



**Consolidated Financial Statements**

**For the Years Ended December 31, 2015 and 2014**

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## **Independent Auditor's Report**

**To the 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, 2015 and 2014, 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 Asociación Esperanza Internacional, Inc., (the Affiliate), which statements reflect total assets of \$3,916,415 and \$4,049,029, as of December 31, 2015 and 2014, respectively, and the total revenues and support of \$2,900,844 and \$3,327,778, for the years then ended, respectively. Those statements, which were prepared in accordance with the modified cash basis of accounting, 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 audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of as of December 31, 2015 and 2014, and the results of its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Correction of Error**

As discussed in Note 8 to the financial statements, the 2014 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

## **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 14 through 17 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, 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  
January 30, 2017

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidated Statements of Financial Position  
December 31, 2015 and 2014

	2015	2014 Restated (Note 8)
<b>Assets</b>		
Cash and cash equivalents	\$ 1,703,186	\$ 570,158
Short-term investments	477,839	201,394
Accounts receivable	136,387	152,378
Pledges receivable	158,375	98,650
Prepaid expenses	62,792	83,275
Microfinance loans	2,543,138	3,315,098
Property and equipment, net	198,222	210,349
Other assets	5,063	5,063
<b>Total Assets</b>	<b>\$ 5,285,002</b>	<b>\$ 4,636,365</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 223,624	\$ 327,152
Accrued expenses	19,157	4,311
Notes payable	908,018	1,195,704
<b>Total Liabilities</b>	<b>1,150,799</b>	<b>1,527,167</b>
<b>Net Assets:</b>		
Unrestricted	3,622,951	2,947,709
Temporarily restricted	511,252	161,489
<b>Total Net Assets</b>	<b>4,134,203</b>	<b>3,109,198</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,285,002</b>	<b>\$ 4,636,365</b>

See accompanying notes.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidated Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2015 and 2014

	2015			2014, Restated (Note 8)		
	Unrestricted	Temporarily Restricted	2015 Total	Unrestricted	Temporarily Restricted	2014 Total
<b>Revenues and Support:</b>						
Contributed support and grants	\$ 1,925,084	\$ 434,417	\$ 2,359,501	\$ 2,279,489	\$ 163,841	\$ 2,443,330
Return of grant funds to donor				(144,321)		(144,321)
Microfinance loan income	1,409,591		1,409,591	1,305,033		1,305,033
In-kind contributions	15,650		15,650	10,800		10,800
Special events	170,434		170,434	780		780
Program fees	260,321		260,321	335,698		335,698
Other	45,059		45,059	51,259		51,259
Releases of restriction	84,654	(84,654)		72,035	(72,035)	
<b>Total Revenues and Support</b>	<b>3,910,793</b>	<b>349,763</b>	<b>4,260,556</b>	<b>3,910,773</b>	<b>91,806</b>	<b>4,002,579</b>
<b>Expenses:</b>						
Program	2,359,639		2,359,639	2,595,740		2,595,740
Management and general	571,175		571,175	727,879		727,879
Fundraising	304,737		304,737	276,878		276,878
<b>Total Expenses</b>	<b>3,235,551</b>		<b>3,235,551</b>	<b>3,600,497</b>		<b>3,600,497</b>
<b>Change in Net Assets</b>	<b>675,242</b>	<b>349,763</b>	<b>1,025,005</b>	<b>310,276</b>	<b>91,806</b>	<b>402,082</b>
Net assets, beginning of year	2,947,709	161,489	3,109,198	2,637,433	69,683	2,707,116
<b>Net Assets, End of Year</b>	<b>\$ 3,622,951</b>	<b>\$ 511,252</b>	<b>\$ 4,134,203</b>	<b>\$ 2,947,709</b>	<b>\$ 161,489</b>	<b>\$ 3,109,198</b>

See accompanying notes.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2015 and 2014

	2015	2014 Restated (Note 8)
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,025,005	\$ 402,082
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Depreciation and amortization	52,257	75,062
Loss on disposal of fixed assets		35,053
Gain on investments	(2,572)	(3,394)
Foreign currency translation loss	92,101	95,770
Changes in operating assets and liabilities:		
Accounts receivable	15,991	(109,377)
Pledges receivable	(59,725)	(72,685)
Prepaid expenses	20,483	1,996
Microfinance loans	653,898	(432,908)
Accounts payable	(103,528)	(104,121)
Accrued expenses	14,846	(4,301)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,708,756</b>	<b>(116,823)</b>
<b>Cash Flows From Investing Activities:</b>		
Sale of investments	310	491,835
Purchase of investments	(274,183)	(455,851)
Purchase of property and equipment	(46,318)	(95,177)
<b>Net Cash Used in Investing Activities</b>	<b>(320,191)</b>	<b>(59,193)</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from notes payable	5,551	608,550
Repayment of notes payable	(261,088)	(709,050)
<b>Net Cash Used in Financing Activities</b>	<b>(255,537)</b>	<b>(100,500)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,133,028</b>	<b>(276,516)</b>
Cash and cash equivalents, beginning of year	570,158	846,674
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,703,186</b>	<b>\$ 570,158</b>
<b>Supplementary Cash Flow Information:</b>		
Cash paid for interest	\$ 87,040	\$ 133,090

See accompanying notes.

## ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

### Notes to Consolidated Financial Statements For the Years Ended December 31, 2015 and 2014

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#### 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 Asociación Esperanza Internacional, Inc. (collectively, the Organization). Asociación 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. Asociación 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 Asociación 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 \$14,000 and \$98,500 for the years ended December 31, 2015 and 2014, respectively, to Esperanza Internacional - 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, 2015 and 2014

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#### 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.

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, 2015 and 2014.

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 consolidated 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 years ended December 31, 2015 and 2014, one organization's contribution represented 15% and 9%, respectively, of total revenues and support. The contributing organization is considered a related party of the Organization because two staff of the contributing organization serve on the Board of Directors of the Organization.

**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.

## ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

### Notes to Consolidated Financial Statements For the Years Ended December 31, 2015 and 2014

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#### Note 1 - Continued

**In-Kind Contributions** - Donated goods and use of facilities are recorded at fair 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 76% and 80% of the Organization's expenses were incurred outside of the United States in the Dominican Republic for the years ended December 31, 2015 and 2014, respectively. Approximately \$2.80 million and \$2.42 million of the net assets reported in the accompanying consolidated statements of financial position relate to those activities as of December 31, 2015 and 2014, 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.

**Subsequent Events** - The Organization has evaluated subsequent events through January 30, 2017, 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, 2015 and 2014**

**Note 2 - Pledges Receivable**

Pledges receivable at December 31 were as follows:

	<u>2015</u>	<u>2014</u>
Pledges due in less than one year	\$ 118,375	\$ 38,650
Pledges due in one or more years-		
Two years	20,000	20,000
Three years	20,000	20,000
Four years		<u>20,000</u>
Total long-term pledges receivable	<u>40,000</u>	<u>60,000</u>
<b>Total Pledges Receivable</b>	<b><u>\$ 158,375</u></b>	<b><u>\$ 98,650</u></b>

The present value discount on unconditional promises to give due in future years is not considered material. Management determined no allowance for doubtful promises to give was required at December 31, 2015 or 2014.

**Note 3 - 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, 2015 and 2014, the annual interest rates on notes receivable varied between 12% and 48%. At December 31, 2015 there were 9,110 loans outstanding with an average outstanding loan balance of \$302. 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, 2015 and 2014, had maturity dates of twelve months or less.

Microfinance loans receivable at December 31 were as follows:

	<u>2015</u>	<u>2014</u>
Receivables from individuals	\$ 2,752,843	\$ 3,437,584
Less allowances for doubtful accounts-		
Balances, beginning of year	(122,486)	(31,463)
Provision for losses	(247,150)	(190,519)
Loans written off	<u>159,931</u>	<u>99,496</u>
Allowances for doubtful accounts, end of year	<u>(209,705)</u>	<u>(122,486)</u>
<b>Microfinance Loans, Net</b>	<b><u>\$ 2,543,138</u></b>	<b><u>\$ 3,315,098</u></b>

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2015 and 2014

**Note 3 - Continued**

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

	<u>2015</u>	<u>2014</u>
15 to 30 days	\$ 136,403	\$ 92,168
31 to 60 days	184,917	70,579
61 to 91 days	51,447	29,440
More than 91 days	<u>49,015</u>	<u>22,706</u>
Total past due loans	421,782	214,893
Current loans	<u>2,331,061</u>	<u>3,222,691</u>
<b>Total Receivables From Individuals</b>	<b><u>\$ 2,752,843</u></b>	<b><u>\$ 3,437,584</u></b>

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

	<u>2015</u>	<u>2014</u>
Loan interest	\$ 957,181	\$ 921,068
Loan commissions	364,382	295,371
Loan insurance, late fees and other	<u>88,028</u>	<u>88,594</u>
<b>Total Microfinance Loan Income</b>	<b><u>\$ 1,409,591</u></b>	<b><u>\$ 1,305,033</u></b>

The total expense reported for the loan loss provision and related costs was \$258,828 and \$195,294 for the years ended December 31, 2015 and 2014, respectively, and is included in program expense on the consolidated statements of activities and changes in net assets.

**Note 4 - Property and Equipment**

Property and equipment consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 328,341	\$ 291,242
Transportation equipment	260,514	355,144
Other	<u>949</u>	<u>979</u>
	589,804	647,365
Less accumulated depreciation	<u>(391,582)</u>	<u>(437,016)</u>
	<b><u>\$ 198,222</u></b>	<b><u>\$ 210,349</u></b>

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

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2015 and 2014

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**Note 5 - Investments**

Investments consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 138,957	\$ 135,270
Certificates of deposit	271,748	
Equity securities	<u>67,134</u>	<u>66,124</u>
	<u><u>\$ 477,839</u></u>	<u><u>\$ 201,394</u></u>

Money market funds and certificates of deposits are valued using cost plus accrued interest.

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, 2015 or 2014.

Equity Securities - Valued at the closing price reported on the active market on the date on 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, 2015 and 2014**

**Note 6 - Notes Payable**

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

	<u>2015</u>	<u>2014</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.	\$ 710,869	\$ 959,689
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.	197,149	197,709
Note payable to Global Partnerships Social Investment Fund 2014 loan, at an interest rate of 7%, without any guarantee and was paid in full in February 2015.		<u>38,306</u>
	<u><b>\$ 908,018</b></u>	<u><b>\$ 1,195,704</b></u>

Future minimum principal payments are as follows:

For the Year Ending December 31,

2016	\$ 310,387
2017	219,608
2018	312,291
2019	<u>65,732</u>
	<u><b>\$ 908,018</b></u>

**Note 7 - Temporarily Restricted Net Assets**

Net assets were temporarily restricted by donors as follows at December 31:

	<u>2015</u>	<u>2014</u>
Program related purposes	\$ 352,877	\$ 81,489
Available in future periods	<u>158,375</u>	<u>80,000</u>
<b>Total Temporarily Restricted Net Assets</b>	<u><b>\$ 511,252</b></u>	<u><b>\$ 161,489</b></u>

**ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE**

**Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2015 and 2014**

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**Note 8 - Restatement of 2014 Financial Statements**

The 2014 financial statements have been adjusted to correctly reflect revenues, net assets and assets in accordance with U.S. GAAP to reflect an additional \$80,000 of temporarily restricted contributions, net assets and pledges receivable.

**SUPPLEMENTARY INFORMATION**



ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidating Schedule of Financial Position  
December 31, 2015

	Esperanza International Foundation	Asociación Esperanza Internacional, Inc.	Eliminations	Consolidated Totals
<b>Assets</b>				
Cash and cash equivalents	\$ 1,022,034	\$ 681,152	\$ -	\$ 1,703,186
Short-term investments	206,091	271,748		477,839
Accounts receivable		168,158	(31,771)	136,387
Pledges receivable	158,375			158,375
Prepaid expenses	2,333	60,459		62,792
Microfinance loans		2,543,138		2,543,138
Property and equipment, net	6,462	191,760		198,222
Other assets	5,063			5,063
<b>Total Assets</b>	<b><u>\$ 1,400,358</u></b>	<b><u>\$ 3,916,415</u></b>	<b><u>\$ (31,771)</u></b>	<b><u>\$ 5,285,002</u></b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 42,308	\$ 213,087	\$ (31,771)	\$ 223,624
Accrued expenses	19,157			19,157
Notes payable		908,018		908,018
<b>Total Liabilities</b>	<b>61,465</b>	<b>1,121,105</b>	<b>(31,771)</b>	<b>1,150,799</b>
<b>Net Assets:</b>				
Unrestricted	965,696	2,657,255		3,622,951
Temporarily restricted	373,197	138,055		511,252
<b>Total Net Assets</b>	<b><u>1,338,893</u></b>	<b><u>2,795,310</u></b>		<b><u>4,134,203</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,400,358</u></b>	<b><u>\$ 3,916,415</u></b>	<b><u>\$ (31,771)</u></b>	<b><u>\$ 5,285,002</u></b>

See independent auditor's report.

ESPERANZA INTERNATIONAL FOUNDATION AND AFFILIATE

Consolidating Schedule of Financial Position  
December 31, 2014

	Esperanza International Foundation (Restated)	Asociación Esperanza Internacional, Inc.	Eliminations	Consolidated Totals (Restated)
<b>Assets</b>				
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	98,650			98,650
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
<b>Total Assets</b>	<b>\$ 697,336</b>	<b>\$ 4,049,029</b>	<b>\$ (110,000)</b>	<b>\$ 4,636,365</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
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
<b>Total Liabilities</b>	<b>5,641</b>	<b>1,631,526</b>	<b>(110,000)</b>	<b>1,527,167</b>
<b>Net Assets:</b>				
Unrestricted	601,695	2,346,014		2,947,709
Temporarily restricted	90,000	71,489		161,489
<b>Total Net Assets</b>	<b>691,695</b>	<b>2,417,503</b>		<b>3,109,198</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 697,336</b>	<b>\$ 4,049,029</b>	<b>\$ (110,000)</b>	<b>\$ 4,636,365</b>

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, 2015**

	Esperanza International Foundation			Asociación Esperanza Internacional, Inc.			Eliminations	Consolidated Totals
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
<b>Revenues and Support:</b>								
Contributed support and grants	\$ 1,466,980	\$ 303,197	\$ 1,770,177	\$ 1,058,882	\$ 131,220	\$ 1,190,102	\$ (600,778)	\$ 2,359,501
Microfinance loan income				1,409,591		1,409,591		1,409,591
In-kind contributions	15,650		15,650					15,650
Special events	170,434		170,434					170,434
Program fees				260,321		260,321		260,321
Other	4,229		4,229	40,830		40,830		45,059
Releases of restriction	20,000	(20,000)		64,654	(64,654)			
<b>Total Revenues and Support</b>	<b>1,677,293</b>	<b>283,197</b>	<b>1,960,490</b>	<b>2,834,278</b>	<b>66,566</b>	<b>2,900,844</b>	<b>(600,778)</b>	<b>4,260,556</b>
<b>Expenses:</b>								
Program	848,356		848,356	2,112,061		2,112,061	(600,778)	2,359,639
Management and general	160,199		160,199	410,976		410,976		571,175
Fundraising	304,737		304,737					304,737
<b>Total Expenses</b>	<b>1,313,292</b>		<b>1,313,292</b>	<b>2,523,037</b>		<b>2,523,037</b>	<b>(600,778)</b>	<b>3,235,551</b>
<b>Change in Net Assets</b>	<b>364,001</b>	<b>283,197</b>	<b>647,198</b>	<b>311,241</b>	<b>66,566</b>	<b>377,807</b>		<b>1,025,005</b>
Net assets, beginning of year as restated	601,695	90,000	691,695	2,346,014	71,489	2,417,503		3,109,198
<b>Net Assets, End of Year</b>	<b>\$ 965,696</b>	<b>\$ 373,197</b>	<b>\$ 1,338,893</b>	<b>\$ 2,657,255</b>	<b>\$ 138,055</b>	<b>\$ 2,795,310</b>	<b>\$ -</b>	<b>\$ 4,134,203</b>

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			Asociación Esperanza Internacional, Inc.			Eliminations	Consolidated Totals (Restated)
	Unrestricted	Temporarily Restricted (Restated)	Total (Restated)	Unrestricted	Temporarily Restricted	Total		
<b>Revenues and Support:</b>								
Contributed support and grants	\$ 1,735,339	\$ 90,000	\$ 1,825,339	\$ 1,711,027	\$ 73,841	\$ 1,784,868	\$ (1,166,877)	\$ 2,443,330
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)			
<b>Total Revenues and Support</b>	<b>1,751,678</b>	<b>90,000</b>	<b>1,841,678</b>	<b>3,325,972</b>	<b>1,806</b>	<b>3,327,778</b>	<b>(1,166,877)</b>	<b>4,002,579</b>
<b>Expenses:</b>								
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
<b>Total Expenses</b>	<b>1,876,131</b>		<b>1,876,131</b>	<b>2,891,243</b>		<b>2,891,243</b>	<b>(1,166,877)</b>	<b>3,600,497</b>
<b>Change in Net Assets</b>	<b>(124,453)</b>	<b>90,000</b>	<b>(34,453)</b>	<b>434,729</b>	<b>1,806</b>	<b>436,535</b>		<b>402,082</b>
Net assets, beginning of year	726,148		726,148	1,911,285	69,683	1,980,968		2,707,116
<b>Net Assets, End of Year</b>	<b>\$ 601,695</b>	<b>\$ 90,000</b>	<b>\$ 691,695</b>	<b>\$ 2,346,014</b>	<b>\$ 71,489</b>	<b>\$ 2,417,503</b>	<b>\$ -</b>	<b>\$ 3,109,198</b>

See independent auditor's report.