



2012 Annual Report Dominican Republic and Haiti

*From the President / From the Founder /
From the Board of Directors*

Pending





Esperanza's Mission

"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."

Our Values

- ★ Demonstrating the unconditional love of God to all those we serve;
- ★ Honoring the worth, dignity and potential of every person;
- ★ Developing the whole person: body, mind, and spirit;
- ★ Strengthening the family;
- ★ Fostering a sense of community wherever we serve;
- ★ Learning from all those with whom we serve as we endeavor to teach truth;
- ★ Stewarding the earth as God's creation, intended for the good of all people;
- ★ Achieving excellence in all we do;
- ★ Pursuing integrity over image;
- ★ Enabling every person to have the opportunity to become all that God intends.

WHERE WE SERVE



WHO WE SERVE

THE POOREST OF THE POOR

- ★ 30% of the country's 10 million citizens live under the poverty line, and an estimated 20% live in destitute poverty
- ★ 1 in 3 people live on less than \$2/day
- ★ It is estimated that there are over 1 million Haitian refugees living in the Dominican Republic; the vast majority of them live in destitute or near-destitute poverty

MOSTLY WOMEN

- ★ 89 % of our Esperanza associates are women
- ★ Women have a 98% repayment rate
- ★ Women are more likely to utilize profits from their business to provide for the health and education of their children and their families.

"ALL I HAVE IS BECAUSE GOD HAS HELPED ME"



She has been part of the establishment of seventeen, currently active, Banks of Esperanza, for the Santo Domingo Norte Branch Office.

Elene Basilio is 65 and has 3 children, of whom she is sole breadwinner for, since Elene's husband died 16 years ago.

Elene heard of Esperanza International about six years ago, and has, since, received nine loans, ranging from \$8,000 to \$44,000 pesos (approximately \$200 to \$1,100 USD), including a home improvement loan.

Thanks to her business with the wholesale purchase and sale of coconuts, she now has her own home and a vehicle with which to transport more coconuts.

Her youngest child, Milenia, is finishing school and the two oldest already have graduated from college.

In her community Elene has had a great impact, and feels as part of the Esperanza family.

She says she has always believed in God, but after her husband died she has become a more humble person and a believer in the Lord. "I've realized that all I have is because God has helped me. And I have a better relationship with Him through the devotionals done in the Bank of Esperanza meetings".

MICROFINANCE DOMINICAN REPUBLIC



2012 HIGHLIGHTS

- ★ 20 % growth in number of associates
- ★ 30 % growth in net loan portfolio



2012 IMPACT

- ★ 16,290 loans extended, 94 % via solidarity groups (Banks of Esperanza)
- ★ \$5.5 million placed in the hands of our associates through microloans, with a \$339 average loan disbursement
- ★ 97.9 % of the loans were repaid
- ★ \$467,833 saved by our associates, an average of \$33 per associate
- ★ 106 employees - including 34 loan officers - served 14,299^(a) associates during 2012
- ★ Over 78,600 family members impacted through our programs
- ★ 89 % of our associates were women

(a) Unique number of associates served includes people holding loans from previous years in addition to people receiving one or more new loans during 2012.

Note: Dominican pesos were converted into USD at a rate of 39.5:1.



“Esperanza’s impact reaches beyond the associate to affect the families”

Confident, outgoing, and well-known in her community in Santo Domingo Norte, Maria is an entrepreneur at heart.

When she heard about Esperanza, four years ago, and its business training, vocational courses, and health programs, she began to understand what “more than just a loan” means.

Now with her 9th business loan, worth \$15,000 pesos (about \$375 US), and also with a home-improvement loan, Maria has increased her income, grown her businesses, and improved her home.

Maria has taken three vocational courses, including massage therapy and bracelet-making, has had a Pap exam and dental work, and enjoys a growing savings account. Seemingly every part of Maria’s life has been touched by Esperanza. She says, “God is good.”

Maria is eager to pass on the opportunity and hope she has found to her family. Helping care for her 80-year old widowed mother, and taking her children with her to have dental work.

The renewed sense of dignity and hope has created a cycle of change sure to last into generations to come.

MICROFINANCE HAITI



2012 HIGHLIGHTS

- ★ 73 % growth in number of associates
- ★ 55 % growth in net loan portfolio
- ★ Transferred SCA operations to HOPE International as of November 1st in order to focus on microcredit operations in the north



2012 IMPACT

- ★ 3,892 loans extended, 98 % via solidarity groups (Banks of Esperanza)
- ★ \$711,792 placed in the hands of our associates through microloans, with a \$183 average loan disbursement
- ★ 98.1 % of the loans were repaid
- ★ \$70,705 saved by our associates, an average of \$21 per associate
- ★ 10 employees - including 5 loan officers - served 3,321^(a) associates during 2012
- ★ Over 18,200 family members impacted through our programs
- ★ 85 % of our associates were women

(a) The number of unique microcredit associates served includes people holding loans from previous years in addition to people receiving one or more new loans during 2012.

Note: Haitian gourds were converted into USD at a rate of 42.4:1.



"What I love most about Esperanza is that they teach us the way of life, and I have learned to discover fundamental truths."

A married mother of three, Benjamin Lucena has been working to make ends meet, for over 20 years in Haiti.

Benjamin used to borrow money from family members, sold things around the house, and even borrowed from loan sharks charging extremely high rates of interest.

Then, four years ago Benjamin took out a loan with Esperanza, and now on her ninth loan she is the president of her Bank of Esperanza, named "Rayon D'Amitier."

Learning responsibility and financial discipline, Benjamin says, "What I love most about Esperanza is that they teach us the way of life, and I have learned to discover fundamental truths."

She has moved her business from the street and now has a colmado.

Thankful for her bank and her loan officer, Benjamin is grateful too for the smiles Esperanza has brought to her life even in the midst of difficulty.

MICROFINANCE *PLUS*

★ **Business training** - "Doing Business God's Way" is intended to build capacity for the establishment and management of business from a perspective focused on biblical values.

Associates benefitted: 3,228 (RD) and 1968 (Haiti)

★ **Health Training** - Associates receive basic training on HIV issues, healthy eating, hygiene, drinking water management, nutrition, cholera, dengue, and preventive health in general.

Associates benefitted: 22,585 (RD)

★ **Vocational Training** - The objective is to promote technical and vocational training, to provide capabilities, so that our associates' can increase their chances of a successful business, using new techniques, or the introduction of new products or services to their existing businesses.

Associates benefitted: 190 (RD)

★ **Literacy courses** - Offered in partnership with local churches, it enables our associates to develop the ability to read, write and perform basic math.

Associates benefitted: 107 (RD) and 486 (Haiti)

★ **Cervical cancer Prevention Programs** - Offers free preventive health exams for women, to each Esperanza associate, to detect and prevent cervical cancer. The tests are administered by professionals in the community.

Associates benefitted: 1549 (RD) and 928 (Haiti)

★ **Partnerships with local churches** - Multiple local church leaders in the communities where Esperanza serves, support Banks of Esperanza, by attending bank meetings, leading the devotionals and supporting the associates through prayer, counseling and integration with the local church.

Associates benefitted: 1,926 (RD)

★ **God Provides Videos** - In partnership with Crown Financial and Hope International, it's aimed at providing a new way to increase Christian values in our meetings, through the presentation of films that promote Biblical applications to everyday situations.

Associates benefitted: 11,570 (RD)



Dental Care "Sonrisas de Esperanza" (Smiles of Hope) - Provides preventive dental education and treatment for associates and their families. The program is conducted in partnership with the "Smiles for Life" organization and members of the Crown Council.

A 10 YEAR JOURNEY



Helen's journey began over 10 years ago, when her mother was an Esperanza Associate, in San Pedro de Macoris.

Helen explains how she saw her mother change, and accept Christ in her life after joining Esperanza, and how these changes encouraged her to join the Esperanza family.

She spent two years as a loan officer, and then became the Microcredit Manager's assistant.. She began supervising the beginning stages of the Samaná branch office.

Her dedication earned her the promotion to Branch Manager of the San Pedro de Macoris office. She held this post for four years, and was also overseeing the beginning stages of Esperanza's Haiti Branch.

She also helped start the "Esperanza y Vida" program, which focuses on improving the lives of our associates living with AIDS or HIV.

Furthermore, as Esperanza continued to grow within the Dominican Republic, in the northern region, Helen was then promoted to Regional Manager, of, both, the Santiago and Puerto Plata offices.

She has devoted an enormous amount of time and effort to Esperanza International's expansion through the DR and Haiti, and we are thankful for the remarkable work she's done.

TRANSFORMATIONAL LOAN PRODUCTS



Bank of Esperanza Loans:

Avg Loan **\$277 (D.R)**
\$181 (Haiti)

Esperanza's core loan product is 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," which averages five groups of five. Banks meet on a bi-weekly basis to repay their loans together, save together, encourage one another, and receive training, advice, and prayer.



Individual Loans:

Avg Loan **\$929 (D.R)**
\$288 (Haiti)

After proving their creditworthiness via multiple successful group loan cycles, some associates qualify for a larger loan. Other associates with a credit history or guarantor can begin with an individual loan product. Most individual loan recipients remain active members in their Bank of Esperanza.



Housing Loans:

Avg Loan **\$1,042 (D.R)**

Donors are connected directly with families desiring loan capital for home improvement and construction projects (concrete floors, new roofs, new homes, and sanitation projects). The donated loan capital pays for materials and local labor. Donors are invited to spend a day working alongside the family.



Water Project Loans:

Avg Loan **\$11,165 (D.R)**

Churches are enabled to purchase professional-grade water filtration systems. Loans are repaid over a 3-year period with profits from the sale of water. The churches sell drinking water at affordable prices and offer their communities free, clean water for washing, cooking, and bathing.



School Loans:

Avg Loan **\$17,538 (D.R)**

Esperanza solidified a partnership with *Edify* to provide loan capital to private Christian schools to expand their education capacity and quality, as well as train school teachers and principals in management and provide seminars in Christian education.



Esperanza had four AMO trainings, impacting 145 participants.

AMO Program is a rich Christian curriculum, based on biblical principles that instructs children and adolescents with a comprehensive, nourishing, noble vocabulary.

The program instructs the child to reason with the Word of God and celebrate God's Provisioning hand in history. It forms them in a Christian character thru the Bible's worldview.

Christian principles of self-governance, stewardship and service are woven throughout the curriculum structure.

Children are taught to reason with biblical principles, have new ideas, make personal decisions and solve problems God's way. This builds a Christian worldview.

The transforming power of the Word of God is put at the center of the curriculum because AMO aims to regenerate and renew minds and understandings.

This program involves in its implementation both teachers and parents as well as the community.

BOARD OF DIRECTORS

David Valle
Co-Founder,
CEO

Steve Brooshire
Chairman of the
Board

Joe Leininger
Member

Victoria Valle
Co-Founder

Nancy Cahill
Member

Dan Devine
Member

Carlos Pimentel
President

Peter Greer
Member

Rick Logsdon
Member



LOCAL LEADERSHIP

SENIOR LEADERSHIP TEAM

Carlos Pimentel
President

Alexandra Nuñez
VP of International Operations

Rafael Sena
Director of Administration

Pedro Lacen
Microfinances Manager

Inmaculada Bonilla
Finance Manager

Andres Barreto
IT Manager

Luis Sena
Spiritual Integration Program Director

DOMINICAN REPUBLIC MANAGEMENT

Pedro Castillo
Complementary Services Coordinator

Patricia Gonzalez
Communications and Resources Coordinator

Helen Calcaño
North Region Manager

Yakaira Montas
East Region Manager

Marilenni de los Santos
North Santo Domingo Branch Manager

Jenny Aquino
West Santo Domingo Interim Branch Manager

Greyli Torres
Puerto Plata Interim Branch Manager

Daniel Peniche
Santiago Interim Branch Manager

Audilin Ubiera
La Romana Branch Manager

Beirut Guzman
Hato Mayor Branch Manager

Ruth Solano
El Seibo Branch Manager

Celida Perez
San Pedro de Macoris Branch Manager

Astia Calderon
Samana Interim Branch Manager

HAITI MANAGEMENT

David Saint-Hilaire
Credit Operations Manager

Joel Jean-Louis
Administration and Finance Manager

OUR PARTNERS

Esperanza benefits from many strong and capable partners, including:



Asociación Esperanza Internacional, Inc.

Microfinance Services

NON- Audited Financial Statements

STATEMENTS OF INCOME AND EXPENSES

For fiscal year ended December 31,

For fiscal year ended December 31,		2012	2011	2012	2011
		(In DOP)		(In USD)	
INCOME					
	Interest and commissions	RD\$35,483,889.63	RD\$31,034,832.00	\$868,638.67	\$814,562.52
	Value of loans recovered	RD\$1,005,118.10	RD\$930,063.00	\$24,605.09	\$24,411.10
	Other	RD\$2,357,787.14	RD\$2,494,374.00	\$57,718.17	\$65,469.13
	TOTAL INCOME FROM OPERATIONS	RD\$38,846,794.87	RD\$34,459,269.00	\$950,961.93	\$904,442.76
EXPENSES					
	Salaries and benefits	RD\$21,059,744.59	RD\$28,336,667.00	\$515,538.42	\$743,744.54
	Fuel and vehicles	RD\$6,940,951.87	RD\$8,362,269.40	\$169,913.14	\$219,482.14
	Rent and utilities	RD\$1,875,973.80	RD\$4,665,870.40	\$45,923.47	\$122,463.79
	Telephone and communications	RD\$674,694.43	RD\$1,609,485.40	\$16,516.39	\$42,243.71
	General and administrative	RD\$22,747,313.21	RD\$5,542,888.30	\$556,849.77	\$145,482.63
	Interest and commissions	RD\$4,300,951.62	RD\$3,553,739.30	\$105,286.45	\$93,274.00
	Depreciation	RD\$2,680,110.40	RD\$1,679,712.00	\$65,608.58	\$44,086.93
	Provision for uncollectable loans	RD\$2,402,233.60	RD\$2,221,345.00	\$58,806.21	\$58,303.02
	TOTAL EXPENSES	RD\$62,681,973.52	RD\$55,971,976.80	\$1,534,442.44	\$1,469,080.76
NET INCOME FROM OPERATIONS			-RD\$21,512,707.80		-\$564,638.00
	Cash contributions		RD\$32,672,887.00		\$857,556.09
NET INCOME		-RD\$23,835,178.65	RD\$11,160,179.20	-\$583,480.51	\$292,918.09
As of December 31,					
		2012	2011	2012	2011
ASSETS					
	Cash	RD\$7,231,760.00	RD\$5,438,535.00	\$177,032.07	\$142,743.70
	Loans receivable, net	RD\$107,675,989.00	RD\$82,918,366.00	\$2,635,887.12	\$2,176,335.07
	Accounts receivable	RD\$30,086,511.00	RD\$28,861,999.00	\$736,511.90	\$757,532.78
	Prepaid expenses	RD\$2,845,698.00	RD\$863,853.00	\$69,662.13	\$22,673.31
	Furniture and equipment, net	RD\$11,038,803.00	RD\$8,411,164.00	\$270,227.74	\$220,765.46
	Other assets		RD\$1,211,591.00		\$31,800.29
	TOTAL ASSETS	RD\$158,878,761.00	RD\$127,705,508.00	\$3,889,320.95	\$3,351,850.60
LIABILITIES AND EQUITY					
LIABILITIES					
	Accounts payable	RD\$11,782,176.00	RD\$18,386,915.00	\$288,425.36	\$482,596.19
	Accounts payable - KIVA	RD\$5,807,475.00	RD\$6,926,653.00	\$142,165.85	\$181,801.92
	Accrued expenses	RD\$60,492.00	RD\$715,501.00	\$1,480.83	\$18,779.55
	Deferred liabilities	RD\$705,869.00	RD\$307,119.00	\$17,279.53	\$8,060.87
	Long-term debt	RD\$34,746,215.00	RD\$21,826,316.00	\$850,580.54	\$572,869.19
	TOTAL LIABILITIES	RD\$53,102,227.00	RD\$48,162,504.00	\$1,299,932.12	\$1,264,107.72
EQUITY					
	Retained earnings	RD\$105,776,536.00	RD\$79,543,004.00	\$2,589,388.89	\$2,087,742.89
	TOTAL EQUITY	RD\$105,776,536.00	RD\$79,543,004.00	\$2,589,388.89	\$2,087,742.89
TOTAL LIABILITIES AND EQUITY		RD\$158,878,763.00	RD\$127,705,508.00	\$3,889,321.00	\$3,351,850.60

(a) Dominican pesos were converted into USD at a rate of 40.85 for 2012 and at a rate of 38:1 for 2011.

Asociación Esperanza Internacional, Inc.
PLUS SERVICES
NON- Audited Financial Statements

STATEMENTS OF INCOME AND EXPENSES

For fiscal year ended December 31,

For fiscal year ended December 31,		2012	2011	2012	2011
		(In DOP)		(In USD)	
INCOME					
	Interest and commissions	RD\$ 2,438,186	RD\$ 2,271,100	\$ 59,686	\$ 59,609
	Value of loans recovered	1,861,365	1,715,886	\$ 45,566	\$ 45,036
	Other	12,525,376	578,197	\$ 306,619	\$ 15,176
	TOTAL INCOME FROM OPERATIONS	16,824,927	4,565,183	\$ 411,871	\$ 119,821
EXPENSES					
	Salaries and benefits	7,236,254	7,599,263	\$ 177,142	\$ 199,456
	Rent and utilities	867,736	83,333	\$ 21,242	\$ 2,187
	General and administrative	3,408,578	4,824,720	\$ 83,441	\$ 126,633
	Direct program expenses	14,048,958	2,027,258	\$ 343,916	\$ 53,209
	Interest and commissions	0	212,310	\$ 0	\$ 5,572
	Depreciation	0	639,242	\$ 0	\$ 16,778
	Provision for uncollectable loans	0	0	\$ 0	\$ 0
	Haiti 2012 earthquake aid (b)	0	28,275,791	\$ 0	\$ 742,147
	TOTAL EXPENSES	25,561,526	43,661,917	\$ 625,741	\$ 1,145,982
NET INCOME FROM OPERATIONS		(RD\$ 39,096,734)		\$ 0	(\$ 1,026,161)
	Cash contributions		15,242,849	\$ 0	\$ 400,075
	Haiti 2012 earthquake aid (b)		28,106,236	\$ 0	\$ 737,696
NET INCOME		(RD\$ 8,736,599)		RD\$ 4,252,351	(\$ 213,870)
\$ 111,610					
SITUATION BALANCE					
As of December 31,		2012	2011	2012	2011
ASSETS					
	Cash	RD\$ 1,338,715	RD\$ 2,920,920	\$ 32,771	\$ 76,665
	Loans receivable, net	0	117,602	\$ 0	\$ 3,087
	Accounts receivable	2,931,963	13,659,211	\$ 71,774	\$ 358,509
	Furniture and equipment, net	0	0	\$ 0	\$ 0
	Other assets	305,520	503,961	\$ 7,479	\$ 13,227
	TOTAL ASSETS	RD\$ 4,576,197	RD\$ 17,201,694	\$ 112,024	\$ 451,488
LIABILITIES AND EQUITY					
LIABILITIES					
	Accounts payable	RD\$ 26,635,173	RD\$ 25,654,863	\$ 652,024	\$ 673,356
	Accrued expenses	0	0	\$ 0	\$ 0
	Deferred liabilities	0	4,579,208	\$ 0	\$ 120,189
	Long-term debt	0	290,000	\$ 0	\$ 7,612
	TOTAL LIABILITIES	26,635,173	30,524,071	\$ 652,024	\$ 801,157
EQUITY					
	CAPITALIZED DONATIONS	17,086,719	17,086,719	\$ 418,280	\$ 448,470
	Retained earnings	(39,145,694)	(30,409,096)	(\$ 958,279)	(\$ 798,139)
	TOTAL EQUITY	(22,058,975)	(13,322,377)	(\$ 539,999)	(\$ 349,669)
TOTAL LIABILITIES AND EQUITY		RD\$ 4,576,197	RD\$ 17,201,694	\$ 112,024	\$ 451,488

(a) Dominican pesos were converted into USD at a rate of 40.85 for 2012 and at a rate of 38:1 for 2011.

(b) Como los estados financieros 2010 de Haití no fueron auditados, los auditores de Esperanza optaron por incluir la ayuda recibida por el terremoto durante el año 2010 y llevarla al 2011 D.R. estados financieros en comparación con el ajuste ya se cerró el 2010 RD estados financieros auditados. Todas las donaciones se recibieron ayuda tras el terremoto en una sola cuenta en el D.R. y todos los fondos se destinaron a proyectos que sirvan para la reconstrucción de Haití.

Esperanza International Haiti

Credit-led Program

Unaudited Financial Statements (a)

STATEMENTS OF INCOME AND EXPENSES

For calendar year ended December 31 2012 (b)

	2012	2011	2012	2011
	(In Actual HTG)		(In Actual USD) (c)	
INCOME				
Interest and commissions	4,235,407.28	2,350,955	\$ 105,885	\$ 58,774
Value of loans recovered	134,900.00	586,376	3,373	14,659
Other	534,673.10	508,709	13,367	12,718
TOTAL INCOME FROM OPERATIONS	4,904,980.38	3,446,040	122,625	86,151
EXPENSES				
Salaries and benefits	2,288,323	4,393,226	57,208	109,831
General and administrative	4,143,062.23	2,816,191	103,577	70,405
Depreciation and Amortization	572,073.68	551,959	14,302	13,799
Provision for uncollectable loans	395,306	246,163	9,883	6,154
TOTAL EXPENSES	7,398,765.11	8,007,539	184,969	200,188
NET INCOME FROM OPERATIONS	(2,493,785)	(4,561,499)	(\$ 62,345)	(\$ 114,037)
Plus Services expenses (e)	(606,085.00)	(428,437)	(15,152)	(10,711)
Cash contributions	498,496	2,894,339	12,462	72,358
NET INCOME	(2,601,373.83)	(2,095,597)	(\$ 65,034)	(\$ 52,390)

SITUATION BALANCES

As of December 31,

	2012	2011	2012	2011
	(In Actual HTG)		(In Actual USD) (c)	
ASSETS				
Cash	1,657,237.42	984,012	\$ 41,431	\$ 24,600
Loans receivable, net	8,630,139.89	5,556,913	215,753	138,923
Accounts receivable (f)	5,837,863.12	9,966,979	145,947	249,174
Furniture and equipment, net	1,286,131.57	1,709,068	32,153	42,727
TOTAL ASSETS	17,411,372.00	18,216,972	\$ 435,284	\$ 455,424
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts payable (g)	42,042.00	853,340	\$ 1,051	\$ 21,334
Accounts payable - KIVA (h)	3,811,814	1,202,284	95,295	30,057
TOTAL LIABILITIES	3,853,856	2,055,624	96,346	51,391
EQUITY				
Donated equity	35,370,139	34,871,643	884,253	871,791
Retained earnings	(21,812,623)	(18,710,295)	(545,316)	(467,757)
TOTAL EQUITY	13,557,516	16,161,348	338,938	404,034
TOTAL LIABILITIES AND EQUITY	17,411,372	18,216,972	\$ 435,284	\$ 455,424

Missing Haiti Financials 2 (maybe)