More than a loan - a better life.
Dear Friends,

In 2008, we celebrated 10 years of providing microcredit and education to impoverished women in rural and peri-urban areas of Guatemala. Over these 10 years, we have worked to achieve a greater impact on the lives of our clients, as they struggle to support themselves and their families.

We know that we are making a difference: a study conducted in 2008 provides evidence that women who participate in our program are more likely to seek out medical care and save at higher rates for their children’s education. This tells us what we have known all along – the work we do with women has a quantifiable impact on them and their families.

Over the past year, women in Guatemala, like others throughout the world, have been faced with increased challenges as a result of the economic downturn….challenges that include rising food costs and higher prices across the board. Friendship Bridge is working with our clients throughout Guatemala to overcome these and other obstacles, so that they can achieve their goals.

While confronting the challenges presented by the economy, Friendship Bridge continues to ask what we can do to make our work more effective for the women we serve.

Over the past year we have taken many steps to better serve the women of Guatemala. Our achievements have included:

- Implementing a new, two-year core curriculum for our clients that is based on their expressed needs....“my business, my money, my health, and self-esteem.”
- Opening a client learning center in Sololá that provides supplemental, topic-specific training for our clients on subjects that help them develop both professionally and personally.
- Instituting an evaluation process that further assesses the progress our clients are making in lifting themselves and their families out of poverty.
- Strengthening the institution’s infrastructure, internal controls, and professional training.

In the coming year, we look forward to:

- Completing a needs analysis for a new loan and management information system, a significant step that promises to increase our efficiency, allow us to grow and help us better serve our clients.
- Opening a new branch office in Escuintla, a primarily agricultural region in south central Guatemala.
- Continuing to roll out our new curriculum, which takes the form of beautifully designed, interactive learning flipcharts, locally known as “rotfolios.”

We sincerely thank our loyal supporters, board, staff, volunteers, and, most of all, our generous donors and investors, who are critical to furthering our mission of helping women and their families create their own solutions to poverty. Please accept our deepest gratitude for your continued commitment to Friendship Bridge and to the women and families we serve.

Francy Milner
Interim Board President
Our Mission: To provide microcredit and education to help women and their families create their own solutions to poverty.

More than a loan - A better life

By providing microloans and education, Friendship Bridge is improving the lives of poor women in Guatemala -- entrepreneurs who are unable to access credit from traditional sources. These women daily surmount tremendous economic and social obstacles to expand their businesses, support their families, and contribute to their communities. In 2008, Friendship Bridge worked with 15,000 women across Guatemala to strengthen their businesses and improve their overall quality of life. Microloans benefit not just the borrower, but typically as many as six others, including spouses, children, parents, and, in some cases, employees. Clients who continue with the program see increased assets, improved living conditions and keep their children in school longer.

“My business supports my children’s studies. My desire is that they attend professional school and that in the evenings we will sit together and work.”

Maria de Jesus, Agencia Suchitepéquez

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Our Offices
Friendship Bridge has 10 offices located throughout Guatemala. Each office works to deliver microcredit and education to women in their native languages.

Panajachel, Solola, Nahuala,
Nebaj, Quiche, Chichicastenango,
Chimaltenango, Mazatenango,
Quetzaltenango, Escuintla
More than a loan

A roof over her head

Ana Rojche, Aldea Cutzan Chicacao, Mujeres Mejicanos.
Before Ana Rojche took out a loan with Friendship Bridge, the roof of her small house in Aldea Cutzan Chicacao was leaking heavily, and the water during the rainy season would come into the house and soak — and sometimes ruin — all of her things. Her husband’s salary as a day laborer alone could not cover the cost of a new roof. Ana used her loan from Friendship Bridge to purchase and raise pigs, and the profits generated from the sale of these pigs allowed her to purchase new corrugated metal roofing for her home. Now she and her six children keep dry during the rain.

More than a loan

A better education

New Project Profile: Rotafolios
Friendship Bridge’s Microcredit Plus Program addresses the lack of credit and education services that are available to impoverished women living in the western highlands, lowlands and peri-urban regions of Guatemala. These areas are predominantly indigenous and are characterized by extreme poverty and high levels of illiteracy. Nearly half of all adults here can neither read nor write, and illiteracy is even higher among women, as girls traditionally leave school early to spend more time on housework and daily chores. In 2008, our education staff worked diligently to create a curriculum that works for literate and pre-literate clients. Our new curriculum, which takes the form of vibrant Rotafolios, or flip charts, is highly participatory and utilizes brilliant illustrations to deliver messages that resonate with the women. We continue to build upon the work set into motion in 2008. In March of this year, the clients began the newly developed My Health unit. This unit, with 8 lessons, will take them through the end of 2009. Next year, clients will complete My Money and continue Self-Esteem. 2011 will round out the full curriculum with My Business. This new curriculum will help us to ensure a consistent, quality education experience for all Friendship Bridge clients.

What Women Do with Their Loans

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce</td>
<td>50.7%</td>
</tr>
<tr>
<td>Agriculture/Animal</td>
<td>15.9%</td>
</tr>
<tr>
<td>Production</td>
<td>19.8%</td>
</tr>
<tr>
<td>Food/Drinks</td>
<td>11.4%</td>
</tr>
<tr>
<td>Services</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

What Friendship Bridge Means to the Women We Serve:

“I am a client of Friendship Bridge not only for the credit, but for the company and friendship of the women in my group, Flor del Campo. I have a loan for a thousand quetzales, which helps my business, but what I value most is the solidarity of my group.”
— Dominga Xicara of Canton Llano del Pinal, Quetzaltenango.

“I am very grateful to Friendship Bridge because before, I did not know many of my rights. Now that I know what rights I have as a woman, I am better able to exercise them.”
— Francisca Calixto, France San Francisco Alto, Totonicapán.
In 2008, over 1300 individuals, organizations, corporations, foundations and faith communities supported the work of Friendship Bridge.

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Friendship Bridge has made every effort to accurately acknowledge our benefactors. If we have made a mistake, please let us know and we will be sure to correct it in our next report.
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In 2008, 973 donors made gifts under $250, totalling $92,324. We are appreciative of all of our donors. Thank you!

Friendship Bridge has made every effort to accurately acknowledge our benefactors. If we have made a mistake, please let us know and we will be sure to correct it in our next report.
Combined Statement of Financial Position
December 31, 2008

ASSETS
CURRENT ASSETS
Cash and cash equivalents:
- Cash held in the United States $ 486,020
- Cash held in Guatemala 1,782,271
  Total cash and cash equivalents 2,268,291
Investments 807,827
Loans receivable 2,156,822
Interest receivable 30,238
Prepaid expenses and other assets 37,663
  Total current assets 5,300,841
PROPERTY AND EQUIPMENT
- Furniture and equipment 93,554
- Computers and related equipment 34,042
- Vehicles 66,653
  194,249
Less: Accumulated depreciation and amortization (90,099)
  Net property and equipment 104,150
OTHER ASSETS
- Security deposit 1,348
  TOTAL ASSETS $ 5,406,339

LIABILITIES AND NET ASSETS
CURRENT LIABILITIES
- Loans payable $ 194,000
- Accounts payable and accrued liabilities 493,574
NONCURRENT LIABILITIES
- Loan payable 1,000,000
  Total liabilities 1,687,574
NET ASSETS
Unrestricted 3,440,755
Temporarily restricted 178,010
Permanently restricted 100,000
  Total net assets 3,718,765
  TOTAL LIABILITIES AND NET ASSETS $ 5,406,339

CASH FLOWS FROM OPERATING ACTIVITIES
2008
Change in net assets $ 36,257
Adjustments to reconcile change in net assets to net cash provided by operating activities:
- Depreciation and amortization 29,398
- Provision for uncollectible loans 195,949
- Loans Directly Written Off 366,883
- Stock donations (71,450)
- Realized (gain) loss on sales of investments (444)
- Unrealized loss (gain) on investments 22,806
- Loss on disposal of fixed assets 21,630
  (Increase) decrease in:
  - Accounts payable and accrued liabilities 163,474
  - Security deposit —
  Increase (decrease) in:
  - Accounts payable and accrued liabilities 163,474
    Net cash provided by operating activities 787,999

CASH FLOWS FROM INVESTING ACTIVITIES
Purchase of property and equipment (88,524)
Proceeds from sales of investments 71,895
Purchase of investments (258,251)
  Net cash used by investing activities (274,880)

CASH FLOWS FROM FINANCING ACTIVITIES
Issuance of loans (4,766,841)
Proceeds from sales of investments 5,287,017
Proceeds from individual loans 175,396
Repayments on individual loans (63,929)
  Net cash provided (used) by financing activities 631,643
  Net increase in cash and cash equivalents 1,144,762
  Cash and cash equivalents at beginning of year 1,123,529
  CASH AND CASH EQUIVALENTS AT END OF YEAR $ 2,268,291
SUPPLEMENTAL INFORMATION:
- Interest Paid $ 29,544

A complete set of audited Financial Statements and Form 990 are available upon request.

Sources of Revenue
- Financial Services 43.1%
- Events 8.3%
- Circles 10.7%
- Grants 5.3%
- Donors 32.6%

Use of Funds
- Program Services 76.6%
- Fundraising 14.1%
- General Administration 9.3%
In addition to the information presented in this report, there are countless stories of changed lives and communities. Please take time to visit client success stories on our website:

www.friendshipbridge.org