



agathos
foundation

Year in Review
Dated 8/29/04
Prepared by Marc Fulmer

This document is meant to be both reflective as well as informational.

Included:

- Mission and Mandate (taken from Organizational Overview – attached)
- Systems under Development
- Partnerships and Mentoring Relationships
- Lessons Learned
- Clearing up Misconceptions
- Current Projects
- Needs
- Board of Directors
- Financials

Mission and Mandate:

Agathos' mission is to help Southern Africa's AIDS orphans and elderly achieve healthy, prosperous, and fulfilling lives by providing for physical, emotional, and spiritual needs critical to their advancement. We believe that we have a mandate from God to practice what James, the brother of Jesus and the Bishop of Jerusalem in the first century, termed "true religion":

Religion that God our Father accepts as pure and faultless is this: To look after orphans and widows in their distress and to keep oneself from being polluted by the world.

James 1:27

We have also been called to open our hearts to the plight of these orphans and widows and to not turn away, even though the numbers are incomprehensible and the catastrophe confronting us is of epic proportions. As the Bible declares:

*If you falter in times of trouble,
how small is your strength!
Rescue those being led away to death;
hold back those staggering toward slaughter.
If you say, "But we knew nothing about this,"
Does not He who weighs the heart perceive it?
Does not He who guards your life know it?
Will He not repay each person
according to what he has done? Proverbs 24:10-12*

Systems under Development:

Agathos has adopted a financial spending policy based on the following excerpt from a book on the life of George Muller:

“There was yet another law of life early framed into Mr. Muller’s personal Decalogue. He regarded any money which was in his hands *already designated for, or appropriated to, a specific use, as not his to use, even temporarily, for any other ends*. Thus, though he was often reduced to the lowest point of temporal supplies, he took no account of any such funds set apart for other outlays or due for other purposes. Thousands of times he was in straits where such diversion of funds for a time seemed the only and the easy way out, but where this would only have led him into new embarrassments. This principle, intelligently adopted, was firmly adhered to, that what properly belongs to a particular branch of work, or has been already put aside for a certain use, even though yet in hand, is not to be reckoned on as available for any other need, however pressing. Trust in God implies such knowledge on His part of the exact circumstances that He will not constrain us to any such misappropriation. Mistakes, most serious and fatal, have come from lack of conscience as well as of faith in such exigencies—drawing on one fund to meet the over draught upon another, hoping afterward to replace what is thus withdrawn. A well-known college president had nearly involved the institution of which he was the head, in bankruptcy, and himself in worse moral ruin, all the result of one error—money given for endowing certain chairs had been used for current expenses until public confidence had been almost hopelessly impaired.

Thus a life of *faith* must be no less a life of *conscience*. Faith and trust in God, and truth and faithfulness toward man, walked side by side in this life-journey in unbroken agreement.”

Except from George Muller of Bristol, His Life of Prayer and Faith
By A.T. Pierson

Chapter – The Pulpit and the Pastorate, pgs 76-77.

In keeping with the above Muller excerpt, staff has developed an Accounting Procedures and Policy Manual for board consideration. It is based on standard operating procedures for the non-profits.

We are blessed to have my wife Mae maintaining the Agathos books. Mae has twenty years of experience in non-profit management and accounting having served as Exec. Dir. Of United Way in Flathead County, Mt., office manager and bookkeeper for Habitat for Humanity in Seattle, Exec. Assistant to head pastor at the Eastside Four Square Church, Bothell, WA., Office manager and bookkeeper for Bainbridge Arts and Crafts, B. I., WA., and now with the Agathos Foundation (AF). We are now able to present financial reports on our first fiscal year. In the Financial section please find our income and expense report through end of year 2003.

Mae also has been responsible for manually managing the ACTNOW contributions, which is a big job even at 180+ donors per month, many of which require monthly billings. Fortunately some 60% of our donors contribute online. We are working on systems to streamline this and are looking for the right "donor data-base" program that will significantly help manage this entire process. There are data-bases out there that range in cost from \$2K to \$10K all with different abilities. Taking great care of our donors is important to the foundation and we strive with the limited resources both financial and manpower to do the very best we can. We know we have a way to go in fulfilling our desire for the finest donor care possible.

We have been blessed by Joe Amick, a fine young man who is on his way to graduate school at NYU in non-profit management. Joe interned here in our Everett offices all summer and has spent the vast majority of his time researching and writing our first Personnel manual and policies. We will use the base that Joe has provided us to grow the Personnel department in the future.

We have also been blessed by the heart and work of Steve Himley. Steve is the AF Clinical Project Development Manager. As such Steve wrote our HIV Safety and Care manual an educational document designed to teach those AF workers on the ground the basics about AIDS, self care, how to protect one self and how to care for those with AIDS. Steve also wrote our Policy for Education and AIDS Prevention (PEAP). This is a very well written document laying out what's known as the ABC policy and how the AF will implement such a policy for the Glory of God. This document is so well written in fact that Medical Ambassadors International (MAI) has asked if they could adopt it, with few modifications as their own. MAI is an organization that is in 61 countries around the world and regarded as one of the best managed Christian organizations in the United States. As of the writing of this, Steve, Dr. and Mrs. Mike Nash have just returned from SA where they met with a wide variety of doctors, clinics & hospitals as they researched what it will take to open a clinic of our own for the people of Loskop. One that would significantly add to the current healthcare abilities in Loskop without duplicating existing services yet still serving the needs of the children and adults of the village. Steve will also be involved with grant writing to secure funding. Steve leads the research team comprised of Stephanie Schurter, Hillary Edwards (interning for this summer) and Allison Jackson.

We are currently developing strategies, procedures and policy for board development both here and in SA. Over the last year, our current board has kept in close touch with Rob Smith, with much growth and development going on their guidance and direction has been critical. Realizing the need for a larger, strong, knowledgeable, influential and active board has caused us to set a goal to have this expanded board in place by the end of 2005.

Partnerships and Mentoring Relationships:

We are blessed with mentoring relationships with many individuals and organizations. To start with our church elders at Mars Hill Church are kept advised on a monthly basis of AF activities; issues with which the foundation is dealing, draft policies are presented for input etc. My men's group at home on Bainbridge Island has been the source of much prayer and advice. AF visits and listens to staff at the highest levels of Samaritan's Purse. We are being coached in marketing and fund raising by two professionals...Lynn McMullen and Bill Leath. MAI has opened their corporate doors to

me to come down to California and learn from their staff. The CORE Initiative (USAIDS faith based arm). The African Children's Choir. Photographers Danny Dalal, Gideon Mendel, Nick Onken and Michael Redmond. We have been coached by those within the Grameen Bank in the U.S. and in S.A. on developing our micro-finance programs.

Churches around the country are starting to come forward asking for a partnering relationship with the AF. In addition to Mars Hill Church in Seattle, Hope Chapel of N.C., Indian Creek in Kansas, Eastpoint Community Church in Delaware, Calvary Chapel in Bellevue (supported the Festa's in SA) and recently Highland Park United Methodist in Texas are all interested in working with Agathos. Also we are being represented in several colleges and universities around the country; SPU, Moody Bible College, Biola, Simpson University in Redding Ca. We will also plan to be working the church planting group ACTS29 Network (www.acts29.com) in the future and have had meetings to discuss how the relationship with unfold.

Perhaps one of the most significant relationships we value and learn from is that of all the returning Project Team members, short and long-term Agathos staff in SA. These individuals have been at the core and the face of AF's work in South Africa. We owe a particular thanks to the following staff and volunteers both in SA and US: Craig Schurter, Nathan Wittkamp, Jeremy and Nicole Van Dyke, Todd and Erin Roberson, Kabyn Begg, Katie Allen, Betsy Elfers, John Yanefski, Lynn McMullen, Craig and Diana Baker, Ken and Marianne Wood, JD and Barbara Borgmann, the Festa family, the Van Doorn Family, Thad Cooper, Joshua Clark, Michael Adeny and to all of the volunteers who make it happen...God knows who you are. Thanks to our board members; Dave Masterjohn, Robert Smith, Jeremy Van Dyke, Henry Nieuwoudt, Dr. Eddie Theron, Rev Tom Barron. Dr. Rudolf Meyer, Johan Terblack, Dr. Jacque Theron...thank you for your work in development of a training school for Agathos in SA.

Lessons Learned:

Our mistakes seem obvious in retroflection, but with an eager heart we made some. I can say that we have moved every time in a direction that was thought to be forwarding to the mission of Agathos in Africa. I am sure that God has opened doors along the way in the most loving design for our growth. I know that as we are ready as His workers and as an organization He will open more doors of opportunity and learning. These last 16 months I have learned to a depth I had never grasped before that our God is sovereign.

We have learned to listen to the community we serve in and to come along side of the community. By not blessing us with the funding we thought we first needed, God has forced us to listen, to integrate into the community of Loskop. This is a major lesson learned.

We have learned that we need long term committed workers on the ground in Africa. In order to build and establish consistent programs, we must build a stable team with leadership in Africa. God is leading us in the area. We pray for the funding that will allow us to establish a larger permanent team in SA.

In some respects, declaring we were given a five million dollar grant, gave us a great deal of wind in our sails. The lesson learned over the last 12 months about what we

announce, about the perceptions we must be responsible for, about funding we count on, the timing of financial decisions and how we spend the money the Lord has entrusted to us...all have taken time. I am thankful to God for His mercy.

Clearing up Misconceptions:

One of the main misconceptions we have found is that as of the time of this writing we have not yet been able to buy a profitable farm to use as the source of income for our first village of orphans and widows. This would take receiving a sizable grant or a minimum of 250 ACTNOW members currently giving, neither of which we yet have. Nor have we ever made an announcement stating a farm has been bought, but are responsible for the fact that many individuals think this is the case. We do have a leased village site on which we are working to house orphans and widows. It is located on the Little Tugela River in the town of Loskop and is named The Cottages at Injasuti. We are working hard to create the financial base that will allow us to purchase a profitable farm or business to support this village. We currently have 180 ACTNOW members, 70 more are needed to form a base of donors that will allow us to purchase a profitable business to support the first village. Please pray and see if there isn't someone in your life with whom you could share the crisis in Africa who may want to become an ACTNOW member or give a one time gift.

The Boettiger Farm is the farm that many believe the AF has purchased. This is clearly the farm we want to purchase as it is ideally located on the border of tribal property, 60% of it's saleable products are sold to Loskop, it is diverse in it's profit centers having; maze, chickens, hogs, cattle, dairy cows, tree farm and goats and is a perfect training farm for future farmers Agathos will hire. The owners, Arnold and Gail Boettiger want to sell to Agathos as much as Agathos would like to buy it...they support the vision of Agathos and would like to see it come to fruition in Loskop.

Are all ACTNOW funds being held in an account ever increasing in size? No, this is not how it works. ACTNOW funds are meant to fund a village in every aspect of its development...not just for a farm purchase. We have had people on the ground in SA for over a year now building relationships with government and community leaders, evaluating the needs, locating orphans in need. Finding and developing our first village, The Cottages at Injasuti. They have done a great job at this. Their work is part of what ACTNOW pays for. As part of a village there are also planning costs which include architectural fees and administration expenses incurred here in the United States. Below please see the breakdown of how ACTNOW monies are budgeted for a typical village/farm model:

	<u>BUDGET</u>
INCOME	
25 one-time @ \$1,700	42,500
225 recurring @ \$1,800	<u>405,000</u>
INCOME	447,500
EXPENSE	
Acquisition	160,000
Construction	160,000
Technology	25,000
Micro-finance	25,000

Set up costs	45,000
Credit/debit card fees	12,500
G&A	10,000
Fundraising	10,000
EXPENSE	<u>447,500</u>
NET	<u><u>0</u></u>

Current Projects:

The Cottages at Injasuti (CI), formerly know as Tugela River Project is our flagship. We have come to learn the people of Loskop refer to the property as the Cottages. In keeping with this we re-named the project The Cottages at Injasuti and will refer to it as that from here forward. Rob Smith, Shaun Smith, Jeremy Colvin and David Curtis have moved onto the property. Ken and Marianne Wood took the property from its run down beginnings, formulated a working plan for improvements, dug in and accomplished the basics needed to move forward. They cleaned up the site, put in a security fence, cleaned up and restored to working order toilets and showers, painted, replaced broken glass, repaired and replaced doors and locks, put up security bars over windows, brought in a fresh water holding tank system, secured electricity to the site, renovated three rooms into our first housing unit for a family of orphans and elderly and many, many other smaller tasks that have transformed this property into a place of hope in Loskop.

Betsy Elfers has immersed herself into the community researching community and orphan needs. She was the first white woman to stay with a Loskop resident, which she did for several days. Betsy's work has been critical. Shaun Smith is now permanently stationed in Loskop where he is in charge of financial matters, will be taking over case work from Betsy for our orphan family and is ran the Agathos Cup, a soccer tournament for the boys of the local middle and high schools. The finals were held August 28th. Shaun also lends his hands to the building projects on the AIC. Jeremy Colvin and David Curtis of the U. S. are giving of themselves and will return to the states after three month stints early fall. JD Borgman, a S.A. resident oversees the team as acting Project Coordinator. The village governance is taking shape in the form of the Village Steering Committee. Pricilla Mugabe (local AIDS Clinic Manager), Eutyachus mDaba (local businessman), JD Borgmann (AF Project Coordinator) & Shaun Smith (Agathos staff) are the first four that form the governing committee for the village. The fifth member of the Steering Committee will be an elected representative of the caregivers. The sixth member (non-voting) will be an elected representative of the orphans.

Village News:

- Beatrice and her four grandchildren have moved onto the property. In addition Hlengiwa Zondi, the 24 year old mother of Mandisa has moved in to help Beatrice with childcare. There are others who are coming onto the village as well. This is so exciting as we are now in a position to reach out to help those in desperate need in Loskop. We need more funding to create a stable environment for those we are touching. See pictures of Nkule below. The first one is when Nkule first came into our care and the second a recent picture. In concern of Nkule's privacy and without going into detail I can tell you he was

severely malnourished and ill when he arrived, unable to walk. He now on medications and is a fully energetic boy full of life!



Nkule, Dec. 2003



Nkule, May 2004

- We have brought onto the village Slindile Hadebe, a 13 year old head of household very sick with TB. She is smiling now and regaining strength everyday.
- Bonga, Slindile Radabe's 18 year old step brother has also come onto the village. He is working at the Cottages to earn his keep and helping with family care as well.
- A 20 year old young woman was found on the road side across the street from the Cottages Sunday morning 8/15. She was badly hurt having been hit by a car. After taking her to the hospital our staff found out she lives with her Gogo and 15 other orphans on R550 pension/month (less than \$100). She is still in hospital but we are looking to see if we can help this family.
- The community is growing! There are so many in Loskop in great need. We continue in prayer, asking for wisdom and His blessings.

Michael Redmond is working on creating a series of new Agathos Foundation screen savers which we hope to be able to offer soon.

Agathos now has a "merchandise page" on the web site where Agathos t-shirts are for sale. Over this coming year look for an Agathos Calendar, crafts from South Africa, etc.

Needs:

- Prayers are our top need: for the people of Africa, wisdom and discernment for leadership, for our team in SA, for safe travels. If you would like to be added to our prayer team, please email prayer@agathosfoundation.org and you will receive our current prayer requests.
- Funding: please pray that major funding pledges come in.
- Pray for \$375,000.00 in new funding for an Agathos Clinic in Loskop.
- ACT/NOW growth: please pray about what you can do to increase our ACT/NOW donor base, this is the heart of our funding base.
- Volunteers: we are in need of help at our offices in Everett, WA.
- Garage Sale for Agathos: we will be having a large garage sale at our Everett offices on September 25th. If you have any items of value you would like to donate for this sale...please call 425-252-6803 or email craig.baker@agathosfoundation.org. We could also use help putting on the event. All of you that are interested in woodworking, Agathos will be selling all of Rob's Monastery Woodworks tools and supplies (the business Rob closed when he started Agathos).
- Agathos Annual Fundraiser: We will be putting on a fundraiser at Mars Hill Church October 26th from 7:00-9:00 PM, doors open at 6:30 PM. This will be a similar format as last year with deserts, coffee and tea, Robert Smith speaking about Agathos current activities and needs. Please be in prayer about your participation in this important event for Agathos. Can you be there, who could you invite that you think may be moved to get involved, can you help put the event on, can you plan on making a donation at the event or mailing your donation in?

Board of Directors:

Agathos Foundation Board of Directors

International Board

Robert Smith	President Agathos Foundation
Dave Masterjohn	
Henry Nieuwoudt	Principal Centurion Seminary
Jeremy Van Dyke	

South African Board

Robert Smith	President Agathos Foundation
Doctor Eddie Theron	Retired medical doctor
Reverend Tom Barron	Founder World Vision (SA)
Henry Nieuwoudt	Principal Centurion Seminary

Board of the Pretoria Agathos Project

Robert Smith	President Agathos Foundation
Dr. Rudolf Meyer	Principal and Director of the Training Center

John Terblach
Doctor Jacque Theron

Finance Director
UNISA

Financials: *Below you will find Agathos' Income and Expense Statement and Balance Sheet for the year 2003. They were prepared in accordance with generally accepted accounting procedures (GAAP).*

What these documents say about Agathos:

- 1. That a tremendous amount was accomplished in Agathos first year of operation with minimal resources.*
- 2. That more cash was spent than donated. This overage was covered by a few individuals who will one day be repaid for their start-up "investment" when the organization is financially blessed.*
- 3. That all major staff worked without pay so that money received could go toward program expenses in a committed effort to see Agathos address its mission as quickly as possible.*
- 4. That all dollars spent heavily favored program versus fund-raising and administration expense.*

BBB Wise Giving Alliance Standards for Charity Accountability require:

- 1. No more than 35% of related costs be spent on fund-raising. Agathos spent 14.5%.*
- 2. At least 65% of total expenses must be spent on program activity. Agathos spent 78%.*
- 3. Fund-raising and administration must not exceed 50% of total income. Agathos spent 27.6%.*

Income and Expenses:
Jan-Dec 2003 *cash basis*

	<u>G&A</u>	<u>Fundraising</u>	<u>Program</u>	<u>TOTAL</u>
Income				
4 · Contributed support				
4010 · Indiv/business contribution				
ACT NOW		21,575.00		21,575.00
Genesis		47,523.48		47,523.48
Long-Term Project Team Support			3,340.00	3,340.00
Short-Term Project Trip Payments			44,564.31	44,564.31
4130 · Gifts in kind - goods	<u>4,630.00</u>			<u>4,630.00</u>
Total 4 · Contributed support	<u>4,630.00</u>	<u>69,098.48</u>	<u>47,904.31</u>	<u>121,632.79</u>
Total Income	4,630.00	69,098.48	47,904.31	121,632.79
Expense				
7200 · Salaries & related expenses				
7260 · Advance	<u>3,465.21</u>	<u>0.00</u>	<u>0.00</u>	<u>3,465.21</u>
Total 7200 · Salaries & related expenses	3,465.21	0.00	0.00	3,465.21
7500 · Other personnel expenses				
7540 · Professional Fees	0.00	1,000.00	1,000.00	2,000.00
7570 · Independent Contractor	<u>300.00</u>	<u>808.00</u>	<u>0.00</u>	<u>1,108.00</u>
Total 7500 · Other personnel expenses	300.00	1,808.00	1,000.00	3,108.00
8100 · Non-personnel expenses				

8105 · Debit/Credit Card Processing	0.00	1,481.17	0.00	1,481.17
8110 · Supplies	1,158.07	555.67	123.49	1,837.23
8125 · Service Charge	546.95	0.00	32.00	578.95
8130 · Telephone & telecommunications	38.00	0.00	0.00	38.00
8140 · Postage, shipping, delivery	34.00	37.65	0.00	71.65
8160 · Equip rental & maintenance	484.60	0.00	0.00	484.60
8170 · Printing, design & copying	0.00	292.05	0.00	292.05
8175 · Web fees	65.00	95.24	135.39	295.63
Total 8100 · Non-personnel expenses	2,326.62	2,461.78	290.88	5,079.28
8200 · Occupancy expenses				
8210 · Rent, parking, other occupancy	3,326.00	0.00	8,426.00	11,752.00
8215 · Facility use	0.00	593.20	593.20	1,186.40
Total 8200 · Occupancy expenses	3,326.00	593.20	9,019.20	12,938.40
8300 · Travel & meetings expenses				
8310 · Travel	270.51	2,897.96	3,936.93	7,105.40
8312 · Per Diem	15.60	2,260.00	3,265.25	5,540.85
8320 · Conference, convention, meeting	741.42	0.00	0.00	741.42
Total 8300 · Travel & meetings expenses	1,027.53	5,157.96	7,202.18	13,387.67
8400 · Depreciation & amortization exp				
8450 · Deprec & amort - allowable	12,456.39	0.00	0.00	12,456.39
Total 8400 · Depreciation & amortization exp	12,456.39	0.00	0.00	12,456.39
8500 · Misc expenses				
8501 · Fuel	355.12	0.00	0.00	355.12
8502 · Garbage Service	92.20	0.00	0.00	92.20
8505 · Vehicle Expense	10.43	0.00	0.00	10.43
8520 · Insurance - non-employee	146.72	0.00	0.00	146.72
Total 8500 · Misc expenses	604.47	0.00	0.00	604.47
8600 · Business expenses				
8640 · License and Permits	25.00	0.00	0.00	25.00
Total 8600 · Business expenses	25.00	0.00	0.00	25.00
8700 · Program Support				
8703 · Project Trip - flight and SA accommodations	0.00	0.00	69,904.66	69,904.66
8700 · Long-Term Team SA expenses	0.00	0.00	31,647.21	31,647.21
Total 8700 · Program Support	0.00	0.00	101,551.87	101,551.87
Total Expense	23,531.22	10,020.94	119,064.13	152,616.29
	<i>Percentage of Total Expense</i>	<i>15.4%</i>	<i>6.6%</i>	<i>78.0%</i>
Net Income	18,901.22	59,077.54	-71,159.82	-30,983.50

Balance Sheet:
Jan-Dec 2003 *cash basis*

Dec 31, 03

ASSETS

Current Assets	
Checking/Savings	
1010 · Cash in Bank - checking	<u>1,553.17</u>
Total Checking/Savings	1,553.17
Pledges Receivable	
1210 · ACT NOW pledges	<u>208,185.00</u>
Total Pledges Receivable	208,185.00
Other Current Assets	
1450 · Prepaid expenses	2,372.81
1460 · Deposits	<u>327.07</u>
Total Other Current Assets	2,699.88
 Total Current Assets	 212,438.05
Fixed Assets	
1640 · Furniture, fixtures, & equip	44,150.65
1650 · Vehicles	10,630.00
1660 · Village plans, drawings	83,605.18
1745 · Accum deprec- furn,fix,equip	-9,002.39
1755 · Accum deprec - vehicles	<u>-3,454.00</u>
Total Fixed Assets	125,929.44
Other Assets	
1800 · Other long-term assets	<u>16,000.00</u>
Total Other Assets	<u>16,000.00</u>
 TOTAL ASSETS	 <u><u>354,367.49</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2010 · Accounts payable	<u>177,165.99</u>
Total Accounts Payable	<u>177,165.99</u>
Total Current Liabilities	<u>177,165.99</u>
 Total Liabilities	 177,165.99
Equity	
Net Cash Income	<u>-30,983.50</u>
Pledged Income	<u>208,185.00</u>
Total Equity	<u>177,201.50</u>
 TOTAL LIABILITIES & EQUITY	 <u><u>354,367.49</u></u>

- **Agathos Christmas Gift:** Please consider giving a donation to Agathos honoring those on your Christmas gift list. You can mail a check or call in your

credit/debit card information to our office with the name and address of the person or family you wish to honor. Agathos will send a beautiful hand-crafted card in your name to that individual or family. Corporate gifts are a great idea as well!

Thank you all for your support of the Agathos Foundation. We look forward with excitement to what God will bring in the year to come. With God's blessing and your help, many, many South Africans will feel the presence of our Lord in their lives through the work of the Agathos Foundation.

Praise to God,

A handwritten signature in blue ink that reads "Marie Fulmer". The signature is written in a cursive style with a horizontal line above the "F".