



Consolidated Financial Statements

For the Years Ended December 31, 2014 and 2013

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Independent Auditor's Report

Board of Directors Esperanza International Foundation and Affiliate Bellevue, Washington

We have audited the accompanying consolidated financial statements of Esperanza International Foundation and Affiliate, (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Asociacion Esperanza Internacional, Inc., (the Affiliate), which statements reflect total assets of \$4,049,029 and \$4,471,525, as of December 31, 2014 and 2013, respectively, and the total revenues and support of \$3,327,778 and \$2,914,867, for the years then ended, respectively. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of the Affiliate, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for the Affiliate, is based solely on the report 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on 2014 and our qualified audit opinion on 2013.

Basis for Qualified Opinion

The opinion of the other auditors on the 2013 financial statements of the Affiliate was qualified because the Affiliate did not maintain adequate detailed records of its property and equipment. Therefore, the other auditor was not able to audit the property and equipment balance.

Unmodified Opinion on 2014 and Qualified Opinion on 2013

In our opinion, based on our audits and the report of other auditors, except for the possible effects on the 2013 financial statements of the matter discussed in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 13 through 16 are presented for purposes of additional analysis and are not a required part of the consolidated 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to the Affiliate is based on the report of other auditors, and except for the effects of the qualified opinion on the 2013 financial statements as described above, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
October 15, 2015

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidated Statements of Financial Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ 570,158	\$ 846,674
Short-term investments	201,394	233,984
Accounts receivable	152,378	43,001
Pledges receivable	18,650	25,965
Prepaid expenses	83,275	85,271
Microfinance loans	3,315,098	3,000,252
Property and equipment, net	210,349	248,604
Other assets	5,063	5,063
Total Assets	<u>\$ 4,556,365</u>	<u>\$ 4,488,814</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 327,152	\$ 431,273
Accrued expenses	4,311	8,612
Notes payable	1,195,704	1,341,813
Total Liabilities	<u>1,527,167</u>	<u>1,781,698</u>
Net Assets:		
Unrestricted	2,947,709	2,637,433
Temporarily restricted	81,489	69,683
Total Net Assets	<u>3,029,198</u>	<u>2,707,116</u>
Total Liabilities and Net Assets	<u>\$ 4,556,365</u>	<u>\$ 4,488,814</u>

See accompanying notes.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	2014 Total	Unrestricted	Temporarily Restricted	2013 Total
Revenues and Support:						
Contributed support and grants	\$ 2,279,489	\$ 83,841	\$ 2,363,330	\$ 2,155,343	\$ 72,289	\$ 2,227,632
Return of grant funds to donor	(144,321)		(144,321)		(144,321)	
Microfinance loan income	1,305,033		1,305,033	1,167,886		1,167,886
In-kind contributions	10,800		10,800	59,567		59,567
Special events	780		780	114,291		114,291
Program fees	335,698		335,698	149,432		149,432
Other	51,259		51,259	23,939		23,939
Releases of restriction	72,035	(72,035)		72,190	(72,190)	
Total Revenues and Support	3,910,773	11,806	3,922,579	3,742,648	(144,222)	3,742,747
Expenses:						
Program	2,595,740		2,595,740	2,407,310		2,407,310
Management and general	727,879		727,879	777,566		777,566
Fundraising	276,878		276,878	329,499		329,499
Total Expenses	3,600,497		3,600,497	3,514,375		3,514,375
Change in Net Assets	310,276	11,806	322,082	228,273	(144,222)	228,372
Net assets, beginning of year	2,637,433	69,683	2,707,116	2,409,160	69,584	2,478,744
Net Assets, End of Year	\$ 2,947,709	\$ 81,489	\$ 3,029,198	\$ 2,637,433	\$ (74,638)	\$ 2,707,116

See accompanying notes.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities:		
Change in net assets	\$ 322,082	\$ 228,372
Adjustments to reconcile change in net assets to net cash (used in) provided by provided by operating activities-		
Depreciation and amortization	75,062	77,162
Loss on disposal of fixed assets	35,053	22,003
Gain on investments	(3,394)	(4,471)
Foreign currency translation loss	95,770	140,041
Changes in operating assets and liabilities:		
Accounts receivable	(109,377)	14,336
Pledges receivable	7,315	79,646
Prepaid expenses	1,996	2,320
Microfinance loans	(432,908)	(519,141)
Accounts payable	(104,121)	91,097
Accrued expenses	(4,301)	(8,157)
Net Cash (Used in) Provided by Operating Activities	(116,823)	123,208
Cash Flows From Investing Activities:		
Sale of investments	491,835	
Purchase of investments	(455,851)	(229,513)
Purchase of property and equipment	(95,177)	(90,724)
Net Cash Used in Investing Activities	(59,193)	(320,237)
Cash Flows From Financing Activities:		
Proceeds from notes payable	608,550	984,880
Repayment of notes payable	(709,050)	(539,122)
Net Cash (Used in) Provided by Financing Activities	(100,500)	445,758
Net Change in Cash and Cash Equivalents	(276,516)	248,729
Cash and cash equivalents, beginning of year	846,674	597,945
Cash and Cash Equivalents, End of Year	\$ 570,158	\$ 846,674
Supplemental Cash Flow Information:		
Cash paid for interest	\$ 133,090	\$ 141,321

See accompanying notes.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended December 31, 2014 and 2013

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 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 providing education on 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 the Foundation and Asociacion Esperanza Internacional, Inc. (collectively, the Organization). Asociacion Esperanza Internacional Inc. includes two programs, Microfinance and Health Services. The Foundation is a Washington State nonprofit corporation with headquarters in Bellevue, Washington. It has branch offices in the Dominican Republic. 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. The Foundation provides a significant portion 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 \$98,500 and \$70,750 for the years ended December 31, 2014 and 2013, respectively, to Esperanza International - Haiti (EI Haiti). 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 (U.S. GAAP). Under U.S. 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, 2014 and 2013

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, 2014 and 2013, were restricted for use in future periods and/or for specific program purposes.

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, 2014 and 2013.

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. The Organization has adopted a policy to classify temporarily restricted contributions as unrestricted to the extent that temporary restrictions were met in the year the contribution was received.

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

Receivables - Accounts, pledges and microfinance loans 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.

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.

During the year ended December 31, 2013 a related party's contribution represented 10% of total revenues and support; no concentration existed for the year ended December 31, 2014. The related party is an organization whose President/CEO is also a member of the Organization's Board of Directors.

Property and Equipment - The Organization capitalizes assets with a cost greater than \$500 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.

Investments - The Organization reports investments at fair value on the consolidated statements of financial position. See Note 4 for additional investment disclosures.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended December 31, 2014 and 2013

Note 1 - Continued

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 U.S. GAAP. In-kind contributions represent donated use of facility and donated food, beverages, and clothing for the annual golf event.

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.

Foreign Operations - Approximately 80% and 83% of the Organization's expenses were incurred outside of the United States in Dominican Republic for the years ended December 31, 2014 and 2013, respectively. Approximately \$2.42 million and \$1.98 million of the net assets reported in the accompanying consolidated statements of financial position relate to those activities as of December 31, 2014 and 2013, 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 Asociación Esperanza Internacional, Inc. is the local currency in which the entity is located, which is the Dominican Republic peso. 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. Asociación Esperanza Internacional, Inc. is a nonprofit civic association recognized as exempt from income tax under national tax laws of Dominican Republic.

Use of Estimates - The preparation of financial statements in conformity with U.S. 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.

Reclassifications - Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation. Such reclassifications had no effect on the change in net assets or net asset balances as previously reported.

Subsequent Events - The Organization has evaluated subsequent events through October 15, 2015, 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, 2014 and 2013**

Note 2 - Microfinance Loans

The Organization 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. At December 31, 2014 and 2013, the annual interest rates on notes receivable varied between 12% and 48%. At December 31, 2014 there were 10,375 loans outstanding with an average outstanding loan balance of \$327. The microfinance loan balances at December 31, 2014 and 2013, had maturity dates of twelve months or less.

Microfinance loans receivable at December 31 were as follows:

	<u>2014</u>	<u>2013</u>
Receivables from individuals	\$ 3,437,584	\$ 3,031,715
Less allowances for doubtful accounts-		
Balances, beginning of year	(31,463)	(21,200)
Provision for losses	(190,519)	(78,722)
Loans written off	<u>99,496</u>	<u>68,459</u>
Allowances for doubtful accounts, end of year	<u>(122,486)</u>	<u>(31,463)</u>
Notes Receivable, Net	<u>\$ 3,315,098</u>	<u>\$ 3,000,252</u>

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

	<u>2014</u>	<u>2013</u>
15 to 30 days	\$ 92,168	\$ 53,453
31 to 60 days	70,579	56,708
61 to 91 days	29,440	17,483
More than 91 days	<u>22,706</u>	<u>7,749</u>
Total past due loans	214,893	135,393
Current loans	<u>3,222,691</u>	<u>2,896,322</u>
Total Receivables From Individuals	<u>\$ 3,437,584</u>	<u>\$ 3,031,715</u>

Microfinance loan income consisted of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Loan interest	\$ 921,068	\$ 920,618
Loan commissions	295,371	167,783
Loan insurance, late fees, and other	<u>88,594</u>	<u>79,485</u>
Total Microfinance Loan Income	<u>\$ 1,305,033</u>	<u>\$ 1,167,886</u>

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended December 31, 2014 and 2013

Note 3 - Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 291,242	\$ 276,779
Transportation equipment	355,144	356,558
Other	<u>979</u>	<u>1,015</u>
	647,365	634,352
Less accumulated depreciation	<u>(437,016)</u>	<u>(385,748)</u>
	<u><u>\$ 210,349</u></u>	<u><u>\$ 248,604</u></u>

Virtually all property and equipment is located in the Dominican Republic.

Note 4 - Investments

Investments consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 135,270	\$ 165,309
Equity securities	<u>66,124</u>	<u>68,675</u>
	<u><u>\$ 201,394</u></u>	<u><u>\$ 233,984</u></u>

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 or 2013.

Money Market Funds – Valued at cost plus accrued interest, which approximates fair value.

Equity Securities - Valued at the closing price reported on the active market on the date which the securities are traded.

All of the Organization's investments measured at fair value were in equity securities and are considered to be valued with Level 1 inputs.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended December 31, 2014 and 2013

Note 5 - Notes Payable

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

	<u>2014</u>	<u>2013</u>
Note payable to Fundación Reservas del País Inc., the note is payable over a five year period, and bears an annual interest of 10%. Payments on the interest are due monthly and payments on the principal are due bi-annually through 2018.	\$ 959,689	\$ 556,080
Related party note payable to Edify International at an interest rate of 0% without any guarantee and repayable in 36 equal monthly installments commencing January 1, 2018 unless terminated earlier by either party. Edify International is a related party because the managing director of Edify is a member of the Organization's Board of Directors.	197,709	99,144
Note payable to Global Partnerships Social Investment Fund 2014 loan, at an interest rate of 7%, without any guarantee and set to mature in February 2015.	38,306	
Note payable to Asociación Dominicana de Mitigación de Desastre Inc., bears an annual interest rate and fee of 18% without any guarantee and is due on demand, paid during the year ended December 31, 2014.		57,925
Notes payable to individuals with variable annual interest rates ranging from 9% to 16%, without any guarantee and due on demand, paid during the year ended December 31, 2014.		115,688
Note payable to Banco BHD, S. A., at an interest rate of 14%, without any guarantee and due on demand, paid during the year ended December 31, 2014.		81,095

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 5 - Continued

	<u>2014</u>	<u>2013</u>
Note payable to PROINFANCIA, with an annual interest rate ranging between 15% and 16% and due on demand, paid during the year ended December 31, 2014.		34,762
Note payable to Banco Popular Dominicano S.A.'s loan, at an interest rate of 12%, without any guarantee and due on demand, paid during the year ended December 31, 2014.		81,096
Note payable to Global Partnerships Social Investment Fund 2010 loan, at an interest rate of 7%, without any guarantee and set to mature in February 2015, paid during the year ended December 31, 2014.		192,092
Related party note payable to HOPE International (the president and CEO of HOPE International is a board member of Esperanza), at an interest rate of 5% without any guarantee and set to mature in May 2014, paid during the year ended December 31, 2014.		123,931
	<u><u>\$ 1,195,704</u></u>	<u><u>\$ 1,341,813</u></u>

Future minimum principal payments are as follows:

For the Year Ending December 31,

2015	\$ 264,809
2016	226,503
2017	226,503
2018	292,406
2019	119,581
Thereafter	65,902
	<u><u>\$ 1,195,704</u></u>

SUPPLEMENTARY INFORMATION

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

**Consolidating Schedule of Financial Position
December 31, 2014**

	Esperanza International Foundation	Asociacion Esperanza Internacional, Inc.	Eliminations	Consolidated Totals
Assets				
Cash and cash equivalents	\$ 272,959	\$ 297,199	\$ -	\$ 570,158
Short-term investments	201,394			201,394
Accounts receivable	110,000	152,378	(110,000)	152,378
Pledges receivable	18,650			18,650
Prepaid expenses	8,656	74,619		83,275
Microfinance loans		3,315,098		3,315,098
Property and equipment, net	614	209,735		210,349
Other assets	5,063			5,063
Total Assets	<u>\$ 617,336</u>	<u>\$ 4,049,029</u>	<u>\$ (110,000)</u>	<u>\$ 4,556,365</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 1,351	\$ 435,801	\$ (110,000)	\$ 327,152
Accrued expenses	4,290	21		4,311
Notes payable		1,195,704		1,195,704
Total Liabilities	5,641	1,631,526	(110,000)	1,527,167
Net Assets:				
Unrestricted	601,695	2,346,014		2,947,709
Temporarily restricted	10,000	71,489		81,489
Total Net Assets	<u>611,695</u>	<u>2,417,503</u>		<u>3,029,198</u>
Total Liabilities and Net Assets	<u>\$ 617,336</u>	<u>\$ 4,049,029</u>	<u>\$ (110,000)</u>	<u>\$ 4,556,365</u>

See independent auditor's report.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidating Schedule of Financial Position
December 31, 2013

	Esperanza International Foundation	Asociacion Esperanza Internacional, Inc.	Eliminations	Consolidated Totals
Assets				
Cash and cash equivalents	\$ 468,827	\$ 377,847	\$ -	\$ 846,674
Short-term investments	233,984			233,984
Accounts receivable	2,000	766,062	(725,061)	43,001
Pledges receivable	25,965			25,965
Prepaid expenses	5,937	79,334		85,271
Microfinance loans		3,000,252		3,000,252
Property and equipment, net	574	248,030		248,604
Other assets	5,063			5,063
Total Assets	\$ 742,350	\$ 4,471,525	\$ (725,061)	\$ 4,488,814
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 7,702	\$ 1,148,632	\$ (725,061)	\$ 431,273
Accrued expenses	8,500	112		8,612
Notes payable		1,341,813		1,341,813
Total Liabilities	16,202	2,490,557	(725,061)	1,781,698
Net Assets:				
Unrestricted	726,148	1,911,285		2,637,433
Temporarily restricted		69,683		69,683
Total Net Assets	726,148	1,980,968		2,707,116
Total Liabilities and Net Assets	\$ 742,350	\$ 4,471,525	\$ (725,061)	\$ 4,488,814

See independent auditor's report.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

**Consolidating Schedule of Activities and Changes in Net Assets
For the Year Ended December 31, 2014**

	Esperanza International Foundation			Asociacion Esperanza Internacional, Inc.			Eliminations	Consolidated Totals
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenues and Support:								
Contributed support and grants	\$ 1,735,339	\$ 10,000	\$ 1,745,339	\$ 1,711,027	\$ 73,841	\$ 1,784,868	\$ (1,166,877)	\$ 2,363,330
Return of grant funds to donor				(144,321)		(144,321)		(144,321)
Microfinance loan income				1,305,033		1,305,033		1,305,033
In-kind contributions	10,800		10,800					10,800
Special events	780		780					780
Program fees				335,698		335,698		335,698
Other	4,759		4,759	46,500		46,500		51,259
Releases of restriction				72,035	(72,035)			
Total Revenues and Support	1,751,678	10,000	1,761,678	3,325,972	1,806	3,327,778	(1,166,877)	3,922,579
Expenses:								
Program	1,415,123		1,415,123	2,347,494		2,347,494	(1,166,877)	2,595,740
Management and general	184,130		184,130	543,749		543,749		727,879
Fundraising	276,878		276,878					276,878
Total Expenses	1,876,131		1,876,131	2,891,243		2,891,243	(1,166,877)	3,600,497
Change in Net Assets	(124,453)	10,000	(114,453)	434,729	1,806	436,535		322,082
Net assets, beginning of year	726,148		726,148	1,911,285	69,683	1,980,968		2,707,116
Net Assets, End of Year	\$ 601,695	\$ 10,000	\$ 611,695	\$ 2,346,014	\$ 71,489	\$ 2,417,503	\$ -	\$ 3,029,198

See independent auditor's report.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

**Consolidating Schedule of Activities and Changes in Net Assets
For the Year Ended December 31, 2013**

	Esperanza International Foundation			Asociacion Esperanza Internacional, Inc.			Eliminations	Consolidated Totals
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
Revenues and Support:								
Contributed support and grants	\$ 1,597,371	\$ -	\$ 1,597,371	\$ 1,506,015	\$ 72,289	\$ 1,578,304	\$ (948,043)	\$ 2,227,632
Microfinance loan income				1,167,886		1,167,886		1,167,886
In-kind contributions	59,567		59,567					59,567
Special events	114,291		114,291					114,291
Program fees				149,432		149,432		149,432
Other	4,694		4,694	19,245		19,245		23,939
Releases of restriction	10,000	(10,000)		62,190	(62,190)			
Total Revenues and Support	1,785,923	(10,000)	1,775,923	2,904,768	10,099	2,914,867	(948,043)	3,742,747
Expenses:								
Program	1,135,521		1,135,521	2,219,832		2,219,832	(948,043)	2,407,310
Management and general	87,069		87,069	690,497		690,497		777,566
Fundraising	329,499		329,499					329,499
Total Expenses	1,552,089		1,552,089	2,910,329		2,910,329	(948,043)	3,514,375
Change in Net Assets	233,834	(10,000)	223,834	(5,561)	10,099	4,538		228,372
Net assets, beginning of year	492,314	10,000	502,314	1,916,846	59,584	1,976,430		2,478,744
Net Assets, End of Year	\$ 726,148	\$ -	\$ 726,148	\$ 1,911,285	\$ 69,683	\$ 1,980,968	\$ -	\$ 2,707,116

See independent auditor's report.