



*Leading the way to a future with hope*  
**Annual Report 2011—D.R. and Haiti Operations**

The mission of Esperanza 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.





# WHAT HAPPENED

Following a challenging year in 2010, particularly due to the earthquake and subsequent cholera that devastated Haiti, Esperanza experienced new growth in 2011.

Our Dominican Republic net portfolio outstanding increased 27 percent from \$1.7 million to \$2.2 million. Portfolio growth was driven by an 11 percent increase in the number of Bank of Esperanza loans, averaging \$269 (USD) each, and by the launch of a new loan product for low-cost, private Christian schools.

Esperanza served 12,770 associates in the Dominican Republic during 2011, impacting over 70,200 family members through microcredit as well as *plus services* focused on education, preventative health, and spiritual and social development.

It is a joy to watch our associates meet the needs of their families and communities and succeed as entrepreneurs! During 2011, Esperanza D.R. associates won two of six nationwide microbusiness awards. The contest was run by Citigroup, and the competition was steep. We are incredibly proud of Ana Dilia Febles and Hilcia Fermin for their achievements!

In Haiti, our net loan portfolio grew 12 percent from \$124,300 to \$138,900 during calendar year 2011. This growth was entirely driven by an increase in the number of Bank of Esperanza loans, averaging \$203 (USD) each. Our strong,

mostly fourth-quarter, growth has continued into 2012 with portfolio-at-risk remaining less than 3 percent. Esperanza served 2,209 microcredit associates in Haiti this year, impacting 12,100 family members not only through access to capital but also preventative health, literacy, and business training programs.

Esperanza's savings and credit associations, launched in 2010 as a long-term development response to the earthquake, expanded from 13 to 100 groups, now serving 1,917 savings members. Each member has saved an average of \$30 (USD), and over 10,500 family members have been impacted by both newly realized financial security as well as by the trainings.

We remain committed to serving the poorest of the poor, particularly those living in rural and semi-rural areas, immigrants, and people living with HIV or AIDS. Esperanza's proven group lending model and complementary programs work together to enable the poor to care for their families, to lift themselves out of poverty, to give back to their communities, and to live a restored, dignified life.

We are rich in stories of the wonderful things God is doing here in the Dominican Republic and Haiti. We are indebted to you, our partners, for your invaluable support. We truly could not continue to provide opportunities and hope to our Dominican and Haitian brothers and sisters without you by our side.

May God richly bless you,



David Valle, Founder and CEO



Carlos Pimentel, President

# WHERE WE WORK

During 2011, Esperanza served 16,896 clients from the following regional offices:



## HAITI

### NORTHERN REGION

Trou-du-Nord

### SOUTHERN REGION

Port-au-Prince

## DOMINICAN REPUBLIC

### CENTRAL REGION

Santo Domingo

Los Alcarizos

Santo Domingo Norte

### NORTHERN REGION

Santiago

Puerto Plata

### EASTERN REGION

San Pedro de Macorís

La Romana

Hato Mayor

El Seibo

Samaná

# INGRID MENDEZ



**A**t the age of 16, Ingrid began sewing jeans in a free trade zone near Santiago. There she spent 11 years making less than \$20 a week. While an incredibly difficult time in her life, Ingrid is grateful she learned to use a sewing machine and to design clothing.

She became a single mom of three children and longed to work from home to care for them. She started a small sewing business but did not have the capital to make it successful. Ingrid researched loan options but was frightened by stories of loan sharks in her community. Then in 2008, a friend introduced her to Esperanza.

Ingrid joined a Bank of Esperanza and used her first loan of \$200 (USD) to purchase a sewing machine. Her business creating children's clothing took off and she was able to leave the free trade zone and work from home. "My life changed 100 percent after receiving the loan."

Her community is located on a river that frequently floods. Consequently, members of

her community are often isolated and suffer losses, including—like several women who came to Ingrid seeking work—their jobs on the other side of the river. She began to train them.

**"Not only do our businesses grow, but also our principles and our lives."**

Through the help of eight business loans, business training, and savings services from Esperanza, Ingrid now employs 25 women in her community. She also began teaching two women in her community how to read and the group quickly grew to 45!

Ingrid recently received a \$1,300 (USD) housing loan from Esperanza to build a cement block house. She is thrilled to realize her dream of a secure home for her children. "Esperanza is the complete package. It's about the whole person. Not only do our businesses grow, but also our principles and our lives."



# WHO WE SERVE

**Esperanza aims its services toward the poorest and most vulnerable who live in rural and semi-rural areas as well as toward the immigrant population.**

*Approximately 40 percent of associates in the D.R. are of Haitian descent. Esperanza also serves more poor families affected by HIV/AIDS and lends to a higher percentage of women (89 percent) than any microfinance institution (MFI) in the D.R.*



# ANA CELIA JUAN



**W**ithin Esperanza, Ana Celia is known as “The Motivator.” She first heard about Esperanza from a friend in a nearby community. She contacted a loan officer and attended four bank meetings to investigate whether or not Esperanza’s services were right for her own community, Batey Contador.

Low interest rates and access to medical services through Esperanza’s partner clinic, *Esperanza y Caridad*, particularly impressed Ana Celia. She returned and gathered the women in her community to discuss the possibility. The women heartily agreed, and Ana Celia invited the Esperanza loan officer to start a new Bank of Esperanza with 35 women in Batey Contador.

One year later, Ana Celia gathered a second group of 25 women in a neighboring community, Batey Lucia, after seeing the similar needs of her friends who lived there.

Ana Celia has witnessed greater economic stability among the people in these two bateys:

**They are readily available to help one another economically—something that had seemed impossible.**

they are no longer victims of loan sharks, and they are readily available to help one another economically—something that had seemed impossible.

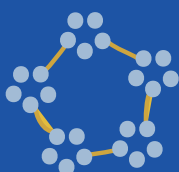
She has also benefitted

personally. Ana Celia has received 10 Esperanza loans, averaging \$250 (USD) each, since 2007. Previously, she could only buy one batch of used clothing to resell, and now she can buy as many as four packs in one month. The extra income has enabled her to repair her house and provide for her 10 grandchildren, for whom she is the primary caretaker.

In the future, Ana Celia hopes to expand her business to where she doesn’t need another loan and dreams about building her own house.

# TRANSFORMATIONAL PRODUCTS

**E**speranza uses a microfinance platform to achieve economic development and deliver *plus services* of education, healthcare, and spiritual and social development—serving the whole person. Through access to the financial products described below and critical non-financial services, the poorest families can begin to meet basic needs and experience personal, family, and community transformation.



## BANK OF ESPERANZA LOANS

Avg Loan \$269 USD (D.R.)  
\$203 USD (Haiti)

Since 1998, Esperanza's core loan product has been a group loan. Five people stand in solidarity with one another, agreeing to cross-guarantee each other's loans. Each group of five is part of a larger *Bank of Esperanza*, consisting of up to eight groups of five that meet every two weeks to repay their loans together, save together, encourage one another, and receive training, advice, and prayer. Together, they look for solutions to problems that arise within their groups and their community.



## INDIVIDUAL LOANS

Avg Loan \$838 (D.R.)  
\$534 (Haiti)

Beginning in 2006, Esperanza expanded its group lending methodology to provide larger individual loans to associates whose businesses had grown rapidly within their bank and needed larger capital amounts for further development. Most individual loan recipients remain active participants in their Bank of Esperanza.



## HOUSING LOANS

Avg Loan \$1,030 (D.R.)

In 2008, Esperanza launched housing loans for qualified associates. Housing loans are only extended to existing associates, and 80 percent of their Bank of Esperanza must approve their additional loan. This approach empowers associates to start solving their community's problem of inadequate housing together. Families with unsafe infrastructure encounter more obstacles to achieve economic stability.



## WATER PROJECT LOANS

Avg Loan \$12,200 (D.R.)

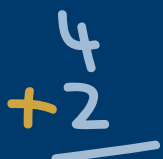
Also in 2008, Esperanza began partnering with donors to bring clean water to communities without affordable or reasonable access. These partnerships have succeeded in funding 10 loans for sustainable water purification plants. These projects provide safe, low-cost water to their communities while making a profit.



## SAVINGS AND CREDIT ASSOCIATIONS (SCAs)

Avg Savings \$30 (Haiti)

In 2010, Esperanza began SCAs in Haiti to provide sustainable, long-term development for families and communities. Savings are a crucial piece of helping families smooth out their income stream and move out of poverty. SCA groups are self-governing, choosing the type of SCA they want to form and deciding policies.



## SCHOOL LOANS

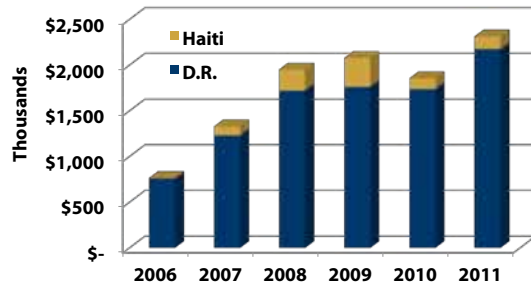
Avg Loan \$8,950 (D.R.)

In 2011, Esperanza introduced a new loan program for low-cost, private Christian schools to increase education capacity and quality. This school loan program is being implemented in partnership with Edify, a nonprofit that provides loans, training, and curricula to low-cost, sustainable schools in the developing world.



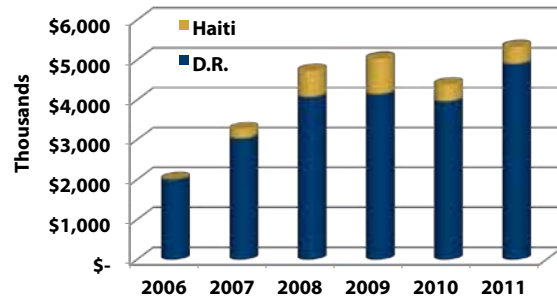
# PROGRESS TO-DATE

## YEAR-END GROSS PORTFOLIO



DEC. 31, 2011: \$2.31 MILLION

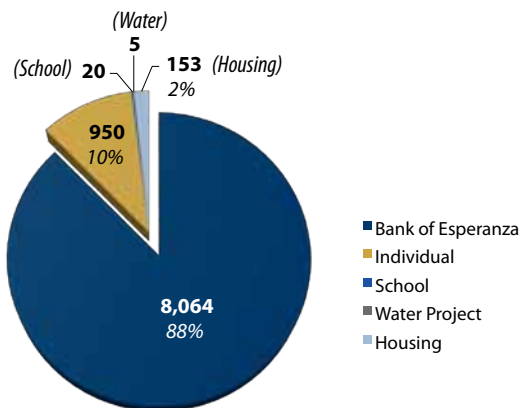
## ANNUAL DOLLARS LENT



2011 TOTAL: \$5.33 MILLION

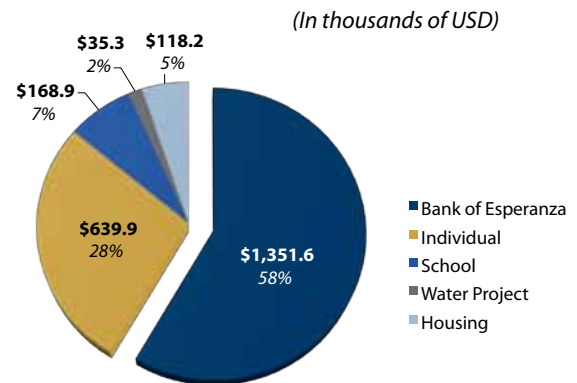
# GROSS PORTFOLIO SNAPSHOT

## DEC. 31, 2011: LOANS OUTSTANDING



TOTAL: 9,912 LOANS

## DEC. 31, 2011: DOLLARS OUTSTANDING



TOTAL: \$2.31 MILLION

All Dominican peso numbers were converted into USD at a rate of 38:1. All Haitian gourde numbers were converted into USD at a rate of 40:1.

# MICROFINANCE DOMINICAN REPUBLIC

## 2011 HIGHLIGHTS

- **11** percent growth in number of loans made
- **27** percent growth in net loan portfolio
- Esperanza associates won two of six *Citigroup* D.R. microbusiness awards: Ana Dilia Febles received “Unipersonales del Año” (one-person business of the year) and Hilcia Fermin received “Novato/a del Año” (new business of the year)
- Initiated new loan officer incentive program
- Initiated partnership with *Corporación Minera Dominicana (CORMIDOM)*, a Dominican mining company, to serve communities near their mines in Bonao
- Launched Esperanza-Edify school loan program (see feature story to right)
- Partnered with *Crown Financial* to launch their *God Provides* educational video series
- Launched new Esperanza International website—[www.esperanza.org](http://www.esperanza.org)

## 2011 IMPACT

- **15,308** loans extended, **93** percent via solidarity groups (Banks of Esperanza)
- **\$4.9** million placed in the hands of our associates through microloans, with a **\$321** overall average loan size
- **97.9** percent of the loans were repaid
- **\$404,323** saved by our associates, an average of **\$32** per associate
- **94** employees—including **26** loan officers—served **12,770<sup>(a)</sup>** associates during 2011
- Over **70,200** family members impacted through our programs
- **89** percent of our associates were women

(a) Unique number of associates served includes 2,395 people holding loans from previous years in addition to 10,375 people receiving one or more new loans during 2011.

Note: Dominican pesos were converted into USD at a rate of 38:1.



# SCHOOL LOANS



**T**he Dominican Republic invests only 2.3 percent of GDP in education—the least of any Latin American or Caribbean country and one of the lowest percentages in the world<sup>(a)</sup>. Protests are frequently held nationwide to campaign for a minimum of four percent of GDP to be allocated to education.

Given this harsh reality, Esperanza's recent partnership with Edify—a nonprofit supporting low-cost, private Christian schools through loans, training, and curricula—is particularly strategic.

Together Esperanza and Edify have designed and launched a loan product to help sustainable, low-cost Christian schools add student capacity and improve facilities.

**The D.R. invests only 2.3 percent of GDP in education ... one of the lowest percentages in the world.**

Moreover, training programs equip teachers and administrators to provide a better education.

*Centro de Educación Integral* (Holistic Education Center) in Santiago was one of 21 schools to receive an Esperanza-Edify loan in 2011. A four-year loan for \$13,200 allowed the construction of a fourth floor, creating four new classrooms.

Fermina Francisco began the school in 1989 in response to mothers looking for a day-care alternative. "We prepared this little house of wood and sheet metal. Kind of dilapidated. We thought we were going to have 35 students, but thanks to the Lord, we had 150 that first year!"

Over the subsequent years, the school has grown to serve (in two shifts) 325 students—ranging from pre-school through high-school—and to employ 18 teachers. Some years, 100 percent of graduates have gone to university! Fermina doesn't see it as a means of making a living. "I see it as a way to plant these children and to give back what the Lord has given me."

(a) According to the CIA World Factbook, the D. R. (2009) ranks 151 out of 163 reporting countries on the percentage of Gross Domestic Product spent on education.

# MICROFINANCE HAITI

## 2011 HIGHLIGHTS

- **15** percent growth in number of microcredit associates
- **12** percent growth in net loan portfolio
- Expanded microcredit operations into Ouanaminthe, the largest market in the Northeast, providing access to many smaller communities
- **341** percent growth in savings associates (from 435 in 2010, to 1,917 in 2011)
- Expanded SCA operations into Belladère, Mirebalais, and Croix-des-Bouquets
- All associates serving as SCA group leaders (**100** total) or assistants (**300** total) completed training on program policies and basic curriculum
- More than **75** church pastors and over **250** church leaders received an orientation on the SCA program's methodology and objectives
- Improved internal operations by installing accounting software, and microcredit operations underwent first external financial audit

## 2011 IMPACT

- **2,062** loans extended, **99** percent via solidarity groups (Banks of Esperanza)
- **\$421,750** placed in the hands of our associates through microloans, with a **\$205** overall average loan size
- **96.9** percent of the loans were repaid
- **100** savings and credit associations served **1,917** members
- **\$57,288** saved by our SCA members, an average of **\$30** per member
- **\$38,578** saved by our microcredit associates, an average of **\$17** per associate
- **24** employees—including **16** field staff—served **4,126<sup>(a)</sup>** associates during 2011
- Over **22,600** family members impacted through our programs
- **85** percent of our associates were women

*(a) Includes 1,917 SCA members plus 2,209 microcredit associates. The number of unique microcredit associates served includes 1,004 people holding loans from previous years in addition to 1,205 people receiving one or more new loans during 2011.*

*Note: Haitian gourdes were converted into USD at a rate of 40:1.*



# SAVINGS AND CREDIT ASSOCIATIONS



**E**speranza's Savings and Credit Association (SCA) program works closely with local churches, providing opportunities for discipleship and evangelism, and enables members to better support themselves, their church, and their community. Every SCA group receives training using a biblically based curriculum that focuses on right relationships with God, self, others, and creation.

All groups are trained in three types of SCAs (ROSCAs or *Rotating SCAs*, ASCAs or *Accumulating SCAs*, and SSGs or *Straight Savings Groups*) and are able to choose which type they would like to form. Most groups have elected to form an ASCA, as this type of SCA provides more tools for group members, including access to loans. This level of savings complexity is difficult to achieve without training.

Group members experience a participatory, democratic process in which they decide upon all the policies that will guide the group. Most

members have never been asked their opinion or asked to vote for what they actually think and believe. It is an empowering process.

Esperanza began developing SCAs in Miragoâne, Haiti, in November 2010 in partnership with the Anabaptist Foundation and HOPE International. In 2011, Esperanza expanded its SCA strategy to Belladère, Mirebalais, and Croix-des-Bouquets.

**Most members have never been asked their opinion [before] ... It is an empowering process.** By the end of 2011, 100 Savings and Credit Associations, composed of 1,917 members, were impacting approximately 10,500 family members. These individuals had saved an average of \$30 per member. Esperanza aims to have 300 Savings and Credit Associations with a total of 6,000 members by the end of 2012.

# PLUS SERVICES

EDUCATION AND TRAINING PROGRAMS	BENEFICIARIES
<b>BUSINESS TRAINING</b> "Haciendo Negocios como Dios Manda" (Doing Business God's Way) provides technical business training to develop a productive and sustainable business with a strong biblical foundation.	<b>6,758</b> (D.R.) <b>6,528</b> (Haiti)
<b>HEALTH TRAINING</b> Associates receive training on basic health-related topics including HIV/AIDS prevention, water usage, nutrition, preventative health, cholera and dengue.	<b>17,232</b> (D.R.)
<b>VOCATIONAL COURSES</b> Offered as requested by a sufficient number of associates, these courses provide associates new skills to develop existing business ideas and/or create new, innovative businesses. In 2011, a furniture-making class was given to persons living with HIV/AIDS.	<b>25</b> (D.R.)
<b>LITERACY COURSES</b> This nine-month course is offered in partnership with local churches and enables our associates to develop their capacity to read, write, and perform basic math operations.	<b>319</b> (D.R.) <b>1,100</b> (Haiti)
<b>TECHNOLOGY CENTERS</b> These centers, operated alongside local church and community partners, provide associates and their communities with basic computer training including how to use common Microsoft Office programs.	<b>3,500</b> (D.R.)

PREVENTATIVE HEALTH PROGRAMS	BENEFICIARIES
<b>WOMEN'S PREVENTATIVE HEALTH EXAMS</b> This program offers each associate of Esperanza a free women's health exam to detect and prevent cervical cancer. Tests are administered by professionals in the community.	<b>952</b> (D.R.) <b>564</b> (Haiti)
<b>DENTAL CARE</b> "Sonrisas de Esperanza" (Smiles for Hope) provides preventative education and dental treatment to associates and their families. This program is implemented in partnership with <i>Smiles for Life</i> and members of the <i>Crown Council</i> .	<b>1,817</b> (D.R.)
<b>ORTHOPEDIC SURGERY AND PHYSICAL THERAPY</b> In partnership with <i>Operation Rainbow</i> , people in our associates' communities are evaluated for specialized orthopedic intervention.	<b>42</b> surgery <b>29</b> therapy (D.R.)
<b>PRIMARY CARE AND SURGERY</b> Partnered with <i>RUSH University Medical Center</i> in Chicago, three local Red Del Camino churches, and three hospitals in the Port-au-Prince area to provide primary care and specialized surgery to patients selected post-evaluations.	<b>3,400</b> primary <b>82</b> surgery (Haiti)
<b>CHLORINE PRODUCTION</b> Partnered with local churches and community volunteers in 40 Port-au-Prince communities to produce chlorine for potable water. The program was fully transitioned to local leaders as of July 2011, with reporting ending October 2011.	<b>30,417</b> chlorine bottles (Haiti)



OTHER PROGRAMS	BENEFICIARIES
<b>LOCAL CHURCH PARTNERSHIPS</b> Many local church leaders are committed to serve Banks of Esperanza in their community. These leaders attend bank meetings, lead devotions, and support the associates through prayer, counseling, and connection to the local church.	<b>2,110</b> (D.R.)
<b>GOD PROVIDES VIDEOS</b> In partnership with Crown Financial, Esperanza is showing a series of teaching videos on God's provision to associates and facilitating follow-up discussions.	<b>6,187</b> (D.R.)
<b>AUDIO SCRIPTURE</b> Esperanza provided battery operated cassettes playing Scripture in Haitian Creole to Savings and Credit Associations in Miragoâne for use in SCA meetings.	<b>425</b> (Haiti)
<b>ONGOING RELIEF</b> In partnership with local churches, schools, and orphanages as well as <i>FUDEN</i> and the <i>Government of Asturias</i> , Esperanza helped alleviate the suffering of families living in precarious situations in the Port-au-Prince tent city, Campo de Refugiados de Canaan.	<b>1,375</b> staples <b>1,331</b> mattress (Haiti)

#### PLUS SERVICES: DOMINICAN REPUBLIC



One result of furniture-making classes for people living with HIV/AIDS.



An international Smiles for Life team serving associates in Puerto Plata.



Rosa Iris explaining the importance of separating home and business funds.

#### PLUS SERVICES: HAITI



RUSH University Medical Center (Chicago) team member with patient.



Associates practicing writing during literacy training in Haiti.



School children in a tent-city of Port-au-Prince receiving a meal.

# BOARD OF DIRECTORS

**David Valle**

Co-founder  
Board Chairman and CEO

**Victoria Valle**

Co-founder  
Board Secretary and Treasurer

**Carlos Pimentel**

President  
Esperanza International

**Steve Brookshire**

Principal  
PegasusAblon

**Nancy Cahill, Esq.**

Attorney at Law  
Holman, Cahill, Garrett, Ives & Oliver PLLC

**Peter Greer**

President  
HOPE International

**Brian Holman**

Managing Director – Principal  
Ron Blue & Co., LLC

**Joe Leininger**

Partner  
Resource Land Holdings

**Omar Minaya**

Advisor  
Major League Baseball



Esperanza board member Steve Brookshire talking with a future Esperanza associate.

# STRATEGIC PARTNERS

ESPERANZA BENEFITS FROM MANY STRONG AND CAPABLE PARTNERS, INCLUDING:





# LOCAL LEADERSHIP

## SENIOR LEADERSHIP TEAM

**Carlos Pimentel**  
President

**Rafael Sena**  
Director of Finance and Administration

**Pedro Lacén**  
Microfinance Services Manager

**Inmaculada Bonilla Valdez**  
Finance Manager

**Andrés Barréto**  
Information Technology Manager

**Luis Sena**  
Director  
Institute for Holistic Christian Transformation

## DOMINICAN REPUBLIC MANAGEMENT

**Pedro Castillo**  
Coordinator, Education and Church Programs

**Patricia González**  
Coordinator, Communications and Resources

**Marilenni de los Santos**  
Branch Manager, Santo Domingo Norte

**Newton de la Cruz**  
Branch Manager, Los Alcarrizos

**Célida Pérez**  
Branch Manager, San Pedro de Macorís

**Yuret Beirut Guzman**  
Branch Manager, Hato Mayor

**Adalgisa García Ortiz**  
Branch Manager, La Romana

**Audilín Ubiera**  
Branch Manager, Samaná

**Ruth Solano Leonardo**  
Interim Branch Manager, El Seibo

**Yakaira Rosario**  
Manager, Eastern Region

**Helen Calcaño**  
Branch Manager, Santiago  
Manager, Northern Region

## HAITI MANAGEMENT

**David Saint-Hilaire**  
Haiti Program Director, Northern Region

**Joel Jean-Louis**  
Haiti Program Director, Southern Region

**Toussaint Caribert**  
Coordinator, Savings and Credit Associations

# RAMONA GONZÁLEZ



**T**he 2011 Loan Officer of the Year is Ramona González! She began working for Esperanza in 2009. At the time she was an associate of Esperanza, preparing and selling different types of sausages in the street. While she earned more money as an entrepreneur, she loves her work at Esperanza. It shows.

Ramona serves over 450 clients via 25 Banks of Esperanza in Northern Santo Domingo. “*Son mi gente*. These are my people,” she says. Ramona has always been an entrepreneur herself and knows these neighborhoods well. She travels to three bank meetings every weekday and then returns to the office to complete the administrative work.

When she introduces Esperanza to new areas, she explains how it’s not a bank. She tells the story of how it was founded, about Dave Valle. She explains the training and health services offered in addition to the loan, and people are always very interested.

Ramona has seen many changes in the associates and their communities. Beyond the loans and training offered by Esperanza, associates begin to educate one another. Many

**After  
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they have an  
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communities lacked any form of organization. After Esperanza, they have an organized way of addressing needs and supporting one another.

“They see that Esperanza is not just there to collect money but to train them and to tell them about God. I have one bank, ‘Las Ovejitas’ (The Sheep), where all

but one person has become a follower of Jesus through the impact of Esperanza.”

Ramona smiles, “I work for two reasons: for the person [I am serving] and for God.”

# D.R. MICROFINANCE

## Asociación Esperanza Internacional, Inc.

### Microfinance Services

Audited Financial Statements

#### STATEMENTS OF INCOME AND EXPENSES

For fiscal year ended December 31,

	2011	2010	2011	2010
	(In actual DOP)		(In actual USD) (a)	
<b>INCOME</b>				
Interest and commissions	RD\$ 31,034,832	RD\$ 27,875,361	\$ 816,706	\$ 753,388
Value of loans recovered	930,063	687,018	24,475	18,568
Other	2,494,374	1,319,646	65,641	35,666
<b>TOTAL INCOME FROM OPERATIONS</b>	<b>34,459,269</b>	<b>29,882,025</b>	<b>906,823</b>	<b>807,622</b>
<b>EXPENSES</b>				
Salaries and benefits	28,336,667	21,627,433	745,702	584,525
Fuel and vehicles	8,362,269	5,724,059	220,060	154,704
Rent and utilities	4,665,870	2,738,241	122,786	74,007
Telephone and communications	1,609,485	1,187,649	42,355	32,099
General and administrative	5,542,888	6,753,125	145,865	182,517
Interest and commissions	3,553,739	3,547,395	93,519	95,876
Depreciation	1,679,712	1,656,529	44,203	44,771
Provision for uncollectable loans	2,221,345	2,075,007	58,456	56,081
<b>TOTAL EXPENSES</b>	<b>55,971,977</b>	<b>45,309,438</b>	<b>1,472,947</b>	<b>1,224,579</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>(RD\$ 21,512,708)</b>	<b>(RD\$ 15,427,413)</b>	<b>(\$ 566,124)</b>	<b>(\$ 416,957)</b>
Cash contributions	32,672,887	28,138,394	859,813	760,497
<b>NET INCOME</b>	<b>RD\$ 11,160,179</b>	<b>RD\$ 12,710,981</b>	<b>\$ 293,689</b>	<b>\$ 343,540</b>

#### BALANCE SHEETS

As of December 31,

	2011	2010	2011	2010
	(In actual DOP)		(In actual USD) (a)	
<b>ASSETS</b>				
Cash	RD\$ 5,438,535	RD\$ 8,217,972	\$ 143,119	\$ 222,107
Loans receivable, net	82,918,366	65,538,913	2,182,062	1,771,322
Accounts receivable	28,861,999	27,398,631	759,526	740,504
Prepaid expenses	863,853	755,239	22,733	20,412
Furniture and equipment, net	8,411,164	6,369,063	221,346	172,137
Other assets	1,211,591	1,018,496	31,884	27,527
<b>TOTAL ASSETS</b>	<b>RD\$ 127,705,508</b>	<b>RD\$ 109,298,314</b>	<b>\$ 3,360,671</b>	<b>\$ 2,954,008</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	RD\$ 18,386,915	RD\$ 7,893,945	\$ 483,866	\$ 213,350
Accounts payable - KIVA	6,926,653	8,866,509	182,280	239,635
Accrued expenses	715,501	1,367,686	18,829	36,964
Deferred liabilities	307,119	0	8,082	0
Long-term debt	21,826,316	22,654,736	574,377	612,290
<b>TOTAL LIABILITIES</b>	<b>48,162,504</b>	<b>40,782,876</b>	<b>1,267,434</b>	<b>1,102,240</b>
<b>EQUITY</b>				
Retained earnings	79,543,004	68,515,438	2,093,237	1,851,769
<b>TOTAL EQUITY</b>	<b>79,543,004</b>	<b>68,515,438</b>	<b>2,093,237</b>	<b>1,851,769</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>RD\$ 127,705,508</b>	<b>RD\$ 109,298,314</b>	<b>\$ 3,360,671</b>	<b>\$ 2,954,008</b>

(a) Dominican pesos were converted into USD at a rate of 38:1 for 2011 and at a rate of 37:1 for 2010.



# D.R. PLUS SERVICES

## Asociación Esperanza Internacional, Inc.

### Plus Services

Audited Financial Statements

#### STATEMENTS OF INCOME AND EXPENSES

For fiscal year ended December 31,

	2011	2010	2011	2010
	(In actual DOP)		(In actual USD) (a)	
<b>INCOME</b>				
Visitor program fees	RD\$ 2,271,100	RD\$ 1,185,375	\$ 59,766	\$ 32,037
Health insurance premiums	1,715,886	1,438,943	45,155	38,890
Other revenue	578,197	725,255	15,216	19,601
<b>TOTAL INCOME FROM OPERATIONS</b>	<b>4,565,183</b>	<b>3,349,573</b>	<b>120,136</b>	<b>90,529</b>
<b>EXPENSES</b>				
Salaries and benefits	7,599,263	7,383,661	199,981	199,558
Rent and utilities	83,333	2,323,664	2,193	62,802
Other general and administrative	4,824,720	1,118,074	126,966	30,218
Direct program expenses	2,027,258	1,606,214	53,349	43,411
Interest and commissions	212,310	184,905	5,587	4,997
Depreciation	639,242	661,099	16,822	17,868
Provision for uncollectable loans	0	433,761	0	11,723
2010 Haiti earthquake relief (b)	28,275,791	0	744,100	0
<b>TOTAL EXPENSES</b>	<b>43,661,917</b>	<b>13,711,378</b>	<b>1,148,998</b>	<b>370,578</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>(RD\$ 39,096,734)</b>	<b>(RD\$ 10,361,805)</b>	<b>(\$ 1,028,861)</b>	<b>(\$ 280,049)</b>
Cash contributions	15,242,849	11,095,961	401,128	299,891
2010 Haiti earthquake relief (b)	28,106,236	0	739,638	0
<b>NET INCOME</b>	<b>RD\$ 4,252,351</b>	<b>RD\$ 734,156</b>	<b>\$ 111,904</b>	<b>\$ 19,842</b>

#### BALANCE SHEETS

As of December 31,

	2011	2010	2011	2010
	(In actual DOP)		(In actual USD) (a)	
<b>ASSETS</b>				
Cash	RD\$ 2,920,920	RD\$ 485,598	\$ 76,866	\$ 13,124
Loans receivable, net	117,602	666,687	3,095	18,019
Accounts receivable	13,659,211	6,544,023	359,453	176,865
Furniture and equipment, net	0	2,332,934	0	63,052
Other assets	503,961	70,000	13,262	1,892
<b>TOTAL ASSETS</b>	<b>RD\$ 17,201,694</b>	<b>RD\$ 10,099,242</b>	<b>\$ 452,676</b>	<b>\$ 272,952</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	RD\$ 25,654,863	RD\$ 25,208,864	\$ 675,128	\$ 681,321
Accrued expenses	0	21,482	0	581
Other liabilities	4,579,208	2,153,624	120,505	58,206
Long-term debt	290,000	290,000	7,632	7,838
<b>TOTAL LIABILITIES</b>	<b>30,524,071</b>	<b>27,673,970</b>	<b>803,265</b>	<b>747,945</b>
<b>EQUITY</b>				
Capitalized donations	17,086,719	17,086,719	449,651	461,803
Retained earnings	(30,409,096)	(34,661,447)	(800,239)	(936,796)
<b>TOTAL EQUITY</b>	<b>(13,322,377)</b>	<b>(17,574,728)</b>	<b>(350,589)</b>	<b>(474,993)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>RD\$ 17,201,694</b>	<b>RD\$ 10,099,242</b>	<b>\$ 452,676</b>	<b>\$ 272,952</b>

(a) Dominican pesos were converted into USD at a rate of 38:1 for 2011 and at a rate of 37:1 for 2010.

(b) As Haiti's 2010 financial statements were unaudited, Esperanza's auditors chose to include earthquake relief received and extended during 2010 into the 2011 D.R. financial statements versus adjust the already closed 2010 D.R. audited financial statements. All earthquake relief donations were received into a single account in the D.R. and all funds were allocated to projects serving to rebuild Haiti.

# HAITI MICROCREDIT

## Esperanza International Haiti

### Credit-led Program

Unaudited Financial Statements (a)

#### STATEMENTS OF INCOME AND EXPENSES

For calendar year ended December 31, (b)	2011	2010	2011	2010
	(In actual HTG)		(In actual USD) (c)	
<b>INCOME</b>				
Interest and commissions (d)	2,350,955	3,321,343	\$ 58,774	\$ 83,034
Value of loans recovered	586,376	0	14,659	0
Other revenue	508,709	424,926	12,718	10,623
<b>TOTAL INCOME FROM OPERATIONS</b>	<b>3,446,040</b>	<b>3,746,269</b>	<b>86,151</b>	<b>93,657</b>
<b>EXPENSES</b>				
Salaries and benefits	4,393,226	3,983,679	109,831	99,592
General and administrative	2,816,191	2,168,161	70,405	54,204
Depreciation and Amortization	551,959	717,181	13,799	17,930
Provision for uncollectable loans	246,163	3,642,120	6,154	91,053
<b>TOTAL EXPENSES</b>	<b>8,007,539</b>	<b>10,511,141</b>	<b>200,188</b>	<b>262,779</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>(4,561,499)</b>	<b>(6,764,872)</b>	<b>(\$ 114,037)</b>	<b>(\$ 169,122)</b>
Plus Services expenses (e)	(428,437)	0	(10,711)	0
Cash contributions	2,894,339	5,156,800	72,358	128,920
<b>NET INCOME</b>	<b>(2,095,597)</b>	<b>(1,608,072)</b>	<b>(\$ 52,390)</b>	<b>(\$ 40,202)</b>

#### BALANCE SHEETS

As of December 31,	2011	2010	2011	2010
	(In actual HTG)		(In actual USD) (c)	
<b>ASSETS</b>				
Cash	984,012	7,882,666	\$ 24,600	\$ 197,067
Loans receivable, net	5,556,913	4,970,110	138,923	124,253
Accounts receivable (f)	9,966,979	5,570,529	249,174	139,263
Furniture and equipment, net	1,709,068	2,207,936	42,727	55,198
<b>TOTAL ASSETS</b>	<b>18,216,972</b>	<b>20,631,241</b>	<b>\$ 455,424</b>	<b>\$ 515,781</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable (g)	853,340	60,051	\$ 21,334	\$ 1,501
Accounts payable - KIVA (h)	1,202,284	0	30,057	0
<b>TOTAL LIABILITIES</b>	<b>2,055,624</b>	<b>60,051</b>	<b>51,391</b>	<b>1,501</b>
<b>EQUITY</b>				
Donated equity	34,871,643	31,977,304	871,791	799,433
Retained earnings	(18,710,295)	(11,406,116)	(467,757)	(285,153)
<b>TOTAL EQUITY</b>	<b>16,161,348</b>	<b>20,571,188</b>	<b>404,034</b>	<b>514,280</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>18,216,972</b>	<b>20,631,239</b>	<b>\$ 455,424</b>	<b>\$ 515,781</b>

(a) October 1, 2010 through September 30, 2011 numbers are audited (i.e., fiscal year 2011).

(b) The official fiscal year-end for Haiti is September 30. These financials have been adjusted to reflect a calendar year 2010 and 2011.

(c) All financials were converted at the rate of 40 HTG to 1 USD.

(d) First half 2010 income averaged over \$9,000 USD per month, falling to around \$4,800 per month during the second half of 2010 as earthquake implications were increasingly realized. During 2011, monthly income averaged \$4,800 per month until December 2011, when it jumped to over \$6,000 due to new growth.

(e) As of October 1, 2011, all Plus Services expenses are being accounted for as non-operating expenses of Haiti. Previous to October 2011, all Haiti Plus Services expenses were placed into an accounts receivable due from Esperanza Dominican Republic.

(f) In an effort to minimize cash-on-hand held in Haitian banks, Esperanza Haiti reduced cash and increased an intra-company receivable account. The intra-company receivable account totaled 9,508,096 HTG or 95% of total receivables as of December 31, 2011.

(g) In December 2011, Esperanza borrowed 788,000 HTG to fund loan portfolio growth. This loan was repaid in January 2012.

(h) In December 2011, Esperanza transferred Haiti's KIVA debt to the Haiti financials. Previously, Haiti's KIVA debt had been combined with the Dominican Republic's KIVA debt and recorded in the D.R. financials.

## Esperanza International Haiti

### *Savings-led Program*

Unaudited Financial Statements

#### STATEMENTS OF INCOME AND EXPENSES

For calendar year ended December 31,

	<b>2011</b>	<b>2011</b>
	(In actual HTG)	(In actual USD) (a)
<b>INCOME</b>		
Cash contributions	9,052,440	\$ 226,311
<b>TOTAL INCOME</b>	<b>9,052,440</b>	<b>226,311</b>
<b>EXPENSES</b>		
Salaries and benefits	2,752,820	68,821
Training programs	1,065,670	26,642
Office and equipment	892,120	22,303
Transportation and travel	752,930	18,823
Water and nutrition programs	158,000	3,950
Other general and administrative	535,450	13,386
<b>TOTAL EXPENSES</b>	<b>6,156,990</b>	<b>153,925</b>
<b>NET INCOME</b>	<b>2,895,450</b>	<b>\$ 72,386</b>

(a) All financials were converted at the rate of 40 HTG to 1 USD.





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