122,381
Auto-Converted Kiva Cards	525,600	364,600
Online Donations	4,850,507	3,590,420

In the event an administrative processing/recording issue results in a difference between such user-account records and the FBO account balances, Kiva may be expected to cover any such resulting variance for the FBO accounts. For the years ended December 31, 2010 and 2009, Kiva indemnified, in the approximate amount of $3,000 and $110,000 respectively, the KUF bank accounts for a set of repayments that were credited to various users, but for which certain MFI's ultimately failed to make the contractually required corresponding repayments.

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes:

	December 31, 2009	Additions	Released from Restriction	December 31, 2010
Organizational Capacity	$ 207,835	$ 750,000	$ (537,422)	$ 420,413
Geographical	449,765	875,000	(850,629)	474,136
Product Innovation	72,485	324,495	(215,811)	181,169
Time Restricted	50,000	856,025	(50,000)	856,025
	$ 780,085	**$ 2,805,520**	**$ (1,653,862)**	**$ 1,931,743**

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

	December 31, 2008	Additions	Released from Restriction	December 31, 2009
Organizational Capacity	$ 338,804	$ 304,151	$ (435,120)	$ 207,835
Geographical	435,948	310,000	(296,183)	449,765
Product Innovation	74,737	165,000	(167,252)	72,485
Time Restricted	1,005,000	-	(955,000)	50,000
	$ 1,854,489	**$ 779,151**	**$ (1,853,555)**	**$ 780,085**

NOTE 10 – SUBSEQUENT EVENTS

Kiva's management has evaluated events and transactions subsequent to December 31, 2010 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through the date the financial statements became available to be issued, April 22, 2011, and no event has occurred that requires recognition or disclosure in these financial statements.