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2019

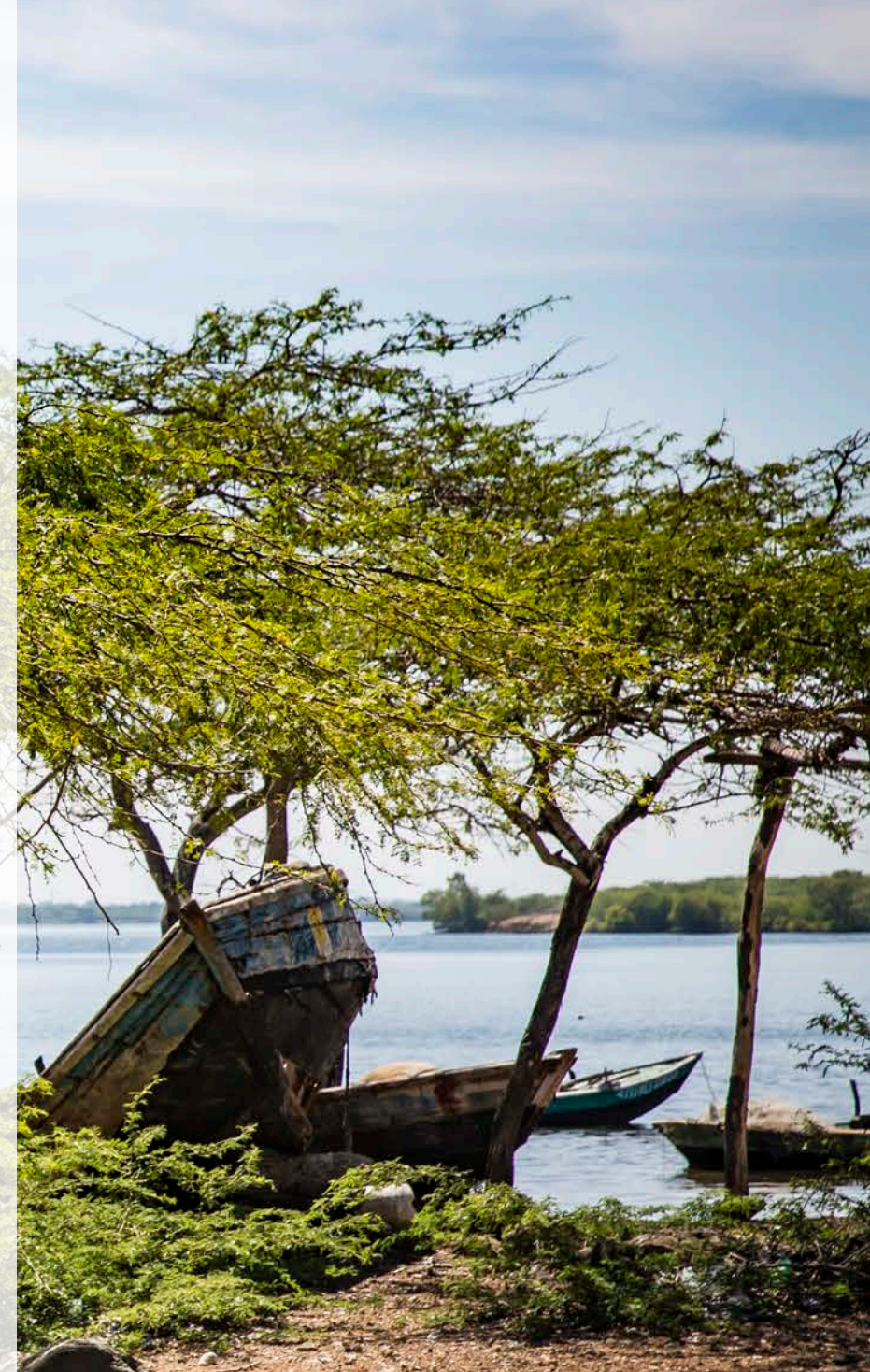
FAMILY ANNUAL REPORT



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Photos by Maxence Bradley



Our Vision

Fonkoze's vision is a Haiti where people, standing together, shoulder to shoulder, have pulled themselves out of poverty.

Our Mission

Fonkoze is a family of organizations that work together to provide the financial and non-financial services to empower Haitians - primarily women - to lift their families out of poverty.



Marie Joseph
Chemen Lavi Miyò (CLM) Participant

When asked what she hopes to gain from her time in the program, Marie Joseph says, "I would like to live differently."

A Message From Fonkoze's Leaders

If we had to use one word to sum up 2019, it would be *determination*. For most of the year, Haiti experienced socio-political unrest, subsequent lockdowns and recurring fuel shortages that nearly crippled the country. For weeks on end, businesses were unable to operate normally, or at all, children could not attend school, and the most vulnerable households – the people Fonkoze serves – were affected the most as their fragile livelihoods were disrupted. Furthermore, barricades throughout the country made it difficult, and sometimes dangerous, for people to commute.

There were times where our field agents quite literally put their lives at risk trying to negotiate with the people stationed at these barricades so that they could pass. On a number of occasions, the field agents' equipment and motorcycles were held hostage by gang members.

Given these monumental challenges, our teams had to swiftly re-strategize to ensure Fonkoze's critical mission of empowering the poor would go uninterrupted as much as possible during this time.

We are proud to report that our teams rose to the occasion. From the CLM Case Managers who found a way to continue supporting the ultra-poor families they serve to the branch directors who developed innovative ways of serving their clients in their greatest time of need – we were determined to push through and prevail as Fonkoze has done for over two and a half decades.

And our supporters, YOU, were there by our side every step of the way. Your ongoing contributions and other acts of solidarity helped to fuel our efforts – and we cannot thank you enough.

Although we did not get through 2019 unscathed, we continue to learn and grow from our scars. What will we learn, and how will we grow from 2020?

Whatever the future has in store for us, we look forward to facing it with you by our side.

In solidarity,



Carine Roenen
Executive Director
Fonkoze Foundation
Port-au-Prince, Haiti



Dominique Boyer
Chief Executive Officer
Fonkoze Financial Services
Port-au-Prince, Haiti



Mabel Valdivia
Executive Director
Fonkoze USA
Washington, DC

Our Financial Services

In the fiscal year 2019 (ending September 30), SFF (Sèvis Finansye Fonkoze, S.A. or Fonkoze Financial Services) continued to offer a full suite of financial services in its 44 branches nationwide - empowering hundreds of thousands of Haitians (primarily in rural areas) to grow their businesses and prosper:

LOANS: Over 53,427 active loan clients empowered to grow their businesses (loans range in size and duration in accordance with client needs and capacity).

- ▶ **\$13 million** loan portfolio
- ▶ **\$30.3 million** disbursed
- ▶ **104,596** loans disbursed

SAVINGS: SFF's savings clients range from individuals who have never had a savings account before to formal businesses, schools, churches and NGOs.

- ▶ **182,931** savings clients
- ▶ **\$25.6 million** in savings
- ▶ **4,491** daily transactions

MONEY TRANSFERS: With personal remittances making up 37% of Haiti's Gross Domestic Product (GDP), SFF's facilitation of international money transfers—provided through CAM and MoneyGram—is an essential contribution towards the Haitian economy. SFF also facilitates "Mon Cash," a mobile phone-based domestic money transfer service utilized by 30% of our clients.

- ▶ **\$35 million** in transfers
- ▶ **322,035** transactions

CURRENCY EXCHANGE: Both US Dollars (USD) and Haitian Gourdes (HTG) are accepted and used widely in Haiti. SFF provides valuable currency exchange services for clients.

- ▶ **\$74.3 million** in total transactions

PAYROLL MANAGEMENT: SFF supports organizations—including those based overseas—to complete regular payroll cycles. In the fiscal year 2018, SFF provided payroll services to 35 such organizations.



Our Development Services

In 2019, Fondasyon Kole Zepòl (the Fonkoze Foundation) empowered Fonkoze clients and their communities by providing development services that enable them to overcome obstacles and break barriers that perpetuate the cycle of poverty. The following are the Foundation's four core programs:

HEALTH: Fonkoze's health program Boutik Sante (Community Health Store) provides crucial health support and education to clients (and their communities) as they climb Fonkoze's Staircase Out of Poverty. The program leverages Fonkoze's vast network of financial branches to address the lack of reliable and affordable health products/services in rural Haiti.

- ▶ 1,385 women trained to open a *boutik sante* in their communities to date
- ▶ 144,385 children screened for malnutrition in 2019
- ▶ 118,098 received vitamin A in 2019

EDUCATION: Fonkoze's adult education programs provide basic literacy, business, and life skills courses to equip clients, many of whom have had little access to formal education, with applicable knowledge needed to live a more productive, safer and prosperous life.

- ▶ 94% graduation rate in 2019
- ▶ 139,855 graduated from Education classes since 2000
- ▶ 44,213 participated in Ti Koze (life and business skills class) in 2019

CHEMEN LAVI MIYÒ (CLM): CLM (Pathway to a Better Life) is Fonkoze's 18-month program for the ultra-poor. Based on the "graduation approach," the program provides intensive support and guidance to help women lift their families out of extreme poverty.

- ▶ 480 new families joined CLM in 2019
- ▶ 2,350 ultra-poor children attended CLM's uplifting annual summer camp in 2019
- ▶ 1,180 total number of families reached in 2019

VALUE CHAIN DEVELOPMENT: Otherwise known as Zafèn, this program builds the capacity of small businesses and associations by providing tailored business support, training and loans.

- ▶ Average loan amount in 2019: \$734
- ▶ Amount disbursed in 2019: \$87,300
- ▶ Number of new loans disbursed in 2019: 137

Ultra-Poor Families

1180

reached in 2019

Children Screened

144k

in 2019

Education Graduation

94%

rate in 2019

Client & Program Profiles

Anne Marie Albert, Solidarity Client

Anne Marie Albert has been a Fonkoze-empowered Ti Machann (Market Woman) for over 25 years – nearly the entirety of the organization’s existence. Throughout the years, Anne Marie has made much progress and has learned a great deal about what she is capable of achieving. Prior to joining Fonkoze’s core micro-lending program, Solidarity, she and her husband at the time just divorced, and Anne Marie found herself in dire straits. “I had no means for living and taking care of my kids,” she remembers. “My life has changed a lot since I started using Fonkoze’s services.”

With her very first Fonkoze micro-loan of approximately \$15, Anne Marie was finally able to expand her inventory of goods a bit and start moving towards a more promising future. “I feel proud to be a Fonkoze client. With the money

I’ve borrowed over the years, I have been able to grow my business and really take care of my children. I sell at the market, but I also own a garden, goats and pigs,” she smiles. “I am able to purchase assets that are profitable and provide security for our future.”

Anne Marie participates in Fonkoze’s Solidarity program, which provides joint loans to five women (called a Solidarity group) from a common geographical area. Solidarity lending creates a built-in system of accountability, support and enables women who have

“My life has changed a lot since I started using Fonkoze's services.”

already established themselves as micro-entrepreneurs to expand their businesses. Anne Marie’s Solidarity group is called “Tet Ansam” (“putting our heads together”), a name they gave themselves to signify togetherness and collaboration.



Anne Marie Albert (left) with her daughter

SOLIDARITY LENDING BY THE NUMBERS (2019)

Number of active Solidarity clients:

47,617

Percentage of women in Solidarity program:

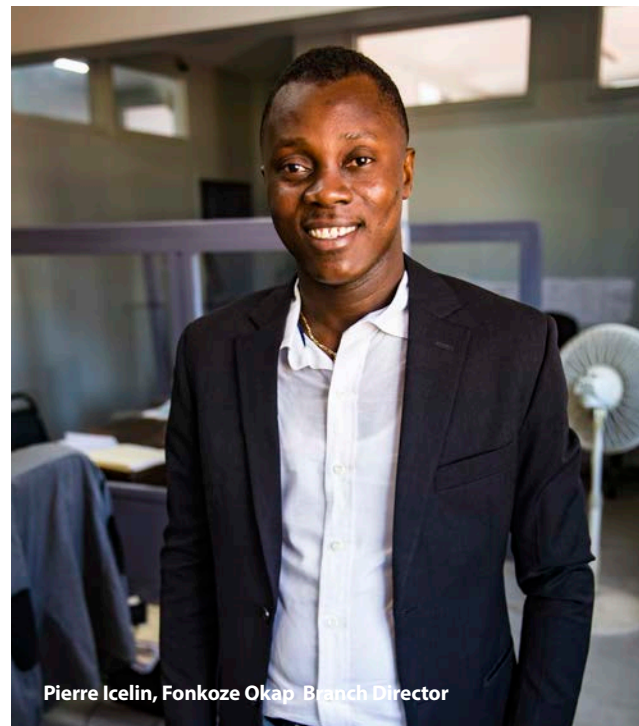
100%

Loan portfolio outstanding:

\$7,118,206

Value of loans disbursed:

\$19,987,830



Pierre Icelin, Fonkoze Okap Branch Director

FONKOZE FINANCIAL SERVICES BY THE NUMBERS (2019)

Number of branches across Haiti:

44

Number of people employed:

802

Percentage of branches located in rural areas:

90%

Percentage of branches located in areas where no other financial institutions exist :

60%

Pierre Icelin, Okap Branch Director

When asked what has kept him motivated after 14 years working for Fonkoze, Pierre Icelin says, “There are many reasons. The first and number one reason is that I believe in the mission. Organizing the poor in a way that enables them to pave their own path out of poverty is significant and really touches my heart.”

“Fonkoze doesn't cater to those living in big cities. We purposely situate ourselves in rural areas to reach the most vulnerable communities, unlike other financial institutions. This is truly impactful,” Pierre continued.

Having come from a humble background similar to the clients Fonkoze serves, Pierre not only appreciates what the organization is doing for the poor, but he is also grateful for the opportunities he has been given throughout his career with Fonkoze. “Fonkoze cares about the professional development of its staff. One doesn't need to have a friend in the organization to advance. If you work hard, you will see results. Fonkoze is totally unique in that way.”

Over the years, Pierre has proven to be a valuable member of Fonkoze’s team and has a reputation for holding himself and his staff to the highest standards. “Fonkoze honors its image through its work. We encourage the staff to uphold this image. Most importantly, our clients can feel this.”



Fonkoze's branch in Okap, Haiti

Client & Program Profiles

Delourdes Pericles, Chemen Lavi Miyò (CLM or Pathway to a Better Life)

Twenty-two-year-old Delourdes Pericles lives with her six younger siblings in Phaeton, a small town located in Haiti's northeast department. After the recent death of their mother due to a heart attack, Delourdes quickly became the primary caretaker. She also took her mother's place as a participant in Fonkoze's Chemen Lavi Miyò (CLM) program for ultra-poor families via Sonje Ayiti (one of Fonkoze's development partners).

Over the course of the 18-month program, Delourdes will learn important life skills, including how to manage productive assets (e.g., live-stock, commerce inventory), filter water, build a latrine, and prepare for the future. Currently, she sells small amounts of rice and beans at a local market but hopes to soon be able to procure and sell larger quantities.

When asked how she is managing her new role, Delourdes says, "Things are not easy, but I am managing." She is finding it difficult to look after the children because some of them are in school, and others are not. "I don't like leaving the kids in the house alone while I'm at the market selling, but I don't really have a choice," she says. To address this issue, Delourdes takes a small break during the workday, once she has earned at least 100 gourdes (\$0.92) to pay for a moto (motorcycle taxi), to go home and check on her siblings.



Delourdes Pericles' younger brothers

CLM BY THE NUMBERS (2019)

Number of new families who
joined CLM:

480

CLM Graduation Rate:

97.6%

Number of families graduated:

439

Number of children attended annual summer camp:

2,350



Delourdes Pericles, CLM participant



Edwige Blaise's credit agent with Edwige and her children

Edwige Blaise, Business Development Client

Edwige Blaise is a mother of two and a micro-entrepreneur who participates in Fonkoze's Business Development program. At the top of Fonkoze's Staircase Out of Poverty, Business Development clients have access to individual loans beginning at \$1,300. These loans empower small business owners like Edwige to generate essential economic activity and create jobs.

Before taking out her first Fonkoze business loan, however, Edwige wanted to see if she could manage her business with the money she had gained from the local savings club to which she belonged. If successful, this would give her confidence that she could pay back the loan without trouble. When she saw that she was capable of doing this, she reached out to Fonkoze. It has been over five years since she took out her first empowering loan, and Edwige says, "My business

is running very well. I've paid off the first loan and nearly done paying off the second."

Edwige operates a small bodega from her home. "I've been able to buy my inventory in bulk and grow my business with these loans," she says. "My goal is to continue advancing. I would like to sell more products in a larger space. For my kids, I would like for them to continue in school and do well. Whatever opportunities they are afforded, I pray that I can help them get to where they need to be."

BUSINESS DEVELOPMENT BY THE NUMBERS (2019)

Number of loans:

5,644

Loan portfolio outstanding:

\$4,208,715

Amount disbursed:

\$7,913,794



Pictured Above: Edwige's eldest daughter attends to a couple of young patrons while her mother meets with Fonkoze's team.

THE PROFILE OF OUR

INCOMING SOLIDARITY-LEVEL

CLIENTELE

Solidarity Lending Is

Fonkoze's core microfinance program that provides joint loans to groups of five women (called a Solidarity Group). Solidarity loans empower women who have already established themselves as micro-entrepreneurs to expand their businesses.

54% know how
to read and write their name

39 is the
average age of clients

85% live
in remote, isolated areas

80% are
food insecure

61% involved
in agricultural activities

Five is their
average household size

56% live in
a house with a cement floor

52% probability
of living below the poverty line

100% of program
participants are women



Our Organizational Descriptions & Financial Results



Sèvis Finansye
Fonkoze

Fonkoze S.A. & Subsidiary Sèvis Finansye Fonkoze, S.A.

2019 was a very difficult year for Haiti. Anti-government protests that began in the summer of 2018 continued consistently through 2019, frequently leading to violence, roadblocks, and fuel shortages. SFF was obliged to activate its emergency plan on several occasions and for extended periods, operating with a skeleton staff at the Fonkoze Port-au-Prince headquarters. In this environment, SFF's goals were to ensure the safety of each employee

and, within this constraint, continue to provide full service to all our clients. Most branches opened during normal hours every day. Loan officers held regular client center meetings as scheduled. Lending, however, did not grow as Haitian borrowers, understandably, prudently borrowed. The loan portfolio quality remained excellent despite challenging economic conditions. Amid these challenges, consolidated Fonkoze S.A./SFF Fiscal 2019 Operating Income

was HTG 232.3 million (\$4,000,000 at average USD/HTG exchange rates in fiscal 2019) and driven by a net US Dollar long position, Net Income of HTG 168.1 million (\$1,975,000 at average exchange rates). Although we are pleased with these results, our primary goals in fiscal 2019 were to ensure our employees' safety and to be able to provide full service to our clients, not to achieve any particular financial result.¹

CONSOLIDATED BALANCE SHEET

All amounts are expressed in Haitian gourdes (HTG)

	Sept. 30, 2019	Sept. 30, 2018
<i>Exchange Rate HTG/USD at end of reporting period</i>		
	93.3162	69.9774
ASSETS		
Cash and Equivalents	651,105,473	516,648,207
Term Deposits	773,820,518	478,589,613
Loans	1,251,839,987	1,296,472,673
Less Impairment provision	(45,787,775)	(44,028,465)
Net Loans	1,206,052,212	1,252,444,208
Accounts Receivable	105,468,313	40,390,040
Prepaid expenses and supplies	79,207,198	36,517,826
Net Fixed Assets	265,693,537	264,700,678
Other Assets	694,199,448	571,777,189
Total Assets	3,775,546,699	3,161,067,761
LIABILITIES		
Deposits	2,391,529,506	1,842,345,424
Notes Payable	297,098,546	484,614,941
Other liabilities	705,349,867	593,793,987
Total Liabilities	3,393,977,919	2,920,754,352
SHAREHOLDERS' EQUITY		
Capital Stock and Paid in Capital	573,157,146	565,311,966
Accumulated Deficit	(284,320,665)	(394,261,828)
Legal Reserve	43,910,641	19,362,171
Revaluation reserve-land and buildings	46,013,617	47,093,059
Accumulated Other Comprehensive Income	2,808,041	2,808,041
Total Shareholders' Equity	381,568,780	240,313,409
Total Liabilities And Shareholders' Equity	3,775,546,699	3,161,067,761

INCOME STATEMENT

All amounts are expressed in Haitian gourdes (HTG)

	Year Ended Sept. 30, 2019	Year Ended Sept. 30, 2018
<i>Average Exchange Rate HTG/USD during reporting period</i>		
	93.3162	69.9774
REVENUES		
Interest Income (Loans and Other)	631,729,057	646,522,447
Less: Interest Expense	59,244,617	57,997,470
Net Interest Income	572,484,440	588,524,977
Less: Provision for Loan Losses	54,806,012	76,708,930
Net Interest Income After Provision for Loan Losses	517,678,428	511,816,047
Other Operating Income	261,340,447	234,647,130
Net Interest Income and Other Income	779,018,875	746,463,177
OPERATING EXPENSES		
Salaries and Benefits	427,539,093	357,008,602
Other Expenses	267,309,698	200,231,686
Depreciation and Amortization	48,665,473	43,326,551
Total Operating Expense	743,514,264	600,566,839
Net Profit (Loss) from Operations Before Other Income (Expenses) and Income Taxes	35,504,611	145,896,338
Unrealized Loss on Foreign Exchange	154,997,206	20,400,170
Finance Costs on receivable from related party	1,200,517	1,353,068
Grants	2,142,075	2,930,554
Other income (expense)	38,454,907	17,720,482
Net Income Before Taxes	232,299,316	188,300,612
Income Taxes	64,160,161	1,655,101
Net Income (Loss)	168,139,155	186,645,511

Our Financial Results & Organizational Descriptions

Fondasyon Kole Zepòl

Fondasyon Kole Zepòl (the Fonkoze Foundation) was the founding institution of Fonkoze. It provides development services to lower barriers to the effective use of financial services, thus allowing Haitians, especially women, to create prosperity.

The Foundation's 138 staff members provide health services, basic and financial literacy training, value chain development, and accompaniment to extremely vulnerable families and to the clients of Fonkoze Financial Services (SFF). In 2019, the Foundation's financial statements showed balanced results, and the organization was able to increase its reserves. Additionally, expenses decreased slightly by 1% compared to 2018, mainly due to the close-out of several projects and the "peyi lòk" period that delayed some field activities.

The Foundation's health program continues to implement its nutrition project and establish new boutik sante (community health stores) in areas where SFF branches are located.

The Chemin Lavi Miyò (CLM or Pathway to a Better Life) program accounts for 31% of program expenses and continues to bring significant change to ultra-poor families.

We are proud to report that our Central Administrative costs were kept low at 11% of total expenses.

STATEMENT OF FINANCIAL POSITION

All amounts are expressed in Haitian gourdes (HTG)

	Year Ended December 31, 2019	Year Ended December 31, 2018
<i>Exchange Rate HTG/USD at end of reporting period</i>		
	91.9842	77.1881
ASSETS		
Cash and cash equivalents	132,459,570	89,805,775
Term Deposits	33,119,151	-
Investments	6,898,815	5,789,110
Account Receivable	62,600,668	42,502,540
Loan, net of allowance for loan losses	10,099,743	15,775,749
Prepaid expenses	1,756,610	2,126,694
Total Current Assets	246,934,557	155,999,868
Net Fixed Asset	10,285,387	8,721,318
Other Assets	7,127,949	9,415,157
Total Assets	264,347,892	174,136,342
LIABILITIES		
Current Liabilities	9,085,444	16,251,419
Deferred Contributions	94,221,065	30,096,710
Long Term Liabilities	101,133,237	103,945,629
Total Liabilities	204,439,746	150,293,758
NET ASSETS		
Unrestricted	(48,966,792)	(68,733,104)
Temporarily Restricted	108,874,938	92,575,688
Total Net Assets	59,908,146	23,842,584
Total Liabilities and Net Assets	264,347,892	174,136,342

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

All amounts are expressed in Haitian gourdes (HTG)

	Year Ended December 31, 2019	Year Ended December 31, 2018
<i>Average Exchange Rate HTG/USD during reporting period</i>		
	91.9842	77.1881
REVENUES		
Revenues From Donors	408,400,018	394,351,872
Interest Income	3,710,016	3,321,481
Gain (loss) Due to Exchange Rate Fluctuations and Revaluations	8,449,185	4,661,900
Other Income	29,354,782	28,127,337
Total Revenues	449,914,001	430,462,590
EXPENSES		
Program Services	366,308,398	379,350,791
Central Office Costs	47,540,042	38,264,587
Total Expenditures	413,848,439	417,615,378
Change in Net Assets	36,065,562	12,847,212

Fonkoze USA

Fonkoze USA is a US-based 501(c)3 nonprofit headquartered in Washington DC. The organization supports the Fonkoze Family's efforts in Haiti via grant funding, communications and technical assistance to achieve our collective mission of empowering the poor, particularly rural women, with financial and development tools to lift their families out of poverty.

Fonkoze USA raises funds, conducts communications and outreach campaigns in the US, accompanies donors and social investors to the field, provides due diligence and a tax-deductible avenue for donations from Fonkoze donors and the donors to our development partners, and leverages technical assistance for the Fonkoze Family.

In 2019, Fonkoze USA continued to expand its capacity to provide financial and technical assistance to the Fonkoze organizations in Haiti. The nonprofit also hosted Fonkoze's 25th Anniversary Gala, which helped to raise funds and awareness for Fonkoze's work across Haiti. Funds granted to Fondasyon Kole Zepòl (the Foundation) and Sèvis Finansye Fonkoze (SFF) supported both direct on the ground programs in rural Haiti, and equally importantly, provided critical administrative resources to allow those entities to continue to grow organizational capacity and sustainability. Fonkoze USA also supported our development partners, Kay Lasante, Na Sonje and Izmyery in securing funds of over \$126,000.

Fonkoze USA is proud of the support that we were able to provide our Haitian partners in 2019 and greatly look forward to growing our capabilities in 2020.

STATEMENT OF FINANCIAL POSITION

All amounts are expressed in U.S. Dollars

	Year Ended December 31, 2019	Year Ended December 31, 2018
ASSETS		
Cash and Equivalents	\$313,975	517,338
Short-term Receivables	508,800	291,069
Prepaid Expenses	16,400	14,934
Total Current Assets	839,175	\$ 823,341
Net Property and Equipment	1,900	1,169
Investments	1,589,280	1,326,234
Long-term Receivables	2,541,037	2,966,418
Other Assets	58,948	18,787
Total Assets	\$5,030,340	\$5,135,949
LIABILITIES		
Short-term Liabilities	\$810,200	858,671
Long-term Liabilities	2,802,037	3,124,418
Total Liabilities	\$3,612,237	\$3,983,089
NET ASSETS		
Unrestricted	0	(112,793)
Unrestricted - Board Designated for Endowment	657,925	582,594
With Donor Restrictions	760,178	683,059
Total Net Assets	\$1,418,103	\$1,152,860
Total Liabilities And Net Assets	\$5,030,340	\$5,135,949

STATEMENT OF ACTIVITIES

All amounts are expressed in U.S. Dollars

	Year Ended December 31, 2019	Year Ended December 31, 2018
REVENUES		
Contributions and Grants	1,807,797	2,428,419
Interest, Dividend & Capital Gain Income	336,299	62,168
Other Income	346,624	269,267
Total Revenues	\$2,490,720	\$2,759,854
EXPENSES		
PROGRAM SERVICES AND GRANTS TO HAITI		
Grants Expense	880,838	1,015,578
Education Expense	230,827	174,075
Other Program Expense	440,069	471,751
Total Program Services	\$1,551,734	\$1,661,404
SUPPORTING SERVICES		
Fundraising	412,918	287,508
Administration	260,825	267,536
Total Supporting Services	\$673,743	\$555,044
Total Expenses	\$2,225,477	\$2,216,448
Change In Unrestricted Net Assets	\$265,243	\$543,406



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