

Five Talents

Fighting Poverty, Creating Jobs, Transforming Lives

2011-2012 Annual Report



LETTERS

From the Executive Director

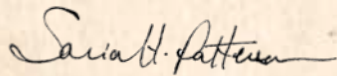
Dear Friends,

On a recent trip to Uganda, I had the honor of rubbing shoulders with the people who manage our programs in East Africa. Every day, these women and men see how savings groups, small loans, business training and spiritual mentorship work together to lift entire families out of poverty.

If you were to accompany me on a trip into the homes of these families, you would find that Five Talents is working in some of the poorest communities in the world. In most of these places, banks have never existed. Loans – even ones the size of \$15 – are almost impossible to come by. We are serving the poor throughout 12 countries – and we are making a real difference. Of course, we have so much more work to do. And we need your continued support. In the pages of this report you will find stories of lives transformed and numbers showing just how much Five Talents is accomplishing – from the rural mountain communities of Peru, to the crowded, sweltering slums of Indonesia.

Please continue to pray for us as we invest in the lives of the poor, who are as rich with talent and potential as you and I.

Blessings,



Sonia Patterson
Executive Director, Five Talents

From the Chair

Dear Friends,

From the beginning, this organization set out to empower people living in some of the most impoverished and far-flung communities in the world, places like Rwanda, Burundi, South Sudan and the Philippines.

We're delighted that the 2011-2012 fiscal year has allowed us to reach into yet another impoverished place – the country of Myanmar.

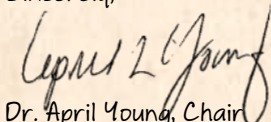
Everything that we are doing there – working with the local church, setting up savings groups, and ensuring that the poor are financially literate – reflects the mission we first set out with in 1999.

Over the last year, our programs saw membership grow by 49 percent: Our savings and loan groups had an astounding 48,000 members. We also disbursed over 30,000 loans with a range from \$14 graduating to \$330.

Moreover, 100 percent of the women and men in our savings and loan groups receive business skills training. This ensures they are equipped to manage a micro-enterprise that can transform their life – and the lives of their family members.

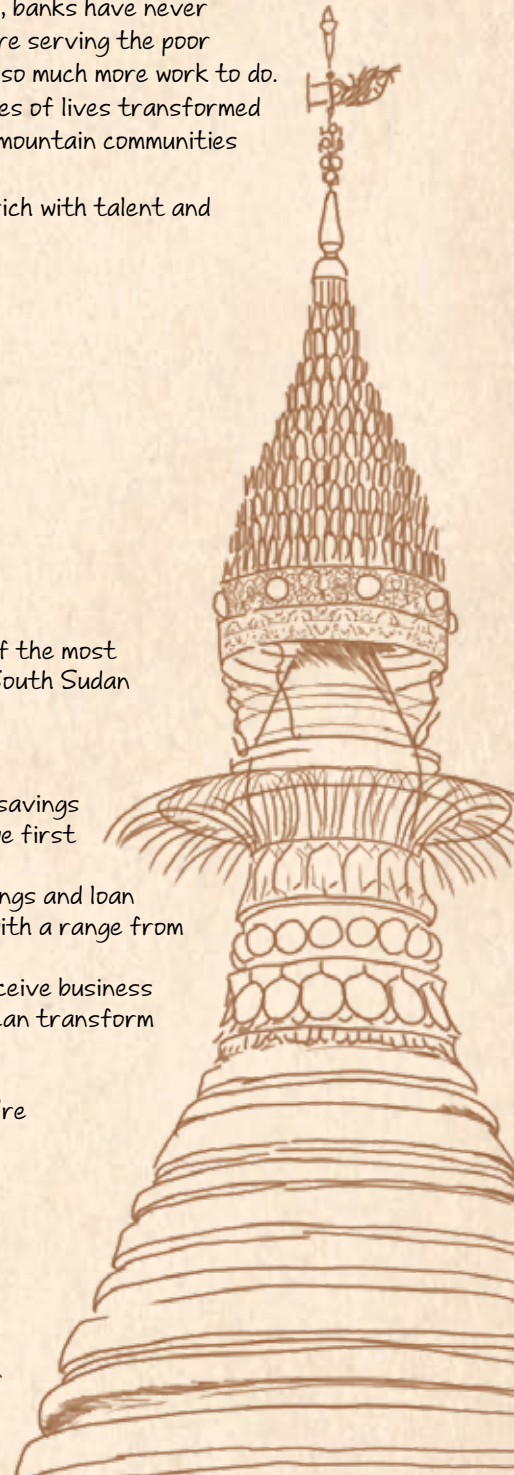
This year, we also welcomed Sonia Patterson as our new executive director. We're excited that God is using her to continue the good work of serving and empowering the poorest among us.

Sincerely,



Dr. April Young, Chair
US Board of Directors, Five Talents

A temple in Yangon, Myanmar





20,297 new members

In FY2012, Five Talents launched its Myanmar program, where we are initially focusing on building the capacity of locals to set up sustainable micro-enterprises.

HIGHLIGHTS

Five Talents

Fighting Poverty, Creating Jobs, Transforming Lives



	FY2012	FY2011
Members	48,000	32,123
Total reach	336,000	224,861
Outstanding portfolio	\$2.71 million	\$2.31 million



336,000 people reached

In FY2012, Five Talents and its partners in Peru began talks to open a new branch office serving the region in and around Huancayo.



48,000 members served

In FY2012, Five Talents expanded its Uganda program in Kitgum, an area that was once debilitated by years of trauma inflicted by the Lord's Resistance Army.

FINANCIALS

Five Talents International ¹ Position as of June 30, 2012

Five Talents International ¹ Operations for June 30, 2012

	FY2012	FY2011
Cash	\$170,985	\$140,664
Investments	-	-
Contributions Receivable	32,795	24,646
Other assets	5,635	2,864
Fixed assets	18,259	26,171
Total Assets	\$227,674	\$194,345
Accounts Payable	\$11,378	\$16,303
Accrued Expenses	38,292	11,788
Notes Payable ²	15,031	5,031
Total Liabilities	64,701	33,122
Unrestricted Net Assets	64,828	126,642
Temporarily Restricted Net Assets ³	98,145	34,581
Total Net Assets	162,973	161,223
Total Liabilities and Net Assets	\$227,674	\$194,345

	FY2012	FY2011
Contributions	\$1,094,282	\$1,133,974
In-Kind Contributions ⁴	55,342	39,828
Other income	(35)	(89)
Total Revenue & Support	1,149,589	1,173,713
Program Services ⁵	923,805	901,839
Management & General	96,333	72,380
Fundraising	127,701	152,459
Total Expenses	1,147,839	1,126,678
Change in net assets	1,750	47,035
Net assets - beginning of year	161,223	114,188
Net assets - end of year	\$162,973	\$161,223

(1) Five Talents US (FTUS) is a member of Five Talents International (FTI) Family, which includes a sister organization in the United Kingdom. FTUS 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. Our external auditors are Dixon Hughes Goodman LLP, certified public accountants in McLean, Virginia, and statements are available upon request.

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

(3) Temporarily restricted net assets represent contributions received that contain donor imposed restrictions. As of June 30, 2012, temporarily restricted net assets are available for our program partners in the following countries: Africa, \$44,070; Asia, \$17,800; Latin America, \$13,300; Knippers Institute, \$22,975; **Total = \$98,145**

(4) 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. This is in accordance to accounting standards generally accepted in the United States.

(5) Program services were expended in the following areas: \$502,885 in partner funding and technical assistance for micro-enterprise and savings-led programs; \$406,496 to assist program partners with capacity building using evaluation, oversight and assistance; and, \$14,424 to provide additional business training to indigenous trainers, entrepreneurs and community members.



80%
of expenses
directly support
programs

LATIN AMERICA

Crack the door into Yola's little home in Tarija, Bolivia, and you're likely to find her busy practicing the art of baking delicious stuffed bread, known in her country as empanadas.

Yola's first business involved selling raspadillas – cups of juice with real fruit and lots of shaved ice. Her business mainly served as a supplement to her husband's taxi service income. But then he left her, and, suddenly, selling shaved ice was not enough to keep her children in school and to put food on the table.

The young mother struggled to create enough income for her family until she met Victoria, a Christian micro-entrepreneur who took Yola under her wing and introduced her to Five Talents. The woman also helped to mentor Yola and encouraged her to start a business baking and selling empanadas during the cold winter months in Bolivia – when raspadillas were not in demand.

"I learned in the church workshops that it is important to plan and learn everything that I need to have a good winter business," said Yola.

With a \$40 Five Talents loan, Yola purchased an oven, which she is now using to bake her first batches of empanadas. Victoria has also asked Yola to help her with her towel business. "Victoria is teaching me many things about her business until I learn to make empanadas," said Yola. "She even took me on a business trip." She added: "Now I look in the mirror and I don't cry. I am a new creation. I want to give thanks to my new sisters in the savings group and tell all women that with God's help we can leave poverty."

PERU: Five Talents' program in Peru has matured over the years, and so now Five Talents is looking to move into underserved areas, like Huancayo. The program's maturity is also evident in its holistic balance. Our partners in Peru are setting up a rural pastoral care circuit that sends local pastors out to encourage and mentor clients and program coordinators in more isolated communities. 2,604 members; 3,800 loans disbursed

BOLIVIA: Given the volatile political environment, Bolivia is a difficult place to work for a faith-based organization like Five Talents. It is not uncommon to read about Christian believers who have faced a form of persecution. Nonetheless, Five Talents' local partner has received formal acknowledgement from the government. And our program there continues to reach out to both parents and children using a savings-led model. 173 members; 0 loans disbursed



"With God's help we can leave poverty." - Yola in Bolivia

93%

repayment
rate

The outskirts of Lima, Peru

AFRICA

Roda, a 55-year-old vegetable seller in South Sudan, could not keep herself from spending what little savings she would accumulate at the end of every month. "I used to keep my [savings] in something called 'korok', a container made out of tin with a small hole for inserting money, so when I ran out of money, I could easily open it," she said.

But ever since Roda joined one of Five Talents' savings groups in August of 2011, she has been building up a reservoir of funds that no one can touch – especially not herself. "The system of saving is a good one. We all have got to trust each other because the keys are with different people, even the box," Roda said. "Our bylaws [state] that the box will be opened after one year, and I have planned that when I get mine, I will build a small shop for selling my items instead of selling from a table."

Besides saving money, Roda is now learning how to read and write, as a part of the literacy program sponsored by Five Talents' partner Mothers' Union.

"When I joined the literacy program I could not believe that an illiterate and undermined woman like me could hold a pen and write. Now I can read posters, short stories in my own dialect, magazines, and medicine prescriptions," said Roda. Most importantly, she can now calculate her income and expenses: "Instead of buying one item, I now buy more [in bulk], and my business is improving."



"My business is improving."

- Roda in South Sudan

BURUNDI: Over the last year, the Burundi program has doubled in size despite the fact that citizens are still struggling to climb out from under 10 years of internal civil conflict. Members of the savings-led program, including representatives from our partner, Mothers' Union, delivered talks at the UN in early 2012 highlighting Five Talents' emphasis on functional literacy, growing food and learning to read and write. **8,274 members; 3,289 loans disbursed**

KENYA: The number and size of Five Talents' village savings groups continue to grow rapidly, facilitated by our partner, Thika Community Development Trust (TCDT). The largest groups have over 400

members. In 2012, Five Talents helped transform a second group into a local 'community bank', thereby opening up financial services to everyone in the local area. **4,389 members; 1,006 loans disbursed**

SUDAN & SOUTH SUDAN: In July, South Sudan celebrated its first birthday as an independent nation, though unrest in the border regions and tribal violence persist. Nonetheless, Five Talents and its partners continue to persevere – and the program continues to grow. By June 2012, Five Talents had already surpassed its outreach goals and reset them for the years ahead. **5,956 members; 3,024 loans disbursed**

TANZANIA: Expansion into more rural areas of Tanzania began in 2012. In

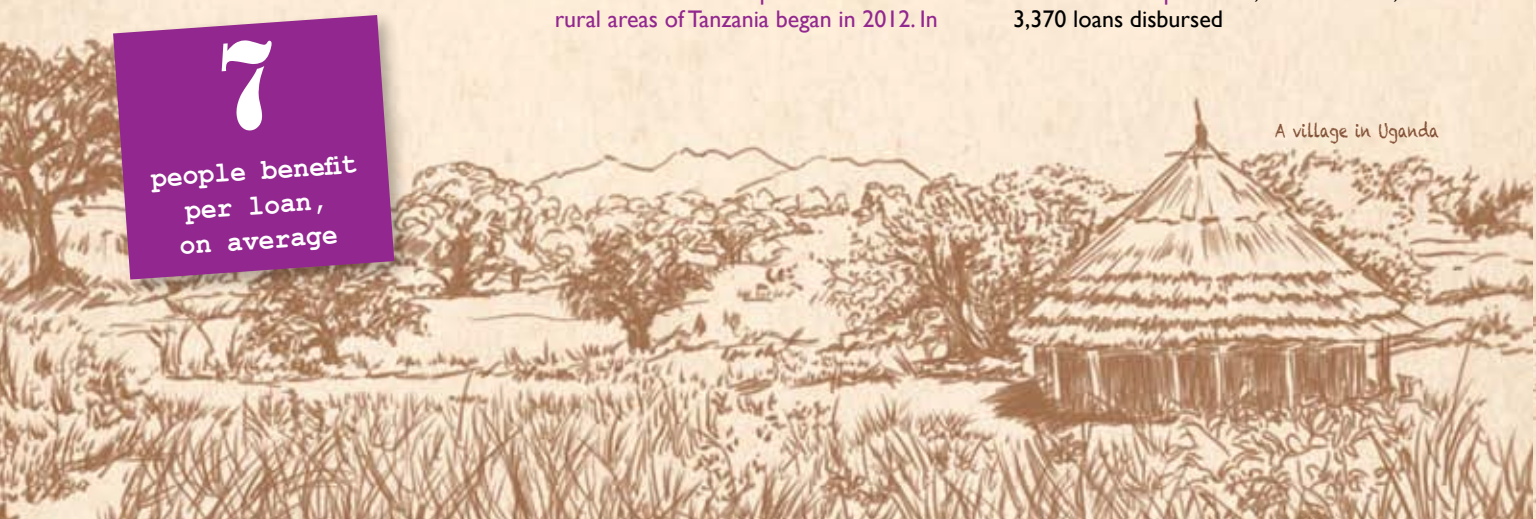
one district, called Mufundi, more than 80 percent of the people are engaged in small-scale agricultural enterprises. Over the next two years, Five Talents aims to reach out to 2,000 more women entrepreneurs in the community, offering loans and basic business training. **3,139 members; 4,756 loans disbursed**

UGANDA: A new Five Talents initiative was welcomed by communities in the north that were previously debilitated by years of trauma inflicted by the rebel Lord's Resistance Army. About 2,000 people registered for business training in just two months, and existing village savings groups will soon be upgraded by the Five Talents team to provide access to small loans for business development. **5,365 members; 3,370 loans disbursed**

7

people benefit
per loan,
on average

A village in Uganda



ASIA

Hotmian's story embodies perseverance. The mother of three in Bekasi, Indonesia once owned a building materials business, along with her husband, Ramli. But when their enterprise went bankrupt in 2009, the family came to a crossroads.

Hotmian, a business woman at heart, did not want to give up her dream. But instead of starting a new business from scratch, which would cost her a lot of capital, she agreed to purchase her sister's struggling food stall business.

Food and grocery stalls are a dime a dozen in the developing world, and many never turn a profit.

But Hotmian believed she had a formula for success. With a loan from Five Talents' partner GERHATI, she expanded the food stall's stock, adding daily staple foods, such as rice, eggs, sugar, flour, shampoos, soaps and cigarettes. She also began offering catering services for people who wanted specialty foods from North Sumatra, another province in Indonesia.

These niche offerings soon began to make the business profitable, but Hotmian didn't stop there. She saved and saved until she and her husband could build four additional rooms onto their small home. She now rents out these rooms and uses the money to pay for her children's school expenses.

Hotmian has found ways to use her own God-given talents, and now, as a leader in her neighborhood, she is encouraging others to do the same.

INDIA: Five Talents reaches out to underserved communities in India that have been marginalized because of cultural or social reasons. For example, many of our clients are either members of the untouchables, or survivors of the tsunami that devastated the coastline in 2004. Five Talents is bringing people who would otherwise be forced to fend for themselves access to financial services. **4,342 members; 555 loans disbursed**

INDONESIA: Five Talents' partner, GERHATI, gives impoverished families not only micro-loans, but also spiritual support, health care opportunities and even workshops on personal care. Many of our clients live in slums and are under-served by large MFLs. In 2013, Five Talents plans to expand into another community where

traditional money lenders have annualized interest rates as high as 800 percent. **5,403 members; 3,582 loans disbursed**

MYANMAR: A high-profile visit to Myanmar by US Secretary of State Hillary Clinton has helped to open up the doors of reform, but the military still has the final say on almost all matters. As a result, Five Talents is initially focusing on building the capacity of locals to set up sustainable micro-enterprises. A team led by Five Talents board member Cavin Philbin recently returned from the country, where they trained community and church leaders to lead business training seminars for local Burmese. **1,284 members; 0 loans disbursed**

PHILIPPINES: As one of Five Talents' oldest programs, the Philippines stands as a model for its self-sustainability. In the early years, Five Talents played a key role in supporting the Center for Community Transformation (CCT). Now, CCT operates without direct funding from Five Talents. In 2012, Five Talents launched a partnership with CCT alongside George Mason University to begin offering advanced certificates to established micro-entrepreneurs. **7,071 members; 7,405 loans disbursed**



"She saved and saved."

- Hotmian in Indonesia

Jakarta, Indonesia

\$59

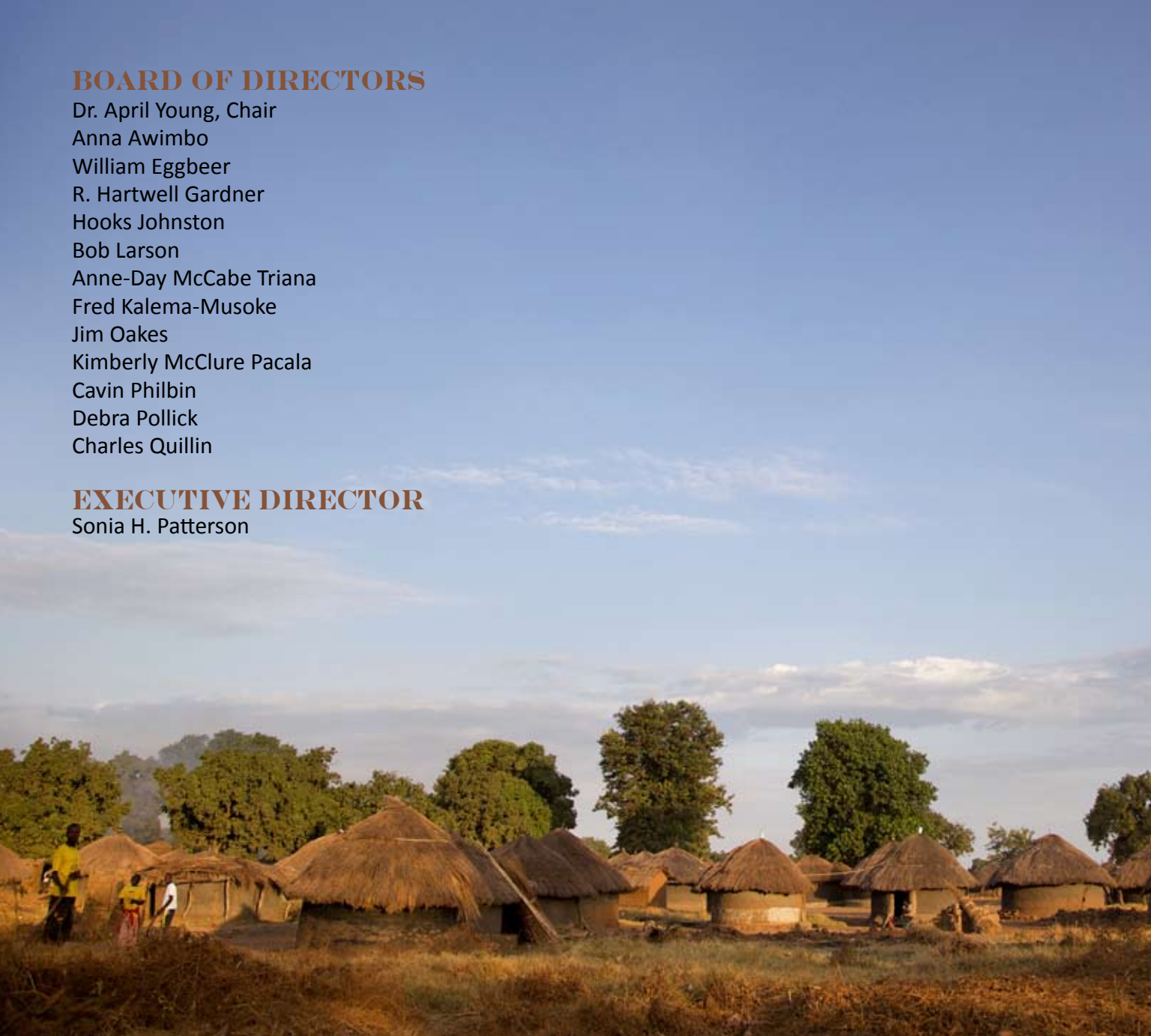
average
loan size

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