

Five Talents

Fighting Poverty, Creating Jobs, Transforming Lives

Annual Report 2007



Five Talents is developing the talents and businesses of the poor with lasting impact.

Our reach has extended dramatically both in existing and new projects, and we continue to explore future opportunities:

- New Projects: Tanzania, Southern Sudan and the Dominican Republic – each resourcing and serving the active poor.
- Existing Projects: expanded in Kenya, Uganda, Peru, India, Indonesia and the Philippines.
- Future Projects: exploring future partnerships in Mongolia, Northern India, Bolivia, Burundi and Mozambique, among others.

By the close of 2007, Five Talents' programs had:

Clients: 16,252 (+35% yr/yr)
Projects/Branches: 24 (+20%)
Loan Capital in Circulation: \$1,225,356 (+35% yr/yr)
Average Loan: \$125 per person
Repayment Rates: range 85-100%
Self-Help Savings*: \$190,000 (+280% yr/yr)

* Groups that have saved a cumulative fund of their own money for lending to their own members.

FIVE TALENTS EXPANSION INVOLVES RISK WITH HOPE OF WIDESPREAD IMPACT

During 2007, Five Talents continued its work with the poor around the world, expanding into regions where both a significant risk and life-changing impact are possible. One such place is southern Sudan.

A consortium of Christian development organizations, including Five Talents International and the local Episcopal church of Sudan, are working in a southern Sudanese village through literacy programs, business training and business loans to enable people seeking to rebuild their lives to start businesses and provide for their families.

The talents of Santino Matuk flow through the community of Lietnhom.

Santino is the head of the fishing cooperative in this southern Sudan village, where he uses his talents in fishery to make sure the Jur River fish population is protected. The fishermen he oversees craft various sizes of fish nets. These nets are then used at strategic times during the year allowing younger fish to escape in order to continue growing and breeding, thus repopulating the river.

Santino has also emerged as a capable, responsible and humble leader within the Lietnhom Community Bank. He recently traveled eight hours on the river to collect a loan repayment. The funds for loans at the Lietnhom bank come mostly from members' savings.

"If you grow your own grain, you will be careful how you use it — but if someone gives it to you, you can finish it in a few days," he said.



"If you plant, tend and harvest your own grain, you will be very careful how you use it. But, if someone gives it to you, you can finish it in a few days." Santino Manuk, the newly-elected chairman of the Lietnhom Village Bank, shared this thought during a community meeting about the project.

Manuk's thought captures the drive for change in Lietnhom, Sudan – the drive to move from a community dependent on aid to a community using its gifts and talents for development.

The Episcopal Church has played a significant role in providing stability in this area as residents recover from a 20-year war. While it's been almost three years since a peace agreement was signed, hundreds of thousands of Sudanese are still internally displaced and others, who have found a home, are looking to rebuild their shattered lives. There is a great need for adult education, since a whole generation grew up during the war without learning to read.

"Poverty is always sad with the lack of resources," said Thomas Anei with the Sudanese Episcopal Diocese of Wau. "But, we are teaching them that they can make something – develop businesses. There are so many refugees in these areas, and the issue of poverty is you come with nothing – just your two hands. This program will help people as we get started. Youth are learning to save money."

FROM THE EXECUTIVE DIRECTOR

Dear Friends,

Five Talents has always strived to ensure stewardship of the gifts given to our overseas programs. During 2007, we continued to focus on excellent programs that (1) Reach the marginalized poor at the grassroots level, (2) Work in partnership with local churches committed to Christian witness and work with communities of all faiths and ethnic groups and (3) Have strong leadership and accountability at their core.

Nowhere was this commitment more evident than in the program we funded for the first time in Lietnhom, Sudan. It is an exciting chapter in the history of Five Talents that we are serving the poor in such a desperate situation. In addition, our program in the tsunami-affected fishing villages of southern India now reaches 2,000 women, many of whom escaped the rushing water with their lives and nothing more.

Our commitment to excellence was recognized by the 2007-08 Catalogue for Philanthropy: Greater Washington, which named Five Talents "One of the best small charities in the Washington, D.C., region." We were also featured as a case study in Development and Faith: Where Mind,

Heart, and Soul Work Together, a book by Katherine Marshall and Marisa Van Saanen, which was published in June. Internationally, Five Talents appeared in numerous news articles and radio programs.



Our financial foundations are firm and our auditors continue to give us excellent marks.

I am deeply grateful for all those who pray for our staff and for those we serve. It is those prayers that sustain us all as we discern how best to fulfill God's plans for the poor through Five Talents.

Yours in Christ,

A handwritten signature in black ink that reads "Craig Cole".

Craig Cole, *Executive Director*



FROM THE CHAIRMAN OF THE BOARD

Dear Friends,

Five Talents spent 2007 growing as an international family. With the US and UK offices combining forces, we raised more than \$1.3 million, funding 11 projects in 9 countries as well as

building capacity with our unique package of business skills training and workshops.

We sponsored and participated in a Christian Economic Development Institute held in the Diocese of Nakuru of the Anglican Church of Kenya. These CEDIs have proven to be breeding grounds for identifying and developing relationships. They are also instrumental for the development of working relationships among participants with different backgrounds and experiences.

We sent a short-term Business as Mission trip to the Thika Community Development Trust in Kenya where hundreds came to hear and share about how to operate a microbusiness. We also had three volunteers in the field in 2007: Simon Lee working with Five Talents Uganda; Edd Parker working with the Mama Bahati Foundation, Tanzania; and Erik Josephson assisting the joint project between the

Anglican Diocese of Peru and the Ecumenical Church Loan Fund (ECLOF) in Lima, Peru.

We continue to be driven by believing in the dignity of the poor. Five Talents strives to make that message known in all we do. We desire that the poor, in countries like Sudan, India or Peru, as well as those who support us in the US and the UK know that every life has value in God's eyes. In turn, that value can be invested into microbusinesses through the development of skills and talents, which can help break the ravages of poverty.

As you read our 2007 annual report, remember in prayer those individuals who are featured and the thousands of others who do not have a voice but who are working hard each day to make their lives and the lives of their families just a little bit better.

Pray for Five Talents to grow and reach many of them as we work together to fight poverty, create jobs and transform lives.

We thank you for your continued support.

God Bless You,

A handwritten signature in black ink that reads "Fred Kalema-Musoke".

Fred Kalema-Musoke, *Chairman of the Board*

The Origins of Five Talents: Famine, Disease and Despair

Five Talents was created as a long-term response to the ravages of poverty that debilitate communities in developing countries. With nearly 3 billion people in the world living on less than \$2 a day, poverty threatens to destroy generations of families. Life expectancies in many countries are dropping. HIV/AIDS affects 1 in 4 in some countries and famine is a consistent threat in many regions of the world. Immediate relief with food, clothing and medical supplies are important but more is needed to make lasting changes and turn desperation to hope. The founders of Five Talents, including Anglican Church leaders, discussed these issues and the plight of the poor during the 1998 Lambeth Conference in which Five Talents was commended in a resolution passed by the Bishops of the worldwide Anglican Communion. They wanted to respond not only with assistance but to also guard the dignity of the poor by supporting them in small businesses.

Five Talents' name comes from a Biblical parable that teaches stewardship and wise investment. (Matthew 25:14-30.) Our mission is to *Fight Poverty, Create Jobs and Transform Lives* by empowering the poor in developing countries using innovative savings and microcredit programs, business training and spiritual development.

Today, Five Talents is headquartered in Vienna, Virginia, outside Washington, D.C. We also have offices in London, England, a program office in Kampala, Uganda, and an office in Chattanooga, Tennessee, where work on training curriculum and Latin American programs is coordinated. We are supported by hundreds of volunteers and donors around the world.

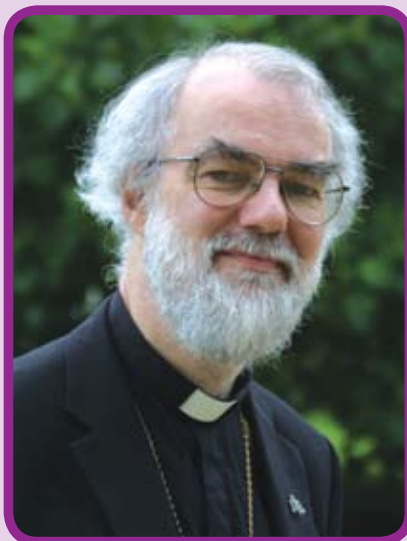


Edd Parker worked in Iringa, Tanzania, with the Mama Bahati Foundation for seven months.

WHAT OTHERS ARE SAYING ABOUT FIVE TALENTS

“One aspect of Five Talents that sets it apart from other microcredit enterprises is its efforts to provide business training and one-on-one counseling to loan recipients, thereby enabling them to pursue new and creative ways to use their skills and talents.”

Development & Faith, World Bank 2007



“The church has a distinct advantage in delivering microfinance services, through its local presence, credibility and network.”

Dr. Rowan Williams

Archbishop of Canterbury

International Patron of Five Talents

FROM THE UK DIRECTOR

I am delighted to report that Five Talents is growing and gaining momentum in the UK. Our UK Trustees, staff and volunteers are working with Five Talents International to develop this exciting ministry.

During 2007, we had three UK volunteers working with FTI partners overseas: Simon Lee in Uganda for 19 months; Erik Josephson in Peru for 7 months and Edd Parker in Tanzania for 7 months. Besides their hard work in the programme offices, they have each acted as a “live-link” between UK supporters and their respective microfinance programme. This has been a tremendous source of fresh information and news as well as a focus for our UK fundraising and overseas trips.



Two particular highlights stand out during the year:

- Firstly, the invitation to Five Talents Uganda to meet the Duke of Edinburgh while on his official tour to Uganda. This was a significant step in the growing credibility of Five Talents as a Christian microfinance player.
- Secondly, my visit to the Peru project to see first-hand the partnership between the Diocese of Peru and our microfinance partner ECLOF Peru. I will never forget meeting Ruvis and Martha and their fast-growing toy business, which now employs more than 25 people!

Their faith and hard work, like thousands of our clients, exemplifies the industrious servant who receives the five talents in the parable. I am convinced that the “Master” would say to them and to FTI in general, “Well done, good and faithful servants.”

Thank you for supporting Five Talents this year!

A handwritten signature in black ink that reads "Tom Sanderson".

Tom Sanderson, UK Director



Simon Lee spent 19 months in Kampala, Uganda, working as a technical advisor with Five Talents Uganda.

Erik Josephson spent seven months volunteering with ECLOF and the Anglican Diocese of Peru in Lima. Erik was a London investment banker who wanted to use his skills to help the poor. He experienced the Peruvian earthquake in August 2007 and joined an emergency response team. He has since helped ECLOF with their loan monitoring, expansion program and media development.



Five Talents International ¹

Financial Position as of December 31, 2007

Cash	\$249,891
Investments	\$1,806
Contributions Receivable	\$44,277
Other assets	\$7,612
Fixed assets	\$18,279
Total Assets	\$321,865
Accounts Payable	\$71,945
Accrued Expenses	\$11,117
Notes Payable	\$2,934
Total Liabilities	\$85,996
Unrestricted Net Assets	\$152,238
Temporarily Restricted Net Assets	\$83,631 ²
Total Net Assets	\$235,869
Total Liabilities and Net Assets	\$321,865

(1) The financial information presented includes the accounts of Five Talents – USA, Inc. (US Office), Five Talents UK Limited (UK Office), and Five Talents International, Inc. (International Office) collectively referred to as Five Talents International (FTI). All intercompany balances and transactions have been eliminated in the combined financial statements. The US Office was incorporated in the Commonwealth of Virginia in March 1999 as a not-for-profit organization under section 501(c)(3)(3) of the Internal Revenue Code. The office is located in Vienna, Virginia, outside of Washington D.C. The UK Office is registered as Charitable Company #05641704 with its governing documents signed and dated on November 14, 2005. The UK Office is located in London, England. The International Office was incorporated in August 2007 and is in the process of applying as a not-for-profit organization under section 501(c)(3) of the Internal Revenue Code. The US Office is audited by Goodman & Co, certified public accountants in McLean, Virginia. The UK Office financial statements are prepared by HW Chartered Accountants in accordance to UK Charities Act 1993 and UK Companies Act 1985. FTI combined financial information is compiled by Goodman & Co. Statements for the US Office, UK Office, and FTI are available upon request.

(2) Temporarily restricted net assets represent contributions received that contain donor imposed restrictions. As of December 31, 2007, temporarily restricted net assets are available for the following purposes: South America \$4,765; Africa \$28,094; India \$2,265; Philippines \$2,955; Knippers Education Fund \$44,998; Other \$554; **Total \$83,631**

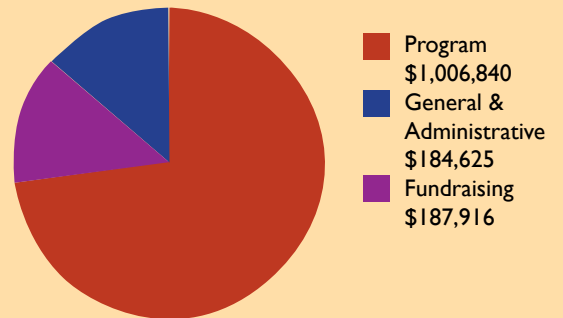


Five Talents International ¹

Financial Operations for Year Ending December 31, 2007

Contributions	\$1,313,082
In-Kind Contributions	\$64,483 ³
Other income	\$7,776

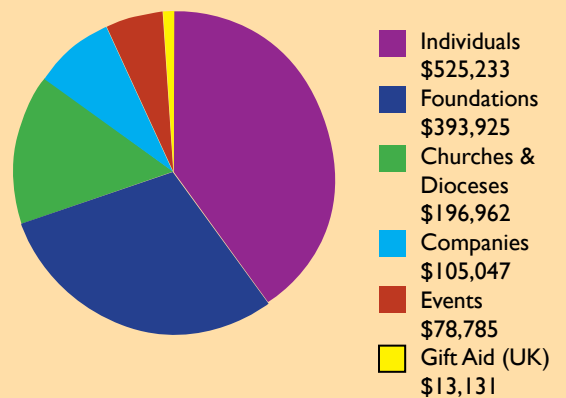
Expenses = \$1,379,381



Total Revenue & Support \$1,385,341

Program Development	\$642,260 ⁴
Personnel costs	\$470,930
Professional fees	\$98,745 ³
Conventions & Events	\$52,302 ⁵
Office Costs	\$28,303
Occupancy	\$20,173 ³
Domestic Travel	\$15,489
Depreciation & Amortization	\$12,874
Printing & Reproduction	\$12,117
Postage & Delivery	\$9,305
Telephone	\$7,360
Staff training	\$6,386
Insurance	\$3,137
Total Expenses	\$1,379,381

Contributions = \$1,313,082



Net Income \$5,960

(3) Both the US Office and the UK Office operate in donated office space. This donation of office space and utilities is recorded as In Kind Contributions and Occupancy Expense. In addition, both the US Office and the International Office have benefited from donated legal and information technology expertise. The fair value of this expertise has been reported as In Kind Contributions and Professional Fees. This is accordance to accounting standards generally accepted in the United States.

(4) Direct program funds for 2007 were expended in the following areas: Grants for Loan Programs \$459,000 (70%); Oversight and Technical Assistance to both existing and new Loan Programs \$162,000 (25%); Entrepreneur training and support of Christian Economic Development Institutes (CEDIs) \$21,000 (5%).

(5) The US Office held its 4th Annual X-OUT Poverty Golf Classic in June 2007 and raised a net profit of \$40,400. The revenue of \$68,200 is recorded as Contributions and the event expenses of \$27,800 is recorded as Conventions & Events, specific to Fundraising.

(6) Program Development Expenses for FTI are 100% mission related and are captured as Program Expenses. FTI allocates all other expenses (except the Golf Tournament) to Program, Fundraising and General & Administrative based on personnel resources used in each area. For 2007, timesheets captured 60% personnel time on Program, 30% on General & Administrative, and 10% on Fundraising.





LATIN AMERICA

- New partner in the Dominican Republic
- Expansion in Peru

Dominican Republic

No. of clients: 10
Loan fund in circulation: \$500
Church partner: Episcopal Diocese
of the Dominican Republic

Peru

No. of branches: 3
No. of clients: 2287
Loan fund in circulation: \$419,866
Church partner: Anglican Diocese
of Peru



DOMINICAN REPUBLIC

It was a day to smile for five women who completed their business training as the first loan recipients in the Five Talents project in La Barquita. They each received a \$150 loan for the first time!

Confesora Ramirez, front left, dreams of becoming a business woman in order to complete the construction of her one-room house and to pay for her sons' education. She plans on selling beauty products, such as deodorant and body cream, to the women of the community.

Rudilania Polanco, front right, plans to purchase pants and underwear for men, women and children and resell them for profit.

Euridice Santos, back right, wants to sell underwear to men, women and children.

Yanilda Herveras, back middle, wants to buy material to make bed covers with her loan.

Victoria Martinez, back left, wants to sell small kitchen appliances. With her loan she hopes to purchase rice cookers. Rice is a staple of the local diet, and rice cookers are in high demand.

Thousands, perhaps millions of people, have come to Lima, the capital city of **Peru**, in recent years in search of jobs, and yet on arrival, they find none and end up living in desperate conditions on the outskirts of the city.

Five Talents' partner in Peru is ECLOF – the Ecumenical Church Loan Fund – which has a 14-year track record of microfinance services in Peru. Five Talents' funding is supporting two branch offices to the north and south of Lima, where 2,287 people are taking loans averaging \$180 to grow their small businesses.

Lima has many other microfinance providers, but these people have chosen Five Talents' partner ECLOF because of their reputation for fair credit, enhanced by their church partnership and professional yet relational approach.

A new Five Talents partnership has been formed in the **Dominican Republic** with Esperanza – a local microfinance organization that has been trained by the Grameen Bank. They are operating in La Barquita, a slum area on the outskirts of the capital Santo Domingo. The community was hit by flooding in October 2007, which delayed the start of the project and made Esperanza's work even more critical to long-term economic development.

AFRICA

- New partner in Tanzania
- New partner in Southern Sudan
- Expansion in Uganda and Kenya

“The groups of women sometimes compete with each other to repay their loans on time!” says Immaculate Mwangulu, coordinator of the Mama Bahati Foundation (MBF) in Iringa, **Tanzania**. Five Talents worked closely with MBF to develop its five-year business plan. By 2011, the foundation plans to support 2,800 women with small loans, which will be sufficient to sustain the operation. The first nine months have gone extremely well reaching 254 clients with a 99% repayment rate.

Five Talents’ new project in Southern **Sudan** is supported by a consortium that includes World Concern, World Relief, Economic Projects Trust Fund of the Navigators, Stromme Foundation and Integra Foundation working in a small town called Lietnhom in Gogrial County. Five Talents’ main role is to involve the local church and community in business training, delivered by Kenyan and Sudanese staff. We are also helping construct a village bank, the only bank within 112 miles, in which people can safely save their money and from which a small loan plan is being developed. By the end of 2007, there were already 362 savers.

In **Kenya**, the savings-led project in Thika now has 945 members, and in two years they have saved more than \$80,000 of their own money, which they lend to their members. This is strong evidence of people’s desire to help themselves with dignity and self-esteem. Fortunately, the end-of-year election violence did not directly affect this project.

In **Uganda**, Five Talents Uganda transformed its governance during 2007 – electing a strong national Board of Directors to oversee its growth. In November, the Duke of Edinburgh met Five Talents staff from the Kasese branch during his visit to Uganda - a sign of the growing recognition of Five Talents’ programs. In 2008, Five Talents Uganda intends to open new branches in Mbale and Luweero.



KENYA

For Ephraim Njihi of Kenya, the clothing shop he started in November 2006 has been a literal blessing. He received his first Five Talents loan last fall to open the business he named Baraka Enterprises (“Baraka” means “blessing” in Swahili.). By May 2007, he had paid off that loan! Ephraim has found a niche for his business — clothing for teens to 30-somethings — and the income he is making provides hope for a better life for his wife and child.

Kenya Thika

No. of clients: 945
Loan fund in circulation: \$85,522
Church partner: Anglican Diocese of Thika

Kenya Muranga

No. of clients: 66
Loan fund in circulation: \$37,312
Church partner: Anglican Church of Kenya

Sudan

No. of clients: 362
Loan fund in circulation: \$4,500
Church partner: Episcopal Diocese of Wau

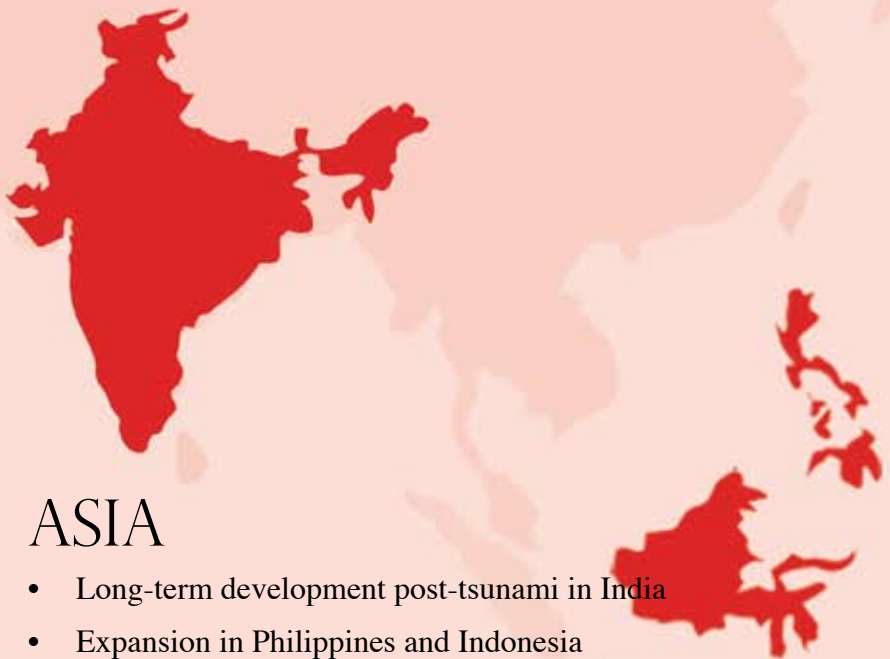
Tanzania

No. of clients: 254
Loan fund in circulation: \$12,196
Church partner: Anglican Diocese of Ruaha

Uganda

No. of branches: 3
No. of clients: 1642
Loan fund in circulation: \$330,198
Church partner: Anglican Church of Uganda





ASIA

- Long-term development post-tsunami in India
- Expansion in Philippines and Indonesia

INDIA

Confident. That's how I would describe Saiani – a wife, a mother of two and a businesswoman. Her confidence has blossomed in recent years thanks to a Self-Help Group and a small business loan. Saiani and her family live on the island of Pulicat, off the east coast of India. After the devastating tsunami hit her village in 2004, it was Saiani who pulled her family together and brought hope for a better life to her daughter and son.

Saiani is now the leader of her Self-Help Group, and she's also recently received her first loan of \$126. To start her business, she used \$51 to purchase firewood. Then, she used the remaining \$75 to buy rice in order to diversify her inventory. She sells her goods door-to-door in her village and says she now has the confidence to face any challenge.

The extra income generated by her business has been used to help Saiani's family recover from the tsunami. It is also being used to support her husband, who has survived five stomach surgeries and still faces medical uncertainty. Despite the difficulties, this medical challenge has inspired her 9-year-old daughter's desire to become a doctor. Anushiya wants to help heal her daddy and those like him.

Anushiya is one of the brightest students in her school, and with her mother's newfound confidence and financial security, her desire to become a doctor is more than just a dream; it's a vision and a true hope for a better life.

Reflections by Kelli Ross, Director of Communications, after visiting the Five Talents project in India

Following the December 2004 tsunami that hit southeast Asia, Five Talents began its work on Pulicat Island, north of Chennai, **India**, to assist with long-term economic recovery. Now, three years later, Five Talents is the only remaining NGO on the island. Our funding in this area has provided technical assistance to facilitate community-managed loan funds and business training. The work is focused on those oppressed by society – widows and dalits, formerly known as “untouchables.”

Five Talents' partner in South India is the Diocese of Madras, which is now supporting 1,186 people in 119 different Self-Help Groups in villages along the Indian Ocean coast. Five Talents is also providing technical assistance to Self-Help Groups in Nagpur and is exploring a new partnership in Darjeeling.

In the **Philippines**, Five Talents works with the Center for Community Transformation (CCT), a Christian microfinance organization working in the slums of Manila. We have provided loan capital, which now supports more than 6,300 loan clients with a 97% repayment rate.

Five Talents' partner in **Indonesia** is called GERHATI, an acronym in the local language for “Gateway of Hope for Human Transformation.” This year, it celebrated its two-year anniversary of working in the slums of Jakarta. Our funding provides small loans to 494 clients with average loans of just \$26 making a significant difference. The loans are based on need and are supported with training and mentoring by local staff.

India - Madras

No. of clients: 1,886
Loan fund in circulation: \$14,293
Church partner: Church of South India - Diocese of Madras

India - Nagpur

No. of clients: 967
Loan fund in circulation: \$22,885
Church partner: Church of North India

Philippines

No. of branches: 9
No. of clients: 6439
Loan fund in circulation: \$390,630
Church partner: Episcopal Diocese of the Central Philippines

Indonesia

No. of clients: 494
Loan fund in circulation: \$12,435
Church partner: Anglican community of All Saints Church in Jakarta and the Anglican Diocese of Singapore

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*Microcredit Summit Campaign
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Mr. Tom Sanderson
UK Director

Ms. Rachel Millward
UK Director of Development





MISSION STATEMENT

Five Talents' mission is to fight poverty, create jobs and transform lives by empowering the poor in developing countries using innovative savings and microcredit programs, business training and spiritual development.

"Master," he said, "You have entrusted me with five talents. See, I have gained five more." His master replied. "Well done, good and faithful servant! You have been faithful in a few things; I will put you in charge of many things. Enter into the joy of your master." Matthew 25:20-21

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