

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2013

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

Name of the organization
WESTERN NIS ENTERPRISE FUND

Employer identification number

13-3786524

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <input checked="" type="checkbox"/> First-class or charter travel <input checked="" type="checkbox"/> Travel for companions <input checked="" type="checkbox"/> Tax identification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <input type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input type="checkbox"/> Written employment contract <input type="checkbox"/> Compensation survey or study <input checked="" type="checkbox"/> Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
a	Receive a severance payment or change-of-control payment?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a	The organization?		No
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a	The organization?		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

Part VII Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) NATALIE A JARESKO PRESIDENT & CEO, DIRECTOR	(i)	0	1,770,222	0	0	0	1,770,222	0
	(ii)	0	0	0	0	0	0	0
(2) MARK A IWASHKO FORMER OFFICER	(i)	0	1,770,222	0	0	1,095	1,771,317	0
	(ii)	0	0	0	0	0	0	0
(3) LENNA KOSZARNY CHIEF FINANCIAL & ADMINIST OFF	(i)	0	964,296	0	0	1,651	965,947	0
	(ii)	0	0	0	0	0	0	0

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Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Return Reference	Explanation
SCHEDULE J, PART I, LINE 1A	FIRST CLASS TRAVEL WNISEF BOARD MEMBERS VOLUNTEER THEIR TIME TO ATTEND BOARD MEETINGS AND DO NOT RECEIVE ANY COMPENSATION FOR THEIR PARTICIPATION ON THE WNISEF BOARD. HOWEVER, IN ACCORDANCE WITH THE GRANT AGREEMENT WITH THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, BOARD MEMBERS ARE PERMITTED TO FLY FIRST CLASS IN RECOGNITION OF THE EXPECTATION OF TRAVELING FROM THE UNITED STATES TO THE REGION, INCLUDING UKRAINE AND MOLDOVA. CERTAIN BOARD MEMBERS ELECTED TO UTILIZE THIS BENEFIT DURING THE REPORTING PERIOD. THE COST OF THE TICKET IS NOT INCLUDED IN THE DIRECTOR'S REPORTABLE COMPENSATION, BUT IS INSTEAD CONSIDERED A NON-TAXABLE REIMBURSEMENT. TRAVEL FOR COMPANIONS THE WNISEF BOARD APPROVED BUSINESS CLASS TRAVEL FOR OFFICERS TO BOARD MEETINGS IN THE UNITED STATES FROM UKRAINE. FOR OFFICERS WHO ELECTED TO TRAVEL ECONOMY CLASS AND THE AGGREGATE COST OF THEIR TICKET AND THAT OF THEIR FAMILY MEMBERS WAS LESS THAN THE BUSINESS CLASS TICKET, FAMILY MEMBERS COULD ACCOMPANY THEM. TWO OFFICERS ELECTED TO DO SO DURING THE REPORTING PERIOD. NO PART OF THE BENEFIT WAS INCLUDED AS TAXABLE COMPENSATION. THE AMOUNT HAS BEEN REPORTED ON SCHEDULE J, PART II, COLUMN(D) AS A NONTAXABLE BENEFIT.
SCHEDULE J, PART I, LINE 3	The only compensation that the CEO and other officers may receive directly from Western NIS is related to any payments per the Long-Term Equity Incentive (LTEI) Plan, a carry-type arrangement relating to successful exits of portfolio companies, which were approved by Board of Directors, USAID and received Congressional approval. LTEI compensation is not contingent on revenues or net earnings, it is contingent upon a successful exit of a portfolio company that exceeds the baseline value set by the Board of Directors and approved by USAID. See Schedule O - Compensation for additional information.

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Return Reference	Explanation
Form 990, Part VI, Line 15 and Part IX, Lines 5 - 10	<p>Compensation Western NIS has a special compensation structure that reflects its tax-exempt mission. As noted in Part III of Form 990, one of Western NIS' key accomplishments was fulfilling the directive from USAID to establish a private follow-on fund, Emerging Europe Growth Fund LP (EEGF). This directive followed the precedent of USAID-financed enterprise funds in Central and Eastern Europe, which successfully attracted significant private capital. As described in Schedule O, Western NIS is nearing its wind-down phase, and the founding of EEGF was a significant accomplishment towards Western NIS' mission. A private investment management company, Horizon Capital Associates LLC (HCA), was formed to manage the investments of EEGF and Western NIS. Following the founding of EEGF, all employees of Western NIS (except those located in the US) became employees of HCA's subadvisor entity, Horizon Capital Advisors, LLC (HCAD), resulting in the transfer of employee compensation, operating and other expenses from Western NIS to HCA and HCAD. Accordingly, Western NIS currently has no employees, other than an administrative assistant and a part-time accountant in the US. Both the formation of the Horizon Capital entities and outsourcing of investment management functions to HCA were approved by USAID. Western NIS pays HCA an annual management fee, as disclosed in Schedule L. The investment management agreement with HCA was approved by the Board of Directors of Western NIS, after review and approval of its key terms, including the management fee, by USAID, which had prior experience reviewing and approving similar investment management agreements entered into by other enterprise funds that it regulates. The management fee formula is identical to that in the investment management agreement between HCA and EEGF, which also was reviewed and approved by the WESTERN NIS Board and USAID (as well as by other investors in EEGF). In 2002, the board members of Western NIS established a long-term equity incentive plan ("LTEI"), which was based on similar arrangements at other USAID-financed enterprise funds and was approved by the US Congress and USAID. The LTEI Plan is not compensation from government grant funds but a separately USAID-approved incentive plan funded from investment sales proceeds. LTEI compensation is not contingent on revenues or net earnings, but rather on a profitable exit of a portfolio company that exceeds the baseline value set by the board of directors and approved by USAID. Upon the spin-off of employees to HCAD, the LTEI plan remains in effect as long as 1) the investment management agreement between Western NIS and HCA continues, 2) the specific employee remains in the employ of HCAD and 3) the board of directors does not amend, alter or terminate the plan. This is intended to maximize Western NIS' returns on its remaining portfolio. LTEI payments during the 2013 calendar year are set forth in the following paragraph. The statement of functional expenses in Part IX sets forth \$85,336 of expenses under the long-term equity incentive plan (LTEI) that were paid out in February and August 2014, before the 9/30/14 fiscal year end. This amount represents LTEI payments made to former key employees. In the compensation section of Form 990, Part VII, we report \$4,632,744 paid under the LTEI during the 2013 calendar year. This amount represents LTEI payments made to current and former officers. Also, during the 2013 calendar year \$3,072,099 of LTEI payments were made to former employees. It should be noted that officers and employees who are classified as "former" were current officers and employees during the 2013 calendar year when these payments were made and these individuals only became former officers and employees during the fiscal year ended September 30, 2014. In addition, we note that the Grant Agreement with USAID provides that US Government Grant funds may not be used to compensate employees of Western NIS, or employees of an organization in which it owns a majority interest, over \$150,000 per annum. The LTEI plan is not compensation from Government Grant funds but a separately USAID-approved incentive plan funded from investment sales proceeds.</p>