

AGENDA

Board of Directors Meeting

ACCION INTERNATIONAL
December 1, 1977

- A. Approval of Minutes of previous meeting.
- B. President's report on Executive Committee actions.
- C. Election of new Board members.
- D. Financial Report.
- E. Budget.
- F. Funding Report.
- G. Operational Report.

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 guest, 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
Joaquín 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. Election of Officers:

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. Election of Executive Committee:

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 transference 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.

I. Operational Report:

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.

B. 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.

C. 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.

D. In Costa Rica, AITEC, in March, began a six month study of 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 micro-business 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

MMZ:cb

CANDIDATES FOR ACCION INTERNATIONAL

BOARD OF DIRECTORS

John Beck, General Director, Latin American Area
General Motors Overseas Corporation

Eugene González, Advisor
Morgan Stanley Bank & Co.

Frederick D. Seeley, Senior Vice President
J. Henry Schroder Banking Corporation



10-C MT. AUBURN STREET, CAMBRIDGE, MASSACHUSETTS 02138
PHONE: (617) 492-4930 CABLE: ACCIONUSA, CAMBRIDGEMASS.

FINANCIAL STATEMENTS

* * *

September 30, 1977

ACCION INTERNATIONAL

BALANCE SHEET - September 30, 1977

ASSETS

Cash	\$ 167,073.75
Contributions & Grants Receivable	29,392.20
Security Deposits	2,669.00
Advances to Employees	9,087.26
Furniture & Fixtures	6,601.94
Less Accumulated Depreciation	2,020.30
	<u>\$ 216,844.45</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 3,242.00
Payroll Taxes Due	2,077.64
Reserve for Separation of Personnel	9,952.00
Deferred Income	45,000.00
	<u>\$ 60,271.64</u>

Fund Balance

Beginning Balance	\$ 96,450.46
Excess Income over Expenditures	<u>56,081.75</u>
Ending Fund Balance	\$ 152,532.21

\$ 216,844.45

ACCION INTERNATIONAL

STATEMENT OF INCOME, EXPENSES AND
CHANGES IN FUND BALANCE

FOR PERIOD ENDING SEPTEMBER 30, 1977

page 1 of 3

Revenue

Contributions-Grants Unrestricted	\$ 128,150.00	
Contributions-Restricted to Brazil	49,873.36	
Restricted Contributions	281,714.19	\$459,737.55

Expenses AITEC Cambridge

AITEC Cambridge	\$ 39,379.48	
New York	5,444.20	
Fund Raising	4,360.80	
Fringes	6,699.90	
Annuities	450.00	
		\$ 56,334.38

Grants Projects-Assoc Field Programs

130	General Development	\$ 1,515.36	
160	PACT/USA	1,648.70	
310	Brazil Development	39,173.23	
370	Southern Expansion Brazil	7,332.32	
380	Sao Paulo	47.55	
410	Costa Rica Development	2,820.54	
510	Ecuador Development	596.33	
710	Colombia Development	2,103.33	
1000	Associated Programs	128.59	
1310	Mexico Development	81.45	
1410	Dominican Republic Development	748.84	
			\$ 56,196.24

Expenses Balance Fund

112,530.62

ACCION INTERNATIONAL

STATEMENT OF INCOME, EXPENSES AND
CHANGES IN FUND BALANCE

FOR PERIOD ENDING SEPTEMBER 30, 1977

page 2 of 3

Balance Fund - Expenses
Contracts and Restricted Grants

320	UNO/Recife	\$	304.85	
330	P. Cachoeira		4,069.13	
340	UNO/Bahia		30,367.04	
350	Expansion Bahia		4,410.74	
360	Capital Development		39,390.73	
435	Urban Development		1,558.55	
495	Urban Small Business		19,263.70	
490	OPG Development		78,960.99	
550	Corporación Ecuatoriana		717.70	
630	Venezuela Neuman		3,520.27	
720	FICITEC		366.60	
730	Small Business Cali		5,478.57	
740	Fundación Carvajal		1,329.90	
1220	INFOM Guatemala		583.80	
1320	Mexico Development Foundation		13,426.30	
1420	Rural Employment Generation		708.47	
1500	US/AID - DPG		85,780.24	
520	Banco del Pacífico		887.60	\$ 291,125.18
	TOTAL EXPENSES	\$	403,655.80	
	TOTAL CONTRIBUTIONS			\$ 459,737.55
	LESS EXPENSES			\$ 403,655.80
	EXCESS OF EXPENSE OVER INCOME			\$ 56,081.75

ACCION INTERNATIONAL

FOR PERIOD ENDING SEPTEMBER 30, 1977

page 3 of 3

Restricted Contributions

Charles Merrill Trust	\$ 10,000.00
PACT for UNO/Bahia	17,000.00
DPG	85,780.27
PACT for 017	29,625.00
OPG	52,765.81
MDF	5,273.46
IBM	7,500.00
FICITEC	499.09
IFAM	3,000.00
CES	960.72
LILLY	25,000.00
PACT for Capital Development	19,450.00
Micro-Business Costa Rica	15,764.84
PACT for Small Business (Cali)	11,342.00
Urban Development (Costa Rica)	2,083.00
PACT for UNO/Recife	(4,330.00)

\$ 281,714.19

BUDGET - 1978

<u>Assured Income</u>	<u>Total</u>	<u>%</u>
Corporate	\$ 180,000	35
Foundation	20,000	4
Technical Assistance Grants	265,000	51
AID (DPG)	50,000	10
	<u>\$ 515,000</u>	100%

Expenses

Latin American Development		
Unrestricted	145,000	27
Restricted	300,000	55
	<u>\$ 445,000</u>	
General and Administrative		
Management/Administration	80,000	14
Fundraising	22,000	4
	<u>102,000</u>	
Total Expenses	<u>\$ 547,000</u>	100%

Projected Expenses over Income

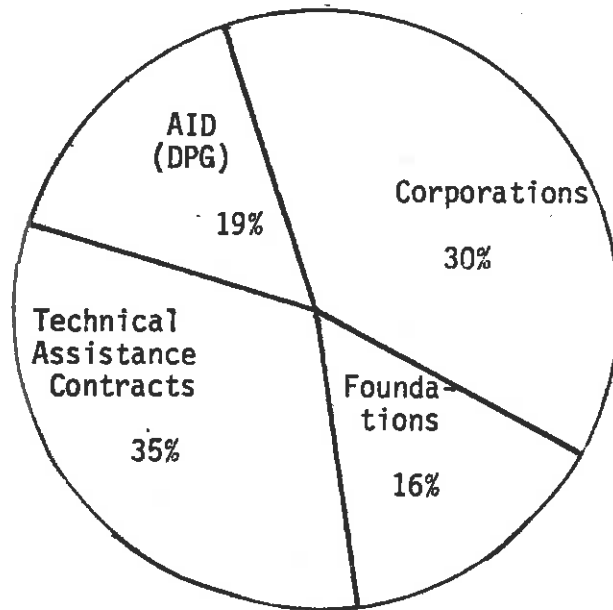
Expenses	\$ 547,000
Income	515,000
Difference	<u>\$ 32,000</u>

January - September 1977

TOTAL REVENUE

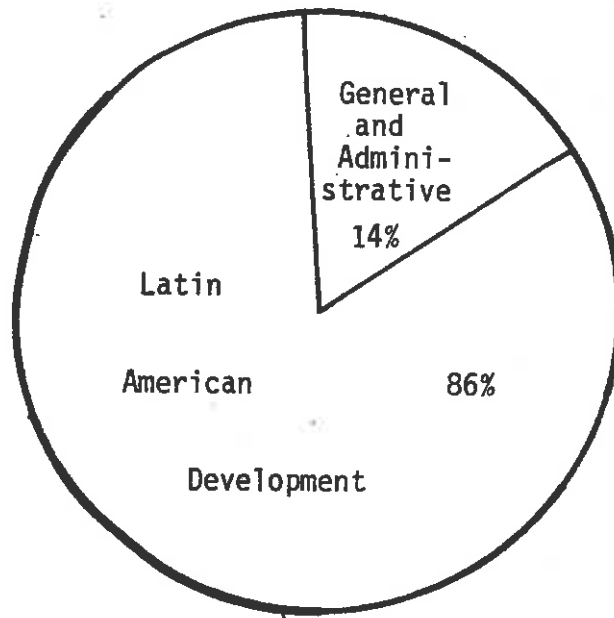
\$ 459,738

Corporations	138,024	30%
Foundations	75,000	16%
Development Program Grant (AID)	85,780	19%
Technical Assistance Contracts	160,934	35%



January - September 1977

TOTAL Expenses	\$ 403,656	
General and Administrative	56,335	14%
Latin American Development	347,321	86%



1977 CONTRIBUTORS

Alcoa Foundation	IFF Foundation
Allis Chalmers	* International Paper
(American Can)	C-E Lummus
*(American Express)	*(ITT)
Arthur Andersen	* Johnson & Johnson International
Arthur Young & Co.	(Manufacturers Hanover Trust Co.)
* Asarco	(Marsh & McLennan)
+ Atlantic Richfield Foundation	3 M Company
Avery International	+ Mobil Oil Corporation
R. C. Baker Foundation	* Monsanto
*(Borden)	National Cash Register
Burroughs Corporation	Owens Corning Fiberglas
Caterpillar	Owens-Illinois
Celanese Fibers	PepsiCo Inc.
Chase Manhattan International Foundation	Philip Morris International
Chrysler Corporation	* PPG Industries Foundation
Continental Can	Price Waterhouse
John Deere Foundation	Royal Bank of Canada
Exxon Corporation	St. Joe Minerals
(General Electric)	Schering Plough
General Mills	J. Henry Schroder Banking Corporation
* Gillette	G. D. Searle & Co.
* Goodyear Tire & Rubber	Sherwin-Williams
Grace Foundation	SIFCO
Gulf Oil Co.	Singer Company Foundation
Haskins & Sells	U. S. Steel Foundation
(Heinz)	Warner-Lambert Charitable Foundation
J. M. Huber Corporation	* Westvaco
+ IBM Americas/Far East Corporation	

* New Contributors

+ Re-instated Contributors

(...) Pending

FINANCIAL REPORT - 1976

You have before you the Price Waterhouse audited report on ACCION International for the fiscal year ending December 31, 1976.

We had an excellent financial year in that income exceeded expenses by approximately \$31,000. We have now built up the fund of reserve capital which the Board of Directors in past meetings decided should exist as a cushion for our activities.

The assets show ACCION holding over \$131,000 in cash at the end of the year, due principally to the unusually large amount of deferred income which arrived in December for use in 1977.

The contributions and grants receivable are due mostly to our Costa Rica contract and our development program grant from AID, both of which are cost reimbursable.

I believe the remaining items are self-explanatory. I'd now like to turn to the second sheet which is of more interest.

Last year's income totalled \$552,312.88, a 4% increase over the previous year's income. We have grouped the Price Waterhouse report figures into a summary on the extra financial sheet before you. You will note that corporate income rose last year to 27% of our income -- a total of \$150,000 in absolute terms, including private funds raised in Brazil.

This is the backbone of our financial and operational flexibility and reflects very hard work by both staff and Board. Our foundation income dropped as did the revenues from technical assistance contracts. The former is due to a late grant by the Scaife Family Charitable Trusts which was awarded in December for use in 1977. The drop in contract money is due to a policy of consolidation both in Brazil and Central America, with expansion foreseen to take place in 1977.

The expenses picture is very favorable. We have cut our general and administrative costs by approximately \$28,000 to a 14% annual rate. Likewise we expanded the percentage of our resources used for Latin American development to 86% of our total budget.

HERE ASK FOR QUESTIONS ON FIRST TWO PAGES.

This year's report contains three substantive notes. Note #2 gives the actual breakdown by function of all our expenses, which is now required of non-profit firms. You will notice that the bulk of our expenses are for salaries. Note #3 is specifically included for one of our funders, PACT, for a control of its funds. And Note #4 refers to the New York office space, on which we lost approximately \$6,000 last year. The lease runs for 12 more months.

END