

FONDASYON KOLE ZEPÒL
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
Year Ended December 31, 2001
and
INDEPENDENT AUDITOR'S REPORT

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WITH SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fondasyon Kole Zepòl (Fonkoze)

We have audited the accompanying statement of financial position of Fondasyon Kole Zepòl (Fonkoze) as of December 31, 2001 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Fonkoze's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. 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.

Fonkoze has kept its records and has prepared its financial statements for the year 2000 on the modified cash basis of accounting, which is a comprehensive basis of accounting other than International Accounting Standards. As described in Note A to the financial statements, Fonkoze has reverted back to the accrual basis of accounting as of the beginning of the current year. Although appropriate adjustments have been made as of that date, it was not practicable to determine what adjustments would be necessary in the financial statements of the preceding year to restate results of operations and cash flows to conform with the accounting principles used in the current year.

In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the financial position of Fonkoze as of December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

Kamerow, Weintraub & Swain, LLP

May 31, 2002

FONDASYON KOLE ZEPÒL (FONKOZE)

STATEMENT OF FINANCIAL POSITION

December 31, 2001
(Expressed in Haitian Gourdes)

ASSETS

CASH AND CASH EQUIVALENTS	G	36,894,120
INVESTMENTS		28,434,615
DONATIONS RECEIVABLE		5,912,425
LOANS		23,676,060
Less allowance for loan losses		<u>(1,494,423)</u>
Net loans		22,181,637
FIXED ASSETS		11,722,027
Accumulated depreciation		<u>(2,455,998)</u>
Fixed assets, net		9,266,029
OTHER ASSETS		<u>4,696,058</u>
	TOTAL ASSETS	G <u><u>107,384,884</u></u>

LIABILITIES AND DEFICIT

DEPOSITS	G	66,923,566
DEBTS		
Current portion		6,002,351
Long-term portion		<u>37,446,278</u>
		43,448,629
OTHER LIABILITIES		<u>1,272,679</u>
	TOTAL LIABILITIES	<u>111,644,874</u>
DEFICIT		
Deficit		(6,996,220)
Fixed assets revaluation surplus		<u>2,736,230</u>
		<u>(4,259,990)</u>
	TOTAL LIABILITIES AND DEFICIT	G <u><u>107,384,884</u></u>

See accompanying notes.

FONDASYON KOLE ZEPÒL (FONKOZE)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2001
(Expressed in Haitian Gourdes)

INTEREST INCOME		
Loans		G 4,755,432
Other		<u>1,719,031</u>
		6,474,463
INTEREST EXPENSES		
Deposits		<u>3,892,117</u>
NET INTEREST INCOME		2,582,346
Provision for loan losses		<u>(1,278,694)</u>
		<u>1,303,652</u>
OTHER INCOME		
Donations		21,203,016
Foreign exchange gain:		
Trading gain		6,068,215
Loss on revaluation		<u>(304,103)</u>
Net foreign exchange gain		<u>5,764,112</u>
Membership dues		805,950
Other		<u>1,816,609</u>
NET INTEREST INCOME AND OTHER INCOME		<u>30,893,339</u>
OPERATING EXPENSES		
Salaries and other employee benefits		11,973,275
Premises and equipment expenses		3,829,711
Depreciation		1,297,157
Other expenses		<u>6,838,005</u>
		<u>23,938,148</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE NON OPERATING INCOME (EXPENSE)		6,955,191
Non-operating losses		(224,511)
In-kind contributions		7,864,851
Services received		<u>(7,864,851)</u>
	CHANGE IN NET ASSETS	6,730,680
DEFICIT AT BEGINNING OF YEAR		<u>(10,990,670)</u>
	DEFICIT AT END OF YEAR	G <u><u>(4,259,990)</u></u>

See accompanying notes.

FONDASYON KOLE ZEPÒL (FONKOZE)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2001
(Expressed in Haitian Gourdes)

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	G	6,730,680
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		1,297,157
(Increase) decrease in:		
Donations receivable		(5,912,425)
Other assets		(3,238,070)
Increase (decrease) in:		
Other liabilities		<u>1,272,679</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 150,021

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of long-term investments		(26,050,834)
Purchase of fixed assets		(2,942,474)
Net increase in loans		<u>(4,350,429)</u>

NET CASH USED BY INVESTING ACTIVITIES (33,343,737)

CASH FLOWS FROM FINANCING ACTIVITIES

Net increase in deposits		28,277,217
Net proceeds from debt		<u>6,793,083</u>

NET CASH PROVIDED BY FINANCING ACTIVITIES 35,070,300

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,876,584

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 35,017,536

CASH AND CASH EQUIVALENTS AT END OF YEAR G 36,894,120

SUPPLEMENTAL DISCLOSURES

Cash paid during the year for:		
Interest	G	3,137,358
Income taxes		-

See accompanying notes

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Fondasyon Kole Zepòl (Fonkoze) is a national non-profit organization incorporated on October 4, 1995 under the laws of the Republic of Haiti as published in Le Moniteur No. 93-A dated November 20, 1995. It was established to provide capital and a full range of financial and technical services to peasant organizations, women's collectives, cooperatives, credit unions and women street vendors.

The ultimate risk for the realization of Fonkoze's assets is located in Haiti.

Fonkoze USA Inc. is a non-profit tax exempt U.S. organization that was established at the initiative of individuals in the United States to raise both donated and invested funds, in order to provide grants, loans and technical assistance to the organized poor individuals in Haiti through Fonkoze.

Accounting Principles

The accompanying financial statements are prepared using 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. All revenue and expenses which are applicable to future periods have been presented as deferred or prepaid on the accompanying statement of financial position.

Fonkoze kept its records and prepared its financial statements for the year 2000 on the modified cash basis of accounting, which is a comprehensive basis of accounting other than International Accounting Standards. Although appropriate adjustments were made to net assets/deficit after the beginning of the year, it was not practicable to determine what adjustments would be necessary in the 2000 financial statements presented on the modified cash basis of accounting, another comprehensive basis of accounting other than International Accounting Standards, to restate results of operations and cash flows to conform with the accrual basis of accounting used in the current year.

Investments

Investments are composed mainly of long-term equity shares and are recorded at market value.

Loans

Loans are stated at book value, net of the allowance for loan losses. Non-performing loans are those for which payments are past due more than 30 days.

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Loans (Continued)

The allowance for loan losses presented in the statement of financial position represents an estimate determined by management based on collection history, collateral value and the economic situation of the borrower. Uncollectible loans are written off against the allowance for loan loss after all recovery efforts have been exhausted.

The risks of loan losses for the loan portfolios financed by Fonkoze and managed by MEDA and Concern Worldwide are assumed by these institutions which guarantee all losses in principals, from these credit programs in accordance with a signed agreement between their International headquarters and Fonkoze.

Specific rates of provisions applied to loans to women street vendors groups, small organizations and business development are based on the recommendations of Americans for Community Co-operation in Other Nations (ACCION) in its CAMEL rating and are as follows:

Current loans	0%
1 - 30 days past due	10%
31 - 90 days past due	30%
91 - 180 days past due	60%
More than 180 days past due	100%

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

Fixed Assets

Except for land and buildings, which are stated at fair market value starting December 31, 2000, fixed assets are recorded at cost.

The market value of land and buildings have been determined based on a recent independent experts' appraisals dated July 2001.

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fixed Assets (Continued)

Except for leasehold improvements, which are amortized using the straight-line method over the lower of the useful life of the assets or the terms of the leases, depreciation is calculated based on the estimated useful life, using the straight-line method. The depreciation rates used for the main categories of fixed assets are as follows:

Buildings	5%
Furniture and equipment	20%
Computer equipment	20%
Vehicles	25%
Leasehold improvements	20%

Major expenses for improvements and reconditioning are capitalized, and expenses for maintenance and repairs are charged to expenses.

Conversion in Foreign Currencies

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

Transactions incurred in U.S. dollars are converted at the average exchange rate in effect at the transaction date which approximated 24.4290 Gourdes to one U.S. dollar during the year. Gains and losses related to exchange operations are reported in the statement of activities.

The official rate of exchange published by the Central Bank as of December 31, 2001 was 26.3389 Gourdes to one U.S. dollar.

The financial statements presented in the supplementary schedules were translated in U.S. dollars for reporting purposes only. Assets and liabilities were translated at the year end exchange rate except for the deficit which was converted using the historical rate of exchange. Revenues and expenses were translated at the average rate of exchange for the year. Adjustment resulting from such translation is reflected as a separate component of the deficit.

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

According to its status of non-profit organization incorporated under Haitian law, Fonkoze is exempt from income taxes.

Market Value of Assets

Market value of monetary assets is equivalent to their cost.

In-kind Contributions

Donated services and supplies are included in the statement of activities, if the services received create or enhance non-financial assets or require specialized skills and would typically need to be purchased if not donated. They are recorded at their fair value at the date of donation.

NOTE B - CASH AND CASH EQUIVALENTS

As of December 31, 2001, cash and cash equivalents are as follows:

Cash	G	13,569,913
Deposits in Haitian banks		3,183,429
Deposits in foreign banks - USA (a)		17,335,834
Deposits in other foreign banks		<u>2,804,944</u>
	G	<u>36,894,120</u>

- (a) As a condition of a loan agreement between Fonkoze and Fonkoze USA (Note H), Fonkoze is required to maintain at all times a lien free portfolio of investment grade securities denominated in U.S. dollars. The aggregate value of such a portfolio should not be less than 15% of the amount loaned to Fonkoze by Fonkoze USA. At December 31, 2001, an amount of 6,941,562 Gourdes, equivalent to \$263,548 was held in U.S. bank accounts, and Fonkoze was in compliance with the above condition.

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE B - CASH AND CASH EQUIVALENTS (Continued)

As of December 31, 2001, deposits with banks are as follows:

Interest bearing accounts:	
Money market funds	G 14,347,604
Certificate of deposits	3,975,527
Savings	2,818,522
Overnight deposits in local banks	<u>387,159</u>
	21,528,812
Non-interest bearing accounts	<u>1,795,395</u>
	G <u>23,324,207</u>

Interest bearing accounts earned an average interest rate of 1.5% to 6% during the year 2001.

As of December 31, cash and cash equivalents in gourdes and foreign currencies are as follows:

Cash in gourdes	G 7,918,693
Cash in U.S. dollars	<u>5,651,220</u>
	13,569,913
Bank deposits in gourdes	816,463
Bank deposits in U.S. dollars	<u>22,507,744</u>
	23,324,207
	G <u>36,894,120</u>

NOTE C - INVESTMENTS

As of December 31, 2001, investments are as follows:

Local investments:	
Long-term equity shares in SNI-Minoterie	G 661,370
Long-term equity shares in Prodisel	5,000
Foreign investments:	
U.S. government securities	<u>27,768,245</u>
	G <u>28,434,615</u>

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE C - INVESTMENTS (Continued)

U.S. government securities bear an average interest rate of 5% to 6% during the year and mature in January 2003.

NOTE D - LOANS

As of December 31, 2001, loans are as follows:

Women street vendor solidarity groups	G	18,688,362
Small organizations		129,882
Concern Worldwide/La Gonave Project		1,922,134
Business development		1,154,347
MEDA		<u>1,781,335</u>
	G	<u>23,676,060</u>

As of December 31, 2001, annual effective interest rates and maturity on loans are as follows:

	<u>Interest rates</u>	<u>Maturity</u>
Women street vendor solidarity groups	31 - 32%	3 to 6 months
Small organizations	28 - 36%	6 to 12 months
Concern Worldwide/La Gonave Project	15%	12 months
Business development	36%	(a)
MEDA	15%	36 months

(a) Except for one 10-year loan of 517,416 Gourdes at December 31, 2001, which matures in 2008, business development loans mature within 4 to 24 months.

Loans are guaranteed by cash collateral held by Fonkoze in savings deposits (Note G), which approximate 20% of the initial loan.

The provision for loan losses is as follows:

Balance at beginning of the year	G	1,703,031
Provision for the year		1,151,474
Amount of write offs		(1,487,302)
Recoveries restored to allowance		<u>127,220</u>
Balance at end of year	G	<u>1,494,423</u>

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE E - FIXED ASSETS

As of December 31, 2001, fixed assets are as follows:

		<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
At Market				
Land	G	570,500	-	570,500
Buildings		<u>4,422,000</u>	<u>221,100</u>	<u>4,200,900</u>
Total at Market		<u>4,992,500</u>	<u>221,100</u>	<u>4,771,400</u>
At Cost				
Furniture and equipment		1,380,581	499,256	881,325
Computer equipment		496,005	131,932	364,073
Vehicles		4,156,289	1,365,304	2,790,985
Leasehold improvements		<u>696,652</u>	<u>238,406</u>	<u>458,246</u>
Total at Cost		<u>6,729,527</u>	<u>2,234,898</u>	<u>4,494,629</u>
TOTAL FIXED ASSETS	G	<u>11,722,027</u>	<u>2,455,998</u>	<u>9,266,029</u>

NOTE F - OTHER ASSETS

As of December 31, 2001, other assets are as follows:

Accounts receivable	G	1,603,861
Prepaid expenses		2,359,991
Literacy games		463,960
Other		<u>268,246</u>
	G	<u>4,696,058</u>

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE G - DEPOSITS

As of December 31, 2001, deposits are as follows:

Savings deposits:			
Gourdes	G	46,661,822	
Dollars U.S.		<u>14,949,286</u>	
			<u>61,611,108</u>
Term deposits:			
Gourdes		1,773,273	
Dollars U.S.		<u>3,539,185</u>	
			<u>5,312,458</u>
TOTAL DEPOSITS		G	<u>66,923,566</u>

As of December 31, 2001, annual effective interest rates paid on deposits and maturity are as follows:

	<u>Interest rates</u>	<u>Maturity</u>
Savings deposits:		
Gourdes	3.6%	-
Dollars U.S.	0 - 1%	-
Term deposits:		
Gourdes	7%	12 months
Dollars U.S.	0 - 1.5%	12 months

NOTE H - DEBTS

As of December 31, 2001, debts are as follows:

Payable to Fonkoze USA, at interest rates ranging from 0 to 4%, with additional 1% payable for administrative fees, for periods from one to ten years.	G	30,165,283
Payable to Foundation Stitching Doen at 8%, maturing in January 2008.		7,901,274

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE H - DEBTS (Continued)

Payable to investors living abroad, at interest rates ranging from 0 to 4%, for periods from one to seven years.	5,382,072
Less: current portion	<u>(6,002,351)</u>
Long-term portion	G <u>37,446,278</u>

NOTE I - NON-RECURRING GAINS AND LOSSES

Non-recurring losses during the year include the following:

Unrealized losses on securities	G 251,472
Realized gains on sale of securities	<u>(26,961)</u>
	G <u>224,511</u>

NOTE J - DONATIONS

Donations for the year 2001 are as follows:

Fonkoze USA	G 9,172,859
MicroStart	1,221,450
SOFIHDES	5,205,800
AJWS	1,954,320
Plan International	1,079,367
Other	<u>2,569,220</u>
	G <u>21,203,016</u>

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE K - IN-KIND CONTRIBUTIONS

In-kind contributions for the year 2001 and services received are as follows:

Director of Fonkoze	G	703,351
Other private donors		251,619
Fonkoze USA		757,299
Chadbourne & Park LLP		<u>6,152,582</u>
	G	<u>7,864,851</u>

These contributions were recorded in the following expense categories:

Salaries	G	703,351
Training		251,619
Professional fees		<u>6,909,881</u>
	G	<u>7,864,851</u>

NOTE L - COMMITMENTS

At the date of these financial statements, Fonkoze has certain engagements with lease contracts amounting approximately to 3,969,327 Gourdes.

NOTE M - GOING CONCERN

The accompanying financial statements and supplementary information have been prepared on the basis that Fonkoze will be able to realize its assets and liquidate its liabilities and engagements in the normal course of business. Fonkoze has suffered significant losses in the past and had net deficits of approximately 4.2 million gourdes and 10.9 million gourdes as of December 31 2001 and 2000, respectively. The Board of Directors and management believe they have taken and continue to take appropriate steps to ensure the financial health of Fonkoze. These steps include the following:

- Management intends and has begun the process of spinning off Fonkoze's micro-credit program and other financial services to create a fully licensed commercial bank with new equity capital. Fonkoze plans to retain a significant interest in the new entity by its controlling interest in Fonkoze S.A., the new corporation formed for the expressed purpose of receiving the assets that will be transferred. Fonkoze S.A. has been approved by Haitian authorities and published in the official journal Le Moniteur #49 dated June 24, 2002. In turn, Fonkoze S.A. will be a major shareholder (99.93%) in Bank Fonkoze, the new bank which will hold its first board meeting on July 12, 2002 and formally present shortly thereafter to the Haitian Central Bank an application to begin operations.

FONDASYON KOLE ZEPÒL (FONKOZE)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

NOTE M - GOING CONCERN (Continued)

- Fonkoze's continuing role will be to work in coordination with the new bank: (1) to provide literacy and business skills training services for members, (2) to provide business development loans, and (3) to incubate new branch offices.
- Fonkoze has already obtained approximately \$1 million in investment capital for the new bank. These funds are being held in escrow conditioned on the Central Bank's approval of the bank license. Additional investors will be sought through a private offering memorandum dated July 2002, and some institutional holders will convert their Fonkoze debt instruments into equity investments or charitable contributions.
- Most of the assets shown in these financial statements will be transferred to the bank, while some of the liabilities will remain in Fonkoze.
- Fonkoze USA will continue its fundraising activities to cover the net asset deficit.

SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Fondasyon Kole Zepòl (Fonkoze)

Our report on our audit of the basic financial statements of Fondasyon Kole Zepòl (Fonkoze) as of December 31, 2001 appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The financial statements of Fonkoze as of December 31, 2000, presented as supplementary information on pages 21 through 24, were audited by another auditor whose report dated October 6, 2001, expressed a qualified opinion due to scope limitations related to interest income and expenses, the net foreign exchange gain, and donations. That report also contained modifications due to the omission of a cash flow statement and a going concern uncertainty. These 2000 financial statements, presented without the accompanying footnotes, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the 2001 basic financial statements, and, accordingly, we express no opinion on it.

Kamerow, Weintraub & Swain, LLP

May 31, 2002

FONDASYON KOLE ZEPÒL (FONKOZE)

SCHEDULE OF 2001 FINANCIAL POSITION

December 31, 2001
(Expressed in U.S. Dollars)

ASSETS

CASH AND CASH EQUIVALENTS	\$ 1,400,746
INVESTMENTS	1,079,567
DONATIONS RECEIVABLE	224,475
LOANS	898,901
Less allowance for loan losses	(56,738)
Net loans	<u>842,163</u>
FIXED ASSETS	445,046
Accumulated depreciation	(93,246)
Fixed assets, net	<u>351,800</u>
OTHER ASSETS	<u>178,294</u>
TOTAL ASSETS	<u><u>\$ 4,077,045</u></u>

LIABILITIES AND DEFICIT

DEPOSITS	\$ 2,540,864
DEBTS	
Current portion	227,889
Long-term portion	1,421,710
	<u>1,649,599</u>
OTHER LIABILITIES	<u>48,320</u>
TOTAL LIABILITIES	<u>4,238,783</u>
DEFICIT	
Deficit	(333,910)
Fixed assets revaluation surplus	121,480
Translation adjustment	50,692
	<u>(161,738)</u>
TOTAL LIABILITIES AND DEFICIT	<u><u>\$ 4,077,045</u></u>

FONDASYON KOLE ZEPÒL (FONKOZE)

SCHEDULE OF 2001 ACTIVITIES

Year Ended December 31, 2001
(Expressed in U.S. Dollars)

INTEREST INCOME	
Loans	\$ 194,663
Other	70,368
	<u>265,031</u>
INTEREST EXPENSES	
Deposits	159,324
	<u>159,324</u>
NET INTEREST INCOME	105,707
Provision for loan losses	(52,343)
	<u>53,364</u>
OTHER INCOME	
Donations	867,944
Foreign exchange gain:	
Trading gain	248,402
Loss on reevaluation	(12,448)
Net foreign exchange gain	235,954
	<u>1,339,852</u>
Membership dues	32,992
Other	74,363
	<u>1,447,207</u>
NET INTEREST INCOME AND OTHER INCOME	<u>1,264,617</u>
OPERATING EXPENSES	
Salaries and other employee benefits	490,125
Premises and equipment expenses	156,769
Depreciation	53,099
Other expenses	279,914
	<u>979,907</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE NON OPERATING INCOME (EXPENSE)	284,710
Non-operating losses	(9,190)
In-kind contributions	321,947
Services received	(321,947)
	<u>275,520</u>
CHANGE IN NET ASSETS	275,520
DEFICIT AT BEGINNING OF YEAR	<u>(487,950)</u>
DEFICIT AT END OF YEAR	<u>\$ (212,430)</u>

FONDASYON KOLE ZEPÒL (FONKOZE)

SCHEDULE OF 2000 ASSETS, LIABILITIES AND DEFICIT
ARISING FROM CASH TRANSACTIONS

Year Ended December 31, 2000
(Expressed in Haitian Gourdes)

ASSETS

CASH AND CASH EQUIVALENTS	G	35,017,536
INVESTMENTS		2,383,781
LOANS		19,534,239
Less allowance for loan losses		<u>(1,703,031)</u>
Net loans		17,831,208
FIXED ASSETS		8,779,553
Accumulated depreciation		<u>(1,158,842)</u>
Fixed assets, net		7,620,711
OTHER ASSETS		<u>1,457,988</u>
	TOTAL ASSETS	G <u><u>64,311,224</u></u>

LIABILITIES AND DEFICIT

DEPOSITS	G	38,646,349
DEBTS		
Current portion		12,973,939
Long-term portion		<u>23,681,606</u>
		<u>36,655,545</u>
	TOTAL LIABILITIES	<u>75,301,894</u>
DEFICIT		
Deficit		(13,726,900)
Fixed assets revaluation surplus		<u>2,736,230</u>
		<u>(10,990,670)</u>
	TOTAL LIABILITIES AND DEFICIT	G <u><u>64,311,224</u></u>

FONDASYON KOLE ZEPÒL (FONKOZE)

SCHEDULE OF 2000 REVENUES COLLECTED
AND EXPENSES PAID AND CHANGE IN DEFICIT

Year Ended December 31, 2000
(Expressed in Haitian Gourdes)

INTEREST INCOME	
Loans	\$ 1,873,661
Other	1,097,078
	<u>2,970,738</u>
INTEREST EXPENSES	
Deposits	751,509
Other	882,899
	<u>1,634,408</u>
NET INTEREST INCOME	1,336,331
Provision for loan losses	<u>(1,200,000)</u>
	<u>136,331</u>
OTHER INCOME	
Donations	7,725,885
In-kind contributions	1,366,618
Foreign exchange gain:	
Trading gain	4,264,421
Loss on reevaluation	<u>(3,498,482)</u>
Net foreign exchange gain	765,939
Membership dues	369,800
Other	<u>365,201</u>
	<u>10,729,774</u>
NET INTEREST INCOME AND OTHER INCOME	
OPERATING EXPENSES	
Salaries and other employee benefits	6,432,942
Premises and equipment expenses	2,486,259
Services received	1,366,618
Depreciation	932,850
Other expenses	<u>4,096,029</u>
	<u>15,314,698</u>
EXCESS OF EXPENSES PAID OVER REVENUES COLLECTED BEFORE NON RECURRING LOSSES	(4,584,924)
Non recurring losses	<u>(4,417,437)</u>
	<u>(9,002,361)</u>
NET DEFICIT FOR THE YEAR	
DEFICIT AT BEGINNING OF YEAR	<u>(4,724,539)</u>
	<u>\$ (13,726,900)</u>
DEFICIT AT END OF YEAR	

FONDASYON KOLE ZEPÒL (FONKOZE)

SCHEDULE OF 2000 ASSETS, LIABILITIES AND DEFICIT
ARISING FROM CASH TRANSACTIONS

December 31, 2000
(Expressed in U.S. Dollars)

ASSETS	
CASH AND CASH EQUIVALENTS	\$ 1,554,662
INVESTMENTS	105,832
LOANS	867,256
Less allowance for loan losses	(75,609)
Net loans	<u>791,647</u>
FIXED ASSETS	389,783
Accumulated depreciation	(51,449)
Fixed assets, net	<u>338,334</u>
OTHER ASSETS	<u>64,730</u>
TOTAL ASSETS	<u><u>\$ 2,855,205</u></u>
LIABILITIES AND DEFICIT	
DEPOSITS	\$ 1,715,770
DEBTS	
Current portion	576,000
Long-term portion	<u>1,051,385</u>
	<u>1,627,385</u>
TOTAL LIABILITIES	<u>3,343,155</u>
DEFICIT	
Deficit	(672,178)
Fixed assets revaluation surplus	121,480
Translation adjustment	<u>62,748</u>
	<u>(487,950)</u>
TOTAL LIABILITIES AND DEFICIT	<u><u>\$ 2,855,205</u></u>

FONDASYON KOLE ZEPÒL (FONKOZE)

SCHEDULE OF 2000 REVENUES COLLECTED
AND EXPENSES PAID AND CHANGE IN DEFICIT

Year Ended December 31, 2000
(Expressed in U.S. Dollars)

INTEREST INCOME	
Loans	\$ 85,166
Other	49,867
	<u>135,033</u>
INTEREST EXPENSES	
Deposits	34,159
Other	40,132
	<u>74,291</u>
NET INTEREST INCOME	60,742
Provision for loan losses	(54,545)
	<u>6,197</u>
OTHER INCOME	
Donations	351,177
In-kind contributions	62,119
Foreign exchange gain:	
Trading gain	193,836
Loss on reevaluation	(159,021)
Net foreign exchange gain	<u>34,815</u>
Membership dues	16,809
Other	<u>16,600</u>
	<u>489,080</u>
NET INTEREST INCOME AND OTHER INCOME	
OPERATING EXPENSES	
Salaries and other employee benefits	292,405
Premises and equipment expenses	113,012
Services received	62,119
Depreciation	42,402
Other expenses	186,184
	<u>696,122</u>
EXCESS OF EXPENSES PAID OVER REVENUES COLLECTED BEFORE NON RECURRING LOSSES	(208,405)
Non recurring losses	<u>(200,793)</u>
	(409,198)
NET DEFICIT FOR THE PERIOD	
DEFICIT AT BEGINNING OF YEAR	<u>(262,980)</u>
	<u>\$ (672,178)</u>
DEFICIT AT END OF YEAR	