FONKOZE USA, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fonkoze USA, Inc.

Opinion

We have audited the accompanying financial statements of Fonkoze USA, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fonkoze USA, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
March 14, 2025

FONKOZE USA, INC.
Statement of Financial Position
December 31, 2024

Assets	
Cash and cash equivalents	$ 986,733
Accounts receivable	9,729
Contributions and grants receivable	463,459
Loans receivable from related party	2,469,505
Other receivables	14,356
Prepaid expenses and other assets	21,148
Investments	1,878,329
Right of use operating lease asset, net	63,861
Total assets	$ 5,907,120
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	$ 19,129
Accrued payroll and related liabilities	25,906
Grants payable, related party	549,000
Loans payable - investors	2,461,415
Operating lease liability	60,478
Total liabilities	3,115,928
Net Assets	
Without donor restrictions:	
Board designated	682,815
Undesignated	1,394,086
Total without donor restrictions	2,076,901
With donor restrictions:	
Purpose and time restricted	513,054
Perpetual in nature	201,237
Total with donor restrictions	714,291
Total net assets	2,791,192
Total liabilities and net assets	$ 5,907,120

See accompanying notes.

FONKOZE USA, INC.
Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	$ 1,571,131	$ 78,675	$ 1,649,806
Contracts and other income	116,748	-	116,748
Investment income, net	93,594	22,187	115,781
Interest on loan receivable from related party	61,614	-	61,614
Net assets released from restrictions:			
Expiration of time restrictions	150,000	(150,000)	-
Satisfaction of purpose restrictions	450,131	(450,131)	-
Total revenue and support	2,443,218	(499,269)	1,943,949
Expenses			
Program services:			
Grantmaking	868,604	-	868,604
Technical assistance	523,278	-	523,278
Education	307,721	-	307,721
Total program services	1,699,603	-	1,699,603
Supporting services:			
Management and general	233,480	-	233,480
Fundraising	215,861	-	215,861
Total supporting services	449,341	-	449,341
Total expenses	2,148,944	-	2,148,944
Change in Net Assets	294,274	(499,269)	(204,995)
Net Assets, beginning of year	1,782,627	1,213,560	2,996,187
Net Assets, end of year	$ 2,076,901	$ 714,291	$ 2,791,192

FONKOZE USA, INC.
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services				Supporting Services			
	Grantmaking	Technical Assistance	Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants	$ 868,604	$ 20,100	$ -	$ 888,704	$ -	$ -	$ -	$ 888,704
Salaries and related benefits	-	317,917	210,534	528,451	168,503	144,461	312,964	841,415
Contract services	-	46,330	10,540	56,870	40,520	22,777	63,297	120,167
Travel	-	6,146	41,720	47,866	5,273	4,912	10,185	58,051
Office lease costs	-	24,732	5,621	30,353	20,054	5,621	25,675	56,028
Technology	-	13,151	7,281	20,432	19,140	12,244	31,384	51,816
Interest	-	44,909	-	44,909	-	-	-	44,909
Professional services	-	15,300	3,481	18,781	10,519	3,478	13,997	32,778
Dues and subscriptions	-	15,697	4,721	20,418	3,524	6,767	10,291	30,709
Printing	-	1,753	7,352	9,105	7,467	3,381	10,848	19,953
Promotion and media	-	5,159	9,437	14,596	140	4,691	4,831	19,427
Training	-	3,920	1,563	5,483	3,907	3,898	7,805	13,288
Insurance	-	1,066	465	1,531	8,048	430	8,478	10,009
Bank charges	-	-	-	-	9,450	-	9,450	9,450
Board meetings	-	2,015	2,015	4,030	2,015	2,015	4,030	8,060
Postage and delivery	-	407	2,207	2,614	2,306	915	3,221	5,835
Education program support in Haiti	-	4,460	717	5,177	-	72	72	5,249
Telephone	-	12	9	21	3,626	9	3,635	3,656
Miscellaneous	-	150	-	150	1,962	-	1,962	2,112
Supplies	-	54	58	112	848	190	1,038	1,150
Bad debt expense (recovery)	-	-	-	-	(73,822)	-	(73,822)	(73,822)
Total Expenses	$ 868,604	$ 523,278	$ 307,721	$ 1,699,603	$ 233,480	$ 215,861	$ 449,341	$ 2,148,944

See accompanying notes.

Cash Flows from Operating Activities	
Change in net assets	$ (204,995)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Non-cash transactions:	
Change in discount and allowance of pledge receivable	(89,629)
Realized gain on investments	(73,040)
Forgiveness on loan payable - investors	(68,600)
Stock donations	(204,795)
Change in operating assets and lease liabilities:	
Accounts receivable	(9,699)
Contributions and grants receivable	520,297
Other receivables	(14,356)
Prepaid expenses and other assets	(7,983)
Accounts payable and accrued expenses	(18,176)
Accrued payroll and related liabilities	8,531
Operating lease asset and liability	(269)
Net cash used in operating activities	(162,714)
Cash Flows from Investing Activities	
Proceeds from sales of investments	267,983
Purchases of investments	(42,832)
Net cash provided by investing activities	225,151
Cash Flows from Financing Activities	
Proceeds from loans receivable, related party	146,005
Principal payments on promissory notes	(100,000)
Principal payments on loans payable - investors	(72,405)
Net cash used in financing activities	(26,400)
Net Increase in Cash and Cash Equivalents	36,037
Cash and Cash Equivalents, beginning of year	950,696
Cash and Cash Equivalents, end of year	$ 986,733

Supplemental Cash Flow Disclosure	
Cash paid for interest	$ 44,909

1. Description of the Organization

Fonkoze USA, Inc. (the Organization) is a 501(c)(3) non-profit organization that operates exclusively for charitable and educational purposes, including, but not limited to, raising, donating, and lending charitable funds and facilitating technical assistance to its Fonkoze partners (Fondasyon Kole Zepòl and Sèvis Finansye Fonkoze) and other organizations empowering the poor across Haiti, and increasing public awareness about Haiti and the services and programs provided by Fonkoze and the development organizations that the Organization supports.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue, support, and expenses during the reporting period. Accordingly, actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

The Organization considers all bank accounts and highly liquid investments with original maturities of three months or less at acquisition to be cash equivalents.

Investments

Investments are recorded at fair value based on published market values or net asset values as determined by the investment manager or custodian. Interest and dividends are recorded on the accrual basis. Investment transactions are recorded at the trade date using the weighted average cost method. Realized gains or losses from investment transactions are recorded upon the sale or maturity of the related securities and are reflected in the statement of activities. Unrealized gains and losses on investments resulting from market fluctuations are recorded in the statement of activities in the period that such fluctuations occur. Interest, dividends, and gains and losses on investments are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quotes prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under generally accepted accounting principles (GAAP) are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access;

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial instruments consist of cash and cash equivalents, investments, receivables, and payables. The carrying value of the Organization's financial instruments on the accompanying statement of financial position approximates their respective estimated fair values as of December 31, 2024. Fair values are estimated based on current market rates, prices, or liquidation value.

Contributions and Grants Receivable

Contributions receivable represent unconditional promises to give from various individuals and foundations. Grants receivable represent unconditional commitments from grantors. These receivables represent revenue earned, but not collected, as of the end of the year.

Contributions and grants receivable are recorded at the donated amount less a discount for those donations expected to be collected over a period greater than one year. At December 31, 2024, all contributions and grants receivable are expected to be received within one year.

2. Summary of Significant Accounting Policies (continued)

Contributions and Grants Receivable (continued)

The Organization records an allowance for doubtful accounts, if needed, equal to the estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience. The Organization records all contributions and grants receivable at their net realizable value. As of December 31, 2024, the allowance for doubtful accounts was $0.

Loans Receivable, Related Party

Loans receivable consists of loans issued to Sèvis Finansye Fonkoze (SFF), a related party, who loans them to various entities in Haiti. Loans that management has the intent and ability to hold until maturity are reported at the principal amount outstanding. The funds loaned to SFF are derived from the funds received from investors reported as Loans Payable - investors on the accompanying statement of financial position.

The loans receivable maturity dates coincide with the maturity dates of the loans payable to investors. The Organization charges SFF an interest rate for each loan that is the same as the rate charged to the Organization by the external lending party. Those interest rates range from 0% to 3%. The Organization also charges SFF an annual administration fee of 1% of the outstanding balance of each loan. Interest and administration fee payments received from SFF are recognized as interest on loan receivable, related party by the Organization.

The Organization has reviewed the financial statements and cash reserves of SFF and has determined that these outstanding loans are collectible. An allowance for doubtful accounts, if needed, is also based on specific identification of uncollectible accounts and the Organization’s historical collection experience. No allowance for doubtful accounts was recorded as of December 31, 2024.

Grants Payable, Related Party

Grants payable represent unpaid grant funds committed to be paid upon demand to Fondasyon Kole Zepòl (the Foundation) to support the Foundation’s programs.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right of use (ROU) assets and operating lease liabilities on the accompanying statement of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

The Organization has elected to recognize payments for short-term leases with a lease term of twelve months or less as expenses are incurred and these leases are not included in lease liabilities or ROU on the statement of financial position.

The Organization has elected to use a risk-free discount rate, commensurate with the terms of the leases, to determine the present value of the lease payments for each lease agreement.

In addition, the Organization has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease components as a single lease component.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations. They include funds over which the Board of Trustees (the Board) has full discretion as to use.
- *Net Assets With Donor Restrictions* represent funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has $201,237 in donor-imposed restrictions which are perpetual in nature at December 31, 2024.

Revenue Recognition

Contributions

Unconditional contributions are recognized upon notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when those restrictions are met, only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and for the expiration of donor-imposed time restrictions. These reclassifications are reported on the accompanying statement of activities as net assets released from restrictions. The Organization adopted the simultaneous release option for donor-restricted grants and contributions or portions of grants and contributions that are recognized and used within the same reporting period; therefore, these amounts are reported as revenue without donor restrictions.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions (continued)

Contributions that are considered to be conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue once the conditions on which they depend have been met. The Organization adopted the simultaneous release option for donor-restricted conditional grants and contributions or portions of conditional grants and contributions that are recognized and used within the same reporting period; therefore, these amounts are reported as revenue without donor restrictions. Revenue recognized on contributions, but has not been received, is reflected as contributions receivable on the accompanying statement of financial position. Conversely, amounts received in advance of the conditions being met are recorded as refundable advances on the accompanying statement of financial position. The Organization did not have unrecognized conditional contributions at December 31, 2024.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair market values at the date of donation. It is the Organization's policy to sell donated securities as soon as practicable after receipt.

Contract Revenue

Contract revenue is recognized in revenue as the performance obligations are completed and is generally invoiced and received after the services have been performed. Contract revenue received in advance of services being performed is recorded in deferred revenue. At December 31, 2024, the Organization did not have any deferred revenue related to contract revenue.

Investment Income

Unrealized and realized gains and losses, dividends, and interest from investing activities in income producing assets are included in the applicable net asset classification depending on donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis on the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program, management and general, and fundraising services that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function but to provide for the overall support and direction of the Organization. Fundraising costs are those which are specific to the related activity.

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The Organization allocates all expenses into one of five classes: Grantmaking; Technical Assistance; Education; Management and General; and Fundraising. Grantmaking, Technical Assistance, and Education programs relate to the direct delivery of services and programs and thus are disclosed as Program Services. Management and General, and Fundraising are overhead classes. For general allocation purposes, each employee's hours are allocated based on the time that the employee normally dedicates to that activity category. The time allocation for all employees is consolidated to arrive at a company-wide cost allocation.

3. Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, 2024, reduced by the amounts not available for general use within one year because of donor-imposed restrictions.

Cash and cash equivalents	$ 986,733
Accounts receivable	9,729
Contributions and grants receivable	463,459
Other receivables	14,356
Investments in marketable securities	1,021,788
Financial assets, at year-end	2,496,065
Less those unavailable for general expenditures within one year, due to:	
Board designated	(682,815)
Donor restrictions - purpose	(280,082)
Donor restrictions - time	(232,972)
Donor restrictions - held to perpetuity	(201,237)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,098,959

The Organization manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability, and maintaining access to adequate liquid assets to fund near-term operating needs.

The Board has designated $682,815 of funds, and although they do not intend to spend the board - designated funds, they could be made available if necessary.

Because a donor's restriction requires resources to be used in a particular manner or future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. The Organization's endowment fund consists of net assets with donor restrictions to be held to perpetuity. Income from the endowment is restricted for specific purposes and, therefore, is not available for general expenditure.

4. Concentrations

Financial Institutions and Market Activity

The Organization maintains its cash in bank deposit accounts which, at times, may exceed Federally insured limits. The Federal Deposit Insurance Corporation (FDIC) guarantees accounts up to $250,000 per depositor per institution. The Organization has not experienced any losses in their bank deposit accounts.

The Organization invests funds in a professionally managed portfolio of marketable securities. Such investments are exposed to market and credit risks. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported on the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Major Contributors

Revenue from one individual accounted for approximately 14% of the Organization's revenue and support for the year ended December 31, 2024. In addition, 72% of the Organization's grants and contribution receivable as of December 31, 2024 was due from two donors.

5. Investments

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2024.

- *Equities and Fixed Income* - Valued at the closing price reported on the active market on which the individual securities are traded.

- *Investment in Fonkoze, S.A - Valued at fair market discounted for the limited distribution available for the investment.*

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Investments (continued)

The following table sets forth, by level, the fair value hierarchy of the Organization's investments at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Mutual funds - equities	$ 681,640	$ -	$ -	$ 681,640
Fixed income	-	340,148	-	340,148
Total marketable securities	681,640	340,148	-	1,021,788
Investment in Fonkoze S.A.	-	-	856,541	856,541
Total investments	$ 681,640	$ 340,148	$ 856,541	$ 1,878,329

Level 3 Investments

Financial instruments classified as Level 3 in the fair value hierarchy represent the Organization's investment in Fonkoze, S.A., which management has used at least one significant unobservable input in the valuation model. The Organization's Level 3 investments have been valued based on the price of a recent purchase of the same or a comparable investment within the reporting period. Management considers this purchase price to be the best estimate of fair value as of the measurement date, given the absence of other market transactions or observable inputs.

Changes in Fair Value of Level 3 Assets

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

The significance of transfers between level is evaluated based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits.

There were no changes in fair value of the Organization's Level 3 assets for the year ended December 31, 2024.

Transfers Between Levels

For the year ended December 31, 2024, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

6. Related-Party Transactions

The Organization shares a common mission with Fondasyon Kole Zepòl (the Foundation) and Sèvis Finansye Fonkoze (SFF), a wholly owned subsidiary of Fonkoze S.A. The Organization does not have control or economic interest in the Foundation or SFF. The Organization has a minority representation on the Board of Directors of the Foundation. Furthermore, two Board members and the Executive Director of each of the three entities participate in periodic Fonkoze Family Council meetings to coordinate entity activities.

Donations and loans acquired by the Organization are donated through grants and loans to both the Foundation and SFF.

Fondasyon Kole Zepòl (the Foundation)

The Organization owed the Foundation $549,000 in outstanding grants as of December 31, 2024.

For the year ended December 31, 2024, the Organization made grants to the Foundation totaling $888,704.

The Organization has a contract with the Foundation wherein the Organization is reimbursed for two of its employees providing full time services to the Foundation in Haiti. During the year ended December 31, 2024, the Foundation reimbursed $116,748 to the Organization.

Sèvis Finansye Fonkoze (SFF)

As of December 31, 2024, loans receivable from SFF was $2,469,505. The loans receivable, related party are associated with the loans payable from investors to provide for the advancement of loans to SFF. The amounts received from investors are recorded as loans payable, investors in the statement of financial position. As these loans become due from the lenders, the funds are immediately demanded from SFF. The Organization did not make any grants to SFF for the year ended December 31, 2024. Interest on loans receivable from related party totaled $76,255 for the year ended December 31, and is reported in the statement of activities on the accompanying statement of activities.

Future minimum payments on the loans receivable, related party were as follows:

Years Ending December 31,	Amount
2025	$ 1,264,505
2026	975,000
2027	220,000
2028	-
2029	10,000
Total	$ 2,469,505

Fonkoze S.A. did not pay any dividends on its outstanding shares for the year ended December 31, 2024.

7. Loans Payable - Investors

Loans payable are made up of multiple loans from various investors who have made loans to the Organization to support its programs and activities. The interest rates on the investor loans vary between 0% and 3% with various maturity dates through July 2029. As of December 31, 2024, the outstanding balance was $2,461,415.

Interest expense totaled $44,909 for the year ended December 31, 2024.

Future minimum payments of the investor's loans payable are as follows:

Years Ending December 31,	Amount
2025	$ 1,256,415
2026	975,000
2027	220,000
2028	-
2029	10,000
Total	$ 2,461,415

8. Lease

On May 9, 2022, the Organization entered into a lease agreement for office space in Washington D.C. The lease commenced on November 1, 2022 and is set to expire on February 28, 2026. Under this lease agreement, the Organization received 4 months of rent abatement. The lease calls for monthly payments of $4,518 in the first year, with annual increases thereafter equal to 2.75 percent of the previous year's payment for the remainder of the lease. The Organization is also required to pay its pro rata share of the increases in real estate taxes and operating expenses.

The weighted-average remaining lease term of the operating lease were 1.08 years as of December 31, 2024. The weighted-average discount rate of the operating lease was 4.15% as of December 31, 2024.

The ROU operating lease asset consist of the following at December 31, 2024:

ROU operating lease asset	$ 116,166
Amortization of right of use operating lease assets	(52,305)
Total right of use operating lease asset, net	$ 63,861

8. Lease (continued)

The table below presents a maturity analysis of the operating lease liabilities and a reconciliation of the total amount of the liabilities in the statement of financial position as of December 31, 2024:

2025	$ 57,626
2026	4,901
Total future minimum lease payments	62,527
Less: amount of lease payments representing interest	(2,049)
Present value of future minimum lease payments	60,478
Less: current obligations under lease – operating leases	(56,147)
Long-term lease obligations – operating leases	$ 4,331

Operating lease cost totaled $56,028 for the year ended December 31, 2024.

9. Net Assets With Donor Restrictions

As of December 31, 2024, net assets with donor restrictions were available for the following purposes, excluding net assets held to perpetuity:

Subject to passage of time	$ 280,082
Subject of expenditures for specific purposes:	
Health-Boutik Sante	200,000
Self-reliance and social inclusion - Chemen Lavi Miyò	32,972
Total subject of expenditures for specific purposes:	232,972
Total	$ 513,054

During the year ended December 31, 2024, releases from net assets with donor restrictions were for the following:

Expiration of time restrictions	$ 150,000
Satisfaction of purpose restrictions:	
Self-reliance and social inclusion - Chemen Lavi Miyò	427,931
Health-Boutik Sante	22,200
Total satisfaction of purpose restrictions	450,131
Total net assets released from donor restrictions	$ 600,131

10. Endowment

The Board of Directors has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act (DC-UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets to be held in perpetuity the original value of gifts to the perpetual endowment. The perpetual endowment fund currently consists of a general endowment fund.

The donor of the general endowment did not specify how earnings should be used. The donor of the education portion of the perpetual endowment fund specified that the earnings on those funds support education programming.

In accordance with DC-UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Duration of the Fund

The donor intends for the funds, including all realized and unrealized capital appreciation and depreciation generated by the funds, to exist in perpetuity with the exception of an annual releases of investment earnings being made based on each endowments spending policy.

Return Objectives and Risk Parameters

The Organization’s investment policy (the policy) states the following endowment objectives:

- To protect the donated assets and preserve their purchasing power over time.
- To provide a reasonable rate of return to support the Organization.
- To achieve maximum prudent total return without regard to whether that return consists of interest and dividends or realized and unrealized capital gain.
- The Investment Committee may honor requests from endowment donors to set aside the above objectives in order to invest their gift(s) directly in the work of Fonkoze Haiti.
- The Organization balances investment risk by diversifying among bonds, stocks, large and small cap, and domestic and foreign, with no-load mutual funds purchased through a mutual fund.

10. Endowment (continued)

Spending Policy

The policy further states that endowment income may be transferred annually to the operations account of the Organization, or retained in the endowment, at the discretion of the Organization's Board of Directors. When endowment income reaches $10,000 or more a year, it may be transferred to the operations account quarterly.

Endowment income includes actual income (interest and dividends) and attributed income (5% of the market value of investable assets in the endowment account on January 1 of each year).

Underwater Endowments

The Organization has interpreted DC-UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law and in accordance with the donors' instructions.

As of December 31, 2024, the composition of the endowment was as follows:

Without donor restrictions - board-designated	$ 682,815
With donor restrictions for appropriation	130,082
With donor restrictions held to perpetuity	201,237
	$ 1,014,134

For the year ended December 31, 2024, the changes in the endowment net assets were as follows:

	Net Assets Without Donor Restrictions - Board Designated	Net Assets With Donor Restrictions - For Appropriation	Net Assets With Donor Restrictions - Held to Perpetuity	Total
Balance as of January 1, 2024	$ 659,972	$ 107,895	$ 201,237	$ 969,104
Interest and dividends	33,305	9,359	-	42,664
Net appreciation	45,648	12,828	-	58,476
Withdrawal	(56,110)	-	-	(56,110)
Balance as of December 31, 2024	$ 682,815	$ 130,082	$ 201,237	$ 1,014,134

11. Defined Contribution Plan

The Organization provided benefits to all eligible employees under a 403(b) defined contribution plan. The Organization matches 50% of the employees' contribution up to $6,000 per year. The Organization's contribution for the year ended December 31, 2024, totaled $7,800.

12. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a non-profit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2024, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized on an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2024, and determined that there were no matters that would require recognition on the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 14, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.