



# 2019 ANNUAL REPORT



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# WHO WE ARE

**Mission**

To free families from poverty and share the hope of Christ.

**Method**

We offer holistic, Christ-centered financial and nonfinancial services that equip families to flourish.

**Motivation**

We seek to glorify God by loving our neighbors in word and deed.



# OUR SIGNATURE VERSE

"For I know the plans I have for you," declares the Lord,  
"plans to prosper you and grow you, plans to give you  
hope for the future."

-Jeremiah 29:11



## A LETTER FROM OUR CEO

It is my honor to thank you and to celebrate the many ways God worked through Esperanza in 2019. The stories of our associates, the dedication of our team, and partnerships both on and off the island display God's goodness and grace. As volunteers, visitors, investors, and change-agents, each of you are essential and deeply appreciated. Your support contributes both to our associates' financial stability and their spiritual thriving, and we are humbled to see your care for our mission through your strategic investments. Gracias (thank you).

In 2019 we promoted our associates' wellbeing through the financial and nonfinancial services you will learn about in this report. We opened a new local branch office! Our partnership with MoveUp broadened our impact by providing new, creative channels for communication and education with associates. This 24th year of operations also saw us surpassing a major milestone of lending over \$84 million in loan capital to propel nearly 67,000 entrepreneurs towards futures defined once again by dignity and hope. Look what God has done!

Gloria a Dios (thanks to God!) for His kindness in allowing our team to work in tandem with His Spirit to love and serve our neighbors. Because you choose to invest in Dominican and Haitian families, you affect the outcomes of entire generations: children now have access to education; communities now have access to water; and families can invest in the dreams of their children because they know we believe in them and are willing to support their dreams.



As we celebrate 25 years of advocating for entrepreneurs in the Dominican Republic in 2020, we are excited. It is the heart of our donors—your heart of compassion and generosity—that creates eternal transformation through our work. We thank God for you and for adding you to the Esperanza family. May the Lord bless you, keep you, and make His face shine upon you. We pray that in the years to come, Christ will move through us in greater ways.

Blessings,  
Alexandra Nuñez  
President and CEO

# BOARD OF DIRECTORS



**David Valle**  
Founder



**Alexandra Nuñez**  
President and CEO



**Toby Kilgore**  
Chairman



**Jerameel Rosario**  
Board Member

"The body is not made up of just one part. It has many parts" (1 Corinthians 12:14). We are not uniform in our perspectives and experiences, but we are united in our commitment to offer excellent microfinance programs and support so that real people can have real paths out of poverty while experiencing the love of Christ through us. Thank you for your part in this essential work.



**Jenn Tarbell**  
Board Member



**David Wasik**  
Board Member



**Scott Olson**  
Board Member



**Cheryl Hunter**  
Board Member

# Esperanza's Newest Community

One of our strategic pillars is to grow with quality by reaching new audiences while retaining existing ones. (You can learn more on our website about the core values that shape our programs.) 2019 saw us fulfill that commitment by opening a new office on the eastern side of Santo Domingo, Esperanza's first grand opening in almost ten years! Before, associates had to spend a day's wages or more (200 pesos=\$4 USD) to get to the closest office.

From the beginning of our history, we have come close to those in greatest need with the least access to resources. Being established in this area positions us to impact new neighborhoods and partner with new churches. We can offer health programs and technical trainings to entrepreneurs who had access to neither. Being present in Santo Domingo Este is exciting. We are thankful that we are responding effectively to associates' real needs!



## Our Staff Are Our Greatest Asset



While traditional financial institutions wait for customers to approach them, Esperanza's loan officers travel far, sometimes crossing rivers and walking long distances, to reach potential new associates.

Anastasia has partnered with Esperanza as a facilitator in Puerto Plata for 11 years. She remembers that in her first month, "In order to reach the community where I was scheduled to work that week, I had to cross a river through a large pipe. By the time I reached the other side, I was wet and muddy, but I remember that moment with great emotion and joy. It was then that I understood that my work at Esperanza is a call to serve those that society has set aside." Go where no one else wants to go is not a job description many would accept, but our staff gladly take on this task every day. We know this is more than a job. It is an opportunity to transform lives. We are committed to going where the message of hope in Jesus is most needed and where resources are most lacking.



# WHO WE SERVE

Esperanza serves entrepreneurs, women, families, and children. Our commitment is to reach the most vulnerable and neglected, providing access to capital for those outside other formal financial sectors.



## Women

In 2019, 77% of our associates were women, many of them single mothers, widows, and grandmothers, pursuing opportunities to generate income that would provide economic stability for their families.

## Families

Nonfinancial services include business trainings, health care services, and spiritual counsel, investing in our associates' families to pursue whole person health beyond the financial sector.

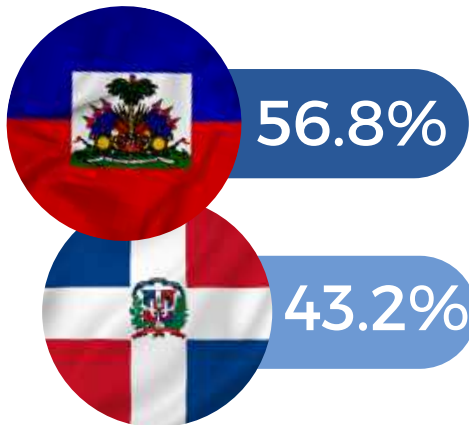


## Micro-Entrepreneurs

Micro-entrepreneurs earn between \$2-\$4 a day and are looking for the most basic opportunities to lift themselves out of poverty. Esperanza is privileged to partner with entrepreneurs such as bakers and owners of corner stores (often run out of their own houses) who initiate and steward loans to grow their businesses.

## Haitians

As immigrants, Haitians cannot access many of the services available to Dominican citizens, limiting their opportunities and increasing their vulnerability. Knowing the challenges they face, we are thrilled that 56.8% of our associates are Haitian.



# WHERE WE SERVE

Esperanza works in the Dominican Republic, which shares the Caribbean island of Hispaniola with Haiti. Along with its Central Office in Santo Domingo, Esperanza operates nine branch offices throughout the country: in Santo Domingo Oeste, Santo Domingo Norte, San Pedro, La Romana, El Seibo, Hato Mayor, Samaná, Puerto Plata and our newest branch, Santo Domingo Este.

Most of these rural and semi-rural communities lack access to basic services. We strategically come to where the most vulnerable live, knowing their lives and futures depend on having access to those services.



## Loan Disbursements

- Santo Domingo Oeste** 2,129
- Santo Domingo Norte** 1,008
- Santo Domingo Este** 1,022
- San Pedro** 2,125
- La Romana** 828
- El Seibo** 529
- Hato Mayor** 1,052
- Samaná** 1,758
- Puerto Plata** 1,276

# LOAN PRODUCTS

Our five core loan products are designed to empower change in our associates' lives and communities.



**11,715 TOTAL LOANS  
DISBURSED**

### Group and Individual Loans

Esperanza's core product—a group loan—is launched when at least five people stand in solidarity with one another, agreeing to cross-guarantee each other's loans. In 2006 Esperanza expanded this group lending methodology to provide larger individual loans to associates whose businesses' rapid growth required larger capital amounts for further development.



**7 CHURCH  
INITIATIVE LOANS**

### Church Initiative Loans

Esperanza partners with local churches to fund economic initiatives, opening sources of income for the church, employment opportunities for church members, and relevant ways to meet real needs in low-income neighborhoods. Most loans have been used to start or expand water filtration plants, providing clean drinking water to the community at affordable prices. (The majority of water sources in the Dominican Republic are not potable.) Churches strengthen their communities while simultaneously reinvesting in ongoing community outreach.



**34 SCHOOL LOANS  
DISBURSED**

### Education

Esperanza supports low-cost, private Christian schools with a new loan program to increase educational capacity and quality. This program exists in partnership with Edify, a nonprofit that provides loans, training, and curricula to low-cost, sustainable schools in the developing world.



**87 HOUSING  
LOANS  
DISBURSED**

### Housing Loans

Families can access loan capital for home improvement and construction projects (such as concrete floors, new roofs, new buildings, and sanitation projects).

**\$84,378,949  
Disbursed  
Historically**

**\$914  
Average Individual  
Loan Size**

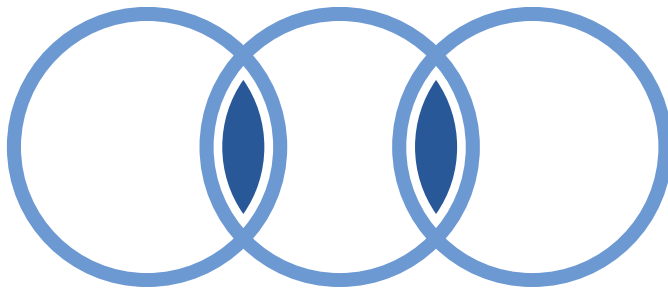
**\$315  
Average Group  
Loan Size**

**98%  
Year to Date  
Repayment Rate**



# NONFINANCIAL SERVICES

WE BELIEVE IN A HOLISTIC APPROACH TO DEVELOPMENT



WE BELIEVE IN THE RESTORING POWER OF JESUS CHRIST

WE BELIEVE IN SUSTAINABLE SOLUTIONS FOR THOSE IN POVERTY



We recognize the importance of caring for the physical, relational, and spiritual concerns of our borrowers in addition to their needs for capital.

Our business training equips entrepreneurs to manage revenues and inventory. This education helps them boost profit margins, gain an edge on competitors, and attract new customers. Educational and vocational programs directly contribute to sustainable outcomes. Esperanza’s network offers dental and preventative health care services so that associates and their families experience greater physical wellbeing. We invite associates to participate in spiritual integration programs to experience dignity, purpose and hope in their lives.

**1,579**

Health Trainings

**200**

Persons Trained on Vocational Courses

**1,455**

Individuals Served Through Dental Outreaches

**192**

Cervical Cancer Screenings

**1,113**

"God Provides" Video Showings

**4,288**

Business Trainings



## Andrea's Story

Andrea's friends and family describe her as a "fighter," a charismatic, dynamic woman who serves her family and community. She is known as a woman who lives in the presence of God and invites other to experience His grace.

When Andrea married Alfred, a fisherman in the Sabana area, they began to work together to provide for their family. What he caught, she prepared and sold. Looking for new business opportunities, they started selling shrimp they caught and food and breads they prepared to nearby workers.

They saved money from sales to purchase their own boat, an essential resource to build an independent business. Unfortunately, their boat was damaged. The loss of such a costly investment also left them without means to sustain their family. That is when Andrea met Esperanza. Esperanza provided Andrea and Alfred with the loan to repair their boat and to continue working. They also took advantage of Esperanza's business training, learning how to market their business and set goals for growth. With new knowledge and a fresh vision, their business quickly grew and gained a reputation for excellence and quality. What started as a small fishing venture has become a business with a wholesale market and customers who seek them out because of the quality they offer. They plan to expand by purchasing more equipment and hiring more workers.

Andrea and Alfred lead their community by example. As their business has grown, fulfilling their personal dreams and goals, their impact on their community has, too. They are showing their neighbors what it looks like in everyday life to love God and love their neighbors.



## MICROFINANCE

STATEMENTS OF INCOME AND EXPENSES		
For fiscal year ended December 31,	2019	2018
<b>INCOME</b>		
Interest and commissions	\$1,212,664	\$1,042,395
Value of loans recovered	\$27,937	\$22,904
Other income	\$60,615	\$60,133
<b>TOTAL INCOME FROM OPERATIONS</b>	<b>\$1,301,215</b>	<b>\$1,125,432</b>
<b>EXPENSES</b>		
Salaries and benefits	404,683	390,771
Fuel and vehicles	49,942	52,744
Rent and utilities	38,793	37,474
Telephone and communications	23,833	19,872
General and administrative	687,430	668,922
Interest and commissions	16,471	27,632
Depreciation	35,455	47,705
Provision for uncollectable loans	281,136	(1,629)
<b>TOTAL EXPENSES</b>	<b>\$1,537,741</b>	<b>\$1,243,490</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>(\$236,525)</b>	<b>(\$118,058)</b>
Donations	443,612	616,544
<b>NET INCOME</b>	<b>\$207,087</b>	<b>\$498,486</b>
BALANCE SHEETS		
As of December 31,	2019	2018
<b>ASSETS</b>		
Cash	\$919,986	\$508,604
Loans receivable, net	\$2,717,464	\$3,028,711
Accounts receivable	\$47,566	\$45,682
Prepaid expenses	\$13,002	\$13,786
Furniture and equipment, net	\$207,944	\$191,386
Other assets	\$47,358	\$49,165
<b>TOTAL ASSETS</b>	<b>\$3,953,319</b>	<b>\$3,837,334</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	508,727	563,271
Accounts payable - KIVA	134,337	563,271
Accrued expenses	2,473	563,271
Long-term debt	271,207	563,271
<b>TOTAL LIABILITIES</b>	<b>\$916,744</b>	<b>\$2,253,085</b>
<b>EQUITY</b>		
Retained earnings	3,036,575	3,025,582
<b>TOTAL EQUITY</b>	<b>\$3,036,575</b>	<b>\$3,025,582</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$3,953,319</b>	<b>\$5,278,667</b>

## NONFINANCIAL SERVICES

STATEMENTS OF INCOME AND EXPENSES		
For fiscal year ended December 31,	2019	2018
<b>INCOME</b>		
Health insurance premiums	\$41,597	\$57,466
Visitor program fees	\$14,140	\$19,424
Visitor intermediary funds (b)	\$35,401	\$38,432
Other revenue	\$11,778	\$14,529
<b>TOTAL INCOME FROM OPERATIONS</b>	<b>\$102,916</b>	<b>\$129,850</b>
<b>EXPENSES</b>		
Salaries and benefits	53,301	63,473
General and administrative (c)	66,232	67,515
Direct program expenses	193,999	236,298
Visitor expenses	35,401	38,675
<b>TOTAL EXPENSES</b>	<b>\$348,934</b>	<b>\$405,961</b>
<b>NET INCOME FROM OPERATIONS</b>	<b>(\$246,018)</b>	<b>(\$276,111)</b>
Donations	196,488	287,097
<b>NET INCOME</b>	<b>(\$49,529)</b>	<b>\$10,986</b>
BALANCE SHEETS		
As of December 31,	2019	2018
<b>ASSETS</b>		
Cash	\$81,765	\$61,486
Accounts receivable	\$42,943	\$58,243
Other assets	-\$16,583	\$2,262
<b>TOTAL ASSETS</b>	<b>\$108,125</b>	<b>\$121,991</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Payables and other liabilities	72,200	30,646
<b>TOTAL LIABILITIES</b>	<b>\$72,200</b>	<b>\$30,646</b>
<b>EQUITY</b>		
Retained earnings	35,925	91,345
<b>TOTAL EQUITY</b>	<b>\$35,925</b>	<b>\$91,345</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$108,125</b>	<b>\$121,991</b>

(A) Converted Dominican pesos into USD at rate of 49.47 for 2018 and at rate of 52.88 for 2019.  
(B) Payments received from visitors to cover their expenses while in country.  
(C) Includes Central Office expense allocation and G&A expenses of the Communications and Resources Department.  
(D) This report is provided pending final audit. Audited statements will be available at [www.esperanza.org/](http://www.esperanza.org/) financial-reports as soon as they are completed.

Exchange Rate:	2019	2018
	52.88	49.47





## WHERE WE ARE HEADED

As the rest of the world, the Dominican Republic suffered as COVID-19 spread. A few months later, we begin to see the drastic effects of the global pandemic on an already vulnerable population. Entrepreneurs who were starting to build businesses and make progress on their dreams found themselves again struggling day-to-day to provide basic resources for their families. We also saw the effects of our programs as many leaned into their accumulated savings and inventory to lessen the impact of closures. While 90% of entrepreneurs saw their businesses close, many also plan to take steps to reopen their businesses. And Esperanza will be ready.

In this moment, living out our mission authentically is as crucial as it is challenging. Coming months undeniably present hurdles for our associates and for Esperanza itself. Recovery work to be done the rest of the year will be grueling. We rely on our partners more than ever to stand with us in the gap for a people that cannot access the network of financial and social resources available in developed markets. The pandemic affects them disproportionately. Yet we stand in hope and in prayer, determined to love in word and deed. Our next strategic steps continue to be, as they have been for almost 25 years, focused on bringing families out of poverty in the hope of Jesus.



**Lives are transformed through your support.  
Thank you!**

**Your gift provides tangible hope  
to the people of the Dominican Republic.  
To continue investing, visit our website.**

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[www.esperanza.org](http://www.esperanza.org)**

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