



Consolidated Financial Statements

**For the Years Ended
December 31, 2011 and 2010**

Table of Contents

	<i>Page</i>
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities and Changes in Net Assets	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 11
Supplementary Information:	
Consolidating Schedule of Financial Position - 2011	12
Consolidating Schedule of Financial Position - 2010	13
Consolidating Schedule of Activities and Changes in Net Assets - 2011	14
Consolidating Schedule of Activities and Changes in Net Assets - 2010	15

Independent Auditors' Report***Board of Directors
Esperanza International Foundation and Affiliate
Bellevue, Washington***Certified Public
Accountants
and Consultants

We have audited the accompanying consolidated statements of financial position of Esperanza International Foundation and its affiliate, (collectively, the Organization) as of December 31, 2011 and 2010, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Asociacion Esperanza Internacional, Inc., a consolidated affiliate (the Affiliate) as of and for the years ended December 31, 2011 and 2010. The Affiliate's financial statements reflect total assets and revenues constituting 87% and 54%, respectively, of the related consolidated 2011 totals; and 94% and 42%, respectively, of the related consolidated 2010 totals. The Affiliate's financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Affiliate is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization its affiliate as of December 31, 2011 and 2010, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements, as a whole. The accompanying supplementary information on pages 12 to 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, which insofar as it relates to the Affiliate, is based on the report of other auditors, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Certified Public Accountants
May 1, 2013

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidated Statements of Financial Position
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u> <i>Restated</i> <i>(Note 7)</i>
Assets		
Cash and cash equivalents	\$ 553,668	\$ 374,386
Accounts receivable	171,896	282,083
Pledges receivable	92,024	8,096
Notes receivable, net	2,142,328	1,761,069
Prepaid and other expenses	71,971	54,209
Property and equipment, net	217,696	233,454
Other assets	5,063	3,963
Total Assets	<u>\$ 3,254,646</u>	<u>\$ 2,717,260</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 482,965	\$ 513,840
Accrued expenses	29,378	36,951
Deferred and other liabilities	9,424	
Notes payable	570,602	610,330
Total Liabilities	1,092,369	1,161,121
Net Assets:		
Unrestricted net assets	1,969,133	1,498,853
Temporarily restricted net assets	193,144	57,286
Total Net Assets	<u>2,162,277</u>	<u>1,556,139</u>
Total Liabilities and Unrestricted Net Assets	<u>\$ 3,254,646</u>	<u>\$ 2,717,260</u>

See accompanying notes.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

**Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2011 and 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total Restated (Note 7)</u>
Revenues and Support:						
Contributed support	\$ 2,923,653	\$ 194,517	\$ 3,118,170	\$ 2,147,600	\$ 58,148	\$ 2,205,748
Grants	49,345		49,345	45,518		45,518
Dividends, interest, and commissions	834,419		834,419	752,782		752,782
In-kind contributions	46,108		46,108	44,940		44,940
Special events	52,069		52,069	119,197		119,197
Other	65,103		65,103	54,180		54,180
Releases of restriction	58,659	(58,659)		147,304	(147,304)	
Total Revenues and Support	4,029,356	135,858	4,165,214	3,311,521	(89,156)	3,222,365
Expenses:						
Program	2,669,757		2,669,757	2,210,503		2,210,503
Management and general	688,710		688,710	586,601		586,601
Fundraising	200,609		200,609	160,287		160,287
Total Expenses	3,559,076		3,559,076	2,957,391		2,957,391
Change in Net Assets	470,280	135,858	606,138	354,130	(89,156)	264,974
Net assets, beginning of year, restated (Note 7)	1,498,853	57,286	1,556,139	1,144,723	146,442	1,291,165
Net Assets, End of Year	\$ 1,969,133	\$ 193,144	\$ 2,162,277	\$ 1,498,853	\$ 57,286	\$ 1,556,139

See accompanying notes.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u> <i>Restated</i> <i>(Note 7)</i>
Cash Flows from Operating Activities:		
Change in net assets	\$ 606,138	\$ 264,974
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	60,525	64,002
Loss on disposal of fixed assets	172,671	1,349
Foreign currency translation gain	(182,877)	(23,352)
Changes in operating assets and liabilities:		
Accounts receivable	110,187	(46,660)
Pledges receivable	(83,928)	(8,096)
Notes receivable, net	(381,259)	140,686
Prepaid and other expenses	(17,762)	(2,011)
Other assets	(1,100)	(5,545)
Accounts payable	(30,875)	83,755
Accrued expenses	(7,573)	20,818
Deferred and other liabilities	9,424	(34,437)
Net Cash Provided by Operating Activities	253,571	455,483
Cash Flows from Investing Activities:		
Purchases of property and equipment	(52,668)	(76,731)
Net Cash Used in Investing Activities	(52,668)	(76,731)
Cash Flows from Financing Activities:		
Proceeds from notes payable		26,632
Repayment of notes payable	(21,621)	(254,321)
Net Cash Used in Financing Activities	(21,621)	(227,689)
Net Change in Cash and Cash Equivalents	179,282	151,063
Cash and cash equivalents, beginning of year	374,386	223,323
Cash and Cash Equivalents, End of Year	\$ 553,668	\$ 374,386
Supplemental Cash Flow Information:		
Cash paid for interest	\$ 98,294	\$ 100,772

See accompanying notes.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2011 and 2010

Note 1 - Nature of Operations and Significant Accounting Policies

Nature of Operations - Esperanza International Foundation (the Foundation) was formed in November 1992. The mission is to free children and their families from poverty through initiatives that generate income, education and health, restoring self-worth and dignity to those who have lost hope. The Foundation primarily provides support to individuals and individual business owners primarily located in Dominican Republic and Haiti.

The main objectives of the Foundation are:

- To liberate the children and their families of poverty through initiatives that generate income, education, and health. Restore the self-esteem and dignity to those who have lost it.
- The development of the micro-enterprise, assisting poor people, especially mothers, in the creation of income and employment generation to stabilize personal dignity.
- The community development through the establishment of schools that emphasize programs on literacy, primary health education, clinical nutrition education, recreation, leadership, sports programs to assist children and adolescents, religious education and spiritual development.
- Development of environmental health programs, such as improved health, development of improved access to safe water for their staff and food, water, latrine, recycling of plastic, glass and metals, and other matters of interest to developing environmental awareness.

Principles of Consolidation - The consolidated financial statements include the accounts of Esperanza International Foundation and Asociacion Esperanza Internacional, Inc. (collectively, the Organization). Asociacion Esperanza Internacional Inc. includes two programs, Microfinance and Health Services. Esperanza International Foundation is a Washington State nonprofit corporation with headquarters in Bellevue, Washington. It has branch offices in Dominican Republic and Haiti. Asociacion Esperanza Internacional, Inc. is a religious association with headquarters in Santo Domingo, Dominican Republic.

The two organizations are governed by the same board of directors with common members. Esperanza International Foundation provides over 90% of the support of Asociacion Esperanza Internacional, Inc., and the organizations work collaboratively on program and governance matters. All significant accounts and transactions between the two organizations have been eliminated in these consolidated financial statements.

The Organization provided \$180,049 and \$539,074 for the years ended December 31, 2011 and 2010, respectively, to Esperanza International – Haiti (EI Haiti). While the Organization has an economic interest in the EI Haiti, it does not have control. Therefore, EI Haiti's operations are not consolidated in the financial statements of the Organization. The two organizations share a common focus to free children and their families from poverty through initiatives that generate income, education, and health, restoring self-worth and dignity to those who have lost hope.

Basis of Presentation - The Organization maintains its accounting records using the accrual method of accounting, whereby revenues are recorded when earned and expenses when incurred. The consolidated financial statement presentation follows accounting standards generally accepted in the United States of America (GAAP). Under GAAP, the Organization is required to report financial information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended December 31, 2011 and 2010

Note 1 - Continued

Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that will be met either by actions of the Organization or the passage of time. All temporarily restricted net assets as of December 31, 2011 and 2010 were restricted for purpose and time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. There were no permanently restricted net assets as of December 31, 2011 and 2010.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Time restrictions on pledges generally expire in the period that the pledges are due.

Cash and Cash Equivalents - The Organization considers temporary investments with an original maturity of three months or less to be cash equivalents.

Receivables - Accounts and notes receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance for accounts receivable have not been material to the financial statements. The allowance for doubtful accounts for notes receivable was \$20,485 and \$21,313 at December 31, 2011 and 2010, respectively.

Concentrations - The Organization invests its funds with financial institutions and has established guidelines relative to diversification and maturities that maintain safety and liquidity. Such amounts may be in excess of the FDIC insured amounts.

There was one donor that contributed 13% of contributed support for the year ended December 31, 2011, and one donor that contributed 22% of contributed support for the year ended December 31, 2010.

Property and Equipment - The Organization capitalizes assets with a cost greater than \$250 and an estimated useful life of one or more years. Depreciation is computed utilizing the straight-line method. Property and equipment are depreciated over an estimated useful life of three to five years. The cost of repairs and maintenance are expensed as incurred. The cost of renewals, replacements and betterments are capitalized.

In-Kind Contributions - Donated goods and use of facilities are recorded at fair market value at the date of receipt. Donated services are recorded only if specific professional expertise is provided or the services are for constructing a fixed asset, in accordance with GAAP. In-kind contributions represent donated use of facility and donated food, clothing, and drinks for the annual golf event.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2011 and 2010

Note 1 - Continued

Intangible Assets - The Organization capitalizes the cost of creating and registering trademarks. Since trademarks are considered to have indefinite lives, GAAP does not allow amortization. However, trademarks are subject to an annual impairment test. As of December 31, 2011 and 2010, there was no impairment of the trademark.

Foreign Operations - Approximately 87% and 94% of the Organization's expenses were incurred outside of the United States in Dominican Republic and Haiti for the years ended December 31, 2011 and 2010, respectively. Approximately \$1.7 million and \$1.4 million of the net assets reported in the accompanying consolidated statements of financial position relate to those activities as of December 31, 2011 and 2010, respectively.

Operations outside the United States are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

Foreign Currency Translation - The functional currency of some of the Organization's field offices is the local currency in which the office is located. Assets and liabilities of the offices have been translated into U.S. dollars at year-end exchange rates. Revenues and expenses have been translated at average monthly exchange rates. Any translation adjustments are included in the consolidated statements of activities and changes in net assets.

Income Tax Status - The Internal Revenue Service has determined that the Foundation is exempt from U.S. income tax under section 501(c)(3) of the U.S. Internal Revenue Code. Asociacion Esperanza Internacional, Inc. is a nonprofit civic association recognized as exempt from income tax under national tax laws of Dominican Republic. The Organization files income tax returns with the U.S. and foreign governments. The Organization is subject to income tax examinations by the tax authorities of these governments for the current year and certain prior years based on the applicable laws and regulations of each jurisdiction.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses - The costs of providing the various programs and other activities have been summarized in the consolidated statements of activities and changes in net assets on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications - Certain reclassifications were made to the December 31, 2010, financial statements to conform to the current period presentation. The reclassifications have no effect on previously reported change in net assets or net assets except those described in note 7.

Subsequent Events - The Organization has evaluated subsequent events through May 1, 2013, the date on which the financial statements were available to be issued.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2011 and 2010

Note 2 - Notes Receivable

The Foundation makes micro-enterprise loans to assist poor people, especially mothers, in the creation of income and employment generation to stabilize personal dignity. All loans are made to individuals in the Dominican Republic or Haiti.

At December 31, 2011 and 2010, the annual interest rates on notes receivable varied between 36% and 48%. The note receivable balances at December 31, 2011 and 2010, had maturity dates of twelve months or less.

Notes receivable at December 31 were as follows:

	<u>2011</u>	<u>2010</u>
Receivables from individuals	\$ 2,163,454	\$ 1,782,382
Less allowances for doubtful accounts-		
Balances, beginning of year	(21,313)	(36,204)
Provision for losses	(57,311)	(66,733)
Loans written off	<u>57,498</u>	<u>81,625</u>
Balances, end of year	<u>(21,126)</u>	<u>(21,313)</u>
Notes Receivable, Net	<u><u>\$ 2,142,328</u></u>	<u><u>\$ 1,761,069</u></u>

Amounts past due on notes receivable at December 31 were as follows:

	<u>2011</u>	<u>2010</u>
15 to 30 days	\$ 41,626	\$ 51,830
31 to 60 days	31,670	34,290
61 to 91 days	12,253	10,027
More than 91 days	<u>8,587</u>	<u>8,236</u>
Total past due loans	94,136	104,383
Current loans	<u>2,069,317</u>	<u>1,677,998</u>
	<u><u>\$ 2,163,454</u></u>	<u><u>\$ 1,782,382</u></u>

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2011 and 2010

Note 3 - Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 237,595	\$ 228,125
Transportation equipment	252,635	321,341
Other	<u>52,197</u>	<u>66,608</u>
	542,427	616,074
Less accumulated depreciation	<u>(324,731)</u>	<u>(382,620)</u>
	<u><u>\$ 217,696</u></u>	<u><u>\$ 233,454</u></u>

Note 4 - Notes Payable

The following debt is held by Asociacion Esperanza Internacional, Inc. and consisted of the following on December 31:

	<u>2011</u>	<u>2010</u>
Note payable to Fundación Reservas del País Inc., the note is payable over an eight year period, and bears an annual interest of 12%. Payments on the note are due annually on December 31, 2009 through 2016.	\$ 153,834	\$ 185,043
Note payable to Grameen Foundation USA, with an annual interest rate of 6.39%, due December 31, 2012, without any guarantee.	110,953	228,786
Note payable to Asociación Dominicana de Mitigación de Desastre Inc. and bears an annual interest rate and fee of 18% without any guarantee.	92,880	95,760
Notes payable to individuals with variable annual interest rates ranging from 15% to 16%, without any guarantee.	96,827	46,630
Note payable to Banco BHD, S. A., payable in monthly installments of principal and interest at 13% to 14% without warranty.	90,300	26,600
Note payable to Banco de Reservas, payable in monthly installments of principal and interest at 26%. Note is collateralized by a vehicle.		902
Note payable to PROINFANCIA, payable monthly with an annual interest rate of 12%.	<u>25,808</u>	<u>26,609</u>
	<u><u>\$ 570,602</u></u>	<u><u>\$ 610,330</u></u>

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended December 31, 2011 and 2010

Note 5 - Lease Commitments

The Organization leases office space in Dominican Republic, renewable annually. Rent expense for operating leases totaled \$88,085 and \$106,987 for the years ended December 31, 2011 and 2010, respectively.

Note 6 - Employee Benefit Plan

The Foundation has a 403(b) plan that covers substantially all full-time employees who have completed one year of service. There were no employer contributions for the years ended December 31, 2011 and 2010.

Note 7 - Subsequent Event

In January 2012, the Organization obtained debt financing through Global Partnerships in the amount of \$310,000, with an interest rate of 7%, and a term of three years. Interest payments are due beginning February 1, 2012 and on a fiscal quarter basis thereafter. Principal payments are due beginning May 1, 2013 and on a fiscal quarter basis in conjunction with interest payments thereafter.

Note 8 - Adjustments to Prior Years' Balances

The December 31, 2010 and 2009, balances have been adjusted to correctly reflect the asset, liability, and net asset balances in accordance with GAAP for the following:

- To decrease unrestricted net asset balances as to not record a receivable pending litigation related to the Affiliate, and
- To properly classify funds contributed to the Affiliate as temporarily restricted net assets, rather than deferred liabilities.

As a result, certain balances as of and for the year ended December 31, 2010 were restated as follows:

	<i>Original Balance</i>	<i>Adjustment</i>	<i>Restated Balance</i>
Deferred and other liabilities	\$ 57,286	\$ (57,286)	\$ -
Unrestricted net assets	1,595,926	(97,073)	1,498,853
Temporarily restricted net assets		57,286	57,286
Unrestricted contributed support	1,707,262	440,338	2,147,600
Temporarily restricted contributed support		58,148	58,148
Other income	160,287	(106,107)	54,180
Program expenses	1,734,371	476,132	2,210,503
Management and general expenses	581,068	5,533	586,601

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2011 and 2010

Note 8 - Continued

Balances adjusted as of December 31, 2009, beginning of the year, are as follows:

	<u>Original Balance</u>	<u>Adjustment</u>	<u>Restated Balance</u>
Unrestricted net assets	\$ 1,241,796	\$ (97,073)	\$ 1,144,723
Temporarily restricted net assets		146,442	146,442

SUPPLEMENTARY INFORMATION

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

**Consolidating Schedule of Financial Position
December 31, 2011**

	<i>Esperanza International Foundation</i>	<i>Asociacion Esperanza Internacional, Inc. Microfinance</i>	<i>Asociacion Esperanza Internacional, Inc. Health Services</i>	<i>Eliminations</i>	<i>Consolidated Totals</i>
Assets					
Cash and cash equivalents	\$ 337,994	\$ 140,314	\$ 75,360	\$ -	\$ 553,668
Accounts receivable	12,000	647,567	352,409	(840,080)	171,896
Pledges receivable	92,024				92,024
Notes receivable, net		2,139,294	3,034		2,142,328
Prepaid and other expenses	5,423	53,546	13,002		71,971
Property and equipment, net	688	217,008			217,696
Other assets	5,063				5,063
Total Assets	\$ 453,192	\$ 3,197,729	\$ 443,805	\$ (840,080)	\$ 3,254,646
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 8,060	\$ 653,090	\$ 661,895	\$ (840,080)	\$ 482,965
Accrued expenses	10,918	18,460			29,378
Deferred and other liabilities	1,500	7,924			9,424
Notes payable		563,119	7,483		570,602
Total Liabilities	20,478	1,242,593	669,378	(840,080)	1,092,369
Net Assets:					
Unrestricted net assets	357,714	1,955,136	(343,717)		1,969,133
Temporarily restricted net assets	75,000		118,144		193,144
Total Net Assets	432,714	1,955,136	(225,573)		2,162,277
Total Liabilities and Net Assets	\$ 453,192	\$ 3,197,729	\$ 443,805	\$ (840,080)	\$ 3,254,646

See independent auditors' report.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

**Consolidating Schedule of Financial Position
December 31, 2010**

	<i>Esperanza International Foundation</i>	<i>Asociacion Esperanza Internacional, Inc. Microfinance</i>	<i>Asociacion Esperanza Internacional, Inc. Health Services</i>	<i>Eliminations</i>	<i>Consolidated Totals</i>
Assets					
Cash and cash equivalents	\$ 142,871	\$ 218,598	\$ 12,917	\$ -	\$ 374,386
Accounts receivable	12,500	703,096	174,071	(607,584)	282,083
Pledges receivable	8,096				8,096
Notes receivable, net		1,743,335	17,734		1,761,069
Prepaid expenses	5,166	47,181	1,862		54,209
Property and equipment, net	1,981	169,417	62,056		233,454
Other assets	3,963				3,963
Total Assets	\$ 174,577	\$ 2,881,627	\$ 268,640	\$ (607,584)	\$ 2,717,260
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 5,040	\$ 445,828	\$ 670,556	\$ (607,584)	\$ 513,840
Accrued expenses		36,380	571		36,951
Notes payable		602,616	7,714		610,330
Total Liabilities	5,040	1,084,824	678,841	(607,584)	1,161,121
Net Assets:					
Unrestricted net assets	169,537	1,796,803	(467,487)		1,498,853
Temporarily restricted net assets			57,286		57,286
Total Net Assets	169,537	1,796,803	(410,201)		1,556,139
Total Liabilities and Net Assets	\$ 174,577	\$ 2,881,627	\$ 268,640	\$ (607,584)	\$ 2,717,260

See independent auditors' report.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

**Consolidating Schedule of Activities and Changes in Net Assets
For the Year Ended December 31, 2011**

	<i>Esperanza International Foundation</i>			<i>Asociacion Esperanza Internacional, Inc. Microfinance</i>	<i>Asociacion Esperanza Internacional, Inc. Health Services</i>			<i>Eliminations</i>	<i>Consolidated Totals</i>
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>		
Revenues and Support:									
Contributed support	\$ 1,748,450	\$ 75,000	\$ 1,823,450	\$ -	\$ 1,175,203	\$ 119,517	\$ 1,294,720	\$ -	\$ 3,118,170
Grants				781,397	449,888		449,888	(1,181,940)	49,345
Dividends, interest, and commissions	135		135	834,284					834,419
In-kind contributions	46,108		46,108						46,108
Special events	52,069		52,069						52,069
Other				65,103					65,103
Releases of restriction					58,659	(58,659)			
Total Revenues and Support	1,846,762	75,000	1,921,762	1,680,784	1,683,750	60,858	1,744,608	(1,181,940)	4,165,214
Expenses:									
Program	1,431,667		1,431,667	929,795	1,490,235		1,490,235	(1,181,940)	2,669,757
Management and general	26,309		26,309	592,656	69,745		69,745		688,710
Fundraising	200,609								200,609
Total Expenses	1,658,585		1,658,585	1,522,451	1,559,980		1,559,980	(1,181,940)	3,559,076
Change in Net Assets	188,177	75,000	263,177	158,333	123,770	60,858	184,628		606,138
Net assets, beginning of year	169,537		169,537	1,796,803	(467,487)	57,286	(410,201)		1,556,139
Net Assets, End of Year	\$ 357,714	\$ 75,000	\$ 432,714	\$ 1,955,136	\$ (343,717)	\$ 118,144	\$ (225,573)	\$ -	\$ 2,162,277

See independent auditors' report.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

**Consolidating Schedule of Activities and Changes in Net Assets
For the Year Ended December 31, 2010**

	<i>Esperanza International Foundation Unrestricted</i>	<i>Asociacion Esperanza Internacional, Inc. Microfinance Unrestricted</i>	<i>Asociacion Esperanza Internacional, Inc. Health Services</i>			<i>Eliminations</i>	<i>Consolidated Totals</i>
	<i>Unrestricted</i>	<i>Unrestricted</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>		
Revenues and Support:							
Contributed support	\$ 1,707,262	\$ -	\$ 440,338	\$ 58,148	\$ 498,486	\$ -	\$ 2,205,748
Grants		831,103	284,052		284,052	(1,069,637)	45,518
Dividends, interest and commissions	147	752,635					752,782
In-kind contributions	44,940						44,940
Special events	119,197						119,197
Other		54,180					54,180
Releases of restriction			147,304	(147,304)			
Total Revenues and Support	1,871,546	1,637,918	871,694	(89,156)	782,538	(1,069,637)	3,222,365
Expenses:							
Program	1,674,735	926,885	678,520		678,520	(1,069,637)	2,210,503
Management and general	28,506	408,251	149,844		149,844		586,601
Fundraising	160,287						160,287
Total Expenses	1,863,528	1,335,136	828,364		828,364	(1,069,637)	2,957,391
Change in Net Assets	8,018	302,782	43,330	(89,156)	(45,826)		264,974
Net assets beginning of year	161,519	1,494,021	(510,817)	146,442	(364,375)		1,291,165
Unrestricted Net Assets, End of Year	\$ 169,537	\$ 1,796,803	\$ (467,487)	\$ 57,286	\$ (410,201)	\$ -	\$ 1,556,139

See independent auditors' report.