

FONDASYON KOLE ZEPÒL

(FONKOZE)

FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

FONDASYON KOLE ZEPÒL

(FONKOZE)

FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
FONDASYON KOLE ZEPÒL
(FONKOZE)
Port-au-Prince, Haiti**

We have audited the accompanying financial statements of Fondasyon Kole Zepòl (Fonkoze), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on the 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 our 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, we consider internal control relevant to FONKOZE'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 FONKOZE's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fondasyon Kole Zepòl (Fonkoze) as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Experts Conseils et Associés
Chartered Accountants
Pétion-Ville, May 7, 2021



FONDASYON KOLE ZEPÒL
(FONKOZE)
Statements of Financial Position
(Expressed in Gourdes)

	<u>Notes</u>	<u>December 31, 2020</u>		<u>December 31, 2019</u>
ASSETS				
Current Assets				
Cash and cash equivalents	Note 2	219,889,459	G	132,459,570
Term deposits	Note 3	26,122,101		33,119,151
Investments	Note 4	5,412,038		6,898,815
Prepaid expenses		794,048		1,756,609
Grant receivables	Note 5	45,475,807		57,174,566
Other receivables	Note 6	1,714,004		5,092,620
Loans, net of allowance for loan losses	Note 7	942,927		10,099,743
Total Current Assets		<u>300,350,384</u>		<u>246,601,074</u>
Long Term Assets				
Fixed assets, net of accumulated depreciation	Note 8	21,525,215		10,285,387
Other assets	Note 9	3,044,763		7,127,949
Total Long Term Assets		<u>24,569,978</u>		<u>17,413,336</u>
TOTAL ASSETS		<u>G 324,920,361</u>		<u>G 264,014,410</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Notes payables - current portion	Note 10	-		459,921
Other liabilities	Note 11	6,814,550		8,625,523
Total Current Liabilities		<u>6,814,550</u>		<u>9,085,444</u>
Long Term Liabilities				
Deferred contributions	Note 12	117,126,811		94,221,065
Notes payables - long term portion	Note 10	-		91,984
Promissory notes	Note 13	98,978,753		101,041,253
Total Long Term Liabilities		<u>216,105,564</u>		<u>195,354,302</u>
TOTAL LIABILITIES		<u>222,920,114</u>		<u>204,439,746</u>
Net Assets				
Unrestricted		(34,793,830)		(49,305,176)
Temporarily restricted - Net Assets		136,794,076		108,879,840
Total Net Assets		<u>102,000,247</u>		<u>59,574,664</u>
TOTAL LIABILITIES AND NET ASSETS		<u>G 324,920,361</u>		<u>G 264,014,410</u>

The accompanying notes are an integral part of these financial statements

FONDASYON KOLE ZEPÒL

(FONKOZE)

Statements of Activities and Changes in Net Assets

(Expressed in Gourdes)

	Notes	December 31, 2020			December 31, 2019		
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Revenues							
Revenues from donors							
Grants revenues from donors		G 502,210,032	G 28,775,430	G 530,985,462	G 362,437,800	G 16,183,705	G 378,621,505
Revenues from indirect costs		-	50,504,613	50,504,613	-	29,778,514	29,778,514
Total of Revenues from donors		<u>502,210,032</u>	<u>79,280,043</u>	<u>581,490,076</u>	<u>362,437,800</u>	<u>45,962,219</u>	<u>408,400,019</u>
Sales revenue - Boutik Santé	Note 15	76,486,899	-	76,486,899	24,928,759	-	24,928,759
Impact monitoring services - SFF		-	2,062,500	2,062,500	-	2,750,000	2,750,000
Interest Income		-	599,539	599,539	-	539,851	539,851
Other income	Note 14	1,037,934	6,406,790	7,444,724	3,170,165	1,465,247	4,635,411
Total Income		<u>77,524,833</u>	<u>9,068,829</u>	<u>86,593,662</u>	<u>28,098,924</u>	<u>4,755,098</u>	<u>32,854,022</u>
Total Revenues		<u>579,734,865</u>	<u>88,348,872</u>	<u>668,083,738</u>	<u>390,536,724</u>	<u>50,717,317</u>	<u>441,254,041</u>
Other Operating Income (expenses)							
Gain or loss due to exchange rate		-	(15,573,235)	(15,573,235)	-	8,448,815	8,448,815
Total Other Operating Income (Expenses)		<u>-</u>	<u>(15,573,235)</u>	<u>(15,573,235)</u>	<u>-</u>	<u>8,448,815</u>	<u>8,448,815</u>
Net Total Revenues and Other Operating Income		<u>579,734,865</u>	<u>72,775,637</u>	<u>652,510,503</u>	<u>390,536,724</u>	<u>59,166,132</u>	<u>449,702,856</u>
Expenditures							
Sante		307,652,679	-	307,652,679	213,196,860	-	213,196,860
Alfa		10,104,134	-	10,104,134	9,461,140	-	9,461,140
CLM		213,893,086	-	213,893,086	111,747,112	-	111,747,112
Empak Social (ENSO)		9,577,343	8,361,670	17,939,013	12,566,391	-	12,566,391
Zafen		5,945,927	-	5,945,927	17,790,140	-	17,790,140
Other projects		4,647,461	-	4,647,461	1,546,756	-	1,546,756
Central		-	49,902,621	49,902,621	-	47,662,378	47,662,378
Total expenditures		<u>551,820,629</u>	<u>58,264,291</u>	<u>610,084,920</u>	<u>366,308,398</u>	<u>47,662,378</u>	<u>413,970,776</u>
Changes in Net Assets		27,914,236	14,511,346	42,425,582	24,228,326	11,503,754	35,732,080
Net Assets, at beginning of the year		<u>108,879,840</u>	<u>(49,305,176)</u>	<u>59,574,664</u>	<u>84,651,514</u>	<u>(60,808,930)</u>	<u>23,842,584</u>
Net Assets, at the end of the year		<u>G 136,794,076</u>	<u>G (34,793,830)</u>	<u>G 102,000,247</u>	<u>G 108,879,840</u>	<u>G (49,305,176)</u>	<u>G 59,574,664</u>

The accompanying notes are integral part of the financial Statements

FONDASYON KOLE ZEPÒL**(FONKOZE)****Statements of Cash Flows****(Expressed in Gourdes)**

	For the year ended	For the year ended
	December 31, 2020	December 31, 2019
Increase in net assets	G 42,425,582	G 35,732,080
Operating activities		
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,847,488	4,686,300
Adjustment in Net Assets	-	-
(Increase) decrease in:		
Term deposits	6,997,050	(33,119,152)
Prepaid expenses	962,561	370,085
Grants receivable	11,698,758	(16,309,812)
Other receivable	3,378,616	(3,454,835)
Loans	9,156,816	5,676,006
Other Assets	4,083,186	2,287,208
Increase (decrease) in:		
Other Liabilities	(1,810,973)	(7,317,144)
Deferred contributions	22,905,746	64,124,355
Net cash provided (used) by operating activities	<u>65,219,250</u>	<u>16,943,012</u>
Investing activities		
Acquisition of fixed assets	(19,087,316)	(6,250,369)
Proceeds of disposition	-	-
Decrease (Increase) in Investments	<u>1,486,778</u>	<u>(1,109,705)</u>
Net cash used in investment activities	<u>(17,600,539)</u>	<u>(7,360,074)</u>
Financing activities		
(Decrease) in Notes payable - current portion	(459,921)	151,168
Increase in Notes payable - long term portion	(91,984)	(62,392)
(Decrease) in Promissory Notes	<u>(2,062,500)</u>	<u>(2,750,000)</u>
Net cash provided (used) by financing activities	<u>(2,614,404)</u>	<u>(2,661,224)</u>
Net Increase (Decrease) in cash	<u>87,429,889</u>	<u>42,653,795</u>
Cash and bank, at beginning of period	<u>132,459,570</u>	<u>89,805,775</u>
Cash and bank, at end of period	<u>G 219,889,459</u>	<u>G 132,459,570</u>

The accompanying notes are an integral part of these financial statements

FONDASYON KOLE ZEPÒL

(FONKOZE)

Statements of Functional Expenses

(Expressed in Gourdes)

For the year ended December 31, 2020

	RESTRICTED FUNDS						UNRESTRICTED FUNDS			TOTAL	
	SANTE	ALFA	CLM	ENSO	ZAFEN	OTHERS (1)	Total	ENSO	CENTRAL		Total
Salaries and fringe benefits	G 50,742,184	G 2,227,894	G 59,072,895	G 2,177,763	G 2,722,324	G -	G 116,943,061	G 4,113,842	G 34,952,740	G 39,066,582	G 156,009,643
Rent and Utilities Expenses	9,483,659	76,340	6,225,306	-	476,930	-	16,262,235	500,875	4,144,377	4,645,251	20,907,487
Utilities and equipment expenses	871,224	-	1,518,059	-	-	-	2,389,283	-	-	-	2,389,283
IT costs and communication	5,016,097	135,931	3,205,998	28,166	230,853	1,781,109	10,398,154	229,405	2,122,602	2,352,006	12,750,161
Transportation expenses	52,959,394	1,314,213	41,577,409	364,965	1,014,599	-	97,230,580	3,200,818	5,066,686	8,267,505	105,498,084
Professional fees	31,797,524	3,955,145	6,684,162	-	212,710	925,743	43,575,283	60,888	3,284,775	3,345,663	46,920,946
Promotion	1,871,900	-	-	-	-	457,193	2,329,092	-	731,589	731,589	3,060,682
Investments	7,758,472	389,518	19,189,448	-	-	-	27,337,438	99,018	(18,206,707)	(18,107,689) ⁽¹⁾	9,229,749
Program operations	143,281,692	1,374,007	68,918,820	9,800	1,052,298	575,197	215,211,813	46,890	108,150	155,040	215,366,853
Audit and evaluation	2,215,518	-	4,597,401	6,996,649	107,600	-	13,917,168	-	1,149,583	1,149,583	15,066,751
Other expenses	1,655,016	631,086	2,903,589	-	128,612	908,219	6,226,523	109,934	8,701,337	8,811,271	15,037,793
Depreciation expenses	-	-	-	-	-	-	-	-	7,847,489	7,847,489	7,847,489
	<u>G 307,652,679</u>	<u>G 10,104,134</u>	<u>G 213,893,086</u>	<u>G 9,577,343</u>	<u>G 5,945,927</u>	<u>G 4,647,461</u>	<u>G 551,820,629</u>	<u>G 8,361,670</u>	<u>G 49,902,621</u>	<u>G 58,264,291</u>	<u>G 610,084,920</u>

⁽¹⁾ Acquisition of assets are initially recorded as investment expenses in the related projects. Except for the assets purchased with U.S. Government funds, they are subsequently being deducted from expenses and are transferred to fixed assets as they will remain property of the company.

FONDASYON KOLE ZEPÒL

(FONKOZE)

Statements of Functional Expenses

(Expressed in Gourdes)

For the year ended December 31, 2020

	RESTRICTED FUNDS							UNRESTRICTED FUNDS	TOTAL
	SANTE	ALFA	CLM	ENSO	ZAFEN	OTHERS (1)	Total	CENTRAL	
Salaries and fringe benefits	G 46,230,562	G 1,805,775	G 35,877,544	G 6,391,845	G 5,631,949	G 1,546,756	G 97,484,431	G 28,567,886	G 126,052,317
Rent and Utilities Expenses	8,156,451	73,213	2,819,701	548,272	556,589	-	12,154,225	4,129,491	16,283,716
Utilities and equipment expenses	1,014,592	-	2,357,253	-	-	-	3,371,845	-	3,371,845
IT costs and communication	2,196,962	202,480	1,213,169	296,230	427,332	-	4,336,174	1,490,776	5,826,949
Transportation expenses	46,537,045	2,299,773	18,516,758	2,695,765	2,409,195	-	72,458,536	5,222,910	77,681,447
Professional fees	39,987,156	3,818,560	7,418,489	570,115	6,622,587	-	58,416,906	1,793,744	60,210,650
Promotion	139,634	-	-	-	-	-	139,634	474,487	614,120
Investments	8,073,379	-	2,975,860	16,485	-	-	11,065,724	(5,362,856) ⁽¹⁾	5,702,868
Program operations	56,249,218	1,093,915	23,549,364	125,030	87,923	-	81,105,450	88,270	81,193,720
Audit and evaluation	3,072,294	-	13,854,069	1,700,988	37,900	-	18,665,251	882,031	19,547,282
Other expenses	1,539,568	167,423	3,164,905	221,660	2,016,665	-	7,110,221	5,689,340	12,799,561
Depreciation expenses	-	-	-	-	-	-	-	4,686,300	4,686,300
	<u>G 213,196,860</u>	<u>G 9,461,140</u>	<u>G 111,747,112</u>	<u>G 12,566,391</u>	<u>G 17,790,140</u>	<u>G 1,546,756</u>	<u>G 366,308,398</u>	<u>G 47,662,378</u>	<u>G 413,970,776</u>

⁽¹⁾ Acquisition of assets are initially recorded as investment expenses in the related projects. Except for the assets purchased with U.S. Government funds, they are subsequently being deducted from expenses and are transferred to fixed assets as they will remain property of the company.

FONDASYON KOLE ZEPÒL

(FONKOZE)

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2020 and 2019

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Fonkoze Foundation is a Haitian non-profit organization founded in 1994 by Fr. Joseph Philippe and a group of grassroots Haitian organizations with the aim of providing access to financial services and technical assistance to grassroots organizations. The Foundation started Fonkoze's microfinance programs and in collaboration with other investors created Sèvis Finansye Fonkoze (SFF) in 2004 to expand their work on a sustainable basis.

The Fonkoze Foundation is part of a family of organizations that are collectively referred to as **Fonkoze**. Fonkoze works in an integrated manner to offer a holistic approach to reducing poverty in Haiti. In addition to the Fonkoze Foundation, the Fonkoze family includes Fonkoze S.A., Sevis Finansye Fonkoze, S.A., and Fonkoze USA.

Fonkoze S.A. is the holding company of SFF. Sèvis Finansye Fonkoze, S.A. ("SFF"), the operating subsidiary of Fonkoze, S.A., is a Haitian for-profit, joint-stock company that operates as a microfinance institution, with a network of 45 branches located throughout Haiti.

Fonkoze USA is an American 501(c) (3) non-profit organization founded in 1997 to raise funds (donations, grants, and loans) and to provide financial and technical resources to SFF, the Foundation, and its other Haitian partners. In addition, Fonkoze USA raises awareness of the work of its partners, and leads communication efforts for the Fonkoze Family.

Together the three organizations share the same mission of working together to provide financial and non-financial services to empower Haitians – primarily women – to lift their families out of poverty.

The role of the Foundation in the Fonkoze Family is to work with its members and with all who want to work together to allow them to access quality financial services and accompaniment in order to create more prosperity for their family and for their communities.

Accounting Principles

The accompanying financial statements are prepared using accounting principles generally accepted in the United States of America and the accrual method of accounting. In accordance with this method of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Revenue from donors

1- Deferred Contributions

Contributions that are restricted by the donor are reported as deferred contributions if they are received with donor stipulations that limit the use of the donated assets. Income is recognized progressively as the obligations are met and proportionally to the costs of meeting the obligations.

2- Other

Unconditional promises to give are recognized as revenue when the underlying promises are received by Fonkoze. Contributions are then recognized upon notification of commitment from the donor.

Sales revenues

Sales revenues are composed of health and hygiene products sales and are recorded on cash basis. This sales are made as part of the program Boutik Sante.

Inventory is accounted for as expenses when purchased. Some products are received as donations.

In-kind Contributions

Donated services and supplies are included in the statement of activities when the services received create or enhance non-financial assets or require specialized skills and would typically need to be purchased if not donated. These services and supplies are recorded at their fair value at the date of donation. There were no in-kind contributions during the year ended December 31, 2020.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires the company's management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The most significant estimates relate to the allowance of doubtful accounts, depreciation and amortization, and income taxes.

Other receivables

Other accounts receivables consist of other miscellaneous receivable amounts and expenditures made by Fonkoze on behalf of others, not yet reimbursed at year-end. The Organization believes these are all collectible and therefore has made no allowance for doubtful accounts.

Loans and allowance for loan losses

Loans are recorded in the financial statements at their unpaid principal amounts, net of the allowance for loan losses. Interests on loans are recognized on a cash basis.

The allowance for loan losses presented in the statement of financial position represents an estimate determined by management based on specific rates of provisions applied by Sèvis Financial Fonkoze to past due loans as follows:

. Current loans	0%
. 1 – 30 days past due	5%
. 31 – 60 days past due	25%
. 61 – 90 days past due	50%
. dês 91 – 180 days past due	75%

Loans for which payments are past due more than 181 days are written off from the books.

The provision for loan losses reflected in the statement of activities represents the amounts required to adjust the allowance for loan loss to the level deemed adequate by management.

Investments

Investments are composed of investments in FONKOZE S.A. and an insurance company. The investment maintained at FONKOZE S.A is accounted for using the equity method. The investment in the insurance company is recorded at cost.

Fixed Assets

Furniture, equipment and vehicles are initially recorded as expenses. Assets that will remain property of Fonkoze are then transferred to fixed assets and are recorded at acquisition cost. Fonkoze capitalizes additions that exceed \$ 500. Donations of property and equipment, when applicable, are recorded as contributions at their estimated fair market value.

Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, as follows:

. Vehicles	5 years
. Equipments	4 years
. Computers	2 years

Furniture, equipment and vehicles purchased with U.S. Government funds are recorded as expenses and are not capitalized.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in local bank accounts or U.S. bank accounts, which, at times, may exceed federally insured limits.

Cash and cash equivalents maintained at local bank accounts are not covered by insurance.

Conversion in Foreign Currencies

The functional currency of Fonkoze is the Haitian gourde (Gourdes). Consequently, monetary assets and liabilities stated in foreign currencies are converted in Haitian gourdes at the exchange rate prevailing at year-end. Gains and losses resulting from these conversions are recorded in the statement of activities.

Transactions incurred in foreign currencies are converted at the exchange rate in effect at the transaction date. Gains and losses on foreign exchange transactions are reported in the statement of activities.

The official exchange rates published by the “Banque de la Republique d’Haiti”, Haiti’s Central bank, as of December 31, 2020 and 2019 were 72.1605 and 91.9842 Haitian gourdes to one U.S. dollar, respectively.

Net Assets

Fonkoze’s net assets, revenues/gains, and expenses are classified as temporarily restricted and unrestricted based on the existence or absence of donor-imposed restrictions. These classifications are defined as follows:

- . Temporarily restricted net assets contain donor-imposed restrictions that permit Fonkoze to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of Fonkoze.
- . Unrestricted net assets are free of restrictions at initiation, or the donor-imposed restrictions have expired.

Income Taxes

The Financial Accounting Standards Board (FASB) has issued FASB ASC 740-10-50, Income Taxes (formerly FIN 48, *Accounting for Uncertainty in Income Taxes*) which requires entities to disclose known or anticipated positions of income tax uncertainty. According to its status as a non-profit organization incorporated under Haitian law, Fonkoze is exempt from income taxes.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following :

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
. Accounts held in US banks	G 12,571,179	G 16,409,094
. Accounts held in Haitian banks	127,420,426	85,102,113
. Accounts held in Sevis Finansye Fonkoze	<u>79,897,854</u>	<u>30,948,363</u>
Total	<u>G 219,889,459</u>	<u>G 132,459,363</u>
. Deposits in U.S dollars	G 133,060,993	G 97,994,855
. Deposits in Haitian gourdes	<u>86,828,466</u>	<u>34,464,715</u>
Total	<u>G 219,889,459</u>	<u>G 132,459,570</u>

As of December 31, 2020, deposits held in U.S banks are insured by the Federal Deposit Insurance Corporation (FDIC) for an amount up to \$ 500,000. Therefore, all accounts maintained at US banks are fully insured at year-end.

NOTE 3 – TERM DEPOSITS

As of December 31, 2020, the amount of G 26,122,101 represents a term deposit maintained by Fonkoze at Sevis Finansye Fonkoze, equivalent to \$ 362,000, for a period of one year ending June 29, 2021 at the rate of 1.75%.

As of December 31, 2019, the amount of G 33,119,151 represents term deposits maintained by Fonkoze at Sevis Finansye Fonkoze as follows:

- Term deposit of \$ 251,563 equivalent to G 23,139,775 for a period of six (6) months ending June 11, 2020 at the rate of 1.25%.
- Term deposit of \$ 108,490 equivalent to G 9,979,376 for a period of six (6) months ending June 13, 2020 at the rate of 1.30%.

NOTE 4 – INVESTMENTS

Investments at December 31, 2020 and 2019, consist of the following:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
· Microinsurance Catastrophic Risk Organization (MiCRO) ⁽¹⁾	G 5,412,038	G 6,898,815
· Fonkoze SA ⁽²⁾	<u> -</u>	<u> -</u>
Total	<u>G 5,412,038</u>	<u>G 6,898,815</u>

- ⁽¹⁾ As of December 31, 2020, Fonkoze's investment in MiCRO represents 1.37% interest in the common shares of the company, which operates as a licensed (re)insurance company that issues (re)insurance protections for catastrophic events.

The shares of MiCRO are traded among a limited circle of entities which share the common interest of helping the segment of population in under developed countries which do not have access to credit through regular channel. Although the book value of the shares are lower than their cost, they are maintained at the cost of \$US1 per share, which is the cost at which the shares are traded among participants in this market for the total cost of \$75,000. Accordingly, the investment of Fonkoze has been valued at cost rather than using the equity method or consolidation for an amount of US\$75,000 equivalent to G 5,412,038 and G 6,898,815 respectively as of December 31, 2020 and 2019. The difference is due to changes in exchange rates, as follows:

	<u>MiCRO</u>
January 1, 2020	G 6,898,815
Total gains and losses - unrealized included in gain or loss on reevaluation	<u>(1,486,777)</u>
December 31, 2020	<u>G 5,412,038</u>

- ⁽²⁾ FONKOZE holds a 20% interest in voting shares of the holding company FONKOZE S.A. The value of this investment is determined using the equity method which requires that the original value of the investment be adjusted for Fonkoze SA's changes in equity for the period. Due to the accumulated loss recorded by FONKOZE S.A. since 2012, the Organization's carrying value of this investment was decreased to nil as of December 31, 2020 and 2019.

NOTE 5 – GRANT RECEIVABLE

As a foundation, FONKOZE has signed several agreements with various donors. As per the accounting policy of the Foundation, the contributions from unconditional promises to give are recognized as grant receivable upon notification of commitment from the donor. In addition, contributions earned from expenses made for projects that are not yet reimbursed by donors are also accounted for as grants receivable.

The table below indicates the movements for grants signed, contributions earned and funds received during the year ended December 31, 2020, with the resulting grant receivable balance as of December 31, 2020:

Unconditional Promises to Give

	Grants receivable as of December 31, 2019	Grant Agreements signed and contributions earned during the year ended December 31, 2020	Amounts received during the year ended December 31, 2020	Adjustment	Grant receivables as of December 31, 2020
US Dollars					
Fonkoze USA / Capacity Building 2015	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Fonkoze USA/ Capacity Building 2016	155,000	-	6,000	-	149,000
Fonkoze USA/ Capacity Building 2017	-	350,000	300,000	-	50,000
Fonkoze USA/ Capacity Building 2019	200,000	-	-	-	200,000
Total	<u>\$ 505,000</u>	<u>\$ 350,000</u>	<u>\$ 306,000</u>	<u>\$ -</u>	<u>\$ 549,000</u>
Gourdes Exchange Rate	91.9842	93.5919	93.5919	93.5919	72.1605
Gourdes Equivalent (effective rate)	G 46,452,021	G 32,757,150 ⁽¹⁾	G 28,639,109	G -	G 39,616,115
Effect of Reevaluation	(10,010,969)	(7,500,975)	(6,557,996)	-	
Sub-total in Gourdes	<u>G 36,441,053</u>	<u>G 25,256,175</u>	<u>G 22,081,113</u>	<u>G -</u>	<u>G 39,616,115</u>

Contributions earned from expenses incurred for projects**US Dollars**

Haitian Timoun Foundation-CLM	29,034	-	29,005	(29)	-
Vibrant Village Foundation / FKZ USA - CLM	4,715	-	4,715	-	-
FKZ USA/Women Empowerment Int'l - Sante	11,330	-	11,330	-	-
FKZ USA/Collis Warner- Sante	19,694	-	19,694	-	-
OID/Medicor Foundation- Boutik Sante	5,125	-	5,125	-	-
Food for the Poor / ALFA	194	-	194	-	-
Malzone/FKZ USA-SANTE	4,503	-	4,503	-	-
Sister of Mercy -CLM Cohort 2	39,461	-	39,461	-	-
FKZ USA/CLM other	2,513	-	2,513	-	-
Women Empowerment - Boutik Sante	-	7,628	-	-	7,628
Food for the Poor / ALFA	-	18,438	-	-	18,438
Opportunity Int's Deutsh (OID-2) - CLM	-	8,091	8,091	-	-
GOAL - URBAYITI/ CLM	-	8,907	-	-	8,907
Chanel Foundation - CLM/SANTE	-	33,690	-	-	33,690
MEDA/ZAFEN	-	7,484	-	-	7,484
MEDA/ALFA GENERAL	-	1,046	-	-	1,046
ALFA GENERAL	-	4,010	-	-	4,010
Total	<u>\$ 116,569</u>	<u>\$ 89,295</u>	<u>\$ 124,632</u>	<u>\$ (29)</u>	<u>\$ 81,204</u>
Gourdes Exchange Rate	91.9842	93.5919	93.5919	93.5919	72.1605
Gourdes Equivalent (effective rate)	G 10,722,545	G 8,357,276 ⁽²⁾	G 11,664,541	G (2,687)	G 5,859,693
Effect of Reevaluation	(2,310,837)	(1,913,711)	(2,671,033)	615	
Sub-total in Gourdes	<u>G 8,411,708</u>	<u>G 6,443,565</u>	<u>G 8,993,508</u>	<u>G (2,071)</u>	<u>G 5,859,693</u>
General total in Gourdes	<u>G 44,852,760</u>	<u>G 31,699,740</u>	<u>G 31,074,621</u>	<u>G (2,071)</u>	<u>G 45,475,807</u>

⁽¹⁾ The revenues from donors of G 28,775,430 in the unrestricted funds, as reported in the statement of activities and changes in net assets represent new grants agreements signed by Fondasyon Fonkoze during the year 2020 which are unconditional promises to give. The difference of G 3,981,720 when comparing with the amount of G 32,757,150 presented in the schedule of grants receivable is due to exchange gain or loss resulting from the average rate used to convert and present the contributions earned from these new grants in the schedule of Grants receivable.

⁽²⁾ Please refer to Deferred Contributions in Note 12.

NOTE 6 – OTHER RECEIVABLES

As of December 31, 2020 and 2019, other receivables are composed of the followings:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other receivable from SFF ⁽¹⁾	G 260,449	G 1,093,962
Other receivable from Fonkoze USA ⁽²⁾	475,632	57,450
Interest receivables on employees' loans ⁽³⁾	-	95,885
Other receivables – KIVA	-	241,829
Other receivables ⁽³⁾	<u>977,923</u>	<u>3,603,495</u>
Total	<u>G 1,714,003</u>	<u>G 5,092,620</u>

- (1) Other receivables from SFF for an amount of G 260,449 represent mostly salaries payments incurred by Fondasyon Kole Zepòl for employees supported partly by SFF and Fondasyon Kole Zepòl. The portion supported by SFF was accounted for as receivable.
- (2) The amount of G 475,632 represents mostly perdiem, hotel and transportation expenses incurred by Fondasyon Kole Zepòl for Fonkoze USA.
- (3) The amount of G 977,923 represents mostly other loans or salaries advances to employees and other miscellaneous receivables.

NOTE 7 – LOANS

The components of loans by segment as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Zafen loans under Kiva Partnership	G 942,927	G 7,110,571
Other Zafen loans	-	862,556
Zanmi Lasante loans	<u>-</u>	<u>2,773,516</u>
Total Loans	G 942,927	G 10,746,643
Less allowance for loan losses	<u>-</u>	<u>(646,900)</u>
Net loans	<u>G 942,927</u>	<u>G 10,099,743</u>

ZAFEN LOANS UNDER KIVA PARTNERSHIP

In March 13, 2015, Fonkoze entered into an agreement with Kiva Micro funds, a non-profit public benefit corporation. Kiva operates a web-based - P2P lending platform that allows website users throughout the world to connect with individuals or groups in developing countries who receive small loans from organizations.

Under the terms of this agreement, Fonkoze has the ability to post loan requests from borrowers in need of debt capital and Kiva, through one or more donors advised funds (DAF), provides a monthly fundraising limit, as well as a credit limit applicable during the term of the agreement. The initial credit limit was \$200,000. Following an audit of the portfolio, the credit limit was increased to \$400,000 in November 2016.

The terms of Kiva loans vary from twelve to twenty four months with zero interest rate and management fees of 18% for the benefit of Fonkoze which provides support to the lenders (training and loan management).

Fonkoze's management did not establish a loan allowance on the loan portfolio financed by Kiva based on the fact that loan losses are supported by Kiva users, providing that the portfolio is adequately managed and delinquency rates are maintained at a low level.

In 2020, due to the pandemic COVID 2019, KIVA has decided to not raise any loans for FONKOZE on the platform. Following this situation and the fact that KIVA noted that FONKOZE clients do not regularly reimburse their loans, and the political situation in the country, KIVA has temporarily suspended the FONKOZE's account on the platform. In fact, during the year 2020, FONKOZE has proceeded to the write-off of several loans for a total amount of G1,659,908. Thus no new loans were disbursed by FONKOZE during the year. As of December 31, 2020, the FONKOZE's account on the KIVA platform is inactive.

As of December 31, 2020, the remaining balance of G942,927 of the portfolio is composed of 46 clients.

OTHER ZAFEN LOANS

The Other Zafen Loans are loans financed by Fonkoze's own funds. The portfolio was created to respond to the demand during the period when Fonkoze did not have any available credit under the KIVA agreement and these funds were also used to finance some loans that were not financed by KIVA.

As of December 31, 2020, the loan portfolio is at zero as FONKOZE has decided to write off these loans considered as delinquent. During the year 2020, FONKOZE has proceeded to the write-off of G363,854 of delinquent loans.

ZANMI LASANTE LOANS

Zanmi Lasante loans are disbursed directly to employees of Zanmi Lasante, Partner in Health, a Haitian affiliate and operational partner of Fondasyon Kole Zepòl's CLM program. The terms of Zanmi Lasante loans are twelve months and interest rate was fixed at 6% per year since September 30, 2017.

As of December 31, 2020, the loan portfolio is at zero. All the loans were totally reimbursed during the year 2020. FONKOZE management has decided to not renew the portfolio and the service was transferred to Sèvis Finansye Fonkoze (SFF).

NOTE 8 - FIXED ASSETS

The summary of property and equipment and the related depreciation at December 31, 2020 and 2019, is as follows:

Cost	December 31, 2019		Acquisitions		Disposals		December 31, 2020	
Vehicles	G	26,084,375	G	16,540,789	G	-	G	42,625,164
Furniture and equipment		1,400,698		527,767		-		1,928,465
Computer equipment		<u>5,988,755</u>		<u>2,018,760</u>		<u>41,674</u>		<u>7,965,841</u>
	G	<u>33,473,828</u>	G	<u>19,087,316</u>	G	<u>41,674</u>	G	<u>52,519,470</u>
Accumulated Depreciation	December 31, 2019		Depreciation		Disposals		December 31, 2020	
Vehicles	G	(17,347,080)	G	(6,099,619)	G	-	G	(23,446,699)
Furniture and equipment		(1,344,907)		(166,912)		-		(1,511,819)
Computer equipment		<u>(4,496,454)</u>		<u>(1,580,957)</u>		<u>(41,674)</u>		<u>(6,035,737)</u>
	G	<u>(23,188,441)</u>	G	<u>(7,847,488)</u>	G	<u>(41,674)</u>	G	<u>(30,994,255)</u>
Fixed Assets Net	G	<u>10,285,387</u>			G	<u>-</u>	G	<u>21,525,215</u>

NOTE 9 - OTHER ASSETS

As of December 31, 2020 and 2019, other assets are composed of the following:

	December 31, 2020		December 31, 2019	
Advance Central	G	1,150,730	G	1,928,951
Stock of books - Alfa Central		1,449,240		2,014,932
Advances to subgrantees		444,792		2,949,506
Other		<u>-</u>		<u>234,560</u>
	G	<u>3,044,762</u>	G	<u>7,127,949</u>

NOTE 10 - NOTES PAYABLE

As of December 31, 2020 and 2019, notes payable are composed of the following:

	December 31, 2020	December 31, 2019
	<u> </u>	<u> </u>
Payable to investors living abroad with interest at fixed annual percentage rate of zero and maturities between April 23, 2008 to March 31, 2021	G -	G 551,905
Less current portion	<u>-</u>	<u>(459,921)</u>
Total	<u>G -</u>	<u>G 91,984</u> ⁽¹⁾

⁽¹⁾ The notes payables for a total amount of \$6,000 equivalent to G551,905 as of December 31, 2019 were transferred to FONKOZE USA and a contribution was recognized by Fonkoze.

NOTE 11 - OTHER LIABILITIES

As of December 31, 2020 and 2019, other liabilities are composed of the followings:

	December 31, 2020	December 31, 2019
	<u> </u>	<u> </u>
Tax payable (IRI)	G 2,645,060	G 2,779,492
ONA Payable	895,445	1,057,686
Insurance and OFATMA payable	769,134	468,910
Employee savings and loan program	224,711	725,868
Other tax payable	162,280	31,475
Other payables	<u>2,117,920</u>	<u>3,562,092</u> ⁽¹⁾
	<u>G 6,814,550</u>	<u>G 8,625,523</u>

⁽¹⁾ Other payables are mostly composed of other payables to SFF for rent and services contracts for an amount of G 1,243,973.

NOTE 12 - DEFERRED CONTRIBUTIONS

Contributions received and not yet earned are presented as follows:

	Balance of Unearned amounts based on grants received As of December 31, 2019	Amounts received during the year ended December 31, 2020	Expenses Incurred	Unearned amounts based on grants received As of December 31, 2020
<u>In US Dollars</u>				
Swiss Development Corporation- PROMES/CLM	\$ 711,840	\$ 800,000	\$ (1,171,658)	\$ 340,181
Swiss Development Corporation- Urgence/CLM	-	631,085	(218,152)	412,933
Opportunity Int's Deutsh (OID-2) - CLM	13,840	8,359	(22,200)	-
Opportunity Int's Deutsh BMZ - CLM	21,419	17,493	(36,091)	2,821
Opportunity Int's Deutsh (OID-3) - CLM	30,494	419,292	(402,736)	47,051
OID-BMZ/ CLM-2	-	137,290	(56,678)	80,612
Vibrant Village Foundation / FKZ USA - CLM	-	12,127	(12,127)	-
Vibrant Village Foundation / FKZ USA - CLM 2	-	3,985	(2,833)	1,152
The Kellogg Foundation - CLM	-	331,722	(8,158)	323,564
Sister of Mercy -CLM Cohort 2	-	124,268	(124,268)	-
Sister of Mercy -CLM Cohort 3	-	51,194	(21,166)	30,028
FKZ USA- CLM - Other	-	40,057	(34,739)	5,318
Opportunity Int's Deutsh (OID) - Covid-19	-	20,029	(20,029)	-
FKZ USA Posters Covid-19	-	3,619	(3,619)	-
FKZ USA -Chanel Foundation /Covid-19	-	21,380	(20,703)	677
Vista Hermosa TAKL- CLM	50,554	101,969	(92,287)	60,236
Vista Hermosa-Covid-19/ CLM	-	7,985	(3,334)	4,651
Whole Planet Foundation/ CLM	63,063	65,980	(106,873)	22,170
FKZ USA-GOAL/ CLM	36,726	-	(19,128)	17,598
GOAL - URBAYITI/ CLM	348	170,466	(170,814)	-
Haitian Timoun Foundation-CLM	-	18,105	(15,455)	2,650
Haitian Timoun Foundation-CLM (150members)	-	152,541	(71,878)	80,663
Chanel Foundation - CLM/SANTE	12,530	115,093	(127,623)	-
USAID/AKSYON- SANTE	37,689	3,066,311	(3,003,968)	100,032
Malzone/FKZ USA-SANTE	-	13,467	(13,349)	118
OID/Medicor Foundation-Boutik Sante	-	131,229	(94,547)	36,681
FKZ USA/Collis Warner- Sante	-	3,636	(3,636)	-
FKZ USA/Women Empowerment Int'l - Sante	-	20,685	(20,685)	-
FKZ USA/Linked FDN/Cancer - Sante	-	14,338	(1,670)	12,668
Global Hunger Foundation - Boutik sante	9,000	-	(9,000)	-
Opportunity Int's Deutsh (OID) - Boutik Sante	15,047	-	(15,047)	-
FKZ USA- TI KOZE EDUCATION	4,136	-	(4,136)	-
McQuade Foundation/FKZ USA-Education	-	23,893	(11,837)	12,056
Kaplan Family Foundation/FKZ USA-Education	-	14,338	(11,236)	3,102
The Raskob Foundation/FKZ USA-Education	6,122	-	(6,122)	-
Food For the Poor -ALFA	-	33,435	(33,435)	-
Concern Worldwide- Education	8,347	12,558	(20,905)	-
Riverside Presbyterian Church - Education	3,162	-	(3,162)	-
Revenues - ALFA Books	-	2,531	(2,531)	-
Ti Koze	-	6,202	-	6,202
MEDA - ZAFEN	-	29,782	(29,782)	-
Andrew Green Foundation- Covid 19	-	9,985	(9,985)	-
FKZ USA for Interaction PSEAH-Funds	-	19,980	-	19,980
Total	<u>\$ 1,024,318</u>	<u>\$ 6,656,407</u>	<u>\$ (6,057,582)</u>	<u>\$ 1,623,143</u>
Gourdes Exchange Rate	91.9842	93.5919	93.5919	72.1605
Gourdes Equivalent (effective rate)	<u>G 94,221,074</u>	<u>G 622,985,486</u>	<u>G (566,940,343)</u> ⁽¹⁾	<u>G 117,126,811</u>
Reevaluation (year-end rate)	<u>(20,305,773)</u>	<u>(142,655,840)</u>	<u>129,822,207</u>	<u>-</u>
Total in Gourdes (effective rate)	<u>G 73,915,301</u>	<u>G 480,329,646</u>	<u>G (437,118,136)</u>	<u>G 117,126,811</u>

(1) As per the accounting policies established in Fondasyon Fonkoze, expenses incurred during the year for projects with restricted funds are recognized as contributions earned, in deduction of the related deferred contributions, until exhaustion of the funds received. Expenses incurred in excess of funds received as deferred contributions are reported as grants receivable in Note 4.

The revenues from donors of G 502,732,450 in the restricted funds, as reported in the statement of activities and changes in net assets represent the total of the amount of G 567,675,371 (equivalent to \$ 6,065,435) presented as total expenses incurred in the schedule of Deferred Contributions and the total amount of G8,357,276 (equivalent to \$89,295) of contributions earned as presented in the schedule of Grants Receivable (Note 4). The difference of G 73,300,197 is due to indirect cost revenues for an amount of G 50,548,911 and G22,751,286 of exchange gain or loss resulting from the average rate used to convert and present the expenses incurred in the schedule of Deferred Contributions.

NOTE 13 – PROMISSORY NOTE

On October 1, 2012, Fondasyon Kole Zepol operated the transfer of all its financial services to Sevis Finansye Fonkoze. The net effect of the transfer was an increase of G 193,576,753 in Fondasyon Kole Zepol liabilities.

As a result of such transfer, representatives of Fondasyon Kole Zepol agreed to pay to representatives of Sevis Finansye Fonkoze an amount of G 193,576,753 representing the result of net assets and liabilities incurred for the set up and maintenance of branches transferred. That agreement was subjected to a promissory note signed on September 31, 2012 and amended on October 1, 2012. To mitigate the risk of compromising the cash flow of Sevis Finansye Fonkoze, the payment term of the promissory note could not exceed ten (10) years.

As of December 31, 2016, the remaining balance of the promissory note was at G109,291,253. Effective December 30, 2015, the Fonkoze Family of organizations signed a new agreement governing the reimbursement of the intercompany debt between the Foundation and SFF by September 30th 2031 for that balance. The contract stipulates that all amounts owed to SFF pursuant to the Fondasyon Kole Zepòl Debt facility can be net off against the amounts owed by SFF to the Fondasyon Kole Zepòl pursuant to the Brand Licence and Services Agreements. As of December 31, 2020 and 2019, G2,062,500 and G 2,750,000 were respectively applied to the promissory note balance under this provision, bringing the balance of the promissory note to G98,978,753 and G101,041,253, respectively.

NOTE 14 – OTHER INCOME

For the year ended December 31, 2020 and 2019, other income is composed of:

	<u>For the years ended</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Interest revenue from Zafen loans	G 1,005,252	G 3,170,165
Solidarity loans revenue	-	638,550
Other revenue	<u>6,439,472 ⁽¹⁾</u>	<u>1,037,472</u>
Total Loans	<u>G 7,444,724</u>	<u>G 4,846,187</u>

⁽¹⁾ This amount represents mostly other revenues earned from the kilometers billed to the projects for transportation and other miscellaneous small revenue.

NOTE 15 – SALES REVENUES – BOUTIK SANTE

As part of the Health program, Fonkoze is operating, a commercial activity, Boutik Sante which consists of selling health products including food products, hygiene products and others to a network of credit centers chiefs enrolled as Community Health Entrepreneurs (commonly named CHE) in the Sèvis Finansye Fonkoze (SFF) branches. To manage this activity, Fonkoze is using the network of nurses already established in 32 branches of SFF where the health program is implemented.

For the years ended December 31, 2020 and 2019, revenues from Boutik Sante are respectively for the amounts of G 76,486,899 and G24,928,759.

NOTE 16 - EMPLOYEE RETIREMENT SAVINGS AND LOAN PROGRAM

In 2009, the Organization received a promise of a gift to fund a retirement plan for its employees and the employees of related company, Sevis Finansye Fonkoze. Prior to the creation of the retirement savings and loan program, these gift funds in the amount of USD 240,000 combined with employee contributions were held in an FDIC insured savings account in CNB Bank. As of December 31, 2011, all funds were transferred to the Association of Specialists in Microfinance (ASMF) who will manage the program. The program is open to all employees having successfully completed their 3 months probationary period with the Organization or Sevis Finansye Fonkoze. Employees who choose to participate have regular deductions taken from their paychecks based on their age as shown below:

Employee Age	% of Salary Deducted
< 45	5%
45 - 50	6%
> 50	10%

The Organization and Sevis Finansye Fonkoze match employees' contributions subject to the following vesting scheme:

Number of Years with Fonkoze/SFF	% of Matching Funds Vested
< 1 year	0%
1 - 3 years	30%
4 - 5 years	50%
> 5 years	100%

The Organization's expense for matching funds under this program was G3,436,102 and G4,069,060 for the years ended December 31, 2020 and 2019, respectively.

In 2018, the Association of Specialists in Microfinance (ASMF), following a decision of its general assembly, has transferred the management of the fund to the Banque de l'Union Haitienne (BUH). Employees have the option of borrowing from BUH against the funds they have accumulated in their pension savings accounts.

NOTE 17 - RELATED PARTY TRANSACTIONS

The identified related parties of the Foundation, are Sevis Fonkoze (SFF) and Fonkoze USA, and related party activities for the years ended December 31, 2020 and 2019 and balances as of December 31, 2020 and 2019 are as follows:

		As of December 31, 2020	As of December 31, 2019
<u>Assets</u>			
Cash and Cash Equivalents (Accounts maintained at SFF)	G	79,897,854	G 30,948,363
Term deposits maintained at SFF		26,122,101	33,119,151
Grants receivables from FONKOZE USA		42,597,674	45,475,807
Other receivables - SFF Solidarity Loan Receivable		-	458,385
Other receivables from FONKOZE USA		475,633	57,450
Other receivables from SFF		260,448	635,576
Total	G	149,353,710	G 110,694,733
		As of December 31, 2020	As of December 31, 2019
<u>Liabilities</u>			
Promissory note to SFF	G	98,978,753	G 101,041,253
Other payable to SFF		1,243,975	2,832,892
Other payable to Fonkoze USA		-	4,431
Total	G	100,222,728	G 103,878,576
		For the year ended December 31, 2020	For the year ended December 31, 2019
<u>Revenues (SFF)</u>			
Impact monitoring services	G	2,062,500	G 2,750,000
Total	G	2,062,500	G 2,750,000
		For the year ended December 31, 2020	For the year ended December 31, 2019
<u>Expenses</u>			
Rent of the Head Office	G	4,492,411	G 4,780,441
Utilities for the head office		4,492,411	4,123,746
IT costs		3,551,734	3,243,215
Executive secretary		467,963	443,414
Legal service		-	172,133
Payroll service		838,115	566,682
Parking		423,747	387,632
Utilities for the branches		4,211,636	3,383,245
Storage in PAP branch		129,157	121,584
Total	G	18,607,174	G 17,222,092

NOTE 18 - BUDGET VS EXPENDITURES

The table below presents the budget balance by program for the year ended December 31, 2020:

		<u>Budget</u>		<u>Programs' expenditures for the year ended December 31, 2020</u>		<u>Budget balance</u>
SANTE	G	309,577,058	G	307,652,679	G	1,924,379
ALFA		58,484,698		10,104,134		48,380,563
CLM		276,404,800		213,893,086		62,511,714
ENSO		19,621,285		17,939,013		1,682,272
ZAFEN		4,642,829		5,945,927		(1,303,098) (1)
OTHER		4,440,000		4,647,461		(207,461) (2)
UNRESTRICTED FUNDS CENTRAL		<u>70,791,915</u>		<u>43,704,352</u>		<u>27,087,563</u>
Total	G	<u>743,962,584</u>	G	<u>603,886,651</u>	G	<u>140,075,933</u>

(1) Excess of expenditures over the budget was covered by the Foundation's own funds.

(2) The negative budget balance is due to the effect of the exchange rate.

NOTE 19 – SUBSEQUENT EVENTS

As of May 7, 2021, a contract was in the process of being signed between Fondasyon Fonkoze and Sevis Finansye Fonkoze to assign the whole and exclusive property rights of the trademark FONKOZE for use in class 35 (Financial Services) to Sevis Finansye Fonkoze (SFF). This assignment was made for the sum of twenty three million one hundred and five thousand gourdes (23,105,000 gdes), which amount will be applied in deduction of the promissory note maintained in the books of Fondasyon Fonkoze for an amount of G98,978,753 as of December 31, 2020. The remaining balance of G 75,873,753 will be acknowledged as follows:

- Fondasyon Fonkoze shall reimburse by annual installments of G2,750,000, a total amount of G30,250,000 by providing social impact monitoring services to SFF for a period of eleven (11) years, from 2021 to 2031.
- SFF has agreed to donate to Fondasyon Fonkoze, by means of a write-off and debt forgiveness, an amount of G 45,618,753.

NOTE 20 – RECLASSIFICATION OF ACCOUNTS

Certain revenue accounts of the financial statements as of December 31, 2019 have been reclassified for presentation in the financial statements for the year ended December 31, 2020.