

FONKOZE SA AND SUBSIDIARY  
PORT AU PRINCE, HAITI  
\* \* \* \* \*  
AUDITED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008



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## TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Consolidated Balance Sheets	2
Consolidated Statements of Income and Accumulated Deficit	3
Consolidated Statements of Comprehensive Income	4
Consolidated Statements of Cash Flows	5
Notes to Financial Statements	6 - 15
SUPPLEMENTAL INFORMATION	
Independent Auditors' Report on Additional Information	16
Consolidating Balance Sheets Expressed in Haitian Gourdes	17 - 18
Consolidating Statements of Income and Accumulated Deficit	19 - 20
Consolidating Balance Sheets Expressed in U.S. Dollars	21 - 22

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Fonkoze SA and Subsidiary  
Port Au Prince, Haiti

We have audited the accompanying consolidated balance sheets of Fonkoze SA (a Haitian Corporation) and Subsidiary as of December 31, 2009 and 2008, and the related consolidated statements of income and accumulated deficit, comprehensive income, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fonkoze SA and Subsidiary as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Craft, Noble & Company, PLLC*

Craft, Noble & Company, PLLC  
May 9, 2010



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FONKOZE SA AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2009 AND 2008

	<u>2009</u>		<u>2008</u>	
ASSETS				
CASH AND CASH EQUIVALENTS	HTG	73,962,850	HTG	71,985,036
INVESTMENTS		8,798,126		7,299,867
ACCOUNTS RECEIVABLE		60,616,673		40,609,623
LOANS		298,210,170		326,623,761
Less allowance for loan losses		(17,128,747)		(26,935,726)
Net loans		281,081,423		299,688,035
FIXED ASSETS		115,280,112		92,848,280
Accumulated depreciation		(81,010,994)		(67,626,278)
Fixed assets, net		34,269,118		25,222,002
OTHER ASSETS		66,753,850		62,406,133
TOTAL ASSETS	HTG	525,482,040	HTG	507,210,696
LIABILITIES AND SHAREHOLDERS' EQUITY				
BANK OVERDRAFTS	HTG	-	HTG	1
DEPOSITS		463,446,752		393,014,284
NOTES PAYABLE				
Long-term subordinated notes		26,346,101		21,421,869
Other notes payable		48,102,850		134,783,012
OTHER LIABILITIES		7,872,536		6,677,152
TOTAL LIABILITIES		545,768,239		555,896,318
SHAREHOLDERS' EQUITY				
Capital stock		71,136,787		50,404,300
Additional paid in capital		70,521,725		51,572,710
Retained earnings (deficit)		(163,338,884)		(151,229,474)
Accumulated other comprehensive gain (loss)		1,394,173		566,842
TOTAL SHAREHOLDERS' EQUITY		(20,286,199)		(48,685,622)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	525,482,040	HTG	507,210,696

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME AND ACCUMULATED DEFICIT  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
INTEREST INCOME		
Loans	HTG 118,056,656	HTG 120,247,542
Other	<u>999,836</u>	<u>1,421,271</u>
TOTAL INTEREST INCOME	119,056,492	121,668,813
INTEREST EXPENSE		
Deposits	6,048,423	6,463,819
Debt	<u>6,184,157</u>	<u>20,253,900</u>
TOTAL INTEREST EXPENSE	12,232,580	26,717,719
NET INTEREST INCOME	106,823,912	94,951,094
Provisions for loan losses	<u>23,608,970</u>	<u>10,419,899</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES	83,214,942	84,531,195
OTHER OPERATING INCOME (EXPENSE)		
Membership dues	584,190	2,963,750
Income from currency exchange	17,918,056	17,579,583
Income from remittance services	6,039,972	3,646,527
Gain (loss) due to revaluation	(6,180,533)	141,722
Operating grants	13,176,561	-
Recoveries of loans written off	3,289,112	-
Other	<u>3,350,251</u>	<u>1,006,893</u>
NET INTEREST INCOME AND OTHER INCOME	121,392,551	109,869,670
OPERATING EXPENSES		
Salaries	92,933,218	100,836,780
Premises and equipment expenses	22,988,864	22,530,857
Depreciation and amortization	12,146,952	13,556,296
Other expenses	<u>21,791,252</u>	<u>41,376,926</u>
TOTAL OPERATING EXPENSE	<u>149,860,286</u>	<u>178,300,859</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX	(28,467,735)	(68,431,189)
PROVISION FOR INCOME TAX	<u>2,409,423</u>	<u>4,198,143</u>
NET LOSS FROM OPERATIONS	(26,058,312)	(64,233,046)
OTHER INCOME (EXPENSE)		
Gain (loss) on revaluation of assets	(1,125,083)	(509,764)
Hurricane recovery grant	-	40,502,014
Interest revenue - hurricane recovery grant	<u>15,073,985</u>	<u>814,587</u>
NET LOSS	(12,109,410)	(23,426,209)
RETAINED EARNINGS (DEFICIT) AT BEGINNING OF YEAR NET OF VALUATION	<u>(151,229,474)</u>	<u>(127,803,265)</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG <u><u>(163,338,884)</u></u>	HTG <u><u>(151,229,474)</u></u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

		<u>2009</u>		<u>2008</u>
Net Loss	HTG	(12,109,410)	HTG	(23,426,209)
Other comprehensive income before tax:				
Unrealized gains (losses) on securities: available for sale				
Unrealized holding losses arising during the period		827,331		409,958
Reclassification adjustment for gains included in income		<u>-</u>		<u>-</u>
Other comprehensive income (loss)		<u>827,331</u>		<u>409,958</u>
Comprehensive loss	HTG	<u><u>(11,282,079)</u></u>	HTG	<u><u>(23,016,251)</u></u>



FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Business Purpose

Fonkoze SA is a holding company incorporated on February 25, 2002, under the laws of the Republic of Haiti as published in Le Moniteur number 49 dated June 24, 2002. It was established to facilitate the creation of Sèvis Finansye Fonkoze SA and owns 98.0737% of that entity.

Sèvis Finansye Fonkoze SA is a financial services company incorporated May 14, 2004, under the laws of the Republic of Haiti as published in Le Moniteur number 56 dated August 26, 2004. It was established to provide capital and a full range of financial and technical services to peasant organizations, womens' collectives, cooperatives, credit unions and street vendors.

Principles of Consolidation

The consolidated financial statements include the accounts of Fonkoze SA and its 98.0737% owned subsidiary, Sèvis Finansye Fonkoze SA. All material intercompany transactions and balances have been eliminated in consolidation.

Accounting Principles

The accompanying balance sheets and statements of income, retained earnings and cash flows were prepared using accounting principles generally accepted in the United States 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. All revenue and expenses, which are applicable to future periods, have been presented as deferred or prepaid on the accompanying balance sheets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments are composed of certificates of deposit and an investment in SNI Minoterie, SA, an agricultural processing company. Certificates of deposit are recorded at market value. Management has classified marketable securities as available for sale for reporting purposes under FASB 115. The investment in SNI Minoterie, SA is valued at market value at December 31, 2009 and 2008.

Loans

Loans are stated at book value, net of the allowance for loan losses. Impaired loans are those for which payments are past due more than 180 days. The Company discontinues accruing interest when a loan is 30 days past due.

The allowance for loan losses presented in the statements 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.

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specific rates of provisions applied to loans to women market vendors groups are based on the recommendations of ACCION (a network of micro-finance institutions) in its CAMEL rating. During the year ended December 31, 2007 the Organization changed its policy to apply a factor of 85% to the recommendations of ACCION. This factor has been applied based on the mandatory cash collateral of 15% of the original amount of the loan. The rates applied by the Organization based on the CAMEL ratings are as follows:

Current loans	0%
1 – 30 days past due	8.5%
31 – 90 days past due	25.5%
91 – 180 days past due	51%
More than 180 days past due	85%

The allowance for loan losses is adjusted to the amount determined by the use of these ratings, or three percent of total loans, whichever is greater.

During 2008, the Company restructured loans for victims of hurricanes that struck Haiti during the year (Kredi Siklon). These loans provided additional funds which were combined with the customer's existing balance. Repayment of the loans is interest free if the principal is paid in full within six months.

Fixed Assets

It is the Company's policy to capitalize property and equipment with a cost of more than USD 500. Lesser amounts are expensed. Property and equipment are capitalized at cost. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Vehicles	4 years
Equipment	5 years
Computers	5 years
Leasehold improvements	5 years
Buildings	20 years

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include savings accounts and all certificates of deposit with a maturity date of 90 days or less from the financial statement date.

Conversion in Foreign Currencies

The functional currency of the Companies is the Haitian gourde (HTG). Consequently, assets and liabilities stated in foreign currencies are converted in Haitian gourdes at the exchange rate prevailing at year-end.

Transactions incurred in U.S. dollars are converted at the average exchange rate for the year ended December 31, 2009 and 2008 was 41.1964 and 39.1070 Haitian gourdes to one U.S. dollar, respectively. Gains or losses related to exchange operations are reported in the statement of activities.

The official rates of exchange published by the Bank de la Republique d'Haiti, Haiti's central bank as of December 31, 2009 and 2008 were 42.0193 and 39.8176 Haitian gourdes to one U.S. dollar, respectively.

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Financial Accounting Standards Board (FASB) has issued an Interpretation (FIN 48), Accounting for Uncertainty in Income Taxes, which requires entities to disclose known or anticipated positions of income tax uncertainty. The company is not aware of any uncertain tax positions that may affect the financial statements.

Comprehensive Income

During 1998, the Financial Accounting Standards Board issued SFAS No. 130, Reporting Comprehensive Income (Loss), which requires the reporting of comprehensive income in addition to net income from operations. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income. Accumulated other comprehensive loss shown on the balance sheets at December 31, 2009 and 2008 represents unrealized losses on available-for-sale securities.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	<u>December 31, 2009</u>		<u>December 31, 2008</u>	
Currency held in branch offices	HTG	27,639,392	HTG	14,734,639
Deposits held in U.S. banks		4,301,240		4,578,260
Deposits held in Haitian banks		<u>42,022,218</u>		<u>52,672,137</u>
Total	<u>HTG</u>	<u>73,962,850</u>	<u>HTG</u>	<u>71,985,036</u>
Currency in U.S. dollars	HTG	12,548,692	HTG	5,100,236
Currency in Haitian gourdes		15,090,700		9,634,403
Deposits in U.S. dollars		28,071,015		50,767,724
Deposits in Haitian gourdes		<u>18,252,443</u>		<u>6,482,673</u>
Total	<u>HTG</u>	<u>73,962,850</u>	<u>HTG</u>	<u>71,985,036</u>

There is no deposit insurance for accounts held in Haitian banks. Deposits held in U.S. banks were fully insured by the Federal Deposit Insurance Corporation (FDIC) for the year ended December 31, 2009 and 2008.

For the year ended December 31, 2008 term deposits of HTG 33,273,587 secure the note payable and line of credit at Unibank. For the years ended December 31, 2009 and 2008 term deposits of HTG 9,038,451 and HTG 9,244,246, respectively, secure the line of credit at Capital Bank.

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE C – INVESTMENTS

Investments consisted of the following:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
SNI Minoterie	HTG 2,760,466	HTG 1,845,593
Certificate of Deposit – Self Help Credit Union	<u>6,037,660</u>	<u>5,454,274</u>
 Total	 <u>HTG 8,798,126</u>	 <u>HTG 7,299,867</u>

The investment in SNI Minoterie represents a .62% interest in the company, which operates an agricultural processing business. The company was incorporated in the Cayman Islands and has been valued at its market value at December 31, 2009 and 2008.

The certificate of deposit held at Self Help Credit Union matures May 5, 2012 and carries an interest rate of 4.78%.

Board Policy requires the Company to maintain at all times a lien free portfolio of investment grade securities or cash deposits equal to 20% of deposits held. At December 31, 2009, the company was not in compliance with this policy. At December 31, 2008, the company was in compliance with this policy.

**Fair Value Measurements**

Fair value of assets and liabilities measured on a recurring basis at December 31, 2009 and 2008 are as follows:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2009</u>	<u>Fair value</u>			
Available-for-sale securities	<u>HTG 8,798,126</u>	<u>HTG 6,037,660</u>	<u>          -</u>	<u>HTG 2,760,466</u>
 <u>December 31, 2008</u>				
Available-for-sale securities	<u>HTG 7,299,867</u>	<u>HTG 5,454,274</u>	<u>          -</u>	<u>HTG 1,845,593</u>

Available-for-sale securities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

January 1, 2008	HTG	1,435,636
Total gains and losses – unrealized		
Included in earnings		
Included in other comprehensive income		409,957
December 31, 2008		1,845,593
Total gains and losses – unrealized		
Included in earnings		
Included in other comprehensive income		827,331
Adjustment for 2007 unrealized gain misclassification		<u>87,542</u>
December 31, 2009	<u>HTG</u>	<u>2,760,466</u>

FONKOZE SA AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2009 AND 2008

NOTE D – RELATED PARTY RECEIVABLE

Sèvis Finansye Fonkoze SA provides Fondasyon Kole Zepòl (Fonkoze) services to facilitate the processing of deposit and loan transactions. They also process payroll and accounts payable transactions. As a result of providing these services, Fonkoze owed the Company HTG 28,759,286 and HTG 17,882,371 at December 31, 2009 and 2008, respectively.

NOTE E – LOANS

Loans consist of the following:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Market vendor solidarity groups	HTG 198,618,716	HTG 174,984,581
Business development	95,703,192	98,532,341
Kredi Siklon	2,499,510	53,106,839
Ti Kredi	1,388,752	-
Less allowance for loan losses	<u>17,128,747</u>	<u>26,935,726</u>
Net Loans	<u>HTG 281,081,423</u>	<u>HTG 299,688,035</u>

The term of the loans is between three and twenty-four months. Interest rates vary between thirty-five and sixty percent. Kredi Siklon loans bear no interest if repaid in full in accordance with the loan agreement within six months.

Loans in the amount of HTG 36,705,061 and HTG 9,669,510 were written off in 2009 and 2008, respectively. Recoveries of loans previously written off were HTG 3,289,112 and HTG 2,608,593 for 2009 and 2008, respectively. For the years ended December 31, 2009 and 2008 the allowance was more than three percent using the CAMEL ratings. The reserve was 5.01% and 3.68% of the Market Vendor Solidarity Group loans for December 31, 2009 and 2008, respectively. The reserve was 9.72% and 12.71% of Business Development loans at December 31, 2009 and 2008, respectively. The reserve was 15% of Kredi Siklon loans at December 31, 2009 and 2008.

Impaired loans are those for which payments are more than 180 days past due. At December 31, 2009 and 2008, loans in the amounts of HTG 8,382,948 and HTG 14,159,140, respectively, were impaired. These loans have been valued at the fair market value of their collateral (15% compensating balance).

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Accrued interest receivable on loans was HTG 9,618,157 and HTG 9,939,309 at December 31, 2009 and 2008, respectively.

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE E – LOANS (CONTINUED)

Allowance for loan losses:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	HTG 26,935,726	HTG 15,610,718
Provision for losses	23,608,970	10,419,899
Provision for loan losses – Kredi Siklon	-	7,966,026
Recoveries on loans	3,289,112	2,608,593
Less loans charged off	<u>(36,705,061)</u>	<u>(9,669,510)</u>
Balance, end of year	<u>HTG 17,128,747</u>	<u>HTG 26,935,726</u>

NOTE F – FIXED ASSETS

A summary of property and equipment and the related depreciation expenses is as follows:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Land	HTG 570,500	HTG 570,500
Buildings	4,422,000	4,422,000
Vehicles	30,211,193	24,737,115
Furniture and equipment	8,806,702	6,567,466
Computer equipment	48,634,371	38,044,400
Electrical equipment	12,700,419	11,108,067
Leasehold improvements	<u>9,934,927</u>	<u>7,398,732</u>
Total	115,280,112	92,848,280
Accumulated depreciation	<u>81,010,994</u>	<u>67,626,278</u>
Net Property and Equipment	<u>HTG 34,269,118</u>	<u>HTG 25,222,002</u>

NOTE G – DEPOSITS

Deposits consist of the following:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Savings deposits in Haitian gourdes	HTG 253,159,162	HTG 225,089,446
Savings deposits in U.S. dollars	185,079,186	149,339,880
Time deposits in Haitian gourdes	24,062,748	17,116,166
Time deposits in U.S. dollars	<u>1,145,656</u>	<u>1,468,792</u>
Total	<u>HTG 463,446,752</u>	<u>HTG 393,014,284</u>

Savings deposits bear interest at rates between three quarters of one percent and five percent. Time deposits bear interest rates between five and eleven percent. Accounts with average quarterly balances below HTG 100 and USD 20 are not paid interest.

The deposits shown above include deposits held for related parties in the amounts of HTG 36,593,762 and HTG 11,201,478 for the years ending December 31, 2009 and 2008, respectively.

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE H – DEFERRED TAXES

Deferred taxes (asset) represent the future tax benefits of tax losses incurred during 2005 through 2009, which can be carried forward for five years. Deferred taxes were calculated using the tax rates in effect on December 31, 2009 and 2008. The balance of deferred taxes, net of valuation adjustments, at December 31, 2009 and 2008 were HTG 58,645,614 and HTG 56,236,191, respectively. A valuation adjustment was applied to the losses used to calculate deferred taxes at December 31, 2009 and 2008 in the amount of HTG 1,511,048 and HTG 8,250,782, respectively, to reflect the possibility that the Company may not be able to use all the carryforward before it expires.

The deferred tax asset, if unused, is scheduled to expire as follows:

December 31, 2010	HTG	10,421,429
December 31, 2011		12,098,340
December 31, 2012		24,079,235
December 31, 2013		9,202,008
December 31, 2014		<u>4,355,650</u>
Total		60,156,662
Less valuation adjustment		<u>(1,511,048)</u>
Amount expected to be realized	<u>HTG</u>	<u>58,645,614</u>

No income tax was paid by the Company during the years ended December 31, 2009 and 2008 due to net losses. The provisions for 2009 and 2008 income tax represents the increase in the expected future benefits provided by losses carried forward. The company's tax returns are subject to regulatory review for a period of five years after filing.

The provision for income taxes differs from that computed by applying statutory rates to income before income tax expense by HTG 248,199 (expense) and HTG 122,987 (expense) for the years ended December 31, 2009 and 2008, respectively due to income from unrealized gains (losses) on securities.

NOTE I – LONG TERM SUBORDINATED NOTES PAYABLE

Notes payable consists of twelve notes due to individuals and organizations who are also shareholders of Fonkoze SA. The notes bore no interest until September 1, 2007, when interest began accruing at rates of 5% to 7.5% per annum. Interest will be paid semi-annually in U.S. Dollars. Principal payments in U.S. Dollars will begin on August 31, 2012. Maturities are as follows:

<u>Year</u>	<u>USD</u>	<u>HTG at December 31, 2009</u>
2012	\$ 175,400	HTG 7,370,185
2013	150,400	6,319,702
2014	100,400	4,218,738
2015	100,400	4,218,738
2016	<u>100,400</u>	<u>4,218,738</u>
Total	<u>\$ 627,000</u>	<u>HTG 26,346,101</u>

The notes are subordinate and junior to all other creditors.

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE J – NOTES PAYABLE OTHER

Notes payable at December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Note payable to Grameen Foundation bearing 9% interest due and payable March 28, 2014.	HTG 4,055,700	HTG -
Note payable to Grameen Foundation bearing 9% interest due and payable June 15, 2014.	2,027,850	-
Note payable to MEDA bearing 9% interest per annum, year 1 and 10% per annum year 2 due and payable September 30, 2011.	21,009,650	11,945,280
Note payable to Unibank bearing 16% interest due and payable December 13, 2008.	-	25,000,000
Note payable to City National Bank, secured by a USD 500,000 Treasury Bond owned by a shareholder, bearing 4.25% interest due and payable December 18, 2010.	21,009,650	19,908,800
Note payable to Unibank bearing 16% interest due and payable February 29, 2008.	-	53,035,092
Note payable to Capital Bank bearing 18% interest due and payable January 15, 2009.	-	24,893,840
	<hr/>	<hr/>
TOTAL NOTES PAYABLE	HTG 48,102,850	HTG 134,783,012

At December 31, 2009 and 2008 the unused portion of the Company's lines of credit was HTG 25,000,000 and HTG 3,214,174, respectively (see Note P).

The notes payable to MEDA and City National Bank are payable in U.S. dollars. The remainder of the notes payable are payable in Haitian gourdes.

NOTE K – COMMITMENTS

The Organization leases office space on a long-term basis. Some leases are payable in U.S. dollars while others are payable in Haitian Gourdes. Future obligations under these leases are:

At December 31, 2009:

<u>Year</u>	Payable in <u>USD</u>	Payable in <u>HTG</u>
2010	\$ 124,200	HTG 1,066,250
2011	55,900	840,833
2012	12,292	675,000
2013	7,042	591,667
2014	3,125	425,000
2015	-	104,167
Total	<hr/> <u>\$ 202,559</u>	<hr/> <u>HTG 3,702,917</u>

Rent expense for the years ended December 31, 2009 and 2008 was HTG 5,776,606 and HTG 5,310,087, respectively.

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE L – CHANGES OF ACCOUNTING METHODS

During 2007 the Company changed the method used to account for principal and interest received on Market Vendor Solidarity Group loans. Previously interest was calculated based on the outstanding principal for the exact number of days outstanding. For 2007 interest was calculated evenly over the number of scheduled payments. The effect of this change was a reduction in loans outstanding and interest income of HTG 5,502,862. During 2008, the Company returned to their previous method and now calculates interest based on the outstanding principal for the exact number of days outstanding.

NOTE M – CAPITAL STRUCTURE

The capital structure of the Organization consists of common stock with voting rights and non-cumulative, participating preferred stock with no voting rights. Par value of the stock is HTG 25. At December 31, 2009 and 2008, total shares authorized consisted of 2,548,067 common shares and 1,000,000 preferred shares. At December 31, 2009 total shares outstanding consisted of 2,388,067 common shares and 606,564 preferred shares. At December 31, 2008 total shares outstanding consisted of 2,004,631 common shares and 161,200 preferred shares. Preferred shares received five percent more of any declared dividends than common shares.

The Organization issues new stock through sale and conversion of debt to equity. During the year ended December 31, 2009, the Organization issued 383,436 shares of common stock. Sale of preferred stock accounted for 445,364 new shares issued.

During 2008, the Organization issued 499,984 shares of common stock.

NOTE N – GOING CONCERN

Management believes that profitability and positive equity will be achieved in 2010 and, therefore, no qualification of the independent auditors opinion is required regarding its ability to remain a going concern. (See independent auditors' unqualified opinion). As shown on the accompanying financial statements, the Company incurred losses of HTG 12,109,410 and HTG 23,426,209 during the years ended December 31, 2009 and 2008, respectively. As of December 31, 2009 total liabilities exceeded total assets by HTG 20,286,199. These factors create an uncertainty about the Company's ability to continue as a going concern. Management of the Company has developed a plan to raise additional capital and take certain steps to become profitable. Financial projections prepared based on assumptions of the plan's effect have been prepared and they support management's opinion that the Company will achieve profitability and positive equity. The ability of the Company to continue as a going concern is dependent on the plan's success. Although the company failed to meet the 2009 planned projected income, significant new capital was raised, debt was restructured and unaudited interim financial statements through March 31, 2010 are in accord with the plan for 2010. The unaudited interim statements also show positive equity. These financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE O – HURRICANE RECOVERY GRANT

The Company received a grant in the amount of HTG 40,502,014 during 2008. Under the terms of the grant the funds must be loaned to hurricane victims. When the loans are repaid, part of the funds are restricted for use as an appropriate disaster risk mitigation facility to protect the institution and their clients against future disasters. The restricted amount is USD 454,000 (HTG 19,076,762 at the December 31, 2009 exchange rate).

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008

NOTE P – SUBSEQUENT EVENTS

Following an earthquake measuring 7.0 on the Richter scale that struck Haiti on January 12, 2010, more than 300,000 lives were lost and 1.3 million people were internally displaced. The Government of Haiti estimates the total value of damages and losses at 7.865 billion U.S. dollars, which is one hundred twenty percent of Haiti's 2009 gross domestic product. The Company and its related foundation Fondasyon Kole Zepol, lost five employees and four buildings. The commercial banks, including Capital bank, cancelled all outstanding lines of credit. The Company retained its line of credit with City National Bank of New Jersey. As of May 1, 2010, the Company and its related foundation Fondasyon Kole Zepol have raised over 11 million U.S. dollars of funding to rebuild its infrastructure and assist clients to recapitalize.

NOTE Q – RETIREMENT PLAN

In 2009 the Company received a promise of a gift to fund a retirement plan for its employees and the employees of its related foundation Fondasyon Kole Zepol. These gift funds in the amount of USD 240,000 (HTG 10,084,632 at the December 31, 2009 exchange rate) are currently being held in CNB Bank pending creation of the plan and are not included on the Company's balance sheet.

INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION

To the Board of Directors  
Fonkoze SA and Subsidiary  
Port Au Prince, Haiti

Our report on our audit of the basic consolidated financial statements of Fonkoze SA and Subsidiary at December 31, 2009 and 2008 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements. The consolidating balance sheet expressed in Haitian Gourdes, the consolidating balance sheet expressed in U.S. dollars, and the consolidating statement of income and retained earnings expressed in Haitian Gourdes are presented for the purpose of additional analysis and are 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Craft, Noble & Company, PLLC*

Craft, Noble & Company, PLLC  
May 9, 2010



CRAFT, NOBLE & COMPANY  
PLLC

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FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2009

ASSETS

		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>		<u>SEVIS FINANSYIE FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	HTG	73,962,850	HTG	-	HTG	70,846,576	HTG	3,116,274
INVESTMENTS		8,798,126		(161,617,860)		8,798,126		161,617,860
ACCOUNTS RECEIVABLE		60,616,673		(1,939,779)		60,616,673		1,939,779
LOANS		298,210,170		-		298,210,170		-
Less allowance for loan losses		(17,128,747)		-		(17,128,747)		-
Net loans		<u>281,081,423</u>		-		<u>281,081,423</u>		-
FIXED ASSETS		115,280,112		-		115,280,112		-
Accumulated depreciation		(81,010,994)		-		(81,010,994)		-
Fixed assets, net		<u>34,269,118</u>		-		<u>34,269,118</u>		-
OTHER ASSETS		<u>66,753,850</u>		-		<u>63,395,498</u>		<u>3,358,352</u>
TOTAL ASSETS	HTG	<u>525,482,040</u>	HTG	<u>(163,557,639)</u>	HTG	<u>519,007,414</u>	HTG	<u>170,032,265</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

BANK OVERDRAFTS	HTG	-	HTG	-	HTG	-	HTG	-
DEPOSITS		463,446,752		-		463,446,752		-
NOTES PAYABLE								
Long-term subordinated notes		26,346,101		-		-		26,346,101
Other notes payable		48,102,850		-		48,102,850		-
OTHER LIABILITIES		<u>7,872,536</u>		<u>(1,939,779)</u>		<u>8,864,547</u>		<u>947,768</u>
TOTAL LIABILITIES		545,768,239		(1,939,779)		520,414,149		27,293,869
SHAREHOLDERS' EQUITY								
Capital stock		71,136,787		(104,814,839)		104,837,325		71,114,301
Additional paid in capital		70,521,725		(56,803,021)		56,815,311		70,509,435
Valuation difference		-		-		-		-
Retained earnings (deficit)		(163,338,884)		-		(164,453,544)		1,114,660
Accumulated other comprehensive loss		<u>1,394,173</u>		-		<u>1,394,173</u>		-
TOTAL SHAREHOLDERS' EQUITY		<u>(20,286,199)</u>		<u>(161,617,860)</u>		<u>(1,406,735)</u>		<u>142,738,396</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	<u>525,482,040</u>	HTG	<u>(163,557,639)</u>	HTG	<u>519,007,414</u>	HTG	<u>170,032,265</u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2008

ASSETS

		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>		<u>SEVIS FINANSYE FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	HTG	71,985,036	HTG	-	HTG	71,412,435	HTG	572,601
INVESTMENTS		7,299,867		(122,419,724)		7,299,867		122,419,724
ACCOUNTS RECEIVABLE		40,609,623		(1,838,140)		40,609,623		1,838,140
LOANS		326,623,761		-		326,623,761		-
Less allowance for loan losses		<u>(26,935,726)</u>		-		<u>(26,935,726)</u>		-
Net loans		299,688,035		-		299,688,035		-
FIXED ASSETS		92,848,280		-		92,848,280		-
Accumulated depreciation		<u>(67,626,278)</u>		-		<u>(67,626,278)</u>		-
Fixed assets, net		25,222,002		-		25,222,002		-
OTHER ASSETS		<u>62,406,133</u>		-		<u>59,737,453</u>		<u>2,668,680</u>
TOTAL ASSETS	HTG	<u>507,210,696</u>	HTG	<u>(124,257,864)</u>	HTG	<u>503,969,415</u>	HTG	<u>127,499,145</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

BANK OVERDRAFTS	HTG	1	HTG	-	HTG	1	HTG	-
DEPOSITS		393,014,284		-		393,014,284		-
NOTES PAYABLE								
Long-term subordinated notes		21,421,869		-		-		21,421,869
Other notes payable		134,783,012		-		134,783,012		-
OTHER LIABILITIES		<u>6,677,152</u>		<u>(1,838,140)</u>		<u>7,732,796</u>		<u>782,496</u>
TOTAL LIABILITIES		555,896,318		(1,838,140)		535,530,093		22,204,365
SHAREHOLDERS' EQUITY								
Capital stock		50,404,300		(85,925,325)		85,935,325		50,394,300
Additional paid in capital		51,572,710		(36,494,399)		36,499,132		51,567,977
Valuation difference		-		-		-		-
Retained earnings (deficit)		(151,229,474)		-		(154,561,977)		3,332,503
Accumulated other comprehensive gain (loss)		<u>566,842</u>		-		<u>566,842</u>		-
TOTAL SHAREHOLDERS' EQUITY		<u>(48,685,622)</u>		<u>(122,419,724)</u>		<u>(31,560,678)</u>		<u>105,294,780</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	<u>507,210,696</u>	HTG	<u>(124,257,864)</u>	HTG	<u>503,969,415</u>	HTG	<u>127,499,145</u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>CONSOLIDATED</u>	<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>	<u>SEVIS FINANSYÉ FONKOZE SA</u>	<u>FONKOZE SA</u>
INTEREST INCOME				
Loans	HTG 118,056,656	HTG -	HTG 118,056,656	HTG -
Other	<u>999,836</u>	<u>-</u>	<u>985,182</u>	<u>14,654</u>
TOTAL INTEREST INCOME	119,056,492	-	119,041,838	14,654
INTEREST EXPENSE				
Deposits	6,048,423	-	6,048,423	-
Debt	<u>6,184,157</u>	<u>-</u>	<u>5,005,027</u>	<u>1,179,130</u>
TOTAL INTEREST EXPENSE	12,232,580	-	11,053,450	1,179,130
NET INTEREST INCOME	106,823,912	-	107,988,388	(1,164,476)
Provisions for loan losses	<u>23,608,970</u>	<u>-</u>	<u>23,608,970</u>	<u>-</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES	83,214,942	-	84,379,418	(1,164,476)
OTHER OPERATING INCOME (EXPENSE)				
Membership dues	584,190	-	584,190	-
Income from currency exchange	17,918,056	-	17,918,056	-
Income from remittance services	6,039,972	-	6,039,972	-
Gain (loss) due to revaluation	(6,180,533)	-	(6,180,533)	-
Operating grants	13,176,561	-	13,176,561	-
Recoveries of loans written off	3,289,112	-	3,289,112	-
Other	<u>3,350,251</u>	<u>-</u>	<u>3,154,430</u>	<u>195,821</u>
NET INTEREST INCOME AND OTHER INCOME	121,392,551	-	122,361,206	(968,655)
OPERATING EXPENSES				
Salaries	92,933,218	-	92,933,218	-
Premises and equipment expenses	22,988,864	-	22,988,864	-
Depreciation and amortization	12,146,952	-	11,886,120	260,832
Other expenses	<u>21,791,252</u>	<u>-</u>	<u>20,977,475</u>	<u>813,777</u>
TOTAL OPERATING EXPENSE	<u>149,860,286</u>	<u>-</u>	<u>148,785,677</u>	<u>1,074,609</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX	(28,467,735)	-	(26,424,471)	(2,043,264)
PROVISION FOR INCOME TAX	<u>2,409,423</u>	<u>-</u>	<u>1,458,919</u>	<u>950,504</u>
NET LOSS FROM OPERATIONS	(26,058,312)	-	(24,965,552)	(1,092,760)
NET INCOME (EXPENSE)				
Gain (loss) on revaluation of assets	(1,125,083)	-	-	(1,125,083)
Hurricane recovery grant	-	-	-	-
Interest revenue - hurricane recovery grant	<u>15,073,985</u>	<u>-</u>	<u>15,073,985</u>	<u>-</u>
NET LOSS	(12,109,410)	-	(9,891,567)	(2,217,843)
RETAINED EARNING (DEFICIT) AT BEGINNING OF YEAR	<u>(151,229,474)</u>	<u>-</u>	<u>(154,561,977)</u>	<u>3,332,503</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG <u><u>(163,338,884)</u></u>	HTG <u><u>-</u></u>	HTG <u><u>(164,453,544)</u></u>	HTG <u><u>1,114,660</u></u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>		<u>SEVIS FINANSYE FONKOZE SA</u>		<u>FONKOZE SA</u>	
INTEREST INCOME								
Loans	HTG	120,247,542	HTG	(48,927)	HTG	120,247,542	HTG	48,927
Other		<u>1,421,271</u>		<u>-</u>		<u>1,298,099</u>		<u>123,172</u>
TOTAL INTEREST INCOME		121,668,813		(48,927)		121,545,641		172,099
INTEREST EXPENSE								
Deposits		6,463,819		-		6,463,819		-
Debt		<u>20,253,900</u>		<u>(48,927)</u>		<u>19,252,433</u>		<u>1,050,394</u>
TOTAL INTEREST EXPENSE		26,717,719		(48,927)		25,716,252		1,050,394
NET INTEREST INCOME		94,951,094		-		95,829,389		(878,295)
Provisions for loan losses		<u>10,419,899</u>		<u>-</u>		<u>10,419,899</u>		<u>-</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES		84,531,195		-		85,409,490		(878,295)
OTHER OPERATING INCOME (EXPENSE)								
Membership dues		2,963,750		-		2,963,750		-
Income from currency exchange		17,579,583		-		17,579,583		-
Income from remittance services		3,646,527		-		3,646,527		-
Gain (loss) due to revaluation		141,722		-		141,722		-
Gain (loss) on investments		-		-		-		-
Other		<u>1,006,893</u>		<u>-</u>		<u>1,006,893</u>		<u>-</u>
NET INTEREST INCOME AND OTHER INCOME		109,869,670		-		110,747,965		(878,295)
OPERATING EXPENSES								
Salaries		100,836,780		-		100,836,780		-
Premises and equipment expenses		22,530,857		-		22,530,857		-
Depreciation and amortization		13,556,296		-		13,182,463		373,833
Other expenses		<u>41,376,926</u>		<u>-</u>		<u>41,108,467</u>		<u>268,459</u>
TOTAL OPERATING EXPENSE		<u>178,300,859</u>		<u>-</u>		<u>177,658,567</u>		<u>642,292</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX		(68,431,189)		-		(66,910,602)		(1,520,587)
PROVISION FOR INCOME TAX		<u>4,198,143</u>		<u>-</u>		<u>3,688,815</u>		<u>509,328</u>
NET LOSS FROM OPERATIONS		(64,233,046)		-		(63,221,787)		(1,011,259)
OTHER INCOME (EXPENSE)								
Gain (loss) on revaluation of assets		(509,764)		-		-		(509,764)
Hurricane recovery grant		40,502,014		-		40,502,014		-
Interest revenue - hurricane recovery grant		<u>814,587</u>		<u>-</u>		<u>814,587</u>		<u>-</u>
NET LOSS		(23,426,209)		-		(21,905,186)		(1,521,023)
RETAINED EARNING (DEFICIT) AT BEGINNING OF YEAR (NET OF VALUATION)		<u>(127,803,265)</u>		<u>-</u>		<u>(132,656,791)</u>		<u>4,853,526</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG	<u>(151,229,474)</u>	HTG	<u>-</u>	HTG	<u>(154,561,977)</u>	HTG	<u>3,332,503</u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2009

ASSETS

	<u>CONSOLIDATED</u>	<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>	<u>SEVIS FINANSYE FONKOZE SA</u>	<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	USD 1,760,212	USD -	USD 1,686,049	USD 74,163
INVESTMENTS	209,383	(3,846,277)	209,383	3,846,277
ACCOUNTS RECEIVABLE	1,442,591	(46,164)	1,442,591	46,164
LOANS	7,096,981	-	7,096,981	-
Less allowance for loan losses	<u>(407,640)</u>	<u>-</u>	<u>(407,640)</u>	<u>-</u>
Net loans	6,689,341	-	6,689,341	-
FIXED ASSETS	2,743,504	-	2,743,504	-
Accumulated depreciation	<u>(1,927,947)</u>	<u>-</u>	<u>(1,927,947)</u>	<u>-</u>
Fixed assets, net	815,557	-	815,557	-
OTHER ASSETS	<u>1,588,647</u>	<u>-</u>	<u>1,508,723</u>	<u>79,924</u>
TOTAL ASSETS	USD <u>12,505,731</u>	USD <u>(3,892,441)</u>	USD <u>12,351,644</u>	USD <u>4,046,528</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

BANK OVERDRAFTS	USD -	USD -	USD -	USD -
DEPOSITS	11,029,378	-	11,029,378	-
NOTES PAYABLE				
Long-term subordinated notes	627,000	-	-	627,000
Other notes payable	1,144,780	-	1,144,780	-
OTHER LIABILITIES	<u>187,356</u>	<u>(46,164)</u>	<u>210,964</u>	<u>22,556</u>
TOTAL LIABILITIES	12,988,514	(46,164)	12,385,122	649,556
SHAREHOLDERS' EQUITY				
Capital stock	1,692,955	(2,494,445)	2,494,980	1,692,420
Additional paid in capital	1,678,317	(1,351,832)	1,352,124	1,678,025
Retained earnings (deficit)	(3,887,235)	-	(3,913,762)	26,527
Accumulated other comprehensive loss	<u>33,180</u>	<u>-</u>	<u>33,180</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY	<u>(482,783)</u>	<u>(3,846,277)</u>	<u>(33,478)</u>	<u>3,396,972</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	USD <u>12,505,731</u>	USD <u>(3,892,441)</u>	USD <u>12,351,644</u>	USD <u>4,046,528</u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2008

ASSETS

	<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>		<u>SEVIS FINANSYÉ FONKOZE SA</u>		<u>FONKOZE SA</u>	
CASH AND CASH EQUIVALENTS	USD	1,807,870	USD	-	USD	1,793,489	USD	14,381
INVESTMENTS		183,333		(3,074,513)		183,333		3,074,513
ACCOUNTS RECEIVABLE		1,019,891		(46,164)		1,019,891		46,164
LOANS		8,203,000		-		8,203,000		-
Less allowance for loan losses		(676,478)		-		(676,478)		-
Net loans		<u>7,526,522</u>		-		<u>7,526,522</u>		-
FIXED ASSETS		2,331,840		-		2,331,840		-
Accumulated depreciation		(1,698,401)		-		(1,698,401)		-
Fixed assets, net		<u>633,439</u>		-		<u>633,439</u>		-
OTHER ASSETS		<u>1,567,299</u>		-		<u>1,500,277</u>		<u>67,022</u>
TOTAL ASSETS	USD	<u>12,738,354</u>	USD	<u>(3,120,677)</u>	USD	<u>12,656,951</u>	USD	<u>3,202,080</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

BANK OVERDRAFTS	USD	-	USD	-	USD	-	USD	-
DEPOSITS		9,870,366		-		9,870,366		-
NOTES PAYABLE								
Long-term subordinated notes		538,000		-		-		538,000
Other notes payable		3,385,011		-		3,385,011		-
OTHER LIABILITIES		<u>167,693</u>		<u>(46,164)</u>		<u>194,205</u>		<u>19,652</u>
TOTAL LIABILITIES		13,961,070		(46,164)		13,449,582		557,652
SHAREHOLDERS' EQUITY								
Capital stock		1,265,880		(2,157,974)		2,158,225		1,265,629
Additional paid in capital		1,295,224		(916,539)		916,658		1,295,105
Valuation difference		-		-		-		-
Retained earnings (deficit)		(3,798,056)		-		(3,881,750)		83,694
Accumulated other comprehensive loss		<u>14,236</u>		-		<u>14,236</u>		-
TOTAL SHAREHOLDERS' EQUITY		<u>(1,222,716)</u>		<u>(3,074,513)</u>		<u>(792,631)</u>		<u>2,644,428</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	USD	<u>12,738,354</u>	USD	<u>(3,120,677)</u>	USD	<u>12,656,951</u>	USD	<u>3,202,080</u>