



founded in 1961

# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at the Hyatt Regency Hotel, Cambridge, Massachusetts, on December 3rd 1993 at 9:30 a.m. There were present:

Terence C. Canavan
Martin P. Connell
John C. Duncan
Robert C. Helander
Stephen P. Knaebel
Daniel R. Martin
Thomas P. McDermott
Charles W. Muller
John W. Scott
Nancy Sherwood Truitt

being a quorum. Also present were President Council members John Gillett, Michele Gillett, Gilbert Glass, and Robert Scarlett, as well as Advisory Council Members; Juan Alvaro Munguia and Jorge Cespedes. Staff members present were William Burrus, Cathy Quense, Sonia Saltzman, Libbie Shufro, Maria Otero, Michael Chu and Delma Soto.

The meeting was called to order by the President, Daniel Martin.

#### I. APPROVAL OF THE MINUTES

The minutes of the June 14, 1993 meeting were approved as written.

#### II. FINANCE COMMITTEE REPORT

Tom McDermott reported that the financial statements through the third quarter demonstrated that the corporation was operating on a breakeven basis. The projections for the final quarter of the year indicate that ACCION will finish 1993 with a slight surplus.

He also reported that because of the planning process now underway, the 1994 budget will be presented for Board approval at its next meeting early next year.

Finally he stated that information had been sent to the Board Directors regarding the current status of the Bridge Fund. This information includes a description of the newly appointed credit review committee of the Board. Any Directors with specific questions related to the material should speak directly with him or Sonia Saltzman, the Director of Financial Services.

#### III. LEGAL REORGANIZATION OF ACCION

Mr. Peter Rosenblum, a Partner with Foley, Hoag & Eliot reviewed the plans for the legal reorganization of ACCION which was described in the packet of information sent out. A copy of that descriptive piece is attached to the minutes. Following various questions and discussion, the following two resolutions were seconded and unanimously approved:

That the corporation proceed with the legal reorganization process as described in the document 'Reorganization of ACCION International'

That the name 'ACCION' be included in the name of the two Bridge Fund corporations so that they read "ACCION Bridge Fund US, Inc.", and "ACCION Bridge Fund L.A., Inc."

### IV. EXECUTIVE DIRECTOR REPORT

Mr. Burrus reviewed the highlights of this past year which focussed on the internal reorganization. He stated that various staff members had been promoted and new senior staff hired in the Latin American Operations area. The training and TA functions had been decentralized to the new Center in Colombia, the legal reorganization had proceeded and the role of ACCION with the affiliate organizations had been redefined.

Because of the rapidly changing environment, he called on those present to embark on a new strategic planning process over the next few months which would culminate in a Board retreat next June. He noted that all of us are privileged to be associated with an organization such as ACCION. It is an awesome responsibility and we must never underestimate our power nor take lightly our stewardship. He called on those present to get back in touch with what attracted them to ACCION originally and to use the power of those feeling to rededicate themselves to our collective enterprise.

As part of the Executive Directors report, special presentations were made by Jorge Céspedes, President of AVANCE in Costa Rica, by Juan Alvaro Munguia, President of FAMA in Nicaragua and by Delma Soto, Executive Director of ACCION New York.

#### V. PRESIDENT'S REPORT AND DISCUSSION

Dan Martin, the President, reiterated the growing impact of the corporation's work and the need for us to always think strategically . He stated that the Executive Committee at its last meeting had begun to discuss various strategic issues related to the US and Latin America and invited those present to continue the discussion.

Following his introductory remarks, he facilitated a broad-reaching discussion covering the role of ACCION both at the operational and the advocacy levels, the need to more fully understand the quality of what we do and the real impact on our clients; the need to reaffirm our mission of working with the poor; the need to have clear strategies for bringing our client base into the mainstream financial sector, and other related issues.

#### VI. RESOURCE DEVELOPMENT REPORT AND DISCUSSION

The Director of Resource Development, Libbie Shufro, presented a quick update on the status of private fundraising for this year. She reported that the goals have been exceeded, thanks to the active participation of many staff and Board members.

She then introduced Jennifer Vanica, Executive Director of the Jacobs Family Foundation. Jennifer outlined the essential ingredients of a successful fundraising strategy. She discussed six key points:

- 1. Resource development needs to be positioned at the highest level of the corporation. "The audacity of the dream."
- 2. Resource development is a total organizational commitment, not just the responsibility of the fundraising director.
- 3. The funding strategy needs to be diverse.
- 4. The corporation needs to be willing to invest money in resource development in order to raise money.
- 5. We need to understand the role of private philanthropy as "venture capital", to expand and enhance.
- 6. We must not confuse our mission with our strategy; Our message to the public needs to be clear.

She stated that ACCION has a powerful case, good leadership, a history of successful fundraising and knows how to do strategic planning. Its challenges in the future are the following:

- 1. Needs to move beyond corporate and foundation fundraising to individual giving.
- 2. Currently has a very small base of individual support; this needs to be expanded.
- 3. Need to recruit additional volunteer leadership to help raise money.
- 4. We will continue to need unrestricted gifts which are hard to come by.
- 5. Our present fundraising staff is small.
- 6. The number of microenterprise organizations is constantly expanding in the U.S. and this increases competition.

Following Jennifer's presentation there was general discussion about resource development. It possibility of establishing a special task force of staff, Board members and friends to devise a comprehensive resource development plan was raised. Dan Martin stated that he would work with the staff to develop this committee.

With no further business to attend the meeting was adjourned.

William W. Burrus Acting Secretary

# REORGANIZATION OF ACCION INTERNATIONAL

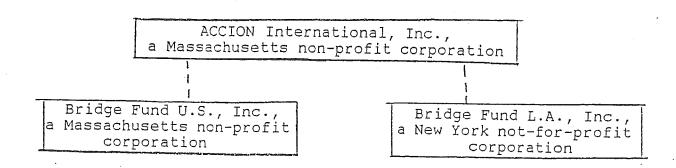
### I. CURRENT STRUCTURE

ACCION International is a New York, not-for-profit corporation organized for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1986. The Board of Directors of ACCION International currently consists of 21 individuals. Current officers are:

Chairman: Terence C. Canavan
President: Daniel R. Martin
Treasurer: Thomas P. McDermott
Secretary: Charles W. Muller
Ex. Director: William W. Burrus

#### II. PROPOSED REORGANIZATION

In order to protect the assets and operations of ACCION International from liabilities related to the Bridge Fund and in order to provide the organization with more flexibility to expand its activities, our lawyers have recommended that ACCION International reorganize into three separate entities with overlapping Boards of Directors. These parts of the organization would continue to operate largely as ACCION International has operated in the past. Following the reorganization, ACCION's organizational structure would appear as follows:



# A. Overview of the New ACCION

1. ACCION International, Inc. ACCION International, Inc. will act as a holding company, with the two Bridge Funds as supporting organizations. ACCION will provide management services to the other two entities through management agreements. It will also hold the plant and equipment of the current ACCION

International, and may lease the appropriate items and space to the other entities. All employees of the current ACCION International will become employees of the new ACCION International, Inc. ACCION International, Inc. will continue to solicit donations, grants and loans for use in activities other than those carried on by the other entities. It will also continue educational and training activities of the old ACCION International.

- 2. Bridge Fund Latin America, Inc. This organization will carry out all activities of the Bridge Fund as it operates today in Latin America. All of the assets of the Bridge Fund will be held by this organization and all loan or grant agreements for the purpose of capitalizing the Bridge Fund will be entered into by Bridge Fund L.A., Inc. Thus, any restrictions contained in such agreements will apply only to Bridge Fund L.A., Inc., without limiting the activities of ACCION International, Inc., and only the assets of Bridge Fund L.A., Inc. would be at risk following any default under any such agreement.
- 3. Bridge Fund U.S., Inc. The activities of this organization will parallel those of Bridge Fund Latin America, Inc., except that all such activities will be conducted in the United States. It is a new organization which will solicit grants, contributions and loans to be used as guarantees or reserves in support of ACCION International's U.S. Associate Programs. Thus, the provisions of such loan and grant agreements will apply only to Bridge Fund U.S., without limiting the activities of the other two entities and without placing the assets of the other entities at risk following a default under any such agreement. Initial capitalization of the Bridge Fund U.S., Inc. will be through a subgrant from ACCION International, Inc. of funds donated by the Charles Stewart Mott Foundation for the Bridge Fund U.S. reserve.

# B. The New Structure

- l. <u>Incorporation</u> Two new organizations will be incorporated in the Commonwealth of Massachusetts ACCION International, Inc. and Bridge Fund U.S., Inc..
- 2. Name Change The name of the old ACCION International will be changed to "Bridge Fund Latin America, Inc.".
- 3. Transfer of Assets. Bridge Fund Latin America, Inc. will proceed to transfer non-Bridge Fund assets to the other two entities. The principal assets and liabilities of the old corporation will remain, since they belong to the Bridge Fund. Current lenders and donors to the Bridge Fund will be notified of the change in name of the corporation.
- 5. Governance. The members (i.e. the Directors) of the old ACCION International will remain as members and Directors of the Bridge Fund L.A., Inc.; they will also be elected as Directors of the new Bridge Fund U.S., Inc. The current Officers of ACCION

International will be officers of the three organizations, and William Burrus will be Executive Director of the three organizations. Each organization may appoint distinct Committees of the Board, such as the Bridge Fund Credit Review Committee.

6. Employees. The current employees of ACCION International will become employees of the new ACCION International, Inc.. The two Bridge Funds will execute management agreements with the new ACCION International, Inc.

# C. Schedule for Reorganization.

It is anticipated that the Bridge Fund U.S., Inc. will be incorporated by December 31, 1993. The incorporation of the new ACCION International, Inc., with the accompanying name change of the new Bridge Fund Latin America, Inc. will take place in early 1994. This will enable us to have clean, audited financial statements prior to the separation of assets and liabilities. A more detailed work plan outlining the next steps in the reorganization will be developed by the staff in consultation with the lawyers.



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# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 425 Park Avenue, New York, on June 14, 1993 at 11:30 a.m. There were present:

John Avery
Albert Bildner
Terence Canavan
Martin Connell
John Duncan
Robert Helander
Mary Houghton
Christopher Kennan
John Luke, Jr.
Daniel Martin
Thomas McDermott
Charles Muller
Nancy Sherwood Truitt
Kathy Waldron

being a quorum. Also Present were International Advisory Council members, David Garza Laguera, Fernando Romero, and Federico Zorraquin. Staff members present were William Burrus, Carlos Castello, Maria Otero, Cathy Quense, Sonia Saltzman, and Libbie Shufro.

The meeting was called to order by the President, Daniel Martin, with the following agenda:

## I. APPROVAL OF MINUTES

The minutes of the December 5, 1992 meeting were approved as written.

#### II. TREASURER'S REPORT

Tom McDermott presented the 1992 audited financial statements. He mentioned that the Finance/Audit Committee had met to review the statements with representatives from Coopers & Lybrand on May 25, 1993, and that there were no outstanding issues. Only minor points had been raised in the management letter with no material impact.

General observations included the combination of the audits of Guatemala, Nicaragua and Centro ACCION in the statements of ACCION, as the "sponsoring organization". Mr. McDermott reviewed the balance sheet noting growth in cash and deferred revenue, the addition of "publications inventory", and the slight growth of the

130 Prospect Street Cambridge, MA 02139 (617) 492-4930 FAX (617) 876-9509 Bridge Fund (+350,000). He also commented on the Banco Sol investment of \$250,000 included in "other assets".

On the Statement of Revenue & Expenses, Mr. McDermott stated that the "surplus" for 1992 went to further capitalize the Bridge Fund reserve and the NY loan loss reserve. There was an increase in private revenue, and a substitution of U.S. government funds with foreign government grants, notably the Austrian government funds for the Nicaragua program. Expenses for the year were on target with budget projections and varied only slightly from the previous year. Centro ACCION expenses are detailed in a separate column, the full impact will be felt in 1993.

Kathy Waldron asked about longer term financial projections, considering the decrease in AID support. Bill Burrus responded that the prospects were very promising for increased funding from more diverse sources, which has long been a goal of ACCION.

Mr. McDermott then reviewed the status of the Bridge Fund commitments as outlined in the attached tables. He noted that the largest commitments are in Bolivia, Colombia and Mexico, among the largest and strongest programs of ACCION, a total of \$5.2 million is placed, which has a 2:1 leverage factor. The Bridge Fund accounts for 22% of affiliate lending of \$55 million.

#### III. ELECTIONS

The annual elections were held for the Board of Directors, Committees and Advisory Council. A list of those elected is attached. Michael Chu resigned from the Board and will join the staff as the new Director of Latin American Operations.

#### IV. RESOURCE DEVELOPMENT

Chris Kennan, the Chair of the Resource Development Committee, briefly updated the Board on the status of fundraising and then asked Libbie Shufro to add additional detail. Libbie handed out new material developed including a new "Opportunities for Giving" sheet and a tentative calendar of special events. She reiterated the desire to increase the individual funding base of ACCION and asked the Board to give special help in this area. Dan Martin also made a special appeal for the Board to make their own personal gifts now rather than waiting until the end of the year.

#### V. LEGAL STRUCTURE

As suggested by Peter Rosenblum of Foley, Hoag & Elliot, a legal structure needs to be developed in order to protect assets of ACCION from potential liabilities, and to provide the organization with more flexibility to expand its activities.

The structure will be as follows: Accion is a parent corporation with at least two supporting organizations: 1) Bridge Fund/US 2) Bridge Fund/ Latin America. There will be an overlapping of Board

of Directors and management contracts for staffing.

The staff will continue to work with Peter Rosenblum with the goal of presenting a formal plan by the Board meeting in November.

## VI. EXECUTIVE DIRECTOR'S REPORT

In the interests of time, Bill Burrus shortened his report. He commented on the Staff changes that had occurred as part of ACCION's efforts to meet the challenges in the microenterprise field. He made special note of the hiring of Michael Chu and stated how happy the staff is that Michael will be joining them.

#### VII. LATIN AMERICAN OPERATIONS

Fernando Romero, David Garza Laguera and Federico Zorraquin each gave summary updates on the status of their affiliate institutions.

#### VIII. U.S. OPERATIONS UPDATE

Maria Otero presented a brief update on the status of the potential sites currently under exploration:

ALBUQUERQUE After being invited by Albuquerque Economic Development, a feasibility study has been completed and compiled, by Anne Haines, into a business plan which is being used to seek out sufficient funding to establish an affiliate in Albuquerque. The need for an ACCION-type program is present and the potential client community has expressed much interest.

SAN ANTONIO, TEXAS Debra Sanchez was hired to conduct a market study which will be completed by the end of June. If this study confirms the need for an ACCION-type program, ACCION will develop a business plan and work out an agreement with Texas Commerce Bank to define their participation in the program. We hope to begin operations in San Antonio in 1993.

CHICAGO, ILLINOIS Thanks to the feasibility help of First Chicago, ACCION has decided to move ahead to the next phase of operations, being to design and start-up. (Hire a local consultant to conduct interviews, hire and train an executive director, rent an office, and begin Board formation, and begin seeking operational support).

SAN DIEGO, CALIFORNIA Funding for a marketing survey has been raised through staff visits. If the results are positive, and area support and interest remain high, ACCION will move forward with project design and start-up.

In response to a question from Albert Bildner on the status of ACCION/New York, Mr. Burrus stated that the program was being carefully monitored and evaluated. He has asked Pedro Jimenez and

Kathy Stearns to spend a week there in mid July to make recommendations.

#### IX. PROFUND

Martin Connell presented a quick update on the progress made to create an equity fund for investing in those affiliates that are transforming into banks or other financial institutions. He stated that the entity would be set up as a simple for-profit corporation and would seek investments from private and public donors in North America and Europe. It is hoped that an offering memorandum would be prepared and ready for Board consideration by the end of the summer.

With no further business to attend, the meeting was adjourned.

William W. Burrus Acting Secretary

# Financial Services Department Guarantee/Loan Placements

•		,			Projected		
	12/31/92	% of	05/31/93	% of	Placement	% of 3	% of
_	Placement	Total	Placement	Total	12/31/93	B Fund 3	Total 3
Argentina							
Emprender	90,000	2%	90,000	2%	290,000	4%	3%
Bolivia							
Bancosol	1,112,500 1	21%	1,112,500	20%	2,179,598 2	17%	24%
PRODEM	0	0%	0	0%	100,000	1%	1%
7 110 2 21.1	v	3,0		9,0	2,279,598	18%	$2\frac{170}{5\%}$
	•			!			
Brazil	0	0%	0	0%	0	0%	0%
**	•						
Chile	<b>500.000</b>	400	500,000	.~	<b>300.000</b>	4004	
PROPESA	500,000	10%	500,000	9%	700,000	10%	8%
Colombia							
ACTUAR – Bogotá	1,479,828 1	28%	1,541,392	28%	2,608,490 2	23%	29%
ACTUAR - Tolima	99,125	2%	224,125	4%	224,125	3%	2%
ACTUAR - Quindio	0	0%	18,975	0%	68,975	1%	1%
Banco Mundial de la Mujer	22,000	0%	22,000	0%	22,000	0%	0%
Cooperativa	60,000	1%	60,000	1%	60,000	1%	1%
<b>1</b>	1,660,953	31%	1,866,492	33%	2,983,590	28%	33%
Costa Rica							
AVANCE	250,000	5%	250,000	5%	250,000	4%	3%
Danielas Danielas	•	0.04	0	000	^		004
Dominican Republic	0	0%	0	0%	0	0%	0%
Ecuador							
FED	550,000	10%	<i>55</i> 0,000	10%	850,000	12%	9%
FADEMI	150,000	3%	150,000	3%	350,000	5%	. 4%
AUTOEMPLEO	150,000	3%	150,000	3%	150,000	2%	2%
CORFEC	25,000	0%	25,000	0%	25,000	0%	0%
	875,000	16%	875,000	16%	1,375,000	20%	15%
	•		·				
Guatemala	0	0%	.0	0%	. 0	0%	0%
							•
Mexico	<b>***</b>		400.000		242 222		
ADMIC	500,000	10%	600,000	11%	850,000	12%	9%
Nigorogue	0	0%	. 0	0%	0	0%	0%
Nicaragua	. 0	. 0%	. 0	0%	U	. 0%	0%
Paraguay			•		*		
Fundación Paraguaya	100,000	2%	100,000	2%	150,000	2%	2%
					,	_,-	
Peru		•					
ACP	100,000	2%	100,000	2%	100,000	1%	1%
U.S.			,,,,,,,		400		
ACCION NY	45,000	1%	45,000	1%	120,000	2%	1%
Working Capital	<u>10,000</u>	<u>0%</u>	Ō	0%	<u>0</u>	<u>0%</u>	<u>0%</u>
Total	5 242 452	100%	5 538 002	100%	9,098,187	100%	<u>100%</u>
LOUI	5,243,453	100%	5,538,992	10070	2,020,107	<u>100%</u>	10070

<sup>1</sup> Includes letters of credit in the amount of \$262,500 each to guarantee loans to Bancosol, Bolivia and ACTUAR-Bogotá backed by the UNIFEM/ACCION Guarantee Facility.

<sup>2</sup> Projected placement is based on current Bridge Fund assets plus the 35% leverage from Citibank NY, and includes the \$2 million loan from AID which will be used to guarantee loans to Bancosol, Bolivia and ACTUAR—Bogotá, Colombia for \$1 million each. The projected allocations are subject to approval from ACCION's Credit Committee.

<sup>3</sup> The % of B Fund column represents private, AID (US\$ 1 m) and UNIFEM monies placed with a given program. The % of Total column for 12/93 includes placement of the AID US\$ 2 million.

# Financial Services Department Guarantee/Loan Availability

	12/31/92	05/31/93	12/31/93
I. Bridge Fund			
1. AID Loan	1,000,000	1,000,000	800,000
2. Investments at SS Bank and Chemical Bank	240,000	90,000	0
3. Investments at Citibank	4,504,126	4,678,126	4,768,126
a. Assignable Loanable Value	N/A	3,976,407	4,052,907
-ALV (85%)	14/21	3,270,407	7,002,907
b. Potential Availability (ALV/65%)	N/A	6,117,549	6,235,242
c. Actual Availability	N/A	5,000,000	6,000,000
o. 1 200au 1 2 value omiy	14/21	3,000,000	0,000,000
II. UNIFEM Guarantee Facility	525,000	525,000	525,000
III. US\$2 million AID Loan	0	0	2,000,000
Sub-total (I+II+III)	6,269,126	6,615,000	9,325,000
IV. Less Repayments			
1. Projected withdrawal rate	(224,413)	(226,813)	(226,813)
of 10% on short term	()	(,)	(,)
loans (excludes Ford Fdn.			
and MacArthur, \$2,500,000)			•
V. Less Current Placements	/5 040 450\	(E 529 000)	/0.000.107N
v. Less Current Pracements	(3,243,433)	(5,538,992)	(9,098,187)
VI. Excess Availability	801,260	849,195	0
VII. Bridge Fund Loan Loss			
Reserve	425,483	425,483	425,483
1. Required on outs. LCs 1	285,923	300,700	418,659
2. Excess Reserve	139,560	124,783	6,824

<sup>1.</sup> On AID \$1 million, \$100,000 On AID \$2 million, 3% to be funded over 12 months from 6/93, \$60,000 On non-AID monies, 5% on outstanding LCs On UNIFEM monies, \$0

# BRIDGE FUND Key Statistics

Number of Countries using the Bridge Fund	<u>12/31/92</u> 10
Number of Programs using the Bridge Fund 1	20
% of Affiliate Loan Portfolio Funded w/ BF Resources	22%
Leverage obtained with BF Resources	2.3

1. Banco Mundial de la Mujer, as shown in the Placement Chart, includes three affiliates.

#### ACCION INTERNATIONAL

BOARD OF DIRECTORS 1993-94

John Avery Albert Bildner J. Murfree Butler Terence C. Canavan Martin P. Connell John C. Duncan Marilyn Harris Robert C. Helander Mary A. Houghton Christopher J. Kennan Stephen P. Knaebel John A. Luke, Jr. Daniel R. Martin Thomas P. McDermott Charles W. Muller Crocker Nevin Kathrine Ockenden Michael O'Shaughnessy John W. Scott Salua Smith Nancy S. Truitt Kathy Waldron

# Resigning from Board

Diane de Vries Ashley Michael Chu

## **OFFICERS**

<u>Chairman</u> Terence C. Canavan

President Daniel R. Martin

Secretary Charles W. Muller

 $\frac{ \text{ } \underline{ \text{Treasurer} } }{ \text{ Thomas } \text{ P. McDermott} }$ 

#### STANDING COMMITTEES

EXECUTIVE COMMITTEE
Terence C. Canavan
John C. Duncan
Robert P. Helander
Daniel R. Martin
Charles W. Muller
Thomas P. McDermott
John W. Scott

AUDIT/FINANCE COMMITTEE
Thomas P. McDermott
Crocker Nevin
Charles W. Muller

NOMINATING COMMITTEE
J. Murfree Butler-Chair
Stephen P. Knaebel
Mary A. Houghton

# CAPITAL FORMATION/PLACEMENT OVERSIGHT COMMITTEE Albert Bildner Carroll Perry (non-Board) Peter Rosenblum (non-Board)

RESOURCE DEVELOPMENT COMMITTEE
Christopher J. Kennan-Chair
J. Murfree Butler
Kathrine Ockenden
Nancy Sherwood Truitt

# INTERNATIONAL ADVISORY COUNCIL

Sixto Durán-Ballén
Alvaro Arango Correa
Jorge Céspedes
David Garza Laguera
Roberto Gutierrez
Fernando Leniz Cerda
Camilo Lluberes
Juan Alvaro Munguia
Juan Niemann
Pablo Obregón
Guillermo Francisco Peroni
Fernando Romero
Hernando de Soto
Federico Zorraquin

#### ACCION INTERNATIONAL

#### Consent of Directors

May , 1993

The undersigned, being all of the Directors of Accion

International (the "Corporation"), hereby unanimously consent to

the adoption of the following actions:

RESOLVED:

That the Corporation execute, deliver and perform a Banking and Investment Services Contract (the "Contract") with Citibank, N.A. and that such Contract be in substantially the form attached as <a href="Executive Director">Exhibit A</a> hereto, with such changes therein as the <a href="Executive Director">Executive Director</a> of the Corporation shall approve as in the best interests of the Corporation, the execution and delivery of the Contract by the Executive Director to be conclusive evidence of his approval of such changes and of the due authorization of the execution, delivery and performance by the Corporation of the Contract;

RESOLVED:

That the resolutions relating to the opening and maintaining of a Corporate Account in the name of the Corporation with The Citibank Private Bank of the United Kingdom, a copy of which resolutions is attached as <a href="Exhibit B">Exhibit B</a> hereto, be, and they hereby are, approved and adopted;

RESOLVED:

That the Corporation execute, deliver and perform a Portfolio Management Services Agreement (the "Agreement") with Citibank, N.A. and that such Agreement be in substantially the form attached as <a href="Executive Director">Exhibit C</a> hereto, with such changes therein as the <a href="Executive Director">Executive Director</a> of the Corporation shall approve as in the best interests of the <a href="Corporation">Corporation</a>, the execution and delivery of the <a href="Agreement by the Executive Director">Agreement by the Executive Director</a> to be <a href="Conclusive evidence of his approval of such changes and of the due authorization of the <a href="Execution">Execution</a>, delivery and performance by the <a href="Corporation of the Agreement">Corporation of the Agreement</a>;

RESOLVED:

That the resolutions relating to the opening and maintaining of a Portfolio Management Account in the name of the Corporation with The Citibank Private Bank of the United Kingdom, a copy of which resolutions is attached as <a href="Exhibit D">Exhibit D</a> hereto, be, and they hereby are, approved and adopted;

**RESOLVED:** 

That the Corporation execute, deliver and perform a Management Agency Agreement for Social Responsibility Investing (the "Management Agreement") with Dubuque Bank and Trust Company and that such Management Agreement be in substantially the form attached as <a href="Exhibit E">Exhibit E</a> hereto, with such changes therein as the Executive Director of the Corporation shall approve as in the best interests of the Corporation, the execution and delivery of the Management Agreement by the Executive Director to be conclusive evidence of his approval of such changes and of the due authorization of the execution, delivery and performance by the Corporation of the Management Agreement;

RESOLVED:

That the Corporation execute, deliver and perform a Time Grid Note (the "Note") for the benefit of Safra National Bank of New York and that such Note be in substantially the form attached as <a href="Exhibit F">Exhibit F</a> hereto, with such changes therein as the <a href="Executive Director">Executive Director</a> of the Corporation shall approve as in the best interests of the Corporation, the execution and delivery of the Note by the <a href="Executive Director">Executive Director</a> to be conclusive evidence of his approval of such changes and of the due authorization of the execution, delivery and performance by the Corporation of the Note;

**RESOLVED:** 

That the resolutions relating to the execution and performance of the Note, a copy of which resolutions is attached as <a href="Exhibit G">Exhibit G</a> hereto, be, and they hereby are, approved and adopted;

RESOLVED:

That any banking or other financial institution designated by the Corporation as a depository with authority to accept deposits of this Corporation be, and it hereby is, authorized and directed to pay or otherwise honor or apply without inquiry and without regard to the application of the proceeds thereof, checks, drafts, notes, bills of exchange, acceptances, undertakings and other instruments or orders for the payment, transfer or withdrawal of money for whatever purpose and to whomsoever payable, including those drawn to the individual order of signer, when signed, accepted or endorsed by any two of the following individuals: William W. Burrus, Catherine A. Quense and Sonia B. Saltzman;

RESOLVED:

That the Corporation execute, deliver and perform a Modification Agreement with The Ford Foundation which modifies in certain respects the Loan Agreement dated as of March 6, 1991 by and between

#### RESOLVED:

Diane de Vries Ashley	John Avery
Albert Bildner	J. Murfree Butler
Terence C. Canavan	Michael Chu
Martin P. Connell	John C. Duncan
Nicholas M. Graves	Marilyn A. Harris
Robert C. Helander	Mary Houghton
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## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at the Hyatt Regency Hotel, Cambridge, Massachusetts, on December 5, 1992 at 10:00 a.m. There were present:

Albert Bildner Terence Canavan Michael Chu Martin Connell John Duncan Robert Helander Mary Houghton Steve Knaebel Daniel Martin Thomas McDermott Charles Muller Crocker Nevin Michael O'Shaughnessy Salua Smith Nancy Truitt Kathy Waldron

being a quorum. Also present were President Council members Russell Faucett, John Gillett, Michele Gillett, Gilbert Glass, Keith Kretschmer, Robert Luken, Robert Scarlett, Jeffrey Sutherland, and Linda Zwirlein. Staff members present were William Burrus, Stephen Gross, Cathy Quense, Sonia Saltzman, Libbie Shufro, Maria Otero and Kathy Stearns.

The meeting was called to order by the President, Mr. Martin, with the following agenda:

### I. APPROVAL OF THE MINUTES

With the correction of several typos, the minutes of the June 2, 1992 meeting were approved as written.

### II. FINANCE COMMITTEE REPORT

Because the Treasurer, Tom McDermott, arrived late, the Director of Finance and Administration gave the finance report. She first reviewed the financial statements for the period ending September 30, 1992. Several suggestions were made regarding the format for the reports: Year to date figures should be compared with the same time period for the past year; a variance column should be added.

Regarding the 1993 budget, it was suggested that budget figures should be compared to the full previous year.

Following further discussion, the 1993 budget was approved without change by unanimous vote. A copy of the budget is attached to these minutes.

As part of the finance report, Mr. Michael Chu, as head of the Financial Services Department Oversight Committee, reported on the work of that group. Two meetings, including a conference call, have been held since the establishment of the Committee in June. The Committee has focused on several key issues: investment policies at Citibank, view of the SEC related to non-profit funds such as the Bridge Fund, legal restructuring of ACCION, and current interest rate levels. A question was raised as to who has the authority to review and determine the investment policies of the Bridge Fund. It was determined that the Executive Committee should review and approve these policies periodically.

Mr. Chu also requested that a letter be sent from the President to the non-Board members of the Oversight Committee thanking them for their excellent work on behalf of the corporation.

### III. PRESIDENT'S REPORT

Mr. Martin reported on the activities of the various Board committees and of individual Board members since the last full Board meeting in June. He stated that the Executive Committee had met in September to discuss the US expansion. Various Board members have attended functions on behalf of ACCION including Terry Canavan who attended the inauguration of Sixto Durán-Ballén and the September Board meeting of Banco Sol.

### IV. RESOURCE DEVELOPMENT COMMITTEE REPORT

The Director of the Department, Libbie Shufro stated that in the absence of Chris Kennan, the Chair of the Committee, she would give the report. She then analyzed the status of private giving through mid-November and compared it with last year. The corporation expects to exceed budget goals for the year, assuming the projected returns for December are realized. A copy of the analysis is attached to these minutes.

She then introduced Mr. John Brown who proceeded to make a brief presentation on the advantages and options for planned giving.

### V. EXECUTIVE DIRECTOR'S REPORT

Mr. Burrus stated that rather than give a general progress report, he preferred to make a few brief statements about the current environment in Latin America and the US in the field of microenterprise. There is a fundamental shift in thinking among policy makers in which economic and social paternalism is giving

way to the recognition that the poor are not the problem but the solution. Within this context there are rapid changes occurring in the microenterprise arena including; pressure to scale-up lending, increased recognition that true financial intermediary institutions need to be set up for the poor, new types of resources need to be mobilized and new strategic relationships need to be forged.

On the domestic scene, policy makers are looking for new solutions to poverty and microenterprise is increasingly recognized as a possible solution.

In closing, Mr. Burrus asked the staff, Board and members of the President's Council to help ACCION remain on the cutting edge by being willing to innovate and to help ACCION think strategically.

### VI. NEW INITIATIVES: PROFUND AND DEVELOPMENT CAPITAL

Mr. Burrus asked the Director of the Washington Office, Ms. Otero, to inform the Board of two new initiatives which the corporation is exploring: Development Capital Fund and PROFUND. A description of these two initiatives is attached.

### VII. STATUS OF US INITIATIVE

Mr. Burrus updated those present on his exploratory visits to Texas, New Mexico and Chicago. In each case the prospects for beginning a new program are good and the next stage is to do a feasibility study. ACCION is waiting for a decision from key players in each site to move ahead.

On the funding side, he reported that, in addition to the resources provided by the O'Shaughnessy Foundation, the Mott Foundation has agreed to provide \$325,000 over a three year period to help cover costs of expansion.

Finally, he introduced the new Director of US Operations, Kathy Stearns, who expressed her enthusiasm for this new assignment and briefly outlined some of the challenges ahead.

### VIII. PROPOSED CHANGES IN ACCION'S LEGAL STRUCTURE

Mr. Burrus introduced Mr. Peter Rosenblum, a Partner with Foly, Hoag and Elliot who presented a case for the reorganization of ACCION in which the Bridge Fund and a Bridge Fund for US operations be legally separated from ACCION itself. His specific proposal is to create these two entities as supporting organizations of the parent corporation. This reorganization is increasingly critical so as to limit the financial liability of each and to clearly segregate the assets of each.

Following a general discussion, the Board unanimously resolved that:

"The Finance Committee and the Bridge Fund Oversight Committee move ahead towards developing a plan and specific recommendations on the reorganization for further consideration by the Executive Committee at its next meeting."

### IX. UPDATE ON LATIN AMERICAN PROGRAMS

Mr. Gross handed out a summary sheet with a brief update of each program. Some concern was expressed about the late payment rates of some of the affiliates and the staff was asked to provide additional information to the Board on these programs, including aging schedules for the portfolios.

With no further business to attend, the meeting was adjourned.

William W. Burrus Acting Secretary

ACCION INTERNATIONAL: 1993 BUDGET

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Private contributions Government grans	07 00	\$192,314	\$25,000	\$55,331 \$115,957	\$515,574	\$140,339 \$165,802	\$93,143 \$1,541,008	\$80,718 \$402,735	\$1,316,969	\$1,017,736 \$1,835,202	\$962,405
Membership fees	350,000		7547170						\$234,000	\$21 <b>4,802</b> \$0	\$251,832
Publications Other				328,000	\$66,000			320,000	\$48,000	\$38,000 \$14 \$70	20, LZ 20, LZ 24, LZ
Total revenue	3494,983	\$1 <b>97,5</b> 14	3250,577	8197,288	\$ <b>583,57</b> 4	S306,141	31,634,131	\$503,453	84,201,260	\$3,20,5@	SZ,754,400
Expenses:	·										
Salaries and related Operations	\$202,047 \$223,785	\$92,314. \$100,000	\$190,370 \$3 <b>\$</b> ,401	3112,888 . \$84,400	\$278,60% \$122,470	\$195,741 \$110,400	\$201,723	\$131,184 \$372,269	\$1,404,871	\$1,283,893 \$1,094,805	\$1,101,498
Interes: Pess—tirrough Other			\$18,000		\$7,500		\$1,221,867		\$1,396,867	\$7,000	\$142,227 \$392,600
Total expenses	\$425,830	\$192.314	\$246,771	\$197.288	\$583.574	\$306,141	\$1,634,151	\$503,453	\$4,089,522	\$3.042.790	\$2.576.904
Exces of revenue (expenses)	\$69,158	Q	\$42,600	Q,	0\$	80	0\$	0\$	\$111,758	<i>9TT,TT8</i>	\$177.4%

### STATUS SUMMARY: ANALYSIS OF 1992 PRIVATE GIVING WITH COMPARISON TO 1991

1992	\$ RAISED TO DATE (1/1 - 11/18/92)	PROJECTED \$ TO BE RAISED BETWEEN 11/19 - 12/31/92	PROJECTED YEAR-END TOTAL 1992	BUDGET Goals 1992	PROJECTED VARIANCE 1992
INDIVIDUAL	125,033	79,967	205,000	200,000	5,000
COMBINED FED CAMPAIGN	26,079	3,921	30,000	25,000	5,000
CORPORATE	268,470	6,500	274,970	262,000	12,970
FOUNDATION	671,453	2,000	673,453	480,000	193,453
CHURCHES	5,500	. 0	5,500	0	5,500
TOTAL:	\$1,096,535	\$92,388	\$1,188,923	\$967,000	\$221,923
1991	\$ RAISED TO DATE (1/1-11/18/91)		ACTUAL YEAR END TOTAL 1991	BUDGET GOALS 1991	YEAR END VARIANCE 1991
INDIVIDUAL	66,335	•	156,457	100,000	56,457
COMBINED FEDERAL CAMPAIGN	25,000		27,000	20,000	7,000
CORPORATE	195,675		256,925	200,000	56,925
FOUNDATION	449,973	•	853,776	626,000	227,776
CHURCHES	250		250	0	250
TOTAL:	\$737,233	:======================================	\$1,294,408	\$946,000	\$348,408

PLEASES NOTE: CHARTS DO NOT REFLECT DEFERRED MONIES.

### NEW FINANCIAL INITIATIVES

There are two new initiatives to leverage additional financial resources which ACCION is actively exploring in coordination with other select international development agencies:

### I. Development Capital Fund:

The Calvert Foundation will launch the Calvert High Impact Fund as a new investment fund to raise money from the public. It expects to raise \$50 million over five years. The capital raised will go to finance low-income housing and economic development in the US and internationally.

To gain access to these funds at below market rates, ACCION has entered into a tentative agreement to form a consortium with four other development agencies: Seed Capital/SIDI, Calmeadow, Appropriate Technologies International and FINCA. This consortium is called Development Capital Fund and is being established as a separate non-profit organization.

The consortium expects to receive \$12.5 million from Calvert over five years of which \$2.5 million would be available to ACCION.

The money would be made available to ACCION at below market rates. ACCION would use the resources in its Bridge Fund or for direct lending to affiliates. The annual cost to ACCION of participating in the consortium is \$8000. Until the consortium can become self-funding, foundation grants are being requested in collaboration with Calvert to cover these annual costs.

### II. PROFUND

Based on the experience of raising equity capital and long-term financing for Banco Sol in Bolivia, a group of interested organizations have formed a working group called "PROFUND" to explore the feasibility of establishing a pool of funds that would invest in new financial institutions in Latin America which provide services to microenterprise. Chaired by Fernando Romero, the group consists of ACCION, Calmeadow, Seed Capital, and FUNDES, a swiss group. All these organizations are investors in Banco Sol.

Other affiliates of ACCION such as ACTUAR in Bogotá, Colombia are in the process of transforming themselves into banks or other financial entities. A privately managed pool of equity funds raised from private investors would be able to significantly leverage resources from the Inter-American Investment Corporation and other multi-lateral funders. The hope would be that with private funding of \$3-5 million, approximately ten times that amount could be secured from international sources.

A meeting of the PROFUND working group will take place in Bolivia on November 22-23. A report of the decisions and recommendations of the group will be given at the Board meeting.

### MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 599 Lexington Avenue, New York, New York, on June 2, 1992 at 12:30 p.m. There were present:

John Avery
Albert Bildner
Murfree Butler
Terence Canavan
Michael Chu
Martin Connell
John Duncan
Robert Helander
Mary Houghton
Christopher Kennan
Stephen Knaebel
Daniel Martin
Charles Muller
Michael O'Shaughnessy
John Scott

being a quorum. Also present were Advisory Council members David Garza Laguera, Roberto Gutierrez, and Pablo Obregón. The guests present were Juan Alvaro Munguia from Nicaragua and Juan Niemann from Guatemala. Staff present were William Burrus, Stephen Gross, Cathy Quense and Libbie Shufro.

The meeting was called to order by the President, Mr. Martin, with the following agenda:

### I. APPROVAL OF THE MINUTES

The minutes of the November 20, 1991 Board meeting were approved as written.

### II. TREASURER'S REPORT

In the absence of the Treasurer, Tom McDermott, the Director of Finance and Administration, Cathy Quense, reported that the Finance Committee had met the previous week with the auditing firm of Coopers & Lybrand to review their 1991 audit. She noted that the audit was a clean opinion and proceeded to review the particulars of the financial statements and accompanying notes. She also stated that the Finance Committee had reviewed the management letter and that it was available to any interested Board members. Following discussion a motion was seconded and unanimously approved to accept the Treasurer's report.

### III. ELECTIONS

Annual elections were held for the corporations Board of Directors, Officers, Standing Committees and International Advisory Council. The unanimously elected slates are attached to the minutes.

### IV. EXECUTIVE DIRECTORS REPORT

Mr. Burrus first reported on the results of the first year of the Gran Salto, comparing the actual results to the projected totals included in the strategic plan. A copy of the chart he displayed in presenting the results is attached to the minutes.

He concluded that the staff were satisfied with the first year results. Yet it is clear that some countries were able to reach their goals while others have lagged behind. In addition, two countries, Paraguay and Costa Rica, have experienced serious growing pains this past year. Both have suffered increased late payment rates and internal crisis. He was asked to outline the key factors that contributed to the crisis and Mr. Burrus stated that it was a combination of overly ambitious expansion, weak Boards, methodological deviations and ineffective management. These two crisis has underscored the importance of ACCION developing an "early warning system" to quickly detect the signs of an impending crisis so as to head it off before it develops.

Mr. Burrus concluded his report but updating those present on the status of the new initiatives in Argentina and Nicaragua. In Argentina, under the able leadership of Federico Zorraquin, a new foundation, EMPRENDER, has been established and has become operational, having recently disbursed its first loans. Mr. Burrus asked Mr. Munguia, the President of the new foundation in Nicaragua, FAMA to report on progress in Managua. Mr. Munguia stated that the program had grown very quickly in response to the dire needs of the informal sector in his country. Since lending began in February a total of 959 microenterprises have received loans totalling \$138,300 through solidarity groups.

### V. FUNDRAISING REPORT

The Chair of the Fundraising Committee, Mr. Chris Kennan, reported that the results of the 1991 campaign surpassed projections by some 30% and that results to date this year were running ahead of last year. He and Libbie Shufro, the Director of Resource Development, outlined the specific goals for 1992, the key role that the Directors need to play in achieving these goals, including specific actions required.

Ms. Shufro also reported on the creation of a new council to recognize individuals that have worked particularly hard for ACCION and who will give or raise at least \$5000 for the corporation. Following some discussion, it was agreed that this council would be called the Chairman's council unless a more appropriate name could

be found. Other possible suggestions include the President's Council and the Leadership Council.

### VI. STATUS OF BRAZIL PROGRAMS

Mr. Burrus stated that the staff was not satisfied with the current state of ACCION affiliates in Brazil and asked the Board's help in identifying leaders from the private sector who could help launch a new initiative which would be more ambitious in scaling up. Following discussion of several candidates it was agreed that several Board members would explore the interest of several candidates.

### VII. EXPANSION OF ACCION IN US

Mr. Burrus stated that in light of the promising experience in Arizona and New York and in light of recent events in Los Angeles, it was his opinion that the corporation should develop a specific plan for a measured but ambitious expansion in the US. Following a lengthy discussion on the New York experience, possible sources of financing and the impact of a US expansion on ACCION's Latin American funding base, it was agreed that the staff would prepare a specific plan for Board discussion and action. Mr. Burrus stated that this plan could be ready by the early fall and it was suggested that the next Executive Committee of the Board should focus on this plan.

With no further business to attend, the meeting was adjourned at 4:30 p.m.

William W. Burrus Designated Secretary

### ACCION INTERNATIONAL

### BOARD OF DIRECTORS 1992-93

Diane de Vries Ashley John E. Avery Albert Bildner J. Murfree Butler Terence C. Canavan Michael Chu Martin P. Connell John C. Duncan Marilyn Harris Robert C. Helander Mary A. Houghton Christopher J. Kennan Stephen P. Knaebel John A. Luke, Jr. Daniel R. Martin Thomas P. McDermott Charles W. Muller Crocker Nevin Kathrine Ockenden Michael O'Shaughnessy John W. Scott Salua Smith Nancy S. Truitt Kathy Waldron

### OFFICERS

<u>Chairman</u> Terence C. Canavan

President Daniel R. Martin

Secretary Charles W. Muller

Treasurer
Thomas P. McDermott

### STANDING COMMITTEES

EXECUTIVE COMMITTEE
Terence C. Canavan
 Michael Chu
 John C. Duncan
Robert P. Helander
 Daniel R. Martin
Charles W. Muller
Thomas P. McDermott
 John W. Scott

AUDIT/FINANCE COMMITTEE
Thomas P. McDermott
Crocker Nevin
Charles W. Muller

J. Murfree Butler-Chair Diane de Vries Ashley Stephen Knaebel Mary Houghton

### CAPITAL FORMATION/PLACEMENT OVERSIGHT COMMITTEE

Michael Chu-Chair Albert Bildner Diane de Vries Ashley Carroll Perry (non-Board) Peter Rosenblum (non-Board)

RESOURCE DEVELOPMENT COMMITTEE
Christopher J. Kennan-Chair
Katherine Ockenden
J. Murfree Butler

### INTERNATIONAL ADVISORY COUNCIL

Alvaro Arango
Jorge Céspedes
Hon. Sixto Durán-Ballen
David Garza Laguera
Roberto Gutiérrez
Fernando Léniz
Camilo Lluberes
Juan Alvaro Munguía
Juan Niemann
Pablo Obregón
Guillermo Peroni
Fernando Romero
Hernando de Soto
Federico Zorraquín

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:	,426   415   89   24   52,004		1,597	1,570	3,635	10,477   664   2,059   21,672   627   4,440   3,309   3,635   1,570   1,597	1,440	627	,672	9   21	1 2,05	664	10,477	Realirado	
	,700		6,000	5,864	8,800	10,000   1,400   2,000   12,000   600   2,500   5,000   8,800   5,864   6,000	2,500	8	,000	0   12	1 2,00	1,400	10,000	1991 Projectado	1991
_	ERU PANAMA MICRO AZ NY 1 TOTAL	-	MEXICO PARAGUA ;	MEXICO	GUATEMA	BOLIVIA   BRASIL   CHILE   COLONBIA   C.R   DOM REP   ECUADOR   GUAYEMA	DOM REP	C. 72	OMBIA !	E  colo	3E	BRASIL	BOLIVIA	ANO PARTICIPANTES NUEVOS BOLIVIA BRASIL CHILE COLONBIA C.R DOM REP ECUADOR CUATEMA MEXICO PARAGUA	A

GRAM SALTO: ALGUNOS INDICADORES (PROTECTADO/REALIZADO) 1991

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# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 130 Prospect Street, Cambridge, Massachusetts, on November 20, 1991 at 9:00 a.m. There were present:

Albert Bildner
Michael Chu
Martin Connell
John Duncan
Robert Helander
Christopher Kennan
Daniel Martin
Thomas McDermott
Charles Muller
Crocker Nevin
Michael O'Shaughnessy

being a quorum. Also present were Advisory Council member Pablo Obregon and staff members, William Burrus, Deborah Drake, Maria Otero, Libbie Shufro, Sonia Saltzman and Delma Soto. Participating as an observer was Robert Scarlett, an ACCION volunteer from Minneapolis.

The meeting was called to order by the President, Mr. Martin, with the following agenda:

### I. APPROVAL OF THE MINUTES

The minutes of the June 5, 1991 Board meeting were approved as written.

### II. PRESIDENTS REPORT

Mr. Martin reported on the work of the various committees since the last meeting. He reported that the Executive Committee had met through a conference call on September 30th to discuss the pending loan agreement with USAID. He also reported on major activities of the Resource Development Committee, which met on August 20 and the Nominating Committee which held a conference call on October 3. Related to the work of this committee, he stated he regretted to inform the Directors that Nick Graves has resigned as Director and he proceeded to read his letter of resignation. Mr. Martin reported on other activities of the Board such as the Ford Foundation luncheon to which various members took guests. He also mentioned that Board member Mary Houghton in Chicago had hosted a delegation representing Banco Sol.

He asked Martin Connell to report on the same delegation's recent trip to Bangladesh and Indonesia to study the Grameen Bank and the BRI. Mr. Martin commented that the trip was very fruitful and enlightening for all the participants and summarized the lessons learned.

Finally, Mr. Martin asked for Board Approval of two resolutions prepared by the law firm Foley, Hoag and Elliot related to recent Executive Committee action and the Committee's power to approve PRIs in the future. The two resolutions (attached) were unanimously approved.

### III. EXECUTIVE DIRECTORS REPORT

Mr. Burrus commented that he had sent the third quarter report to the directors along with their meeting packets. Rather than repeat that information he chose to report on three new initiatives: First, the corporation is in the process of signing a new agreement with all the affiliates. This agreement reflects the new relationship between ACCION and each affiliate and establishes a yearly quota for belonging to the network. The goal is to have all the agreements signed before the end of the year.

Second, Mr. Burrus described a new training center, Centro Crecer which is being established in Colombia. The purpose of this center is to broaden and deepen the training and technical support activities which are offered to the network as they participate in the Gran Salto plan. The Center is being established as a private, non-profit in Colombia with a Board comprised of ACCION's international Advisory Council. Mr. Chu recommended that several members of ACCION's Board also serve on the Board of the Center to ensure close coordination in the future.

Third, Mr. Burrus stated that as part of the Capital Formation area a new Fund, the Gateway Fund, is being established. The purpose of this Fund is to mobilize support as seed capital for new initiatives such as Banco Sol in Bolivia. Mr. Chu recommended that a clear statement of rationale and policy be developed for the fund.

### IV. CAPITAL FORMATION AND PLACEMENT

Staff members Deborah Drake and Sonia Saltzman updated those present on the status of the Bridge Fund as well as other initiatives of the department, including the Gateway Fund. Ms. Saltzman reviewed the current capitalization of the Bridge Fund, the repayment schedule, the use by country and other financial projections. Ms. Drake reported on the transition of the Fund to Citibank, and proposed plans for the new AID loan facility. A discussion of related issues ensued. Finally, Ms. Drake posed several key questions related to the capital formation area that need to be addressed by the corporation: Should the capital formation department have as a goal financial self-sufficiency or should it strive to be a profit center for the rest of ACCION?

Given the increasingly complicated nature of the department, what should be the financial and operating structure of the capital formation are vis-a-avis ACCION in the future? Should it, for example, become a separate legal entity? Since we are limited on investments options because of FORD and other considerations, what should be the policy with funds that fall outside the parameters? What should be our level of risk tolerance in light of our need with monies such as those of AID to maximize earnings?

It was also suggested that a Capital Formation oversight committee be created to help advise the staff on the many complex issues emerging. Al Bildner and Michael Chu agreed to serve and it was suggested that Diane DeVries and Terry Canavan might also participate.

### V. GRAN SALTO FUNDRAISING CAMPAIGN

Chris Kennan, Chair of the Resource Development Committee reported on the status of the fiscal year to date. While overall goals for the year will be surpassed by approximately \$196,000, there may be a \$30,000 shortfall in unrestricted monies.

Libbie Shufro reported on fundraising plans for the coming year and the specific ways in which Board members can become involved. Specifically Directors are each asked to bring in \$5000 of new individual donations and to help organize and/or host events such as house parties, cocktails, etc.

The board then looked over a list of pending corporate contributions for the year and agreed to follow-up.

Finally, Mr. Martin asked all Directors to double their 1990 contribution for this year and urged those who had not given this year to please do so.

### VI. NEW YORK UPDATE

The Director of ACCION/New York, Delma Soto, reported on progress in the New York program. She stated that as of the end of October six solidarity groups with a total of 18 individuals had been loaned a total of \$30,750 with the average loan being about \$2,000. The average loan term is four months and most of the loans have been used for working capital.

### VII. NEW COUNTRY UPDATES

Mr. Burrus briefly informed those present that ACCION Cambridge was recently visited by Mr. Federico Zorraquin and Mr. Juan Pena from Argentina to discuss the feasibility of opening a new program there. Mr. Pena will visit PROPESA in Chile to get a first-hand view of a program.

Mr. Burrus also stated that plans were moving ahead to launch a new endeavor in Nicaragua with money from the Austrian government. The program of MultiCredit Bank in Panama is also developing well with over 300 clients.

Finally, Mr. Burrus asked for feedback on the best way to organize future Board meetings. It was suggested that a full day meeting is necessary, given the many new initiatives of the corporation. The morning should be divided into working groups around specific themes that need to be discussed. Directors should be given advance material on each theme to be able to respond with some forethought.

With no further business to attend, the meeting was adjourned.

William W. Burrus

Designated Secretary



Proposed Corporate Resolutions:

#### Board of Directors

Chairman
Terence C. Canavan
President
Daniel R. Martin
Treasurer
Thomas P. McDermott
Secretary
Charles W. Muller

Diane de Vries Ashley John E. Avery Albert Bildner J. Murfree Butler Michael Chu Martin P. Connell John C. Duncan Nicholas M. Graves Marilyn Harris Robert C. Helander Mary A. Houghton Christopher J. Kennan Stephen P. Knaebel Antonio Navarro . ocker Nevin athrine Ockenden Michael O'Shaughnessy John W. Scott

### International Advisory Council

Alvaro Arango C.
Jorge Céspedes
Sixto Durán-Ballén
David Garza Lagüera
Roberto Gutiérrez
Fernando Léniz
Camilo Lluberes
Luisa Mendoza de Pulido
Hans Neumann H.
Pablo Obregón
Tomás A. Pastoriza
Guillermo Peroni
Daniel Rodríguez
Fernando Romero
Hernando de Soto

1. RESOLVED, that Article V, Section 10 of the By-laws of the Corporation be amended to read:

avoid any potential conflict of interest whereby his or her immediate family or any party, group or corporation to which he or she has allegiance, may be seen as competing with the interests or concerns of this Corporation. Any possible conflict of interest shall be disclosed to the Board of Directors by the person concerned, and a review and vote undertaken with the concerned party absent.

Further, a conflict of interest disclosure statement shall be furnished annually to each Director and Officer who is presently serving this Corporation, or who may hereafter become associated with it; the policy shall be reviewed annually for the information and guidance of Directors and Officers; and any new Directors or Officers shall be advised of the policy and furnished a disclosure statement upon undertaking the duties of such office.

2. RESOLVED, that ACCION International, Incorporated be known by the "ficticious" name of ACCION Interamerica in the State of Florida.

This is to certify that the above resolutions were approved unanimously by the ACCION International Board of Directors at a meeting held on June 5, 1991 in New York City.

William Burrus, Executive Director

6/14/9/ Date

# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue, New York on June 5, 1991 at 12:30 in the afternoon. There were present:

Albert Bildner
Murfree Butler
Terence Canavan
Michael Chu
John Duncan
Nicholas Graves
Christopher Kennan
Daniel Martin
Michael O'Shaughnessy
John Scott

being a quorum. Also present were Advisory Council Members Jorge Céspedes, Fernando Leniz, Pablo Obregón and Fernando Romero. Staff members present were: William Burrus, Steve Gross, Cathy Quense and Libbie Shufro. Also attending as a guest was William Chacón, Executive Director of AVANCE Microempresarial in Costa Rica.

The meeting was called to order by the President, Mr. Martin, with the agenda as follows:

### I. APPROVAL OF THE MINUTES

The minutes of the November 13, 1990 Board meeting were amended to correct a spelling error of the word discreet (second page, last paragraph) and approved as amended.

### II. TREASURER'S REPORT

In the absence of the Treasurer, Tom McDermott, Finance Committee member Nicholas Graves summarized the highlights of a draft of the 1990 financial statements audited by Coopers & Lybrand. He pointed out that the corporation's past auditors, Price Waterhouse declined to undertake the audit for 1990 because they felt they lacked the expertise required to perform the additional work now being required by USAID. A copy of the draft financial statements is attached.

As part of the treasurer's report, the Directors were asked to approve two resolutions: the first involves an amendment to the bylaws of the conflict of interest statement. This resolution, a copy of which is attached, was approved unanimously.

The second resolution relates to ACCION's ability to solicit funds in the state of Florida. Another company already uses the name ACCION International in Florida and therefore ACCION must use a "fictitious" name. It was resolved: that the corporation use ACCION Interamerica. The resolution was adopted unanimously.

### III. ELECTION OF DIRECTORS, OFFICERS, COMMITTEES

The attached proposed slate of Directors, Officers, and Standing Committees was nominated and approved for the year 1991-1992. It was noted that a new committee, the Nominating Committee, was created and charged with the responsibility for Board Director recruitment and development.

### IV. EXECUTIVE DIRECTOR REPORT

Mr. Burrus provided an update on various fronts since the November Board meeting. He reiterated the importance of that meeting to the corporation as a critical step in defining and shaping the vision for the next five years. Following that meeting, he stated that a strategic plan had been developed by the corporation. In addition, the senior staff held its annual planning conference in Mexico which was devoted to the ways and means for strengthening the network of affiliate organizations.

He also summarized progress made in streamlining the management of the Bridge Fund and described efforts to further capitalize the Fund. Mr. Burrus also spoke to the need to create a second financial vehicle, a social investment fund which would have the capability to provide seed capital for the new generation of entities now being developed in the network for microenterprise financing. Banco Sol in Bolivia is the first of several opportunities which will arise in the coming years.

Finally he stated that with the growth of the Bridge Fund and the start of the New York program, several long term legal issues have arisen which the corporation needs to think through. In addition to the fine work of Bob Helander and his firm, Mr. Burrus stated that the Boston law firm of Foley, Hoag and Elliot has agreed to take ACCION as a pro bono client and will work with the corporation of these issues.

### V. FUNDRAISING REPORT

Libbie Shufro, the Director of Resource Development, presented her assessment of the corporation's fundraising status and potential. She reviewed the status of progress towards attaining 1991 fundraising goals, and spoke to the need to mobilize and energize ourselves around the theme of the strategic plan, the great leap forward (the Gran Salto). She also outlined four specific Board actions that will be required to make this new campaign a success. Mr. Martin stated his own belief of the importance of increased Board financial participation and asked that each Board Director

double their personal contribution this year and pledge a 25% increase in their contribution over the next four years. A copy of her report is attached.

### VI. COUNTRY REPORTS BY ADVISORY COUNCIL MEMBERS

Each of the Advisory Council Members, Fernando Leniz (Chile), Fernando Romero (Bolivia), Pablo Obregón (Colombia), and Jorge Céspedes (Costa Rica) updated those present on the status of the programs in their countries.

### VII. NEW PROGRAM EXPANSION

Mr. Gross updated the Directors on progress for new start-ups in Panama, Nicaragua and Uruguay. A brief description of the status in each country is attached.

With no further business to attend, the meeting was adjoined.

William W. Burrus Designated Secretary



Proposed Corporate Resolutions:

#### **Board of Directors**

Chairman
Terence C. Canavan
President
Daniel R. Martin
Treasurer
Thomas P. McDermott
Secretary
Charles W. Muller

Diane de Vries Ashley John E. Avery Albert Bildner J. Murfree Butler Michael Chu Martin P. Connell John C. Duncan Nicholas M. Graves Marilyn Harris Robert C. Helander Mary A. Houghton Christopher J. Kennan Stephen P. Knaebel Antonio Navarro . ocker Nevin athrine Ockenden Michael O'Shaughnessy John W. Scott

### International Advisory Council

Alvaro Arango C.
Jorge Céspedes
Sixto Durán-Ballén
David Garza Lagüera
Roberto Gutiérrez
Fernando Léniz
Camilo Lluberes
Luisa Mendoza de Pulido
Hans Neumann H.
Pablo Obregón
Tomás A. Pastoriza
Guillermo Peroni
Daniel Rodríguez
Fernando Romero
Hernando de Soto

1. RESOLVED, that Article V, Section 10 of the By-laws of the Corporation be amended to read:

CONFLICT OF INTEREST: Officers and Directors shall avoid any potential conflict of interest whereby his or her immediate family or any party, group or corporation to which he or she has allegiance, may be seen as competing with the interests or concerns of this Corporation. Any possible conflict of interest shall be disclosed to the Board of Directors by the person concerned, and a review and vote undertaken with the concerned party absent.

Further, a conflict of interest disclosure statement shall be furnished annually to each Director and Officer who is presently serving this Corporation, or who may hereafter become associated with it; the policy shall be reviewed annually for the information and guidance of Directors and Officers; and any new Directors or Officers shall be advised of the policy and furnished a disclosure statement upon undertaking the duties of such office.

2. RESOLVED, that ACCION International, Incorporated be known by the "ficticious" name of ACCION Interamerica in the State of Florida.

This is to certify that the above resolutions were approved unanimously by the ACCION International Board of Directors at a meeting held on June 5, 1991 in New York City.

William Burrus, Executive Director

6/14/97/ Date

### DRAFT FOR DISCUSSION PURPOSES

### ACCION INTERNATIONAL

FINANCIAL STATEMENTS
for the year ended December 31, 1990

ACCION INTERNATIONAL

BALANCE SHEET

December 31, 1990 (with comparative totals at December 31, 1989)

	Unrestricted	Restri	Restricted Bridge rent Fund	Property and Equipment	Total	December 31, 1989 Total
Assets  Cash and temporary investments  Contributions and grants receivable  Property and equipment, net	3 79,818 235,786	. 8346, 519		830, 598	8 425,837 235,785 30,598	\$ 229,656 156,980 27,281
Natificed invastments at Cost pine attricted invastments at Cost pine attricted and 1989, [879,744 and 864,696 at December 81, 1990 and 1989, respectively)  Other assets Total assets	18,677	13	82,482,817 	830 08	2,432,817 18,690 83,143,127	1,667,996 4,369 82,076,271
Lisbilities and Fund Balances						
Liabilities: Accounts payable and accrued expenses Deferred revenue Notes payable	126,927	839,682	71,824	, , ,	204,091 339,692 2,118,073	163,606 77,864 1,666,740
Total ilabilities	126,927	345,532	2,189,397	1	2,661,856	1,818,209
Fund balances: Unrestricted Restricted - Current Restricted - Bridge fund reserve Restricted - Bridge fund Property and equipment	207,268		160,260	30,08	207,253 160,250 93,170 80,698	181,733 8,778 40,270 27,281
Total fund balances	207,263	1	243,420	30,598	481,271	258,062
Total Habilities and fund balances	\$334,180	8346, 632	\$2,432,817	830, 698	83,143,127	\$2,076,271

ACCION INTERNATIONAL

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

for the year ended December 31, 1990 (with comparative totals for 1989)

		Restricted	cted Bridge	Property and		Year ended December 31, 1989
	Unrestricted	Current		210000		1820
Revenue: Direct private contributions	\$274,038	8 469,008	\$283,000	i 1	\$1,006,046	\$ 678,122 40,403
Indirect public support Government grants	247,674	1,572,583	45,612	i <b>1</b> 1	1,866,869	1811,017
Interest and other income	90'/98	676177	200 1 201		200	0001701
Total revenue	584,718	2,084,004	474,278	•	3,123,000	2,687,292
Functional expenses:						
Program services: Forelon micro-business	8,798	1,932,138	•	ı	1,935,936	1,992,767
United States micro-business	1 1	61,360 83,657	1 1		61,360	21,081 84,091
Research, training and evaluation	•	180,196	1 100	1	180,196	76,384
Bridge fund	1		22/1313		22/1313	138,11/
Total program mervices	8,798	2,267,351	227,313		2,488,482	2,312,440
2 4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5						
General and administrative	287,972	9 0	1 1	1 1	108 504	214,676
Fund reletion Depreciation	102,220			14,851	14,861	16,049
Total supporting services	890,200	6,278	•	14,861	411,329	311,284
Total functional expenses	393, 998	2,263,629	227,313	14,851	2,899,791	2,623,724
Excess (deficiency) of revenue over expenses	190,720	(199,625)	246,965	(14,861)	223,209	63,568
Fund belances, beginning of year	181,733	8,778	40,270	27,281	268,062	194,494
Transfer of excess Bridge funds	43,616	•	(43,815)	•	•	ı
Property and equipment acquisitions	(18,168)	•	1	18,168	1-	ı
Transfer to fund matching grants	(170,603)	170,603	ı	ı	I	1
Transfer to fund restricted deficits	(20,244)	20,244	9	-	1	1
Fund balances, and of year	\$207,253	1	\$243,420	\$30,698	\$ 481,271	\$ 268,062

The ecramoensing estac are an integral nest of the finencial statements

ACCION INTERNATIONAL

STATEMENT OF PUNCTIONAL EXPENSES

for the year ended December 31, 1990 (with comparative totals for 1969)

		4	ogram Service	89		,	•			
·	Foreign Micro- Business	United States Micro- Public R Business Education	Public Education	Research, Training and Evaluation	Bridge	Supporting Services General and Fun Administrative Rals	Fund- Ralaing	Plant	Total Expenses	penses 1989
Awards and grants	\$ 797,264	8 8,640							\$ 806,804	\$1,107,614
Salaries and related expenses	638,488	26,080	<b>\$65,348</b>	\$112,580	\$ 74,634	\$100,943	\$ 42,518		1,065,589	839,906
Professional mervices	61,302	7,780	1,475	27,858	1,830	62,044	11,699		173,988	124,118
Travel	161,136	11,962	4,010	18,348	6,707	5,308	9,158		216,615	150,764
Rejocation	7,426	ı	•	ı	ı	ı	•		7,426	736
Rent	10,124	4,634	1	5,504	1	63,499	248		84,009	66,789
Training	28,127	643	65	834	1,211	8,373	266		34,019	28,527
Interest	101	•	1	•	127,967	1,164	210		129,432	96,122
Telephone	30,661	603	720	4,508	674	6,268	3,728		47,080	88,503
Printing	137,145	139	8,880	727	3,667	5,204	15,441		171,203	66,554
Office expense	18,627	1,360	3,169	5,470	1,417	24,671	14,919		69,623	49,650
Promotion	2,625	29		631	&	848	1,185		E,368	4,804
Special evente	1	1	•	1	•	•	9,065		9,065	ı
Equipment	14,835	460	•	3,782	99	0,070	i		27,802	14,010
Miscellaneous	28,178	23	ı	456	8,621	283	69		37,960	32,679
Depreciation	1	•		1	1		•	\$14,861	14,851	15,049
Total expenses	\$1,935,936	\$61,360	\$83,667	\$180,198	\$227,313	\$287,972	\$106,506	\$14,851	\$2,899,791	\$2,623,724

The accompanying notes are an integral part of the financial statements.

## NOTES TO FINANCIAL STATEMENTS

## 1. Nature of Organization:

ACCION International (ACCION) is an independent, nonprofit organization dedicated to creating new opportunities for employment and economic well-being among the low income populations of the Americas, with headquarters in Cambridge, Massachusetts and affiliated offices and programs in Latin America and the Caribbean.

## 2. Summary of Significant Accounting Policies:

## Basis of Presentation

The accompanying financial statements are prepared in accordance with the Voluntary Health and Welfare Organizations Audit Guide issued by the American Institute of Certified Public Accountants. In order to ensure observance of the internal and external limitations and restrictions placed on the use of resources available to ACCION, the accounts are maintained in accordance with the principles of fund accounting. This procedure classifies resources which bear such restrictions into separate funds in accordance with their specified activities or objectives.

## Basis of Combination

ACCION's policy is to combine the accounts of all affiliated organizations over which ACCION maintains significant control. Accordingly, affiliated organizations which are not combined are not included in the financial statements of ACCION except to the extent that revenues and expenses of these organizations relate to funds administered by ACCION.

Included in the combined accounts is ACCION's Guatemala program, which reflects total assets of \$21,142 and \$33,002 at December 31, 1990 and 1989, total revenues of \$734,734 and \$1,013,114, and total expenses of \$721,767 and \$1,018,097 for the years ended December 31, 1990 and 1989, respectively. Revenue is derived from the Agency for International Development and expenses include pass-through to local affiliates of \$678,934 and \$995,645 in 1990 and 1989, respectively.

## NOTES TO FINANCIAL STATEMENTS, Continued

## Contributions and Grants

Contributions and grants are received from individuals, private industry, foundations and government agencies. Contributions and grants may be designated by the donor for a specific project or given as a general contribution. All contributions and grants are considered to be available for general use unless specifically restricted by the donor. Restricted grants and contributions are recognized as revenue when the related expenditure occurs. Contributions received for services which are required to be performed in future periods are accounted for as deferred revenue.

## Property and Equipment

Property and equipment are stated at cost and are depreciated on a straight-line basis over their estimated useful lives.

## Bridge Fund

ACCION borrows monies under unsecured notes payable (Note 5) and utilizes the proceeds to purchase certificates of deposit with major banks in the Unites States. The certificates of deposit serve as collateral for letters of credit issued in favor of Latin American banks which lend monies to ACCION affiliates in their countries (Note 8). Each ACCION affiliate then re-lends the monies to self-employed, low income individuals which otherwise would not have access to bank credits. Interest earned on the certificates of deposit is passed through to the unsecured lenders, less an administrative fee. ACCION contributes funds equal to 5% of the outstanding letters of credit to a reserve for possible claims under such letters of credit.

## Translation of Foreign Currency

Monetary assets and liabilities in foreign countries are translated at current exchange rates and nonmonetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at average exchange rates. Net translation gains and losses in 1990 and in 1989 were not significant.

## NOTES TO FINANCIAL STATEMENTS, Continued

## Donated Services

Donated services are reflected as contributions and expenses in the accompanying statements at their fair market values at date of receipt. Included in contributions and expenses are donated advertising services with fair market values of approximately \$131,000 and \$48,000 for the years ended December 31, 1990 and 1989, respectively.

## Federal Income Taxes

ACCION is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, does not provide for income taxes.

## 3. Concentration of Credit:

ACCION's restricted investments of \$2,353,073 at December 31, 1990 are primarily invested in certificates of deposit. Of this amount, \$1,778,073 is invested in amounts which are fully covered by Federal Depository Insurance Corporation (FDIC) insurance. Certificates of deposit totaling \$275,000 and a call account of \$300,000 are each held in accounts covered by \$100,000 of FDIC insurance.

## 4. Property and Equipment:

Property and equipment consist of the following at December 31, 1990 and 1989:

	1990	<u>1989</u>
Furniture, fixtures and equipment	\$ 95,645	\$80,707
Equipment held under capital lease	7,164	7,164
	102,809	87,871
Less - Accumulated depreciation	(72,211)	(60,590)
•	<u>\$ 30,598</u> ·	\$27,281

## NOTES TO FINANCIAL STATEMENTS, Continued

## 5. Notes Payable:

## Promissory Notes

At December 31, 1990 and 1989, ACCION owed \$1,118,073 and \$886,740, respectively, in loans outstanding to individuals and institutions which are to be used for the purchase of certificates of deposit. The certificates of deposit are to be used as collateral for letters of credit to guarantee loans made to ACCION's affiliates in Latin America (Notes 2 and 5). The notes are payable \$562,125 in 1991, \$345,948 in 1992, \$10,000 in 1993 and \$200,000 in 1994 and bear interest at rates from 0.0% to 8.65%.

## AID Loan

In 1986 ACCION entered into a three-party loan agreement with the Agency for International Development (AID) and Chemical Bank of New York which provides ACCION with a \$1,000,000 line of credit through August 12, 1993. Principal payments on the amount borrowed through August 12, 1993 are due in five semiannual installments beginning August 12, 1993.

At December 31, 1990 and 1989, \$1,000,000 and \$700,000, respectively, were outstanding under this agreement, all of which was committed to secure letters of credit in foreign countries. ACCION is directly liable for the first \$100,000 in claims under these letters of credit. This amount is separately designated within restricted investments.

Principal payments on the AID loan are due as follows:

1993 1994 1995 1996 1997	\$ 200,00 200,00 200,00 200,00 200,00	0
	\$1,000,00	0

## NOTES TO FINANCIAL STATEMENTS, Continued

## 6. Commitments and Contingencies:

In order to obtain letters of credit used as collateral on bank loans made to ACCION affiliates in Latin America, ACCION had certificates of deposit in the amounts of \$2,053,073 and \$1,603,400 at December 31, 1990 and 1989, respectively. Additionally, ACCION had \$300,000 invested in a call account at December 31, 1990. These amounts are restricted as to withdrawal and, accordingly, are included in restricted investments on the balance sheet. At December 31, 1990 and 1989 ACCION was contingently liable for outstanding letters of credit in the amounts of \$1,005,000 and \$805,400, respectively.

ACCION rents office space in Cambridge, Massachusetts under a five-year noncancelable lease which expires on April 30, 1995. Future minimum lease payments for the next five fiscal years are as follows:

1991	\$73,298
1992	83,338
1993	83,338
1994	83,338
1995	26,779
1333	•

Rent expense for the years ended December 31, 1990 and 1989 was \$57,112 and \$34,800, respectively.



## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at the OMNI Georgetown Hotel, Washington DC on November 13, 1990 at 9:00 o'clock in the morning. There were present:

Terence Canavan
Michael Chu
John Duncan
Marilyn Harris
Robert Helander
Mary Houghton
Steve Knaebel
Daniel Martin
Thomas McDermott
Crocker Nevin
Kathrine Ockenden
Michael O'Shaughnessy

being a quorum. Also present were various members of the ACCION International Advisory Council and Staff.

The meeting was called to order by the President, Mr. Martin, with the agenda as follows:

## I. APPROVAL OF THE MINUTES

The minutes of the June 5th, 1990 Board meeting were approved as written.

## II. TREASURER'S REPORT

The Treasurer, Mr. McDermott, reported that the Finance Committee of the Board had met on October 15th in New York and had reviewed the status of the Bridge Fund and various issues surrounding its growth and reorganization. He stated that the staff had held several meetings with Chemical Bank concerning the possibility of the Trust Department managing the Fund and that a plan for doing so should be in place by the end of the year.

## III. BY-LAW REVISIONS, RESOLUTIONS

Mr. Helander stated that the by-laws needed to be updated and modified to comply with the latest guidelines of the NCIB. He has been working closely with the staff on the needed changes and reported the nature of these changes to those present. Following a discussion, Mr. Helander moved that the by-laws be amended as described. The motion was seconded and unanimously approved. A revised version of the by-laws will be sent to all Directors before the end of year.

Two resolutions were then introduced by Mr. Helander. Both of these resolutions were discussed, a motion for their adoption was put forth and it was seconded and unanimously approved. (The resolutions are attached.)

Creating Employment and Economic Opportunities in The Americas.

## IV. OPERATIONAL REPORT

Mr. Burrus updated those present on the status of the New York City initiative. He reported that Ms. Delma Soto has been hired on a six month contract to head up the completion of the design phase. Adequate resources have been secured from the Jacobs Family Charitable Trust, the New York Community Trust and J.P. Morgan for this phase. Negotiations with several banks to secure financing for the loan fund have also progressed very well. Chemical, Bankers Trust and JP Morgan have committed or are about to commit funds totally \$400,000. Mr. Burrus stated that he hopes the design work can be completed soon so that the first loans could be extended in the first quarter of 1991.

## V. OTHER BUSINESS

 $\mbox{\rm Mr.}$  Martin reported that  $\mbox{\rm Mr.}$  Michael Brewer had tendered his resignation from the Board for personal reasons.

Two new members were voted unanimously to join the International Advisory Council:

Mr. Sixto Duran-Ballen Architect Quito, Ecuador

Mr. Pablo Obregon President Corporacion Financiera del Norte Barranquilla, Colombia

Mr. Martin reported that the Bolivia Bank Board Committee had again met with Fernando Romero and in light of the IIC decision to participate as well as that of the Calmeadow Foundation, recommended that ACCION commit \$250,000 to this project. These monies would be raised as a decreet initiative over and above the ongoing fundraising efforts. As Chairman of the Committee, Mr. Duncan explained the innovative, ground-breaking nature of this project and that, in spite of the risks involved, ACCION should play a role in making the bank become a reality. Mr. Burrus agreed to identify possible funding sources and circulate those among the Board. Following discussion it was moved, seconded and approved that the corporation commit to raising \$250,000 for the Bolivia Bank.

With no further business to attend the meeting was adjourned.

William W. Burrus Designated Secretary



## CORPORATE RESOLUTIONS

- 1) RESOLVED that ACCION International affirms its long-standing commitment to promoting pluralism and diversity in its Board of Directors, Advisory Council, staff and programs.
- 2) RESOLVED that ACCION International have a policy of nondiscrimination and equal opportunity for membership, employment or provision of service in regard to all persons, irrespective of their race, color, ethnic origin, national origin, creed, religion, citizenship, age, handicap, parental status, marital status, sex, sexual orientation, membership in any labor organization, and political affiliation.

Also that ACCION have a policy for employment only of nondiscrimination and equal opportunity in regard to all persons, irrespective of their height, weight, and record of arrest without conviction.

Also that ACCION be in compliance with all requirements of law and regulations concerning nondiscrimination and equal employment opportunities with respect to its officers, members of the Board of Directors, staff, employees and volunteers.



## **Board of Directors**

Chairman
Terence C. Canavan
President
Daniel R. Martin

Treasurer
Thomas P. McDermott
Secretary

Charles W. Muller

Diane de Vries Ashley John E. Avery Albert Bildner Michael F. Brewer J. Murfree Butler Michael Chu Martin P. Connell John C. Duncan Nicholas M. Graves Marilyn Harris ert C. Helander mary A. Houghton Christopher J. Kennan Stephen P. Knaebel Antonio Navarro Crocker Nevin Kathrine Ockenden Michael O'Shaughnessy Mildred Sage Barlow

## International Advisory Council

John W. Scott

Alvaro Arango C.
Jorge Céspedes
David Garza Lagüera
Roberto Gutiérrez
Fernando Léniz
Camilo Lluberes
Luisa Mendoza de Pulido
Hans Neumann H.
Tomás A. Pastoriza
Guillermo Peroni
Daniel Rodríguez
Fernando Romero
Hernando de Soto

At its meeting of November 13, 1990 in Washington DC, the Board of Directors of ACCION International approved the following corporate resolution.

## **RESOLVED:**

That the Corporation seek to raise capital in the amount of \$250,000 to be used as an investment in Banco Solidario S.A. in the country of Bolivia.

Signed

William W. Burrus Designated Secretary

Creating Employment and Economic Opportunities in The Americas.



## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Ave., New York, New York on June 5th, 1990 at 12:00 in the afternoon. There were present:

John Avery
Albert Bildner
Michael Chu
Martin Connell
John Duncan
Nick Graves
Robert Helander
Mary Houghton
Christopher Kennan
Daniel Martin
Thomas McDermott
Charles Muller
Crocker Nevin
Michael O'Shaughnessy
John Scott

being a quorum. Also present were Advisory Council Members, Alvaro Arango (Colombia) and Roberto Gutierrez (Guatemala). Staff members present were William Burrus, Steve Gross, Steve Reichard and Cathy Quense. Two field directors also attended: Carlos Castello (Colombia) and Mirtha Olivares (Guatemala). Mr. José Rohm, General Director of the Banco General de Negocios was invited as a special guest.

The meeting was called to order by the President, Mr. Martin with the agenda as follows:

## I. APPROVAL OF THE MINUTES

The minutes of the December 11, 1989 Board meeting were approved as written.

## II. TREASURER'S REPORT

The Treasurer, Mr. McDermott walked those present through a draft of the 1989 financial statements audited by Price Waterhouse. He pointed out the significant changes in the Balance sheet and Statement of Income and Expenses over 1988, most of which were related to the rapid growth of the Bridge Fund. The statements are attached to the Minutes.

## III. ANNUAL ELECTIONS

The nominations for Directors, Officers, Members of the Executive, Audit/Finance and Resource Development Committees and the Advisory Council (attached to the Minutes) were unanimously elected for a one year term. Mr. Helander suggested that those retiring from the Board and the Advisory Council be sent a letter of appreciation for their service on behalf of the Board.

## IV. UPDATE ON NEW YORK FEASIBILITY STUDY

Mr. Burrus referred those present to a summary of progress to date which he briefly reviewed. A discussion followed relating to various aspects of the program including the possible affect on current donors, the legal implications of lending to informal sector businesses, and the management and Board structure of a program in New York as it relates to ACCION itself. The Board approved three recommendations for future action:

1. ACCION continue to explore the feasibility of, complete the design work for and develop a program in the greater NYC

area.

2. Ongoing unrestricted income should not be used for this purpose but rather new funding should be secured which does not erode ACCION's current funding base.

3. Assuming adequate funding, ACCION hire, on a limited contract, a local person to head up this initiative.

## V. PROPOSAL TO ORGANIZE SPECIAL ADVISORY COUNCIL MEETING

Mr. Burrus stated that at the recent field staff conference in Puerto Rico, two major conclusions were reached:

- the programs would embark on an ambitious scaling-up of effort.

- This dramatic increase in activity will require increased financing, particularly from new innovative mechanisms such as the Bridge Fund.

The staff recognize that to accomplish these goals, a new strategic plan needs to be developed with strong inputs from everyone, including the Advisory Council. Therefore it was recommended that a special two-day meeting be organized in WDC in the late fall of the Council and attended by the Board and field staff to work on this plan.

After a discussion, the Board approved this idea and staff were

requested to circulate possible dates to determine the best date for the majority as quickly as possible.

## VI. TWO PROGRAM UPDATES: GUATEMALA AND COLOMBIA

Mr. Roberto Gutierrez presented a broad view of the state of the economy of Guatemala and the history of the existence and growth of the informal sector in the Country. Following his remarks, Mirtha Olivares summarized the work of ACCION to date with two affiliates, FUNDAP in Quetzaltenango and FUNTEC in Guatemala City and spoke about future plans which include continued growth and the incorporation of two more organizations to have a presence in every department of the Country.

Mr. Castello spoke about the size and importance of the informal sector in Colombia, the history of ACCION's work there and the current and future activities of its affiliate, a consortium of 15 private organizations implementing microenterprise programs throughout Colombia.

Mr. Arango presented his perspective as President of one of the newest and largest of the Association members, ACTUAR/Bogota on the effectiveness of providing credit and training to microenterprise. He reviewed the goals and results of ACTUAR to date and requested continued and increased assistance from ACCION to accomplish their future goals.

With no further business to attend the meeting was adjourned.

William W. Burrus Designated Secretary



## ACCION INTERNATIONAL FINANCIAL STATEMENTS DECEMBER 31, 1989

## Report of Independent Accountants

To the Board of Directors of ACCION International

In our opinion, based upon our audits and the report of other auditors, the accompanying balance sheet and related statements of revenue, expenses and changes in fund balances and of functional expenses present fairly, in all material respects, the financial position of ACCION International at December 31, 1989 and 1988, and the results of its operations and changes in its fund balances for the years then ended, in conformity with generally accepted accounting principles and with Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations (1988 Edition). These financial statements are the responsibility of ACCION's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the 1989 financial statements of the Guatemala program, which statements reflect assets constituting 2% of ACCION's total assets at December 31, 1989 and revenue constituting 38% of ACCION's total revenue for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the 1989 amounts included for the Guatemala program, is based solely on the report of the other auditors. conducted our audits of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. believe that our audits and the report of other auditors provide a reasonable basis for the opinion expressed above.

## BALANCE SHEET

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Commitments and contingencies	Fund balances: Unrestricted Restricted - Current Restricted - Guarantee fund Property and equipment Total fund balances	Liabilities and Fund Balances Liabilities: Accounts payable and accrued expenses Deferred revenue Notes payable Total liabilities	S	Cash and temporary investments Contributions and grants receivable Property and equipment, net Restricted investments at cost plus accrued interest	
\$264,083	181,733	\$ 82,350	4,359 \$264,083	\$189,386 70,338	Unrestricted
\$ 86,642	8,778	\$ 77,864 77,864	\$ 86,642	\$ 86,642	Re:
\$1,698,265	40,270	\$ 71,255 1,586,740 1,657,995	1,657,995 - - \$1,698,265	\$ 40,270 - -	December 31, 1989 Restricted Guarantee Fund
\$27,281	27,281 27,281	t   +++++++++++++++++++++++++++++++++++	\$27,281	\$ - - 27,281	Property and Equipment
\$2,076,271	181,733 8,778 40,270 27,281 258,062	\$ 153,605 77,864 1,586,740	1,657,995 4,359 \$2,076,271	\$ 229,656 156,980 27,281	<u>Total</u>
\$1,335,788	146,305 11,000 37,189 194,494	\$ 91,025 113,793 936,476 1,141,294	967,478 9,475 \$1,335,788	\$ 261,998 59,648 37,189	December 31. 1988 Total

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

	Transfer to unrestricted funds	Transfer to restricted funds	Property and equipment acquisitions	Less: Adjustment for cumulative effect on prior years of applying retroactively the change in combining affiliated organization	Fund balances, beginning of year	Excess (deficit) of revenue over expenses	Total functional expenses	Total supporting services	Supporting services: General and administrative Fund raising	Total program services	Research, training and evaluation	micro-business Public education	Functional expenses: Program services: Foreign micro- business	Total revenue	ts her income	contributions Indirect public support		digra p	1
T101 733	8,867	(29,270)	(3,289)		146,305	59,120	296,235	296, 235	214,676 81,559	1	1	l i	I	355,355	61,534	\$253,324 40,497	Unrestricted		
\$ B.778	(8,867)		(1,852)		1	19,497	2,216,318	I	1 1	2,216,318	76,384	21,081 84,091	2,034,762	2,235,815	1,911,017	\$ 324,798	Current	Restri	Year ended
\$40.270	1	29,270	1		11,000	ı	96,122	1	1 1	96,122	1	1 1	96,122	96, 122	96,122	<b>€</b> 9	Fund	Guarantee	Year ended December 31, 1
\$ 27,281	1	ı	5,141		37,189	(15,049)	15,049	4,384	4,384	10,665		1 1	10,665	i	1 1	<b>€</b> 3	Equipment	Property and	1989
\$ 258,062	i	ı	ı		194,494	63,568	2,623,724	300,619	219,060 81,559	2,323,105	76,384	21,081 84,091	2,141,549	2,687,292	157,656	\$ 578,122 40,497	lotal	l	
\$ 194,494	1	ı	1	(8,870)	147,355	56,009	2,078,866	275,263	193,707 81,556	1,803,603	20,435	73,820 20,602	1,688,746	2,134,875	97,407	\$ 725,917 17,948	10131	December 31, %	Year ended

The accompanying notes arr \ integral part of the financial s \_\_ments.

# STATEMENT OF FUNCTIONAL EXPENSES

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	Awards and grants	Depreciation	Equipment	Miscellaneous	Relocation	Office expense	Promotion	Printing	Telephone	Training	Interest expense	Professional services	Rent	Travel	Salaries and related expenses	
\$2,141,549	1,104,914	10,665	5,033	32,059	663	14,429	1,538	44,304	26,821	23,510	96,122	46,974	10,574	120,685	\$ 603,258	Foreign Micro- Business
\$21,081	2,700	:   <b>!</b>	ı	193	; !	434	1	1	247	1,326	) 1	1	ı	7,993	\$ 8,188	United States Micro-Business
\$84,091		1	č	. '	1	3,289	18	4,217	3,483	1,046		9,513	1	4,163	\$58,352	Public Education
\$76,384															\$43,798	Research, Training and Evaluation
\$219,060		4,004	2000	010	O	14,96/		Λ, α 4	3, 4CO	2,200	3 3 5 5	100	40,4-0	407,014	\$ 84,928	ng General and Fur Administrative Rais
\$81,559		ı	1 1	- C	ن -	1,000	1 0 0 0 0	, 104	1, 19	1 701	30	1 -	10 171	0,700	\$41,382	Fund Raising
\$2,623,724	, 10, 01,	1 107 614	15,040	14 010	32 570	725	1000	400,004	מת מו	20,000	3B 7.27	96 122	100,100	55, 780 780	\$ 839,906	Total

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	Awards and grants	Depreciation	מייייייייייייייייייייייייייייייייייייי	month of the second	Miscellaneous	Relocation	כי- וכת תאבתומת	Ohh: 00 000000	Promotion	Printing		Talanhone	Training	Interest expense		Professional services	Xeort	9 - 4	Travel	Salaries and related expenses		
\$1,688,746	282,055	1 -0 -0	10 148	2.732	30,157	20,147	26 147	19 293	123,270	14,290		23.452	23,66/	40,97	16 071	82,225		, FO3	140.583	\$ 000,000	7 10 10 10 10 10 10 10 10 10 10 10 10 10	Foreign Micro- Business
\$73,820	201,102	100	i	•	ı	!	1 1	38	1	1	ı	244	1,646			630	)		3,045	6-0-000	e 16 035	United States Micro-Business
\$20,602		ı	1	1	•		1	325	1		367	207	-		ı	1/2		ı	791	0.000	*18 630	Public Education
\$20,435		1	ı	1	- 00	л. Л.	. 144	254	· ! 1	' :	917	179	. !		1	,		1	625		\$18. 151	Research, Training and Evaluation
\$193,707		ı	3,926	/, 05	7 051	1 315	2,500	17,636	1000	3	2.441	4,280		1 103	ı	#0,505	/3 OBO	43,013	2,719	2 110	\$ 62.906	General and Administrative
\$81,556		1	1	C	л ( ა (	982	1	3,22	0 10	237	4,402	7,407	2 407	131	ı	0,1	32 311	ı	2,000	3 003	\$29,729	Fund Raising
\$2,078,866		634,837	14,0/4	, ,	9 A36	32.619	28,791	100	767	124.335	22,41/	, ,	30,789	26.657	10,97	26 071	159.327	43,516	10000	1/0 8/6	\$ 708,104	Total

The accompanying notes are an integral part of the financial statements.

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## NOTES TO FINANCIAL STATEMENTS



## NOTE 1 - ORGANIZATION

ACCION International ("ACCION") is an independent, nonprofit organization dedicated to creating new opportunities for employment and economic well-being among the low income populations of the Americas, with headquarters in Cambridge, Massachusetts and affiliated offices and programs in Latin America and the Caribbean.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with the Voluntary Health and Welfare Organizations Audit Guide issued by the American Institute of Certified Public Accountants and the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations, published by the National Health Council and by the National Assembly for Social Policy and Development and their affiliates.

## Basis of Combination

ACCION's policy is to combine the accounts of all affiliated organizations over which ACCION maintains significant control. Accordingly, affiliated organizations which are not combined are not included in the financial statements of ACCION except to the extent that revenues and expenses of these organizations relate to funds administered by ACCION.

Included in the combined accounts is ACCION's Guatemala program, which reflects total assets of \$33,002 and \$30,681 at December 31, 1989 and 1988, total revenues of \$1,013,114 and \$401,591, and total expenses of \$1,018,097 and \$371,556 for the years ended December 31, 1989 and 1988, respectively. Revenue is derived from the Agency for International Development and expenses include pass-through to local affiliates of \$995,645 and \$358,721 in 1989 and 1988, respectively.

## Contributions and Grants

Contributions and grants are received from individuals, private industry, foundations and government agencies. Contributions and grants may be designated by the donor for a specific project or given as a general contribution. All contributions and grants are considered to be available for general use unless specifically restricted by the donor. Restricted grants and contributions are recognized as revenue as the appropriate

conditions are met. Contributions received for services which are required to be performed in future periods are accounted for as deferred revenue.

## Property and Equipment

All additions to property and equipment over \$1,000 are capitalized and depreciated using the straight-line method over their estimated useful lives.

## Guarantee Fund

ACCION borrows monies under unsecured notes payable (Note 5) and utilizes the proceeds to purchase certificates of deposit with major banks in the United States. The certificates of deposit serve as collateral for letters of credit issued in favor of Latin American banks which lend monies to ACCION affiliates in their countries (Note 8). Each Accion affiliate then re-lends the monies to self-employed, low income individuals which otherwise would not have access to bank credits. Interest earned on the certificates of deposit is passed through to the unsecured lenders, less an administrative fee. ACCION contributes funds equal to 5% of the outstanding letters of credit to a reserve for possible claims under such letters of credit.

## Foreign Operations

Monetary assets and liabilities in foreign countries are translated at current exchange rates and nonmonetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at average exchange rates. Net translation gains and losses in 1989 and in 1988 were not significant.

## Donated Services

Donated services are reflected as contributions and expenses in the accompanying statements at their fair market values at date of receipt. Included in contributions and expenses are donated services with fair market values of approximately \$48,000 and \$127,000 for the years ended December 31, 1989 and 1988, respectively.

## Income Taxes

ACCION is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code.

## NOTE 3 - CONTRIBUTIONS AND GRANTS RECEIVABLE

	Decemb		
	1989	<u>1988</u>	
Combined Federal Campaign Other receivables	\$ 7,435 149,545	\$ 3,338 <u>56,310</u>	
	\$156,980	\$59,648	

## NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	Useful life (in years)	·· <u>I</u>	December	31, 1988
Furniture, fixtures and equipment	5-10	\$ 8	30,707	\$ 75,566
Equipment held under capital lease	Life of lease		7,164 37,871	7,164 82,730
Less - Accumulated depreciation			50,590) 27,281	(45,541) \$ 37,189

## NOTE 5 - NOTES PAYABLE

## Promissory Notes

At December 31, 1989 and 1988, ACCION had \$886,740 and \$536,476, respectively, in loans outstanding from individuals and institutions which were used for the purchase of certificates of deposit. The certificates of deposit are to be used as collateral for letters of credit to guarantee loans made to ACCION's affiliates in Latin America (Notes 2 and 8). The notes are payable \$396,740 in 1990, \$400,000 in 1991, \$40,000 in 1992 and \$50,000 in 1994 and bear interest at rates from 4.75% to 8.65%.

## AID Loan

In 1986 ACCION signed a three-party loan agreement with the Agency for International Development ("AID") and Chemical Bank of New York to make available to ACCION a \$1,000,000 line of credit through August 12, 1990. Principal payments on the amount borrowed through August 12, 1990 are due in five semiannual instalments beginning August 12, 1990. Negotiations are currently in progress with AID to extend the first principal payment due to August 12, 1993.

At December 31, 1989, \$700,000 is outstanding under this agreement, \$500,000 of which was committed to secure letters of credit in foreign countries. Maximum borrowings under this agreement during the year were \$700,000. ACCION is directly liable for the first \$100,000 in claims under these letters of credit. This amount is separately designated within restricted investments.

Principal payments on the AID loan are due as follows:

1990	\$140,000
1991	280,000
1992	280,000
	\$700,000

## NOTE 6 - LEASES

ACCION rented office space in Cambridge, Massachusetts under a lease which expired April 1990. In May 1990, ACCION entered into a new lease for office space with a term of five years. Future minimum rental commitments are as follows:

1990	\$44,300
1991	66,400
1992	66,400
1993	66,400
1994	66,400
1995	22,100

Rent expense for the years ended December 31, 1989 and 1988 was \$34,800 and \$32,400, respectively.

## NOTE 7 - PRIVATE AGENCIES COLLABORATING TOGETHER, INC. ("PACT")

In 1989 and 1988 ACCION received grants of \$84,000 and \$121,000, respectively, from PACT. PACT funds of \$85,000 and \$117,000 were expended in 1989 and 1988, respectively.

## NOTE 8 - COMMITMENTS AND CONTINGENCIES

In order to obtain letters of credit used as collateral on bank loans made to ACCION affiliates in Latin America, ACCION has certificates of deposit in the amounts of \$1,603,400 and \$936,476 at December 31, 1989 and 1988, respectively. These amounts are restricted as to withdrawal and, accordingly, are included in restricted investments on the balance sheet. At December 31, 1989 and 1988 ACCION was contingently liable for outstanding letters of credit in the amounts of \$805,400 and \$220,000, respectively.

Marilyn A. Harris Director of Corporate Communications Time Warner Inc.

Marilyn Harris joined Warner Communications as director of corporate communications in April 1989. (Warner was subsequently merged into Time Inc. to form Time Warner Inc.) She manages worldwide press relations, including print and electronic media.

Before joining WCI, Harris had been associate producer for CBS News "60 Minutes," based in Paris, France, since December, 1986. Her responsibilities included reporting and field-producing international stories for senior correspondent Mike Wallace.

Previously, Harris worked for <u>Business Week</u>, first as staff editor in New York covering the computer industry and later as bureau chief in Stamford, Ct., covering such companies as General Electric, Union Carbide, and IBM.

Before that she was New York bureau chief for McGraw-Hill's <u>Electronics</u> magazine and municipal reporter for <u>The Hunterdon County Democrat</u>, in Flemington, N.J.

Harris received a B.A. in 1973 from Barnard College and attended Cambridge University and Harvard Law School.

A native of New Jersey, Harris was born Dec. 29, 1952. She resides in New York City.

## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 200 Clarendon Street, Boston, Massachusetts, on December 11, 1989 at 2:00 o'clock in the afternoon. There were present:

Albert Bildner
Michael Brewer
Murfree Butler
Terence Canavan
Michael Chu
John C. Duncan
Nick Graves
Christopher Kennan
Daniel Martin
Thomas McDermott
Charles Muller
Crocker Nevin
Kathrine Ockenden
Michael O'Shaughnessy
John Scott

being a quorum. Also present were staff members William Burrus, Martin Burt, Stephen Gross, Catherine Quense, Maria Otero, Steven Reichard, Gabriela Romanow, Sonia Saltzman and Forbes Singer.

The meeting was called to order by the President, Mr. Martin with the agenda as follows:

## I. APPROVAL OF THE MINUTES

The minutes of the June 7, 1989 Board meeting were approved as written.

## II. TREASURER'S REPORT

The Treasurer, Mr. McDermott, reviewed the Balance Sheet as of September 30, 1989 and the Statement of Income and Expenses for the same period with projections for the final quarter. He pointed out the significant changes since June and noted that the corporation expects to end the year with a modest surplus.

The preliminary operating budget for 1990 was reviewed and approved. The budget and financial statements are attached to the minutes.

Finally, it was moved, seconded and unanimously approved that a revised signature authorization schedule be adopted immediately. The approved schedule is attached to the minutes.

## III. FUNDRAISING REPORT

The Director of Resource Development, Steve Reichard, thanked the Directors for their hard work in fundraising this past year. He then reviewed a list of corporate targets for 1990 and asked those present to indicate in which companies they have contacts. He said he would be following up with the Directors individually in the coming months.

## IV. PRESENTATION OF THE BRIDGE FUND

The Manager of the Bridge Fund, Sonia Saltzman made a presentation on the purpose, operation and current status of ACCION's guarantee fund. An outline of her presentation is attached to the minutes. A general discussion on the Fund followed with many questions and comments. The general consensus was that this mechanism is an innovative means for mobilizing additional resources to micro-enterprises and should be aggressively promoted next year.

## V. WASHINGTON OFFICE ACTIVITIES

The Director of the Washington office, Maria Otero, briefly described the areas of activity in which she has been involved: This includes three areas: numerous representational meetings and presentations before such entities as the World Bank, AID, the IDB; the preparation and publication of manuals, monographs and working papers; and participation in the new GEMINI program.

## VI. EXECUTIVE DIRECTOR'S REPORT

Mr. Burrus briefly reviewed the highlights of this past year, noting that the corporation had received a lot of recognition and a positive response to many of its initiatives. He stated that currently the affiliate operations are lending about \$2 million per month with the average loan being under \$200, so that the total loaned out in 1989 will be \$20 million compared to \$14.4 million in 1988.

Mr. Burrus also reviewed certain trends in the field and their possible impact on ACCION. In view of the governments' own active role in the field, the private sector needs to become even more proactive in defining the roles of the two sectors. In many cases this increased activity at the policy level may necessitate the creation of associations of those organizations in each country that are lending to micro-enterprise so as to speak with a more united voice.

There is also an increasing need to explore non-traditional sources of financing for ACCION's programs, such as the Bridge Fund. The corporation must build the institutional capacity to aggressively pursue these options.

## VII. UPDATE ON ARGENTINA

Mr. Duncan briefly informed those present of his conversations with key businessmen in Buenos Aires and his intention to visit there in mid-January. He then asked staff member Martin Burt to relate the results of his meetings with key government officials during his recent trip to Buenos Aires and the subsequent visit to Paraguay of the Vice-President. The government is keen to support an initiative in micro-enterprise and appears willing to cooperate with a private sector organization that ACCION might help establish.

## VIII. UPDATE ON BOLIVIAN BANK

Mr. Martin and Mr. Duncan reminded the Directors of ACCION's commitment of \$50,000 towards the feasibility stage of the proposed bank in Bolivia. Mr. Duncan reported that the Inter-American Foundation apparently wishes to postpone their funding decision until a later date. In view of the IAF's indecision, the Directors agreed, with Mr. Duncan's leadership, to look for alternative sources. In any case, a quarterly disbursement schedule should be set up with the first disbursement to be made in early 1990.

With no further business to attend the meeting was adjourned.

William W. Burrus Designated Secretary

ACCION INTERNATIONAL Statement of Income and Expense 1988 Actual, 1989 Projected, 1990 Projected

SUPPORT AND REVENUE:	1988 ACTUAL	1989 PROJECTED	1990 Budget
Direct private contributions	<b>\$5</b> 06 <b>,</b> 637	\$494,744	\$558,500
Indirect public support	\$17,948	•	•
Government grants	\$751,136	•	•
Investment income	\$8,702		•
Other income	\$41,734	•	•
Other Theome	#71g1UT	#E04040	714,000
TOTAL SUPPORT AND REVENUE	\$1,326,157	\$1,429,320	\$1,599,668
EXPENSES:			
Program Expenses:			
United States Microbusiness	\$21,638	\$19,977	\$23,242
Public Education	\$20,602	\$86,360	\$96,457
Foreign Microbusiness:		,	,,
Research, Training and			
Evaluation	\$20,435	\$74,441	\$141,024
Guarantee Fund	\$47,114	•	\$70,212
Matching Grant Program	\$214,320		,
Argentina	0	3806	18704
Bolivia	\$69,579		
Brazil	\$59,897	\$66,228	,
Chile	\$46, 255	\$78,670	•
Colombia	\$79,202	\$78,527	•
Costa Rica	\$90,035	\$67,113	\$43,532
Dominican Republic	\$28,669		\$32,554
Ecuador	\$63,815	\$62,733	\$59,872
Guatemala	\$92,004	\$95,127	•
Honduras	\$75,901	\$43	\$0
Mexico	\$29,794	\$31,995	
	\$19,946	\$36,033	•
Paraguay Peru	\$8,139	•	
	\$10,862	\$1,568	•
Uruguay Venezuela	) \$10,00c	₽1, JOC 4114	₽ <b>८</b> 34 <b>८</b> 84 6500
venezuera Subtotal	-		
20010091	\$277 <sup>4</sup> 201	\$1,013,472	¥1,164,074
Total Program Expenses	\$998,207	\$1,119,809	\$1,244,593
Supporting Services:			
General and Administrative	\$193,707	\$209,242	\$255,756
Fundraising	\$76,556	•	
r ditte arbring	714,000	#1 Q   V 13	. 7304130
Total Supporting Services	\$270,263	\$284, 291	\$346,516
TOTAL EXPENSES	\$1,268,470	\$1,404,100	\$1,591,109
SURPLUS/(DEFICIT)	\$57,687	\$25,220	\$8,559

		GENERAL & ADMINIS.	FUND- RAISING	DEVEL. EDUCATION	u.s. Programs	RESEARCH, TRAIN, EVAL		MATCHING F GRANT PROG.	ARGENTINA I	BOLIVIA	BRAZIL :	CHILE	COLOMBIA
1	INCOME			` `		•							
3100   3150	INDIVIDUALS FOUNDATIONS CALMEADON FON. CORPORATIONS		\$110,000 \$30,000 \$179,500		\$20,000 \$5,000	\$32,400	\$10,000			\$17,100	\$51,800 \$15,000	\$8,000	•
3300 3325 3400	INDIVIDUALS CFC GPECIAL EVENTS GOVERNMENT GRANTS GOVTT - PACT		\$35,000 \$5,000			\$57,016	•		\$19,315	•			
3420 3600 3700	GDV T - AID INVESTMENTS PUBLICATIONS OTHER	\$12,000		\$95 <b>,</b> 325		\$65, 165 \$6, 000 \$2, 000	\$44,135 \$6,000	\$131,593		\$99,666		\$131,389	\$85,648
	TOTAL INCOME	\$22,000	\$359,500	\$95,325	\$26,000	\$162,581	\$60,135	\$131,593	\$19,315	\$116,766	\$66,800	\$139,389	\$85,648
	expenses												
4800	SALARIES FRINGE BENEFITS (20%)	\$69, 964 \$13, 993	\$35,278 \$7,056	\$52, 981 \$10, 536	\$7,661 \$1,532		\$47,093 \$9,419	\$164,207 \$32,841	\$7,253 \$1,451	\$42,655 \$8,531	\$39,655 \$7,931	\$36,050 \$7,210	\$37,595 \$7,519
4900	RELOCATION SUBTOTAL	\$83,957	\$42,334	\$63,577	\$9, 193	\$96,439	\$56,512	\$197,048	\$8,704	\$51,186	\$47,586	\$43,260	\$45,114
	PROFESSIONAL SERVICES ACA EXPENSE	\$5,000 \$7,500	\$6,500	\$4,000	\$3,000	\$2,000	\$2,200	\$2,000		\$14,000		\$4,200	\$22,500
5280 5260	AUDIT EXPENSE TRANSPORTATION PER DIEM OFFICE SUPPLIES	\$40,000 \$6,000 \$4,000 \$10,000	\$4,350 \$1,575 \$7,900	\$2,600 \$1,780 \$1,000	\$4,000 \$2,000		\$6,000 \$2,500		\$5,000 \$2,000	\$11,120 \$5,450 \$600	\$1,000	\$4,500	\$1,500 \$500 \$3,400
5400	TELEPHONE PUSTAGE AND SHIPPING PRINTING AND PUBLICATION SUBS., PUBS., DUES	\$7,000 \$2,000 \$4,000 \$5,000	\$2,700 \$4,712 \$4,044 \$665	\$4,200 \$2,000 \$15,500 \$800	\$2,400 \$600		\$1,000 \$500 \$1,000	\$2,200	\$2,400 \$600	\$4,500 \$4,600			\$1,600 \$1,000 \$1,000
5800 6100	CONFERENCES & TRAINING OCCUPANCY COSTS EQUIPMENT PURCHASE	\$3,000 \$60,000 \$2,000	\$1,200 \$1,200	\$500		\$5,000 \$2,500	\$500	\$1,000		\$2,000	\$1,000 )	1	
6300	DEPREC. & AMORT. EQUIP. RENTAL & MAIN OTHER	\$6,000 \$5,000 \$2,799	\$850 \$12,000		\$49	<b>a</b>		\$5,000 \$500 \$1,000		\$1,604	\$507	,	\$500
0300	SUBTOTAL	\$170,299	\$47,696				\$13,700	•		\$43,974	\$8,507	\$24,200	\$32,000
	TOTAL ALLOWABLE	\$254,256	\$90,030	\$96,457	\$23,24	\$136,739	\$70,218	\$271,848	\$18,704	\$95, 160	\$56,093	\$67,460	\$77,114
7200	PUBLIC RELATIONS  ACCTS, PAYBLE CHARGES  G.FURD BANK CHARGES	\$1,000 \$500	\$730			\$600	•					450.000	
7300	AMARDS & GRANTS											\$60,000	ŧn.
	TOTAL UNALLOWABLE	\$1,500	\$730									,	\$0
	TOTAL DIRECT EXPENSES	\$255,756	\$30,760	\$96,457	\$23,24	2 \$137,339	\$70,217	2 \$271,848	\$18,704		-		\$77,114
7800	O OVERHEAD CHARGES  O SHORT-TERM TA  O CEN.OFFICE SUPPORT	(\$245,756)	\$12,700	\$19,073	\$ \$2,75	8 \$28,938 \$3,685		3 \$59,115 (\$28,120 \$0	))	\$15,356 \$6,256		7 \$12,978	#13,531
	TOTAL INDIRECT EXPENSES	(\$245,756)	\$12,700	\$19,07	\$2,75	8 \$32,617	\$16,95	3 \$30,995	\$2,611	\$21,60	5 \$10,70	7 \$12,978	\$13,534
	TOTAL EXPENSES	\$10,000	\$103,460	0 \$115,53	\$26,00	0 \$169,956	\$87,16	5 \$302,843	\$21,315	\$116,76	6 \$66,80	0 \$140,438	190,648
	SURFLUS/(DEF1C1T)	\$12,000	\$256,04	0 (\$20,20	5) (4	(\$7,375	5) (\$27,03	0) (\$171,250	0) (\$2,000	o) \$	0 \$	0 (\$1,049	(\$5,000)
	Expenses less overhead	\$255, 756	\$90,76	0 \$96,45	7 \$23,24	2 \$141,02	4 \$70,21	2 \$243,720	8 \$18,70	\$ \$101,41	0 \$56,09	3 \$127,460	\$77,114

TOTAL EXPENSES

SURPLUS/(DEFICIT)

\$45,571

(\$3,866)

\$43,532

\$39,080

\$32,554

(\$500)

\$71,478 \$1,019,463

\$59,872 \$1,004,679

(\$3,000)

(\$6,063)

\$6,500

(\$1,500)

\$6,500

\$24,900

(\$5,000)

\$24,900

\$77,353

(\$3,500)

\$72,656

\$39,350

(\$550)

\$31,192

\$26,493

(\$1,493)

\$23,264

\$2,601,109

\$2,601,103

\$8,559

## ACCION INTERNATIONAL BALANCE SHEET

## SEPTEMBER 30, 1989

	ACCION GENERAL	GUARANTEE FUND	PROPERTY & EQUIPMENT		DECEMBER 31, 1988 TOTAL
ASSETS					
Cash and temporary investments	\$196,473	\$34,104		\$230,577	\$261,998
Contributions and accounts receivable	\$62,181	\$45,122		\$107,303 \$34,014	\$59,648 \$37,189
Property and equipment, net Restricted investments Other assets	\$13,734	\$1,484,062		\$1,484,062 \$13,734	\$967,478
	\$272,388	\$1,563,288	\$34,014	\$1,869,690	\$1,335,788
LIABILITIES AND FUND BALANCES					
Liabilities: Accounts payable and					
accrued expenses	\$47,516	\$43,601			\$91,025
Deferred revenue	\$102,801			\$102,801	
Notes payable		\$1,481,476		\$1,481,476	\$936,476
Total liabilities	\$150,317	\$1,525,077	\$0	\$1,675,394	\$1,141,294
Fund balances:					*****
Unrestricted	\$122,071			\$122,071 \$38,211	
Restricted - Guarantee fund Property and equipment		\$38,211		\$38,211	
Total fund balances	\$122,071	\$38,211	\$34,014	\$194,296	\$194,494
	\$272,388	\$1,563,288	\$34,014	\$1,869,690	\$1,335,788

ACCION INTERNATIONAL Statement of Income and Expense 1/1/89-9/30/89

	1/1-9/30 ACTUAL	10/1-12/31 PROJECTED	1989 TOTAL	1989 BUDGET	1988 ACTUAL
SUPPORT AND REVENUE:					
Direct private contributions	\$353,444	\$141,300	\$494,744	\$503,779	\$506,637
Indirect public support	\$23,234	\$11,766	\$35,000	\$15,726	\$17,948
Government grants	\$579,787	\$286,400	\$866,187	<b>\$778,899</b>	\$751,136
Investment income	\$9,749	\$3,000	\$12,749	\$16,580	\$8,702
Other income	\$18,640	\$2,000	\$20,640	\$11,290	\$41,734
TOTAL SUPPORT AND REVENUE	\$984,854	\$444,466	\$1,429,320	\$1,326,274	\$1,326,157
EXPENSES:				,	
Program Expenses:					
United States Microbusiness	\$12,477	\$7,500	\$19,977	\$14,387	\$21,638
Public Education	\$61,860	\$24,500	\$86,360	\$90,392	\$20,602
Foreign Microbusiness:					
Research, Training and					
Evaluation	\$53,441	\$21,000	\$74,441	\$84,173	\$20,435
Guarantee Fund	\$31,326	\$10,000	\$41,326	\$43,402	\$47,114
Matching Grant Program	\$169,413	\$95,000	\$264,413	\$216,564	\$214,320
Argentina	\$1,806	\$2,000	\$3,806	\$3,879	
Bolivia	\$49,905	\$26,000	\$75,905	\$58,869	<b>\$</b> 69,579
Brazil	\$51,228	\$15,000	\$66,228	\$52,732	\$59,897
Chile	\$48,670	\$30,000	\$78,670	\$72,019	\$46,255
Colombia	\$55,527	\$23,000	\$78,527	\$59,055	\$79,202
Costa Rica	\$47,113	\$20,000	\$67,113	\$68,974	\$90,035
Dominican Republic	\$21,125	\$8,300	\$29,425	\$27,377	\$28,669
Ecuador	\$42,433	\$20,300	\$62,733	\$52,971	\$63,815
Guatemala	\$69,127	\$26,000	\$95,127	\$89,276	\$92,004
Honduras	\$43	\$0	\$43	\$39	\$75,901
	\$22,995		\$31,995	\$28,507	\$29,794
Mexico	\$26,033	· · · · · · · · · · · · · · · · · · ·	\$36,033	\$28,120	\$19,946
Paraguay	\$1,405		\$2,005	\$1,981	\$8,139
Peru	\$1,168			\$1,164	\$10,862
Uruguay	\$1,614			\$3,612	\$0
Venezuela	91,014	42,300	7 . 7		
Subtotal	\$694,372	\$319,100	\$1,013,472	\$892,714	\$955,967
Total Program Expenses	\$768,709	\$351,100	\$1,119,809	\$997,493	\$998,207
Supporting Services:					
General and Administrative	\$161,292	\$47,950	\$209,242		
Fundraising	\$55,049		\$75,049	\$78,481	\$76,556
•	+016 041	A67 0E0	\$284,291	\$295,635	\$270,263
Total Supporting Services	\$216,341				
TOTAL EXPENSES	\$985,050	\$419,050	\$1,404,100	\$1,293,128	\$1,268,470
SURPLUS/(DEFICIT)	(\$196	\$25,416	\$25,220	\$33,146	\$57,687

## ACCION INTERNATIONAL SIGNATURE AUTHORITIES

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The following is a Board - approved list of authorized signatures and approvals in the various areas of operations.

## BOARD APPROVALS:

The following items require the written approval of the Board of Directors:

annual operating budget
Executive Director's salary
bank loan commitments
major investments
sale of assets > \$10,000

In other areas, the Board of Directors has authorized the Executive Director to sign or to designate a signer on behalf of ACCION International.

Specific staff signature authorities are listed below:

## GENERAL BUSINESS COMMITMENTS AND AUTHORIZATIONS:

Grants and contracts

Leases and rental agreements

Donation receipts

Purchases > \$1000

Petty cash < \$20.00

Opening of bank accounts

Ex.Dir.

Ex.Dir.

Dir.R.Dev.,Dir.F&A

Ex.Dir.,Dir.F&A

Ex.Dir.,Dir.F&A

Ex.Dir.,Dir.F&A

Bank transfers

Ex.Dir.,Dir.F&A - author.

Assoc.F&A - transaction

Ex.Dir.,Dir.F&A

Certification of expenses Ex.Dir.,Dir.F&A
Travel expense reports Ex.Dir.,Dir.F&A

Checks 2 signatures Ex.Dir.,Dir.F&A,Dir.L.A.Op.

## PERSONNEL MATTERS

Letters of appointment Ex.Dir.
Transfers, salary action,
promotion and termination Ex.Dir.

promotion and termination Ex.Dir.

Overtime authorization Ex.Dir.

Time sheets Ex.Dir.,Dir.F&A

## SPECIAL - GUARANTEE FUND

Promissory notes Letters of credit Ex.Dir. Ex.Dir.

SPECIAL - U.S.AID

Indirect Cost Rate Agreement

Ex.Dir.

Letter of credit draws 2 signatures

Ex.Dir.,Dir.F&A

In addition to the above authorizations, ACCION field office authorizations are as follows:

## FIELD OFFICES:

Affiliate agreements Grants and contracts < \$10,000 Bank accounts Checks, bank transfers Procurement < \$10,000 Consultants and contractual

Ex.Dir.

Country Directors Ex.Dir.,Cty.Dir. Country Directors Country Directors

services Country Directors Expense vouchers Country Directors

## BRIDGE FUND

## I. FUNDING A. AID

- 1) \$1,000,000 loan of which \$700,000 has been disbursed (signed 9/85).
- 2) Maturity of Loan: 9/90 with repayments in five equal semi-annual installments beginning in December, 1990 (final payment 12/93).
- 3) Grant for \$207,949 over 5 yr. period which expires 9/90.

## B. Private Sources

- 1) Total in private sources as of 12/4/89 is \$886,476 of which \$613,976 is held in CD's at Chemical Bank with the difference of \$272,500 held in CDs at South Shore Bank, Chicago.
- 2) Characteristics of loans to Bridge Fund:

Min amount: \$10,000 Min period: 18 months

Interest rate: 0% - 5% p.a. (paid semi-annually)

Reserves: US\$ Loan Loss Reserve ( 5% of

outstanding LC's, \$ 40,275)

Recourse: Assets of Bridge Fund

3) Growth: over five fold increase in 2 years

12/87: \$175,000

12/88: \$536,476 (206%) 12/89: \$900,000 (68%)

- 4) 100% success rate with roll-overs; all 11 loans that have matured to date, totalling \$168,976 have been rolled over.
- 5) Composition of investors:

,	No.	Amount
Individuals	36	\$621,476 (70%)
Churches	7	\$215,000 (24%)
Institutions	1	\$ 50,000 (1%)
	44	\$886,476

- 6) Referral base. Socially Responsible Investment Community Interfaith Council on Corporate Responsiblity
- 7) Average maturity of private sources as of 12/4/89: 16 mths

### II. PLACEMENT

### A. AID Funded Letters of Credit, \$500,000

1) Outstanding Letters of Credit as of 12/4/89

Country	Program	Local Bank	Amount
Chile	PROPESA	Citibank	\$100,000
Costa Rica	AVANCE	COFISA	\$100,000
Ecuador	FED,FEE	Bco. Consolidado	\$ 50,000
Mexico	ADMIC	Banco Mercantil	\$150,000
			\$500,000

- 2) Issues with placement:
  Letter of Credit wording
  Exclusion of public sector banks
  Emphasis on poorer LDCs
- 3) Leverage All lines of credit are 90% guaranteed except Mexico where the LC covers only 20% of the average outstanding under the line. thus, the \$500,000 in LCs makes available 760,000 which given an average loan maturity of 4 months results in a total of \$2.3 million in loans funded over the course of one year.

### B. Privately Funded Letters of Credit \$705,400

1) Outstanding Letters of Credit as of 12/4/89 opened by Chemical Bank

Country	Program	Local Bank	Amount
Ecuador	FEE	La Previsora	\$ 40,000
Mexico	ADMIC	Bco. de Oriente	\$ 50,000
Paraguay	Paraguaya	Bco. Nac. de Tra.	\$100,000
Paraguay	Paraguaya	Bco. Nac. de Fmto.	\$100,000
Paraguay	Paraguaya	Lloyds Bank	\$ 65,000
Peru	ACP	Bco. Wiese	\$ 50,000
Peru	ADIM	Bco. Wiese	\$ 20,000
Colombia	BMM	Fund. Barco	\$ 27,400
			\$452,400

2) Outstanding Letters of Credit as of 12/4/89 opened by First National Bank of Chicago

Country	Program	Local Bank	Amount
Arizona	MICRO	Valley Natl.	\$ 78,000
Colombia	Actuar	Bco. Ganadero	\$100,000
Colombia	Actuar	Bco. del Estado	\$ 75,000
			\$253,000

- 3) Unutilized: \$886,476-\$100,000 (Segregated Account) -\$705,400= \$81,076
- 3) Issues with placement Lack of liquidity Elevated cost of funds
- 4) Leverage
  LC's guarantee 100% of the line of credit except in
  Mexico (90%), Peru (50%), and Colombia (75%). Thus
  \$705,500 leverages \$848,555 which given an average
  loan maturity of 4 months results in a total of \$2.5
  million in loans funded over the course of one year.

### III. RESULTS

- A. Funding Source Bridge Fund monies account for 24% of the funding of ACCION's projected loan volume of \$20 million for 1989.
- B. <u>Losses</u>
  No losses since the Fund became operative in 1987.
- C. <u>Self-sufficiency</u>
  Projected Income for 1989: \$6,000
  Expenses: \$80,000
- D. <u>Demand</u>
  Currently, demand for private and AID funds surpasses availability. Despite, this placement constraints under the Bridge Fund remain which call for other parallel funding mechanisms to be put into place.
  -Creation of a Financial Intermediary Dept: Debt/Equity Swaps, Placement of US \$ deposits overseas, direct lending.

# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue in the Burough of Manhattan, New York, on June 7, 1989 at twelve o'clock in the afternoon. There were present:

John Averv Albert Bildner Terence Canavan Martin Connell John C. Duncan Nick Graves Robert C. Helander Christopher Kennan Stephen Knaebel Daniel Martin Charles Muller Antonio Navarro Kathrine Ockenden Mildred Sage Frederick Seeley John Scott

being a quorum. Also present were Advisory Council members Jorge Cespedes, David Garza Laguera, and Fernando Leniz; staff members William Burrus, Stephen Gross, Catherine Quense, Gabriela Romanow and Steven Reichard. Mr. Michael O'Shaughnessy and Ms. Luisa Mendoza de Pulido attended as guests.

The meeting was called to order by the President, Mr. Martin with the agenda as follows:

### I. APPROVAL OF THE MINUTES

The minutes of the December 14, 1988 meeting were approved as written.

### II. TREASURER'S REPORT

Because the Treasurer, Mr. McDermott was absent, the Director of Finance and Administration, Ms. Quense, reviewed the highlights of the draft of the 1988 Financial Statements audited by Price Waterhouse. She commented that the format of the Balance Sheet had been changed to provide greater clarity, particularly for the guarantee fund and that, following corporation policy, the financial statements from Costa Rica had been deconsolidated for both years now that the program is independent. She pointed out that the corporation had a modest surplus for 1988.

Mr. Martin observed that while income for the year was up,

including a \$100,000 increase of private funds, the cost of fundraising and support services rose only modestly. He thanked all the Board members for their hard work in the area of private fundraising which enabled the corporation to overcome a possible deficit projected in the last quarter.

### III. ELECTION OF DIRECTORS AND OFFICERS

1. The following individuals were elected as Directors to serve one year terms:

John Avery Albert Bildner Michael F. Brewer Murfree Butler Terence C. Canavan Michael Chu Martin P. Connell Diane DeVries Ashley John C. Duncan Nick Graves Robert C. Helander Mary Houghton Christopher Kennan Stephen P. Knaebel Daniel Martin Thomas P. McDermott Charles W. Muller Antonio Navarro Crocker Nevin Kathrine Ockenden Michael O'Shaughnessy Mildred Sage Frederick D. Seeley John W. Scott

2. The following officers were elected for one year terms:

<u>Chairman</u> Terence C. Canavan

President Daniel Martin

Secretary Charles W. Muller

Treasurer Thomas P. McDermott

3. The following standing committees were elected for one year terms:

Executive Committee
John Avery
Terence C. Canavan
John C. Duncan
Robert C. Helander
Daniel Martin
Charles W. Muller
Thomas P. McDermott
John W. Scott

Audit/Finance Committee
Thomas P. McDermott
Crocker Nevin
Nick Graves

Resource Development Committee
J. Murfree Butler
Christopher Kennan
Kathrine Ockenden
Albert Bildner

4. The following were elected to the International Advisory Council:

Alvaro Arango Correa Paulo Ayres F. Jaime Carvajal Jorge Céspedes David Garza Laguera Roberto Gutiérrez Fernando Leniz Camilo Lluberes Val T. McComie Luisa Elena Mendoza de Pulido Hans Neumann Tomas A. Pastoriza Guillermo Peroni Daniel Rodriguez Fernando Romero Hernando de Soto

### IV. UPDATE ON FUNDRAISING

Mr. Reichard, Director of Resource Development updated those present on the status of private giving through June 1, 1989. Towards a goal of \$514,271 a total of \$305,072 had been received or firmly pledged. He also handed out a list of additional

corporations where a contact is needed. Finally, based on the promising results of an individual mailing done by a friend in Minneapolis, he requested that with staff support, each Board member send a personal mailing to between 50-100 friends and associates. Mr. Helander volunteered to be first and Mr. Reichard said he would be in touch with the other Directors over the summer and fall.

### V. MEDIA EDUCATION PROGRAM

The Director of Development Education, Ms. Gabriela Romanow, stated that unlike the previous program, The Americas Dialogue, which brought prominent speakers from Latin America to talk about micro-enterprise, this new three year program focuses on the media with an emphasis on the business media. She remarked that to gain additional exposure and coverage, the program needed the help of the Directors. A list of key media sources was reviewed with those present indicating where they had contacts.

### I. VENEZUELA, ARGENTINA, US PROGRAM OPPORTUNITIES

#### 1. Venezuela

Mr. Burrus reported on his recent trip to Venezuela where he had extensive conversations with the Mendoza Foundation and the Neumann Foundation regarding the possibility of launching a micro-enterprise program. A tentative agreement has been reached to work with the Mendoza Foundation in starting up a program styled after PRODEM in Bolivia. Mr. Burrus stated that for ACCION it was also important to involve other groups in Venezuela as well in the effort, so as to raise enough support to undertake a large program. He asked Ms. Mendoza de Pulido to comment and she explained that the Foundation was already sponsoring a microenterprise program that was successful but was reaching a somewhat larger size business. She was concerned about the poorest individuals of the society who are economically active and sees this new program attending that need. The Foundation is considering the creation of a new association to sponsor the program and to serve as a way of garnering the support of other entities as well.

### 2. Argentina

The Director of Latin American Operations, Mr. Steve Gross, reported on the results of his recent trip to Argentina where a formal request for assistance has been received from the Banco de la Provincia de Buenos Aires to establish a micro-enterprise program. The great majority of those present expressed their strong reservations about working with this government bank. It was determined that ACCION should identify a group of private sector leaders who could sponsor a program much along the lines

of the way in which the Chile effort was launched. A number of names of individuals who might be able to participate were suggested and it was agreed that as soon as practical a delegation of Boards members would travel to Argentina to further explore opportunities.

### 3. US

The President, Mr. Martin, reported that while progress had been made toward determining a possible future role for ACCION in another US program, he felt it was premature to report and therefore asked that the discussion on this subject be postponed.

### VII. PRESENTATION OF BOLIVIA BANK STUDY

Mr. Connell reported that the feasibility study of the proposed bank in Bolivia had been completed and that he and the Calmeadow Foundation were prepared to move to the development stage. He stated that he and Mr. Burrus had recently met with Mr. Fernando Romero who had reconfirmed the commitment of the PRODEM Board to also move ahead. The estimated cost of this second stage is \$150,000 of which the PRODEM Board are committed to raising 1/3 as is the Calmeadow Foundation. Mr. Connell asked that ACCION also commit 1/3 so as not to lose the momentum.

There was a long and thoughtful discussion about various issues related to the bank, including the unstable political and economic history of Bolivia and the possible repercussions should the micro-entrepreneurs who participate as depositors and shareholders lose their money. It was pointed out that while these were real issues that needed to be further addressed, approval to move to stage two did not imply a formal commitment to actually set up the bank.

By a unanimous vote, the Board authorized the corporation to participate in phase two and to secure additional resources to do so. Mr. Martin called a special meeting of the Executive Committee on July 18 to discuss the specific issues ACCION wants to address in this next stage.

### VIII. ADVISORY COUNCIL REPORTS

Mr. Martin asked each of the Advisory Council members present to comment on the progress of their programs.

With no further business to attend the meeting was adjourned.

William W. Burrus Designated Secretary

# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue in the Borough of Manhattan, New York, on December 14, 1988 at twelve o'clock in the afternoon. There were present:

Murfree Butler
Terence C. Canavan
John C. Duncan
Nicholas Graves
Mary Houghton
George Landau
Christopher Kennan
Daniel Martin
Crocker Nevin
Thomas P. McDermott
Charles Muller
Kitty Ockenden
Mildred Sage
Frederick D. Seeley
John W. Scott

being a quorum. Also present were staff members William Burrus, Stephen Gross, Catherine Quense and Steven Reichard. Mr. Michael O'Shaughnessy attended as a guest.

The meeting was called to order by the Chairman, Mr. Duncan, who stated that Mr. Helander, the President, had been called to Mexico and was unable to attend. The agenda was as follows:

### I. APPROVAL OF THE MINUTES

The Minutes were approved as written.

### II. TREASURER'S REPORT

The Treasurer, Mr. McDermott referred those present to the financial information contained in their folders. He noted that the corporation would be ending the year with an estimated deficit of \$19,840, compared to a 1987 surplus of \$54,537. He also pointed out that the financial statements of two affiliates in Costa Rica and Honduras would be deconsolidated from those of ACCION at the end of the year. This is in line with corporate policy which is to deconsolidate the statements of local affiliates when they reach maturity and gain more independence from ACCION. Mr. McDermott also pointed out the impact of this deconsolidation on the balance sheet and also of the loan guarantee fund which has grown during the year. Finally, he noted that the 1989 budget is balanced, showing a modest surplus

of \$7,137. Mr. Martin commented that the corporation needed to monitor the finances very closely, particularly in view of the swing from a strong surplus in 1987 to a modest deficit in 1988.

### III. SPECIAL ELECTION OF PRESIDENT AND CHAIRMAN

Mr. Duncan stated that as per Mr. Helander's letter to the Directors, they both felt it was an appropriate moment for the Corporation to elect a new Chairman and President. He remarked that his term as Chairman had been long but always gratifying and reiterated the importance of the work being carried out. Several Directors and staff expressed their deep gratitude for the wise and steady leadership which both he and Mr. Helander have provided over the years. Mr. Muller moved that the minutes reflect a special note of appreciation to them for their outstanding support and leadership. Both Mr. Helander and Mr. Duncan will remain on the Board.

The nomination of Mr. Daniel Martin as President and Mr. Terry Canavan as Chairman was moved and seconded. They were elected unanimously. Mr. Martin then chaired the meeting.

### IV. MATCHING GRANT AND PRIVATE FUNDING STRATEGIES

Mr. Burrus presented a brief overview of the Corporation's recent past, stating that certain current trends and conditions presented ACCION a unique opportunity to grow and greatly expand its work in the coming years. These conditions include the existence of a strong network of 30 affiliate organizations, certain staff changes, new Board leadership, ACCION's fine reputation, recent positive publicity, and the election of a new Administration in WDC which will be private sector oriented with a pragmatic approach to Latin America.

Because of these conditions, ACCION should be able to maintain its leadership in the micro-enterprise field. ACCION has the opportunity to launch several new initiatives. One of these initiatives currently being negotiated is a new five year Matching Grant with AID which could provide as much as \$400,000 per year. To successfully implement this program, the Corporation will need to match an equivalent amount from private sources.

He then introduced the new Director of Resource Development, Mr. Steven Reichard, who stated that approximately \$100,000 above current private income will need to be raised each year to meet this match. With the use of an overhead projector, he displayed the private income projections for the next three years and requested the cooperation of all Directors in meeting those goals. Mr. Burrus then outlined the specific activities requested from the Directors related to corporate and individual

donors.

Mr. Reichard displayed a list of corporate targets for 1989 and each Director present indicated which ones he/she could solicit.

V. UPDATE ON CHILE: OBSERVATIONS OF MR. MICHAEL O'SHAUGHNESSY

Mr. Burrus introduced Mr. O'Shaughnessy who has given strong financial support to the Chile program and who attended the program's inauguration in November. Mr. O'Shaughnessy reported that he found the program to be in capable hands with much potential for growth. He noted the excellent press the inauguration had received and the client interest generated by the publicity.

### VI. CREATION OF BOLIVIAN BANK FOR MICRO-ENTERPRISES

Mr. Burrus updated those present on events related to the creation of a bank for micro-enterprise lending in Bolivia. He and Mr. Martin Connell travelled to La Paz in September and based on the strong local support, Mr. Connell decided to finance the cost of a feasibility study. The initial results of this study were presented to several Directors (Duncan, Seeley, and Martin) at a meeting held in Mr. Duncan's office in November. It was agreed that the study would be completed, taking into account various suggestions made.

Mr. Burrus briefly outlined the financial projections of the study and stated that the final version will be available in mid January. A discussion followed related to the long term viability of such an endeavor, given the unstable nature of the Bolivian economy. While the Directors strongly endorsed the worthiness of the concept, several expressed concern about securing equity from US investors. Greater optimism existed about ACCION's ability to help secure financing from the development banks and development assistance agencies in WDC. It was agreed that the exact nature of ACCION's commitment to the bank would be determined after receiving the prospectus.

### VII. PROGRAM EXPANSION

Mr. Burrus asked for Board guidance on pursuing opportunities for expanding to Venezuela, Argentina and the United States. After some discussion, it was agreed that Venezuela would take precedence and that the first step would be for those Directors and Advisory Council members attending the Americas Society Chairmen's Council meeting in Caracas in February to promote the idea. This exploratory visit would be followed by a more formal

Board/staff trip.

Regarding Argentina, the Corporation should pursue contacts slowly with the idea that serious promotion of a program will occur only after Venezuela is launched.

To consider any expansion in the US, the Directors requested the staff prepare a description of the Arizona project and a proposed plan of expansion for their consideration at a future meeting.

With no further business to attend the meeting was adjourned.

William W. Burrus

designated Secretary

MINUTES
OF THE MEETING OF THE
BOARD OF DIRECTORS
ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue in the Borough of Manhattan, New York, on June 8, 1988 at two o'clock in the afternoon. There were present:

Albert Bildner
Martin P.Connell
Jack Duncan
Robert C. Helander
Christopher Kennan
Stephen Knaebel
Thomas McDermott
Charles Muller
Crocker Nevin
Mildred Sage
John W. Scott
Frederick D. Seeley

being a quorum. Also present were Advisory Council Members David Garza Laguera, Camilo LLuberes and Fernando Romero; staff members Bill Burrus, Steve Gross, Francisco Otero, Maria Otero and Sonia Saltzman; and guests Jorge Céspedes, Fernando Leniz, Carlos Despradel and Nick Graves.

The agenda was as follows:

I. PRESENTATION OF ADVISORY COUNCIL MEMBERS AND GUESTS

The President, Mr. Helander, introduced the Board Directors, staff, Advisory Council members and guests and welcomed everyone to the spring Board meeting.

### II. ISSUES AND OPPORTUNITIES IN MICRO-ENTERPRISE

Mr. Burrus called the attention to those present of various new ACCION publications and mentioned several recent items of interest including the Meet the Players luncheon organized recently in Boston with the Red Sox and the Blue Jays, the new direct mail campaign and a new magazine ad which focuses on women.

He then made a few introductory remarks regarding the key issues facing the corporation in the micro-enterprise field. In addition to the overriding themes of scaling up and financial self-sufficiency, Mr. Burrus suggested that there were three areas where breakthroughs need to occur: the area of financing, including relations with the banking sector and the mobilization

of savings; the area of institutional capacity and organizational structure; and the area of policy dialogue related to microenterprise development.

A lengthy discussion then ensued around these and other related points. Mr. Romero pointed out the need for ACCION to move away from being so involved in the day -to - day running of programs and to concentrate on promoting our approach and methodology and on developing the human resources required to implement successful programs. Some attention was given to future sources of financing with some stressing the need to influence the IDB and the World Bank to adopt more aggressive and streamlined policies; others felt that the commercial banks need to be brought to the table to participate as well. Mr Lluberes presented the highlights of the recently proposed legislation in the Dominican Republic to create a financial vehicle through which the banks will be able to make resources available. Much discussion also centered around the idea presented by Mr. Connell of creating a financial intermediary on a strictly commercial basis to demonstrate that micro-enterprise lending can be done for a profit. Finally the need was discussed for ACCION and its affiliates to become more active participants in the policy dialogue which is currently underway internationally and in many countries.

### IV. ROLE OF ADVISORY COUNCIL

Several of those present commented on the value of including the Advisory members as well as the field staff in the Board meetings. These occasions provide the Board an opportunity to hear first hand from those who are actively engaged in the work as well as a chance for Advisory Council members to meet each other and learn first-hand of work going on in other countries.

In addition, several comments were made in reference to a description of the role and responsibilities of the Council, a copy of which is attached to the Minutes. It was agreed that, to the extent possible, future Board meetings would be held in coordination with the Americas Society to maximize the participation of those coming from Latin America.

### V. TREASURER'S REPORT

Mr. Helander stated that the Treasurer, Mr. McDermott had to leave early but that due to delays in the audit in Costa Rica, the 1987 financial reports were not yet available. They are expected to be ready within two weeks and Mr. Burrus promised to send them out immediately to all Board members. He also stated the Finance Committee would be meeting with Price Waterhouse as soon as the statements are available.

### VI. ELECTIONS

Elections for the Board of Directors, Officers, and the Advisory Council were held. Committee appointments were also made. The results of these elections are attached to the minutes.

With no further business to attend the meeting was adjourned.

William W. Burrus Designated Secretary

### INTERNATIONAL ADVISORY COUNCIL

### ACCION INTERNATIONAL

### PURPOSE

Serve as an advisory body to the Board of Directors of Acción International in all aspects of the corporation's development work in the Americas.

### FUNCTION

- 1. Assist in the ongoing review of the long and short-term goals, general policies, and program priorities of the corporation.
- Advise and participate in the exploration and expansion of new programs and related activities.
- 3. Promote the general interests of the corporation with members of the private sector, government and international organizations, and foundations.
- 4. Assist in fundraising and public relations efforts in the U.S. and in those countries of operation.

### STRUCTURE

- The Council is created as a standing committee by the Board of Directors as provided in Article XV, "Other Committees" of the By-Laws.
- It is composed of no more than fifteen members elected by the Board for one year terms. Members can stand for reelection.
- 3. Members are encouraged to attend Board meetings and receive copies of all Board meeting minutes, the Quarterly Report of the Executive Director, and all publications and other relevant information on the corporation.
- The names of the members appear on Acción International stationery.
- On occasion, members are asked to host joint meetings of the Advisory Council and Board of Directors.

### A. STANDING COMMITTEES 1988-89

### Executive Commmittee

John Avery Terence C. Canavan John C. Duncan Robert C. Helander Daniel Martin Charles W. Muller Thomas P. McDermott John W. Scott

### Audit/Finance Committee

Thomas P. McDermott Crocker Nevin

### Resource Development Committee

Albert Bildner J. Murfree Butler Christopher Kennan Kathrine Ockenden

### B. AD HOC COMMITTEES

### A. Media Committee

B. Debt Conversion/BlockedCurrencies

Charles W. Muller Antonio Navarro Mildred Sage Terence C. Canavan Frederick D. Seeley

### International Advisory Council

Paulo Ayres F.
Jaime Carvajal
Jorge Céspedes
David Garza Laguera
Fernando Leniz\*
Camilo Lluberes
Val T. McComie

Hans Neumann Tomas A. Pastoriza Guillermo Peroni Daniel Rodriguez Fernando Romero Hernando de Soto\*

### (\*) New Members

### Retiring Members:

John R. Camp Roberto de Oliveira Campos

## CORPORATE OFFICERS ACCION International 1988-89

Chairman John C. Duncan

<u>President</u> Robert C. Helander

Secretary Charles W. Muller Vice President Terence C. Canavan

Treasurer Thomas P. McDermott

### Board of Directors 1988-89 ACCION International

John Avery Albert Bildner Michael F. Brewer Murfree Butler Terence C. Canavan Martin P. Connell John C. Duncan Robert C. Helander Mary Houghton Christopher Kennan Stephen P. Knaebel George W. Landau Daniel Martin Thomas P. McDermott Charles W. Muller Antonio Navarro Crocker Nevin Kathrine Ockenden Mildred Sage Frederick D. Seeley John W. Scott

Retiring from the Board:

Patricia Cloherty Walter Hunnewell Daniel A. Sharp

# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue in the Borough of Manhattan, New York, on November 18, 1987 at twelve thirty in the afternoon. There were present:

Albert Bildner
Michael Brewer
Martin Connell
Robert Helander
George Landau
Charles Muller
Crocker Nevin
Kathrine Ockenden
Frederick Seeley

being a quorum. Also present were staff members William Burrus, Cathy Quense and Gabriela Romanow and guest Nancy Truitt.

The agenda was as follows:

### I. APPROVAL OF THE MINUTES

The Minutes of the meeting of June 10, 1987 were approved as written.

### II. TREASURER'S REPORT

In the absense of the Treasurer, Tom McDermott, the Director of Finance and Administration, Cathy Quense presented and reviewed the financial statements through the third quarter of this year. On the balance sheet she pointed out that the only significant change involved the inclusion of the loan guarantee fund from AID which had a balance of \$401,935 at the end of the quarter. The statement of income and expenses shows a modest surplus for the same period. Finally she reviewed the 1987 budget with actual income and expenses through the third quarter and projections for the last quarter. The corporation expects to end the year with a small surplus.

### III. PRESIDENT'S REPORT

Mr. Helander stated that the Directors had been involved in a number of activities since the June Board meeting. In early September Jack Duncan, Martin Connell and Tom McDermott travelled to Chile to explore new program opportunities. They also visited the new program in Bolivia. In October, several new Directors participated in a delegation that travelled to the

Dominican Republic to visit the ADEMI program. These included Al Bildner, Mike Brewer and Steve Knaebel.
An Executive Committee meeting was held on October 21.
Directors John Scott and Dan Martin visited programs in Mexico and Peru during recent business trips to those countries.
Finally, Murfree Butler visited the Cambridge office.

### IV. DATES FOR THE 1988 MEETINGS

To assist the Directors and Advisory Council Members in their planning, the dates for the 1988 Board meetings were tentatively selected. The spring meeting is scheduled for June 16. It was suggested that a special effort be made to invite the Advisory Council Members and plan one or two special activities around their participation. The winter meeting was scheduled for December 1, 1988. Staff agreed to coordinate these dates with the Americas Society calendar.

### V. FUNDRAISING STRATEGY 1988-1990

The Director of Resource Planning and Development, Gabriela Romanow, briefly reviewed the three year strategic plan for fundraising, stating that particular emphasis will be given to increasing the corporation's individual and corporate giving. Mr. Landau cautioned that in the present climate it was difficult to raise corporate resources, especially for Latin America and suggested that special attention be given to seeking blocked currencies. Mr. Nevin also questioned the ability of the corporation to raise money from individuals unless they have a particular interest in Latin America. Mr. Burrus pointed out that his experience was that with the right approach it was quite possible to interest the public in ACCION's activities. Romanow also handed out a sheet which outlined the responsibilities of the Directors to insure successful execution of the strategic plan. This list is attached to these minutes. Several specific suggestions were made to assist the Directors in carrying out these duties: Advisory Council Members should be asked to come to the States and serve as speakers around whom events can be organized. This is also true of the field staff who could make presentations to groups gathered by the Directors. It was also suggested that an effective way of increasing our individual funding base would be for each Director to go through his/her rolidex and pick out 50-100 names of individuals to whom they would be willing to sign a personal letter. To begin implementing the responsibilities of the Directors, a resource development was appointed consisting of the following individuals: Al Bildner, Mike Brewer, Murfree Butler and Kathrine Ockenden. A tentative meeting or conference call was scheduled for sometime in December.

### VI. NEW FINANCING OPPORTUNITIES

A handout was distributed which briefly outlines two funding alternatives which the corporation should explore: the

utilization of blocked currencies and a debt conversion plan. This handout is attached to the Minutes. Mr. Seeley suggested that the staff compose a letter explaining the advantages of donating blocked currencies and send it out to all current corporate donors.

### VII. NEW BUSINESS

Mr. Helander introduced Ms. Nancy Truitt who works as a consultant for the Instituto de Libertad y Democracia, representing its interests and those of its President, Hernando De Soto in the States. Nancy reviewed the future plans of the ILD which include taking a closer look at informal capital markets and stated that it was in this area that the ILD and ACCION should work together.

Mr. Connell raised the subject of how ACCION might begin to seriously explore moving the micro-business lending experience more directly into the private sector to achieve the scale and widespread replicability that is required. A brief discussion followed which centered on which countries might be most appropriate to conduct this kind of experiment. Bolivia was mentioned as one of the most open and favorable in its banking laws to permit the setting up of a for-profit financial intermediary.

With no further business to attend the meeting was adjourned.

William W. Burrus

Designated Secretary

### ALTERNATIVE FINANCING FOR ACCION PROGRAMS

There are two possible "new" sources of financing that are receiving increasing attention among US-based private non-profits involved in Third World development work: The use of blocked currencies and debt conversion. Both of these alternatives represent possible new sources of financing for ACCION, particularly in capitalizing local loan funds and should therefore be seriously explored.

### 1. Utilization of Blocked Currencies

Many companies have monies in various Latin American countries which they are unable to repatriate to the United States or to convert into dollars. Under certain conditions it is possible to donate these monies to a US-based charity and declare the dollar equivalent as a tax deductible contribution in the US. This has tax as well as public relation benefits for the company involved.

### 2. Debt Conversion Plan

In a typical debt-for-equity swap, a bank will sell a loan to a third party, often a multinational corporation, at a discount. The corporation takes the loan to the central bank of the country involved and obtains local currency in exchange for the dollar-denominated note. The local currency is then paid at full face value of the note or at near face value. The corporation invests that currency in a local industry.

The debt conversion plan is similiar in that it is a means of using LDC debt as a means of exchange. It involves the sale at a discount or donation of debt to an American non-profit development organization. The non-profit then takes the note to the central bank of the host country and exchanges it for local currency, ideally at face value. The non-profit organization uses the the local currency to fund its development programs in the host country, greatly leveraging its available resources. If the arrangement involved a donation of debt, the possibility exists that a tax deduction at face value could be taken in the US. In ACCION's case these funds could be used to capitalize local loan funds for micro-business lending.

### ACTION SUGGESTED:

- 1. The newly-formed fundraising committee investigate these two possibilities.
- 2. Identify two or three specific companies or banks that have blocked currencies or are holding debt in countries of interest to ACCION and approach them as test cases to determine the feasibility of either or both alternatives.

### RESPONSIBILITIES OF THE BOARD 1988 - 1990 RESOURCE DEVELOPMENT

- Establish resource development committee to oversee the fundraising process.
- 2. 100% board participation in giving, to achieve at least \$20,000 in 1988 and beyond.
- 3. Each director to secure one new corporate gift per year.
- 4. As appropriate, each director should secure a new gift, or increase established gifts from his/her own company.
- 5. Each director be responsible to raise \$3,000 in 1988, \$4,000 in 1989, and \$5,000 in 1990 from individuals.

## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL/AITEC

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue in the Borough of Manhattan, New York, on June 10, 1987 at twelve thirty in the afternoon. There were present:

John Avery
Martin Connell
John Duncan
Robert Helander
Mary Houghton
Christopher Kennan
Steve Knaebel
Thomas McDermott
Charles Muller
Antonio Navarro
Kathrine Ockenden
Mildred Sage
Frederick Seeley
John Scott

being a quorum. Also present were Board candidates Murfree Butler, and Daniel Martin as were staff members William Burrus, Stephen Gross, Cathy Quense and Gabriela Romanow. Mr. Leslie Adams, American Express, attended as a guest.

The agenda was as follows:

### I. APPROVAL OF THE MINUTES

The Minutes were approved as written.

### II. TREASURER'S REPORT

Led by the Treasurer, Tom McDermott, the directors reviewed a draft of the 1986 financial statements prepared by Price Waterhouse. Of principal note was the restatement for 1985-1986 which excluded the operations of ACCION affiliates in Mexico and the Dominican Republic in recognition of their relative autonomy. Mr. McDermott walked the Directors through the balance sheet, the statement of support, revenue, expenses and changes in fund balance and the statement of functional expenses. Several questions of clarification were raised and it was requested that the statements add where appropriate an explanation of the change from 1985 and 86 in the Balance Sheet line items "other assets" and "deferred revenue". Mr. McDermott concluded by stating that the corporation hopes to have final statements by early July.

### III. ELECTION OF BOARD DIRECTORS, OFFICERS, EXECUTIVE COMMITTEE AND ADVISORY COUNCIL MEMBERS.

It was noted that two individuals were retiring from the Board, Henry Geyelin and Roderick O'Connor. Mr. Helander requested, on behalf of the Board, that the Minutes reflect the corporation's sincere gratitude for the valuable and lengthy service of both members.

The following individuals were elected to serve as Directors, Officers, Executive Committee, and Advisory Council members for the period of 1987-88.

BOARD OF DIRECTORS 1987-88

John Avery Albert Bildner Michael F. Brewer \* J. Murfree Butler \* Terence C. Canavan Patrica M. Cloherty Martin P. Connell John C. Duncan Robert C. Helander Mary Houghton Walter Hunnewell Christopher Kennan \*\* Steve Knaebel \*\* George W. Landau \* Daniel Martin \* Thomas P. McDermott Charles W. Muller Antonio Navarro Crocker Nevin Kathrine Ockenden Mildred Sage Frederick D. Seeley John W. Scott Daniel A. Sharp

(\*) New Directors
(\*\*) Elected at February meeting

Retiring from Board: Henry R. Geyelin Roderick O'Connor

### CORPORATE OFFICERS ACCION International 1987-88

Chairman John C. Duncan Vice President Terence C. Canavan

<u>President</u> Robert C. Helander Treasurer
Thomas P. McDermott

Secretary Charles W. Muller

EXECUTIVE COMMITTEE 1987-88

Terence C. Canavan John C. Duncan Robert C. Helander Thomas P. McDermott Charles W. Muller Crocker Nevin Kathrine Ockenden Frederick D. Seeley

### INTERNATIONAL ADVISORY COUNCIL 1987-88

Paulo Ayres F.
John R. Camp
Jaime Carvajal
David Garza Laguera
Camilo Lluberes
Val T. McComie

Hans Neumann Roberto de Oliveira Campos Tomas A. Pastoriza Guillermo Peroni Daniel Rodriguez Fernando Romero

### IV. DISCUSSION TOPICS

1. New program initiatives: Chile and Venezuela.

Mr. Burrus referred those present to the background information on Chile and Venezuela and briefly explained the status to date of possible ACCION activities in both countries. In the discussion that followed several Board members expressed the advantages implicit in the invitation from Pablo and Luisa Pulido to work in Venezuela; others suggested that for various reasons the timing was ripe for serious program exploration in Chile. Mr. Helander, the President, remarked that the choice was not either/or but rather a question of staging and that the corporation was capable of responding to both initiatives over

the next year or so. Mr. Leslie Adams, American Express, who recently returned from a trip to Chile expressed his personal interest and the interest of American Express in supporting a Chile initiative. On the basis of the discussion it was the decision of the Board that an exploratory trip of Board Directors would take place to Chile in early September. In Venezuela ACCION would continue direct contact with the Pulidos and would be as supportive as possible of their efforts. Because they are well on their way towards formulating a program and have the necessary resources to do so, the staff thought it would be easier to support the Venezuela program at their level and would require less Board involvement. Therefore the Board should focus its efforts more on Chile.

### ACCION and the Media

The Director of Resource Development, Gabriela Romanow, provided a brief background of ACCION's experience to date with the media: print, radio and television. She suggested the need for greater visibility for the organization both for public education purposes and primarily for fundraising. Several suggestions were made in this regard. Martin Connell, in reference to the legislation now before Congress suggested that ACCION be in closer contact with RESULTS, an organization with an extensive grassroots network in the United States which is currently promoting the legislation. Other members expressed their willingness to assist the corporation in gaining access to the media. A media committee composed of Millie Sage, Charles Muller, and Tony Navarro was formed to work with the staff on this issue.

This discussion concluded the formal agenda. However, because a number of directors had travelled from out of town, an informal discussion followed related to influencing the banking sector to become more directly involved in micro-enterprise financing. It was guestioned whether the organization should continue to put most of its efforts in creating additional programs in new countries or, rather, whether more efforts should be focused on increasing the exposure of the banking sector to microenterprise lending in those countries where ACCION is presently working. It was suggested that perhaps the most direct way to expose the local banking community to micro-enterprise lending was through guarantee fund arrangements. A lengthy discussion ensued related to the idea of further capitalizing ACCION's existing guarantee fund through an aggressive campaign over a two or three-year period to attract additional social investors as well as contributions from the private sector. The staff agreed to further pursue this idea and bring a more concrete plan for the Board's consideration in the Fall.

William W. Burrus Designated Secretary

### MINUTES

# OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL/AITEC

A meeting of the Board of Directors of ACCION International/AITEC, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue in the Borough of Manhattan, New York, on February 3, 1987 at twelve thirty in the afternoon. There were present:

Martin P. Connell

John C. Duncan

Henry R. Geyelin

Robert C. Helander

Mary Houghton

Walter Hunnewell

Crocker Nevin

Kathrine Ockenden

Mildred Sage

John W. Scott

Frederick D. Seeley

Dan A. Sharp

being a quorum. Also present were Board candidates Christopher Kennan and Steve Knaebel as were staff members Stephen H. Gross, Virginia McLarnon, Catherine Quense, Gabriela Romanow and William Burrus. budget was accepted. (A copy of the Pre-Audit Statement of Income and Expenses is attached).

### III. PRESIDENT'S REPORT

Mr. Robert Helander stated that since the last full board meeting in May, 1986, the Executive Committee had met once in October 10, at the home offices of the corporation in Cambridge. He noted that a most productive meeting and exchange was held with the Cambridge staff, followed by a dinner for Executive Committee members and several potential donors hosted by Tom McDermott. He also pointed out that Tom had hosted a fundraising luncheon for several donors in Boston in early September. In addition, he reported that, Terry Canavan, had hosted a luncheon at Chemical Bank for Guillermo Peroni, Advisory Council member from Paraguay in mid-September. Finally, he noted that he had personally travelled to Brazil in November to participate in the inauguration of the new program in Sao Paulo and the ceremonies related to the inaugaration of the Berent Friele Training Center.

### IV. ELECTION OF NEW DIRECTORS

Two new Board members--Mr. Christopher Kennan and Mr. Steve Knaebel, were duly elected to the Board. (Their bios are attached).

Mr. David Garza Laguera, has asked Mr. Knaebel to preside over and form a Board of Directors for the Mexico City program. He then asked Mr. Knaebel to comment on his own perceptions of the program and its latest results.

Mr. Knaebel summarized the latest results from the effort, noted his own reasons for having become involved and his conviction that this type of endeavor is both critically needed and is most appropriate to Mexico City. He stated that he was now in the process of forming a Board, and asked those present to suggest any appropriate candidates for that position.

### VI. UPDATE ON THE 25TH ANNIVERSARY DINNER

Mr. Helander reminded those present of the 25th Anniversary Dinner that evening in which Congressman Dante Fascell would be honored with the Berent Friele Medal for Distinguished Service.

With no further business to attend, the meeting was adjourned.

William W. Burrus

Designated Secretary

### Steve Knaebel

Steve Knaebel is the Director of Investments and Policy in Mexico for the Cummins Engine Company and resides in Mexico City. Also with Cummins Engine, Mr. Knaebel has been the Marketing Director of Dina-Cummins, S.A. in Mexico and Area Director, Latin America and the Caribbean, based in Columbus, Indiana.

Prior to joining Cummins Engine, Mr. Knaebel served as the USAID Mission Director in Costa Rica, a post he held for four years. From 1969 to 1977 he held several positions with IBEC (International Basic Economies Corporation) including Vice President of IBECASA BRAZILEIRA in Sao Paulo, Brazil and Manager of Finance and Administration of Promoción y Desarrollo, S.A. in Mexico City. From 1963-1967 he served as a Peace Corps Volunteer in Venezuela and as a staff recruiting officer and Spanish instructor for the Peace Corps in Puerto Rico and Washington, DC.

Mr. Knaebel has a B.A. degree in Literature and an M.B.A. from Stanford University. In 1963 he was chosen by <u>Time Magazine</u> as one of the ten most outstanding business school graduates in the U.S.

Mr. Knaebel is a commercial pilot, member of the Social Responsibility Committee of the Mexican-American Chamber of Commerce, Member of the National Advisory Council of Partners of the Americas and a member of the Board of Directors of Project Connie in Mexico.

### MINUTES

# OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL/AITEC

A meeting of the Board of Directors of ACCION International/AITEC, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue in the Borough of Manhattan, New York, on February 3, 1987 at twelve thirty in the afternoon. There were present:

Martin P. Connell

John C. Duncan

Henry R. Geyelin

Robert C. Helander

Mary Houghton

Walter Hunnewell

Crocker Nevin

Kathrine Ockenden

Mildred Sage

John W. Scott

Frederick D. Seeley

Dan A. Sharp

being a quorum. Also present were Board candidates Christopher Kennan and Steve Knaebel as were staff members Stephen H. Gross, Virginia McLarnon, Catherine Quense, Gabriela Romanow and William Burrus. The agenda was as follows:

### APPROVAL OF THE MINUTES

The Minutes were approved as written.

### II. TREASURER'S REPORT

In light of the last minute absence of the Treasurer, Mr. Tom McDermott, Catherine Quense, Director of Finance and Administration. reviewed the latest financial data with the Board. She referred those present to the statement of income and expenses --both the pre-audited figures for 1986 and the projected 1987 budget figures. She noted that between the two years government grants are expected to grow while private contributions may be somewhat lower, thus changing the ratio between private and government receipts. She pointed out the staff and Board's continuing concern to maintain a healthy ratio between private and government spending. Regarding the expenses she noted that increased expenditures in the area of foreign micro-businesses reflected the continued expansion of the corporation's activities with several new programs coming on line. Finally, the changes in the line items "General and Administrative" and "Fundraising", between 1986 and 1987 reflect primarily allocation differences and not real differences in overall costs. Following various comments and suggestions, the 1987 projected

budget was accepted. (A copy of the Pre-Audit Statement of Income and Expenses is attached).

### III. PRESIDENT'S REPORT

Mr. Robert Helander stated that since the last full board meeting in May, 1986, the Executive Committee had met once in October 10, at the home offices of the corporation in Cambridge. He noted that a most productive meeting and exchange was held with the Cambridge staff, followed by a dinner for Executive Committee members and several potential donors hosted by Tom McDermott. He also pointed out that Tom had hosted a fundraising luncheon for several donors in Boston in early September. In addition, he reported that, Terry Canavan, had hosted a luncheon at Chemical Bank for Guillermo Peroni, Advisory Council member from Paraguay in mid-September. Finally, he noted that he had personally travelled to Brazil in November to participate in the inauguration of the new program in Sao Paulo and the ceremonies related to the inaugaration of the Berent Friele Training Center.

### IV. ELECTION OF NEW DIRECTORS

Two new Board members--Mr. Christopher Kennan and Mr. Steve Knaebel, were duly elected to the Board. (Their bios are attached).

#### V. OPERATIONAL REPORT

#### Mexico City

Mr. Burrus commented that rather than giving a countryby-country review he wanted to take advantage of the presence of Mr. Steve Knaebel to update members on the new program in Mexico City. He summarized events leading up to the initiation of the new program in direct response to the earthquake of September, 1985. Based on initial feasibility studies, ACCION International and ADMIC took the decision to move ahead with a program of credit and basic management training for family-size businesses that had been adversely affected by the quake. Following this decision, the next several months were dedicated to securing the necessary financial resources and in recruiting, hiring and training staff. By September, 1986 these tasks had been accomplished. Mr. Burrus noted that it was difficult to imagine how the program could have gotten off to a successful start without the ongoing commitment and strong support of Mr. Steve Knaebel. In addition to his personal commitment, both in terms of time and money. Mr. Knaebel was instrumental in getting Cummins Engine to provide \$20,000 for the project which in turn has leveraged additional resources from Dupont, McKenzie and USAID. He finally noted that the President of ADMIC's Board and member of ACCION's Advisory Council,

Mr. David Garza Laguera, has asked Mr. Knaebel to preside over and form a Board of Directors for the Mexico City program. He then asked Mr. Knaebel to comment on his own perceptions of the program and its latest results.

Mr. Knaebel summarized the latest results from the effort, noted his own reasons for having become involved and his conviction that this type of endeavor is both critically needed and is most appropriate to Mexico City. He stated that he was now in the process of forming a Board, and asked those present to suggest any appropriate candidates for that position.

### VI. UPDATE ON THE 25TH ANNIVERSARY DINNER

Mr. Helander reminded those present of the 25th Anniversary Dinner that evening in which Congressman Dante Fascell would be honored with the Berent Friele Medal for Distinguished Service.

With no further business to attend, the meeting was adjourned.

William W. Burrus Designated Secretary

#### CHRISTOPHER J. KENNAN

Christopher J. Kennan is an associate to David Rockefeller in the area of political and international non-profit activities. Mr. Kennan, who is based in Mr. Rockefeller's private office in New York City, has held this position since 1982. Mr. Kennan is specifically responsible for day-to-day oversight and liaison with the New York City Partnership and the Chamber of Commerce, the Council on Foreign Relations and with the Americas Society, which includes its affiliates the Council of the Americas, Center for Inter-American Relations, and Caribbean/Central American Action. In addition, Mr. Kennan serves as David Rockefeller's principal advisor on domestic political contributions and activities.

Prior to his position with David Rockefeller, Mr. Kennan was with A.G. Becker, Inc., a New York brokerage firm and investment bank, in its Funds Evaluation Division. From 1978 to 1980, he was Director of Economic Development of Mercer County (New Jersey) and from 1975 to 1978 he served in the administration of Governor Brendan T. Byrne of New Jersey as a legislative assistant.

Christopher Kennan is a graduate of Groton School in Groton, Massachusetts, and of Yale U versity where he received a B.A. degree in economics in 1975. Mr. Kennan, w is the son of Ambassador and Mrs. George F. Kennan, is married to Domitilla Enders, an architect. They live in Hoboken, New Jersey.

Mr. Kennan is a member of the Wilson Council of the Woodrow Wilson International Center for Scholars, the Council on Foreign Relations and of the Yale Club of New York City.

January, 1986

#### Steve Knaebel

Steve Knaebel is the Director of Investments and Policy in Mexico for the Cummins Engine Company and resides in Mexico City. Also with Cummins Engine, Mr. Knaebel has been the Marketing Director of Dina-Cummins, S.A. in Mexico and Area Director, Latin America and the Caribbean, based in Columbus, Indiana.

Prior to joining Cummins Engine, Mr. Knaebel served as the USAID Mission Director in Costa Rica, a post he held for four years. From 1969 to 1977 he held several positions with IBEC (International Basic Economies Corporation) including Vice President of IBECASA BRAZILEIRA in Sao Paulo, Brazil and Manager of Finance and Administration of Promoción y Desarrollo, S.A. in Mexico City. From 1963-1967 he served as a Peace Corps Volunteer in Venezuela and as a staff recruiting officer and Spanish instructor for the Peace Corps in Puerto Rico and Washington, DC.

Mr. Knaebel has a B.A. degree in Literature and an M.B.A. from Stanford University. In 1963 he was chosen by <u>Time Magazine</u> as one of the ten most outstanding business school graduates in the U.S.

Mr. Knaebel is a commercial pilot, member of the Social Responsibility Committee of the Mexican-American Chamber of Commerce, Member of the National Advisory Council of Partners of the Americas and a member of the Board of Directors of Project Connie in Mexico.

## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

#### ACCION International

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue, New York City, on May 14th, 1986, at 12:30 in the afternoon. Those present were:

John Avery

Martin Connell

Henry Geyelin

Robert C. Helander

Charles Muller

Thomas P. McDermott

Crocker Nevin

Kitty Ockenden

Rod O'Connor

Dan Sharp

Ralph Weller

being a quorum.

Also present were Board Candidates Mr. Albert Bildner, and Mrs. Mildred Sage; William W. Burrus and Gabriela Romanow, Executive Director and Director of Resource Development were also in attendance. The agenda was as follows:

#### I. Approval of the Minutes

The minutes were approved as written.

#### II. President's Report

Mr. Helander stated that there had been one Executive Committee meeting, held on March 24th, since the last Board Meeting.

At that meeting, the Committee received and discussed in some detail the report of the Finance Committee covering the 1985

Financial Statements, the 1986 Budget, and the 1986 Projected

Cash Flow. The Committee also reviewed present Board composition and new Board candidates and discussed a luncheon to be held in memory of Berent Friele. He then reminded those present of the luncheon for Berent Friele to be held June 9th, and of ACCION's Berent Friele Memorial Fund, the proceeds of which will be used to start up a program in Sao Paulo.

# III. <u>Election of Board Directors</u>, <u>Officers</u>, <u>Executive Committee</u> and <u>Advisory Council</u>

The following slate of individuals were elected as Directors, Officers, Executive Committee Members and Advisory Council Members.

#### **BOARD OF DIRECTORS**

1986-87

John Avery

Albert Bildner

Terence C. Canavan

Patricia M. Cloherty

Martin P. Connell

John C. Duncan

Henry R. Geyelin

Robert C. Helander

Mary Houghton

Walter Hunnewell

Thomas P. McDermott

Charles W. Muller

Antonio Navarro

Crocker Nevin

Kathrine Ockenden

Roderick O'Connor

Mildred Sage

Frederick D. Seeley

John W. Scott

Daniel A. Sharp

#### CORPORATE OFFICERS

Chairman

John C. Duncan

President

Robert C. Helander

Vice President

Terence C. Canavan

<u>Vice President</u>

Terence C. Canavan

Treasurer

Thomas P. McDermott

Secretary

Charles W. Muller

#### EXECUTIVE COMMITTEE

1986-87

Terence C. Canavan

John C. Duncan

Robert C. Helander

Thomas P. McDermott

Charles W. Muller

Crocker Nevin

Kathrine Ockenden

Frederick D. Seeley

#### INTERNATIONAL ADVISORY COUNCIL

1986-87

Paulo Ayres F.

John R. Camp

Jaime Carvajal

David Garza Laguera

Camilo Lluberes

Val T. McComie

Hans Neumann

Roberto de Oliveira Campos

Tomas A. Pastoriza

Guillermo Peroni

Daniel Rodriguez

Fernando Romero

#### IV. Executive Director Report

Mr. Burrus stated that while it was customary to give a country by country review of progress in the Executive Director's Report, he preferred to present a more global view divided between his perception of where the organization had come in the past five years, and a vision of the future. Regarding the past five years, Mr. Burrus felt that at the level of goals and objectives, the organization had moved from a broadly defined and sometimes not clearly articulated goal of assisting the poor through self-help to a more focused and articulated goal being the creation of income and employment opportunities among the poor.

At the institutional level, he stated that the organization has moved from working with government and private agencies on a contract consulting basis, where relatively little attention was paid to the institutional framework of ACCION's work to working exclusively with local private entities. ACCION has developed a strong growing network of affiliated private agencies in Latin America that are sponsoring all involved in micro-enterprise programs.

At the operational level, five years ago, ACCION was involved in various types of programs including Integrated Rural Development, Municipal Development, and Micro-enterprise Development. Today, the organization is exclusively working with micro-business development. This has become its trademark and ACCION is now considered the premier organization working in this field in Latin America.

In geographical terms, five years ago, the organization had one project in six countries; today it is carrying out multiple projects in thirteen countries.

In terms of its impact the scale of operations has moved from each project typically helping 200-300 businesses per year to assisting between 1,000 and 3,000 businesses per year. Mr. Burrus gave several examples to illustrate this point. The ACP program in Lima will reach 3,500 businesses in 1986; a total of \$600,000

per month is now being loaned out through ACCION's affiliate and this figure will go up to a million dollars per month by the end of the year, with an average of between \$500-\$600 per loan. Between 10,000-15,000 businesses are being directly assisted per year through ACCION's affiliates impacting between 70,000 and 100,000 beneficiaries. The organization is also reaching the poorest of the economically active including market and street vendors with over 50% of ACCION's clients now being women.

ACCION has also initiated a Public Education Program in the United States called the Americas Dialogue, the purpose of which is to promote a dialogue among private sector leaders on the issues of hunger and poverty and specifically the role of the informal sector. Numerous events have been held in six cities during the past two years, and various audiovisuals and written materials have also been produced.

Relating to the issues of visibility, public relations and fundraising, five years ago ACCION was know as an "insider's agency"
with a good reputation among U.S. corporations but no outreach
beyond that level. Few promotional materials were produced
and annual reports were only periodically published. During
the past five years, ACCION has greatly expanded its visibility
with full-page ads in <u>BusinessWeek</u> and <u>Time</u> Magazine, radio
and T.V. appearances, with updated promotional materials and
annual reports and other written pieces. Finally, related to

fundraising, the organization successfully carried out the Third Decade for Development Campaign.

In the area of finances the organization has computerized its financial systems, has experienced healthy increases in its budget, but Mr. Burrus pointed out that the real story in financial terms is at the local level. Real increases in the financial operations have come locally through large donations from entities such as the IDB, AID, and the Inter-American Foundation. These resources, while not appearing directly in ACCION's financial statements, have enabled the affiliate organizations to grow dramatically during the past few years. Finally, related to finances, it is significant to point out that the direct revenues from program services and interest earned, are now covering between 50%-100% of the operational costs of the local programs. This is a significant breakthrough in the non-profit sector.

Mr. Burrus concluded his presentation by briefly looking into the future. He stated that societies are often judged by how well they treat their neediest citizens and he commented that Latin American societies in the future might well be judged by how well they treat their micro-entrepreneurs. He stated that the future health of many Latin American economies, indeed the very survival of local democracies will directly depend on the degree to which these societies are willing and able to assist micro-entrepreneurs and the informal sector. ACCION is uniquely poised to promote, influence and accelerate this

process. ACCION has excellent credibility with decision-makers in the U.S. and Latin America, it has the proven technology and know-how to work effectively with micro- entrepreneurs and it has the leadership at the Board level, both in the United States and at the local affiliate level to carry out this process. Mr. Burrus said that ACCION must accept this challenge and in so doing the organization must be more visible and help shape the ongoing debate about the proper roles of the government and the private sector in dealing with the informal sector. The organization must also strengthen its growing network of affiliated organizations, better utilize its own advisory council, and forge a private sector movement to promote the integration of the formal and informal economies. The organization should also increase its scale of operations while maintaining the quality of its work, as well as revitalize and strengthen the Boards of directors in the United States and among the affiliates. Finally, he stated that it is imperative to continue to diversify the organization's funding base. He concluded by stating that a panelist at a recent event he attended ended his remarks by saying "you can't be both for the poor and against change." Mr. Burrus stated that ACCION is for the poor and is also for change: a change in which the private sector takes a leadership role in recognizing the enormous potential of the informal sector. He stated that the private sector must not be timid or conservative in dealing with the sector. It must not let any cultural, racial, or even class differences impede it from recognizing that the micro-entrepreneur is the natural ally of the private sector.

The formal sector must join forces with the informal sector to promote a broad-based private sector solution to the increasing poverty of the region.

#### V. Individual Giving Strategy, 1986-1987

Mr. Burrus and Ms. Romanow made a presentation on the importance of the individual donor strategy for the organization during the next 18-month period, ending December 21, 1987. The goal is to raise \$500,000 from individuals during this period using a strategy composed of three intrigal parts, fundraising, public relations, and media. A written copy of their presentation is attached to the minutes.

With no further business to attend the meeting was adjourned.

William W. Burrus

Designated Secretary



# MINUTES TO THE MEETING BOARD OF DIRECTORS ACCION International

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 485 Madison Avenue in the Borough of Manhattan, New York, on-Tuesday, December 3, 1985 at twelve o'clock. There were present:

- John Avery-Terence C. Canavan John C. Duncan Robert C. Helander Crocker Nevin Russell E. Marks

also present were Executive Director William Burrus and as observers William Needham and William Shepherd. The agenda was as follows:

- The Minutes of the meeting of the Board of Directors of May 29th, 1985 were approved.
- Mr. Helander reported that there had been an Executive Committee held on Wednesday, October 10, 1985. At that meeting the Committee approved the corporation's signing of a \$1 million loan from USAID for use as a loan guarantee fund, received and considered a report from the Finance Committee, and approved creation of the Berent Friele Memorial Fund.
- Mr. Burrus updated those present on the status of the direct mail-campaign stating that a 100,000-piece mailing was sent out at the end of November. The corporation continues to receive the advice of Bob Hohler Associates in this effort. Mr. Burrus asked the Board to extend a special note of thanks to fellow Board member Martin Connell who has been extremely helpful not only in the design of the campaign materials but also in helping finance the effort.

Second, Mr. Burrus reported that the Development Education Program has received a two-year grant from USAID for approximately \$150,000. Ms. Rebecca Reichmann was hired as the Director of this Program and one of her first efforts, which has now been completed, is the production of a new audiovisual called "The Message of the Informal Sector."

Activities—are planned—in Boston, Atlanta—and Pittsburgh during December and January to further—create—a dialogue among policy makers related to the economic initiatives of the poor.

Third, Mr. Burrus updated those present on the corporation's efforts in Mexico. He reported that he had met Benito Cabello of the ADMIC staff in Mexico in November where they spent several days studying the opportunities for a micro-enterprise effort in the earthquake affected areas. Based on this initial survey, a decision was taken to open a branch office of ADMIC in Mexico City. Mr. Burrus stated that a more extensive survey involving direct interviews of some 100-150 businesses was now underway, and that proposals for initial funding had been submitted to Cummins Engine, CARE and other entities. He stated that he had also made contact with the US Embassy and the American Chamber of Commerce in Mexico both of which have expressed strong interest in this undertaking.

Finally, Mr. Burrus reported that the corporation will begin a new program in Sao Paulo and that staff member Valdi Araujo, who is currently in Colombia will be relocating to that city at the end of December. He reiterated that the corporation has a commitment to undertake this program and needs the participation and support of the Board to get the effort successfully underway.

IV. Berent Friele Memorial Fund
Mr. Helander updated those present on the status of the
Memorial Fund. He indicated he had had a preliminary conversation with David Rockefeller and was waiting for a respense. Mr. Duncan stated that he had briefly spoken to Martha
Muse about the possible participation of the Tinker Foundation
in the Fund but that in lieu of the recent rejection of the
Tinker Foundation of the proposal for Sao Paulo, further
conversations needed to be held with her to clarify the
situation. All members present reiterated the need to create
the fund and it was agreed further conversations would be
held with those potentially interested in participating.

With no further business to attend, the meeting was adjourned.

William W. Burrus Designated Secretary

# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS ACCION INTERNATIONAL/AITEC

A meeting of the Board of Directors of ACCION International/AITEC, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York was held at 680 Park Avenue in the Borough of Manhattan, New York, on Wednesday, May 29th, 1985 at twelve o'clock. There were present:

Berent Friele
Henry R. Geyelin
Robert C. Helander
Russell E. Marks, Jr.
Antonio Navarro
Crocker Nevin
Frederick D. Seeley

being a quorum.

Also present were Advisory Council Member Tomas Pastoriza, Board of Directors' candidate, Martin P. Connell, and staff members Fernando Quezada, Catherine Quense and William W. Burrus. The agenda was as follows:

#### I. Approval of the Minutes

The Minutes of the meeting of the Board of Directors of November 29th, 1984 were approved.

#### II. Report of the Executive Committee

Mr. Helander reported that there had been one Executive Committee meeting held, on the 13th of February, 1985. At that meeting the Committee resolved to: open an office in Bogota, Colombia, and to create a Finance and Audit Committee, Mssrs. Nevin, Hunnewell and McDermott were appointed to serve on the Committee. They also met with Mr. Richard Rosenberg of the Private Enterprise Bureau of USAID to discuss the creation of a loan guarantee fund.

#### III. Report of Finance and Audit Committee

Mr. Nevin, the Treasurer, reported that the Finance and Audit Committee had met with the auditors, Price Waterhouse, on Monday, May 20th at the headquarters of the corporation in Cambridge. He referred those present to the financial state-

ments prepared by Price Waterhouse and commented that there had been no significant or unusual changes in the financial statements from the previous year. After entertaining a couple of specific questions related to the statements themselves, Mr. Nevin further stated that much of the discussion with the auditors had focused on the need for increased management and financial controls for the organization. The corporation has grown both in size and complexity during the past two years and it is the auditors' opinion that certain internal systems need to be strengthened. He commented that the Committee would be working more closely with management over the next months and had scheduled a follow-up meeting in September to review implementation of the auditors'recommendations. Finally, Mr. Nevin commented that some discussion centered on the cash flow of the corporation and the periodic shortages experienced at the headquarters office. Following some additional clarifications and comments, Mr. Nevin concluded his report by stating that he felt the Board should take a long-range look at the corporation's sources of income to insure its continued financial health.

#### III. Elections of Officers, Board and Executive Committee

The following individuals were elected to serve on the Advisory Council for the period 1985-86.

Armando Arauz
John Beck
John R. Camp
Roberto de Oliveira Campos
Jaime Carvajal
James R. Greene
David Garza Laguera
Camilo Lluberes
Val T. McComie
William E. Moffett
Tomas A. Pastoriza

The following individuals were elected to serve on the Board of Directors for the period 1985-86:

Mr. John Avery
Paulo Ayres Filho
Terence C. Canavan
Patricia M. Cloherty
Martin P. Connell
John C. Duncan
Berent Friele
Henry R. Geyelin
Eugene Gonzalez
Robert C. Helander
Terry M. Holcombe

Walter Hunnewell
Russell E. Marks, Jr.
Thomas P. McDermott
Charles W. Muller
Antonio Navarro
Hans Neumann H.
Crocker Nevin
Kathrine Ockenden
Roderick O'Connor
Frederick D. Seeley
Daniel A. Sharp
Ralph A. Weller

The following individuals were elected to serve as Corporate Officers during the period 1985-86:

Honorary Chairman Donald M. Kendall

Honorary Director
The Honorable Jacob K. Javits

<u>Chairman</u> John C. Duncan

<u>Vice Chairman</u> Berent Friele

President Robert C. Helander

<u>Vice President</u> Terence C. Canavan

Treasurer
Thomas P. McDermott

Secretary Charles W. Muller

The following individuals were elected to serve on the Executive Committee for 1985-86:

Terence C. Canavan
John C. Duncan
Eugene Gonzalez
Robert C. Helander
Thomas P. McDermott
Charles W. Muller
Crocker Nevin
Kathrine Ockenden
Frederick D. Seeley

#### V. Report of the Executive Director

Mr. Burrus reported that this meeting marked the official end of the Third Decade for Development Campaign. During the three and a half year campaign the goal was to raise 1.5 million in private dollars over and above normal giving. He stated that the corporation had received or had firm commitments for a total of \$1,600,863 (a breakdown of sources is attached to the Minutes). He wished to thank each and every one of the corporation directors for their generosity and help in making this Campaign a success and gave special note of thanks to Director Jack Duncan for his very fine leadership, and dedication, and generosity throughout the Campaign. Mr. Burrus noted that this private money raised had leveraged \$4,360,000 in government funding for ACCION programs included in the Campaign. This included approximately \$1.5 million from the Inter-American Development Bank \$2.3 million from AID, \$250,000 from the Inter-American Foundation, and some \$230,000 from other governmental sources.

Mr. Burrus reminded those present that the Third Decade Program had four goals:

- 1. The expansion of micro-enterprise efforts in Latin America.
- 2. The exploration of opportunities in the Southwest Border States.
- 3. The creation of a guarantee fund.
- The creation of a development education department.

He stated that these goals had been accomplished and proceeded to review the highlights of each one:

#### A. Expansion in Latin America

#### 1. Mexico Program (ADMIC)

At the start of the campaign the ADMIC program was a small effort which only recently had been initiated. During the three-year campaign the program was greatly consolidated and expanded. In addition to the central office in Monterrey two branch offices have now been opened in the city itself as well as in the cities of Linares and Torreon. Exploration of a new program is currently underway for Ciudad Juarez. During this time the program has extended \$630,530 in credit to some 920 businesses, affecting 5,500 people directly or indirectly. Further, a micro-business association has been created

and is functioning consisting of some 250 members. The ADMIC program is now serving as a model throughout the country.

#### 2. Honduras

ACCION initiated a small but solid program with ASEPADE during the past year which after six months of loan activity has reached some 732 individuals with a total of \$60,000 in loans.

#### 3. Jamaica

ACCION explored program opportunities in the Eastern Caribbean with a special focus on Jamaica. After several exploratory visits an agreement was signed with Projects for People to assist in the creation of a small revolving loan fund for small cheese producers.

#### 4. Ecuador

ACCION has initiated two programs; the first, with the Ecuadorean Development Foundation in Quito, has now extended over \$650,000 in loans to 2,500 individuals with the average loan size ranging from \$180 to \$300. The second program was begun with the Eugenio Espejo Foundation which in ten months has loaned over \$100,000 to 300 individuals.

#### 5. Dominican Republic

ACCION participated in the creation of a new organization -ADEMI. Since its inception in 1983, over \$1,000,000 has been loaned out to some 3,000 individuals.

#### 6. Peru

ACCION reestablished contact with Accion Comunitaria del Peru and assisted that organization in initiating a micro-enterprise program for the pueblos jovenes of Lima. Since its inception, \$1.5 million has been loaned to 2,200 individuals.

#### 7. Bolivia

Under the Third Decade for Development Campaign ACCION undertook a feasibility study of program opportunities in Bolivia beginning in January, 1985.

Mr. Burrus summarized the expansion to Latin America by stating that there were several key points to keep in mind:

Some \$4,000,000 had been loaned out with loans ranging from \$50 to \$2,000 and this does not include ongoing initiatives in Colombia, Costa Rica and elsewhere.

Nearly 70,000 people were directly or indirectly affected by these programs.

The programs reached a level of economic self-sufficiency from between 50%-100%; that is they generated enough direct revenues from loan activities and service fees to cover from 50%-100% of their operational budgets.

ACCION continued to reach ever-smaller businesses including street vendors and hawkers many of whom had been women.

ACCION has helped produce a major shift of attention by governments and multi and bilateral donors to the importance of the informal sector in Latin America.

#### B. Exploration of Opportunities in the Southwest United States

Exploration of opportunities in the Southwest represents a totally new area for the corporation. ACCION made many new contacts in Texas, New Mexico and Arizona, primarily among Hispanic groups and laid the groundwork for a workshop which was held in Monterrey, Mexico in November, 1984 at which some 20 different groups from the Southwest participated. ACCION's interest has been to use the ADMIC experience in Monterrey as a model for implementing similar programs in the Southwest. Four separate organizations expressed a desire to undertake programs and staff conducted site visits to those agencies two of which are in Rio Grande Valley, one in New Mexico and one in Arizona.

#### C. The creation of a quarantee fund

ACCION was successful in creating this fund and applying it to its Latin American programs. It currently has \$85,000 committed through letters of credit as guarantees for micro-

business loans in Peru and Ecuador. Perhaps more significantly this small but successful experience has led to the corporation negotiating a \$2 million loan guarantee fund with the Private Enterprise Bureau of AID. This negociation is now in its final stages and should be approved by the end of the year.

#### D. The creation of a development education department

Through the fourth component of the Campaign -the creation of a development education program- ACCION has substantially increased its visibility in the United States. This program, The Americas Dialogue, was formally launched one year ago with specific events carried out in six cities: New York, Boston, Pittsburgh, Atlanta, San Antonio and Minneapolis. In each city events were co-sponsored or organized by such entities as the World Affairs Council, the Southern Center for International Studies and specific corporations such as Control Data and the Bank of Boston. More than 250 individuals attended these events, most of them leaders from the business community. Staff also conducted two radio shows, one TV show and a number of newspapers articles were published. ACCION has also secured a 4-year commitment for \$250,000 of USAID monies for the program. A new audiovisual "Los Informales: The Other Economy" was produced and a second one on the informal economy is now in the process of production. A number of written materials have also been printed including a new pamphlet on the informal sector. Mr. Burrus concluded his report by again thanking the Board for its participation in the Campaign. Mr. Nevin requested that it appear in the Minutes that the Directors of the corporation officially extend their sincere note of appreciation to Jack Duncan for his leadership role in the Campaign. Finally, Mr. Seeley requested additional information on how the monies were spent. Mr. Burrus agreed to attach to the Minutes a breakdown of expenses by the four components.

#### VI. Resource Development and Planning

Fernando Quezada introduced Mr. Robert Hohler from Robert Hohler Associates who indicated that having now consulted with ACCION and analyzed the corporation's donor structure, he recommends that the corporation consider undertaking a major donor campaign to increase the level of individual giving to the corporation. Mr. Hohler made it clear that he considered major donors as those who gave \$100 and above to the corporation. Several ideas were discussed as to the implications of such an effort related to cost, staffing and image

of the corporation to successfully undertake the campaign. The staff was instructed by the Directors to further pursue these possibilities and to report in September.

With no further business to attend the meeting was adjourned.

William W. Burrus

Designated Secretary

THIRD DECADE CAMPAIGN STATUS - MAY 29, 1985

Source	1982 Received	1983 Received	1984 Received	1984 Pledged	1985 Received	1985 Pledged	Totala	
Corporate	\$111,325	\$148,050	\$185,375	\$ 9,500	\$35,000	\$21,000	\$ 510,250	
<b>Foundation</b>	44,000	46,000	45,000	1	1 1	30,000	165,000	
Individual	1,714	2,158	3,968	1	471	1	8,311	
PACT	41,106	104,170	198,470	1	81,014	!	424,760	
CFC	1	25,121	1	45,981	ļ	1	71,102	
BusinessWeek	70,000	108,000	234,000	1	9,440	1	421,440	
TOTALS	\$268,145	\$433,499	\$666,813	\$55,481	\$125,925	\$51,000	\$1,600,863	

Notes:

\*\*S corporate pledges\*\*
\$12,500 Morgan Guaranty
5,000 Pillsbury
2,500 Price Waterhouse
1,000 Warner Lambert

2. 85 foundation pledges= \$20,000 International Foundation 10,000 Ford Foundation Average annual corporate gift in 1981 = \$2,597.67
Average combined special and annual corporate gift in 1984 = \$5,543.60 m

#### THIRD DECADE FOR DEVELOPMENT CAMPAIGN CONTRIBUTORS

\*Alcoa American Can Foundation \*American Express Arthur Young and Company \*Paulo Ayres Atlantic Richfield \*Bechtel Civil & Minerals \*Thomas Becker Borden Foundation \*Borg-Warner Foundation \*Charles Burrus \*BusinessWeek magazine \*Jose Jeronimo Campos Pinto \*Caterpillar Foundation \*Kip I. Chace, Jr. Chase Manhattan \*Chemical Bank \*Citibank \*Martin Connell \*John and Katha Cox \*Patricia Cloherty \*Captain John C. Crow \*Cummins Engine Foundation Deloitte Haskins & Sells \*Jonathan C. Dill John C. Duncan Eaton Corporation \*End Hunger Network Exxon Corporation \*Elizabeth S. Fernandez \*Fluor Foundation \*Ford Motor Company \*Ford Foundation \*Berent Friele \*General Foods Gillette Goodyear Tire & Rubber Company \*Joanne Goulka Grace Foundation Inc. \*Captain John W. Gregory \*Bruce Guidici \*Harper House \*Jill Harris and Daniel Bar \*Mr. and Mrs. Bruce Hawthorn H. J. Heinz Company Foundation Robert C. Helander \*Terry Holcombe J. M. Huber Corporation \*Walter Hunnewell

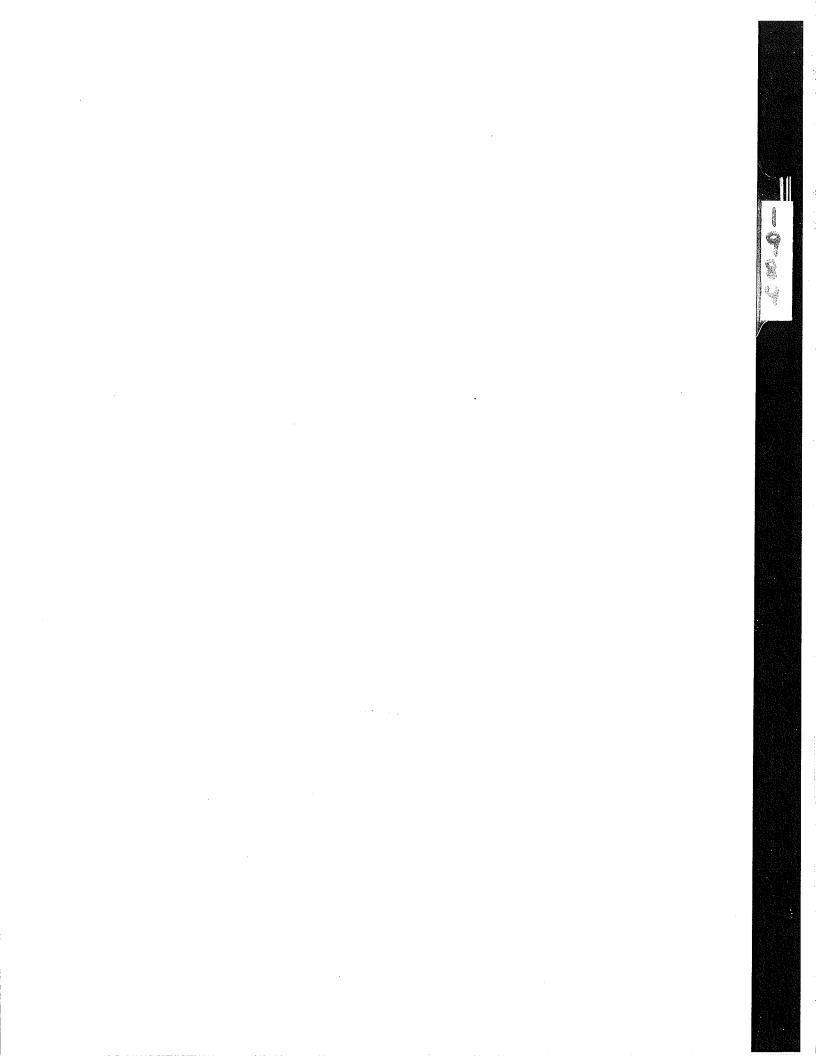
New or re-activated contributors

\*IBM World Trade Americas/ Far East Corporation \*International Foundation Johnson & Johnson International \*Richard and Ruth Kriebel \*Thomas P. McDermott Charles Merrill \*Robert W. Miller \*Morgan Guaranty Trust Company Charles W. Muller \*Crocker Nevin \*Norcom \*Paul and Susan Novick \*David C. O'Brien Kathrine Ockenden Owens-Illinois \*Claude Pecquet \*PepsiCo --\*Pfizer Foundation, Inc. \*Phelps-Dodge Foundation Philip Morris International \*Pillsbury Company Price Waterhouse Private Agencies Collaborating Together \*George Proctor \*Ralston Purina Trust Fund \*Mark Randall \*Rockefeller Brothers Fund \*Rockwell International Corporate Trust Royal Bank of Canada St. Joe Minerals Scallop Corporation \*Robert Scarlett Schroder Bank & Trust Company \*Security Pacific Foundation Shell Companies Foundation \*The L. J. and Mary C. Skaggs Foundation \*Elizabeth Stenhouse \*C. William Stevenson, Jr. \*Tinker Foundation \*Lynn Thurston \*Robert I. Williams \*John E. Woodward, Jr. \*Judith E. Toubes \*United Brands Foundation \*Mr. and Mrs. Alex H. Warner \*C. R. Williamson \*Westinghouse \*Westvaco \*Mary M. Sinniel

### DISTRIBUTION OF THIRD DECADE CAMPAIGN CASH CONTRIBUTIONS

New Programs in Latin America	٠\$	884,695
New Initiatives in the United States	\$	84,066
Public Education Department	\$	57,330
Working Reserve Fund	\$	153,332

Third Decade Campaign Goal:		\$1,500,000
Amount raised by the Campaign:  Cash Contributions -  In-kind contributions -  Third Decade Total -	\$1,179,423 \$ 421,440	\$1,600,863



## MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF accion international/aitec

A meeting of the Board of Directors of accion international/aitec, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York was held at 680 Park Avenue in the Borough of Manhattan, New York, on the 20th of June, 1984 at twelve o'clock in the afternoon. Those present were:

John C. Duncan
Henry R. Geyelin
Eugene Gonzalez
Robert C. Helander
Charles W. Muller
Crocker Nevin
Kathrine Ockenden

being a quorum.

Also present were Advisory Council member Jaime Carvajal, guest Maurice E.J. O'Laughlin, Senior Vice President, EXXON Corporation, guest speakers Pedro Jimenez and Camilo Lluberes, and staff members William W. Burrus, Jeffrey Ashe, Fernando Quezada and Stephen Gross.

Mr. Helander, President of the Corporation, called the meeting to order.

I. Approval of Minutes

The Minutes of the meeting of the Board of Directors held on the 14th of February, 1984 were approved.

#### II. Treasurer's Report

The Treasurer, Mr. Nevin, briefly reviewed the highlights of the 1983 financial statements prepared by Price Waterhouse. He asked those present to note that the Statements were still in draft form pending confirmation of some specific information from the ADMIC program in Mexico. Mr. Nevin also stated that he had a telephone conversation with Price Waterhouse in Boston prior to the meeting to review their findings related to the 1983 audit. The Statements were somewhat more complicated than previous years due primarily to the new program in the Dominican Republic, ADEMI, which maintains a revolving loan pool for direct lending to micro-enterprises in Santo Domingo. Mr. Nevin also commented that a policy for adjusting to the frequent devaluation of currencies in many countries where the corporation operates must be devised and that he would be working with staff and Price Waterhouse to develop such a policy. Following several specific questions related to the profit and loss statements and the balance sheet of the corporation, Mr. Burrus was instructed to send the final statements to the Board as quickly as possible.

#### III. President's Report

Mr. Helander reported that there had been one Executive Committee meeting held on the 25th of April of 1984. Most of that meeting was devoted to a review of program highlights with special attention to Mr. Duncan's impressions of the program in Lima, Peru being carried out with Accion Comunitaria del Peru. Mr. Duncan had personally visited the program in April with Mr. Burrus. They spent two days visiting program clients as well as meeting with several members of the ACP Board, and with US Embassy and AID officials. Mr. Duncan commented that of particular interest was a new project being conceived in Peru -the establishment of a for-profit savings and loans institute that would attempt to deal with the informal sector in Lima on a large scale. Both ACP and accion are investigating the most proper way in which the two entities would be involved in this undertaking. Mr. Helander requested that Mr. Burrus keep Board members informed as this project moves along over the coming months.

IV. Election of Officers, Board and Executive Committee

The following individuals were elected to serve on the Advisory Council for the period 1984-85:

Armando Arauz
Edmundo Penna Barbosa da Silva
John Beck
John R. Camp
Roberto de Oliveira Campos
Jaime Carvajal
James R. Greene
David Garza Laguera
Camilo Lluberes
Val T. McComie
William E. Moffett
Tomas A. Pastoriza

The following individuals were elected to serve on the Board of Directors for the period 1984-85:

John Avery
Paulo Ayres F.
Terence C. Canavan
Patricia M. Cloherty
John C. Duncan
Berent Friele
Henry R. Geyelin
Eugene Gonzalez
Robert C. Helander
Terry M. Holcombe
Walter Hunnewell

Russell E Marks, Jr.
Thomas P. McDermott
Charles W. Muller
Antonio Navarro
Hans Neumann M.
Crocker Nevin
Kathrine Ockenden
Roderick O'Connor
Frederick D. Seeley
Daniel A. Sharp
Ralph A. Weller

The following individuals were elected to serve as Corporate Officers during the period 1984-85:

Honorary Chairman
Donald M. Kendall
Chairman
John C. Duncan
Vice Chairman
Berent Friele
President
Robert C. Helander
Vice President
Terence C. Canavan
Treasurer
Crocker Nevin
Secretary
Charles W. Muller

The following individuals were elected to serve on the Executive Committee for the period 1984-85:

Terence C. Canavan John C. Duncan Eugene Gonzalez Robert C. Helander Charles W. Muller Crocker Nevin Kathrine Ockenden Frederick D. Seeley

#### V. Executive Director Report

Mr. Burrus stated that in his written quarterly reports and through the Minutes he has attempted to keep the Board apprised of progress of all programs. Rather than review that same material he simply wanted to draw attention to the excellent work of two senior staff members both of whom were present. The first, Jeffrey Ashe, has recently completed the PISCES Program, a Program that has gained widespread recognition and has had international impact related to the methodologies for most effectively reaching micro-enterprises. Mr. Burrus pointed out that the most recent and concluding PISCES event was a conference held in early June at which over 100 representatiaves from international donors and private voluntary organizations attended. Second, Mr. Burrus pointed out that Stephen Gross was also to be commended for his excellent work, beginning first in the Dominican Republic with the Dominican Development Foundation and subsequently with the initiation of the ADEMI Program. Mr. Gross was transferred to Ecuador approximately a year ago and began a new program with the Ecuadorian Development Foundation which now has secured, major funding from AID. Mr. Burrus stated that he was most pleased to have Mr. Ashe and Gross on his staff and asked that the Board publicly recognize their most important contributions to the corporation.

#### VI. Presentation of the ADEMI Program

Mr. Helander then asked special guests Camilo Lluberes and Pedro Jimenez to present the ADEMI Program. Mr. Lluberes began by providing an excellent historical overview of the Dominican economy and a description of recent economic conditions in the country. Following his introduction, Mr. Jimenez described the new accionassisted program, ADEMI. An excellent audio-visual presentation was then shown on the ADEMI program and its dramatic impact in Santo Domingo. These formal presentations were followed by a series of questions from those members present.

With no further business to attend, the meeting was adjourned.

William W. Burrus

Designated Secretary

## MINUTES OF THE MEETING OF ACCION INTERNATIONAL/AITEC

A meeting of the Board of Directors of ACCION International/AITEC, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York was held in Monterrey, Mexico on the 14th of February, 1984, at 2:30 in the afternoon. Those present were:

Terence C. Canavan
John C. Duncan
Robert C. Helander
Walter Hunnewell
Thomas P. McDermott

Hans Neumann H.
Kathrine Ockenden
Roderick O'Connor
Daniel A. Sharp
Ralph A. Weller

being a quorum.

Also present were Mr. Glen Bassett, representing Board member Russell E. Marks, Mr. William W. Burrus, Executive Director and Mr. Fernando Quezada, Director of Resource Development and Planning. Invited as observers to the Board meeting were members of the Board of Directors of ACCION International's affiliate in Monterrey, ADMIC (Asesoria Dinamica a Micro-empresas).

Mr. Robert C. Helander, President of the Corporation, called the meeting to order. Because of the special nature of the meeting, held jointly with the Board of Directors of ADMIC, Mr. Helander stated that the normal agenda would be altered to discuss the Monterrey program and to explore future collaboration.

#### I. Expansion of the ADMIC Program in Mexico

As the single item on the agenda, Mr. Helander suggested that the Board members present their observations and questions related to the ADMIC program which they had just observed during the preceding day and a half. Following a lengthy discussion between the corporation's Board members and those of ADMIC, Mr. Helander and the President of ADMIC and Advisory Council member of ACCION International, Mr. David Garza Laguera, commented that future goals related primarily to an expansion of the ADMIC program to other cities of Northern Mexico. This expansion would require the assistance of ACCION International. Several Board members commented that while the expansion should be an important part of future operations, great care should be taken not to over-extend the capacity of the current staff in Monterrey. Finally, it was agreed that ACCION International would assist ADMIC in its

expansion efforts both in Monterrey itself as well as to other key cities of the area. Following Mr. Helander's words of appreciation for the very warm hospitality of Mr. David Garza Laguera and the other members of ADMIC, the meeting was adjourned.

William W. Burrus

Designated Secretary

# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF ACCION INTERNATIONAL/AITEC

A meeting of the Board of Directors of ACCION International/AITEC, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York was held at 680 Park Avenue in the Borough of Manhattan, New York, on the 22nd of September, 1983, at 12:30 in the afternoon. Those present were:

Patricia Cloherty
John C. Duncan
Berent Friele
Eugene Gonzalez
Robert C. Helander
Russell E. Marks
Thomas P. McDermott
Charles W. Muller
Crocker Nevin
Kathrine Ockenden
Frederick D. Seeley

being a quorum.

Also present were Ms. Sarah Burns de Ortega, Associate Director, and Mr. William W. Burrus, Executive Director.

Mr. Robert C. Helander, President of the Corporation called the meeting to order.

#### I. Approval of Minutes

The Minutes of the meeting of the Board of Directors held on January 10th were unanimously approved.

### II. Treasurer's Report

The Financial Statements for the first half of 1983 (through June 30th) were reviewed and discussed.

# III. Election of Advisory Council, Board of Directors, Officers and Executive Committee

The following individuals were elected to serve on the Advisory Council for the period of 1983-1984:

Armando Arauz

John Beck

John R. Camp

Jaime Carvajal

David Garza Laguera

James R. Greene

Roberto de Oliveira Campos

Val T. McComie

William E. Moffett

Tomas A. Pastoriza

The following individuals were elected to serve on the Board of Directors for the period 1983-1984:

John E. Avery

Paulo Ayres, F.

Terence C. Canavan

Patricia M. Cloherty

John C. Duncan

Berent Friele

Henry R. Geyelin

Eugene R. Gonzalez

Robert C. Helander

Terry M. Holcombe

Walter Hunnewell

Russell E. Marks, Jr.

Charles W. Muller

Thomas P: McDermott

Antonio Navarro

Hans Neumann

Crocker Nevin

Kathrine Ockenden

Roderick O'Connor

Frederick D. Seeley

Daniel A. Sharp

Ralph A. Weller

The following individuals were elected to serve as Corporate Officers during the period of 1983-1984:

Donald M. Kendall, Honorary Chairman

The Honorable Jacob K. Javits, Honorary Director

John C. Duncan, Chairman
Berent Friele, Vice Chairman
Robert C. Helander, President
Crocker Nevin, Treasurer
Charles W. Muller, Secretary

The following individuals were elected to serve on the Executive Committee for the period 1983-1984:

John C. Duncan
Eugene R. Gonzalez
Robert C. Helander
Charles W. Muller
Crocker Nevin
Kathrine Ockenden
Frederick D. Seeley
Ralph A. Weller

### IV. Annual and Third Decade for Development Campaign

Ms. Burns referred those present to information in their packets related to the status of the Annual and Special Campaign. As of September 15th, the corporation had received a total of \$29,300.00 for its private annual gifts and a total of \$292,106.00 towards the Special Campaign for 1983. The amount received or pledged for the Special Campaign through September 20th totalled \$860,751.00.

### V. Presidential Commission on Central America

Mr. Duncan reported that he had recently been in contact with Dr. Henry Kissinger, Chairman of the Presidential Commission on Central America. He noted that as part of his correspondence to Dr. Kissinger he had specifically mentioned ACCION International's activities as an example of the type of response which needs to be recommended by the Commission towards helping solve the problems of Central America. Mr. Marks also commented that the Americas Society had been quite active in helping prepare testimony before the Commission and that several

references had been made to ACCION's work. A discussion ensued regarding the possible role which ACCION might play not only in terms of making recommendations to the Commission but over the long-run as well. The Board requested staff to prepare a brief statement on the type of strategy ACCION would employ in Central America given sufficient financial resources to scale up its operations there. Mr. Burrus also suggested that over the coming weeks the staff would be following the work of the Commission closely, that they had already had contact with two members of the Commission, Mr. Silber and Henry Cisneros and would continue to make recommendations to them related to the overall recommendations of the Committee.

## VI. Operational Report

Mr. Burrus commented briefly on three specific programs. In Mexico the program with ADMIC has continued to make solid progress. This year, for example, sixty-five businesses have received credit totalling \$80,063.00 with an average loan running \$1,231.00. In addition 100 businesses have received management assistance and 144 individuals have been trained. A microbusiness association (MIMEX) with a membership of 150 was created in April and has recently published a directory of microbusinesses in the city. An additional \$200,000.00 has been received from the I.D.B. to capitalize the loan fund and the program is now being expanded to two additional cities, Linares and Torreón.

The Peruvian program has also achieved significant success this past year. Some 322 businesses have now been given loans totalling \$135,000.00 with an average loan of \$419.00. There are no losses to date with a late payment rate of 11%. In addition, 124 solidarity groups, averaging five individuals per group have now received credit for a total amount of \$107,000.00. Within these groups, some 500 individuals (of a total of 620) are women with average loans running \$172.00. A letter of credit for \$50,000.00 was also recently issued by ACCION International to a local private bank, Banco Wiese which will leverage \$100,000.00 of credit funds specifically for market sellers. Second year funding from PACT was also approved for \$40,000.00.

Finally, in the Dominican Republic, ACCION has continued to work with the Dominican Development Foundation to evaluate its ongoing microbusiness program which was originally established with assistance from ACCION. A new organization -- ADEMI -- was formed with ACCION's assistance in April, to substantially scale up this type of operation. The program has received initial strong local private sector support, totalling \$50,000.00. In just four months of operations, loans for working capital have been given to 316 microbusinesses for a total of \$130,000.00 with loans averaging \$430.00. During this four-month period the cost of lending \$1.00 has been \$.16. An additional 57 solidarity groups have been formed affecting 366 individuals with an average loan being \$55.00 per individual. In addition, \$500,000.00 was recently approved by the Inter-American Development Bank to help capitalize the loan fund of ADEMI, and an additional \$150,000.00 was made available through the Dominican Government to help cover basic operational costs and capitalize the loan fund. Perhaps most significantly, ADEMI will reach a breakeven point by the end of 1984; that is, sufficient monies will be directly generated from operations to cover costs.

In summary, Mr. Burrus commented that these three programs are doing exceptionally well and have received increasing national as well as international attention.

With no further business to attend, Mr. Helander adjourned the meeting.

Designated Secretary

# MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International/AITEC, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York was held at 680 Park Avenue, in the Borough of Manhattan, New York, on the 20th day of January, 1983 at 12:00 in the afternoon. There were present:

Mr. John E. Avery Jr.

Mr. John C. Duncan

Mr. Berent Friele

Mr. Eugene R. Gonzalez

Mr. Robert C. Helander

Mr. Russell E. Marks

Mr. Thomas P. McDermott

Mr. Charles W. Muller

Mr. Crocker Nevin

Mr. Roderick O'Connor

Mr. Frederick D. Seeley

Mr. Ralph A. Weller

being a quorum. Also present were Messrs. Val T. McComie, and Tomás Pastoriza International Advisory Council members, Mr. William W. Burrus, Executive Director, Ms. Sarah Burns de Ortega and Mr. Jeffrey Ashe, Associate Directors, and Marc Levy, Assistant to the Directors. Various guests were also in attendance, a list of which is attached to the minutes.

Mr. Robert C. Helander, President of the Corporation, called the meeting to order.

# I. Approval of the Minutes

The minutes of the meeting of the Board of Directors held on June 2, 1982 were unanimously approved.

# II. Treasurer's Report

Mr. Nevin referred those present to the financial statements included in their packets of information. On the Statement of Revenue and Expenses, he pointed out that the Corporation was showing a modest surplus for the year of \$4,438 and that total supporting services were \$151,527 which is 13% of total expenses. Referring to the Balance Sheet he asked those Directors present to note that cash and cash reserve total \$135,000 and that the newly created capital reserve fund shows a total of \$84,467. Mr. Helander made special note of the fact that private contributions jumped from \$392,308 in 1981 to \$609,674 in 1982, and congratulated the staff on this increase with private contributions for the organization representing approximately 54% of total revenue raised.

# III. The President's Report

Mr. Helander noted first that this meeting was to be considered the annual winter meeting of 1982, and that it had been postponed one month due to the heavy travel schedules of various Directors. He then went on to announce the resignations of two Board members, Mr. Roger Stone and Peter Trinkle, and on behalf of the Board, wholeheartedly thanked both of these individuals for their dedication and participation in the Corporation's activities. Mr. Helander

pointed out that there had been two Executive Committee meetings since the last full Board meeting in June, on September 23rd, and November 17th, 1982. Principal actions taken by the Committee were as follows:

- 1. The Committee reviewed the guidelines of the newly created Working Reserve Fund, and determined that all new monies received for the Fund would be divided between a money market fund and Certificates of Deposit purchased from the Corporation's bank, The First National Bank of Boston.
- 2. The Executive Committee reviewed and approved staff plans to help promote the creation of a private development organization in Costa Rica.
- 3. The Committee reviewed and approved a draft of a letter to Secretary of State Shultz under Mr. Duncan's signature, bringing to his attention the work of ACCION in Colombia, Brazil and Costa Rica on the eve of his trip to these countries. Mr. Helander noted that a copy of Mr. Shultz's reply was sent to all Board members.
- 4. The Executive Committee assisted Mr. Burrus in preparation for his fundraising trip to San Francisco and Los Angeles in early December

# IV. The Executive Director's Report

Mr. Burrus introduced his report by making several general comments on the state of the Americas. First, he expressed his deep concern over the present political, social and economic state of Latin America and of the United States as well. He noted that the escalating violence, civil war, and repression plaguing Central America, the faltering economies of such countries as Brazil and Mexico and the bleak outlook for smaller countries like Costa Rica, Jamaica, and the Dominican Republic were of deep concern particularly relating to the effect of the difficulties upon the population ACCION is dedicated to

serve — the low-income groups which even in the best of times find survival a full-time job. Second, he pointed out that he believes we are at a cross-roads in terms of inter-American affairs, and that it behooves all of us to understand the historical significance of the moment and rather than pull back, or even worse, impose our solutions to current problems we should seek the current times as an opportunity to reexamine old policies, forge new ones, begin to build new relationships which reflect today's reality and perhaps above all, begin to think in the longer-term, emphasizing actions and investments which will be mutually beneficial over the long-run.

Finally, Mr. Burrus pointed out that while it is a cliche, the fact that this is a "shrinking world", is becoming more and more of a reality. He stated that Americans need to more fully understand their international responsibilities and that events in Brazil or Guatemala or wherever, truly do have a direct and long lasting impact on all of us. Turning his attention to the specific activities of ACCION International during 1982, Mr. Burrus commented that he felt it was a credit to ACCION International's Board and staff that ACCION has traditionally been able to adjust its objectives and activities to the changing realities of Latin America. Specifically, he felt that ACCION's current objectives, the generation of income and employment in the Americas through the promotion of micro-entrepreneurs and small businesses were very much in line with meeting the current needs of these countries. Much of the current focus of ACCION during 1982, was centered on the Third Decade for Development which has four components:

1. The determination to dramatically expand in Latin America. Mr. Burrus highlighted progress in this area particularly in Peru, Costa Rica, Brazil and Mexico, where new programs are now underway. He further mentioned

a conference organized by ACCION International held in the Dominican Republic in late September, in which some 35 individuals from 14 countries studied the micro-business experience of ACCION in that country with the Dominican Development Foundation.

- 2. The Working Reserve Fund has also shown progress with the current total nearing \$150,000. The first guarantees to micro-businesses from this Working Reserve Fund are expected in 1983.
- 3. Expansion in the U.S. was moved forward by his visit to the Southwest during the month of July. Mr. Burrus mentioned interesting opportunities in Phoenix and primarily San Antonio which are actively being explored by the Corporation.
- 4. Finally, Mr. Burrus pointed out that the fourth component of the campaign, a <u>public education effort</u>, was officially launched in 1982, and that three specific activities had been successfully undertaken. The first was a trip by Mr. Charles Merrill, a donor and friend of the Corporation to Costa Rica and Nicaragua. Following Mr. Merrill's trip in October, the Corporation organized a public meeting in Boston, highlighting Mr. Merrill's impression of those two countries. Second, the organization has published a book on micro-enterprise development in the Americas, titled, <u>The Survival Economy: Micro-Enterprises in Latin America</u>. Third, an audio-visual presentation was prepared on the Dominican Republic, Costa Rica and Maine, and which has now been successfully shown in a number of cities in the U.S.

#### V. Audio-Visual Presentation

Ms. Burns introduced the audio-visual presentation on ACCION's work in Latin America, previously mentioned by Mr. Burrus. The presentation was then shown.

# VI. Remarks of His Excellency Val T. McComie

Mr. Duncan introduced the guest speaker, Mr. McComie, who then proceeded to present hiw views on the role of the private sector in the Caribbean and Latin America, emphasizing the importance of promoting and stimulating small business activities, better defining foreign investment laws in all countries, and suggesting that to more fully understand the realities of these countries, those of us of the private sector must look beyond what we may see as tourists in these countries and come to know the reality of the majority of the population.

With no further business to attend, Mr. Helander adjourned the meeting.

William W. Burrus Designated Secretary

ACCION International

#### **MINUTES**

# OF THE MEETING

# OF THE BOARD OF DIRECTORS

### OF ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International/AITEC, a corporation duly organized and existing under and by virtue of the membership corporation law of the State of New York, was held at 680 Park Avenue, in the Borough of Manhattan, New York, on the second day of June, 1982 at 4 o'clock in the afternoon. There were present:

Mr. John C. Duncan

Mr. Eugene González

Mr. Robert Helander

Mr. Walter Hunnewell

Mr. Charles C. Muller

Mr. Crocker Nevin

Dr. Roderick O'Connor

Mr. Frederick D. Seeley

Mr. Daniel A. Sharp

being a quorum. Also present were Mr. William W. Burrus, Executive Director, Ms. Sarah Burns de Ortega and Mr. Jeffrey Ashe, Associate Directors, and Ms. Hilda S. Hollis, Financial Administrator. Messrs. John R. Camp and David Garza Lagüera, International Advisory Council members were also present as was invited guest Mr. John E. Avery, Jr.

Mr. Robert C. Helander, President of the Corporation, called the meeting to order.

# I. Approval of the Minutes

The Minutes of the Meeting of the Board of Directors held on December 3, 1981 were unanimously approved.

# II. President's Report

Following introductions of those present, Mr. Helander reported on the actions of the Executive Committee since the last full Board meeting. He reported that one Executive Committee meeting was held on March 11, 1982. At that meeting, the Committee received operational reports on Peru Brazil, Costa Rica, Maine and the Staff Conference held in Jamaica in early February. It also reviewed progress of the special campaign, "Third Decade for Development" and reviewed potential candidates for the Board of Directors.

# III. Financial Report

Mr. Helander reported that immediately preceding the Board Meeting the Executive Committee had met as an Audit Review Committee to review the financial statements for 1981. Attending that meeting in addition to Ms. Hollis, the Financial Administrator, was Ms. Janet Shore, Audit Manager for Price Waterhouse. Mr. Helander stated that Price Waterhouse had given the corporation an unqualified opinion of its financial position at the close of business in 1981. He stated that Ms. Shore commented that she was satisfied with the internal controls exercised by the corporation. Those present were then asked to review the statement of support, revenue and expenses for the year with Mr. Helander noting that the corporation had

a surplus of \$41,638.00, offsetting the deficit for the previous year of \$41,095.00. Mr. Burrus stated that increased revenue from the government during 1981 meant that of total revenues thirty eight percent was derived from private sources with government sources contributing sixtytwo percent. He further pointed out that the total general administrative and fundraising expenses for 1981 were less than in 1980 and represented fifteen percent of the total expenses. Several specific questions followed. Mr. Muller suggested that on the statement of support revenues and expenses page, the item categorized as Public Contributions be clarified so that it was understood to mean private contributions from foundations, corporations and individuals. Mr. Burrus agreed to work with Price Waterhouse to make the change and to send the final statement out with a copy of the Board Minutes.

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# IV. <u>Election of Advisory Council, Board of Directors, Corporate Officers</u> and Executive Committee

The following individuals were elected to the Advisory Council:

Mr. Armando Arauz

Mr. Edmundo Penna Barbosa da Silva

Mr. John Beck

Mr. John R. Camp

Mr. Roberto de Oliveira Campos

Mr. Jaime Carvajal

Mr. David Garza Lagüera

Mr. James R. Greene

Mr. Valerie T. McComie

# Mr. William E. Moffett Mr. Tomás A. Pastoriza

The following individuals were	elected	to t	the	Board	of	Directors:
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Mr. John E. Avery, Jr.

Ms. Patricia M. Cloherty

Mr. John C. Duncan

Mr. Paulo Ayres Filho

Mr. Berent Friele

Mr. Henry R. Geyelin

Mr. Eugene González

Mr. Robert C. Helander

Mr. Terry Holcombe

Mr. Walter Hunnewell

Mr. Russell E. Marks, Jr.

Mr. Thomas P. McDermott

Mr. Charles W. Muller

Mr. Hans Neumann

Mr. Crocker Nevin

Ms. Kathrine Ockenden

Mr. Roderick O'Connor

Mr. Frederick D. Seeley

Mr. Daniel A. Sharp

Mr. Roger D. Stone

Mr. Peter B. Trinkle

Mr. Ralph A. Weller

# The following Corporate Officers were duly elected:

Mr. Donald M. Kendall

Mr. Jacob K. Javits

Mr. John C. Duncan

Mr. Berent Friele

Mr. Hans Neumann

Mr. Robert C. Helander

Mr. Charles W. Muller

Mr. Crocker Nevin

Honorary Chairman

Honorary Director

Chairman

Vice Chairman

Vice Chairman

President

Secretary

Treasurer

The following Board Directors were duly elected to serve on the Executive Committee:

Mr. John C. Duncan

Mr. Robert C. Helander

Mr. Charles W. Muller

Mr. Crocker Nevin

Ms. Kathrine Ockenden

Mr. Frederick D. Seeley

Mr. Peter B. Trinkle

Mr. Ralph A. Weller

# V. Campaign Report: Third Decade for Development

Ms. Burns de Ortega requested those present to refer to the summary of the Third Decade for Development Campaign enclosed in their information folders. In summarizing the information contained therein she stated that three-year pledges to the campaign totalled \$304,580.50 or 22.3% of the campaign's goal of \$1.5 million. In addition to the original pledges of \$75,000 each from St. Joe Minerals Corporation and the Rockefeller Brothers Fund, a \$100,000 pledge from I.B.M. World Trade Americas/Far East Corporation had been received as well as a first-year grant from Xerox, and personal contributions from several members of the Board of Directors and other miscellaneous gifts.

She also stated that proposals totalling another \$230,000 had been submitted to other Board member corporations and that 44 additional requests had been submitted to ACCION's traditional donors.

Regarding the annual campaign, she stated that it has been somewhat de-emphasized during the start-up phase of the special campaign. Because of this de-emphasis no new companies have been approached for annual gifts but rather for special contributions and certain of the traditional annual

givers were being asked for major pledges to the special campaign. Accordingly, as of June 1, 1982, a total of \$27,800 had been received compared to the last year's total at the same date of \$48,850, representing a decrease of \$18,050.

With no further formal business to discuss, the President called for a brief recess and announced that several newly elected Board Members and friends of ACCION would be joining the meeting to participate in a discussion of ACCION's work and to listen to the highlights of the program in the Dominican Republic.

Following the recess those additional individuals joining the meeting included:

Mr. Russell E. Marks, Jr. President
Americas Society

Mr. Thomas P. McDermott
Managing Partner
Arthur Young & Company

Mr. Franklin E. Agnew, III Senior Vice President H.J. Heinz

Mr. Denis C. Beran
Publishing Director
BusinessWeek International

Mr. C. Napier Collyns Vice President Scallop Corporation

Mr. Helander reconvened the meeting, introduced the newly arrived invited guests and turned the floor over to Mr. Burrus who made a brief presentation on the actions taken by the corporation during 1982 towards the realization of the goals of the Third Decade for Development Campaign. This goal is to dramatically increase the corporation's ability to create

income and employment opportunities in the Americas. It has four components which are now being implemented:

- 1. The implementation of new business and small farming programs in key countries. In this area, Mr. Burrus reviewed new initiatives in Peru, Jamaica, and Guatemala.
- 2. New initiatives in the United States. Mr. Burrus stated that staff had established promising contacts in San Antonio, Texas, and mentioned that he would be spending the month of July doing program exploration throughout the Southwest.
- 3. Public Education. Mr. Burrus stated that the firm of Kevin Burke Associates had been commissioned to develop an audio-visual presentation during the summer months focusing on the informal sector in Latin America and the United States using Costa Rica, the Dominican Republic and Maine as program sites. Further, he announced that a book on the micro-business sector utilizing case studies and other information from the Colombia, Mexico and Dominican Republic programs was now finished and at the printers.
- 4. The creation of a Working Reserve Fund. Mr. Burrus stated that the Fund currently had \$110,000.00 and that staff had been discussing with Crocker Nevin the Fund's quidelines and that an initial meeting had been held with the First National Bank of Boston regarding the management of the Fund.

Mr. Burrus then introduced Mr. Ashe who made a formal presentation on the goals, program methodologies, impact and cost of the micro-enterprise and street vendor program being carried out in the Dominican Republic. Using graphs, slides of micro-businesses in the country as well as two recent print-outs describing the program, Mr. Ashe Illustrated the attempts of the program to begin to reach economic self-sufficiency by generating enough income to cover program cost. He also discussed the economic and social impact of the program in the local community, particularly in terms of income created. He stated that if operational projections continue during 1982, that by the end of this year, \$2,000,000 of new income would have been generated and circulated in the low income areas of Santo Domingo as a direct result of program activities.

Following a brief question and answer period Mr. Helander adjourned the meeting and invited those present to a brief reception immediately following.

William W. Burrus Designated Secretary

ACCION International/AITEC

# THIRD DECADE FOR DEVELOPMENT CAMPAIGN

Three-year pledges to the special Third Decade for Development campaign now total \$304,581.50, or 20.3% of our goal of \$1.5 million dollars. These figures include three-year pledges of \$75,000 each from St. Joe Minerals Corporation and Rockefeller Brothers Fund, a \$100,000 pledge from I.B.M. World Trade Americas/Far East Corporation, a first year grant from Xerox, personal contributions from members of our Board of Directors, and other miscellaneous gifts.

Proposals totalling another \$230,000 have been submitted to other Board member corporations; a projected total of \$100,000, or slightly less than 50% of that total, is anticipated by the end of June. These corporations are: Exxon, American Express, PepsiCo and Schroder Bank.

By the end of this month, then, 27.3% of the campaign goal, or about \$410,000, is expected to have been met.

An additional 44 requests have been submitted; 17 are pending to ACCION's traditional donors, 19 are pending to new contacts, and 8 rejections have been received. A rough projection yields \$163,000 from the regular donors and \$28,125 from the new corporations, for an anticipated total of about \$200,000.

#### Regular contributors

Caterpillar
ALCOA
Celanese
H.J. Heinz
Philip-Morris
Johnson & Johnson
Allis-Chalmers
American Can
Borden

Container Corp.

Motorola NCR Searle Scallop Huber SIFCO Eaton

#### New prospects

ARMCO
Bank of New England
Cabot
Continental Illinois
Dart & Kraft
Fidelity
First National Bank - Boston
John Hancock
Mellon Bank
MidCon Corp.

Northern Trust
Phelps-Dodge
Quaker Oats
Rockwell International
Sears
Sherwin Williams
Standard Oil (Indiana)
Underwood
United Brands

# Rejections (all from new contacts)

Bristol-Myers Borg-Warner

TRW
First National Bank - Chicago

Gulf Oil

Arthur D. Little

Polaroid GenRad

#### ANNUAL CAMPAIGN

Progress in the 1982 annual campaign, intentionally de-emphasized during the start-up phase of the special campaign, should take into account three major factors: no new companies have been approached for annual gifts, but rather only for special contributions; the prospects being actively solicited in fundraising activities this year are those with the greatest likelihood of contributing to the special campaign; certain of our traditional annual givers are being asked to make major pledges, and in that case requests for annual contributions have been suspended.

Accordingly, then, as of June 1, 1982, a total of \$27,800 has been received, in comparison to last year's total at this date of \$48,850, a decrease of \$18,050. Of the 44 proposals submitted, we have received 9 rejections, 14 contributions, and have 21 requests pending. The breakdown is as follows:

# Rejections

ACF Avon

Dow Chemical

First National Bank - Chicago

International Harvester

3M

PPG

Standard Oil (Indiana)

Pfizer

#### Contributions Received

Monsanto

IFF Asarco

Borden Foundation

Grace SIFCO

Goodyear

Kaiser

Royal Bank Canada Deloitte, Haskins, S.

NCR ARCO

U.S. Steel

## Requests Pending

American Can R.C. Baker

Borden International

Burroughs Celanese Huber

Irving Trust
Johnson & Johnson

Motorola

Owens-Corning Fiberglass

# Requests pending continued

Citibank

Container Corp.
Continental Group

Deere Esmark

General Mills

Owens-Illinois Philip-Morris Price Waterhouse

Shell Singer

Non-corporate contributions for the annual campaign continue to be solicited, and we anticipate a grant from the Public Welfare Foundation of \$30,000 by the end of this month.

# accion international/aitec

# Introductions

- A. Board Meeting, First Half
  - 1. Advisory Council members: David Garza Lagllera, John Camp.
  - 2. Janet Shore, Audit Manager, Price Waterhouse
  - 3. Hilda S. Hollis, Financial Administrator, ACCION
  - 4. Walter Hunnewell, Executive Vice President, Gillette International (retired)

# Actions taken by Executive Committee

Since last Board meeting of December 3, 1981, one Executive Committee meeting was held, on March 11, 1982. The Committee:

- Received operational reports on Peru, Brazil, Costa Rica, Maine and the staff conference held in Jamaica in early February.
- 2. Reviewed progress on the Special Campaign "Third Decade for Development."
- 3. Reviewed potential candidates for Board of Directors
- B. Board Meeting, Second Half

# Introductions

Joining us now are:

John E. Avery, Jr. Company Group Chairman Johnson & Johnson

Russell E. Marks, Jr. President
Americas Society

Thomas P. McDermott Managing Partner Arthur Young & Company

## Friends of ACCION

Franklin E. Agnew, III (Bill) Senior Vice President H. J. Heinz Corporation

Denis C. Beran Publishing Director BusinessWeek International

C. Napier Collyns Vice President Scallop Corporation

ACCION INTERNATIONAL

FINANCIAL STATEMENTS

\* \* \* \* \*

DECEMBER 31, 1981

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ONE FEDERAL STREET BO\$TON, MA 02110 617 423-7330



April 9, 1982

To the Board of Directors of Accion International

In our opinion, the accompanying balance sheet and the related statements of support, revenue, expenses and changes in fund balance and of functional expenses present fairly the financial position of Accion International at December 31, 1981 and 1980, and the results of its operations and the changes in its fund balance for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

# ACCION INTERNATIONAL

# BALANCE SHEET

	December 31,		
Assets	1981	<u>1980</u>	
Cash and cash equivalents Contributions and grants receivable Investments Deposits and employee advances Property and equipment, at cost, net of accumulated depreciation	\$ 91,899 91,508 1,157 3,415 54,289 \$242,268	\$ 63,968 85,739 3,879 6,267 \$159,853	
Liabilities and Fund Balance			
Liabilities: Accounts payable and accrued expenses Mortgage note payable Deferred revenue Total liabilities	\$ 76,560 13,596 27,566 117,722	\$ 57,895 - 19,050 76,945	
Fund balance	124,546	82,908	
	\$242,268	\$159,853	

# ACCION INTERNATIONAL

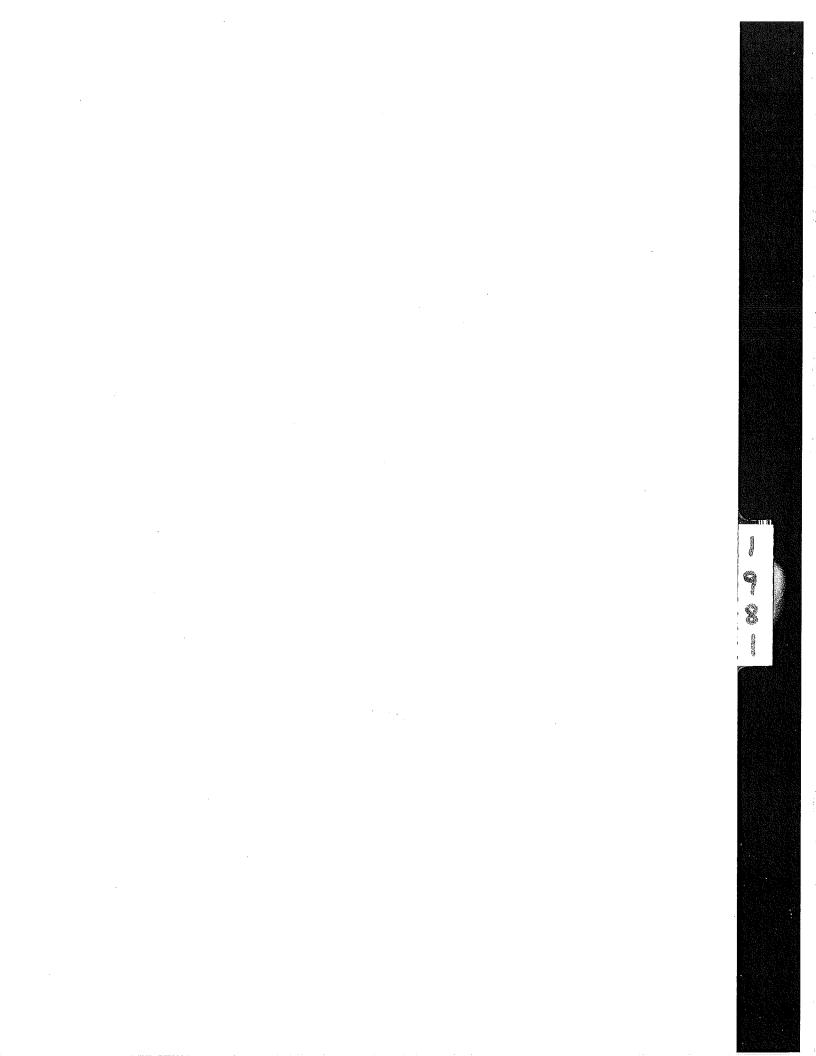
# STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

<u></u>	Year ended December 31,  1981 1980  Jurestricted Restricted Total Total				
Support and revenue: Public contributions Government grants Government contracts Interest Income	\$145,874 	\$	246,434 349,809 302,431	\$ 392,308 349,809 302,431 7,897	\$ 457,616 333,891 241,613 7,610
Total support and revenue	153,771		898,674	1,052,445	1,040,730
Expenses: Program services: Foreign micro-business	-		527,945	527,945	491,746
Rural integral development United States micro- business	-		124,917	124,917	256,394
			204,174	204,174	158,921
Total program services	_		857,036	857,036	907,061
Supporting services: General and admin- istrative Fund raising	132,705 21,066		- -	132,705 21,066	151,641 23,123
Total supporting services	153,771			153,771	174,764
Total expenses	153,771		857,036	1,010,807	1,081,825
Excess (deficit) of support and revenue over expenses	\$ -	\$	41,638	41,638	(41,095)
Fund balance at beginning of year				82,908	124,003
Fund balance at end of year					\$ 82,908

See notes to financial statements.

Salaries and relate Travel Rent Professional servic Training Direct transfers Telephone Printing Promotion Office expense Relocation and exit Miscellaneous

Salaries and relate Travel Rent Professional servic Training Direct transfers Telephone Printing Promotion Office expense Relocation and exit Miscellaneous



# AGENDA

# ACCION International

# Meeting of Board of Directors

December 3, 1981

- I. Approval of Minutes
- II. President's Report
- III. Financial Report
- IV. Capital Campaign
- V. Program Highlight: Costa Rica
- VI. Remarks of Honorable Armando Aráuz

#### MINUTES

#### OF A MEETING

#### OF THE BOARD OF DIRECTORS

#### OF ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the state of New York, was held at 680 Park Avenue in the borough of Manhattan, New York on the 25th day of June 1981 at 12:30 o'clock in the afternoon. There were present:

Mr. Berent Friele

Mr. Henry R. Geyelin

Mr. Robert C. Helander

Mr. Terry M. Holcombe

Mr. Charles W. Muller

Mr. Crocker Nevin

Ms. Kathrine Ockenden

Mr. Roderick O'Connor

Mr. Frederick D. Seeley

Mr. Daniel A. Sharp

Mr. Roger D. Stone

Mr. Peter B. Trinkle

being a quorum. Also present were Mr. William W. Burrus, Executive Director, Ms. Sarah Burns de Ortega and Mr. Jeffrey Ashe, Associate Directors, Mr. William R. Tucker, Program Manager in Colombia and Mr. Arnulfo Coto, Program Manager in Guatemala. Mr. Keith Koehler, a Director of ACCION Comunitaria del Peru was also present by invitation.

Mr. Robert Helander, President of the Corporation, called the meeting to order.

#### I. Approval of the Minutes

The minutes of the meeting of the Board of Directors held on December 16, 1980, were unanimously approved.

## II. International Advisory Council

Mr. Helander reported that the Executive Committee had taken under consideration the creation of an International Advisory Council to be composed of select individuals from the United States and throughout the Americas to serve as a resource body to the Board and staff of the Corporation. Mr. Muller further explained the purposes of the proposed Council and stated that many individuals who for a variety of reasons could not accept the more active position of Director could be of valuable service to the Corporation in an advisory capacity. Following considerable discussion on various specific points related to its functioning, the Council was officially created by unanimous vote. A statement of the Council's purpose and functions is attached to these minutes. The following individuals were then unanimously elected to serve as members of the International Advisory Council:

Mr. Armando Arauz

Amb. Edmundo Penna Barbosa da Silva

Mr. John Beck

Mr. John R. Camp

Mr. Roberto de Oliveira Campos

Mr. Jaime Carvajal

Mr. David Garza Laguera

Mr. Valerie T. McComie

Mr. Tomas A. Pastoriza

# III. <u>Election of the Board of Directors</u>, <u>Corporate Officers and Executive</u> Committee

The following were elected unanimously to a one-year term on the Board of Directors of ACCION International:

John C. Duncan

Charles W. Muller

Paulo Ayres Filho

Hans Neumann

Berent Friele

Crocker Nevin

Henry R. Geyelin

Kathrine Ockenden

Eugene Gonzalez

Roderick O'Connor

James R. Greene

Frederick D. Seeley

Robert C. Helander

Daniel Sharp

Terry Holcombe

Roger D. Stone

Walter Hunnewell

Peter B. Trinkle

Catherine Coolidge Lastavica

Ralph A. Weller

The following were elected unanimously as officers of the Corporation:

Donald M. Kendall:

Honorary Chairman

Jacob K. Javits:

Honorary Director

John C. Duncan:

Chairman

Berent Friele:

Vice Chairman

Hans Neumann:

Vice Chairman

Robert C. Helander:

President

James R. Greene:

Vice President

Kathrine Ockenden:

Treasurer

Roger D. Stone:

Secretary

The following were elected unanimously as members of the Executive Committee:

John C. Duncan

Robert C. Helander

Catherine Coolidge Lastavica

Charles W. Muller

Kathrine Ockenden

Frederick D. Seeley

Roger D. Stone

Peter B. Trinkle

#### IV. President's Report

Mr. Helander introduced Mr. Keith Koehler as a Director of Accion Comunitaria del Peru and also welcomed Bill Tucker and Arnulfo Coto, ACCION/AITEC's representatives in Colombia and Guatemala respectively. He then stated that the full Board had not met since December 16, 1980, and wanted to take the opportunity to thank everyone for their assistance in making the David Rockefeller dinner the success that it was. Mr. Friele added that a sincere note of appreciation on behalf of the Board should be extended to Roger Stone, President of the Center for Inter-American Relations for offering the use of the Center's fine facilities.

Mr. Helander then reported on actions taken by the Executive Committee during its meetings of March 11th and May 6th. First, he remarked that considerable time had been spent reviewing drafts of an ACCION advertisement in <a href="mailto:BusinessWeek">BusinessWeek</a> magazine which was offered on a pro bono basis by the international publishing editor, Mr. Denis Beran, who attended the Rockefeller

dinner. The first of several advertisements should appear in <u>BusinessWeek</u> in the very near future.

Further, Mr. Helander pointed out that various strategies for increasing private sector support had been considered and that the Executive Committee had instructed the staff to actively explore the possibility of mounting a capital fund-raising campaign. Such a campaign, perhaps to be launched for a three-year period beginning in 1982, would seek to create a Working Reserve Fund and permit a substantial expansion of activities in Latin America as well as in the United States itself.

Finally, the Executive Committee devoted much of its last meeting to consideration of the creation of an Advisory Council. Mr. Helander commended Committee members for their lucid and helpful comments in their deliberations on this matter. Mr. Stone moved that the actions of the Executive Committee as reported by the President be approved by the Board of Directors. The motion was seconded and unanimously approved.

#### V. Financial Report

The treasurer, Ms. Kathrine Ockenden, asked those present to refer to the financial statements in their package of information prepared by Price Waterhouse for the year ending December 31, 1980. She reported that income for 1980 totalled \$1,040,730 compared to \$940,954 in 1979. 1980 was the first year in the Corporation's history in which over a million dollars in income was received. Of that amount 45% was received from private sources, 55% from government grants and contracts, and less than 1% from interest income. Expenses for the same period amounted to \$1,081,825 leaving a deficit for the year of \$41,095. She added that, as illustrated on the page

of functional expenses, the area of micro-business continues to predominate, accounting for approximately 45% of total expenses incurred. For 1980, fund-raising and general and administrative expenses amounted to 16% of total expenditures compared to 17% for 1979. Finally, Ms. Ockenden reported that the balance sheet showed total assets of \$159,853 including cash of \$15,783 and a certificate of deposit of \$48,185. Liabilities totalled \$76,945 leaving a fund balance of \$82,908 for the year.

Following several comments and points of clarification, Mr. Helander noted that the Executive Committee had met prior to the Board meeting as an audit review committee and had reviewed the financial statements in detail. He asked that the final Price Waterhouse statements be forwarded to all Directors as soon as they are prepared.

#### VI. Private Sector Campaign

Ms. Sarah Burns de Ortega then reported on the status of the 1981 private sector fund-raising campaign. She asked those Directors present to refer to the relevant information in their packet of materials. As of June 25, 1981, eighty corporations had been approached for support. Of these 26 have responded positively with contributions. These contributions together with those from private foundations, total \$81,350, representing an increase over last year in private sector support of \$2200 as of June 30, 1980. She then asked the Board to review the information at their leisure and to get back to staff on specific corporations to be approached of those still pending.

#### VII. Operational Report--Colombia and Peru

Mr. Burrus commented that he had invited Messrs. Tucker and Coto to

the Board meeting because of recent developments in Colombia and Peru. He reported that ACCION had recently completed its obligations in the program of municipal enterprise development in Guatemala. The Program will now be carried on by the Institute of Municipal Enterprise which is now fully trained. He complemented Mr. Coto on the excellent job performed as Director of that program. Mr. Coto will be transferring to Peru in September after familiarizing himself with ACCION's microbusiness programs in Colombia and the Dominican Republic.

Mr. Tucker then reported on recent developments in Colombia. stated that, based on the initial positive pilot program successfully launched with the Carvajal Foundation in Cali, AITEC is now assisting in the start-up of similar efforts in Bogota, and Medellin. In Bogota, AITEC is working with the Fundacion Compartir, a foundation of private business interests, established in 1979. In Medellin, AITEC is assisting the foundation Fabricato, a large textile concern, which operates a philanthropic foundation. Mr. Tucker further observed that as in Cali the Inter-American Development Bank will be approving loans of \$500,000 from its Special Projects Fund for each program. Contact has also been made with a group in Bucaramanga called Fundesan which is interested in receiving AITEC assistance for a micro-business program. Mr. 0'Connor stated that he had recently seen Jaime Carvajal in Colombia and wished to publicly congratulate Bill Tucker for the excellent job performed in the Carvajal micro-business program. He stated that this type of program has tremendous potential not only for Colombia but elsewhere in Latin America and would continue to collaborate closely with ACCION staff in developing such opportunities.

Mr. Helander then provided further background on the recent request received from Accion Comunitaria del Peru to provide assistance in the esstablishment of a micro-business program. Mr. Koehler on behalf of the Board of ACP stated that a formal decision had been taken to initiate a micro-business effort and to request technical assistance from ACCION International. Mr. Burrus reported that he would be travelling to Lima in early September as a follow-up to Mr. Tucker's trip in July and as preparation for Mr. Coto's arrival.

There being no further business to discuss, the meeting of the Board of Directors was adjourned.

William W. Burrus Designated Secretary

FINANCIAL STATEMENTS

\* \* \* \* \*

September 30, 1981

### BALANCE SHEET

### Period Ended September 30, 1981

Assets	September 30, 1981		
Cash Certificate of deposit Contributions and grants receivable Deposits and employee advances Furniture and fixtures at cost,	\$ 32,295.00 38,000.00 63,851.00 1,895.00		
less accumulated depreciation of \$4,993	\$146,292.00		
Liabilities and fund balance			
Accounts payable and accrued expenses Fund balance	46,764.00 99,528.00		
	\$146,292.00		

## STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

#### Period ended September 30, 1981

	Current Funds		Total all Funds
	Unrestricted	Restricted	1 and
Support and revenue: Public support: Contributions	\$114,450	\$283,356	\$397,806
Government support: Grants Contracts		253,170 270,479	253,170 270,479
Interest income	918		918
Total support & revenue	115,368	807,005	922,373
Expenses: Program services: Micro-Business development Small-farm development United States		427,657 198,343 166,296	427,657 198,343 166,296
Total program services		792,296	792,296
Supporting services: General and administra- tive Fund raising	99,640 13,817		99,640 13,817
Total supporting services	113,457		113,457
Total expenses	_113,457	792,296	905,753
Excess of support and revenue over expenses	\$ 1,911	\$ 14,709	16,620
Fund balance at begin- ning of year			82,908
Fund balance at end of period			\$ 99,528 ======

# ACCION INTERNATIONAL CAPITAL FUND - CORPORATE CAMPAIGN

Following standard practice for Capital drives, ACCION will solicit 171 corporations in order to receive the 43 contributions outlined in the Table of Gifts. The 171 prospects have been broken down into four levels, as indicated below.

 <u>LEADERSHIP GROUP</u> - ACCION Family 11
 FRIENDS-Regular givers with whom 25 ACCION has its best contacts
 OTHERS - Regular givers, plus new corporations with good contacts 50
 NEW corporations with Latin American 85 ties and interests
171

The following table identifies the gifts being sought from all corporations considered either Level I (Leadership Group) or Level II (Friends of ACCION). Our goal is to identify and match PROSPECTS from Level II with Board Members who will help secure the gifts.

# of Gifts needed	Amount needed	Level I (Leadership)	Level II (Friends)
1	\$100,000	EXXON IBM	ARCO
2	\$75,000	PepsiCo St. Joe Minerals	Chase Manhattan
3	\$50,000	American Express Xerox	Caterpillar John Deere
5	\$30,000	Morgan Stanley	ALCOA ASARCO Grace Heinz Owens-Illinois Philip Morris U.S. Steel Arthur Young

Otis Elevator Schroder Bank

Level I & II Prospects --- Continued

# of Gifts	Amount	I. Leaders	II. Friends
6	\$15,000	Drexel/Burnham/	Allis-Chalmers
	Lambert	American Can	
			Arthur Andersen
			Borden
			Celanese
			Goodyear
			Huber
9	\$7,000		R.C. Baker
			Container Corp.
			General Mills
			Johnson & Johnson
			Kaiser Engineers
			Kellogg
			Price Waterhouse
17	\$1,000 - \$5,000	Murden & Co.	(many)

# NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1981

#### NOTE 1 - ORGANIZATION

Accion International (Accion) is a nonprofit organization involved in social and economic development programs in Latin America and Central Maine (U.S.A.) with particular emphasis on programs designed to assist the urban poor. Community development programs are initiated by Accion and generally funded by unrestricted contributions. Micro business and rural integral development programs are generally funded by contracts, grants and restricted contributions.

#### NOTE 2 - ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Voluntary Health and Welfare Organizations' Audit Guide issued by the American Institute of Certified Public Accountants.

#### Contributions and Grants

Contributions and grants are received from individuals, private industry, foundations and government agencies. Contributions and grants may be designated by the donor for a specific project, or be given as a general contribution. Direct transfer contributions are funds for which program administrators are accountable directly to grantors. (See Notes 5 and 6).

All contributions and grants are considered to be available for general use unless specifically restricted by the donor. Restricted grants and contributions are recognized as support and revenue as the appropriate conditions are met. Contributions received for services to be performed in future periods are accounted for as deferred revenue.

#### Property and Equipment

Domestic buildings and equipment are recorded at cost and are depreciated under the straight-line method over their estimated useful lives. Foreign equipment is expensed in the year acquired, with the exception of equipment which may be removed from the foreign locations in which case the equipment is accounted for in the same manner as domestic equipment.

#### NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	Depreciable lives (in years)	<u>Decem</u>	ber 31, 1980
Land Buildings Transportation equipment Furniture, fixtures and	20 5-10	\$ 3,332 13,329 31,937	\$ - 11,260
equipment	5-10	17,557	
Less - accumulated		66,155	11,260
depreciation	, .	11,866	4,993
		\$54,289	\$ 6,267

#### NOTE 4 - MORTGAGE NOTE PAYABLE

During 1981 Accion assumed an 8-3/4% face value mortgage note which was secured by land and building with a discounted cost of approximately \$16,700. The note has been discounted to yield a 15% interest rate. The note is payable in equal monthly instalments of \$180.00 through the year 2002.

#### NOTE 5 - PRIVATE AGENCIES COLLABORATING TOGETHER, INC. (PACT)

In 1981 and 1980 Accion received Grants of \$15,000 and \$50,750 respectively, from PACT, Inc. for the Rural Integral Development Project in Hojancha, Costa Rica. The entire amount of the grants was disbursed in accordance with the terms of the Grant.

#### NOTE 6 - PUBLIC WELFARE FOUNDATION

Public Welfare Foundation, Inc. contributed \$20,000 for the Maine Micro - Enterprise Program in 1981 and \$7,500 for the Rural Integral Development Project in Costa Rica in 1980.

#### AGENDA

# ACCION INTERNATIONAL BOARD OF DIRECTORS MEETING JUNE 25, 1981

- I. Approval of the Minutes
- II. International Advisory Council
- III. Election of the Board of Directors, Corporate
  Officers and Executive Committee
- IV. President's Report
- V. Financial Report
- VI. Private Sector Campaign
- VII. Operational Report: Colombia and Perú

#### MINUTES

#### OF A MEETING

#### OF THE BOARD OF DIRECTORS

#### OF ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the state of New York, was held at 680 Park Avenue in the borough of Manhattan, New York on the 25th day of June 1981 at 12:30 o'clock in the afternoon. There were present:

Mr. Berent Friele

Mr. Henry R. Geyelin

Mr. Robert C. Helander

Mr. Terry M. Holcombe

Mr. Charles W. Muller

Mr. Crocker Nevin

Ms. Kathrine Ockenden

Mr. Roderick O'Connor

Mr. Frederick D. Seeley

Mr. Daniel A. Sharp

Mr. Roger D. Stone

Mr. Peter B. Trinkle

being a quorum. Also present were Mr. William W. Burrus, Executive Director, Ms. Sarah Burns de Ortega and Mr. Jeffrey Ashe, Associate Directors, Mr. William R. Tucker, Program Manager in Colombia and Mr. Arnulfo Coto, Program Manager in Guatemala. Mr. Keith Koehler, a Director of ACCION Comunitaria del Peru was also present by invitation.

Mr. Robert Helander, President of the Corporation, called the meeting to order.

#### MINUTES

#### OF A MEETING

#### OF THE BOARD OF DIRECTORS

#### OF ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the membership corporation law of the state of New York, was held at 680 Park Avenue in the borough of Manhattan, New York on the 25th day of June 1981 at 12:30 o'clock in the afternoon. There were present:

Mr. Berent Friele

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Mr. Frederick D. Seeley

Mr. Daniel A. Sharp

Mr. Roger D. Stone

Mr. Peter B. Trinkle

being a quorum. Also present were Mr. William W. Burrus, Executive Director, Ms. Sarah Burns de Ortega and Mr. Jeffrey Ashe, Associate Directors, Mr. William R. Tucker, Program Manager in Colombia and Mr. Arnulfo Coto, Program Manager in Guatemala. Mr. Keith Koehler, a Director of ACCION Comunitaria del Peru was also present by invitation.

Mr. Robert Helander, President of the Corporation, called the meeting to order.

#### I. Approval of the Minutes

The minutes of the meeting of the Board of Directors held on December 16, 1980, were unanimously approved.

#### II. <u>International Advisory Council</u>

Mr. Helander reported that the Executive Committee had taken under consideration the creation of an International Advisory Council to be composed of select individuals from the United States and throughout the Americas to serve as a resource body to the Board and staff of the Corporation. Mr. Muller further explained the purposes of the proposed Council and stated that many individuals who for a variety of reasons could not accept the more active position of Director could be of valuable service to the Corporation in an advisory capacity. Following considerable discussion on various specific points related to its functioning, the Council was officially created by unanimous vote. A statement of the Council's purpose and functions is attached to these minutes. The following individuals were then unanimously elected to serve as members of the International Advisory Council:

Mr. Armando Arauz

Amb. Edmundo Penna Barbosa da Silva

Mr. John Beck

Mr. John R. Camp

Mr. Roberto de Oliveira Campos

Mr. Jaime Carvajal

Mr. David Garza Laguera

Mr. Valerie T. McComie

Mr. Tomas A. Pastoriza

# III. <u>Election of the Board of Directors, Corporate Officers and Executive</u> Committee

The following were elected unanimously to a one-year term on the Board of Directors of ACCION International:

John G. Duncan

Charles W. Muller

Paulo Ayres Filho

Hans Neumann

Berent Friele

Crocker Nevin

Henry R. Geyelin

Kathrine Ockenden

Eugene Gonzalez

Roderick O'Connor

James R. Greene

Frederick D. Seeley

Robert C. Helander

Daniel Sharp

Terry Holcombe

Roger D. Stone

Walter Hunnewell

Peter B. Trinkle

Catherine Coolidge Lastavica

Ralph A. Weller

The following were elected unanimously as officers of the Corporation:

Donald M. Kendall:

Honorary Chairman

Jacob K. Javits:

Honorary Director

John C. Duncan:

Chairman

Berent Friele:

Vice Chairman

Hans Neumann:

Vice Chairman

Robert C. Helander:

President

James R. Greene:

Vice President

Kathrine Ockenden:

Treasurer

Roger D. Stone:

Secretary

The following were elected unanimously as members of the Executive Committee:

John C. Duncan

Robert C. Helander

Catherine Coolidge Lastavica

Charles W. Muller

Kathrine Ockenden

Frederick D. Seeley

Roger D. Stone

Peter B. Trinkle

#### IV. President's Report

Mr. Helander introduced Mr. Keith Koehler as a Director of Accion Comunitaria del Peru and also welcomed Bill Tucker and Arnulfo Coto, ACCION/AITEC's representatives in Colombia and Guatemala respectively. He then stated that the full Board had not met since December 16, 1980, and wanted to take the opportunity to thank everyone for their assistance in making the David Rockefeller dinner the success that it was. Mr. Friele added that a sincere note of appreciation on behalf of the Board should be extended to Roger Stone, President of the Center for Inter-American Relations for offering the use of the Center's fine facilities.

Mr. Helander then reported on actions taken by the Executive Committee during its meetings of March 11th and May 6th. First, he remarked that considerable time had been spent reviewing drafts of an ACCION advertisement in <a href="BusinessWeek">BusinessWeek</a> magazine which was offered on a pro bono basis by the international publishing editor, Mr. Denis Beran, who attended the Rockefeller

dinner. The first of several advertisements should appear in <u>BusinessWeek</u> in the very near future.

Further, Mr. Helander pointed out that various strategies for increasing private sector support had been considered and that the Executive Committee had instructed the staff to actively explore the possibility of mounting a capital fund-raising campaign. Such a campaign, perhaps to be launched for a three-year period beginning in 1982, would seek to create a Working Reserve Fund and permit a substantial expansion of activities in Latin America as well as in the United States itself.

Finally, the Executive Committee devoted much of its last meeting to consideration of the creation of an Advisory Council. Mr. Helander commended Committee members for their lucid and helpful comments in their deliberations on this matter. Mr. Stone moved that the actions of the Executive Committee as reported by the President be approved by the Board of Directors. The motion was seconded and unanimously approved.

#### V. Financial Report

The treasurer, Ms. Kathrine Ockenden, asked those present to refer to the financial statements in their package of information prepared by Price Waterhouse for the year ending December 31, 1980. She reported that income for 1980 totalled \$1,040,730 compared to \$940,954 in 1979. 1980 was the first year in the Corporation's history in which over a million dollars in income was received. Of that amount 45% was received from private sources, 55% from government grants and contracts, and less than 1% from interest income. Expenses for the same period amounted to \$1,081,825 leaving a deficit for the year of \$41,095. She added that, as illustrated on the page

of functional expenses, the area of micro-business continues to predominate, accounting for approximately 45% of total expenses incurred. For 1980, fund-raising and general and administrative expenses amounted to 16% of total expenditures compared to 17% for 1979. Finally, Ms. Ockenden reported that the balance sheet showed total assets of \$159,853 including cash of \$15,783 and a certificate of deposit of \$48,185. Liabilities totalled \$76,945 leaving a fund balance of \$82,908 for the year.

Following several comments and points of clarification, Mr. Helander noted that the Executive Committee had met prior to the Board meeting as an audit review committee and had reviewed the financial statements in detail. He asked that the final Price Waterhouse statements be forwarded to all Directors as soon as they are prepared.

#### VI. Private Sector Campaign

Ms. Sarah Burns de Ortega then reported on the status of the 1981 private sector fund-raising campaign. She asked those Directors present to refer to the relevant information in their packet of materials. As of June 25, 1981, eighty corporations had been approached for support. Of these 26 have responded positively with contributions. These contributions together with those from private foundations, total \$81,350, representing an increase over last year in private sector support of \$2200 as of June 30, 1980. She then asked the Board to review the information at their leisure and to get back to staff on specific corporations to be approached of those still pending.

#### VII. Operational Report--Colombia and Peru

Mr. Burrus commented that he had invited Messrs. Tucker and Coto to

the Board meeting because of recent developments in Colombia and Peru. He reported that ACCION had recently completed its obligations in the program of municipal enterprise development in Guatemala. The Program will now be carried on by the Institute of Municipal Enterprise which is now fully trained. He complemented Mr. Coto on the excellent job performed as Director of that program. Mr. Coto will be transferring to Peru in September after familiarizing himself with ACCION's microbusiness programs in Colombia and the Dominican Republic.

Mr. Tucker then reported on recent developments in Colombia. stated that, based on the initial positive pilot program successfully launched with the Carvajal Foundation in Cali, AITEC is now assisting in the start-up of similar efforts in Bogota, and Medellin. In Bogota, AITEC is working with the Fundacion Compartir, a foundation of private business interests, established in 1979. In Medellin, AITEC is assisting the foundation Fabricato, a large textile concern, which operates a philanthropic foundation. Mr. Tucker further observed that as in Cali the Inter-American Development Bank will be approving loans of \$500,000 from its Special Projects Fund for each program. Contact has also been made with a group in Bucaramanga called Fundesan which is interested in receiving AITEC assistance for a micro-business program. Mr. O'Connor stated that he had recently seen Jaime Carvajal in Colombia and wished to publicly congratulate Bill Tucker for the excellent job performed in the Carvajal micro-business program. He stated that this type of program has tremendous potential not only for Colombia but elsewhere in Latin America and would continue to collaborate closely with ACCION staff in developing such opportunities.

Mr. Helander then provided further background on the recent request received from Accion Comunitaria del Peru to provide assistance in the esstablishment of a micro-business program. Mr. Koehler on behalf of the Board of ACP stated that a formal decision had been taken to initiate a micro-business effort and to request technical assistance from ACCION International. Mr. Burrus reported that he would be travelling to Lima in early September as a follow-up to Mr. Tucker's trip in July and as preparation for Mr. Coto's arrival.

There being no further business to discuss, the meeting of the Board of Directors was adjourned.

William W. Burrus Designated Secretary

#### MINUTES

#### OF A MEETING

#### OF THE BOARD OF DIRECTORS

#### OF ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the Membership Gorporation law of the State of New York, was held at 680 Park Avenue in the borough of Manhattan, New York on the 16th day of December 1980, at 12:30 o'clock in the afternoon. There were present:

Catharine Coolidge Lastavica

Berent Friele

Henry Ceyelin

Eugene Gonzalez

Robert C. Helander

Terry Holcombe

Charles Muller

Crocker Nevin

Katherine Ockenden

Daniel Sharp

Frederick Seeley

Roger Stone

Peter Trinkle

being a quorum. Also present were staff members Jeffrey Ashe, Associate

Director; William Burrus, Executive Director; Sarah Burns, Associate

Director; and Jose Benito Cabello Zul, Program Manager in Mexico. Present

by invitation were Mr. James Finucane, Appropriate Technology International;

Mr. Stephen Gooch, Business International; Ms. Nancy Truitt, FMME; Ms. Mary Beth Salerno, American Express Foundation; and Mr. David Garza Laguera.

Mr. Robert Helander, President of the Corporation, called the meeting to order.

#### I. Approval of the Minutes

The Board of Directors unanimously approved the minutes of the last meeting of the Board of Directors held on June 4, 1980.

#### II. President's Report

Following introductions of those present, Mr. Helander reported that there had been an Executive Committee meeting since the last full meeting of the Board of Directors. He stated that at that meeting operational progress of the Corporation was reviewed and that the transition of the executive directorship from John Hammock to William Burrus had proceeded very smoothly. Mr. Helander further commented that the financial state of the Corporation had also been reviewed with a \$20,000.00 to \$25,000.00 deficit reported as probable for 1980. He emphasized that this deficit, the first in the last seven years of operation, was due entirely to unusually heavy expenses related to various personnel changes.

Mr. Helander indicated that Elba Pisano had been let go and asked that the members of the board give a special welcome to her replacement Sarah Burns de Ortega. He further reported that members of the Executive Committee and other board members at large have met informally on several occasions and have worked diligently to prepare for the dinner in honor of David Rockefeller. He then asked for a motion to approve the actions taken by the Executive Committee. Such a motion was put forth, seconded, and unanimously approved.

#### III. Financial Report and 1981 Budget

The treasurer, Ms. Kitty Ockenden, reported that through the third quarter of operations, total income amounted to \$ 777,198.00 with expenditures at \$ 803,913.00 leaving a deficit of \$ 26,715.00 for the period. She also asked those present to note that the accounts payable and receivable reported on the financial statements were within the normal range for that period. Finally she noted that the accumulated fund balance was \$ 97,288.00. Following several questions of clarification, Mr. Burrus presented a summary of the 1981 budget for the Corporation which projects \$ 1,068,548.00 of income against \$ 1,064,247.00 of expenses leaving an excess of income over expenses of \$ 4,301.00 After discussion of the projected budget there was a motion for approval; this motion was seconded and unanimously approved by the Board of Directors.

#### IV. Operational Report

Mr. Burrus stated that he would focus his comments on Colombia, the Dominican Republic and Maine, but briefly mentioned that work in Costa Rica, Guatemala and Brazil was proceeding on schedule. He did note that an AITEC staff member in Costa Rica, Alvaro Hernández, had recently suffered a heart attack and expressed confidence that within a relatively short period Mr. Hernandez would be able to return to his previous duties.

Mr. Burrus reported that a microbusiness seminar had been organized in September in Colombia with the purpose of focusing attention on the Corporation's microbusiness program being carried out with the Carvajal Foundation. He reported that 20 senior level officials from seven different countries attended and feedback from the seminar itself was extremely positive to the point that several groups both within Colombia and in

other Countries are anxious to begin similar efforts.

Mr. Burrus further explained that AITEC has taken the decision to expand the model to other Colombian cities, and specifically mentioned possibilities in Medellin with the Fabricato Foundation which has recently approved \$ 100,000.00 for such an effort, in Manizales, Bucaramanga, and Bogota itself. He mentioned that the Inter American Development Bank, which has helped finance the Cali program, is anxious to provide assistance to these programs and is willing to cover some of AITEC's costs.

Regarding events related to the Dominican Republic, Mr. Burrus reported that the Dominican Development Foundation had contracted AITEC for \$ 32,000.00 to undertake a feasibility study of a program for microenterprises in that country. The study, which began in March, was completed at the end of October with total of 5,457 enterprises detected in Santa Domingo and 3,459 in six secondary cities. Of these, 322 businesses were surveyed and the results of this study clearly demonstrate the need for such a program. On this basis the Dominican Development Foundation has formally decided to undertake such an effort and is now actively seeking funding from both public and private sources. It is expected that the program will get fully underway by March.

Mr. Burrus commented that in Maine funding was finally secured in the amount of \$220,000.00 from the Private Industry Council (PIC) which functions as a private sector watchdog to assist in determining the use of public sector funds. Gerry Dodd, AITEC's representative in Maine, now has a staff of six people and the primary focus of the program is training workshops for rural microentrepreneurs. To date a total of 12 workshops servicing 77 businesses have been carried out. Mr. Burrus then asked Mr.

Ashe to comment on the recent all day seminar held in Waterville, Maine. Mr. Ashe reported that at that seminar 55 businesses and four banks were represented as well as the press, and that the event had been an overwhelming success. Members of the board were asked to refer to press articles included in their packets of information.

Finally, Mr. Burrus reported that the PISCES contract Phase II is now well under way and that a book published by AITEC and written by Jeff Ashe has recently come out which summarizes the major findings of Phase I. Copies of the book were shared with those present.

#### V. Special Report: Status of the Monterrey, Mexico Program

Don David Garza Lagüera, President of the ADMIC Program in Monterrey Mexico, made a few introductory comments regarding the program followed by a 13 minute audio-visual presentation of the antecedents of the program, its current status, and plans for 1981. Following the visual presentation Mr. Garza Lagüera and Mr. Cabello answered specific questions regarding the financial status of the program as well as current results.

#### VI. Dinner in Honor of David Rockefeller

Mr. Helander reminded board members of the dinner in honor of David Rockefeller to be held that night at the Center for Inter American Relations. He pointed out that a list of attendees was included in the packet of information and asked all board members to remember that one of the reasons for sponsoring the dinner was to create a solid basis for future private sector fund raising for the Corporation.

There being no further business to discuss, the meeting of the Board of Directors was adjourned.

William W. Burrus Designated Secretary

#### INTERNATIONAL ADVISORY COUNCIL

- 1. Armando Arauz Senator, Province of San Jose Costa Rica
- 2. Amb. Edmundo Penna Barbosa da Silva ICOME Rio de Janeiro, Brazil
- John Beck
   Vice President, North America Veh. Overseas
   General Motors Overseas
   Detroit, Michigan
- 4. John Camp
  Consultant
  Rockefeller Brothers Fund
  New York, New York
- 5. Roberto de Oliveira Campos Brazil
- 6. Jaime Carvajal
  President
  Carvajal y Cía.
  Cali, Colombia
- 7. David Garza Lagdera
  President
  Bio-Industries Division
  Monterrey, Mexico
- 8. Valerie T. McComie
  Assistant Secretary General
  OAS
- 9. Jimmy Pastoriza
  President
  Financiera Dominicana
  Dominican Republic

#### TREASURER'S REPORT

Please refer to the Financial Statements in your packet prepared by Price Waterhouse for the year ending December 31, 1980. You will note that these are in draft form though staff expects no changes in the final copy.

I would ask you to turn your attention first to the Statement of Support, Revenue, Expenses and Changes in the Fund Balance. Income for 1980 totalled \$1,040,730 compared to \$940,954 in 1979. 1980 is the first year in the corporation's history in which over a million dollars in income was received. Of this amount, 45% was received from private sources, 55% from government grants and contracts, with less than 1% from interest income.

Expenses for 1980 amounted to \$1,081,825, leaving a deficit for the year of \$41,095. If we look at the following page of functional expenses, you will see that the area of micro-business continues to predominate, accounting for approximately 45% of total expenses incurred. For 1980, Fundraising and General and Administrative amounted to 16% of total expenditures, compard to 17% for 1979.

Finally, the Balance Sheet - the first financial page - shows total assets for 1980 of 159,853, including cash of \$4,141 and a Certificate of Deposit of \$48,185 at years end. Liabilities totalled \$76,945, leaving a fund balance of \$82,908 for the year.

Minule

ACCION International Board Meeting Operational Report William W. Burrus December 16, 1980

- I. I want to specifically focus on Colombia, the Dominican Republic and Maine, but before I do, let me just briefly comment that:
  - A. Guatemala proceeding as planned despite local disruptions.
  - B. Costa Rica also progressing satisfactorily except Alvaro

    Hernandez heart attack.
  - C. Brazil AITEC/Brazil in the process of defining future role there.

#### II. Colombia.

- A. Attended micro-business seminar there in September organized by AITEC.
  - 20 senior level participants from seven countries
  - purpose: focus attention on micro-business, program being carried out with Fundación Carvajal.
  - Jaime Carvajal participated throughout four day event
  - Has already resulted in new program possibilities.
- B. AITEC has taken the decision to expand the successful model to other cities of Colombia:
  - DESAP Program is successful and going on its own.
  - W. Tucker has relocated to Bogotá.
  - Fabricato in Medellín has begun a similar effort. Have approved \$100,000 to begin. BID also involved.
  - BID has requested AITEC inputs to other similar efforts in the country.

- Current possibilities exist in Bucaramanga, Bogotá, Manazales.
- In line with our philosophy, AITEC has the opportunity to expand the original model from Cali to other areas and in this sense Colombia will become an increasingly important country to us.

#### III. Dominican Republic

- A. Contracted by FDD for \$32,000 to undertake feasibility study of a program for micro-enterprises.
  - A study was completed at end of October.
  - Total of 5457 micro-businesses in four barrios of Santo

    Domingo were detected and 3459 in six secondary cities.
  - Total of 322 micro-businesses were surveyed in Santo Domingo and the secondary cities.
  - Study has clearly demonstrated the need for such a program.

    FDD has formally decided to begin such an effort.
  - Funding is now being sought from both public and private sources. Expect it to get underway by March.

IV.

A. Funding was secured for \$220,000 from PIC (Private Industry Council)

Gerry is staffing up -- now has six people.

- B. Primary focus: training workshops for micro-entrepreneurs
  - total of 12 workshops for 77 businesses
  - special all day seminar held on December 2, 1980

55 businesses represented

4 banks

#### Press coverage

C. Continue to develop loan guarantee fund for loans from informal sources.

#### -\$25,000 raised

-Bank loan program progressing very slowly

#### V. PISCES

- A. Phase II well underway.
- B. Book by Jeff Ashe summarizing major findings of investigative stage now published.

Paulo Ayres Filho John C. Duncan Berent Friele Henry R. Geyelin Eugene Gonzalez James R. Greene Robert C. Helander Terry Holcombe Walter Hunnewell Catherine Coolidge Lastavica Charles W. Muller Hans Neumann Crocker Nevin Kathrine Ockenden Roderick O'Connor Frederick D. Seeley Daniel Sharp Roger D. Stone Peter B. Trinkle Ralph A. Weller

Honorary Chairman Donald M. Kendall

Honorary Director Jacob K. Javits

John C. Duncan Chairman

Berent Friele Vice Chairman

Hans Neumann Vice Chairman

Robert C. Helander President

James R. Greene Vice President

Kathrine Ockenden Treasurer

Roger D. Stone Secretary

#### EXECUTIVE COMMITTEE

Catherine Coolidge Lastavica
John C. Duncan
Robert C. Helander
Charles W. Muller
Kathrine Ockenden
Frederick D. Seeley
Roger D. Stone
Peter B. Trinkle

### PRESIDENT'S REPORT

#### Introductions

Guest: Mr. Keith Koehler, a Director of ACCION Comunitaria del Peru

Staff: Bill Tucker, AITEC representative in Colombia; Arnulfo Coto,
AITEC representative in Guatemala

Actions taken by the Executive Committee since the last full Board meeting on December 16th, 1980.

- 1. Approved advertisement of ACCION to be placed in <u>BusinessWeek</u> magazine.
- 2. Considered various strategies for increasing private sector support and instructed staff to actively explore the possibility of mounting a capital fundraising campaign. Such a campaign, perhaps to be launched for a two-year period beginning in 1982 would seek to create a working reserve fund for the corporation and the expansion of ACCION's activities.
- The proposed creation of an international advisory council was carefully considered.



ACCION INTERNATIONAL

FINANCIAL STATEMENTS

\* \* \* \* \*

DECEMBER 31, 1980

To the Board of Directors of SUBJECT TO CHANGE AUDIT

Accion International

In our opinion, the accompanying balance sheet and the related statements of support, revenue, expenses and changes in fund balance and of functional expenses present fairly the financial position of Accion International at December 31, 1980 and 1979, and the results of its operations and the changes in its fund balance for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

# ACCION INTERNATIONAL

# BALANCE SHEET

	Decembe	r 31,
Assets	1980	1979
Cash, including savings accounts of \$4,141 and \$7,757 at December 31,1980 and 1979, respectively Certificate of deposit Contributions and grants receivable Deposits and employee advances Deposits and employee advances Furniture and fixtures, at cost, less to OF THE AU accumulated depreciation of \$45,993, and ON \$5,266 at December 31, 1980 and ON 79, respectively	\$\\\ 15,783 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	\$ 50,346 55,000 109,158 2,143
\$5,266 at December 31, 1980 and 4979,	6,267	7,996
lespectively	\$159,853	\$224,643
Liabilities and Fund Balance  Accounts payable and accrued expenses  Deferred revenue  Fund balance	\$ 57,895 19,050 82,908 \$159,853	\$ 77,790 22,850 124,003 \$224,643

See notes to financial statements.

# ACCION INTERNATIONAL

# STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

Year ended December 31, 1980 with comparative totals for December 31, 1979					
Support and revenue: Support and revenue:	Unrestricted TO CHATHE	980 Funds DRESTRICTED AUDITORIO	Tota Fur 1 1980		
Public support: SUBSTRICT COMPL	\$107,754	\$354,862	\$ 462,616	\$507,173	
Government support: Grants Contracts		328,891 241,613	328,891 241,613	205,784 222,439	
Interest Income	7,610		7,610	5,558	
Total support & revenue	115,364	925,366	1,040,730	940,954	
Expenses: Program services: Community development Micro-business	-	- 491,746	- 491,746	6,863 477,993	
Rural integral development United States micro-	-	256,394	256,394	241,011	
business	***	158,921	158,921	48,092	
Total program services		907,061	907,061	773,959	
Supporting services: General and admin- istrative Fund raising	138,336 18,123	13,305 5,000	151,641 23,123	154,471 8,994	
Total supporting services	156,459	18,305	174,764	163,465	
Total expenses	156,459	925,366	1,081,825	937,424	
Excess of support and revenue over expenses	\$(41,095)	\$ -	(41,095)	3,530	
Fund balance at beginning of year			124,003	120,473	
Fund balance at end of year			\$ 82,908	\$124,003	

See notes to financial statements.

Salaries and related e
Travel
Rent
Professional services
Training
Direct transfers
Telephone
Printing
Promotion
Office expense
Relocation and exit fe
Miscellaneous

Salaries and related ex Travel Rent Professional services Training Direct transfers Telephone Printing Promotion Office expense Relocation and exit fees Miscellaneous

# ACCION INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS 1980 DECEMBER 31,

Accion International is a nonprofit organization involved in social and economic development programs involved in Central Maine (U.S.A.) with particular emphasis on programs designed to assist the urban poor. Community development designed to assist the urban poor. Community development programs are initiated by Accion and generally funded by unrestricted contributions. Micro business and rural integral development programs are generally funded by contracts, grants and restricted contributions.

# NOTE 2 - ACCOUNTING POLICIES

The financial statements of the organization have been prepared in accordance with the Voluntary Health and Welfare Organizations' Audit Guide issued by the American Institute of Certified Public Accountants.

# Contribution and Grants

Contributions and grants are received from individuals, private industry, foundations and government agencies. These contributions and grants may be designated by the donor for a specific project, or be given as a general contribution. Direct transfer contributions are funds for which program administrators are accountable directly to grantors. (See Notes 3 and 4).

All contributions and grants are considered to be available for general use unless specifically restricted by the donor. Restricted grants and contributions are recognized as support and revenue as the appropriate conditions are met. Monies received for services to be performed in future periods are accounted for as deferred revenue.

# Fixed Assets

Domestic furniture and fixtures have been recorded at cost and are being depreciated over their estimated useful lives; foreign furniture and fixtures are expensed in the year acquired.

# NOTE 3 - PACT CONTRIBUTIONS

A summary of the 1980 activity by Accion of Funds provided by Private Agencies Collaborating Together, Inc. (PACT), a major source of restricted grants, follows:

	Re	Secription Of	Exper	ditures
	PACT CORRECTION	OMPOther Receipts	Direct Transfer By PACT	By Accion
Brazil: Capital Development Evaluation Costa Rica:	\$18,750 -	\$45,661 1,437	\$ - -	\$ 64,411 9,494
Hojancha	32,000	1,705		33,705
	\$50,750 =========	\$48,803	\$ -	\$107,610

# NOTE 4 - PUBLIC WELFARE FOUNDATION

Public Welfare Foundation, Inc. contributed \$7,500 for the Rural Integral Development Project in Hojancha, Costa Rica.

#### OVERVIEW OF PRIVATE SECTOR FUND-RAISING CAMPAIGN

Presented to: Board of Directors

By: Sarah Burns de Ortega

Date: June 25, 1981

As of June 25, 1981, 80 corporations have been approached for contributions. Of these, 26 have responded positively with contributions this year. Additionally, we have received funding from private sector foundations this year. The combined total for private sector support from the corporations and foundations is \$81,350. This represents an increase in private sector support of \$2,200 as of June 30, 1980.

Of the 80 corporations approached, 32 are new contacts this year, made with Board assistance since the Rockefeller dinner. Twenty four of these corporations (among them 8 banks in Boston, Chicago and New York) have been paid personal visits. In addition, personal visits have been paid to 14 of our regular contributors, with positive feedback, and in most case positive responses. Only 9 rejections have been received to date, and most seem to reflect the state of that particular industry, not the work or reputation of ACCION. Some of these rejections, however, reflect the loss of a key individual within the corporation. In such cases, greater Board involvement and references are necessary. (Please see Appendix.)

In reviewing our giving patterns over the twenty years of ACCION's history, it becomes apparent that the dollar value of contributions has not kept abreast of inflation. This aspect of corporate giving must be stressed, so that contributions are increased considerably. We have achieved an increase of approximately 5% -10% from almost 50% of the contributing corporations.

It should also be stressed that IN-KIND giving is sorely needed from service industries to strengthen administrative, development and advertising/Public Relations capabilities. In particular, there is a strong need for copying and word processing equipment, PR services, airline travel, etc. Where appropriate, grants and proposals are being submitted to fund those projects and fill urgent needs. Again, Board input and references are essential for the success of these ventures.

Please refer to the attached sheets for dollar amounts of contributions, list of those corporations whose contributions are pending, list of rejections, and list of those whose contributions are uncertain for 1981. In the latter case, Board input is essential. I'd like to be able to contact some of you personally to find out in which cases you can refer us to individuals within the corporation. I ask that you retain this report for future reference, and so that we may enlist your support in the Development and Public Relations areas.

# APPENDIX A --- OUTSTANDING CONTRIBUTIONS FROM 1st & 2nd QUARTERS, 1981

(.* · .	Corporation	Request	Contact	Status	(1980 contribution)
1.	Arthur Young		Bill McNamara/	Pending	\$3,000
2.	Otis Elevator		Frank Hall Ralph Weller	Pending	\$1,000
3.	General Motors		John Beck	REJECTED	(\$1,500)
4.	R-BANK-Canada		Moores	Pending	\$3,500
5.	Johnson & Johnson		John Avery	Pending	\$ 500
6.	Philip-Morris		Winnokur, Bockman	"Fait accompli"	\$2,500
7.	American Express		Jim Greene	Pending	\$2,500
8.	Searle		Sam Huff	REJECTED	(\$2,500)
9.	Xerox		Dan Sharp	Pending	(\$25,000)
,10.	Caterpillar		DeHaan, Washington	Pending	\$9,000
11.	Chase		Pollock, Bergford	Pending	\$3,000
12.	Kellogg		LaMothe	Pending	\$1,500
10.	ALCOA		Gadbery	Pending	\$5,000

\$31,500

# APPENDIX B ----- Rejections in 1981

Shelden, Moffett

-•	ACF Industries	John F. Burditt	"small foundation"
2.	AMOCO Foundation	Bob Argenbright/ John Swearingen	no Int'l. operations
3.	Dow Chemical	Rafael Miquel/ Paul Oreffice	Change in fund dis- tribution policy
4.	FNB-Chicago	Bill McDonough	all \$ committed
5.	General Motors	John Beck	state of auto industry
6.	<u>3M</u>	D.W. Larson	"wrong priorities"
7.	Oscar Mayer	John Huck	acquisition by G.Foods
8.	<u>Searle</u>	Sam Huff	"no repeat giving"
9.	Singer	Joseph Flavin	state of industry

# APPENDIX C -----ADDITIONAL 3rd and 4th Quarter Contributions (Anticipated

1. Texas Commerce Bank	500.00
2. Arthur Andersen	1,000.00
3. John Deere	2,500.00
4. Lummus Ind.	1,000.00
5. Shell	2,500.00
6. Owens-Illinois	5,000.00
(anticipated total)	\$12,500.00

	APPENDIX D		Additional Contributions Requested for	r 1981
COI	RPORATION	REQUEST	CONTACT	STATUS
1.	American Can	\$ 1,000	J. Alexander	Received 6/81
2.	AMOCO	5,000	Argenbright/Swearingen	Rejected 6/81
3.	AVON	3,000	Mitchell	Pending
4.	Banker's Trust	3,000	Grossman	
5.	Burroughs	3,000	Grossman	
6.	Chemical Bank	3-5,000	Canavan/Platten	Waiting
7.	Citibank	5,000	Dick Howe	
8.	Container Corp.	2,500	Gomez	Pending
9.	Deltec			Liquidated 1980
10	· Dow Chemical	3,000	Rafael Miguel	Rejected
11	• Esmark	3,000	Palenchar	
12	FNB-Boston	3-5,000	Hill/Burton	Waiting
13	• FNB-Chicago	3,000	McDonough	Rejected
14	· Gillette	5,000	Hunnewell/Lynch	Pending
15	• Gulf & Western	10,000	Movsut	
16	· Int. Harvester	3,000	Quinn	
17	· Irving Trust	3,000	Menendez, Wallis, Crawford	
18	· ITT	5,000	Rene Rigau	
19	· Man Han. Trust	5,000	Geo. Gross	Pending
20	· Marine Midland	3,000	Glenn Bassett	
21	• Motorola	5,000	Noe Kenig	Waiting
22	• Oscar Mayer		John Huck	Rejected 5/81
23	· Owens-Corning	1,500	Ochs	Pending
24	• PepsiCo	7,500	Pearson, Warren	Pending

Ed Frost/Geo. Munroe

Hodin

5,000

3,000

25. Pfizer

26. Phelps-Dodge

Waiting

APPENDIX D ---- Additional Contributions Requested for 1981 (Page 2)

CORI	PORATION	REQUEST	CONTACT	STATUS
27.	PPG	\$ 1,500	Carpenter	
28.	Quaker Oats	2,500	Debalek/Bob Stuart	
29.	Scallop	15,000	Napier Collyns	Pending
30.	Sears	3,000	Huff	Rejected 5/81

# INTERNATIONAL ADVISORY COUNCIL ACCION INTERNATIONAL

#### INTRODUCTION

To broaden ACCION International/AITEC's operations, base of support and contact network, additional high level business and government leaders and development experts should be approached to become officially associated with the corporation. However, many individuals, while strong believers in ACCION's philosophy and work, are often unable to assume the responsibilities of a Board Director. Inability to attend Board meetings, distance from New York, possible conflicts of interest or time availability prohibits them from doing so. To utilize the experience and knowledge of such individuals and to encourage their association with ACCION, the creation of an International Advisory Council is proposed.

#### **PURPOSE**

Serve as an advisory body to the Board of Directors of ACCION International in all aspects of the corporation's development work in the Americas.

### FUNCTIONS

- Assist in the ongoing review of the long and shortterm goals, general policies, and program priorities of the corporation.
- 2. Advise on the exploration and expansion of new programs and related activities.
- 3. Promote the general interests of the corporation with members of the private sector, government and international organizations, and foundations.

- 4. Assist in fundraising and public relations efforts in the U.S. and in those countries or areas of representation.
- 5. Provide technical orientation and advice to ongoing and future programs.

#### STRUCTURE

- The Council would be created as a standing committee by the Board of Directors as provided in Article XV, "Other Committees" of the By-laws.
- 2. It would be composed of no more than fifteen members elected by the Board for one year terms. Members could stand for reelection.
- 3. Individuals would not serve on the Board and Advisory Council simultaneously but could be elected to either body in succeeding years.
- 4. Members would be encouraged to attend Executive Committee and Board meetings and would receive copies of all minutes and other relevant information on the corporation.
- 5. On occasion, joint meetings of the Advisory Council and Board of Directors may be organized.

#### MEMBERSHIP

- 1. Members would be drawn from throughout the Americas with emphasis on those countries where the corporation is active.
- 2. The names of the members would appear on ACCION International stationery.

# lill

#### MINUTES

#### OF A MEETING

# OF THE BOARD OF DIRECTORS OF ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under and by virtue of the Membership Corporation law of the State of New York, was held at 680 Park Avenue in the burough of Manhattan, New York on the 4th day of June 1980, at 12:45 o'clock in the afternoon. There were present:

Catharine Coolidge Lastavica

Berent Friele

Henry Geyelin

Robert C. Helander

Terry Holcombe

Charles Muller

Crocker Nevin

Katherine Ockenden

Daniel Sharp

Frederick Seeley

Roger Stone

Ralph Weller

being a quorum. Also present were Mr. Peter Trinkle, Ms. Elba Pisano, Associate Director, Dr. John Hammock, Executive Director, Mrs. Hilda Hollis, Administrator, Mr. Stephen Gross, Program Manager in the Dominican Republic, and Mr. Bruce Tippett, Program Manager in Brazil. Mr. John H. MacKainnon and Greg Galius of Price Waterhouse and Company were present by invitation.

Mr. Robert Helander, President of the Corporation called the meeting to order.

# I. Approval of the Minutes

The Board of Directors unanimously approved the Minutes of the Meeting of the Board of Directors held on December 6, 1979.

# II. <u>Election of the Board of Directors</u>, <u>Corporate Officers and Executive</u> Committee.

The following were elected unanimously to a one-year term on the Board of Directors of ACCION International:

Paulo Ayres Filho

Edmundo Penna Barbosa da Silva

John Beck

Roberto de Oliveira Campos

John C. Duncan

Berent Friele

Henry R. Geyelin

Eugene Gonzalez

James R. Greene

Robert C. Helander

Terry Holcombe

Walter Hunnewell, Jr.

Catherine Coolidge Lastavica

Charles W. Muller

Hans Neumann

Crocker Nevin

Katherine Ockenden

Roderick O'Connor

Leslie Peacock

Frederick D. Seeley

Daniel Sharp

Roger D. Stone

Peter B. Trinkle

Ralph A. Weller

The following were elected unanimously as Officers of the Corporation:

Donald M. Kendall, Honorary Chairman

Jacob K. Javits, Honorary Director

John C. Duncan, Chairman

Berent Friele, Vice Chairman

Hans Neumann, Vice Chairman

Robert C. Helander, President

James R. Greene, Vice President

Katherine Ockenden, Treasurer

Roger D. Stone, Secretary

The following were elected unanimously as Members of the Executive Committee:

Catharine Coolidge Lastavica

John C. Duncan

Robert C. Helander

Charles W. Muller

Katharine Ockenden

Frederick D. Seeley

Roger D. Stone

Peter B. Trinkle

## III. <u>President's Report</u>

Mr. Helander reported that there had been three meetings of the Executive Committee since the last meeting of the Board of Directors. He reported that five members of the Board had resigned in the past six months: Jarvis Freymann, Robert Reininger, Jim Goodsell, Peter Jones and Dr. Rosenstein-Rodan. He expressed the appreciation of the Board of Directors for their assistance over the past years.

Mr. Helander reported the approval by the Executive Committee of an experimental guarantee fund for the Maine project. He mentioned that the Executive Committee had discussed options for setting up an endowment fund, deferred giving and social investment programs for the future. The Executive Committee also carefully reviewed ACCION's budgets and financial statements; it reaffirmed its position that government funds should build on ACCION's programs rather than ACCION responding to government initiatives.

Mr. Helander also reported that the Executive Committee had recommended that Board Members visit field projects. Mr. Helander's visit to the Dominican Republic project earlier in 1980 had been productive and positive.

Finally, Mr. Helander introduced the Price Waterhouse auditors and reported on the proceedings of the Audit Committee Meeting.

Mr. Stone then moved the actions of the Executive Committee as reported by the President be approved by the Board of Directors. The motion was seconded and unanimously approved.

Mr. Stone asked whether or not membership on the Board of Directors should be for a maximum of three years. He argued that this made it possible to continuously renew the Board of Directors. Following a brief discussion the President asked Mr. Stone to present a report on this

issue to be discussed at the next meeting of the Executive Committee of the Board of Directors.

### IV. Financial Report and 1980 Budget

The Treasurer, Ms. Kitty Ockenden reported that total income for 1979 was \$940,954.00 and total expenditures \$937,424.00 giving ACCION a surplus for the year of \$3,530. She reminded members that this was the sixth year in a row that ACCION had shown a modest surplus at year's end. Turning to the balance sheet of the financial statements, Ms. Ockenden stressed that ACCION's accumulated fund balance was now \$124,003 representing a reserve equal to 12% of our budgeted expenses for 1980. The Treasurer then entertained questions on the specifics of the financial statements especially relating to the detailed breakdown of expenses in the financial report.

Dr. John C. Hammock then presented the projected budget for 1980, annexed. Total income for 1980 was projected at \$967,000, total expenses at \$974,00 leaving a projected deficit for the year of \$7,000. Dr. Hammock stressed that income from the private sector would fall substantially in 1980 and that for the first time in the history of ACCION, government funds would account for over 50% of yearly income. Expenses in 1980 were projected to follow the same pattern as that of 1979, with support services running at approximately 20%.

After discussion of the projected budget there was a motion to approve the budget, this motion was seconded and unanimously approved by the Board of Directors.

# V. Focus on Bruce Tippett

Mr. Helander announced to the Board of Directors that Bruce A. Tippett who had worked with ACCION International for over 14 years had resigned as of May 31, 1980, in order to return to the United States and pursue private interests. Mr. Helander noted that the microbusiness model utilized by ACCION throughout Latin America was a creation of Mr. Tippett's. He praised Mr. Tippett's dedication to Brazil. Mr. Berent Friele likewise eulogized Mr. Tippett and then presented him with a plaque from the Board of Directors and the staff.

A number of the members on the Board of Directors and on the ACCION staff echoed the words of praise for Mr. Tippett, who gratefully accepted the plaque and thanked ACCION for its support over the past 14 years.

# VI. The Executive Directorship

Mr. Helander reported that he was indeed sorry to announce that Dr. Hammock, the Executive Director of ACCION International since 1973 had decided to resign, effective in the Fall of 1980. Mr. Helander noted that ACCION had had three executive directors in its twenty-year history, each chosen by the Board of Directors with the very strong recommendation of the staff. Mr. Helander then asked Dr. Hammock for the staff's opinion as to a possible new executive director.

Dr. Hammock reported that the staff unanimously endorsed William Burrus, currently Coordinator of Latin American Programs in Costa Rica to be the new Executive Director of ACCION. Mr. Burrus' experience in Latin America as well as in Cambridge, his ability in Latin America and respect among the staff made him the logical candidate.

Discussion on this recommendation followed. After the discussion there was a motion put forth by Mr. Helander to name William Burrus the new Executive Director of ACCION International effective in the Fall. Said motion was seconded and unanimously approved by the Board of Directors.

#### VII. Report on the Dominican Republic

Mr. Stephen Gross, Manager of the Program in the Dominican Republic gave a fifteen-minute presentation on both the results of the Management Assistance Program to small farmers as well as the plans of the organization to begin a microbusiness program in urban areas of the Dominican Republic. Mr. Gross emphasized that business skills were essential for the economic development of marginal and poor populations. Mr. Gross noted that many of the recommendations of the world-wide PISCES study would be implemented in the Dominican Republic. There were several questions by members of the Board as to specifics on the Dominican Republic project.

There being no further business to discuss, the meeting of the Board of Directors was adjourned.

Designated Secretary

#### AGENDA

# ACCION INTERNATIONAL BOARD OF DIRECTORS MEETING JUNE 4, 1980

- I. Approval of Minutes of Board of Directors Meeting
- II. Election of the Board of Directors, Corporate Officers and Executive Committee
- III. The President's Report on Actions of the Executive
  Committee
  - IV. Financial Report and 1980 Budget
  - V. Focus on Bruce Tippett
- VI. The Executive Directorship
- VII. Report on the Dominican Republic

### List of the Board of Directors

Paulo Ayres Filho Edmundo Penna Barbosa da Silva John Beck Roberto de Oliveira Campos John C. Duncan Berent Friele Henry R. Geyelin Eugene Gonzalez James R. Greene Robert C. Helander Terry Holcombe Walter Hunnewell, Jr. Catherine Coolidge Lastavica Charles W. Muller Hans Neumann Crocker Nevin Katherine Ockenden Roderick O'Connor Leslie Peacock Frederick D. Seeley Daniel Sharp Roger D. Stone Peter B. Trinkle Ralph A. Weller

# Officers of the Corporation Honorary Chairman Donald M. Kendall

Honorary Director Jacob K. Javits

John C. Duncan
Chairman
Berent Friele
Vice Chairman
Hans Neumann
Vice Chairman
Robert C. Helander
President
James R. Greene
Vice President
Katherine Ockenden
Treasurer
Roger D. Stone
Secretary

# Members of the Executive Committee

John C. Duncan
Robert C. Helander
Charles W. Muller
Katherine Ockenden
Frederick D. Seeley
Daniel A. Sharp
Roger D. Stone
Peter B. Trinkle

# PROJECTED BUDGET 1980

INCOME	1980	<u>%</u>	1979	<u>%</u>
US unrestricted corporate	90,000	9.5	78 <b>,</b> 950	8
Restricted corporate/foundation/private contracts	299,000	31.0	428,233	46
Interest	4,000		5,558	-
Government grants	424,000	44.0	205,783	22
Government contracts	150,000	15,5	222,439	24
TOTAL	967,000	100	940,963	100
EXPENSES				
Micro-business development	489,000	50	477,993	51
Rural development	240,000	25	241,011	26
Community development	5,000	-	6,863	
US micro-business	50,000	5	48,091	5
Support services	190,000	20	163,465	18
TOTAL	974,000	100	937,423	100

Projected expenses over income \$7,000

#### AGENDA

# ACCION INTERNATIONAL BOARD OF DIRECTORS MEETING JUNE 4, 1980

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- VII. Report on the Dominican Republic

## Introductions

Mike Johnson and Jack McKennon of Price Waterhouse

Peter Trinkle of Exxon

Dana Hiscock of Mudge, Rose

Hilda Hollis, ACCION -- Administrator/Bookkeeper

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Projected expenses over income \$7,000

#### MINUTES OF A MEETING

#### OF THE BOARD OF DIRECTORS

#### OF ACCION INTERNATIONAL

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under and by virtue of the Memberships Corporation law of the State of New York, was held at 680 Park Avenue in the borough of Manhattan, New York, on the 6th day of December 1979, 12:30 o'clock in the afternoon. There were present:

- Ms. Catherine Coolidge Lastavica
- Mr. Jarvis M. Freymann
- Mr. Berent Friele
- Mr. Henry Geyelin
- Mr. Eugene Gonzalez
- Mr. Robert Helander
- Mr. Dana Hiscock (General Councell of ACCION Intl.)
- Mr. Terry Holcombe
- Mr. Charles Muller
- Ms. Katherine Ockenden
- Mr. Roderick O'Connor
- Mr. Daniel Sharp
- Mr. Frederick D. Seeley
- Mr. Roger Stone
- Mr. Ralph Weller

being a quorum. Ms. Elba Pisano, Associate Director of ACCION International and Dr. John C. Hammock, Executive Director were also present.

Mr. Robert Helander, President of the Corporation, called the meeting to order.

#### A. Minutes of the Spring Meeting of the Board of Directors

The Board of Directors unanimously approved the minutes of the meeting held on March 21, 1980.

# B. President's Report on Executive Committee Activities

Mr. Helander reported on the actions taken by the Executive Committee in the 2 meetings since the last full Board meeting. He stated that the Executive Committee had approved the following plans: the establishment of a small micro-business program in Central Maine; the creation of a new division of ACCION to handle work in the United States; the continuation of John C. Hammock as both Executive Director and Director of the new U.S. division while Mr. Jeffrey Ashe would assume responsibility for Latin American activities. He reported that the Executive Committee had reviewed the finances of the organization and had discussed indepth the growing availability of government funds. Mr. Helander stated that the Executive Committee had agreed that ACCION should utilize private funds as much as possible to develop programs. The Executive Committee stressed that government funds be used only as a complementary resource for program implementation. Mr. Helander noted that the Executive Committee had endorsed a more vigorous campaign to

generate increased private funding sources.

The Board of Directors unanimously approved the actions of the Executive Committee.

### C. Financial Report

The Treasurer, Ms. Katherine Ockenden reported that in 1978 ACCION had an excess of income over expenses of \$13,499. A copy of the audited Price Waterhouse Report was distributed. Ms. Ockenden reported that in the first nine months of 1979 total revenues had been \$641,388, while expenditures totalled \$647,524, giving an excess of expenditures over income of \$6,136. The profit and loss statement for the first nine months of the year was distributed. This showed that ACCION's administrative cost for the first nine months was approximately 11%. It was noted that ACCION had a large accounts receivable line item. This was due exclusively to cost reimbursable contracts.

Ms. Ockenden reported that though a deficit of approximately \$9,000 had been estimated at the Executive Committee meeting in September it was now possible to predict a slight surplus by the end of the fiscal and calendar year.

## D. Froposed 1980 Budget

The Executive Director, Dr. John Hammock presented the projected budget for 1980. The budget showed income and expenses for ACCION's Latin American operations to total \$938,000; its new work in the United States would total \$140,000, for a grand total of \$1,078,000. The budget estimated \$331,000 in corporate and foundation support and \$607,000 in non-government and government contracts. In the United States, \$70,000 was predicted from private sources and \$70,000 from government.

The Board of Directors approved this projected balanced budget for 1980 and urged the Executive Committee at its next meeting to review a detailed budget for the coming year. It was agreed that at the next meeting of the Board of Directors the 1980 budget should be placed side by side with real figures in 1979.

#### E. Corporate Funding Report

Ms. Elba Pisano and Dr. John Hammock presented to the Board of Directors a chart indicating support and revenues from 1974 to 1979. This chart showed that corporate unrestricted support had dropped from 20% in 1974 to 10% in 1979, while government funds had increased from 13% in 1974 to 44 % in 1979. In light of these statistics, Ms. Pisano presented to the Board a list of 68 companies with their respective officers. The Board of Directors was then asked to carefully review this list and to indicate the individuals that they knew and would be willing to contact.

### F. Proposal on the Executive Committee and the Board of Directors

The President presented to the Board of Directors a proposal to enlarge the Executive Committee from five to eight members, effective immediately. The President noted that attendance at Executive Committee meetings in the past two years had been excellent. He felt that expansion of the Committee would reflect the dynamism of ACCION's Board of Directors. This motion was seconded and unanimously approved. The President then proposed that Mr. Charles Muller, Mr. Daniel Sharp, and Mr. Frederick Seeley be named to the Executive Committee. Said motion was seconded and unanimously approved by the Board of Directors.

The President indicated that inactive members on ACCION's Board should not run for reelection to the Board at the next annual meeting in June. The President noted that this would involve two or three members. The Board of Directors widely agreed on this point. It was noted, however, that attendance at Board meetings should not be the sole criteria for continued membership on the Board, but rather, the level of involvement and support of the organization should be considered.

Mr. Ralph Weller suggested that an audit committee be established to ærefully review the financial statements of the organization. Mr. Helander suggested that the Executive Committee could sit in special session as an audit committee. It was agreed that this matter would be discussed at the next meeting of the Executive Committee.

It was agreed that Executive Committee meetings will continue to be open to all members of the Board of Directors and the President urged that members from New York readily attend.

#### G. Operational Report

Dr. Hammock gave a report on the activities of the organization in Latin America. He likewise distributed a written report on activities to date in Guatemala, Colombia, Mexico, Brazil, Cost Rica, Dominican Republic and Maine.

#### H. Update on the Maine Project

Dr. Roderick O'Connor presented a report on progress to date in Maine, concentrating on the potential for a secondary wood processing industry in Central Maine. Dr. O'Connor reported on his visit to the furniture industry in Maine and North Carolina. He reported that there was a strong interest by the private sector for industrial expansion which is labor intensive and small scale.

There being no further business to discuss, the meeting of the Board of Directors was adjourned.

Mr. Roger Stone stated that he felt that in 1980 ACCION should prepare a more formal annual report. He stated that with ACCION's expanded budget the cost of said annual report would now be almost insignificant in comparison with the total budget of the organization. He likewise urged that the financial statements of the organization for 1979 more clearly identify the private and government nature of the grants.



10-C MT. AUBURN STREET, CAMBRIDGE, MASSACHUSETTS 02138 PHONE: (617) 492-4930 CABLE: ACCIONUSA, CAMBRIDGEMASS.

## List of the Board of Directors

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## Officers of the Corporation

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Vice Chairman
Hans Neumann
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Robert C. Helander
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James R. Greene
Vice President
Katherine Ockenden
Treasurer
Roger D. Stone
Secretary

# Members of the Executive Committee

John C. Duncan Robert C. Helander Charles W. Muller Katherine Ockenden Frederick D. Seeley

Daniel A Sharp Kity ode & Cologo (Astrica.

Roger D. Stone Peter B. Trinkle

# PROJECTED BUDGET 1980

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### International

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### Members of the Executive Committee

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Robert C. Helander
Charles W. Muller
Katherine Ockenden
Frederick D. Seeley
Daniel A. Sharp
Roger D. Stone
Peter B. Trinkle

### President's Report on Actions of the Executive Committee

- 1. There were three meetings of the Executive Committee, in March, May and June. As always we reviewed the operations of the corporation. Mr. Burrus from Costa Rica joined us at one meeting.
- 2. We have had 5 members of the Board resign in the past 6 months, Jarvis Freymann, Robert Reininger, Jim Goodsell, Peter Jones, and Dr. Rosenstein-Rodan.
- 3. We approved the creation of an experimental guarantee fund for the Maine project. We discussed the options of setting up an endowment fund, deferred giving and social investments. We will continue to explore these.
- 4. We reviewed both the financial statements and the projected budgets. We reaffirmed our position that government funds should build on ACCION's initiatives and programs rather than ACCION responding to government initiatives.
- 5. We met as an audit committee with Price Waterhouse to audit the finances of the organization.

### Treasurer's Report: Budget

You have before you the proposed 1980 budget. This shows total income at \$967,000 and total expenses at \$974,000, leaving a \$7,000 deficit. Let me remind you that the income here recorded is assured income, money already pledged or given. We have a total of over \$225,000 of proposals now pending -- mostly for Maine. We are therefore very conservative in our income projections. Most probably our final picture for 1980 will put us over the 1 million dollar income.

On the income side, private resources will go from 54% to 40.5%; government resources will increase from 46% to 59.5%. In all cases government funds are to multiply and expand ACCION's programs.

On the expense side, microbusiness will continue to be ACCION's most important activity.

Do you have any questions on the budget?

### ACCION INTERNATIONAL

Affidavit of Service of Notice of Meeting of the Board of Directors

STATE OF NEW YORK )

: ss.:
COUNTY OF NEW YORK )

I, DANA W. HISCOCK, Assistant Secretary of ACCION
INTERNATIONAL, a corporation duly organized and existing under
and by virtue of the Membership Corporations Law of the State
of New York, being duly sworn, do depose and say that I
served a Notice of a Meeting of the Board of Directors of
said Corporation, to be held at No. 680 Park Avenue, in the
Borough of Manhattan, County, City and State of New York, on
the 6th day of December, 1979 at 12:30 o'clock in the afternoon, by causing to be mailed a copy of the attached Notice
on the 5th day of November, 1979, to each of the Directors
of the Corporation, at their respective addresses, as the
same appear on the books of the Corporation.

Dana W. Hercock

Sworn to before me this

644 day of November, 1979.

Notary Public

JEANNE H. SEIBOLD
Notary Public, State of New York
No. 41-4692616
Qualified in Queens County
Certificate Filed in New York County
Commission Expires March 30, 19.

Dear Sirs:

In accordance with the bylaws of the Corporation, this is the official notification that a meeting of the Board of Directors of ACCION International will be held on December 6, 1979 at the Center for Inter-American Relations, 680 Park Ave., New York at 12:30 o'clock in the afternoon, for the purpose of transacting any and all business that may properly come before said meeting.

Please notify Mr. John C. Hammock, Executive Director, whether or not you will be present by completing the lower portion of this notice and forwarding it to Mr. Hammock at 10-C Mount Auburn Street, Cambridge, Massachusetts, 02138.

Dana W. Hiscock Assistant Secretary

SIGNATURE

Ι	WILL	(	)	
				BE PRESENT
Ι	WILL NOT	(	)	

A luncheon will be served.

### ACCION International

### Minutes of a meeting of The Board of Directors

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under and by virtue of the Memberships Corporation law of the State of New York, was held at 250 Park Avenue in the borough of Manhattan, New York, March 7, 1979 at 12:30 o/clock in the afternoon. There were present:

Paulo Ayres Filho
Catherine Coolidge Lastavica
John C. Duncan
Jarvis M. Freymann
Henry R. Geyelin
Eugene Gonzalez
Robert C. Helander
Terry M. Holcombe
Crocker Nevin
Katherine Ockenden
Ralph A. Weller

being a quorum. Also present were Jeffrey Ashe, Acting Executive Director; Mary Zinniel, Associate Director; and Roy Ekland, ACCION's Resident Advisor in Costa Rica.

Mr. Hélander, President of the Corporation, called the meeting to order, introducing Dr. Coolidge, new member since the last meeting, and welcoming Dr. Ayres Filho from Brazil. He thanked Mr. Duncan and St. Joe Minerals Corporation for hosting the luncheon.

The Agenda was as follows:

### A. Minutes

The Board of Directors unanimously approved the minutes of the meeting held May 9, 1978.

### B. <u>Election of Board of Directors</u>

The following persons were named as Members of the Board of Directors for the 1978-79 year:

Honorary Chairman:

Donald M. Kendall

Honorary Director:

Jacob Javits

Directors:

Paulo Ayres Filho

Edmundo Penna Barbosa da Silva

John Beck

Roberto de Oliveira Campos

John C. Duncan Berent Friele Jarvis M. Freymann Henry R. Geyelin Eugene Gonzalez

James Nelson Goodsell

James R. Greene Robert C. Helander Terry M. Holcombe Walter Hunnewell Peter T. Jones Charles Muller Hans Neumann Crocker Nevin Katherine Ockenden Roderick O'Connor Leslie Peacock Robert M. Reininger Paul N. Rosenstein-Rodan

Frederick D. Seeley

Daniel A. Sharp Roger D. Stone Ralph A. Weller

Mr. Helander noted Mr. Lumpkin's retirement from Gulf Oil Company - Latin America and his consequent retirement from the ACCION Board, and thanked him for his service to the organization. The new members elected to the Board are Mr. Leslie Peacock of Texas Commerce Bank, Mr. Charles Muller of Murden and Company, and Mr. Daniel Sharp of Xerox.

### Election of Officers

The following slate of officers was approved unanimously by the Board:

Chairman:

John C. Duncan

Vice Chairman:

Berent Friele

Vice Chairman:

Hans Neumann

President:

Robert C. Helander

Vice President:

James R. Greene

Treasurer:

Katherine Ockenden

Secretary:

Roger D. Stone

### D. <u>Election of Executive Committee</u>:

The following were elected unanimously to serve on the Executive Committee for the 1979-80 year:

John C. Duncan

Jarvis Freymann

Robert C. Helander

Katherine Ockenden

Roger D. Stone

### E. President's Report on Executive Committee Activities:

Mr. Helander reported on the actions taken by the Executive Committee in the four meetings since the last full Board meeting. The Executive Committee has been closely following the developments of the organization's small business project in Puebla, Mexico and its possible expansion to the city of Monterrey. Mr. Duncan has been helpful in contacting important members of the Mexican government who have encouraged ACCION's active involvement in a project in Monterrey.

The Committee also approved, on behalf of the full Board, a study of the small business sector in Central Maine, which ACCION undertook last autumn. The results have now been published. Mr. Helander noted that the organization will soon be at the point of deciding whether to undertake a full project in Maine, but recommended that the Board not take any decision yet, as the time was not appropriate. The Executive Committee will continue following the progress of the work in Maine.

Mr. Helander commented on the Committee's approval of changes in the office staff, namely that John Hammock is on a partial leave of absence from February 1 to June 1, during which time Jeffrey Ashe, as Acting Executive Director, will take over Mr. Hammock's responsibilities.

### F. Change of Certificate of Incorporation

In order to legitimize the work the organization is undertaking in the United States, the Board approved a resolution to change the Certificate of Incorporation, so that the organization's activities may take place in the Western Hemisphere rather than Latin America exclusively. The approved resolution read as follows:

### RESOLUTION TO CHANGE THE CERTIFICATE OF INCORPORATION

RESOLVED, that the present wording of the Certificate of Incorporation, Section Three (to wit: "The purpose for which the corporation is to be formed are exclusively charitable and educational within the meaning of section 501(c)(3), Internal Revenue Code of 1954, and are to assist in the improvement of social, economic and cultural conditions in the countries of Latin America...") be changed to read as follows:

"The purposes for which the corporation is to be formed are exclusively charitable and educational within the meaning of section 501(c)(3), Internal Revenue Code of 1954, and are to assist in the improvement of social, economic and cultural conditions in the countries of the Western Hemisphere..."

### G. <u>Treasurer's Report:</u>

Ms. Ockenden reported that although the audited financial statements for 1978 are not yet available, unaudited figures reflected a financially successful year. ACCION's 1978 budget was 20% larger than the previous year, and income totalled \$724,997, breaking down as follows: \$93,600 from unrestricted corporate grants; \$47,000 from restricted corporate grants; \$77,368 from corporations in Brazil for the Brazil program; \$495,029 from other restricted sources, including PACT, AID and three private foundations; \$12,000 of interest and miscellaneous income. Expenses for 1978 are estimated to be somewhat less than income.

Ms. Ockenden presented for the Board's approval the proposed 1979 budget (attached), which anticipated \$801,000 in income and \$801,000 in expenses. The Board approved the budget as presented.

### H. <u>Corporate Funding Report:</u>

Ms. Zinniel reported that corporate funds were up again in 1978, due primarily to the increase in restricted corporate grants. Unrestricted grants have remained virtually unchanged from the previous year. She noted that several new corporations have joined the list of ACCION supporters. She anticipates that both restricted and unrestricted corporate donations will increase in 1979, with the largest increase coming from restricted sources.

### I. <u>Operational Progress Report:</u>

Mr. Ashe gave a brief report on the progress of each project in which the organization is currently involved. He commented on:

- Brazil, where the credit and investment programs are developing small businesses and generating jobs. The investment program has received a great deal of support from the Brazilian private sector and first test investments have been extended. Mr. Ashe also mentioned that he had been in contact with Acao Comunitaria do Brasil, and that that organization, through the assistance of ACCION International, had submitted a proposal for funding from some international foundations.
- Colombia, where ACCION has worked for a year and a half, with the Fundacion Carvajal in Cali in a program to train small entrepreneurs. 132 businesses have been assisted thus far.
- Dominican Republic, where ACCION is collaborating with Fundacion Dominicana de Desarrollo to improve local management of groups and cooperatives assisted by the FDD throughout the country.
- Guatemala, where ACCION is exploring the feasibility of assisting municipalities to set up profit-making enterprises in rural areas.
- Honduras, where ACCION has a contract with the government of Honduras to develop the business assistance management component of a rural technologies program.

Finally, Mr. Ashe mentioned that the organization has been contracted by the agency for International Development to conduct a world-wide study of assistance programs to very small businesses. ACCION itself will carry out the Latin American studies, and has contracted another organization to carry out the work in Asia and Africa.

### J. Report on Costa Rica:

Roy Ekland, who has been working with ACCION in the Hojancha region of Costa Rica for the past three years, gave a brief report and slide presentation on his work to date, which focuses on developing small farmers in the rural areas, increasing production and income. Mr. Ekland stressed the environmental problems being faced by this group, and pointed to some actions currently underway which have improved the small farmer's viability.

There being no other business before the Board of Directors, it was moved, seconded and approved that the meeting be adjourned.

Mary M. Zinniel Designated Secretary

### PROJECTED 1980 BUDGET

### Income

### LATIN AMERICA

U.S. Corporations		136,000					
Brazil Corporations		85,000					
Mexico Corporations		50,000	•				
Foundations		60,000					
Contract Work (non govern	ment)	157,000					
Government Contracts		450,000					
Su	ıb Total	938,000					
,							
MAINE PROJECT							
Corporations	·	30,000	•				
Foundations		40,000					
Government		70,000					
Su	ıb Total	140,000	140,000				

Grand Total Income

1,078,000

1,078,000

### PROJECTED 1980 BUDGET

### Expenses

### LATIN AMERICA

LATIN	AMERICA		
]	Brazil	147,000	
(	Costa Rica	185,000	
(	Guatemala	75,000	
1	Dominican Republic	75,000	
]	Mexico	100,000	
(	Cambridge (management/admin.)	110,000	
(	Central America	125,000	
(	Cambridge International Projects	121,000	
	Sub Total	938,000 <sup>-</sup>	938,000
MAINE	•		
]	Direct costs in Maine	125,000	
(	Cambridge Support Costs	15,000	
			·
	Sub Total	140,000	140,000

Grand Total Expenses

1,078,000

1,078,000

SUPPORT AND REVENUE 1974 THROUGH 1979

Total REVENUE	\$468,175	532,107	552,313	604,961	715,717	855,581		100%	100%	100%	100%	100%	100%
Government Funds	\$ 63,341	35,294	182,299	221,632	214,828	375,292		13%	7%	33%	37%	30%	%55
Grants and Contracts	\$153,574	245,901	174,430	116,754	181,560	218,789		33%	%97	32%	19%	25%	25%
Special Foundation Grants	\$120,000	000,06	45,000	75,000	008,06	88,000		26%	17%	8%	12%	13%	10%
Brazil Funds	\$35,570	69,812	65,279	66,711	81,779	78,000		%8	13%	12%	11%	11%	%6
Corporations Restricted Funds	-	I	l	22,500	47,000	2,000		ŧ	l	I	%7	%L	1%
Corporations Non- Restricted	\$95,690	91,100	82,916	96,650	93,600	85,000		20%	17%	15%	16%	13%	10%
Interest	I &	ا «ۍ	2,389	5,714	6,150	5,500		1	i	%0	1%	1%	1%
Year	1974	1975	1976	1977	1978	1979 (est)		1974	1975	1976	1977	1978	1979 (est)

### firms ge. help Maine Ficho

which has been studying micro-businesses annual gross income of less than \$200,000 of New England's economy. That is the view of ACCION International, a Cambridge, Mass., nonprofit organization in the Maine counties of Somerset and form an important but neglected part "Micro-businesses" - those with total Kennebec

According to a recent ACCION survey

tries as Brazil, Mexico, Costa Rica, some balance into the picture. "ACCION's Colombia, the Dominican Republic and approach is less dramatic, he explains, but tion to explore potential for working over time it can create many more jobs by the ping existing enterprises each expand been economic development projects — executive dire of ACCION. "Attract-including those for micro-businesses — in executive dire in a micro-businesses in such counting the big outside investor can be an even America. Its success in such counting the big outside investor can be an even of the project of th ACCION'S province traditionally has hundred new jobs." says John Hammock, been economic development projects—is received direction. "A fraction of ACCION." Attraction

"a little bit." Its report, "Micro-business & Employ-"The importance of micro-business in this ing considerable attention in the region. Don Burns, executive director of the Committee. "One-third of our labor force ment in Central Maine," has been receivcounty was never identified before," says Somerset County Industrial Development

micro-entrepreneurs is simply unavailability of credit. A majority of the 82 central Maine micro-businesses surveyed claimed that only a modest increase in

However, ACCION points out, "This type of small commercial credit - loans of \$1,000-\$20,000 — is not usually availconvinced: "The biggest bank in the world Bank of Americal was built on this kind of small business loan." He urges bankers would be enough to enable them to administrative costs make such small oans unprofitable for banks to finance. However, Professor Roderick O'Connor 21 in Hinckley, Maine, says he is not to give more time and help to their microexpand within their current markets. who led a regional growth workshop Sept. \$20,000 and often less than \$10,000 -of the Georgia Institute of Technology ousiness customers. able from banks." FEW LINE OF CREDIT YOU WON'T HAVE SUGGEST OUR R. SPATHERS,

large concerns, but ACCION is working Lending institutions also perceive small businesses as greater credit risks than to counter this view. The organization cites its program in Recife, Brazil, which nelped 715 micro-entrepreneurs obtain These tiny, unsophisticated businesses oans without assistance. (Two-thirds had total assets of less than \$3,000; the average bank credit over the period 1973-1977. probably never would have qualified for loan was \$1,500.) However they turned out to be excellent credit risks, evidenced by a default rate of only about 2%

it worked exclusively with existing busisays Hammock. "Established firms have already proven they can sell, hustle, and proach can be applied in the United One key to ACCION's success was that survive." He is convinced the same apnesses, not start-ups. "That's important,

(SBA) in that — by including in its Maine study many Mom-and-Pop type operafederal Small Business Administration's ACCION's strategy differs from the

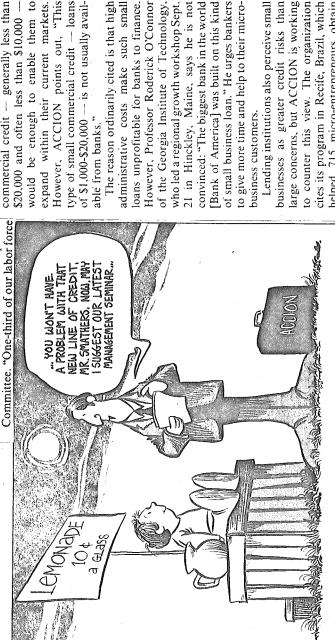
smaller enterprises than does SBA, By micro-enterprises. When it does, the conrue for those businesses with annual sales ness receiving a loan guarantee from SBA "The SBA in general does not reach tact is usually negative. This is especially tions — it aims its assistance at much contrast, the typical New England busitotals annual sales of some \$2 million. under \$60,000," according ACCION report. constraint to growth for many Maine The ACCION study found that the

Most micro-enterprises are started and run by people with no prior training or or marketing; hence, problems in these areas grow with the enterprise and eventually loom larger than problems of inance. "Managing and structuring a small business is not a simple task and can the report notes. "[However], apart from friends and suppliers, the micro-business experience in management, accounting, be the cause of innumerable headaches, person has almost no one to turn to for Thus ACCION's plans also include a program of management and technical unpaid or reasonably-priced assistance assistance for microbusinesses.

The reason ordinarily cited is that high

New England Business

November 1, 1979



is employed in micro-businesses." ion helps even the smallest enterprise obtain credit and assistance.

anced by the Rockefeller Brothers ind, micro-businesses have significant tential for generating jobs and raising • little or no access to commercial bank gional income, but they are hindered by ch factors as:

o no federal, state, local or private encies working directly in their behalf; edit;

o few, if any, sources of assistance in ch areas as marketing, management and laws and regulation, conceived for eduction technology:

ger enterprises, that are very demanding small business

As a result of the pilot study, the organization has launched a program to

of "regional growth workshops" for busigive financial and managerial assistance In addition, it is helping sponsor a number ness and government leaders, where the development of micro-business is receivto area micro-enterprises, from saw mill to auto parts store, blacksmith to electrical shop, maple sugar to beekeeping company ing strong emphasis.

States. Everyone gets excited about some big ACCION urges less reliance on attracting company coming in and creating a few Unlike most development agencies, new investment from outside the region.

### OPERATIONAL REPORT - SUMMARY

### MEXICO

Small Microbusiness project in Puebla terminated in June, 1979.

In September began major microbusiness program in Monterrey. David

Garza Laguera, President of Mexican board of directors. Staff hired,

trained in Colombia and Cambridge and program underway. Financing:

local private funds mostly secured; U.S. private funds, partly secured.

### BRAZIL

The UNO projects in Bahia and Recife are independent. AITEC working now primarily in micro investment company (MICROPAR). First 10 investments made this year; program running behind schedule but positive. Funding secure through private sources and non-government contracts through March, 1980. AITEC/Brazil continues to explore expansion of UNO model to Sao Paulo. Jeff Ashe trip to Brazil in mid-December to develop plan of action.

### COSTA RICA

Three-year Rural Integral Development program with very small farmers in Hojancha ended in June, 1979. Program taken as a model for three-year nationwide Ministry of the Presidency/Central Bank rural development project. AITEC providing technical assistance. Three-year funding assured (U.S.A.I.D.)

### DOMINICAN REPUBLIC

AITEC provides technical assistance to the Dominican Development Foundation in management training for small farmers and small rural entrepreneurs. Series of 30 pamphlets written, FDD personnel trained. Financing assured through June, 1980. FDD promoting a micro industry program for

### OPERATIONAL REPORT - SUMMARY

Santo Domingo. AITEC to provide assistance.

### QUATEMALA

AITEC provides technical assistance to INFOM, the Municipal Development Institute, in revitalizing rural municipal governments as economic and business development promoters. Small businesses being developed in rural Guatemala. Financing assured, March, 1981.

### COLOMBIA

AITEC provides technical assistance to DESAPP, of the Carvajal Foundation in a microbusiness program. Results of this two-year project enabled it to receive \$500,000 recently from the Inter-American Development Bank. Funding of AITEC costs ended November 1979. New concentration on management training manuals and seminars for microentrepreneurs.

### MATCHING GRANT (run from Costa Rican office)

Three-year USAID grant (\$450,000) to expand UNO model to poorer countries. AITEC will explore program possibilities in Central America.

### PISCES/SSE (run from Cambridge)

\$250,000 contract with USAID, through March, 1980, to study world-wide the smallest of the micro enterprise sector --i.e. businesses which can only absorb \$20-\$200 in credit. Study undertaken in El Salvador, Honduras, Colombia and Ecuador, as well as various countries in Africa and Asia by subcontractors. May lead to two-year contract to develop PISCES/SSE type projects.

### APD

### USA/MAINE

AITEC has organized a microbusiness program in Somerset County. The program has expanded to include regional economic growth, especially in the areas of sheep and secondary wood processing. Financing not secure After December 1979.

### OCT 29 1978 R. F. NEBLETT J M Prey Maund



October 12, 1979

ACCION INTERNATIONAL/AITEC 10-C Mt. Auburn Street Cambridge, MA 02138

### BASIC STANDARDS

Philanthropic organizations have a high degree of responsibility because of the public trusteeship involved. Compliance with the following standards, with reasonable evidence supplied on request, is considered essential for approval by the NIB:

- 1 BOARD An active and responsible governing body, holding regular meetings, whose members have no material conflict of interest and serve without compensation.
- 2 PURPOSE A clear statement of purpose in the public interest.
- 3 PROGRAM A program consistent with the organization's stated purpose and its personnel and financial resources, and involving interagency cooperation to avoid duplication of work.
- 4 EXPENSES Reasonable program, management and fund-raising expenses.
- 5 )MOTION Ethical publicity and promotion excluding exaggerated or misleading claims.
- 6 FUND-RAISING Solicitation of contributions without payment of commissions or undue pressure, such as mailing unordered tickets or merchandise, general telephone solicitation and use of identified government employees as solicitors.
- 7 ACCOUNTABILITY An annual report available on request that describes program activities and supporting services in relation to expenses, and includes financial statements (1) employing Uniform Accounting Standards showing all Support/Revenue and Expenses in reasonable detail and (2) accompanied by a report of an independent public accountant. National organizations operating with affiliates should provide combined or acceptably compiled financial statements prepared in the foregoing manner.
- 8 BUDGET Detailed annual budget approved by the governing body in a form consistent with annual financial statements.

evised October 1977

### SELECTED FACTS

- Accion now places its emphasis on "Micro Businesses" and "Rural Integral Development."
- 2. The 5-member Executive Committee met 4 times in 1978 with 3 members at 2 meetings and 4 members at the other meetings. The 23-member Board met once with attendance of 11 members including the 5 Executive Committee members.
- 3. Accion did not provide an annual report relating 1978 program activities to functional expenses. 1978 audited financial statements did not separately identify contributions, private grants and contracts, and government grants and contracts.

### NIB COMMENT

- 1. Accion International's programs serve a useful purpose in the areas in which it implements programs in South and Latin America.
- 2. NIB believes that Accion's Executive Committee is functioning as the controlling Board with other Board members serving primarily in an advisory capacity. This fact, plus the small size of the Committee and lack of full attendance at 1978 meetings, raise a question with regard to NIB standard #1.
- 3. NIB believes Accion should provide an adequate annual report and report support/revenue in detail.

### NIB CONCLUSION

We hope the facts and comments noted may be helpful to you in your consideration.

For detailed facts, analysis and evaluation, please see the rest of this report.

### ACCION INTERNATIONAL

Affidavit of Service of Notice of Meeting of the Board of Directors

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

I, DANA W. HISCOCK, Assistant Secretary of ACCION
INTERNATIONAL, a corporation duly organized and existing under
and by virtue of the Membership Corporations Law of the State
of New York, being duly sworn, do depose and say that I served
a Notice of a Meeting of the Board of Directors of said Corporation, to be held at No. 250 Park Avenue, in the Borough of
Manhattan, County, City and State of New York, on the 7th day
of March, 1979 at 12:30 o'clock in the afternoon, by causing
to be mailed a copy of the attached Notice on the 14th day of
February, 1979, to each of the Directors of the Corporation,
at their respective addresses, as the same appear on the books
of the Corporation.

Dang W. Hescool

Sworn to before me this

/Hth day of February, 1979.

Notary Public

RICHARD I. HOLIZMAN Motory Public, State of New York No. 41-4519003

Qualified in Suffolk County Commission Expires March 30, 19

### February 7, 1979

Dear Board Members:

In accordance with the bylaws of the Corporation, this is the official notification that a meeting of the Board of Directors of ACCION International will be held on March 7, 1979 at 250 Park Avenue, 17th floor, New York City at 12:30 o'clock in the afternoon, for the purpose of transacting any and all business that may properly come before said meeting.

Please notify Mr. John C. Hammock whether or not you will be present by completing the lower portion of this notice and forwarding it to Mr. Hammock at 10-C Mount Auburn Street, Cambridge, Massachusetts, 02138.

Dana W. Herood

Dana W. Hiscock Assistant Secretary

I	WILL	(		)	
I	WILL	ПОП	(		)

BE PRESENT.

SIGNATURE

A luncheon will be served.

### MUDGE ROSE GUTHRIE & ALEXANDER

20 BROAD STREET

**NEW YORK, N.Y. 10005** 

212-422-6767

Barbara

MILTON C. ROSE COUNSEL

1701 PENNSYLVANIA AVE., N.W.

WASHINGTON, D. C. 20006

202-298-5970

12. RUE DE LA PAIX

75002, PARIS, FRANCE

261-57-71

CABLE ADDRESS

BALTUCHINS-NEW YORK

TELEX 127889

TELECOPIER

212-422-6914

February 14, 1979

DHN H. ALEXANDER
JEORGE F. ANDEREGG, JR.
BLISS ANSNES
PETER W. ASHER
WALTER E. BREEN
WILLIAM H. CANNON
NICHOLAS J. CAPOZZOLI, JR.
JOSEPH J. CARROLL
J. D. CLAYTON
JOSEPH C. DALEY
FREDERICK M. DANZIGER
MARTIN J. DOCKERY
THOMAS W. EVANS
RICHARD S. FARROW
ROBERT E. FERDON
JAMES G. FRANGOS
LEONARD GARMENT
GERRIT GILLISPIE
RANDOLPH H. GUTHRIE
JOHN P. HEDERMAN
MATTHEW G. HEROLD. JR.
DANA W. HISCOCK
JOHN J. KIRBY, JR.
WILLIAM B. LANDIS
FRANKLIN B. LINCOLN, JR.
CARL F. LYON, JR.
CARL F. LYON, JR.
WILLIAM A. MADISON
ARTHUR J. MAHON
FRANCIS X. MALONEY
JAMES P. MARLIN
GEORGE J. MARTIN, JR
J. ROGER MENTZ
RICHARD H. NICHOLLS
DOUGLAS M. PARKER
NORMAN M. SEGAL
LAURENCE V. SENN, JR.
HARRY G. SILLECK, JR.
HENRY ROOT STERN, JR.
ARNOLD H. TRACY
DAVID A. VAUGHAN
WILLIAM N. WALKER
DONALD J. ZOELLER

Mr. JOHN Hammock

ACCION International
10-C Mt. Auburn Street
Cambridge, MA 02138

Dear John:

I received the notices which you forwarded to me in connection with ACCION International's March 7 meeting this morning and have mailed them to the Directors. I am enclosing my Affidavit of Service for the Corporation's records.

I have marked down the March 7 date on my calendar and plan to attend the meeting. I am looking forward to seeing you then.

With best regards,

Sincerely yours,

Dana W. Hiscock

DWH:bl Enclosure





### International

10-C MT. AÚBURN STREET, CAMBRIDGE, MASSACHUSETTS 02138 PHONE: (617) 492-4930 CABLE ACCIONUSA, CAMBRIDGEMASS

**HONORARY CHAIRMAN** 

DONALD M. KENDALL

HONORARY DIRECTOR

JACOB K. JAVITS

**OFFICERS** 

JOHN C. DUNCAN CHAIRMAN

BERENT FRIELE VICE CHAIRMAN

HANS NEUMANN VICE CHAIRMAN

ROBERT C. HELANDER

JAMES R. GREENE VICE PRESIDENT

KATHERINE OCKENDEN TREASURER

ROGER D. STONE

### **BOARD OF DIRECTORS**

PAULO AYRES FILHO E. PENNA BARBOSA DA SILVA JOHN BECK ROBERTO DE OLIVEIRA CAMPOS CATHERINE COOLIDGE JARVIS M. FREYMANN HENRY R. GEYELIN JAMES NELSON GOODSELL EUGENE GONZALEZ TERRY M. HOLCOMBE WALTER HUNNEWELL, JR. PETER T. JONES IOMAS D. LUMPKIN ROCKER NEVIN RODERICK O'CONNOR ROBERT M. REININGER P. N. ROSENSTEIN-RODAN FREDERICK D. SEELEY RALPH A. WELLER

### EXECUTIVE DIRECTOR

JOHN C. HAMMOCK

7 February 1979

Mr. Dana W. Hiscock Mudge Rose Guthrie & Alexander 20 Broad Street New York, NY

Dear Dana:

Enclosed please find the announcements for the Board of Directors meeting which I would appreciate your signing and sending out.

I do hope you will be able to attend the meeting on March 7. I look forward to seeing you then.

Sincerely,

Mary M. Zinniel Associate Director

MMZ:ag

Ō

### February 7, 1979

### Dear Board Members:

In accordance with the bylaws of the Corporation, this is the official notification that a meeting of the Board of Directors of ACCION International will be held on March 7, 1979 at 250 Park Avenue, 17th floor, New York City at 12:30 o'clock in the afternoon, for the purpose of transacting any and all business that may properly come before said meeting.

Please notify Mr. John C. Hammock whether or not you will be present by completing the lower portion of this notice and forwarding it to Mr. Hammock at 10-C Mount Auburn Street, Cambridge, Massachusetts, 02138.

Dana W. Hiscock Assistant Secretary

I WILL ( )

I WILL NOT ( )

SIGNATURE

A luncheon will be served.



### ACCION International

### Minutes of a meeting of The Board of Directors

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under and by virtue of the Memberships Corporation Law of the State of New York, was held at 1251 Avenue of the Americas in the borough of Manhattan, New York, May 9, 1978, at 12:30 o'clock in the afternoon. There were present:

John Beck

- · John C. Duncan
- · Jarvis Freymann· Berent Friele Henry Geyelin Eugene Gonzalez
- Robert Helander Hans Neumann
- Katherine Ockenden, Robert Reininger
- Roger Stones

being a quorum. Also present as observer was Dana Hiscock, of the law firm Mudge, Rose, Guthrie and Alexander, who serves as Assistant Secretary of the Corporation. John Hammock, Executive Director, and Jeffrey Ashe and Mary Zinniel, Associates Directors, were also present.

Mr. Duncan, Chairman of the Corporation, introduced the new members of the Board, thanked Jarvis Freymann and the Exxon Corporation for hosting this luncheon meeting, and called the meeting to order. He turned the meeting over to Mr. Helander, President of the Corporation, who thanked Mr. Duncan on behalf of the Board for his years of service as President and noted he was looking forward to working with Mr. Duncan as Chairman.

The agenda was as follows:

### A. Minutes

The Board of Directors unanimously approved the minutes of the meeting held June 1, 1977.

### B. <u>Election of Board of Directors</u>

The following persons were named as Members of the Board of Directors for the 1978-79 year:

Honorary Chairman:

Donald M. Kendall

Honorary Director:

Jacob Javits

Directors:

Paulo Ayres Filho

Edmundo Penna Barbosa da Silva

John Beck'

Roberto de Oliveira Campos

John C. Duncan Berent Friele

Jarvis M. Freymann Henry R. Geyelin Eugene Gonzalez

James Nelson Goodsell

James R. Greene Robert C. Helander Terry M. Holcombe Walter Hunnewell Peter T. Jones Thomas D. Lumpkin

Hans Neumann Crocker Nevin

Katherine Ockenden Roderick O'Connor Robert M. Reininger Paul N. Rosenstein-Rodan

Frederick D. Seeley

Roger D. Stone Ralph A. Weller

The Board of Directors further approved a motion to invite Ms. Katherine Coolidge to the Board of Directors and make her appointment retroactive to the date of this meeting when and if she accepts the invitation to join.

### C. Murden Resolution

In recognition of the dedicated work of Forrest Murden, who died in December 1977, the Board passed the following resolution:

"RESOLVED, that the Board of Directors of ACCION International recognize the loss of one of its founding members, Forrest Murden, who was instrumental not only in launching the organization but in providing it with dedicated leadership. It is with a sense of loss that the Board of Directors pays special tribute to his memory and to his legacy within ACCION International."

### D. <u>Election of Officers</u>

The following slate of officers was approved unanimously by

the Board for the 1978-79 year:

Chairman
Vice-Chairman
Vice Chairman
President
Vice President
Treasurer
Secretary

John C. Duncan
Berent Friele
Hans Neumann
Robert C. Helander
James R. Greene
Katherine Ockenden
Roger Stone

### E. <u>Election of Executive Committee</u>:

The following were elected unanimously to serve on the Executive Committee for the 1978-79 year:

John C. Duncan
Jarvis Freymann
James R. Greene
Robert C. Helander
Katherin Ockenden
Roger Stone

### F. President's Report on Executive Committee Activities:

Mr. Helander reported on the two formal Executive Committee meetings which were held since the last full Board meeting, and on one informal meeting. The committee reviewed in depth the on-going operation of the Corporation in all meetings, and specifically ACCION's financial situation. The Committee reviewed ACCION's salary scale and after comparing it to that of other similar agencies, decided to raise the scale to continue to attract competent staff. The Committee reviewed the corporate and foundation campaigns. In the informal meeting with Mr. Greene, Mr. Helander and Ms. Ockenden, the composition of the Board was discussed as was the solicitation of money from the Inter-American Development Bank and the Tinker Foundation. On a motion duly seconded, the Board of Directors then unanimously approved the actions of the Executive Committee.

### G. <u>Financial Report - 1977</u>

Ms. Ockenden, Treasurer of the Corporation, reported on ACCION's financial situation. during the last year. She referred to the 1977 statements from Price-Waterhouse which showed that the corporation ended the year with an excess of revenues over expenses of \$10,523, giving ACCION a fund balance of \$106,974. Income and expense figures from 1977 and 1976 were compared in a series of pie charts. Income rose by 10% in 1977, and came from: corporations, 31%; foundations, 15%; AID, 19%; restricted contracts, 35%. Expenses were broken down as follows: microbusiness: 45%; rural integrated development: 37%: community development: 4%; and general and administrative: 14%.

Finally, Ms. Ockenden referred to the final page of the Price-Waterhouse audit, which examines ACCION's 1977 expenses by categories. She noted that salaries and benefits account for about 55% of expenses. Ms. Ockenden also called the Board's attention to the fact that the lease which ACCION had held on property in New York was finally terminated in April of this year.

- H. Ms. Zinniel presented the proposed budget for 1978 which projects income at \$589,100 and expenses at \$608,750. She noted that this is a conservative budget, reflecting only assured income, and the staff anticipates generating sufficient further income to have a balanced budget in 1978. The Board unanimously approved the proposed budget for 1978. Ms. Zinniel distributed a chart which shows ACCION's budget over the past seven years, a steady growth from \$220,000 in 1970 to over \$600,000 in 1978.
- I. Ms. Zinniel then reported on the 1977 and 1978 corporate funding campaigns. She noted that a total of 52 U.S. corporations donated in 1977, up from 46 the previous year for a total of \$118,650 (\$22,500 of which was restricted for Mexico). An additional 32 corporations donated in Brazil for the Brazil project, bringing the corporate total to \$186,000. This is the highest amount ever received by ACCION from the corporate sector. Ms. Zinniel referred to the list of U.S. corporations currently supporting ACCION and noted that it showed a good industrial and geographic representation, but emphasized that she would like to involve more West Coast companies, especially now that the corporation has an on-going project in Mexico. Ms. Zinniel expects that 1978 will see similar results from the corporate sector. mentioned to the Board that she has been getting excellent response from the corporations she has visited, and feels that is due to the concrete, business-like programs ACCION undertakes.

### J. Board Commendation of Staff

The President of the Corporation asked for a round of applause for the excellent work done by the executive director. Mr. Hammock then praised both Jeff Ashe, for his leadership and technical support of ACCION's effort, and Mary Zinniel, for her dedicated and excellent work.

### K. Operational Progress Report

Mr. Ashe gave an overview of ACCION's current urban and rural development programs, commenting on the progress of each program in Brazil, Costa Rica and Colombia. He noted that the Sao Paulo expansion has taken a great step forward with major Sao Paulo banks reaching initial agreement to fund the project. In Colombia over 30 micro-businesses are already being assisted. Mr. Ashe accompanied his remarks with slides from various ACCION

programs which showed the types of micro-businessess with which the corporation is working, the methods of the credit program, and the types of rural enterprises being undertaken in Costa Rica.

### L. Report on Mexico and the Dominican Republic

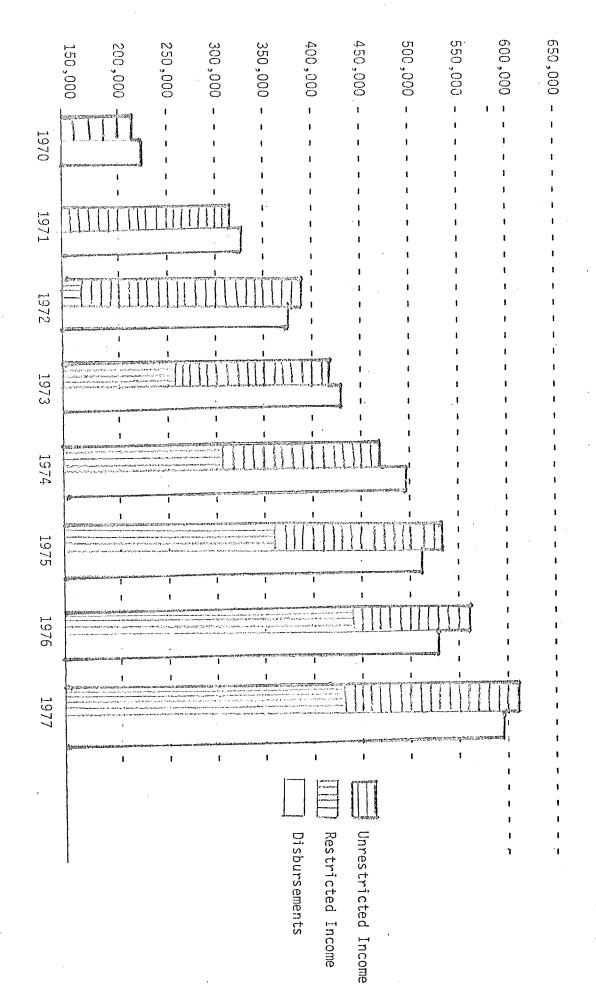
Due to the lateness of the hour, the Board of Directors agreed to postpone review of the programs in Mexico and the Dominican Republic. There being no other business before the Board of Directors, it was moved, seconded and approved that the meeting be adjourned.

Mary M. Zinniel Designated Secretary

# ACCION INTERNATIONAL/AITEC

## INCOME AND DISBURSEMENTS

1970 - 1977





### International

10.C MT. AUBURN STREET, CAMBRIDGE, MASSACHUSETTS 02138 PHONE: (617) 492.4930 CABLE: ACCIONUSA, CAMBRIDGEMASS.

### CORPORATE CONTRIBUTORS

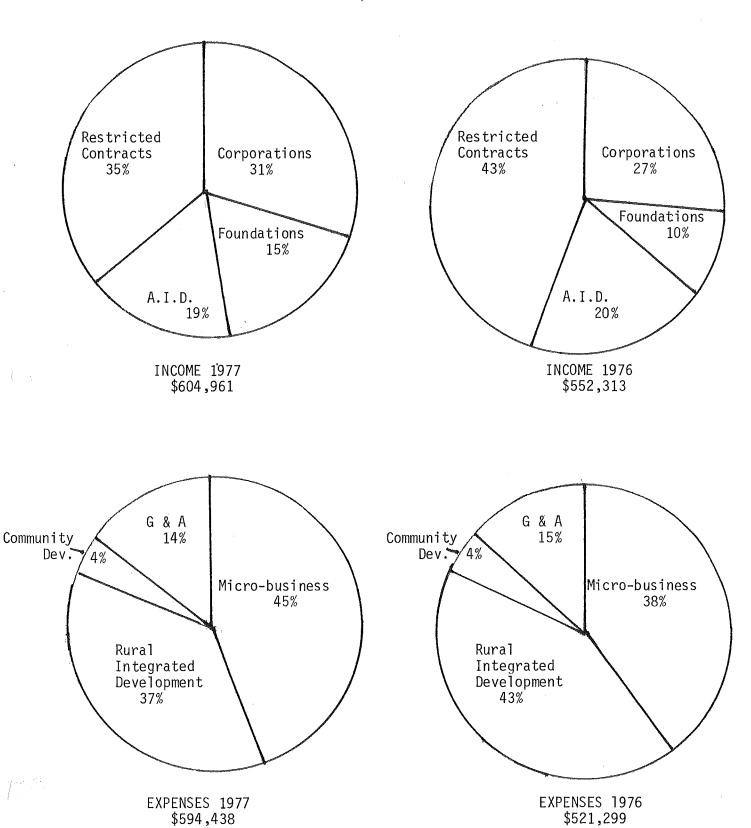
1977

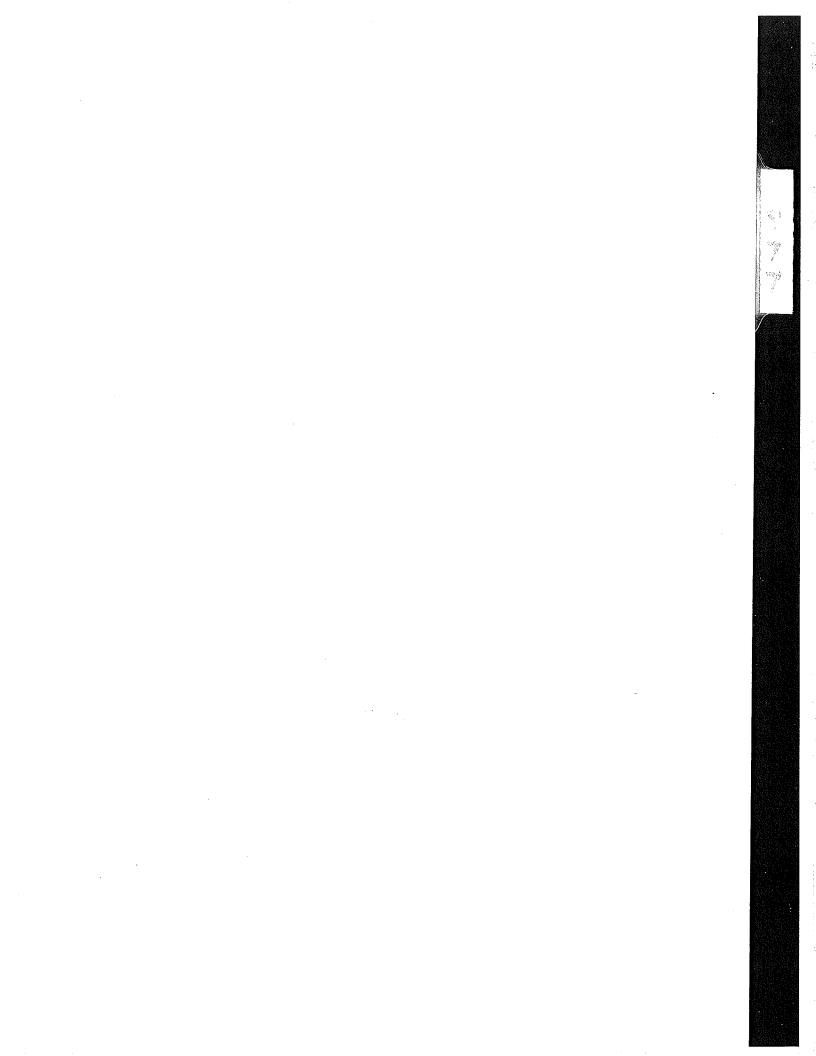
Alcoa Foundation Allis Chalmers American Can Co. Foundation Arthur Andersen & Co. Arthur Young & Co. Asarco Atlantic Richfield Foundation Avery International R. C. Baker Foundation Borden Burroughs Corporation Caterpillar Tractor Co. Celanese Fibers Chase Manhattan International Foundation Chrysler Corporation Continental Can John Deere Foundation Dun & Bradstreet Exxon Corporation General Electric General Mills Gillette Goodyear Tire & Rubber Grace Foundation Gulf Oil Co. Haskins & Sells

J. M. Huber Corporation IBM World Trade Americas/Far East Corp. IFF Foundation International Paper C-E Lummus Johnson & Johnson International 3M Company Mobil Oil Corporation Monsanto NCR Corporation Owens-Corning Fiberglas Owens-Illinois PepsiCo Inc. Philip Morris International PPG Industries Foundation Price Waterhouse & Co. Royal Bank of Canada St. Joe Minerals Corporation Schering-Plough J. Henry Schroder Banking Corporation G. D. Searle & Co. Sherwin-Williams SIFCO Singer Company Foundation U. S. Steel Foundation Warner-Lambert Charitable Foundation Westvaco

### INCOME AND EXPENSES

### 1977 compared with 1976





### ACCION International

### Minutes

### of a meeting of

### The Board of Directors

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under and by virtue of the Memberships Corporation Law of the State of New York, was held at 1250 Avenue of the Americas in the borough of Manhattan, New York, June 1, 1977 at 12:30 o'clock in the afternoon. There were present:

John C. Duncan
Berent Friele
Jarvis Freymann
Robert Helander
Forrest D. Murden, Jr.
Crocker Nevin
Katherine Ockenden
Roderick O'Connor
Roger D. Stone

being a quorum. Also present at the meeting were special quest, Mr. Erling Lorentzen, member of the AITEC/Brazil Board of Directors, John Hammock, Executive Director of the Corporation, and Lizbeth Lyons and Mary Zinniel, Associate Directors.

Mr. Duncan, President of the Corporation, presided at the meeting and called it to order.

The agenda was as follows:

### A. Minutes

The Board of Directors unanimously approved the minutes of the Meeting held December 9, 1976. (attached)

### B. Election of Board of Directors

The following persons were named as Members of the Board of Directors for the 1977-1978 year:

Edmundo Penna Barbosa da Silva Roberto de Oliveira Campos John C. Duncan Paulo Ayres Filho

Jarvis M. Freymann Berent Friele Henry Geyelin James Nelson Goodsell James R. Greene Robert C. Helander Terry M. Holcombe Walter Hunnewell, Jr. Peter T. Jones Thomas D. Lumpkin B. J. McGill Forrest D. Murden, Jr. Hans Neumann Crocker Nevin Katherine Ockenden Roderick O'Connor Paul N. Rosenstein-Rodan Roger D. Stone Joaquin Tamariz

Mr. Duncan acknowledged Paulo Ayres Filho's continuing service to the organization, and the members voted to enter into the minutes a Resolution in appreciation of Mr. Ayres' guidance:

RESOLVED, that the Board of Directors and staff of ACCION International extend their warm appreciation to Paulo Ayres Filho for his ten years of service and dedication to the Corporation.

Under Mr. Ayres' wise guidance, ACCION International has achieved an important place in the development process of Brazil. His leadership and involvement were essential in the founding of Acao Comunitaria do Brasil/Sao Paulo and in its continued success. His active participation, invaluable counsel and strong commitment to the role of the private sector in socio-economic development have been key to the growth of ACCION International and ACCION/AITEC in Brazil.

Above all, in recognition of his friendship and loyalty through the years, we offer our most sincere thanks.

### C. <u>Election of Officers</u>:

The following persons were elected to be officers of the Corporation for 1977-1978:

Chairman ------ Crocker Nevin
Vice Chairman ----- Berent Friele
Vice Chairman ----- Hans Neumann
President ----- John C. Duncan
Vice President ---- James R. Greene
Vice President ---- Robert C. Helander
Secretary ------ Roger D. Stone
Treasurer ------ Katherine Ockenden

### D. <u>Election of Executive Committee</u>:

The following persons were named to serve on the Executive Committee for 1977-1978:

John C. Duncan Jarvis M. Freymann James R. Greene Robert C. Helander Katherine Ockenden Roger D. Stone

### E. Financial Report:

Ms. Ockenden, Treasurer of the Corporation, reported on ACCION's financial status as of December 31, 1976. She noted the Corporation had had an excellent financial year in 1976, with income exceeding expenses by approximately \$31,000, thus establishing the reserve fund which the Board had advised should exist. Ms. Ockenden pointed out that last year's income had exceeded that of 1975 by 4%, totaling \$552,312.88. Corporate income rose by 27% (to \$150,000); however, foundation income dropped (due to a late foundation grant), as did revenues from technical assistance contracts. Expansion in the area of technical assistance contracts is foreseen for next year. General and Administrative expenses had been lowered to 14% of the total budget, while resources used for Latin American development rose to 86%. As an adjunct to the Price-Waterhouse Financial Report, Ms. Ockenden presented a breakdown of income and expenses. (attached)

The members made special note of ACCION's solid financial situation and commended the staff on this achievement.

### F. President's Report:

Mr. Duncan briefly reported on the Corporation's activities since the last Board meeting:

- 1. The corporate fund-raising campaign, undertaken by Lizbeth Lyons, has been very active over the past six months. With Ms. Lyons' departure from the organization, the fund-raising duties will be taken over by Mary Zinniel, recently named Associate Director of the Corporation. Mr. Duncan, in the name of the Board, thanked Ms. Lyons for her dedication and hard work and wished her well in her future endeavors.
- 2. Current Board members were asked to give thought to new members for the Board of Directors. It is hoped that several new members will be elected at the next meeting of the Board.
- 3. The Corporation has been actively pursuing the possibility of receiving a large grant from the Inter-American Development Bank for the credit to small business program in Brazil. Many Board members, especially Messrs. Duncan, Friele and Greene, have worked closely with the staff in this project; likewise the AITEC/Brazil Board has been instrumental in Brazil. Because approval of the grant must go through many channels (including the Brazilian government, IDB,

AID and the U.S. Congress), approval has been delayed, but the staff is confident that the monies will eventually be received.

Mr. Duncan concluded his report by summing up the three major events to take place in ACCION's immediate future: the expansion of the credit-to-small-business model into other areas of Brazil; the transferrence of the credit model to other Latin American countries; and the development of rural programs geared toward employment generation, along the lines of the Costa Rica model, as explained by Jeff Ashe at the last Board meeting. Mr. Duncan expressed his confidence in the staff's ability to carry out these goals.

Mr. Duncan then introduced Mr. Erling Lorentzen to the Board; Mr. Lorentzen offered a few comments on the success of AITEC in Brazil. He expressed hope that the UNO credit model and the capital investment program could soon be expanded to a city in Brazil's south as well as to other countries. Mr. Lorentzen also expressed his appreciation for having the opportunity to work with organizations such as ACCION, AITEC and Acao Comunitaria. He expressed confidence that the Acao and AITEC programs could work closely together in the future.

## G. Budget 1977:

Ms. Zinniel presented to the Board of Directors a projected balanced budget for 1977 of \$548,500, broken down as follows: INCOME: Corporations, 18%, Foundations, 12%, Technical Assistance Contracts, 50%, and AID, 20%. EXPENSES: Latin American Development, 83%, Management and Administration, 13%, Fund-Raising, 4%. The Board unanimously approved the budget for 1977.

## H. Fund-Raising Report:

Ms. Lyons reported on funding activities to date in 1977. She pointed out that, thanks to the very active involvement of the Board of Directors, funding in the corporate sector has increased this year over last. Ms. Lyons projected receipts of over \$100,000 from the corporations, a record for ACCION. She thanked the Board for its assistance and involvement in this effort.

#### 

Mr. Hammock reported on the new work of the Corporation. Early in 1977 ACCION/AITEC was urged by several members in Congress and at USAID to consider expansion to Africa. The staff gave this much study, having a series of meetings in Washington. After careful consideration of the merits and liabilities of such expansion, the staff decided not to accept the government's invitation, and not to expand to Africa at this time, under the circumstances prevailing.

In Latin America, AITEC had begun to transfer the credit to micro-business model to other countries:

A. Ecuador. The Banco del Pacifico, a private Ecuadorean bank, contracted AITEC to provide short term assistance to set up a micro-business division in the bank. This assistance would begin in July, 1977.

Colombia. The Fundación Carvajal and AITEC had jointly submitted a micro-business proposal to PACT, which will be reviewed in early June. Indications are very positive for project funding. The

project would commence in August, 1977.

Mexico. AITEC began its project with the Mexican Development Foundation in February, 1977. The initial two visits by Pedro Paes Leme were very successful and it appears AITEC's role will be expanded in late 1977. A grant from IBM Far East/Americas Corporation has complemented the initial grants from the Lilly Endowment, General Electric and Caterpillar.

In Costa Rica, AITEC, in March, began a six month study of D. micro-businesses in the slums of San José, Costa Rica, under contract with the Ministry of Industry, Economics and Commerce. This will hopefully be the forerunner of a micro-business program in that city.

Mr. Hammock mentioned that there was interest in this area of employment generation through micro-businesses in several other Latin American countries, as well as in the United States.

Another area of interest and expansion for ACCION/AITEC is in small scale investments to micro-entrepreneurs. The initial feasibility study was completed in Brazil in early 1977 and now AITEC plans to test out the mechanisms through initial small investments. By the end of 1977, AITEC will decide how to proceed with this most innovative addition to the micro-business model.

In closing his remarks, Mr. Hammock noted that 1977 has also seen a marked increase in the number of seminars and workshops attended by the AITEC staff -- ranging from foundation-sponsored meetings on appropriate technologies to international organization meetings on credit and evaluation. The dissemination of the AITEC approach and the credibility of the organization has been much enhanced by its continued success in Latin America.

The Board of Directors noted that the expansion in the microbusiness field was in keeping with the directives of the Board and expressed its desire that these programs continue to receive high priority in the organization.

There being no other business coming before the meeting, it was moved, seconded and approved that the meeting be adjourned.

> Mary M./Zinniel Designated Secretary

#### ACCION International

#### Minutes of a meeting of The Board of Directors

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under and by virtue of the Memberships Corporation Law of the State of New York, was held at 250 Park Avenue in the Burough of Manhattan, New York, December 9, 1976 at 12:30 o'clock in the afternoon. There were present:

John C. Duncan
Berent Friele
Jarvis Freymann
Robert Helander
Terry Holcombe
Crocker Nevin
Katherine Ockenden
Roger Stone

being a quorum. Mr. John Hammock, Executive Director, Ms. Lizbeth Lyons, Associate Director, and Mr. Jeffrey Ashe, Associate Director, were also present.

Mr. Duncan, President of the Corporation, presided at the meeting and called it to order with John Hammock designated to serve as Secretary.

The agenda was as follows:

#### A. Minutes

The minutes of the previous Board of Directors meeting held on May 11, 1976 were approved.

### B. Report of the Executive Committee

Mr. Duncan reported on the actions of the one Executive Committee meeting held since the Spring meeting of the Board of Directors. First, Mr. Duncan stressed that the Executive Committee had been involved with fundraising during this Fall, working to meet its goal of expanding funding activities to other cities throughout the country. It appears that, through continued vigorous actions on the part of the Board, private sector fundraising is being maintained at current levels.

Mr. Duncan stated that the main operational decision of the Executive Committee was to approve the first phase of a capital investment project to complement ACCION's credit to micro-industry program in the Northeast of Brazil. Mr. Duncan noted that PACT had approved approximately \$16,000 for ACCION to begin a feasibility study.

The Executive Committee also had reveiwed operational progress in Costa Rica, Mexico, Brazil and Colombia and was pleased with the developments in the field.

 $\,$  There was a motion to approve the actions of the Executive Committee. This was duly seconded and approved.

#### C. Financial Report

Mr. Hammock presented the financial report for the Corporation, a Statement of Income and Expenses and Balance Sheet for the six-month period ending June 30, 1976 (attached). This statement shows total income at \$264,528 and total expenses at \$262,551; income over expenditures for the six-month period was \$1,977. The fund balance on June 30 was \$67,414. Mr. Hammock explained different programs in which ACCION is spending its funds, giving a brief run-down of the various cost centers.

On November 30, 1976, ACCION had a cash balance of \$61,500. Mr. Hammock noted that a number of donors' decisions (totalling \$70,000) were pending from foundations in the month of December, which would alter ACCION's financial picture for 1976. There was discussion as to the need to establish a reserve fund for projects to ensure cash flow continuity in ACCION's field of operations.

Mr. Hammock directed the discussion to the proposed budget for 1977. He presented a balanced budget for 1977 of \$540,000. Of this, \$508,000 is already assured income. Mr. Hammock noted that ACCION had received word from two large foundation supporters that continued unrestricted funding may not be available in the future. This would be a potential loss of approximately 17% of ACCION's budget, which would have to be made up through funding from other sources. Specifically, Mr. Hammock mentioned a number of other foundations which might have an interest in ACCION's programs as well as a more extensive funding campaign in the private sector to attempt to increase private corporate funding in 1977.

Mr. Hammock noted that private funding, in both foundations and corporations, was becoming much more difficult to secure, and that private voluntary agencies such as ACCION were being pushed into the government orbit by this phenomenon. He emphasized that this development was not healthy for the organization and urged the Board to renew its funding efforts in the private sector to maintain ACCION's independence.

Mr. Stone praised the work of the ACCION staff in its ability to maintain corporate income in 1976 in the face of more restricted corporate giving.

The Board of Directors accepted the proposed budget and instructed the staff to work within that budget until the Annual Board of Directors meeting in the Spring when the budget is formally approved.

#### D. Funding Report

Ms. Lizbeth Lyons reported that funding from the private sector in 1976 will be approximately 8-10% lower than in 1975. She attributed this primarily to the transfer of individuals who have supported ACCION. She mentioned that the campaign begun last year to increase funding from secondary cities -- Chicago, Atlanta, Miami -- had not worked; in fact, in Chicago ACCION received less money in 1976 than in 1975.

Ms. Lyons, however, was heartened by her visits in the last three months. She thanked members of the Board for their great help in securing appointments for her and in signing appropriate letters. Theresponse from new corporations in the fall of 1976 has been positive and projects a good private sector participation in 1977.

Ms. Lyons stressed that it was essential to get new Board members from Chicago and the West Coast if ACCION hopes to get strong funding in those areas. Various individuals on the West Coast, in the Mid-west and in the East which might be added to the Board were discussed. Mr. Hammock also mentioned that for the May meeting we should have a Democratic Senator on our Board to complement Senator Javits and several possibilities were discussed. Mr. Duncan noted that he will be undertaking a campaign with the staff to attempt to attract to the ACCION Board a number of Chairmen and Presidents of large corporations in an effort to bolster private sector

image and participation. This Board development should be carried out for the Spring Board meeting.

E. Operational Report

In a short operational report, Mr. Hammock noted that the Brazilian program in micro-industry development continued to be the motor behind much of the activity of ACCION in Latin America at the present time. A seminar held in Brazil from December 6-14 on micro-business development was attended by individuals from different public and private organizations from seven Latin American countries. It is felt that this seminar will be the first step to the launching of micro-business programs in some of these countries in 1977.

#### F. Focus on Costa Rica

Mr. Jeffrey Ashe, Associate Director of ACCION and ex-Director of ACCION's program in Costa Rica, gave a 30-minute flip-chart presentation on the results of his work in Costa Rica from 1973 to 1976. Mr. Ashe presented the social and economic realities of rural Costa Rica, emphasizing population growth, migration patterns, job structure and the relationship between types of production and ecology, jobs and development. Mr. Ashe noted that to stem the rural-urban migration, programs in the rural areas are needed to create jobs. He recommended a number of labor-intensive programs such as intensified agriculture and labor-intensive small businesses. Mr. Ashe noted that the study which was carried out in every rural community of over 200 people in Costa Rica was utilized by the Costa Rican government in its planning in 1976-77.

This study provides the basis for ACCION's Hojancha project in the Pacific Northwest of Costa Rica. This project attempts to deal with the staggering problem of rural out-migration and decreasing employment by generating jobs in the rural sectors, focusing however on technologies which preserve long-term growth possibilities for the area.

Following Mr. Ashe's presentation, there was discussion by members of the Board as to types of private industries which might be stimulated in the area, as well as comments on different groups and agencies which might usefully collaborate on such programs. Members of the Board noted the relevance and high potential of this project and were heartened by AITEC's role in this area.

There being no other business coming before the meeting, it was moved, seconded and approved that the meeting be adjourned.

John C. Hammock Designated Secretary

JCH:mz

# ACCION INTERNATIONAL

# BALANCE SHEET

June 30, 1976

# ASSETS

Cash - including savings account of \$52,941	\$ 83,829
Contributions and Grants Receivable	28,791
Rent and Utility Deposits	1,569
Furniture and Fixtures at Cost 6,303 Less Accumulated Depreciation 1,137	5,166
Advances to Employees	$\frac{2,716}{$122,071}$
T TARTE THERE AND BUND RALANCE	V
LIABILITIES AND FUND BALANCE	
Accounts Payable and Accrued Expenses	\$ 26,575
Deferred Income	25,000
Payroll Taxes Withheld	3,082
Fund Balance:  Beginning Balance \$65,437  Excess of Income over Expenditures 1,977  Fund Balance at end of period	67,414 \$122,071

# ACCION INTERNATIONAL STATEMENT OF INCOME, EXPENSES AND CHANGES IN FUND BALANCE

## For Period Ended June 30, 1976

Revenue	
Contributions (Grants Unrestricted)	\$ 47,421
	•
Contributions (Grants Restricted)	217,107
	\$264,528
TOTAL REVENUE	\$264,528
Expenses:	,,
ACCION Cambridge	
General and Administrative	36,220
Fringe	703
Annuity	1,550
	\$ 38,473
	9 30,473
Expenses:	
Grants and Projects and Assoc. Field Programs	
General Development	630
Fund Raising	870
PACT/USA	485
Brazil Development	6,368
Expansion/Bahia	15,934
Capital Development	133
Southern Expansion	6,844
Costa Rica Development	2,084
Ecuador Development	965
Venezuela Development	292
Panama Development	
	82
Mexico Development	457
·	\$ 35,144
	•
Expenses:	
Contracts and Restricted Grants	
UNO/Recife	9,658
UNO/Bahia	21,143
IFAM	44,948
IFAM Divulgación	3,350
Nutrition Centers	
	1,152
O.P.G. Special	419
Costa Rica D.P.G.	11,863
O.P.G. Development - Hojancha	5,163
Meals for Millions	
	152
CES	8,209
FICITEC	16,360
Small Business - Cali	:21
Mexican Development Foundation	73
Rural Employment Generation	
	11,714
US/D.P.G.	54,709
	\$188,934

TOTAL EXPENSES

\$262,551

Income Over Expenditures

\$ 1,977

# ACCION INTERNATIONAL/AITEC

## PROJECTED BUDGET 1977

INCOME	Assured Income	Insecure	Total	%
Unrestricted Corporate Unrestricted Foundation Restricted Rent A.I.D.	\$ 85,000 22,500 287,000 13,500 100,000	\$ 10,500 30,000	\$ 95,500 52,500 287,000 13,500 100,000	18 10 52 2 18
Total	\$508,000	\$40,500	\$548,500	100%

EXPENSES		
Latin American Operations	\$363,500	66
A.I.D.	100,000	18
General and Administrative (includes New York rent)	85,000	16
Total	\$548.500	100%

# PROJECTED DEFICIT

Income \$548,500 Expenses 548,500

#### ACCION International

Minutes

of a Meeting of the

Board of Directors

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under and by virtue of Memberships Corporation Law of the State of New York was held at 680 Park Avenue, in the borough of Manhattan, New York, on May 11th, 1976, at 12:30 o'clock in the afternoon. There were present:

Paulo Ayres Filho
John C. Duncan
Jarvis M. Freymann
Berent Friele
James Greene
Robert Helander
Terry M. Holcombe
Thomas D. Lumpkin
Forrest Murden, Jr.
Crocker Nevin
Katherine Ockenden
Roger Stone
Joaquín Tamariz

being a quorum. Mr. John Hammock, Executive Director; Ms. Lizbeth Lyons, Associate Director; and Mr. Bruce Tippett, AITEC's Resident Advisor in Brazil, were also present.

A number of guests attended the meeting: Francisco Sá, Lawrence Tanner, William McNamara, James McGregor, Alfred von Klemperer, Robert O'Brien, William Rodrigues, Harry Fields, Susan Almy, Seth French, Dana Hiscock, Enrique Durand, H. J. Maidenberg, Everett Martin, and Richard Foster.

Mr. Duncan, President of the Corporation, presided at the meeting, and called it to order, with John Hammock designated to serve as secretary.

The agenda was as follows:

#### A. Minutes:

The minutes of the previous Board of Directors meeting held on October 22, 1975, were approved.

B. Election of Board of Directors:
On a motion duly made and seconded, the following were elected as Directors to serve during 1976/1977:

Paulo Ayres Filho Edmundo Penna Barbosa da Silva Roberto de Oliveira Campos John C. Duncan Jarvis M. Freymann Berent Friele Henry Geyelin James Nelson Goodsell James R. Greene Robert C. Helander Terry M. Holcombe Walter Hunnewell, Jr. Peter T. Jones Thomas D. Lumpkin B. J. McGill Forrest D. Murden, Jr. Hans Neumann Crocker Nevin Katherine Ockenden Roderick O'Connor Paul N. Rosenstein-Rodan Roger D. Stone Joaquín Tamariz

## C. Election of Officers:

On a motion duly made and seconded, the following persons were unanimously elected as officers of the corporation during 1976/1977:

Crocker Nevin, Chairman
Paulo Ayres Filho, Vice Chairman
Hans Neumann, Vice Chairman
John C. Duncan, President
James R. Greene, Vice President
Robert C. Helander, Vice President
Roger D. Stone, Secretary
Katherine Ockenden, Treasurer

## D. Election of Executive Committee:

On a motion duly made and seconded, the following were unanimously elected as members of the Executive Committee:

John C. Duncan Jarvis M. Freymann James R. Greene Robert C. Helander Katherine Ockenden Roger D. Stone

E. Financial Report:

Ms. Katherine Ockenden reported that in 1975 AITEC received 55.5% of its income from technical assistance contracts, 21% from corporations and individuals, 17% from foundations and 6.5% from AID. She likewise reported that expenditures were 80% in

Latin American development projects, 8.5% in administration, 7.8% in management, and 3.7% in fund-raising. She explained that administrative costs were high due to a \$15,000 loss in 1975, due to the New York rental situation.

Ms. Ockenden reported that the total income for 1975 was \$532,107, total expenditures were \$506,501, giving ACCION asurplus of income over expenses of \$25,606. Ms. Ockenden reported that the largest corporate contributors in 1975 were Continental Can, Alcoa, Exxon, Caterpillar Tractor, Chase Manhattan, Owens-Illinois, and PepsiCo. She made reference to the list of ACCION contributors over the past 15 years, which includes 99 corporations and foundations. Of these 28 have contributed to ACCION for 10 years or more.

Finally, Ms. Ockenden presented a graph showing income and expenditures of ACCION from 1970 to 1975. The graph showed progressive increases in both income and expenditures, going from a total of \$225,000 in 1970 to \$530,000 in 1975.

Mr. Berent Friele and others noted that the officers and staff of the Corporation should be praised for the excellent financial condition of the Corporation at the end of 1975.

F. President's Report on Executive Committee Activities: Mr. Duncan reported on the actions in the two Executive Committee meetings held since the fall meeting of the Board of Directors. First and foremost he stressed that the Executive Committee has been concerned with fund-raising during the fall and winter quarters. The goal has been to expand fund-raising activities to other cities throughout the country. Second, Mr. Duncan noted the staff changes in ACCION's central office, making reference to Bill Burrus' move to Costa Rica, and the hiring of Ms. Lyons as Associate Director in Cambridge.

Mr. Duncan stressed that over this period a strategy for Venezuela had been derived together with Hans Neumann. This strategy calls for the placing of an advisor in Caracas partially paid for by the Neumann Foundation beginning in September of 1976. It is hoped that this strategy will help to develop AITEC's continued participation in Venezuela.

Mr. Duncan stated that the Executive Committee had continued to review operational progress in the field and was very heartened by developments in Costa Rica and Brazil, where both projects were moving swiftly ahead. He mentioned that there were a number of possibilities both in Mexico and in Colombia in the future. Expecially the move into Mexico seems to be important for the Corporation and there is a good possibility that financing will be received in the very near future.

Mr. Duncan presented the budget for 1976 which he said had been approved by the Executive Committee. This is a balanced budget of \$484,304. He stressed that this was a conservative budget

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based on assured income for 1976. He stressed that ACCION had the policy of developing conservative budgets at the beginning of the year, in order to keep expenditures down to the minimum level.

Mr. Duncan noted that the Executive Committee has worked throughout this period on the evening dinner in honor of Berent Friele. At this dinner Mr. Friele would receive the Distinguished Service Medal, which will be presented by the Vice President, Nelson Rockefeller.

There was a motion to approve the actions of the Executive Committee. This was duly seconded and approved.

G. Special 15th Anniversary Presentation: Mr. Holcombe stated that it was an honor for him to briefly summarize ACCION's 15 year history. He recalled the days of the volunteers, and later the early days of AITEC in the early '70's. He stated that ACCION had been able to change with the times, that ACCION had been able to attract competent technical staff, and that ACCION continued to be a flexible catalyst, serving a useful function in bringing the private and public sectors together and being action oriented, insuring very positive and concrete results at the grass roots level.

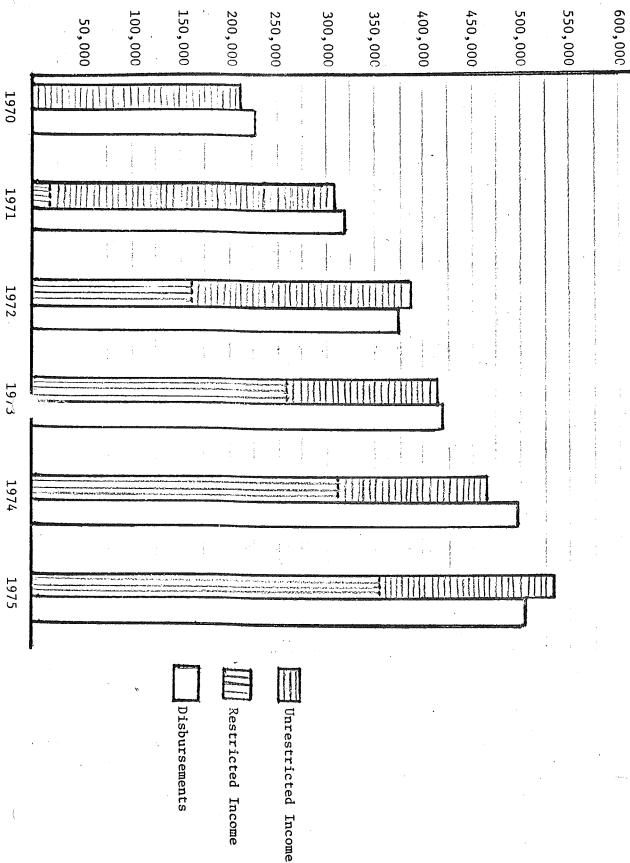
Mr. Holcombe praised the participation of the Board of Directors in ACCION and specifically singled out the participation of Forrest Murden, who has been an instrumental leader in the organization from its inception. Mr. Holcombe emphasized that the organization must maintain its strong and committed private sector support in the future.

H. Special Presentation on Credit: Mr. Duncan introduced Mr. James Greene, Mr. Francisco Sá and Mr. Paulo Ayres, who gave a presentation to the Board of Directors on the role of credit in development, the role of UNO in the Northeast of Brazil and the relevance of local action projects to national development in Brazil. Following the presentations of these three gentlemen, a question and answer period ensued during which questions on UNO's activities in Brazil were answered. It is apparent that the UNO program in Recife has been highly successful in that it has a loss rate of 0.4%, has created over 800 new jobs through more than 550 small loans to micro-enterprises. There were some comments on the need to expand the UNO model to other countries of Latin America and perhaps to the United States.

There being no other business coming before the meeting, it was duly moved and seconded that the meeting be adjourned.

John C. Hammock
Designated Secretary

ACCION INTERNATIONAL/AITEC



Amount in Dollars

#### Minutes

## of a Meeting of the

#### Board of Directors

#### ACCION International

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under, and by virtue of, the Memberships Corporation Law of the State of New York, was held at 1251 Avenue of the Americas, in the Borough of Manhattan, on October 22nd, 1975, at 12:30 o'clock in the afternoon. There were present:

Mr. John C. Duncan

Mr. Jarvis Freymann

Mr. James Nelson Goodsell

Mr. Berent Friele

Mr. Robert Helander

Mr. Terry M. Holcombe

Mr. Peter T. Jones

Mr. Thomas Lumpkin

Dr. Hans Neumann

Mr. Crocker Nevin

Ms. Katherine Ockenden

Mr. Roger Stone

being a quorum. Mr. John C. Hammock, Executive Director and Mr. William W. Burrus, Associate Director, were also present. Mr. Duncan, President of the Corporation, presided at the meeting, and called it to order, with Mr. Burrus designated to serve as Secretary. The agenda was as follows:

#### A. Introduction

Mr. Duncan formally introduced three new directors, Messrs. Goodsell, Jones and Lumpkin, and offered a special welcome to Dr. Neumann, who had travelled from Venezuela. Special thanks were given to Mr. Freymann and the Exxon Corporation for hosting this lunch for the Board.

#### B. Minutes

Minutes of the previous Board of Directors meeting, held on May 8th, 1975, were approved.

## C. Election of Board of Directors

The Executive Committee, in its dual function as Nominating Committee, recommended the election of the following new members to the Board of Directors: Jacob K. Javits, Senator from New York, as Honorary Director; and James Greene, Senior Vice President of Manufacturers Hanover Trust. On a motion duly made and seconded, Messrs. Javits and Greene were formally elected to the Board.

## D. Financial Report

Ms. Katherine Ockenden, the Corporation's Treasurer, presented a report on the breakdown of income sources for ACCION during the first nine months of 1975. A copy of her report is attached. Mr. Hammock further reported that through the period ending September 30, 1975, the Corporation had a total revenue of \$359,594, with expenditures totalling \$335,136, leaving an excess of income over expenditures for the period of \$24,458. He added that of the \$55,227 of contributions and grants receivable, approximately \$50,000 had already been received to date. It is anticipated that income will be slightly less than expenditures for the last quarter, leaving the Corporation with a year-end surplus of over \$10,000. The financial outlook for 1976 is excellent, with approximately \$345,000 in income already assured. The 1976 budget will be presented to the Executive Committee at the next meeting, but it is expected to be approximately the same as the 1975 budget.

## E. President's Report on Executive Committee Activities

Mr. Duncan reported on actions taken in the three meetings of the Executive Committee held since the last full Board meeting. He reported that it is generally pleased with the results and progress of the Corporation's activities. In June, AITEC formally completed its operations in Ecuador, with very successful results, having generated more than \$21 million for the city of Guayaquil. An evaluation of that effort will soon be undertaken by PACT, and it is possible through the efforts of Mr. Tamariz that AITEC will renew its work in Guayaquil in 1976. During this period, the Executive Committee also reviewed ACCION's plan to expand into Mexico and the Dominican Republic, and reviewed the potential of merging with the Pan American Development Foundation. Based on a number of factors, it was decided that said merger is not feasible at this time. Finally, the Committee reviewed candidates for the Board of Directors, and laid initial plans for hosting a seminar on Latin America in the Spring of 1976.

# F. Report on Spring Colloquium

Mr. Roger Stone, the Corporation's Secretary, reported that initial plans have been approved by the Executive Committee to host a seminar on Latin American in 1976. The event would be jointly sponsored by ACCION and the Center for Inter-American Relations, and would utilize the Center's facilities in New York. The event, to be held in May, would be coordinated with Board meetings being held by both ACCION and the Center, and would invite top Latin American and U.S. business leaders to discuss a theme of topical interest. The idea was unanimously approved.

## G. Operational Report

John Hammock reported on the "State of the Organization" as he nears his second full year as Executive Director. During this period, the Corporation has had five primary goals: The first is to assure that AITEC and ACCION International continue to effectively reach the poor. This was very effectively accomplished during the 1960's, through the local programs working directly in the slum areas in various social community development projects. In the 1970's with the creation of AITEC, the Corporation has continued to work in Venezuela, Costa Rica, Brazil and Ecuador.

Second, during this period, AITEC has attempted to increase its technical competence, to enhance its reputation as a practical, technical assistance giving organization. This has clearly been accomplished, for example, in the Ecuadorean project, where AITEC dealt closely with the United Nations, and the Inter-American Development Bank; through its projects in Bolivia and Costa Rica, where the Corporation dealt closely with USAID; and through its projects in Venezuela, Brazil and Ecuador, where technical assistance has been given to local government. Further, our technical image has been enhanced by a series of publications in Latin America.

Third, during the last two years, AITEC has attempted to maintain its ties with the private sector, both in the U.S. and in Latin America, with the objective of stimulating coordination between the private sector and government. ACCION has been able to maintain both its U.S. and Latin American corporate support. AITEC continues to serve as a vehicle through which the private sector can express its commitment to the social and economic development of Latin America in conjunction with the respective governments.

Fourth, during this period, the Corporation has attempted to strengthen its financial position. Though this has been extremely difficult to achieve, reflected in the severe cash flow problems the organization has had, 1975 will be a good year financially. The Corporation will continue its efforts to implement new control systems in an effort to guarantee its financial security.

Fifth, AITEC has attempted to remain a flexible, innovative and dynamic organization, but at the same time, strengthen its internal systems of work. The Corporation must develop systems which insure fiscal responsibility and control, adequate programming, and monitoring and evaluation of program outputs. In the past few months, several concrete steps have been taken towards developing the needed internal systems including the completion of a revised Personnel Manual.

Mr. Hammock then stated that the Corporation's primary targets in 1976 include the implementation of a credit to small business program in rural Mexico; a rural employment generation program in the Dominican Republic; and the exploration of a possible new involvement in Venezuela.

Dr. Neumann then reported on the current status of ACCION/AITEC in Venezuela. He stated that a certain amount of confusion still exists locally regarding the relationship between ACCION en Venezuela, ACCION International/AITEC, and the Centro de Estudios Sociales. Several alternatives for clarifying the situation were discussed, and the Board agreed that the air must be cleared as soon as possible.

Finally, Mr. Friele briefly reported on the current status of the ACAO programs in Brazil and suggested that there be closer contact between these original programs and the on-going AITEC efforts. Mr. Hammock mentioned that he had plans to travel to Brazil in November, and would visit both agencies.

There being no other business coming before the meeting, it was, upon motion duly made and seconded, adjourned.

William W. Burrus Designated Secretary

## TREASURER'S REPORT

Before analyzing the actual balance sheets for the first nine months of 1975, it would be interesting to outline for you the breakdown of income sources for ACCION during this period.

Four primary sources of funds account for 89% of ACCION's \$359,594 income. First, corporations have accounted for 22% of ACCION's finances; foundation grants have accounted for 23%; contracts with Latin American governments have accounted for 21%; and PACT (Private Agencies Collaborating Together, an organization based in New York), has accounted for 23%. The remaining 11% comes primarily from the U.S.A.I.D., which accounted for 9%, and the remaining comes from Latin American private sector and international organizations. This financial structure is crucial to ACCION's well being. ACCION does not depend on any one source of funds for most of its income; it therefore has a wide base and has been able to maintain this constant support from these four different sectors.

It might be interesting to note the larger contributors within this income picture: In the foundation world, ACCION in 1975 has received a \$40,000 unrestricted grant from the Scaife Family Charitable Trusts; a \$50,000 unrestricted grant from the Lilly Endowment; and a \$5,000 grant from the Public Welfare Foundation.

A total of 50 companies have contributed so far this year, with donations ranging from \$250 to \$6,000. Our largest corporate contributors this year have been Continental Can, Alcoa, Exxon, PepsiCo, Caterpillar, Owens-Illinois, and Chase Manhattan Bank, each contributing \$4,000 or more.

Our largest contracts this year have been with the government of Costa Rica, which has accounted for approximately \$50,000 in the first nine months; with the government of Bolivia, which has accounted for \$10,000; and with the government of Venezuela, which has accounted for approximately \$14,000. AITEC in 1975 received a small contract with the Organization of American States for \$3,200.

These then are the more significant facts of our financial income picture for this year. Perhaps now we can turn to the financial statement. I will ask John to answer any questions you may have.

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## ACCION INTERNATIONAL

Balance Sheet September 30, 1975

## <u>Assets</u>

Cash in Bank Contributions and Grants Receivable Advances to Employees Furniture and Fixtures Rent and Utility Deposits	\$ 38,740 55,227 3,731 5,239 1,399
	\$104,336

# Liabilities and Fund Balance

Accounts Payable	10,688
Payroll Taxes Withheld	1,467
Loss on Sale of Furniture	2,892
Deferred Income	25,000

Fund Balance:

Beginning Balance \$39,831 Excess of Income over Expenditures 24,458

Ending Fund Balance 64,289

\$104,336

# ACCION INTERNATIONAL

Statement of Revenues and Expenses and Changes in Fund Balance for the Period Ending September 30, 1975

Revenue: Contributions (Grants Unrestricted) Contributions (Grants Restricted)	\$173,375 186,219	\$359,594
Expenses: ACCION/Cambridge: General Administration New York Expenses Fringe Benefits Annuities	53,744 15,086 457 3,150	72,437
Expenses: Grants & Projects - Associated Fiel General Development AITEC Associated Programs PACT/USA Bolivia Development Costa Rica Development Ecuador Development Venezuela Development Colombia Development Peru Development Peru Development Panama Development UNICEF Development Mexico Development Brazil Development Colombia Regional	d Programs:  4,170 356 975 1,023 3,368 2,708 2,867 4,142 795 644 684 5,138 2,447 2,705 7,388	39,410
Expenses: Contracts & Restricted Grants CIM Brazil - Bahia Brazil - UNO Brazil - PACT Costa Rica - ISADE Costa Rica - IFAM Costa Rica - IFAM Costa Rica - Guayaquil Ecuador - Guayaquil Ecuador - Municipio Ecuador - Meals for Millions Ecuador - FED PACT/Lacayo	3,852 25,409 (1,213) 6,403 287 45,582 1,312 59,422 7,782 1,177 13,143 620	

Bolivia - SNDC Venezuela - CES Venezuela - CSW Colombia - FICIT USAID - DPG	EC		\$ 9,599 6,875 10,586 11,400 21,053	\$ 223,289
	TOTAL EXPENDITURES			\$ 335,136
	EXCESS INCOME OVER EX	XPENDITURES		\$ 24,458

#### MINUTES

ACCION International Annual Meeting of Directors - May 8th, 1975

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under, and by virtue of, the memberships Corporation Law of the State of New York, was held at 250 Park Avenue, New York on May 8th, 1975, at 4:00 o'clock in the afternoon. There were present:

#### Messrs:

John C. Duncan
Berent Friele
Robert C. Helander
Crocker Nevin
Katherine Ockenden
Alphonse de Rosso
Roger Stone

being a quorum. Mr. John Hammock, Executive Director; Mr. Bruce Tippett, AITEC's resident advisor in Brazil; and Messrs. Gerard Dodd and William Burrus, Associate Directors were also present. Five guests attended the meeting, including Francisco Sa, Jr., William Orme, Ernesto Sanchez, Robert O'Brien, and Roderick O'Connor.

Mr. Duncan, President of the Corporation, presided at the meeting, and called it to order, with Mr. Burrus designated to serve as Secretary.

The agenda was as follows:

#### A. Minutes

The minutes of the previous Board of Directors meeting, held May 23rd, 1974, were approved.

### B. Election of Board of Directors

On a motion duly made and seconded, the following were elected as Directors to serve during 1975-76:

Paulo Ayres Filho Edmundo Penna Barbosa da Silva Roberto de Oliviera Campos John C. Duncan Jarvis Freymann Berent Friele Henry R. Geyelin James Nelson Goodsell Robert Helander Terry Holcombe Walter Hunnewell Peter T. Jones Thomas D. Lumpkin B. J. McGill Forrest Murden Hans Neumann Crocker Nevin Katherine Ockenden Roderick O'Connor Paul Rosenstein-Rodan Roger Stone Joaquin Tamariz

The resignations of two Directors, Alphonse de Rosso and Charles P. Lord, were accepted with great reluctance. Mr. Duncan praised both for their active interest and involvement. Special note was also made of the following new members: Thomas D. Lumpkin, President of Gulf Oil Company-Latin America

Peter T. Jones, Vice President of Legal and Government Affairs, Marcor Corp.

Jarvis Freymann, Public Affairs Department, Exxon
Roderick O'Connor, Professor of International Management,
Georgia Institute of Technology
Joaquin Tamariz, Prominent Ecuadorian businessman

## C. Election of Officers

On a motion duly made and seconded, the following persons were unanimously elected as officers of the Corporation during 1975-76:

Crocker Nevin, Chairman
Paulo Ayres Filho, Vice Chairman
Hans Neumann, Vice Chairman
John C. Duncan, President
Robert C. Helander, Vice President
Roger Stone, Secretary
Katherine Ockenden, Treasurer

## D. Election of Executive Committee

On a motion duly made and seconded, the following were unanimously elected as members of the Executive Committee:

John C. Duncan Jarvis Freymann Robert Helander Katherine Ockenden Roger Stone

## E. Financial Report

Mr. Dodd reported that while Price Waterhouse has not yet audited, the unofficial financial statements prepared by the Corporation's controller break down as follows: income for 1974 was to the order of \$468,175, representing an increase of \$55,000 over the previous year, most of which was in the form of restricted income. Income sources by percentages were as follows: 21.5% contributed by corporations and/or individuals; 30% by foundations in restricted and unrestricted grants; 14.5% by PACT; and 34.0% in the form of direct agreements with Latin governments and private agencies.

Expenses for the year totalled \$490,233, which produced a deficit of \$22,048. This deficit is explained by the project in Guayaquil, where the scope of the program unavoidably extended beyond what was expected, causing additional expenditures.

For 1975 the Executive Committee has approved a conservative budget of \$410,000, \$58,000 less than real income secured in 1974.

## F. President's Report on Executive Committee Activities

Mr. Duncan reported on actions taken in the five meetings of the Executive Committee held since the last full Board meeting. In view of the current economic situation of the country, the Executive Committee has carefully reviewed ACCION's financial state at each of the meetings and has been well aware of the on-going financial situation of the corporation. Strategies for increased funding from the corporate sector as well as the government were discussed and designed.

In addition, the Executive Committee has sponsored several interesting special occasions, including a dinner and discussion with Roberto Campos at the Center for Inter-American Relations, and an informal meeting of the Board of Directors over lunch, hosted by Bob Helander in honor of Paulo Ayres, who was visiting New York.

The Executive Committee approved of the Corporation's continuing involvement in Costa Rica, Venezuela, and Ecuador. In addition, the credit to small business UNO model developed in Recife will be expanded to Salvador, Bahia and a trip to Mexico to study the feasibility of expanding the model there was also approved.

Mr. Duncan concluded by stating that in spite of certain economic problems, the outlook for 1975 looks encouraging and that work is proceeding with a sense of cautious optimism.

## G. Operational Progress Report

John Hammock, the Executive Director, reported that ACCION/AITEC has been very successful in its Latin American programs. In Costa Rica, work with IFAM (Municipal Training Institute) has progressed exceedingly well. AITEC's technical assistance to the agency is producing a large impact on the municipalities themselves, and the program continues to produce the kind of

results expected.

AITEC completed its responsibilities under the first year agreement with SNDC (National Community Development Office) in Bolivia, and based on its success, SNDC officials have requested continued AITEC assistance. AITEC expects to complete its work with SNDC during the summer and phase out of Bolivia.

Mr. Hammock reported that work in Guayaquil, Ecuador, has neared completion, both in the urban development component and the wholesale marketing component. In both areas, a large multiplier effect has been achieved and with an initial investment of \$120,000 in 1974, ACCION has been able to generate approximately \$33 million worth of projects in the city. AITEC's presence in Guayaquil has been assured by a recently signed agreement with the Ecuadorean Development Foundation to provide that agency with technical assistance in the area of small business development. It is hoped that AITEC's successful work in Northeast Brazil can be transferred and applied successfully in Guayaquil.

Finally, Mr. Hammock commented that Venezuela has continued to be a high priority country for the organization. Both he and Gilberto Lacayo, AITEC's Andean Regional Representative, have spent considerable amounts of time in the country. Mr. Hammock commented that Dr. Hans Neumann has been extremely helpful in assisting AITEC's efforts, and as a direct result of his intervention, AITEC recently signed an agreement with the Comision Femenina Asesora a la Presidencia de la Republica de Venezuela. The initial work under this agreement has been completed and received with much enthusiasm by the Venezuelan commission.

Mr. Hammock then introduced Mr. Burrus, who reported on his April visit to Mexico. In summary, Mr. Burrus stated that the possibilities of an AITEC expansion to Mexico are very favorable. During his visit, he met with key figures from the government and private sectors, as well as with leaders of private agencies working in the country. Most of those interviewed were very enthusiastic about AITEC, and several concrete program possibilities emerged from the visit. In particular, the Mexican Development Foundation expressed strong interest in receiving technical assistance from AITEC to further their efforts in a credit to small business program. Based on Mr. Burrus' visit, AITEC plans to present a proposal in the coming weeks to several foundations which have expressed interest in the program.

Mr. Hammock then introduced Bruce Tippett, AITEC's resident advisor in Recife, Brazil, and Francisco Sa, the Chief Executive Officer of the Banco Economico de Bahia, and the President of AITEC/Brazil's Board of Directors. A slide presentation was given on the excellent progress of AITEC's work in Brazil, followed by a question and answer session. The development of the credit to small business model in Recife has progressed well ahead of schedule and plans are now being laid for expansion of the model to Salvador, Bahia.

There being no other business coming before the meeting, it was duly moved, seconded, and adjourned.

William W. Burrus Acting Secretary 

### ACCION INTERNATIONAL

#### ANNUAL MEETING OF DIRECTORS

May 23, 1974

A meeting of the Board of Directors of ACCION International, a corporation duly organized and existing under, and by virtue of, the Membership Corporation's Law of the State of New York, was held at 250 Park Avenue, New York, New York on May 23, 1974, at 12:30 o'clock in the afternoon.

#### There were present:

Messrs. John C. Duncan
Berent Friele
Robert C. Helander
Crocker Nevin
Hans Neumann
Arthur Spiegel
Roger Stone

being a quorum. Miss Katherine Ockenden, Assistant Treasurer; Mr. Dana Hiscock, Assistant Secretary; Mr. John Hammock, Executive Director; Mr. Gilberto Lacayo, Coordinator of AITEC's Guayaquil project; and Messrs. Gerard Dodd and William Burrus, Associate Directors, were also present.

Mr. Duncan, President of the Corporation, presided at the meeting and called it to order, with Messrs. Dodd and Hiscock designated to serve as secretaries.

The agenda was as follows:

- A. Minutes: The minutes for the previous Board of Directors meeting held December 6, 1973, were approved.
- B. Financial Report: Mr. Dodd distributed copies of the Price Waterhouse statement of ACCION International's 1973 financial activity and observed that final figures for the year were very close to those reported by the staff at the meeting of the Board held on December 6, 1973. The statement was formally approved. Mr. Burrus added that for the first three months ending March 31, 1974, ACCION had total revenues of \$115,870 with total expenditures of \$130,076. This deficit (\$11,206) is normal for the first quarter and is always budgeted in this manner. Budget projections called for \$79,010 in revenue for the first quarter, with expenditures of \$128,408. Thus expenditures were only slightly above what was projected. Revenue was much more than anticipated, reflecting a simple variance in cash flow from the third Scaife payment of \$30,000 which was budgeted in the second quarter but actually arrived in the first quarter.
- <u>C. Election of Board of Directors</u>: On a motion duly made and seconded the following were elected as Directors to serve during 1974-75:

Paulo Ayres Filho
Edmundo Penna Barbosa da Silva
Roberto de Oliveira Campos
Alphonse de Rosso
John C. Duncan
Berent Friele
Henry R. Geyelin
James N. Goodsell
Robert C. Helander
Terry M. Holcombe

Walter Hunnewell, Jr. Charles P. Lord B. J. McGill Forrest D. Murden Hans Neumann Crocker Nevin Katherine Ockenden Paul Rosenstein-Rodan Arthur Spiegel Roger D. Stone

Mr. Duncan asked those present to take special note of the following new members: Roberto Campos, key Brazilian development economist; James N. Goodsell, Latin American Editor of the Christian Science Monitor; Walter Hunnewell, General Manager of Latin American for Gillette; Katherine Ockenden, Director Independence Fund of Channel 13 Television; and Paul Rosenstein-Rodan, Director of the Center for Latin American Development Studied at Boston University.

D. Election of Officers: On a motion duly made and seconded the following persons were unanimously elected as Officers of the Corporation during 1974-75:

Chairman: Crocker Nevin

Vice Chairman: Paulo Ayres Filho

Vice Chairman: Hans Neumann President: John C. Duncan

Vice President: Robert C. Helander

Treasurer: Alphonse de Rosso Secretary: Forrest Murden

<u>E. Election of the Executive Committee</u>: On a motion duly made and seconded the following were unanimously elected as members of the Executive Committee:

John C. Duncan Robert C. Helander Charles P. Lord Alphonse de Rosso Katherine Ockenden Roger D. Stone

F. Special Tribute to Donald Kendall: Mr. Duncan reported that Donald Kendall had recently asked the Board to accept his resignation as a Director. To insure Mr. Kendall's continued association with the Corporation and in appreciation of his active and instrumental support of its activities, the Board unanimously passed the following resolution:

RESOLVED, that in recognition of his thoughtful guidance and dedicated service to ACCION International, Mr. Donald M. Kendall be elected to the position of Honorary Chairman; further, that on behalf of the staff and Board of Directors, a gift of appreciation be presented to Mr. Kendall, acknowledging his invaluable contribution to the growth and success of the corporation.

G. President's Report on Executive Committee Activities: Mr. Duncan reported on actions taken in the two meetings of the Executive Committee held since the last full Board Meeting in December. During these two meetings, the Committee reviewed the progress of all the operational programs, it approved the 1974 budget for expenditures to the order of \$440,000, and it reviewed the finance campaign strategy for 1974, agreeing to urge greater Board participation in fund raising efforts. Finally, in its function as a nominating Committee, the Executive Committee also carefully considered the actual composition and activity of the Board of Directors, reviewing in depth the new members that should be added to the Board. Mr. Duncan also briefly mentioned that on a recent business trip to Boston he had visited the new ACCION headquarters, which he found very adequate.

H. Operational Progress Report: John Hammock, the Executive Director, reported that in the past six months ACCION/AITEC has been very successful in its Latin American programs, consolidating its work in Costa Rica, Bolivia, Ecuador, Venezuela and Brazil. During this period, four new members have been added to the staff, three Latins and one North American, all highly competent in their respective fields.

In Brazil excellent progress has been made. Mauricio Camurça, a leading credit specialist in Northeast Brazil, was hired to complement the work of Bruce Tippett and Pedro Paes Leme. The financial picture continues to be very solid with increased local government support. ACCION recently submitted a major proposal to the Lilly Endowment for a grant of \$180,000 in support of the UNO efforts, and Caterpillar Tractor has also recently granted the organization \$5,000, part of which is destined for the UNO project. Finally, Mr. Hammock reported that in June he will present a paper on the Recife program at a conference in Paris of the O.E.C.D. (Organisation for Economic Co-operation and Development), attended by members of numerous development agencies working world-wide.

This last semester in Bolivia has witnessed a total restructuring of SNDC (National Community Development Service). In addition to the work of the resident advisor in La Paz, various ACCION consultants have assisted in the training, planning, operational, and evaluation systems of the agency. SNDC officials have been very pleased with the progress to date, and the contract is expected to be extended for one more year.

Mr. Hammock reported that the contract with IFAM in Costa Rica is now well underway. AITEC's technical assistance to the agency has the potential of very large impact on the municipalities themselves by changing their orientation, and improving their effectiveness locally. The Ministry of Transportation also recently requested AITEC's help in determining the location of new feeder roads in the country which will open up many of the more isolated rural areas. ISADE, the training institute which AITEC established in 1972, continues to grow and has just received an international contract with VITA to assist in that organization's efforts in Central America.

Mr. Hammock commented that on his recent trip to Latin America, with the help of excellent discussions with Mr. Neumann and others, he was able to clarify the existing confused relationships between ACCION International, ACCION en Venezuela, and the Centro de Estudios Sociales, At this time ACCION has no direct link or agreement with AeV. ACCION is working through the Centro, which with AITEC assistance is getting deeply involved in the development of Integrated Youth Employment Centers to

service the low-income population of Caracas. A new Executive Director, Victor Palacios, has been named to head CES, several new directors have been added on the Board, and the organization is actively attempting to integrate its efforts more with those of the government.

Unfortunately, a joint AITEC/CES proposal for \$100,000 recently submitted to PACT was rejected by the Project Selection Committee. The primary reason was that Venezuela is no longer an "underdeveloped" country and in fact has achieved donor status. From his perspective as a businessman and as a member of the presidentially-appointed Committee for Government Reorganization, Mr. Neumann commented that the new perception of Venezuela as a "rich" country was somewhat deceiving. For a variety of reasons including the fact that much of the new revenue will be invested outside the country to protect against inflationary pressures, the beneficial effect on the urban poor would be minimal and very slow in coming. Mr. Neumann added that he envisioned an important role for AITEC in Venezuela and offered to assist AITEC/CES in developing closer contact with key government agencies.

Mr. Hammock concluded that with the very valuable help of Mr. Neumann and the assistance of other members of the Board of Directors, we hope to continue our efforts in Venezuela, if not in Caracas, then in outlying cities such as Ciudad Guayana.

In reviewing the progress of the Guayaquil project, Mr. Lacayo noted that in March AITEC presented the results of its work to date at a meeting with all the leading private and public sector leaders of the Municipality. Also present was the Minister of Government who invited the AITEC staff to make a similar presentation before President Guillermo Rodriguez Lara and his Cabinet. The subsequent three-hour session in Quito was very successful and President Rodriguez agreed to increase governmental commitments to the effort.

Mr. Hammock summarized the financial status of the Guayaquil project during the first year. The initial Scaife Family Charitable Trusts grant of \$120,000 was matched locally by \$100,000 from the Ecuadorean Government and \$20,000 from the private sector. However, in spite of Scaife's complete satisfaction with the progress of the project, it has recently indicated that it may not be able to continue its support. In the event that Scaife's final decision is negative, other funding perspectives were discussed by those members present in some detail. While long-range funding possibilities appear excellent due to recent AITEC meetings with UNICEF, the World Bank and BID, the lack of a firm commitment for short-range funds has threatened to terminate the project prematurely. It was agreed that Mr. Duncan should direct a letter to Scaife in the name. of the Board to formally express some of the opinions brought up during the meeting, and to strongly urge continued support.

In concluding the Ecuador report Mr. Hammock and Mr. Lacayo presented slides describing the wholesale marketing and urban slum development projects which AITEC has undertaken in the city of Guayaquil.

There being no other business coming before the meeting, it was duly moved, seconded and adjourned.

Assistant Secretary

Gerard R/ Dodd Associate Director

#### ACCION INTERNATIONAL

#### Minutes

#### Of A Meeting Of Directors

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under, and by virtue of, the Membership Corporations Law of the State of New York, was held at 250 Park Avenue, New York, New York on December 6, 1973, at 12:30 o'clock in the afternoon.

There were present:

Messrs: John C. Duncan
Alphonse de Rosso
Henry Geyelin
Berent Friele
Robert Helander
Terry Holcombe
Charles Lord
Forrest Murden
Crocker Nevin
Arthur Spiegel
Roger Stone

being a quorum. Miss Katherine Ockenden, Assistant Treasurer; Mr. Dana Hiscock, Assistant Secretary; Mr. John Hammock, Executive Director; and Messrs. Gerard Dodd, William Burrus, Michael Bamberger, and Bruce Tippett, all members of the staff, were also present. By special invitation, Mr. Daniel McMichael of the Scaife Family Charitable Trusts attended as an observer.

Mr. Duncan, President of the Corporation, presided at the meeting and called it to order. Messrs. Dodd and Hiscock were designated to serve as secretaries.

The following matters were discussed:

## I. Minutes:

The minutes from the previous meeting held April 9, 1973, were approved with one modification. The name of Mr. Charles Lord had been omitted from the listing of the Executive Committee members.

## II. Report of the Executive Committee:

Mr. Duncan reported on actions taken by the Committee since the last meeting. The major decisions taken were on the selection of Mr. John Hammock as Executive Director, replacing Mr. Terry Holcombe, and the interim acting director, Mr. Gerard Dodd. The Committee reviewed the progress of all programs in Latin America, giving special attention to those in Recife, Brazil and Guayaquil, Ecuador.

Upon motion duly made and seconded, the following resolution was adopted unanimously:

RESOLVED, that the Board of Directors hereby ratifies the action taken by the Executive Committee of the Corporation, subsequent to the last meeting of the Board of Directors.

## III. Legal Matters:

At Mr. Duncan's suggestion, Mr. Dana Hiscock described various legal matters pertaining to the registration of an office in Cambridge, Massachusetts. After ample explanation and discussion, the following resolutions were approved:

RESOLUTION TO MODIFY CERTIFICATE OF INCORPORATION

RESOLUTION AUTHORIZING EXECUTION OF POWER OF ATTORNEY

RESOLUTION TO COMMENCE BANKING OPERATIONS IN MASSACHUSETTS

The text of each of these resolutions is annexed to these minutes.

## IV. Formation of Nominating Committee:

On the question of forming a nominating committee, Mr. Duncan observed that it was probably an unnecessary duplication of effort and requested that the functions of such a Committee be assigned to the Executive Committee. It was so unanimously agreed.

## V. Financial Review and Tentative Projections for 1974:

Mr. Dodd reported that the financial status of the corporation was very favorable, based on book figures through September 30 and an estimate for the last quarter. Income for 1973 was projected at \$410,590. Total expenditures would be approximately \$399,820. The estimated cash on hand on December 31st was estimated to be \$47,000. Thus, the corporation should be in a good position to commence its 1974 activities. Special note was made of the fact that ACCION had been able to conserve its stable base of corporate support.

Mr. Dodd observed that the final budget for 1974 would be ready for approval of the Executive Committee in January. A budget of approximately \$450,000 was anticipated with \$200,000 in unrestricted income and \$250,000 in restricted. Should this occur, it would be the first time in the corporation's history that restricted income surpassed unrestricted. A more aggressive financial campaign is planned for next year with the hope of possibly increasing unrestricted corporate and foundation support.

## VI. Operational Report:

Mr. Hammock characterized 1973 as a year of stability, transition and development. The key points of his presentation are as follows:

A. ACCION's stability is attributable to three key factors:

(1) A diverse funding base divided among corporations, foundations, and governments;

(2) Solid projects which stand on their merits alone;

(3) A cautious policy of expansion.

Our stability is reflected in all of ACCION's programs and activities.

B. In 1973, several major transitions were successfully and smoothly accomplished, including:

(1) the change of Executive Directors;

(2) the transfer of offices from New York to Cambridge;

(3) the expansion of our full time consulting staff. This was done with no detrimental effects on the ongoing field programs and, in fact, the field effort was expanded simultaneously.

C. Important progress, in terms of program development, was achieved in 1973, including:

(1) Costa Rica: As a natural extension of ACCION's work with the National Community Development Office, AITEC was asked to assess the Institute of Municipal Development (IFAM) in its regional development program for secondary urban towns and rural areas. This will allow us to conserve our base of operations in Costa Rica.

(2) Bolivia: ACCION was asked and is rendering technical assistance to the National Community Development Service of Bolivia;

(3) Brazil: The credit program in Recife, Brazil has progressed extremely well and now has the potential for expansion to other cities. Its staff of 15 technicians has contacted over 600 potential recipients of credit; it is now actively assessing 120 of these with 60 loans, averaging \$2,500 each, now being processed. Through UNO, AITEC is providing a mechanism to help incorporate the low-income population of the Northeast into the economical system of the country.

(4) Ecuador: Efforts in Guayaquil, Ecuador, also began in mid-1973 by virtue of an agreement signed with the Provincial Governors and the mayor of Guayaquil. AITEC's team of three resident advisors is currently working with five counterpart technicians to develop a comprehensive urban development program and to

study the feasibility of restructuring the wholesale marketing system of the province. Both the government and the private sector have made major capital and personnel commitments to the project and, thus far, progress has surpassed all expectations.

Mr. Hammock's conclusions were that 1973 has been a superb year in which ACCION has grown substantially.

- The Executive Director outlined the following general goals for 1974:
  - (1) Provide older ACCION programs with services if requested; special attention will be given to ACCION Comunitaria del Peru's request for collaboration.
  - (2) Continue the previous director's policy of improving the quality of our technical assistance to existing programs as the primary area of concern:

- Provide a more solid funding base in Recife for UNO and

begin evaluating the impact of the project.

- Further expand the vocational training/employment program in Venezuela through additional emphasis on employment generation activities and by providing it with a better base of funding.
- (3) Provide more meaningful program support and improve administrative/ financial systems.
- (4) Conduct exploratory visits to Mexico and Peru.
- (5) Besides promoting ACCION's traditional community development activities, expand our efforts in the areas of employment, credit, and small business development.

After those present commented on Mr. Hammock's report and expressed their very favorable views of the progress achieved, Mr. Duncan called for a meeting of the Executive Committee on Tuesday, January 29, 1974 at the same place and same time. The next meeting of the full Board of Directors was also discussed, and was tentatively scheduled to take place during the first week of May, 1974. The Executive Director was instructed to immediately advise the Latin American members to encourage their attendance.

There being no other business coming before the meeting, it was duly moved, seconded and adjourned.

Assistant Secretary

Gerard R. Dodd Associate Director

# RESOLUTION TO MODIFY CERTIFICATE OF INCORPORATION

"RESOLVED, that the following paragraph be added to the Certificate of Incorporation of the Corporation:

'The Corporation designates Dana W. Hiscock who resides at 2224 Esplanade, Bronx, New York, and whose business address is 20 Broad Street, New York, New York, its registered agent in this State upon whom process against this Corporation may be served and be it further

RESOLVED, that the President or Vice President and the Secretary or Assistant Secretary of this Corporation be, and they hereby are, authorized and directed to execute and file a Certificate of Amendment of the Certificate of Incorporation of this Corporation pursuant to Section 803 of the Not-for-Profit Corporation Law, and in conformity with this Resolution."

# RESOLUTION AUTHORIZING EXECUTION OF POWER OF ATTORNEY

"RESOLVED, that this corporation hereby appoints the Secretary of The Commonwealth of Massachusetts and his successor in office to be its true and lawful attorney in and for Massachusetts, upon whom all lawful processes in any action or proceeding against it in Massachusetts may be served; that this corporation hereby stipulates and agrees that any lawful process against it which is served on said attorney shall be of the same legal force and validity as if served on the corporation, and that such authority shall continue in force so long as any liability remains outstanding against the corporation in Massachusetts; and that the President and Clerk or Secretary are hereby authorized to execute, in the name of the corporation and under its corporate seal, a power of attorney to the said Secretary of the Commonwealth and his successor in office, in conformity with this Resolution and the laws of Massachusetts."

# RESOLUTION TO COMMENCE BANKING OPERATIONS IN MASSACHUSETTS

"RESOLVED, that this Association open a checking account or accounts with the First National Bank of Boston, such account(s) to be named: ACCION International and, subject to the discretion of the officers specified in the next succeeding Resolution acting singly or jointly as therein provided, additional checking account(s) whenever necessary which account(s) shall be named as the Bank and such officers agree and that the Bank is hereby designated as a depository of this Association with authority to accept at any time for the credit of said account(s) deposits by whomsoever made of funds in whatever form and in whatever manner endorsed.

RESOLVED, that until notified of a Resolution to the contrary, the Bank is authorized and directed to pay or otherwise honor or apply without inquiry and without regard to the application of the proceeds thereof, checks, drafts, notes, bills of exchange, acceptances, undertakings and other instruments or orders for the payment, transfer or withdrawal of money for whatever purpose and to whomsoever payable, including those drawn to the individual order of a signer, when signed, accepted or endorsed by any two

Executive Director (John C. Hammock)
Associate Director (Gerard R. Dodd)
Administrator (Hilda S. Hollis)

RESOLVED, that the Secretary or any other officer of this Association be, and hereby is, authorized to certify to the Bank the names of the present and future officers of this Association and other persons, if any, authorized to sign and act for it and the offices respectively held by them, together with specimens of their signatures."

April 1973

#### ACCION INTERNATIONAL

Minutes

of

# Annual Meeting of Directors

The Annual Meeting of the Board of Directors of ACCION INTERNATIONAL, a Corporation duly organized and existing under, and by virtue of, the Membership Corporations Law of the State of New York, was held at 250 Park Avenue, New York, New York, on April 9, 1973, at 12:30 o'clock in the afternoon:

There were present:

Messrs. Crocker Nevin
John Duncan
Alphonse De Rosso
Henry R. Geyelin
William Pardoe

being a quorum. Miss Katherine Ockenden, Assistant Treasurer of the Corporation, Mr. Terry Holcombe, Executive Director of the Corporation, and Messrs. Gerry Dodd and Joseph Benitez, Associate Directors of the Corporation, were present by invitation. Also present were Messrs. Charles Lord, Roger Stone and Dana W. Hiscock, who were to be elected to fill various positions.

Mr. Nevin, President of the Corporation, presided at the meeting and called it to order. Mr. Hiscock was designated to serve as Secretary of the meeting.

The Chairman presented to the meeting a copy of the Notice of Meeting of the Board of Directors and an original Affidavit of Service, which certified that notice of said meeting had been mailed to the last recorded address of each Director in accordance with the By-laws. The Affidavit of Service was approved and ordered filed in the Minute Book of the Corporation.

Mr. Holcombe presented a Statement of Income,
Expenses and Changes in Fund Balance for the period from
January 1, 1972 through December 31, 1972, a Balance Sheet
and an Estimated Budget for 1973. General discussion of
the finances and budget followed. It was suggested that
the overhead charges imposed on services performed by AITEC
be increased. Additional discussion centered around the
amounts solicited from corporate contributors.

Mr. Dodd distributed an organizational flow chart describing the manner in which AITEC carries out its functions and some discussion of the status of the AITEC projects followed.

The Chairman stated that the next order of business was the election of Directors of the Corporation for the ensuing corporate year and until their successors shall have been elected and shall have qualified. On motion duly made and seconded, the following were duly elected as Directors to serve until the next annual meeting and until their successors shall have been elected and shall have qualified:

Paulo Ayres Filho
Edmundo Penna Barbosa da Silva
Alphonse De Rosso
John C. Duncan
Berent Friele
Henry R. Geyelin
Robert Helander
Terry Holcombe
Donald M. Kendall
Charles P. Lord

B. J. McGill
Forrest D. Murden, Jr.
Hans Neumann
Crocker Nevin
William E. Pardoe
Milton C. Rose
Arthur Spiegel
Roger Stone
Felipe A. Thorndike
Jaime Lizarralde

Messrs. Charles Lord and Roger Stone, two of the new Directors who were present at the meeting, participated in the transaction of the remaining business of the meeting.

The Chairman stated that the next item on the agenda was the election of officers of the Corporation for the ensuing corporate year and until the election and qualification of their successors. The Chairman stated that it was his feeling that his tenure as President should not be extended since he had already served for a number of years and since he would no longer be maintaining a permanent office in New York City. On motion duly made and seconded, the following persons were unanimously elected to fill the offices set opposite their respective names until their successors are elected and have qualified:

Chairman - Crocker Nevin
Vice-Chairmen - Hans Neumann and Paulo Ayres Filho
President - John C. Duncan
Vice President - Robert Helander
Treasurer - William Pardoe
Secretary - Milton C. Rose
Assistant Treasurer - Katherine Ockenden
Assistant Secretary - Dana W. Hiscock

The Chairman next raised the question of the need for a formal Executive Committee to act on matters which arise

from time to time requiring immediate attention. Upon motion duly made and seconded, the following persons were unanimously designated as members of the Executive Committee:

John Duncan Roger Stone Alphonse De Rosso Robert Helander

The remainder of the meeting was devoted to discussion of the problem of replacing Mr. Holcombe as Executive Director. After discussion of the possible candidates, it was suggested that the Executive Committee meet with one or two of the individuals considered to review their qualifications and to discuss their proposals with regard to the future of ACCION and AITEC. It is anticipated that the Executive Committee will select a new Executive Director prior to Mr. Holcombe's departure.

No other business coming before the meeting, it was, upon motion duly made and seconded, adjourned.

Assistant Secretary

a modification

## ACCION INTERNATIONAL

Minutes

of

# Annual Meeting of Directors

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There were present:

Messrs. Crocker Nevin
John Duncan
Alphonse De Rosso
Henry R. Geyelin
William Pardoe

being a quorum. Miss Katherine Ockenden, Assistant Treasurer of the Corporation, Mr. Terry Holcombe, Executive Director of the Corporation, and Messrs. Gerry Dodd and Joseph Benitez, Associate Directors of the Corporation, were present by invitation. Also present were Messrs. Charles Lord, Roger Stone and Dana W. Hiscock, who were to be elected to fill various positions.

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Hans Neumann
Crocker Nevin
William E. Pardoe
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Arthur Spiegel
Roger Stone
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Jaime Lizarralde

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Chairman - Crocker Nevin
Vice-Chairmen - Hans Neumann and Paulo Ayres Filho
President - John C. Duncan
Vice President - Robert Helander
Treasurer - William Pardoe
Secretary - Milton C. Rose
Assistant Treasurer - Katherine Ockenden
Assistant Secretary - Dana W. Hiscock

The Chairman next raised the question of the need for a formal Executive Committee to act on matters which arise

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John Duncan Roger Stone Alphonse De Rosso Robert Helander

The remainder of the meeting was devoted to discussion of the problem of replacing Mr. Holcombe as Executive Director. After discussion of the possible candidates, it was suggested that the Executive Committee meet with one or two of the individuals considered to review their qualifications and to discuss their proposals with regard to the future of ACCION and AITEC. It is anticipated that the Executive Committee will select a new Executive Director prior to Mr. Holcombe's departure.

No other business coming before the meeting, it was, upon motion duly made and seconded, adjourned.

Assistant Secretary
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### ACCION INTERNATIONAL

Affidavit of Service of Notice of Annual Meeting of the Board of Directors

STATE OF California )
: ss.:
COUNTY OF los Angeles )

I, TERRY M. HOLCOMBE, Executive Director of ACCION INTERNATIONAL, a corporation duly organized and existing under and by virtue of the Membership Corporations Law of the State of New York, being duly sworn, do depose and say that I served a notice of the Annual Meeting of the Board of Directors of said Corporation, held at 250 Park Avenue, New York, New York on the 9th day of April, 1973 at 12:30 o'clock in the afternoon, by telephone and by mailing a copy of the attached notice on the 26th day of March, 1973, to each of the Directors of the Corporation, at their addresses, as the same appear on the books of the Corporation.

In Dun

Sworn to before me this

fifth day of June, 1973.

OFFICIAL SEAL
JONAS STOLTZFUS
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires Oct. 11, 1975

### ACCION INTERNATIONAL

### Minutes

of

# The Meeting of the Board of Directors

A meeting of the Board of Directors of ACCION International, a Corporation duly organized and existing under, and by virtue of, the Not-for-Profit Corporation Law of the State of New York, was held at No. 250 Park Avenue, in the Borough of Manhattan, on the 16th day of November, 1972, at 12:30 o'clock in the afternoon.

There were present:

Messrs.

Alphonse de Rosso John C. Duncan Berent Friele Henry Geyelin Forrest Murden Crocker Nevin Milton Rose

being a quorum. Miss Katherine Ockenden, Assistant Treasurer of the Corporation, Mr. Thomas S. Currier, Assistant Secretary of the Corporation, Mr. Terry Holcombe, Executive Director of the Corporation, and Joseph Benitez, Associate Director of the Corporation were present by invitation.

Mr. Nevin, as President of the Corporation, presided at the meeting and called it to order. Mr. Holcombe, Executive Director of the Corporation, was designated to serve as Secretary of the Meeting.

It was noted by Mr. Nevin that telegrams had been received from Dr. Paulo Ayres Filho and Mr. Jaime Lizarralde Lora, Directors of the Corporation, expressing their regrets at being unable to attend. Mr. Holcombe and Mr. Duncan reported on recent conversations with Mr. Hans Neumann, a Director of the Corporation, and also his regrets that he had to return to Venezuela before the Board Meeting.

Mr. Holcombe was asked to report on the activities of the ACCION and AITEC field programs. There ensued a discussion of several of the programs, particularly ACCION Comunitaria del Peru and the impact of recent Peruvian Government decisions to coordinate the activities of voluntary agencies. There was also discussion of the progress of ACCION en Colombia, and concern was expressed regarding the amount of support being received from Colombian sources.

The President stated that it would be appropriate to consider, and take action upon a proposal, to increase the number of places on the Board of Directors to

25, the present limit being 20. After discussion, and upon motion duly made and seconded, the following resolution was unanimously adopted:

Resolved, that the By-Laws of the Corporation be Amended to increase the number of Members to 25, pursuant to Article II of the By-Laws.

Mr. Currier, Assistant Secretary of the Corporation, pointed out that it was necessary for the Board of Directors to ratify certain decisions and actions taken by the Executive Committee subsequent to the last meeting. After discussion, and notation of the fact that these actions are reflected in the minutes of the meetings of the Executive Committee, the following resolution was unanimously adopted:

Resolved, that the Board of Directors hereby ratifies the actions taken by the Executive Committee of the Corporation subsequent to the last meeting of the Board of Directors.

The President then suggested that it would be appropriate to consider a number of candidates to fill the ll vacancies on the Board of Directors, five of these vacancies having been created by amendment of the By-Laws earlier in the meeting. The President presented a list of possible candidates.

After extensive discussion it was unanimously agreed that the matter of nominating candidates for an expanded Board of Directors would be turned over to the Executive Committee, consisting of Messrs. Nevin, de Rosso, Friele and Duncan.

There was further comment that the Directors should consider an arrangement whereby Latin American Directors would be brought into officer positions in the Corporation. This matter too was assigned to the Executive Committee.

No other business coming before the meeting, it was, upon motion duly made and seconded, adjourned.

Terry M. Holcombe Executive Director .