

FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO

FINANCIAL STATEMENTS OF THE FISCAL YEAR ENDING DECEMBER 31, 2019,
PRESENTED COMPARATIVELY WITH THE PREVIOUS FISCAL YEAR
AND
REPORT OF THE INDEPENDENT AUDITORS


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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019
AND REPORT OF THE INDEPENDENT AUDITORS
(Presented comparatively with the previous fiscal year)

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Gs. = Guaraníes

USD = US dollars

SET = Department of Taxation

VAT = Value Added Tax

IRACIS = Income Tax on Industrial Commercial & Service Activities


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REPORT OF THE INDEPENDENT AUDITORS

Members of the Board

Fundación Paraguaya de Cooperación y Desarrollo

Asunción, Paraguay

1. Identification of the financial statements that are the object of this audit

We have audited the financial statements of the **Fundación Paraguaya de Cooperación y Desarrollo** (henceforth interchangeably "**Fundación Paraguaya de Cooperación y Desarrollo**" or "the Entity") which includes the statement of the financial position to December 31, 2019, the corresponding statements of income and outlays, of evolution of net assets and cash flows for the fiscal year closing on said date and the complementary information contained in their notes 1 to 17 and in the annexes I to IX (note 2 describes the main accounting policies applied to generate the attached financial statements).

The figures and other information on the fiscal year closing December 31, 2019 are an integral part of the abovementioned financial statements and are presented solely to interpret solely the figures and other information to the figures and other information of the current fiscal year.

2. Responsibility of the Board and Management of the Entity in relation to the financial statements

The Board and Management of the Entity are responsible for the preparation and reasonable presentation of the financial statements in accordance with the rules and regulations for the provision of financial information in effect in Paraguay. Furthermore, they are responsible for the internal control which they deem necessary to facilitate the preparation of financial statements free of significant errors.

3. Responsibility of the auditors

Our responsibility is to express an opinion on the attached financial statements based on our audit. We have performed our analysis in accordance with the auditing standards in effect in Paraguay, issued by the Council of Public Accountants of Paraguay. These standards require that we comply with ethical requirements, and that we plan and execute the audit to establish reasonable security that the financial statements are free of significant errors.

An audit requires the application of procedures, substantively based on selective guidelines, to obtain evidence on the figures and other information expressed in the financial statements. The selected procedures, as well as the evaluation of the risk of significant errors in the financial statements, depend on the professional judgment of the auditor. When performing these risk assessments, the auditor considers the internal control relevant to the preparation and reasonable presentation of the financial statements by the Entity, in order to design the auditing procedures that are suited to the circumstances, but not to express an opinion on the effectiveness of the internal control of the Entity. An audit also includes the evaluation of the suitability of the accounting policies applied and of the reasonableness of the accounting estimates made by the Board and the Management of the Entity, as well as the evaluation of the presentation of the financial statements as a whole.

We consider that the evidence obtained provides sufficient and appropriate basis to our


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audit opinion.

4. Opinion

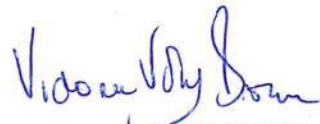
Our opinion is that the financial statements mentioned in the first paragraph of chapter 1 of this report reasonably present, in all their significant aspects, the financial position of the **Fundación Paraguaya de Cooperación y Desarrollo** to December 31, 2019, as well as the income and expenditures, the evolution of its net assets and cash flows for the fiscal year closed on said date, in compliance with the financial information regulations in effect in Paraguay.

Asunción, May 22, 2020

Deloitte & Touche – Paraguay

Signed by **Ana Lía Simancas, Partner**


Translator's Note: This is a true translation of an Auditor's Report signed by Ana Lía Simancas that I had before me in May 2020 in Asunción, Paraguay.


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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENT TO DECEMBER 31, 2019
Presented comparatively with fiscal year ending December 31, 2018
 (expressed in Guaraníes)

	Reference	31.12.2019	31.12.2018
Assets			
<u>Current assets</u>			
Cash & equivalent	Note 3	-	6,524,741,617
Short-term investments	Note 4	6,678,489,841	6,874,260,499
Credits	Notes 5 and 6	137,011,667,574	136,101,043,906
Other assets	Note 7	3,126,901,571	2,255,431,288
Total current assets		146,817,058,986	151,755,477,310
<u>Non-current assets</u>			
Credits	Notes 5 and 6	8,964,106,160	6,491,428,743
Property, plant & equipment	Annex I	-	14,815,573,247
Other assets	Note 7	2,109,310,645	2,000,683,017
Total non-current assets		11,073,416,805	23,307,685,007
Total Assets		157,890,475,791	175,063,162,317
Liabilities			
<u>Current liabilities</u>			
Financial obligations	Note 8	(11,263,215,401)	89,851,589,425
Received donations for projects	Note 10	-	1,735,587,798
Social and fiscal debts		-	899,545,535
Provisions		2,932,726,619	3,516,535,424
Other liabilities		3,182,278,453	2,330,850,833
Total current liabilities		(5,148,210,329)	98,334,109,015
<u>Non-current liabilities</u>			
Financial obligations	Note 8	11,577,200,241	11,947,352,447
Total non-current liabilities		11,577,200,241	11,947,352,447
Total liabilities		6,428,989,912	110,281,461,462
Net assets			
Optional reserves	Note 13 a)	22,806,533,787	21,723,660,592
Revaluation reserve	Note 13 b)	4,811,704,586	4,383,997,570
Accumulated surplus		-	33,659,057,954
Surplus of the fiscal year		90,718,432,208	5,014,984,739
Total net assets		118,336,670,581	64,781,700,855
Total liabilities and net assets		124,765,660,493	175,063,162,317

Notes 1 to 17 and Annexes I to IX are integral part of these financial statements.


 Luis Fernando Sanabria
 General Manager


 Liliiana Marroco Franco
 Accounting Manager

Translator's Note: This is a true translation of a Financial Statement initialized by Fernando Sanabria, General Manager, Liliiana Marroco, Accounting Manager and Ana Lia Simancas on behalf of Deloitte, that I had before me in May 2020 in Asunción, Paraguay.


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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
 STATEMENT OF RESOURCES AND EXPENDITURES OF FISCAL YEAR ENDING DECEMBER 31, 2019
 Presented comparatively with fiscal year ending December 31, 2018
 (expressed in Guaranies)

	Reference	31.12.2019	31.12.2018
Resources of the microfinance unit		82,596,721,582	78,272,922,298
Expenditures of the microfinance unit		(3)	(68,647,680,042)
Sub-total	Annex VII	82,596,721,579	9,625,242,256
Resources of agreements related to microfinance		5,119,631,718	5,810,860,733
Expenditures of agreements related to microfinance		-	(6,583,830,541)
Sub-total	Annex IV	5,119,631,718	(772,969,808)
Net surplus of the microfinance unit	Annex VII	87,716,353,297	8,852,272,448
Resources of the agricultural schools unit		4,957,786,155	5,401,609,586
Expenditures of the agricultural schools unit		(5,837,469,470)	(5,859,096,218)
Sub-total	Annex VIII	(879,683,315)	(457,486,632)
Resources of agreements related to agricultural schools		1,057,154,004	2,600,688,540
Expenditures of agreements related to agricultural schools		(2,735,086,293)	(4,997,604,801)
Sub-total	Annex VIII	(1,677,932,289)	(2,396,916,261)
Net deficit of the agricultural schools unit	Annex V	(2,557,615,604)	(2,854,402,893)
Resources of the entrepreneurial education unit		1,374,141,477	1,516,781,242
Expenses of the entrepreneurial education unit		(1,654,937,246)	(1,642,795,873)
Sub-total		(280,795,769)	(126,014,631)
Resources of agreements related to entrepreneurial education		-	1,872,047,411
Expenses of agreements related to entrepreneurial education		(1,957,071,124)	(1,810,645,930)
Sub-total		(1,957,071,124)	61,401,481
Net surplus (deficit) of the entrepreneurial education unit	Annex VI and IX	(2,237,866,893)	(64,613,150)
Surplus before income tax		91,426,573,352	5,933,256,405
Income Tax	Note 14	(708,141,144)	(918,271,666)
Surplus of the fiscal year		90,718,432,208	5,014,984,739

Notes 1 to 17 and Annexes I to IX are integral part of these financial statements.

Luis Fernando Sanabria
 General Manager

Liliana Marroco Franco
 Accounting Manager

Translator's Note: This is a true translation of a Financial Statement initialized by Fernando Sanabria, General Manager, Liliana Marroco, Accounting Manager and Ana Lía Simancas on behalf of Deloitte, that I had before me in May 2020 in Asunción, Paraguay.

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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO

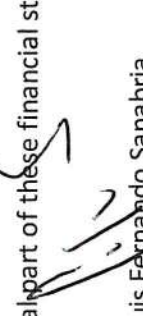
STATUS OF EVOLUTION OF NET ASSETS CORRESPONDING TO FISCAL YEAR ENDING DECEMBER 31, 2019


Presented comparatively with fiscal year ending December 31, 2018

(expressed in Guaraníes)

	Optional reserves	Revaluation reserve	Accumulated surplus	Surplus of the fiscal year	Total
Balances to December 31, 2017	20,610,964,461	3,922,648,382	31,718,543,566	3,053,210,519	59,305,366,928
Transfer to accumulated surplus	-	-	3,053,210,519	(3,053,210,519)	-
Provisioning	1,112,696,131	-	(1,112,696,131)	-	-
Revaluation of the fiscal year 2018	-	461,349,188	-	-	461,349,188
Surplus of the fiscal year 2018	-	-	-	5,014,984,739	5,014,984,739
Balances to December 31, 2018	21,723,660,592	4,383,997,570	33,659,057,954	5,014,984,739	64,781,700,855
Transfer to accumulated surplus	-	-	5,014,984,739	(5,014,984,739)	-
Provisioning	1,082,873,195	-	(1,082,873,195)	-	-
Revaluation of fiscal year 2019	-	427,707,016	-	-	427,707,016
Surplus of the fiscal year 2019	-	-	-	4,011,961,643	4,011,961,643
Balances to December 31, 2019	22,806,533,787	4,811,704,586	37,591,169,498	4,011,961,643	69,221,369,514

Notes 1 to 17 and Annexes I to IX are integral part of these financial statements.


Luis Fernando Sanabria
General Manager


Liliana Marruco Franco
Accounting Manager

Translator's Note: This is a true translation of a Financial Statement initialized by Fernando Sanabria, General Manager, Liliana Marruco, Accounting Manager and Ana Lía Simancas on behalf of Deloitte, that I had before me in May 2020 in Asunción, Paraguay.

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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
STATEMENT OF CASH FLOWS CORRESPONDING TO FISCAL YEAR ENDING DECEMBER 31, 2019
Presented comparatively with fiscal year ending December 31, 2018
(expressed in Guaraníes)

	<u>31.12.2019</u>	<u>31.12.2018</u>
I. CASH FLOW OF OPERATING ACTIVITIES		
Interest and commissions charged	38,682,829,826	43,445,557,623
Interest paid on financial obligations	(7,450,328,231)	(6,967,779,822)
Other income - microfinance unit	31,610,844,564	27,861,803,574
Variation of credits- microfinance unit	(6,216,743,228)	(6,856,909,591)
Net collections - agricultural schools unit	5,948,086,948	5,401,609,586
Net collections - entrepreneurial education unit	1,374,141,477	1,516,781,242
Donations received and other income from agreements	7,348,556,132	8,021,116,811
Payments made to suppliers and employees	(69,172,005,036)	(63,374,582,914)
Payment of income tax	(918,625,701)	(560,414,520)
Interest charged short-term investments	629,564,244	213,017,402
Net cash of operating activities	1,836,320,995	8,700,199,391
II. CASH FLOW OF INVESTMENT ACTIVITIES		
Short-term investments	195,770,658	(1,095,781,169)
Acquisition of fixed assets	(5,525,942,335)	(2,987,232,487)
Net cash of investment activities	(5,330,171,677)	(4,083,013,656)
III. CASH FLOW OF FINANCING ACTIVITIES		
Financial obligations	2,344,640,032	(5,065,155,134)
Net cash of financing activities	2,344,640,032	(5,065,155,134)
Increase (Decrease) of cash and cash equivalents	(1,149,210,650)	(447,969,399)
Effect of foreign exchange spread on available funds	731,052,523	782,558,940
Cash and cash equivalents at onset of the fiscal year	6,524,741,617	6,190,152,076
Cash and cash equivalents at close of the fiscal year	6,106,583,490	6,524,741,617

Notes 1 to 17 and Annexes I to IX are an integral part of these financial statements.

Luis Fernando Sanabria
General Manager

Liliana Marroco Franco
Accounting Manager

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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO

**NOTES TO THE FINANCIAL STATEMENTS CORRESPONDING TO FISCAL YEAR ENDING DECEMBER
31, 2019**

Presented comparatively with the fiscal year ending December 31, 2018
(expressed in Guaraníes)

NOTE 1 – BASIC INFORMATION ON THE ENTITY

The Fundación Paraguaya de Cooperación y Desarrollo, founded in 1985, is a non-profit, self-sustainable organization, with main offices in Asunción, Paraguay. It became a legal entity on August 12, 1985. On May 11, 1988 Decree of the Executive Branch No. 28.327 approved the amendments to the Articles of Association of the Fundación Paraguaya de Cooperación y Desarrollo and authorized by the Extraordinary General Assembly held on November 20, 1987. The Fundación was recognized as public benefit institution by Resolution No. 102 of the Taxation Department of the Finance Ministry dated February 21, 1991.

The **mission** of the Fundación is to develop and implement practical, innovative and sustainable solutions to eliminate poverty and create decent conditions for every family.

The **vision** is Paraguay, entrepreneur and poverty free, an example to the world.

The Fundación seeks to eliminate poverty and create decent living conditions for families through a comprehensive strategy that offers clients:

- 1) Poverty elimination through the Stoplight: a measurement system and methodology that measures poverty based on 50 indicators, which allows clients (90% of whom are women) to assess their poverty-related issues so that they are able to design their own "life maps" to overcome them;
- 2) Microfinance, Micro-franchises and Micro-insurance: in order to increase the income and reduce the financial risks of clients and create partnerships with other specialized institutions to address the other poverty-related issues;
- 3) Entrepreneurial Education: provides training and mentoring in business management to help clients and their children to find jobs and/or create their own employment; and
- 4) Financially Self-Sustaining Agricultural Schools: also for the children of clients, where students and teachers carry out sustainable activities on the campus, with the dual purpose: a) train students in a business environment, transforming them into rural entrepreneurs, and b) income generation to sustain the schools.

This comprehensive strategy allows clients and their families to play lead roles in leaving poverty behind, and allows resources to be channeled to where they are most needed, using the twenty-four microfinance offices as the main distribution network.

As civil non-profit association, the legal figure of the Fundación Paraguaya does not include owners and it is governed by 35 (thirty-five) partners, all of whom are Paraguayan professionals.

The governing structure is as follows:

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- i) General Assembly: body made up by all the partners of the institution, who meet at least once a year. The Assembly approves the administrative and financial management of the Fundación and selects the members of the Board.
- ii) Board: body made up of at least 6 and maximum 10 main members, who meet every month in physical or virtual meetings. Board members do not receive any payment for the time assigned to the Fundación. According its good governance policy, four crosscutting committees have been set up to facilitate decision-making: 1) Compensations, 2) Audit and Risks, 3) Good Governance and Nominations, and 4) Theme Committees: a) Microfinance, b) Entrepreneurial Education, c) Agricultural School, and d) Teach a Man to Fish.

Two executive positions have been established:

- i) The Trustee: appointed by the Assembly to inspect assets, accounting books and documents of the Fundación. The Trustee maintains close relationship with internal audit and participates in the meetings of the Board and of the Audit and Risks Committee. The Trustee provides the Assembly an annual report on the financial information of the Fundación.
- ii) The Executive Director: it is an elective position working full-time in the Fundación supporting the Board (chairing the meetings) and the General Management in their strategic work (not the operational activities).

Credit assistance is provided with the resources of the institution and with funds originating from loans made by local banks and international funds, given that the Fundación does not take funds from the public, nor does it require that its clients make compulsory deposits or savings, hence it is not an intermediation entity (see Note 17).

The other programs are developed with the entity's own resources generated by the microfinance operations and by donations.

NOTE 2 – SUMMARY OF THE MAIN ACCOUNTING POLICIES

a. Accounting bases

The financial statements have been drawn up following the guidelines of the financial information rules and regulations in force in Paraguay, on the basis of historical costs, except in the case of the stock of animals, property, plant and equipment and of assets and liabilities in foreign currency, as explained under **items b. f. and g.** of this Note, and do not fully recognize the effects of inflation on the financial position of the Fundación, on the income and expenditures and on the cash flows.

According to the overall consumer price index published by the Central Bank of Paraguay, inflation for the year 2019 was 2.8% and for 2018 it was 3.2%.

b. Foreign currency

The assets and liabilities in foreign currency (in US dollars and pounds sterling) are valued at the exchange rate in effect at the close of the fiscal year. See Note 15.

The spreads of the exchange rate originated by fluctuations in the exchange rates, between the dates of the conciliation of the operations and their settlement or valuation at the close of the

fiscal year, are recognized in results.

c. Cash and Cash Equivalents

For the preparation of cash flow statements the following were considered within the concept of cash: cash balances, liquid assets in bank accounts and all high liquidity investments, with initially agreed expiry not greater than three months.

d. Short-term Investments

Short-term investments are constituted by savings deposit certificates (SDCs) in US dollars, maintained by the Fundación in local banks, which are valued at their nominal value plus the uncollected interest earned at the closing date.

e. Credits

Current Credits

Credits are valued at their cost value - net of provisions, in the case of arrears, plus the uncollected interest accrued at the closing date.

According to the powers granted in Article 17 of the Articles of Association of the Fundación, the Executive Director may set the interest rates on loans and the charges for the recovery of administrative costs. Such line-items are funds of the Fundación. During the fiscal years closing on 31 December 2019 and 2018, the active interest rates were variable, but not higher than the allowed maximum rates published by the Central Bank of Paraguay.

Credit risk is controlled by the Fundación's management, mostly through the evaluation and analysis of individual transactions, for which certain aspects that are clearly defined in the Entity's credit policies are taken into account, such as: proven payment capacity and indebtedness of the debtor, individual limits for the granting of credits, evaluation of economic sectors and the requirement of operating capital, in accordance with market risks.


Overdue Credits

The Fundación institutes estimative provisions for credits of doubtful collection on the total of the portfolio of borrowers presenting arrears in the fulfillment of their obligations and on those credits whose the collection is being processed directly or judicially.

Refinanced or Renegotiated Credits

The credit policy established by the management of the Fundación defines "refinancing" as the rescheduling of the original payment plan of a loan, which may contemplate the total capital balance. Refinancing may only be granted upon request of the client, provided there is a justified cause and having tried all other alternatives.

The percentages of provisions for overdue credits are applied on the balance of capital to be collected on the cutoff date. Interest is suspended as of 31 days of arrears. Below is a description of the provision percentages applied:


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To December 31, 2019

Overdue credits		Refinanced and Overdue Credits	
Days of arrears	% provision on capital due	Days of arrears	% provision on capital due
0 days	1%	0 days	0%
1 – 30 days	10%	1 – 30 days	30%
31 – 90 days	30%	31 – 90 days	60%
91 – 180 days	60%	More than 90 days	100%
More than 180 days	60%		
In judicial process	100%	In judicial process	100%

To December 31, 2018

Overdue credits		Refinanced and Overdue Credits	
Days of arrears	% provision on capital due	Days of arrears	% provision on capital due
0 days	1%	0 days	1%
1 – 30 days	10%	1 – 30 days	10%
31 – 90 days	30%	31 – 90 days	30%
91 – 180 days	60%	More than 90 days	100%
More than 180 days	100%		
In judicial process	100%	In judicial process	100%

Uncollectible Credits

The policy established by the management of the Fundación indicates that the overdue credits that comply with the following requirements must be written off as irrecoverable and recorded in memorandum accounts:

- a. Loans with more than 180 days in arrears
- b. Loans that cannot be recovered at any point in time due to:
 - i. Death of the debtor(s);
 - ii. Debtor has moved and/or left the country with no date of return, nor known domicile;
 - iii. Debtor(s) and their guarantors have lost all their assets and what is left is not significant to recover the debt and the costs of recovery;
 - iv. Amounts pending collection do not justify the recovery efforts;
 - v. Backup documentation of the loans has lapsed, was destroyed or lost.

f. Other Non-Current Assets

These are the assets received from the recovery of credits that are entered in the books for the amount of the credit paid or written-off plus the expenses incurred for their incorporation into the assets of the Fundación. If such amount is higher than the estimated realizable value or market value of the assets received, the necessary provisions are instituted to appraise said assets at their market value, charged to the results of the year.

It also includes the stock of animals valued at their cost plus the corresponding re-categorizations. In addition to eucalyptus plantations valued at the cost incurred up to their

harvesting and stockpiling condition.

g. Property, Plant and Equipment

(i) General Criterion

The assets of property, plant and equipment are valued at the purchase cost plus all other necessary expenses for their functioning, adjusted by the consumer price index issued by the Central Bank of Paraguay, minus the corresponding accumulated depreciation.

The counterpart to the net increase in the value of these assets is a special reserve that is part of the net assets.

Depreciation is calculated based on the straight line method, as of the month following the month in which the assets were purchased, applying annual rates sufficient to extinguish their values at the end of their estimated lifespan. See Annex 1.

The cost of improvements extending the lifespan of the assets or increasing their productive capacity is input to the respective accounts of the asset. Maintenance costs are charged to results.

The residual value of the assets, considered as a whole, does not exceed their recoverable value at the close of each fiscal year.

Assets received as donation

There are certain assets with a value of incorporation into the net worth which has been determined according to the best estimate of the management using figures based on appraisals. The values determined in this way are considered as their purchase cost and with matching funds in the results of the fiscal year. This cost is revaluated and depreciated as per the abovementioned general criterion. Below is a description of the main assets received as donations and incorporated into the assets of the Fundación:

- i. Under the donation agreement with stipulations as to its use signed on December 20, 2002 between the Fundación Paraguaya de Cooperación y Desarrollo and the Asociación Paraguaya de Educación y Asistencia (APEA), the latter donated to the Fundación the lands, buildings and facilities of the "San Francisco de Asís" Agricultural School located in Cerrito (Department of Villa Hayes, Paraguayan Chaco), which was administrated and maintained by APEA until December 31, 2002 and which is administrated by the Fundación as of January 1, 2003. These assets donated with stipulations as to their use were activated by the Fundación to December 31, 2002 under the line-item "Property, Plant and Equipment" and are subject to the obligations and commitments mentioned in Note 12. The landed property and buildings of the Agricultural School received as donation with stipulations were entered into the books at the "quick sale" value estimated by an independent expert, while the movables, equipment and others received in donation with stipulations were entered into the accounts with 50% of the estimated market value established by an independent expert.

ii. On July 1, 2011 the Fundación received the usufruct of the real estate of the Belén Agricultural School and donation of the movables and livestock of said school. These chattels were activated at the market value, considered as their cost under assets.

h. Accounting Recognition of Income and Expenditures

Income and outlays are recognized in terms of their earnings, except when:

- a. Interest earned and uncollected on credit installments more than 2 installments in arrears (if the term of the installments is less than 30 days) or more than 60 days, which are recognized in the accounting at the time of their collection.
- b. Interest and recovery of administrative costs generated by the credit portfolio under collection and judicial process, which are recognized in the accounting at the time of their collection.
- c. Donations received and unused at the close of the year, as mentioned in Note 2.i below.

Income and expenditures are displayed in the statement of income and outlays segmented for each operating units of the Fundación (including those related to financial and non-financial services). Common overhead or administrative expenses of the Fundación which cannot be directly assigned to each one of the referred operating units, such as considerations for senior and administrative personnel (Comptroller's Office, Administrative Management, Technology and Human Resources) are included in the statement of income and expenditures as expenses of the Microfinance Unit.

i. Accounting Recognition of Donations Received

Donations received in cash to finance activities and administrative costs of the units are presented at the time of their actual receipt under the line-item "Received donations for projects" of liabilities and are recognized as income in the statement of income at the time of their execution. Some of the donations received by the Fundación present commitments and contingencies in terms of their use or destination, as detailed in Note 12.

Note 10 of the financial statements summarizes the donations received from third parties and pending realization.

j. Use of Estimates

The preparation of the current financial statements requires that the Management and Board of the Fundación perform estimates and evaluations that affect the amount of the recorded and contingent assets and liabilities, as well as the income and expenditures recorded during the fiscal year. Actual future results may differ from the estimates and evaluations performed on the date of the preparation of these financial statements.

The main estimates related to the financial statements refer to provisions on doubtful debts, provisions on assets received from credit recovery and depreciations of property, plant and equipment.

k. Comparative Information

Financial statements to December 31, 2019 and the respective complementary information are presented comparatively to the financial statements and complementary information of the fiscal year closing on December 31, 2018.

NOTE 3 - AVAILABLE

The available balance is made up as follows:

<u>Item</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
Cash	998,195,357	1,381,688,142
Revenues to deposit	1,998,788,542	3,128,633,726
Banks in local currency	1,579,164,018	983,300,407
Banks in foreign currency (*)	<u>1,530,435,573</u>	<u>1,031,119,342</u>
Total	<u>6,106,583,490</u>	<u>6,524,742,617</u>

* To December 31, 2019 and 2018 includes USD 15,007 (equivalent to Gs. 96,680,046 and Gs. 89,443,821 respectively) of restricted availability accounted for in compliance with contract clauses related to the IA DB-Rural financing agreement. As of 2006, the Fundación no longer establishes the above-mentioned reserve and assumes that the reserve established on December 31, 2005 is sufficient and suitable for the purposes of its creation.

NOTE 4 – SHORT-TERM INVESTMENTS

Short-term investments are made up as follows:

To December 31, 2019

<u>Institution</u>	<u>Start</u>	<u>Expiry</u>	<u>Rate</u>	<u>Amount in currency of origin (USD)</u>	<u>Equivalent in Guaraníes</u>
Short-term					
Banco Continental (*)	31/01/2019	05/02/2020	4%	500,000	3,221,165,000
Banco GNB Paraguay S.A. (*)	01/02/2019	06/02/2020	4%	500,000	3,221,165,000
Total capital				1,000,000	6,442,330,000
Interest earned				36,658	236,159,841
Total capital and interest				1,036,658	6,678,489,841

To December 31, 2018

<u>Institution</u>	<u>Start</u>	<u>Expiry</u>	<u>Rate</u>	<u>Amount in currency of origin (USD)</u>	<u>Equivalent in Guaraníes</u>
Corto plazo					
Banco GNB Paraguay S.A. (*)	03/01/2018	08/01/2019	3%	500,000	2,980,070,000
Banco Sudameris	22/01/2018	28/01/2019	4%	500,000	2,980,070,000
Banco Atlas	30/08/2018	07/01/2019	1.5%	120,000	715,216,800
Total capital				1,120,000	6,675,356,800
Interest earned				33,372	198,903,699
Total capital and interest				1,153,372	6,874,260,499

*These fixed term deposits are of restricted availability as the guarantee financial obligations, as indicated in Note 9.

NOTE 5 - CREDITS

Credits are made up as follows:

	<u>31.12.2019</u>	<u>31.12.2018</u>
<u>Short-term</u>		
Credits granted to third parties (*)	137,547,006,533	136,839,712,737
Loans granted to employees (**)	922,360,880	852,988,575
Refinanced or renegotiated loans	<u>468,194,862</u>	<u>287,514,169</u>
Subtotal credits	138,937,562,275	137,980,215,481
Accrued interest receivable	2,040,198,654	1,935,721,089
Provisions for doubtful debts (***)	(2,603,490,416)	(2,468,619,711)
Generic provisions for doubtful debts (***)	<u>(1,362,602,939)</u>	<u>(1,346,272,953)</u>
Total	137,011,667,574	136,101,043,906
<u>Long-term</u>		
Credits granted to third parties (*)	7,230,809,537	5,007,145,068
Loans granted to employees (**)	1,522,247,637	1,444,064,698
Refinanced or renegotiated loans	<u>211,048,986</u>	<u>40,218,977</u>
Total	8,964,106,160	6,491,428,743
Overall Total	145,975,773,734	142,592,472,649

(*) As indicated in Note 9 to December 31, 2018 certain documents of the loan portfolio were delivered as collateral for the financial obligations contracted by the Entity.

(**) In fiscal year 2019 and 2018 no credits were granted to the General Manager, the Executive Director, the members of the Board of the Fundación, or their relatives.

(***) See the following table on the evolution of the provisions for doubtful debts.

The evolution of the provisions for doubtful debts is as follows:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Balance at the start	(3,814,892,664)	(3,527,481,009)
<u>Plus</u>		
Establishment of specific provisions - net of reversals (Annex VII)	(4,417,810,150)	(3,193,848,669)
Constitución de previsiones genéricas (Anexo VII)	(1,362,602,939)	(1,346,272,953)
<u>Minus</u>		
Application of provisions on credits written off as uncollectible	5,629,212,398	4,252,709,967
Final balance	(3,966,093,355)	(3,814,892,664)


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NOTE 6 – ADDITIONAL INFORMATION ON CREDITS, INVESTMENTS AND OBLIGATIONS

a) Portfolio concentration

Number of clients	Amount and percentage of loan portfolio							
	In effect				Overdue			
2019	Capital	Interest	Total	%	Capital	Interest	Total	%
10 Major Debtors	1,955,935,003	19,199,727	1,975,134,730	1.43%	808,818,882	17,478,567	826,297,449	6.87%
50 subsequent Major Debtors	5,081,262,013	25,453,276	5,106,715,289	3.70%	1,673,415,342	47,097,568	1,720,512,910	14.30%
100 subsequent Major Debtors	5,052,702,011	41,454,761	5,094,156,772	3.69%	1,370,327,312	51,307,875	1,421,635,187	11.81%
Other subsequent debtors	124,183,475,850	1,547,237,269	125,730,713,119	91.17%	7,775,732,022	290,969,611	8,066,701,633	67.03%
Total of the loan portfolio	136,273,374,877	1,633,345,033	137,906,719,910	100%	11,628,293,558	406,853,621	12,035,147,179	100%

Number of clients	Amount and percentage of loan portfolio							
	In effect				Overdue			
2018	Capital (*)	Interest	Total	%	Capital (*)	Interest	Total	%
10 Major Debtors	1,888,487,992	20,183,323	1,908,671,315	1.40%	745,629,761	26,251,820	771,881,581	7.59%
50 subsequent Major Debtors	4,978,155,106	23,616,249	5,001,771,355	3.67%	1,483,119,656	57,326,107	1,540,445,763	15.14%
100 subsequent Major Debtors	4,959,413,003	34,335,613	4,993,748,616	3.67%	1,189,756,208	44,217,819	1,233,974,027	12.13%
Other subsequent debtors	122,840,816,210	1,488,855,838	124,329,672,048	91.26%	6,386,266,288	240,934,320	6,627,200,608	65.14%
Total of the loan portfolio	134,666,872,311	1,566,991,023	136,233,863,334	100%	9,804,771,913	368,730,066	10,173,501,979	100%

(*) Does not include balances of provisions

b) Loan portfolio distributed by economic sector

Economic Sector	Amount			
	Capital (*)	Interest	Total	%
2019				
Agricultural	499,154,605	38,308,586	537,463,191	0.36%
Livestock	931,471,100	74,138,192	1,005,609,292	0.67%
Industrial	74,905,488,538	599,271,404	75,504,759,942	50.36%
Commerce	50,440,938,954	977,710,775	51,418,649,729	34.29%
Consumption	16,987,403,173	287,993,781	17,275,396,954	11.52%
Services	4,137,212,065	62,775,916	4,199,987,981	2.80%
Total	147,901,668,435	2,040,198,654	149,941,867,089	100%

Economic Sector	Amount			
	Capital (*)	Interest	Total	%
2018				
Agricultural	439,993,401	34,379,045	474,372,446	0.32%
Livestock	537,066,262	41,515,170	578,581,432	0.40%
Industrial	73,781,080,277	531,072,695	74,312,152,972	50.76%
Commerce	51,613,829,721	1,027,155,340	52,640,985,061	35.96%
Consumption	17,313,844,289	283,776,611	17,597,620,900	12.02%
Services	785,830,274	17,822,228	803,652,502	0.55%
Total	144,471,644,224	1,935,721,089	146,407,365,313	100%

(*) Does not include balances of provisions


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c) Loan portfolio distributed by geographic area

2019	Capital (*)	Interest	Total 2019	%	Total 2018	%
Alto Paraná	8,530,807,450	114,409,391	8,645,216,841	5.77%	7,883,243,062	5.38%
Asunción	8,952,408,750	101,722,840	9,054,131,590	6.04%	5,066,021,139	3.46%
Caaguazú	16,093,687,662	194,827,287	16,288,514,949	10.86%	16,033,801,632	10.95%
Canindeyú	3,644,441,597	83,171,881	3,727,613,478	2.49%	3,891,629,796	2.66%
Central	27,084,906,147	282,473,642	27,367,379,789	18.25%	29,474,239,599	20.13%
Chaco	2,770,033,900	50,455,762	2,820,489,662	1.88%	2,889,262,553	1.97%
Concepción	4,034,627,606	62,969,452	4,097,597,058	2.73%	4,227,281,855	2.89%
Cordillera	7,914,043,269	81,166,572	7,995,209,841	5.33%	7,340,251,203	5.01%
Guairá	7,549,147,914	132,338,044	7,681,485,958	5.12%	5,446,703,017	3.72%
Itapúa	10,605,905,853	102,455,524	10,708,361,377	7.14%	9,983,427,700	6.82%
Misiones	4,443,233,797	80,794,462	4,524,028,259	3.02%	3,934,918,094	2.69%
Ñeembucú	3,914,534,715	91,682,952	4,006,217,667	2.67%	7,709,885,982	5.27%
Paraguarí	30,413,889,365	467,514,250	30,881,403,615	20.60%	29,533,465,618	20.17%
San Pedro	11,865,290,210	192,500,875	12,057,791,085	8.04%	12,916,098,598	8.82%
Loan abroad (**)	84,710,200	1,715,720	86,425,920	0.06%	77,135,465	0.05%
Total	147,901,668,435	2,040,198,654	149,941,867,089	100%	146,407,365,313	100%

(*) Does not include balances of provisions

(**) Loan granted to Transmit Enterprise of England.

d) Distribution of short-term investments, loans and financial obligations according to their maturities

The management of the Fundación controls the liquidity mainly by matching the maturities of its assets and liabilities, in accordance with the short, medium and long-term strategies defined and monitored permanently, for both assets and liabilities.

The table below shows the financial fit at the close of each fiscal year.

Concept	Time left for maturity – Balances to December 31, 2019					Total (*)
	Up to 30 días	From 31 to 180 days	From 181 days to 1 year	More than 1 year and up to 3 years	More than 3 years	
Short-term investments (Note 4)		6,442,330,000		-	-	6,442,330,000
Interest earned (Nota 4)		236,159,841		-	-	236,159,841
Credits (*)						
Capital	32,784,520,343	81,367,238,773	24,785,803,159	8,608,219,133	355,887,027	147,901,668,435
Interest	1,935,009,916	104,537,677	651,061		-	2,040,198,654
Total assets	34,719,530,259	88,150,266,291	24,786,454,220	8,608,219,133	355,887,027	156,620,356,930
Financial obligations	8,819,563,037	29,325,136,425	45,994,970,286	20,821,514,241	-	104,961,183,989
Total obligations	8,819,563,037	29,325,136,425	45,994,970,286	20,821,514,241	-	104,961,183,989

Concept	Time left until maturity – Balances to December 31, 2018					Total (*)
	Up to 30 days	From 31 to 180 days	From 181 days to 1 year	More than 1 year and up to 3 years	More than 3 years	
Short-term investments	6,675,356,800			-	-	6,675,356,800
Interest earned	198,903,699	-		-	-	198,903,699
Credits (*)						
Capital	31,205,385,676	82,401,260,731	24,373,569,074	6,044,137,822	447,290,921	144,471,644,224
Interest	1,852,285,042	82,126,153	1,309,894		-	1,935,721,089
Total assets	39,931,931,217	82,483,386,884	24,374,878,968	6,044,137,822	447,290,921	153,281,625,812
Financial obligations	10,682,785,727	37,705,776,708	41,293,586,146	12,116,793,291	-	101,798,941,872
Total obligations	10,682,785,727	37,705,776,708	41,293,586,146	12,116,793,291	-	101,798,941,872

(*) Does not include balances of provisions

e) Classification of the portfolio and the provisions for doubtful debts (calculated according to arrears):

To December 31, 2019

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Current and overdue loans granted to third parties

Quality of the portfolio	%	Capital	Interest earned	Total	Percentage provision	Provision
Current portfolio	92.17%	133,648,502,396	1,627,011,981	135,275,514,377	1%	1,336,354,777
Overdue portfolio 1 - 30 days	5.53%	8,022,645,657	265,436,964	8,288,082,621	10%	802,264,991
Overdue portfolio 31 - 90 days	1.30%	1,882,704,628	79,449,892	1,962,154,520	30%	564,811,493
Overdue portfolio 91 - 180 days	0.55%	802,388,012	29,438,009	831,826,021	60%	481,432,826
Overdue portfolio > 180 days	0.44%	641,223,395	21,524,347	662,747,742	100%	641,036,238
Total	100%	144,997,464,088	2,022,861,193	147,020,325,281		3,825,900,325

Number of loans: 19,079

Loans granted to employees of the Fundación

Quality of the portfolio	%	Capital	Interest earned	Total	Percentage provision	Provision
Current portfolio	98.01%	2,395,843,044	2,693,797	2,398,536,841	1%	23,958,453
Overdue portfolio 1 - 30 days	1.58%	38,565,046	641,208	39,206,254	10%	3,856,509
Overdue portfolio 31 - 90 days	0.19%	4,765,990	97,784	4,863,774	30%	1,429,799
Overdue portfolio 91 - 180 days	0.22%	5,434,437	0	5,434,437	60%	3,260,661
Total	100%	2,444,608,517	3,432,789	2,448,041,306		32,505,422

Number of loans: 173

Refinanced or renegotiated loans

Quality of the portfolio	%	Capital	Interest earned	Total	Percentage provision	Provision
Current portfolio	49.83%	229,029,437	3,639,255	232,668,692	0.98%	2,290,288
Overdue portfolio 1 - 30 days	32.14%	147,699,205	7,971,021	155,670,226	28.46%	44,309,766
Overdue portfolio 31 - 90 days	11.85%	54,449,089	1,850,311	56,299,400	58.03%	32,669,455
Overdue portfolio 91 - 180 days	6.18%	28,418,099	444,085	28,862,184	98.46%	28,418,099
Total	100.00%	459,595,830	13,904,672	473,500,502		107,687,608

Number of loans: 25

Total Portfolio

Quality of the portfolio	%	Capital	Interest earned	Total	Percentage provision	Provision
Current portfolio	92.14%	136,273,374,877	1,633,345,033	137,906,719,910	0.99%	1,362,603,518
Overdue portfolio 1 - 30 days	5.55%	8,208,909,908	274,049,193	8,482,959,101	10.03%	850,431,266
Overdue portfolio > 30 days	2.31%	3,419,383,650	132,804,428	3,552,188,078	49.35%	1,753,058,571
Overall total	100.00%	147,901,668,435	2,040,198,654	149,941,867,089		3,966,093,355

Number of loans: 19,277

To December 31, 2018

Current and overdue loans granted to third parties

Quality of the portfolio	%	Capital	Interest earned	Total	Percentage Provision	Provision
Overdue portfolio 1 - 30 days	93.19%	132,190,999,159	1,563,171,606	133,754,170,765	1%	1,322,761,151
Overdue portfolio 1 - 30 days	4.54%	6,437,182,655	228,423,697	6,665,606,352	10%	642,792,663
Overdue portfolio 31 - 90 days	1.20%	1,703,493,915	72,398,883	1,775,892,798	30%	511,048,318
Overdue portfolio 91 - 180 days	0.48%	676,809,790	29,180,050	705,989,840	60%	406,085,879
Overdue portfolio > 180 days	0.59%	838,372,286	32,564,134	870,936,420	100%	838,372,286
Total	100%	141,846,857,805	1,925,738,370	143,772,596,175		3,721,060,297

Number of loans: 18,756


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NOTE 7 – OTHER ASSETS

Other assets are made up as follows:

<u>Description</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
Short-term		
Miscellaneous debtors	574,302,131	564,801,515
Projects executed to recover - microfinance unit	114,092,956	-
Items for sale in agricultural schools	440,598,060	214,073,975
Fiscal credit VAT	88,342,959	388,391,738
Rents paid in advance	220,146,898	163,433,900
Kits for sale - microfinance unit	47,295,370	55,883,666
TOMs shoes - Donation to be received	759,347,806	-
Advance payment for expenses	7,469,582	88,365,700
Projects executed to recover - entrepreneurial education unit	-	7,492,346
Advance payment income tax (*)	210,484,557	-
Miscellaneous	279,028,876	368,110,110
Credits to be collected - agricultural schools unit	138,399,379	201,591,811
Guarantee of the rent	92,667,024	112,870,143
Insurance paid in advance	98,082,984	73,285,471
Projects executed to recover - agricultural schools unit	47,147,742	-
Claims to insurance	9,000,000	3,000,000
Advance payment to staff	495,247	14,130,913
Sub-total	3,126,901,571	2,255,431,288
<u>Description</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
Long-term		
Stock of animals - agricultural school	527,487,047	631,821,268
Eucalyptus plantation	696,600,546	639,942,364
Items acquired as recovery of credit	575,712,933	435,802,865
Brand registration	195,370,073	173,388,304
Materials and inputs	114,140,046	119,728,216
Sub-total	2,109,310,645	2,000,683,017
Total	5,236,212,216	4,256,114,305

(*) Corresponds to the advance payment of the income tax in favor of the Fundación and net of provision, which to December 31, 2019 totals Gs. 708.141.144.


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NOTE 8 – FINANCIAL OBLIGATIONS

Financial obligations are as follows:

Financial obligations with local entities

Description	31.12.2019 (*)	31.12.2018 (*)
Banco GNB Paraguay S.A.	20,096,289,883	21,922,347,991
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	12,533,333,337	13,166,666,663
Banco Continental S.A.E.C.A.	4,762,244,064	7,435,568,394
Interfisa Banco S.A.E.C.A.	1,522,716,691	859,058,027
Banco Río S.A.	2,300,812,651	5,565,470,907
Banco Atlas S.A.	7,839,445,929	7,157,471,366
Solar de Ahorro y Finanzas S.A.E.C.A.	3,792,928,461	1,539,842,813
Sub- Total (Annex II)	52,847,771,016	57,646,426,161
Overdraws in current account	782,911,683	-
Total	53,630,682,699	57,646,426,161

(*) All loans are short-term.

Financial obligations with entities abroad

Description	31.12.2019			31.12.2018		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Inter-American Development Bank (IADB)	606,601,971	423,200,241	1,029,802,212	455,154,338	793,352,447	1,248,506,785
Locfund Limited Partnership	12,774,180,000		12,774,180,000	1,919,475,000		1,919,475,000
Oikocredit	12,610,388,000		12,610,388,000	18,915,582,000		18,915,582,000
Kiva	13,454,122,174		13,454,122,174	10,478,400,301		10,478,400,301
INCOFIN		11,154,000,000	11,154,000,000		11,154,000,000	11,154,000,000
Subtotal	39,445,292,145	11,577,200,241	51,022,492,386	31,768,611,639	11,947,352,447	43,715,964,086
Interest earned to be paid	621,993,744	-	621,993,744	436,551,625	-	436,551,625
Total obligations	93,697,968,588	11,577,200,241	105,275,168,829	89,851,589,425	11,947,352,447	101,798,941,872

Refer to Annexes II and III for more information on capital balances and interest rates per operation.

NOTE 9 – GUARANTEES AND SURETIES

The guarantees and sureties that cover the financial obligations contracted by the Fundación as of December 31, 2017 are detailed below.

Guarantees granted by Fundación Paraguaya

- The financial obligations contracted with BBVA S.A. to 31.12.2018 were guaranteed by a fixed-term deposit with a total value of USD 500,000 of GNB Paraguay S.A. See Note 4.
- The financial obligations contracted with Banco Continental SAECA to 31.12.2018 were guaranteed by a fixed-term deposit with a total value of USD 500,000 in Banco Sudameris.

Guarantees on credits granted by third parties

To December 31, 2018 there was a guarantee or surety granted by the International Action Institution (Washington, D.C.) to Banco Bilbao Vizcaya Argentaria Paraguay S.A. up to the amount of USD 450,000, which guaranteed the line of credit and loans that Banco Bilbao Vizcaya Argentaria Paraguay S.A. granted within said line to the Fundación.

NOTE 10 – DONATIONS RECEIVED FOR PROJECTS

Part of the resources with which the Fundación finances its activities have been obtained from International Agencies and local contributors through donation agreements in some cases, or through grant programs for specific activities developed by the Fundación.

Donations for projects are as follows:

Description	31.12.2019	31.12.2018
Microfinance Unit (Annex IV)	813,984,507	1,704,737,193
Self-sufficient agricultural schools unit (Annex V)	13,069,921	30,850,605
Entrepreneurial education unit (Annex VI)	384,576,325	-
Totals	1,211,630,753	1,735,587,798

The description of the donations for projects, as well as the resources used by the operating units of microfinance, agricultural schools and entrepreneurial education in 2019 and 2018 are detailed in Annexes IV, V and VI.

NOTE 11 – ASSETS DIRECTLY LINKED TO THE MICROFINANCE UNIT

A summary is provided below on the assets of the Fundación to December 31, 2019 and 2018 directly linked to the Microfinance Unit and to the services rendered by said operating unit.

Description	December 31			
	2019	%	2018	%
Available	4,937,306,829	2.38%	3,755,471,874	3.03%
Short-term investments	6,699,641,012	3.78%	5,960,140,000	3.59%
Credits	145,975,773,734	90.45%	142,592,472,649	88.42%
Miscellaneous credits	982,508,839	0.49%	773,085,999	2.01%
Property, plant and equipment	7,351,658,240	2.90%	4,570,768,858	2.95%
Total	165,946,888,654	100%	157,651,939,380	100%

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The following are the main contracts signed by the Fundación in effect to December 31, 2019 and 2018:

- a) On December 20, 2002 the Fundación received, as donation from the Asociación Paraguaya de Educación y Asistencia (APEA) the lands, buildings and facilities of the “San Francisco de Asís” Agricultural School located in Cerrito (Department of Villa Hayes – Paraguayan Chaco), which had been administrated and maintained by APEA until December 31, 2002 and which, as of January 1, 2003 has been administrated by the Fundación. Taking on its administration entails the following obligations for the Fundación:
- Taking on the property, administration and management of the School with the mission of providing technical education on agriculture and livestock to young low-income farmers and introducing academic and administrative reforms.
 - Investing the sum of Gs. 2,450,000,000 in a five-year period to: i) subsidize the spread between operational income and outlays of the School; ii) build new infrastructure; iii) purchase production items and inputs; iv) open credit lines and provide technical assistance to graduates; v) purchase the land of 14.52 hectares bordering with the

School and which is valued at USD 46,464, which was already complied with at the close of 2002.

- Take on the work obligations of the School to the cutoff date (December 31, 2002), which has already been complied with at the close of 2002.
- Maintain the current system of boarding school, grants and subsidies of the School enabling the access of at least one hundred young low-income farmers.
- Develop self-help programs and technical advice for graduates.
- Ensure an ecclesial space for students to receive catechism and pastoral education inspired on the Catholic religion.

b) On July 1, 2010 the Fundación received the usufruct of property of the Centro de Formación Técnica Agropecuaria SOS Hermann Gmeiner "SOS Aldea de Niños Paraguay", located in Belén, to administrate and provide continuity to social work in the area. The term of the usufruct will be 20 years, extendable upon common agreement between the parties. Once said term has elapsed, if the extension is not agreed on, the usufruct will terminate and the ownership of the assets and the administration shall be returned to "SOS Aldea de Niños Paraguay". Taking up the usufruct entails the following obligations for the Fundación:

- Maintaining the school open with the mission of education low-income youth and make academic and administrative reforms.
- Developing self-help programs and provide technical advice so that graduates may apply what they have learned in the School in their communities of origin and facilitate their access to credit for production purposes to develop viable projects.

In addition to the above, to December 31, 2019 and 2018 there are no other situations, commitments or contingencies which could result in the generation of obligations for the Fundación, other than those disclosed in these financial statements.

NOTE 13 - RESERVES

a) Optional Reserves

As internal policy the Fundación determined the annual establishment, with the deduction from the accumulated surplus of previous years, of the following reserves prior approval of the Ordinary General Assembly:

The maintenance reserve of the capital value is determined in terms of the annual variation of the consumer price index on the accumulated surplus up to the close of the previous fiscal year (which includes the surplus of said fiscal year). The amounts of capital maintenance reserves established in 2019 and 2018 total Gs. Gs. 1,082,873,195 and Gs. 1,112,696,131, respectively.

b) Revaluation reserves

Fixed assets have been revaluated as per provisions of Law 125/91, using coefficients that reflect inflation in the country. This special reserve provides the matching funds of the net increase in the value of the assets. The rise in net worth generated by the revaluation may not distributed as dividend, earnings or profit.


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NOTE 14 – INCOME TAX

a) Current:

Due to the activity of the Microfinance Unit and other services, the Fundación is subject to the income tax on commercial, industrial and service activities (IRACIS), the overall rate of which is 10%.

The income tax levied on the results of the year is based on the book earnings before this item, adjusted by the line-items that the Law includes or excludes for the determination of taxable earnings to which the tax rate is applied and by the recognition of the charge or the income originated from the application of the deferred tax, if any.

Due to the activity of agricultural and livestock production of the Agricultural Schools, the Fundación is taxpayer of the income tax on agriculture and livestock activities (IRAGRO). The IRAGRO is calculated on the book result according to the regime established in the tax legislation in effect.

	31.12.2019				Total
	IRACIS		IRAGRO		
	Taxed	Exempt	Taxed	Exempt	
Surplus (loss) before taxes	4,458,191,603	193,617,845	(218,586,632)	286,879,974	4,720,102,790
Fiscal adjustments					
Non-deductible expenses	2,623,219,832	529,533,464	112,720,791	17,204,935	3,282,679,022
Taxable income	7,081,411,436		(105,865,841)		6,975,545,595
Tax rate	10%	-	10%	-	
Income tax	708,141,144		-		

	31.12.2018				Total
	IRACIS		IRAGRO		
	Taxed	Exempt	Taxed	Exempt	
Surplus (loss) before taxes	5,380,505,993	437,691,341	(114,484,970)	229,544,042	5,933,256,405
Fiscal adjustments					
Non-deductible expenses	3,802,210,666	205,231,880	46,187,100	29,235,837	4,082,865,483
Taxable income	9,182,716,659		(68,297,870)		9,114,418,789
Tax rate	10%	-	10%	-	
Income tax	918,271,666		-		

NOTE 15 – POSITION IN FOREIGN CURRENCY

The position of monetary assets and liabilities in foreign currency is as follows:

Concept	31.12.2019		
	USD	Pounds	Equivalence in Gs.
Assets in foreign currency	1,532,023	10,203	8,409,444,290
Liabilities in foreign currency	(2,483,589)	-	(16,053,797,759)
Net position	(951,567)	10,203	(7,644,353,469)

Concept	31.12.2018		
	USD	Pounds	Equivalence in Gs.
Assets in foreign currency	1,327,498	11,647	7,989,209,857
Liabilities in foreign currency	(2,175,884)	-	(12,970,315,430)
Net position	(848,386)	11,647	(4,981,105,573)

Assets and liabilities in foreign currency were valued at the exchange rate in effect on the closing date of each fiscal year, as detailed below:

Currency	31.12.2019		31.12.2018	
	Assets	Liabilities	Assets	Liabilities
USD	6,442.33	6,463.95	5,960.14	5,960.94
Pounds	8,471.02	8,500.74	7,560.44	7,533.32

To the date of these financial statements, the exchange rate for assets of the US dollar was Gs. 6,442.33 and pounds sterling Gs. 8,471.02. The exchange rate for liabilities of the US dollar was Gs. 6,463.95 and pounds sterling Gs. 8,500.74.

NOTE 16 – RELEVANT EVENTS – TAX REFORM

On September 25, 2019, Law No. 6380/19 "On Modernization and Streamlining of the National Tax System" was enacted, entering into effect as of January 1, 2020, enforcing the following taxation regime:

Corporate Income Tax (IRE), successor to the Income Tax of Commercial, Industrial and Services Activities (IRACIS), Tax on Income from Agricultural Activities (IRAGRO), and Small Taxpayer Income Tax (IRPC), with the same tax rates of 10%. The rates to be applied will be: 8% if the individual receiving the dividends, profits or returns is a natural person, legal entity or another type of entity residing in the country; and 15% provided that the recipient is an entity, natural person or legal entity not residing in the country, including those obtained by the parent company abroad, i.e. the parent company of the branches established in the country. Law No. 6380/19 establishes special provisions related to accumulated profits before to its coming into effect that have not been capitalized.

Non-Resident Tax (INR): It taxes Paraguayan source income obtained by natural persons or legal entities, non-residents in Paraguay, originating from the activities included in the IRE and the IRP, the provisions relating to digital services are detailed, which are taxed provided they are used and exploited in Paraguayan territory, including entertainment or gambling services. In general, the INR rate is 15% to be applied to the value of the established net income.

Value Added Tax (VAT): Regarding VAT, no significant changes are envisaged in respect of the operations of the Fundación Paraguaya. Regarding the rates for the products, there are no variations. The tax settlement system has not been modified and it maintains the rule of compensation of the VAT Tax Debit with VAT Tax Credit.

Valuation rules between related parties (Transfer Prices): As of 2021, taxpayers operating with related parties residing in the country and abroad, must obtain and maintain a Technical Study that includes the supporting documentation showing that the amount of their income and deductions were valued at prices or considerations made between independent parties. Otherwise, the Tax Administration may determine the income and deductions, by determining

the price or consideration that independent parties would have used in comparable operations.

NOTE 17 - SUBSEQUENT EVENTS

Supervision of the Superintendency of Banks

On 13/11/2019, the Central Bank of Paraguay issued Resolution No. 7, File No. 78, which includes individuals and/or legal entities that operate in the credit market with their own or third-party resources, which do not represent the raising of deposits, as subjects of Law 861/96 and its modification, and creates the "Registry of money credit grantors/Credit Bureaus".

In response to a consultation note presented by the Fundación, the Superintendency of Banks has informed the Fundación, through Note SB.SG. No. 00263/2020 dated 03/03/2020, that its activity lies within the provisions of Article 1 of Resolution No. 7, Record No. 78 dated 13/11/2019, and, therefore, determines the inclusion of the Fundación as subject of Law No. 861/96 and its modification, taking into account the habitual nature of granting loans to its beneficiaries.

The Fundación is in the process of registration. Once the corresponding records have been reviewed, the Superintendency of Banks will proceed to evaluate the different regulations that will be applied to the Credit Bureaus/Credit Grantors, based on the different factors relating to the money loan business with the institution's own resources.

Coronavirus COVID-19

The appearance of the Coronavirus COVID-19 in China in January 2020, and its recent global expansion to a large number of countries, has led to the viral outbreak being classified as a pandemic by the World Health Organization as of March 11, 2020.

The economic impacts and consequences for business operations are uncertain and will depend to namely on the evolution and spread of the pandemic in the coming months, as well as on the reaction and adaptation of all the affected economic agents.

Like most financial institutions, the Fundación announced a moratorium on loan installments for March, April and May, as well as the cancellation of late payment and penalty interests, and collection expenses during said period. We are also lobbying the National Government for inclusion of our clients among the beneficiaries of the subsidies and other measures. In this way, we look forward to reducing the impact of COVID19 on our clients.

The Covid-19 crisis will affect the economy in general and especially microentrepreneurs. Although the Government has announced a series of economic mitigation measures, including refinancing for banks, significant public investments, reallocation of the budget to the health sector, moratorium on the payment of taxes and some state services, and maintains its growth projections, nonetheless, the economy will be importantly affected.

This global crisis is unprecedented. Therefore, it is too early to make reasonably accurate projections, but as possible impacts we will see:

Significant growth in delinquencies and a refinancing and rescheduling campaign will be necessary, including the provision of additional capital to many of our clients. This will affect our cash flow, whereby we will require more funding.

The impact on the financial statements will be the increase in the financial cost and the increase in the provisions, namely for non-performing loans.

There will also be increased financial assistance from the State and especially from multilateral organizations and other donors, which we can use to amortize this impact.

Negotiations will be carried out with our banking group in the event it is required for this contingency. We will reduce the administrative expenses that are not essential to our functioning.

As for our collaborators, the General Management has not decided to close offices or to dismiss staff.

The Council of the Fundación estimates that these effects will not have a significant impact on the company's capacity to continue as a going concern for a 12-month period starting January 1, 2020.

Except for the foregoing, no other significant events (financial or otherwise) have occurred between the closing date of the fiscal year and the date of preparation of these Financial Statements that could affect them or should be disclosed.

Translator's Note: This is a true translation of Notes to the Financial Statements initialized by Fernando Sanabria, General Manager, Liliana Marroco, Accounting Manager and Ana Lía Simancas on behalf of Deloitte, that I had before me in May 2020 in Asunción, Paraguay.


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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2019

PROPERTY, PLANT AND EQUIPMENT

Account	Values of origin				Reclassification	Revaluation of period	Balance to 12.31.2019	Years of useful life
	Initial balance	Highs	Lows and adjustments	Depreciation				
Real estate	7,260,267,531	2,450,696,412	-	(137,118)	-	228,443,564	9,939,270,389	25
Furniture, implement and installations	16,588,475,833	399,586,792	(581,222,659)	(7,814,809)	(6,169,004)	340,499,068	16,739,524,225	10
Computing equipment	4,308,588,512	228,165,389	(790,750,743)	(419,614)	-	36,409,411	3,781,992,955	4
Transport material	897,117,009	213,953,182	(146,575,599)	-	-	12,968,784	977,463,376	5
Improvements in third party property	1,352,827,526	90,885,455	(233,613,634)	11,391,071	(5,442,828)	12,783,947	1,234,274,365	5
Other goods	335,532,684	208,920,443	(211,486,341)	513,017	(305,275)	3,767,830	337,247,633	5
Sub-total 2019	30,742,809,095	3,592,207,673	(1,963,648,976)	3,532,547	(7,652,784)	634,872,604	33,009,772,943	
Constructions and installations in progress (*)	1,129,884,793	1,933,734,662	(89,939,078)	(208,932,495)	-	-	2,764,747,882	
Total 2019	31,872,693,888	5,525,942,335	(2,053,588,054)	(205,399,948)	(210,235,778)	634,872,604	35,774,520,825	
Total 2018	29,994,039,142	2,785,105,753	(1,587,224,999)	-	(210,235,778)	680,773,992	31,872,693,888	

Account	Depreciation		Reclassification	Revaluation of period	Accumulated	Net Result at closing	Years of useful life
	Initial balance	Lows and adjustments					
Real estate	(2,685,516,661)	(252,136,526)	-	(75,463,017)	(3,013,116,204)	6,926,154,185	25
Furniture, implement and installations	(8,404,541,289)	(1,266,806,751)	(6,169,004)	(105,820,437)	(9,202,080,256)	7,537,443,969	10
Computing equipment	(3,781,167,811)	(295,884,174)	791,344,926	(17,511,140)	(3,303,218,199)	478,774,756	4
Transport material	(736,326,239)	(95,255,585)	146,575,599	-	(690,449,053)	287,014,323	5
Improvements in third party property	(1,159,488,545)	(85,732,955)	232,035,505	(1,483,780)	(5,693,081)	213,911,509	5
Other goods	(290,080,096)	(92,578,705)	211,486,341	-	(171,477,735)	165,769,898	5
Sub-total 2019	(17,057,120,641)	(2,088,394,696)	1,962,699,596	(7,652,784)	(17,400,704,303)	15,609,068,640	
Constructions and installations in progress (*)	-	-	-	-	-	2,764,747,882	
Sub-total 2019	(17,057,120,641)	(2,088,394,696)	1,962,699,596	(7,652,784)	(17,400,704,303)	18,373,816,522	
Total 2019	(15,391,954,899)	(2,033,063,022)	587,322,084	(219,424,804)	(17,057,120,641)	14,815,573,247	

(*) In progress is made up of: Web development for the Stoplight and Trademark Registration for Stoplight

(**) Depreciation of the fiscal year is:

Description	31.12.2019	31.12.2018
Depreciation of the Microfinance Fiscal Year (Annex VII)	800,773,606	764,258,565
Depreciation of the Internships Project Fiscal Year	7,485,731	7,417,194
Depreciation of the Replication Fiscal Year	64,521,606	1,024,380
Depreciation of the San Francisco School Fiscal Year (Annex VIII)	942,315,418	854,372,631
Depreciation of the Belén School Fiscal Year	246,451,537	174,245,995
Depreciation of the San Pedro School Fiscal Year	-	211,993,193
Depreciation of the Entrepreneurial Education Fiscal Year (Annex XI)	19,461,637	15,913,556
Depreciation of the Own Funds Stoplight Fiscal Year	7,385,161	3,837,508
Total	2,088,394,696	2,033,063,022

Luis Fernando Sanabria
General Manager

Liliana Marraco Franco
Liliana Marraco Franco
Accounting Manager

424,636,826 Annex I has a net revaluation of
427,707,016 However the EEPN states
3,070,190

Translator's Note: This is a true translation of a Financial Statement initialized by Fernando Sanabria, General Manager, Liliana Marraco, Accounting Manager and Ana Lia Simancas on behalf of Deloitte, that I had before me in May 2020 in Asunción, Paraguay.

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Financial obligations with local entities to 31.12.2019 (Note 8)

Creditor	Currency	Approval	Expiration	Rate	Original amount	Capital Balance as of 31.12.2019
Banco Atlas S.A.	GUARANIES	25/04/2019	16/04/2020	9.00%	4,021,137,872	1,380,634,179
Banco Atlas S.A.	GUARANIES	19/07/2019	08/07/2020	9.00%	2,400,000,000	1,433,511,605
Banco Atlas S.A.	GUARANIES	16/12/2019	12/12/2020	8.75%	5,025,300,145	5,025,300,145
Sub-total					11,446,438,017	7,839,445,929
Banco GNB Paraguay S.A.	GUARANIES	21/05/2019	21/05/2020	9.75%	3,000,000,000	1,285,752,084
Banco GNB Paraguay S.A.	GUARANIES	11/06/2019	11/06/2020	9.50%	4,000,000,000	2,047,431,409
Banco GNB Paraguay S.A.	GUARANIES	26/06/2019	15/06/2020	9.50%	2,000,000,000	999,999,998
Banco GNB Paraguay S.A.	GUARANIES	12/07/2019	15/01/2020	8.00%	2,000,000,000	333,333,335
Banco GNB Paraguay S.A.	GUARANIES	24/07/2019	18/07/2020	9.50%	3,000,000,000	1,750,000,000
Banco GNB Paraguay S.A.	GUARANIES	12/11/2019	12/11/2020	9.00%	4,000,000,000	3,679,773,057
Banco GNB Paraguay S.A.	GUARANIES	04/12/2019	06/12/2020	9.00%	4,000,000,000	4,000,000,000
Banco GNB Paraguay S.A.	GUARANIES	12/12/2019	15/12/2020	9.00%	4,000,000,000	4,000,000,000
Banco GNB Paraguay S.A.	GUARANIES	26/12/2019	21/06/2020	7.85%	2,000,000,000	2,000,000,000
Sub-total					28,000,000,000	20,096,289,883
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	21/06/2019	15/06/2020	8.00%	2,500,000,000	1,250,000,002
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	29/07/2019	13/07/2020	8.00%	3,000,000,000	1,750,000,000
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	22/08/2019	17/08/2020	8.00%	2,500,000,000	1,666,666,668
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	20/11/2019	16/11/2020	8.00%	4,000,000,000	3,666,666,667
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	19/12/2019	14/12/2020	8.00%	4,200,000,000	4,200,000,000
Sub-total					16,200,000,000	12,533,333,337
Interfisa Banco SAECA	GUARANIES	13/08/2019	12/02/2020	9.00%	2,500,000,000	845,955,066
Interfisa Banco SAECA	GUARANIES	20/08/2019	19/02/2020	9.00%	2,000,000,000	676,761,625
Sub-total					4,500,000,000	1,522,716,691
Solar de Ahorro y Finanzas SAECA	GUARANIES	26/03/2019	20/03/2020	8.50%	3,014,718,501	777,821,594
Solar de Ahorro y Finanzas SAECA	GUARANIES	23/12/2019	23/12/2020	8.50%	3,015,106,867	3,015,106,867
Sub-total					6,029,825,368	3,792,928,461
Banco Continental SAECA	GUARANIES	25/10/2018	18/02/2020	7.50%	2,000,000,000	677,817,520
Banco Continental SAECA	GUARANIES	20/11/2018	24/09/2020	8.00%	2,850,000,000	2,158,495,989
Banco Continental SAECA	GUARANIES	12/12/2018	22/05/2020	8.00%	2,306,247,706	1,925,930,555
Sub-total					7,156,247,706	4,762,244,064
Banco Río SA	GUARANIES	28/08/2019	17/09/2020	9.00%	3,019,482,120	2,300,812,651
Sub-total					3,019,482,120	2,300,812,651
Total					76,351,993,211	52,847,771,016

Financial obligations with local entities to 31.12.2018 (Note 8)

Creditor	Currency	Approval	Expiration	Rate	Original amount	Capital Balance as of 31.12.2018
Banco Atlas S.A.	GUARANIES	14/03/2018	14/03/2019	8.50%	4,019,747,051	1,037,077,887
Banco Atlas S.A.	GUARANIES	28/06/2018	10/01/2019	7.50%	2,055,180,596	334,320,919
Banco Atlas S.A.	GUARANIES	28/11/2018	20/11/2019	8.00%	3,013,662,325	2,771,599,656
Banco Atlas S.A.	GUARANIES	03/12/2018	03/12/2019	8.00%	3,014,472,904	3,014,472,904
Sub-total					12,103,062,876	7,157,471,366
Banco GNB Paraguay S.A.	GUARANIES	22/03/2018	17/03/2019	8.00%	3,000,000,000	750,000,000
Banco GNB Paraguay S.A.	GUARANIES	27/04/2018	12/04/2019	8.00%	1,500,000,000	500,000,000
Banco GNB Paraguay S.A.	GUARANIES	16/05/2018	11/05/2019	8.50%	3,000,000,000	1,250,000,000
Banco GNB Paraguay S.A.	GUARANIES	13/06/2018	08/06/2019	8.00%	4,000,000,000	2,000,000,002
Banco GNB Paraguay S.A.	GUARANIES	25/07/2018	25/01/2019	6.50%	2,500,000,000	422,347,989
Banco GNB Paraguay S.A.	GUARANIES	29/08/2018	15/08/2019	8.50%	3,000,000,000	2,000,000,000
Banco GNB Paraguay S.A.	GUARANIES	18/12/2018	18/06/2019	9.00%	3,000,000,000	3,000,000,000
Banco GNB Paraguay S.A.	GUARANIES	21/12/2018	21/12/2019	10.50%	5,000,000,000	5,000,000,000
Banco GNB Paraguay S.A.	GUARANIES	26/12/2018	26/12/2019	10.50%	7,000,000,000	7,000,000,000
Sub-total					32,000,000,000	21,922,347,991
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	27/03/2018	25/03/2019	8.00%	2,000,000,000	500,000,001
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	26/04/2018	15/04/2019	8.00%	1,500,000,000	500,000,000
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	12/07/2018	08/07/2019	7.85%	2,000,000,000	1,166,666,665
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	18/09/2018	13/09/2019	8.00%	4,000,000,000	2,999,999,997
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	13/12/2018	09/12/2019	8.00%	4,000,000,000	4,000,000,000
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	18/12/2018	13/12/2019	8.00%	4,000,000,000	4,000,000,000
Sub-total					17,500,000,000	13,166,666,663
Interfisa Banco SAECA	GUARANIES	20/04/2018	22/04/2019	8.00%	2,511,621,717	859,058,027
Sub-total					2,511,621,717	859,058,027
Solar de Ahorro y Finanzas SAECA	GUARANIES	14/06/2018	10/06/2019	8.50%	3,014,803,402	1,539,842,813
Sub-total					3,014,803,402	1,539,842,813
Banco Continental SAECA	GUARANIES	25/10/2018	24/04/2019	7.50%	2,500,000,000	1,676,772,176
Banco Continental SAECA	GUARANIES	20/11/2018	20/11/2019	8.00%	3,000,000,000	2,758,796,218
Banco Continental SAECA	GUARANIES	12/12/2018	09/12/2019	8.00%	3,000,000,000	3,000,000,000
Sub-total					8,500,000,000	7,435,568,394
Banco Río SA	GUARANIES	30/05/2018	07/06/2019	8.50%	2,015,996,015	1,031,381,917
Banco Río SA	GUARANIES	13/06/2018	19/06/2019	8.50%	3,000,000,000	1,534,088,990
Banco Río SA	GUARANIES	19/12/2018	28/01/2019	9.00%	3,000,000,000	3,000,000,000
Sub-total					8,015,996,015	5,565,470,907
Total					88,645,484,010	57,646,426,161

Luis Fernando Sanabria
General Manager

Liliana Marroco Franco
Accounting Manager

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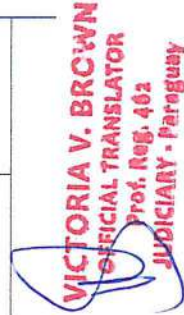
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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2019

Donor and/or project	Description of the agreement or donation	Resources of agreements utilized to		Expenses of agreements utilized to		Net		Received donations for projects	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Peery Foundation	Agreement for the development of the pilot program "Committee of Rural Women Entrepreneurs". Grant Fund and Dissemination of institutional model agreement for the "Poverty Eradication" program.	149,720,062	165,731,434	(149,720,062)	(165,731,434)	-	-	-	44,790,852
Internship Project	Fundación Paraguaya promotes the arrival of undergraduate and postgraduate students from universities mainly in the US and Europe to support their programs and gain field experience in Latin America. The expenses involved in the program are transferred to the students.	386,088,871	468,981,769	(475,074,725)	(561,684,802)	(88,985,854)	(92,703,033)	-	-
SKOLL Agreement	This time, Skoll is once again committing to another social innovation of the Fundación Paraguaya, the Poverty Stoplight to continue its development and test it in the work with governments and in other countries (Tanzania).	115,985,839	139,145,401	(99,133,339)	(139,145,401)	16,852,500	-	-	110,045,387
Poverty Stoplight - SKOLL - BENETECH	The Skoll Foundation drives change on a large scale by investing in, connecting with, and celebrating the social entrepreneurs and innovators who help solve the world's most pressing problems. Software Adaptation of the Poverty Stoplight Platform	60,954,855	50,593,741	(3,278,539)	(50,593,741)	57,676,316	-	-	59,302,341

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FINANCIAL STATEMENTS TO DECEMBER 31, 2019


Donor and/or project	Description of the agreement or donation	Resources of agreements utilized to		Expenses of agreements utilized to		Net		Received donations for projects	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Toms Shoes and LDS	Agreement with TOMS Shoes Inc. whereby the Fundación Paraguaya provides espadrilles donated by the company Toms Shoes Inc. to the children of the clients and beneficiaries of its programs, as per an agreement signed in February 2012. Agreement made with the Wheelchair Foundation for the donation of 270 wheelchairs through the Fundación Paraguaya. Agreement signed in October 2013.	188,739,746	893,960,967	(188,739,746)	(893,946,836)	-	14,131	759,347,806	112,647,514
Poverty Stoplight - Peery Foundation	Project focused on strengthening families to build a decent life and achieve self-sufficiency. Promote the Poverty Stoplight of the Fundación Paraguaya targeting multidimensional poverty.	2,307,518,855	679,334,167	(1,259,078,042)	(334,142,297)	1,048,440,813	345,191,870	-	754,551,113



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2019

ANNEX IV (continued)

Donor and/or project	Description of the agreement or donation	Resources of agreements utilized to		Expenses of agreements utilized to		Net		Received donations for projects	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Latin American Development Bank	On June 14, 2016 CAF approved a non-reimbursable technical cooperation, in favor of Fundación Paraguaya, to support the project "My toilet, my kitchen, my pride", whose purpose is to educate and raise awareness among the low-income population on the existence of the multiple dimensions of poverty, including the issue of health and sanitation. On December 7, 2016 CAF approved a non-reimbursable technical cooperation, in favor of Fundación Paraguaya to promote the dissemination of the Poverty Spotlight tool among companies and municipalities of Paraguay to identify and generate more efficient solutions to poverty	926,572,163	761,639,307	(673,544,827)	(758,409,307)	253,027,336	3,230,000		186,286,196
Poverty Elimination - Own funds	The Project seeks to provide innovative solutions to poverty, while identifying practical solutions that are normally within the reach of families, but that they cannot envision without the advice of a person acting as a mentor. Poverty is measured with a software designed by Hewlett Packard for information gathering.	1,895,642,681	1,559,368,363	(3,219,994,526)	(2,191,356,559)	(1,324,351,845)	(631,988,196)		
Poverty Spotlight - Cerrito Initiative	Promote the creation and development of sustainable companies that contribute to the creation of economic, social, civic and environmental value for our community. Fund designated to finance the project "Better nourished we take care of our planet" "(Seeds and courses for Agricultural Schools)	1,192,880	176,387,860	(478,561,549)	(573,102,440)	(477,368,669)	(396,714,580)		
Educational Poverty Spotlight	Project focused on education to promote the Poverty Spotlight of the Fundación Paraguaya.	-	-	(85,345,107)	-	(85,345,107)	-		
IDRC Agreement	Agreement signed to carry out research for international development. Research on the impact of the scaling up the Poverty Spotlight of the Fundación Paraguaya worldwide (Imago, Irradia)	288,846,305	621,255,215	(288,846,305)	(621,255,215)	-	-	54,636,701	123,131,207

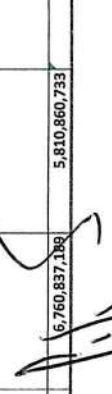

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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2019

ANNEX IV (continued)

Resources of the microfinance unit

Donor and/or project	Description of the agreement or donation	Resources of agreements utilized to		Expenses of agreements utilized to		Net		Received donations for projects	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
LEMONAID Project	The project seeks the financial inclusion of people with visual disabilities through access to our microfinance programs, the possibility of accessing loans to strengthen their ventures, access to microfranchise products, training workshops and mentoring in financial literacy and entrepreneurship, accompanied by the Poverty Spotlight, a tool that motivates families to escape poverty by self-assessing their quality of life and self-managing the solutions to different poverty indicators.	298,152,332	294,462,509	(237,861,148)	(294,462,509)	60,291,184	-	-	313,982,583
WWF Agreement	Agreement that deals with environmental protection and nature conservation. It promotes a new work strategy in relation to 6 global objectives called practices: climate and energy, oceans, wildlife, forests, water and food. Recognition to leaders of sustainable development in Paraguay (Award Event)	141,422,600	-	(141,422,600)	-	-	-	-	-
Total microfinance unit		6,760,837,199	5,810,860,733	(7,300,600,515)	(6,583,830,541)	(539,763,326)	(772,969,808)	813,984,507	1,704,737,193


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General Manager


Liliana Marrocco Franco
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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2019

ANNEX V

Resources of the self-sufficient agricultural schools unit

Donor and/or project	Description of the agreement or donation	Program resources to		Program expenses to		Net		Received donations for projects	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
San Francisco de Asís Agricultural School - Cerrito	On January 1, 2003, under the donation with stipulations signed on December 20, 2002 between the Fundación and the Paraguayan Association of Education & Assistance (APEA), the latter donated to the Fundación the land, buildings and facilities of the Agricultural School "San Francisco de Asís" located in the town of Cerrito (Department of Presidente Hayes - Paraguayan Chaco). These assets received as a donation with stipulations were activated by the Fundación to December 31, 2002 under the heading "Property, plant and equipment" and are subject to the obligations and commitments mentioned in note 12. Agreements signed with Global Giving, Karen Anasara and the Disney Foundation allow the improvement of the school's infrastructure, such as the laundry area, and the facilities in the organic garden (Live Healthy Program). In 2016 the Fundación Paraguaya and UNESCO-UNEVOC signed an agreement in the context of improving agricultural education and teacher training through the development of video material in Spanish on exemplary agricultural practices, including agriculture and gardening, beekeeping and fishing, and training of national and regional teachers on the use of Open Educational Resources in agriculture. The Fundación Paraguaya and the Embassy of the Czech Republic signed an agreement to develop business units to support the education of rural youth. At the San Francisco de Asís School, by building a germination area.	4,957,786,155	5,421,409,586	(5,837,469,470)	(5,878,896,218)	(879,683,315)	(457,486,632)	13,069,921	12,490,178
Belén Agricultural School	Aldea SOS has granted the Belén School usufruct for a 20-year term and donated the existing movables and farm animals to the aforementioned school. This school replicates the self-sufficient agricultural school model. Like the San Francisco de Asís "Cerrito" school, the Belén School received support from the Resources Foundation for the program Healthy Living with Organic Vegetables. In addition, in 2011 the Peery Foundation and Marriot committed to grant funds to finance the operating costs of the Belén School for a total amount of USD 200,000, with 4 years duration. In March 2015 the Czech Republic signed an agreement for the "Development of business units to support the education of students of the Belén Agricultural School" with the construction of the broiler chickens unit at the Belén Agricultural School.	990,300,793	1,458,649,516	(1,840,172,997)	(2,222,195,437)	(849,872,204)	(763,545,921)	-	-
San Pedro Agricultural School	On February 16, 2011, the Fundación received the usufruct of the real estate of Granja San Fernando, located in San Pedro, to administrate it and give continuity to social work in the area. The term of the usufruct will be 20 years, extendable. This school replicates the self-sufficient-agricultural school model.	-	301,036,811	(35,899,690)	(1,232,320,486)	(35,899,690)	(931,283,675)	-	-

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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2019

ANNEX V (continued)

Resources of the self-sufficient agricultural schools unit

Donor and/or project	Description of the agreement or donation	Program resources to		Program expenses to		Net		Received donations for projects	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
HDIF	The project Innovation and Entrepreneurship in education through the Iringa business club on 1/5/2015 - 31/3/2018	-	210,362,851	-	(210,362,851)	-	-	-	-
Replications	Funds received for the dissemination and replication of the Fundación Paraguaya's self-sustainable school model.	66,853,211	79,897,581	(859,013,606)	(781,984,246)	(792,160,395)	(702,086,665)	-	-
Opportunity	Pilot Club Business Program to establish forty business clubs in twenty schools of Tanzania. The project will benefit 1200 students of primary and secondary schools, and will improve the quality of education to acquire knowledge, skills and attitudes for the workplace. The validity of the contract is from August 14, 2017 to April 30, 2018. We have an additional contract that will evaluate the impact of the project. The validity of the contract is from February 23, 2018 to April 30, 2018.	-	530,941,781	-	(530,941,781)	-	-	-	18,360,427
	Total self-sufficient agricultural schools unit	6,014,940,169	8,002,298,126	(8,572,555,763)	(10,856,701,019)	(2,557,615,604)	(2,854,402,893)	13,069,921	30,850,605


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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2019

ANNEX VI

Resources and Expenses of the entrepreneurial education unit

Donor and/or project	Description of the agreement or donation	Program resources to		Program expenses to		Net		Donations (in cash) received and unspent to	
		31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Various entities	Since 1994, the Fundación has received funds from local sources to finance expenses for the Entrepreneurial Education program, whose objective is economic education of school-aged children and youth.	1,374,141,477	1,516,781,242	(1,654,937,246)	(1,642,795,873)	(280,795,769)	(126,014,631)	-	-
MIF-YEP	On November 9, 2015, Fundación Paraguaya and the IADB signed a non-reimbursable technical cooperation agreement called "Program for the scaling of youth enterprises in Paraguay" whose objective is to increase the number of successful enterprises of low-income youth at the national level. The project ends on March 31, 2019.	1,957,071,424	1,872,047,411	(1,957,071,124)	(1,810,645,930)	-	61,401,481	384,576,325	-
	Total entrepreneurial education unit	3,331,212,601	3,388,828,653	(3,612,008,370)	(3,453,441,803)	(280,795,769)	(64,613,150)	384,576,325	-

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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
 STATEMENT OF RESOURCES AND EXPENSES - ENTREPRENEURIAL EDUCATION UNIT
 Presented comparatively with fiscal year ending December 31, 2018
 (expressed in Guaraníes)

ANNEX IX

	<u>31.12.2019</u>	<u>31.12.2018</u>
<u>Resources of the entrepreneurial education unit</u>		
Donations received for administrative expenses	-	551,842,373
Income international forum	-	-
Income entrepreneurs' forum	150,163,692	113,227,275
Other income	1,223,977,785	791,604,357
Sub-total	<u>1,374,141,477</u>	<u>1,456,674,005</u>
<u>Expenses of the entrepreneurial education unit</u>		
Remunerations and social charges	-	(973,491,697)
Travel and mobility expenses	-	(100,788,391)
Office expenses	-	(129,620,190)
Maintenance and repair of fixed assets	-	(7,447,212)
Paid rentals	-	-
Depreciation and amortization	-	(15,913,556)
Insurance on various risks	-	(4,885,936)
Cleaning services	-	(9,688,074)
Expenses international forum	-	-
Expenses entrepreneurs' forum	-	(149,562,557)
Other expenses	-	(28,558,692)
Contest and special events	-	(162,732,331)
Sub-total	<u>-</u>	<u>(1,582,688,636)</u>
Total	<u>1,374,141,477</u>	<u>(126,014,631)</u>
<u>Agreements related to entrepreneurial education</u>		
	<u>31.12.2019</u>	<u>31.12.2018</u>
<u>Project - MIF - YEP</u>		
Project resources	1,957,071,124	1,872,047,411
Project expenses	(1,957,071,124)	(1,810,645,930)
Sub-total	<u>-</u>	<u>61,401,481</u>
Total	<u>-</u>	<u>61,401,481</u>
Surplus- net deficit of the entrepreneurial education unit	<u>1,374,141,477</u>	<u>(64,613,150)</u>

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