

# Five Talents

Fighting Poverty, Creating Jobs, Transforming Lives

ANNUAL REPORT 2010/2011





## from the chair

Dear Friends,

During my first year as Chair of the US Board, I've witnessed firsthand how Five Talents is making the impossible possible.

In Uganda, I stood in front of scores of men and women who were attending one of our business skills training seminars for savings and loan groups. The clients scribbled in notebooks and watched us with eager eyes. Even the little children attending seemed to understand that this was very serious. As I spoke, I wondered at the heart-rending challenges that these people had already overcome. And I pondered what might yet lay ahead for them.

For many, it was a revelation just hearing that God had given each person talents that might be used to improve their lives. I loved watching their excitement as they considered possibilities and found hope in their own surroundings.

Five Talents supports more than 30,000 entrepreneurs who are facing difficult odds because of poverty, poor governance, sickness and disease. All of these are major hurdles, but we have

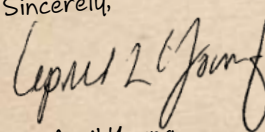
found that they can be overcome with a mix of microloan and savings programs, partnerships with stable, local NGOs and the support of people like you.

We also recognize that for lasting transformation to take place, our clients need more than a few dollars. They need training. They need spiritual support. They need prayer and encouragement and affirmation.

Every time I pick up the newspaper, I am reminded of the seemingly impossible circumstances in which many of our clients find themselves in places like the Sudan, the Philippines, and Myanmar. And yet I am encouraged to know that people like you are there to help make the impossible possible - with financial support, BAM (Business As Mission) trips, volunteering, prayer and friendship.

On behalf of our clients and the tens of thousands of others who have been offered hope by your support - thank you.

Sincerely,



Dr. April Young  
Chair of the US Board



Dr. April Young, Chair of the US Board (left)



Bishop Mike Chapman prays with Nancy in Peru

Fighting Poverty • Creating Jobs • Transforming Lives



## from the president and CEO

Dear Friends,

With your help, Five Talents has spanned a seemingly impossible distance since its formation in 1998. We have funded more than 120,000 loans and have provided our unique mix of microcredit and savings programs, business training and spiritual development in a total of 22 countries.

We are currently working in 11 countries on three continents. We are particularly excited about a Literacy and Financial Education Program (LFEP) that is being implemented in Burundi, Sudan and Myanmar with the hopes of helping more than 40,000 poor individuals over the next three to four years.

In our LFEP curriculum, we ask the women and men to look – really look – and see themselves as God sees them, as having an abundance of ability. This is an important message for all of us. In Matthew 25: 14-30, the parable of the talents, we learn that we need to be willing to take a risk with God and invest the abilities he has given us to serve our families and communities.

Because every loan impacts up to 9 people, we helped nearly 200,000 people in the last 18 months\*. Let's all thank God together for the remarkable ways he is using us to fight poverty, create jobs and transform lives – for the sake of His Kingdom.

I am grateful for you, your gifts and your prayers – they sustain us!

Yours in Christ,

*Craig Cole*

Craig Cole  
President and CEO



Craig Cole, president and CEO (right)

	2011*	2009	2008
# of members	31,226	20,679	20,773
# of people impacted	265,421	210,926	129,245
total outstanding portfolio	\$1,948,990	1,670,883.54	1,582,171.08

\*Five Talents recently changed its fiscal year calendar, so the figures in this annual report will cover the 18-month period from January 1, 2010 to June 30, 2011.



Indian women attending a financial literacy training seminar

## Five Talents US<sup>1</sup> Financial Position as of June 30, 2011

In 2011 FTUS changed its fiscal year from December 31 to June 30. For comparative purposes, financial information in this report reflects the twelve months period of July 1, 2010 to June 30, 2011 (2011) and July 1, 2009 to June 30, 2010 (2010). The eighteen month period of January 1, 2010 to June 30, 2011 was audited by Dixon Hughes Goodman LLP, certified public accountants in McLean, Virginia, and statements are available upon request.

	2011	2010
Cash	\$140,664	\$176,670
Investments	-	-
Contributions Receivable	\$24,646	\$32,275
Other assets	\$2,864	\$1,408
Fixed assets	\$26,171	\$13,506 <sup>2</sup>
<b>Total Assets</b>	<b>\$194,345</b>	<b>\$223,859</b>
Accounts Payable	\$16,303	\$101,452
Accrued Expense	\$11,788	\$8,219
Notes Payable	\$5,031	- <sup>3</sup>
<b>Total Liabilities</b>	<b>\$33,122</b>	<b>\$109,671</b>
Unrestricted Net Assets	\$126,642	(187)
Temporarily Restricted Net Assets	\$34,581	\$114,375 <sup>4</sup>
<b>Total Net Assets</b>	<b>\$161,223</b>	<b>\$114,188</b>
<b>Total Liabilities and Net Assets</b>	<b>\$194,345</b>	<b>\$223,859</b>

(1) Five Talents US (FTUS) is a member of the Five Talents International Family and has a sister organization in the UK. Five Talents-U.S.A. was incorporated in the Commonwealth of Virginia in March 1999 as a not-for-profit organization under section 501(c)(3) of the Internal Revenue Code. The office is located in Vienna, Virginia, outside of Washington D.C.

(2) Increase in Fixed assets relates to the November 2011 redesign of the FTUS website.

(3) In August 2011 FTUS secured an annual variable rate nondisclosable revolving line of credit for \$25,000 with Sandy Spring Bank..

(4) Temporarily restricted net assets represent contributions received that contain donor imposed restrictions. As of June 30, 2011, temporarily restricted net assets are available for the following purposes: Latin America - \$1,200; Africa - \$10,506; Knippers Institute - \$22,875; **Total - \$34,581** 2010 Temporarily restricted net assets of \$114,375 were reduced to \$40,400 by December 31, 2010.

## Five Talents US Financial Operations for 12 Months Ending June 30, 2011

	2011	2010
Contributions	\$1,133,974	\$857,663
In-Kind Contributions	\$39,828 <sup>5</sup>	\$31,494 <sup>5</sup>
Other income	(\$89)	(\$1,389)
<b>Total Revenue &amp; Support</b>	<b>\$1,173,713</b>	<b>\$887,768</b>
Program Services	\$901,839	\$811,147 <sup>6</sup>
Management & General	\$72,380	\$65,879
Fundraising	\$152,459	\$88,335
<b>Total Expenses</b>	<b>\$1,126,678</b>	<b>\$965,361</b>
Changes in Net Assets	\$47,035	(\$77,593)
<b>Net assets - beginning of the year</b>	<b>\$114,188</b>	<b>\$191,781</b>
<b>Net Assets - end of the year</b>	<b>\$161,223</b>	<b>\$114,188</b>

(5) FTUS operates in donated office space. This donation of office space and utilities is recorded as In Kind Contributions and Occupancy Expense. In addition, FTUS benefits from donated legal expertise. The fair value of this expertise has been reported as In Kind Contributions and Professional Fees.

(6) Direct program funds for 2011 were expended in the following areas: Grants for Loan Programs \$415,100 (81%); Oversight and Technical Assistance to both existing and new Loan Programs \$81,800 (16%); Entrepreneur training and support of Christian Economic Development Institutes (CEDIs) \$12,900 (3%). 80% of expenses directly support our programs.

**80%**  
of expenses  
directly support  
programs





# Mom's Stewardship Inspires Her Daughters

Before 63-year-old Filomena, of Tarija, Bolivia, took out her first micro loan, she lived off the profits of selling two crates of tomatoes she purchased from a wholesaler. "The money only allowed us to eat and pay for home expenses," she said. This meant that her daughters, Carolina, 15, and Alejandra, 18, were not able to get the education they needed, much less new clothing for their growing bodies.

But then Filomena stumbled upon a savings and loan group meeting at her church. She listened in on how the group was building up savings, and eventually she asked to join. She has since taken out three loans from the group, the last being for \$14. She has used the extra capital to buy more

tomatoes as well as some peppers – decisions that have increased her profit margin.

Even more impressive is the effect Filomena's stewardship has had on her daughters: In earning enough extra money to pay for their education and buy new sets of clothes, she has also inspired them to become entrepreneurs in their own right.

"[My daughters] have learned to work and they are not ashamed to do so," said Filomena. "My older daughter is also a member of a savings group, and she is one of the people who saves the most in the group. She wants to use the money to start a business and help me with bills."

## L A T I N A M E R I C A

**PERU:** In partnering with the Ecumenical Church Loan Fund (ECLF) and the Anglican Diocese of Peru, Five Talents has established a flagship program that is touching the poorest of the poor in Lima and in the rural region of Huancavelica. The latter region has an illiteracy rate of about 85 percent. Thanks to Five Talents and its partners, men and women are being helped – not only through savings and loan programs, but also through business training and spiritual development. The partnership has proven so effective that Five Talents holds it up as a model for other rural savings and loan programs.

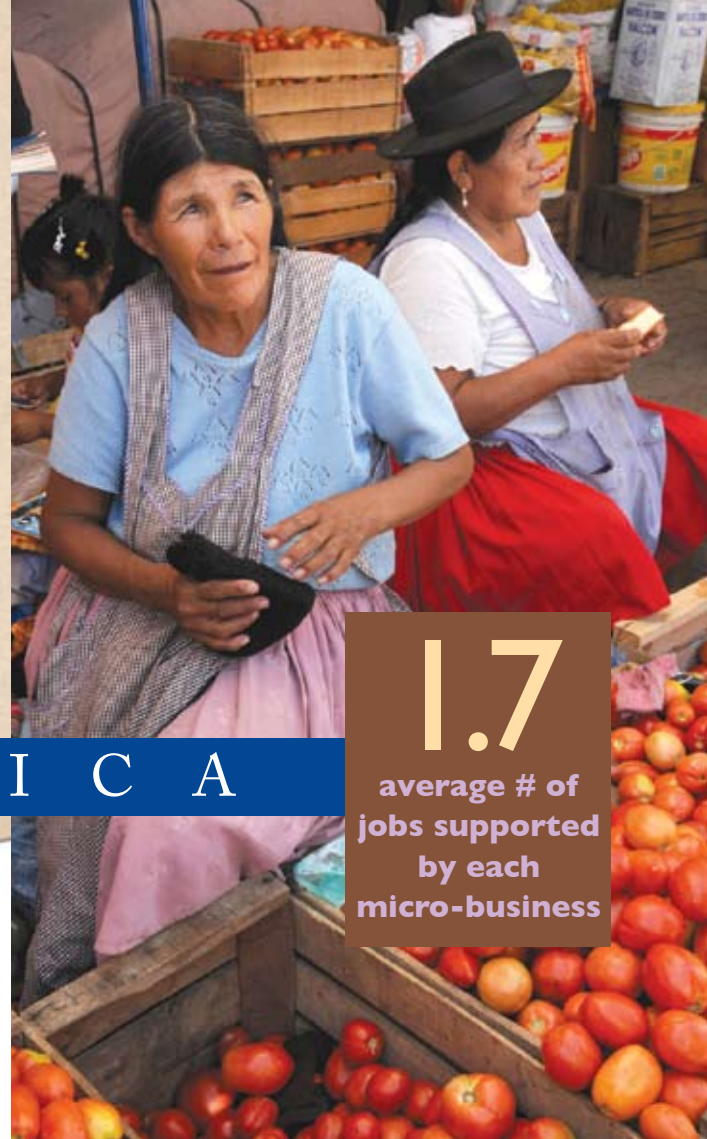
*New families in 2010-2011: 1,748*

*Loans given in 2010-2011: 4,170*

**BOLIVIA:** Five Talents works alongside Semillas de Bendición (Seeds of Blessings) and the Anglican Diocese of Bolivia to establish savings associations in and around the southeastern city of Tarija. The region's poor literacy rate, as well as geographic factors, keep many locals from accessing banks and other microfinance services. Five Talents is filling this void. Besides providing locals with access to savings, Five Talents encourages group members to participate in financial education and literacy seminars that promote saving and prepare them for enterprise development.

*New families in 2010-2011: 358 • Loans given in 2010-2011: 358*

Peruvian micro-entrepreneur Aurelia (right) shows her products



# 1.7

average # of  
jobs supported  
by each  
micro-business

Filomena at her vegetable stand in Tarija, Bolivia





# Walking Five Hours to Change Her Life

Imagine walking five hours to make a deposit at an ATM. After about ten minutes, many of us would turn back. But Leonie, a mother of eight children in the African country of Burundi, kept walking and walking until she finally reached her savings group's credit co-operative (bank). Those five hours changed her life.

No ordinary bank would have given someone like Leonie a loan to help start a business. After all, she had almost nothing. She could not even afford to pay for her children's education, which cost about \$25 per year for books, two uniforms and other materials. But then Leonie heard about the work Five Talents was doing in Matana, and she joined 15 others to form a savings and loan association they called "Nyarumanga", which means, "Let's pray for each other."

With Leonie's first loan of \$7, she bought salt, which is used in almost every Burundian dish. She immediately found a demand for her product.

Eventually, she began making a profit. But the primary beneficiaries of her success have been her children. "I can pay for school fees so my child can go to school," she said. "All will go to school – I won't keep any at home because I was kept at home and I don't want that."

Nowadays, Leonie spends most of her time outside the home, delivering salt to her customers. The five-hour walk that started it all may seem like an inconvenience for us, but for Leonie it was a journey that has paid unfathomable dividends.



Members of the Nyarumanga savings group; Leonie is in the middle row, third from the right

## A F R I C A

**\$7**  
builds a  
business



**SOUTH SUDAN:** For a few days in July, the people of South Sudan had something to celebrate – their independence from the Republic of Sudan, the predominantly Muslim northern region of the civil war-scarred country. Now, however, the new nation is focused on survival. Thanks to its microfinance operations and Literacy and Financial Education Program (LFEP), Five Talents is positioned to have a real impact as the oil-rich country seeks to develop new industries, such as agriculture. Five Talents now has 69 savings groups comprised of more than 1,600 men and women spread across about 50 communities.

*New families in 2010-2011: 1,894 • Loans Given in 2010-2011: 474*

**BURUNDI:** Like Sudan, Burundi has been devastated by civil war. Illiteracy and gender inequality exacerbate the problem of poverty, and disputes over land are tearing apart local communities. Five Talents launched its Burundi program in 2010 and has focused its early efforts on working with the Mothers Union to set up savings associations. Five Talents trains facilitators who then go on to organize local savings associations and literacy and financial education seminars. These associations have also helped to unite communities and increase trust among neighbors.

*New families in 2010-2011: 2,497 • Loans Given in 2010-2011: 625*

**KENYA:** Five Talents' savings-led program in the Diocese of Thika continues to be a model for replication. The Anglican Diocese of Thika

Children with their parents at a literacy class in South Sudan

partnered with Five Talents and created the Thika Community Development Trust (TCDT) to operate a savings and credit program that has now spawned four independent Financial Services Associations (FSAs). These are more sophisticated, self-sustaining groups that have their own building, safe and employees.

*New families in 2010-2011: 978 • Loans given in 2010-2011: 645*

**UGANDA:** Five Talents Uganda is a long-running organization with its own operations and independent Board of Directors. It currently operates in three Dioceses and is carrying out 2011 plans to establish six new savings and loan associations while converting the two largest existing associations into independent community banks, to be run and managed by group members.

*New families in 2010-2011: 537 • Loans given in 2010-2011: 823*

**TANZANIA:** Five Talents partners with the Mama Bahati Foundation in Tanzania and works there exclusively with women and youth. The program expanded from Iringa municipality to the neighboring Kilolo district in 2009 and is expanding again in 2011 – this time to the rural areas around the town of Mufindi, which is also in the Iringa region.

*New families in 2010-2011: 1,337 • Loans given in 2010-2011: 1,129*

# Finding Spiritual Support in a Savings Group

Ibu was in need of capital for her pastry business in Jakarta, Indonesia. Without extra capital, she would not be able to grow her business. And without a growing business, she would struggle to pay for schooling for her two boys.

Around the time of this crisis, Ibu faced another challenge: After three years of marriage, her husband converted to Islam, the main religion in Indonesia. The couple's two boys converted along with him, leaving Ibu to navigate life in the home as an outsider.

Fortunately, she found the help she needed. She joined a Five Talents savings and loan group in Jakarta and was offered a small loan that gave her business the boost it needed. She's now in her

second loan cycle with the group and is repaying a loan of about \$82. Her business is now making a profit, which she is using both to pay off her loan and to create a capital reserve.

More importantly, her group was able to offer her spiritual support. In September of 2010, Ibu shared her story at a Bible study, saying, "I realize that I need prayer support for my husband and my two children, who I really pray can believe in God and truly [experience] Abba's love."



Indonesian micro-entrepreneur Ibu showing some of her pastries

## A S I A

**INDONESIA:** Five Talents' Indonesia program is reaching out to the poor living in the slums of Jakarta. Partners include GERHATI, a local organization conceived and developed in part by Five Talents and the expatriate Anglican community of All Saints Church. Five Talents runs a group-lending program offering small loans to female entrepreneurs in the community. The local church provides spiritual development for group members – the hope being that believers will be seen as a light in the community, and that the microenterprise development program, through its outreach, will help the church to grow.

*New families in 2010-2011: 3,037 • Loans given in 2010-2011: 6,100*

**INDIA:** Five Talents began funding the India program in early 2005 in response to the devastation caused by the 2004 tsunami to the country's east coast. Many other organizations that rushed to the area have since left, but Five Talents is still focused on the needs of the locals, working with members of all castes in hopes of communicating that, in God's eyes, everyone is equal. Members of savings groups who have built their businesses and risen in the community are encouraged to reach out to others, no matter their place in the caste system.

*New families in 2010-2011: 576 • Loans given in 2010-2011: 619*

**PHILIPPINES:** Five Talents has been working with the Episcopal Diocese of the Central Philippines and the Center for Community Transformation in Manila since 2000. The savings and loan program – the first to be funded by Five Talents – has grown from one branch office to seven and now serves more than 6,000 clients. Most families in the slum communities of Manila earn \$2 to \$3 a day by working odd jobs. The women are usually the main providers for the family. Five Talents focuses on helping women build steady, sustainable businesses while also providing spiritual support for their entire family, including the husband.

*New families in 2010-2011: 1,150 • Loans given in 2010-2011: 7,867*



At far left: Director of Program Suzanne Schultz in Chennai, India

91%  
of participants  
are women





*We do more than provide loans; we offer basic business training and underpin it with the Gospel message of dignity and hope.*

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