



2022
Annual Report

Still Operating and poised for growth!

As evident from the quoted headlines on the cover, 2022 was the most challenging in our 15-year history.

Changing government regulations and banking requirements affected our ability to move funds and conduct efficient operations in Nicaragua. Uncertainty about the future affected the morale of our team. Brother and sister nonprofits in Nicaragua were canceled by the government — their work abandoned.

But we dug in. We have seen nearly 3000 families lifted from extreme poverty because of our work and **we weren't going to quit without a fight.**

We are hiring a new business trainer, we have a new compliance officer, as required by the government. We've selected three credit software products that will not only further enhance our efficiency and reporting capabilities, but will pave the way for our highest rate of growth yet.



Thanks to our mature, wise, and dedicated staff and advisors, and with fresh energy from new staff members, we find ourselves at the beginning of a new year in a new place of promise.

We are now fully recognized by the government, and our team has been asked to present at a national micro-finance conference this month to share about our unique model!

During a year of obstacles, our program proved itself highly resilient! It was a trial by fire. On the ground, day after day, in spite of the never-ending challenges, **we ended up disbursing \$128,172 in 579 new loans and recovering \$150,889 for the year.** Our relational micro-lending model and revolving credit fund proved themselves, continuing to spin new loans and new hope for poor families, even in an extremely challenging environment.

Our team put their shoulder to the wheel, completing reams – literally books – of required reporting, working with attorneys to resolve technical and legal problems, and maintaining our programs even as many other nonprofits in Nicaragua collapsed under the smothering restrictions.

In early 2023, The NEO Fund Nicaragua was one of only 29 micro-finance institutions given renewed legal status and a new lease on life.

And because we tightened our belt during the challenges, learning to operate with extreme efficiency, we are emerging strong and well-positioned for the future. And enthusiastic! And full of hope and vision!

And, despite our operational struggles in 2022, **we've emerged with miraculous wins:**

- We've strengthened our partnerships on the ground.
- We have a detailed 3-year business plan for growth.
- We are fully recognized by the government.
- Our team has been asked to present at a national micro-finance conference this month to share about our unique, relational model that truly honors the very poor.

Bottom line: we're ready to accelerate our reach and effectiveness. Why? To help lift the most vulnerable! To impact the poorest

of the poor in ways that change their lives.

This is what your support makes possible every day. You help single moms start an income-generating small business. You help parents feed their kids better. You make it possible for them to give their children a better education. Because of you, if someone gets sick, they can see a doctor and afford medicine. Your investment in NEO Fund loans for the poorest of the poor is literally changing someone's world every. single. day.

Thanks for sticking with us in 2022 and for helping us imagine a bright and successful 2023!

How Your Dollar Grows...

Imagine that you donated \$1 for us to extend as loan capital. For the past 5 years your dollar has been busy! It may have been loaned to Aurora, who used it to build her plastic recycling business, and then

paid it back. Then it went to Juset so she could buy a refrigerator/freezer, to build her juice business, and then **she** paid it back. Your dollar may have gone on to fund a french-fry cart, bought a

horse, paid for a battery charger, purchased chickens, beans, pigs, oil, corn, fuel or even toward a pickup truck. By now your dollar has cycled through 10 or 11 borrowers, helping them build successful business and dramatically improving their lives and their children's lives.

Do these fees degrade, anger, or penalize the poor? No! On the contrary, not only are these fees less than what other micro-lending organizations charge, they dignify our relationship with our borrowers, a reminder that they are **not** the recipients of "charity" or "handouts". **They are proud entrepreneurs, who feel good about their accomplishments and tell everyone they know about the program – so much so that nearly all our growth happens by word of mouth.**

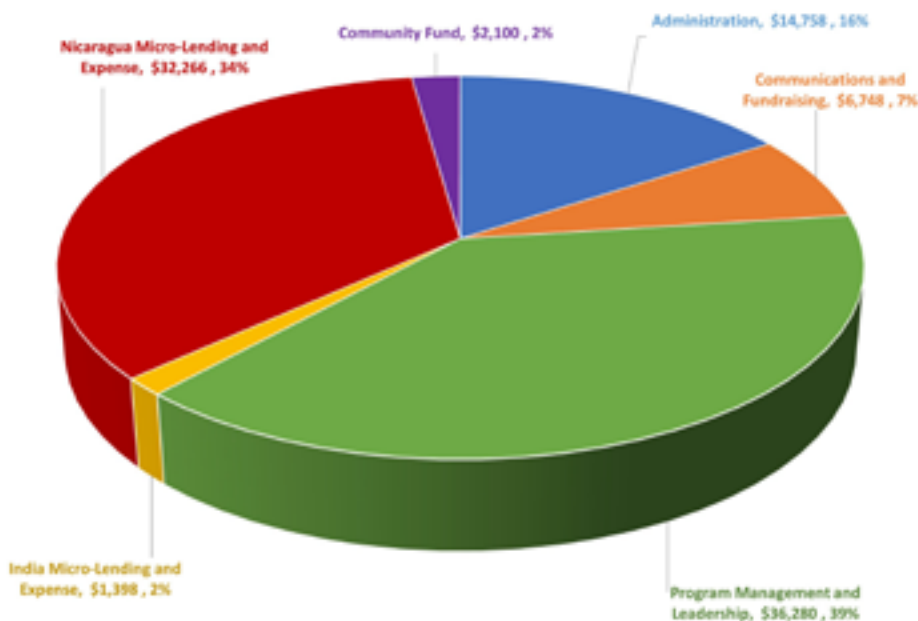
Our mission statement at The NEO Fund starts with the word "sustainable." Large sums of relief and development money is spent once and then it's gone. But a gift that truly keeps giving – **a gift that increases over time** – and is still working for the poor a year or five years later... **now that's sustainable.**

At least 50 or more people have benefitted from your one gift – so far – and your dollar is STILL not only working, it's growing!

Each borrower pays 2.5% interest per month for their loan, the lowest rate in the country. These fees cover the administrative and management costs for the loans and also slowly increase our pool of loan capital over time. So, the dollar you gave in 2009... is now close to \$2.



2022 Financials



Net Assets 12/31/2021 - \$85,757

2022 Income - \$68,051

2022 Expenses - \$93,550

Net Assets 12/31/2022 - \$60,258

Our Partner Updates

In the past, we've visited places where three or four organizations were all competing to offer the same services in an economically-challenged neighborhood. Those experiences helped us rethink our mission, and the best way to fulfill it. **We asked ourselves: How can we complement the services already offered? What's missing in this location to truly give a hand up? The answer for us was micro-lending.**

But rather than work in a vacuum, we rely on our partners in development work to positively impact the neighborhoods where we serve, and be smart about investing donor funds as well. By working with organizations already established, less money is tied up in administrative fees meaning more money is at work on the ground where it's needed most.

Throughout 2022 we continued to nurture strong partnerships with several other organizations which complement our mission.



In India, our partner KISES not only manages our microlending in their Andhra Pradesh region, they also hold pop-up schools in the nearby slums.



Forward Edge International.

We started working with FEI's network of partner churches near Managua, extending \$19,950 in 50 loans.

ORPHANetwork

OrphaNetwork. We are entering our fourth year of partnership with ONet in Ciudad Sandino, serving the parents of children in their child feeding and welfare programs there. ONet serves more than 20,000 Nicaraguan children, 450 of those are in Ciudad Sandino. In their years of service, ONet has seen a 50% reduction in chronic child malnutrition in the neighborhoods where they work.



Pure Heart Children's Fund.

Support from our Community Fund helped provide nearly 50,000 meals to children in many of the poor neigh-



Jeff Thompson, (third from left) Director of Programs for Forward Edge International, visits with Maria Isabel (far right), one of our borrowers from the FEI barrio in Ciudad Sandino.

borhoods where we work. Their pre-school provides free education to those who wouldn't otherwise have access. They also served the poor with clothing, funerals, doctor visits, emergency hospital visits, life-saving medicines, house repairs and installation of a community water line.



Solidarity Network. This agency helps women who have been subjected to domestic violence. Our partnership helps provide counseling, business training, and income-generating loans to women.



Kiranmayi Socio Educational Society (KISES)

Our partnership with the nonprofit KISES in southern

India has created a thriving micro-finance startup that has helped lift nearly 500 women so far. They work among the Dalits, Tribals, and other vulnerable populations. They operate our village health center, pop-up schools in the Vijayawada slums, services for at-risk elderly, and emergency disaster relief.



ALDEA. We are currently exploring a new partnership in Guatemala with this firmly established organization dedicated to reducing chronic childhood malnutrition in rural Guatemala. They team with Mayan communities to overcome poverty and disadvantage, securing their rights to health and well-being. Within the communities where they work, they have already established and trained networks of women to manage the water projects installed in their communities. A perfect segue to microlending!

Partner Spotlight: Forward Edge International

The NEO Fund is pleased to continue developing its micro-lending collaboration with Forward Edge International (FEI) in the village of Ciudad Sandino, Nicaragua. Together, we've extended \$19,050 in 50 loans to the poorest of the poor so far. Each dollar provided in loan capital continues to cycle through additional loans — so far about 4 loan cycles to date!

In addition to microfinance services, we also provide entrepreneurship and business training to many women who want to acquire practical knowledge and skills. We help them design business plans and improve their microbusiness capacities. The program is reaching its objectives — making a difference in the lives of struggling people every day. We look forward to a long and fruitful partnership with FEI in helping women like Maria!

Maria Isabel Flores Garcia is 48 years old and is married with six children, three girls

and three boys. She learned about FEI's microfinance opportunities through The Neo Fund from her church, Torre Fuerte.

The opportunity for business training gave her confidence to apply for her first loan of \$300 in June of 2022 to help build the small tienda she runs out of her home. Under the careful guidance of The NEO Fund credit officer, she paid off that loan on time.

Her success with the first loan, combined with the free training she received, gave her the confidence to apply for a second loan of \$500 in October 2022. With these loans, her grocery store has grown to include a wider variety of products. **Her monthly income has grown as well from \$100 dollars a month to \$250!** She feels extremely grateful and blessed to have the support of FEI and The Neo Fund.



Maria with her newly expanded store offerings, thanks to her loans from FEI through the NEO Fund.



Maria's home which also serves as her store.

the NEO fund

"Empowering indigenous people to transform their own communities is the most effective weapon against global poverty." — Jen Hatmaker

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Looking Ahead: Goals for 2023

What's on the agenda for the coming year?

1. **Rebuild.** Create more capacity in Nicaragua by adding staff, growing our proven business training program, and purchasing much-needed new credit software.
2. **Grow.** Invest at least \$80,000 in new loan capital to build our revolving funds.
3. **Partner.** Develop additional partnerships with other service providers on the ground and significantly enlarge our existing partnerships.
4. **Expand.** Implement a proof-of-concept pilot project with a well-established partner in Guatemala.

Will you help us build and grow this year? Thank you for being part of the NEO Fund family!

