

 **2011 ANNUAL REPORT**
A YEAR IN REVIEW

+ PRESIDENT'S MESSAGE

It seems we are living in a time when handouts are often expected in the United States and many other countries of the world. I am grateful to be involved in an organization that teaches men and women to fish and to provide for themselves. Self-reliance builds character and gives dignity to the workers of this world.

This fact was made very clear to me in my visit to our operation in the Philippines in 2011. I was fortunate enough to meet with about 400 of our clients in one setting during this trip. During this meeting we were privileged to hear story after story of mothers who had been courageous enough to start a small business and then work hard enough to make it successful.

“We do it for our children,” one mother said. “We want our children to have enough to eat and to become educated. This is very important to us.”

One such mother was Narcissa Arcilla. She talked about being born into a poor family

where her parents taught their children how to work. She met Jose Arcilla at a fish port; they fell in love and were married. They were blessed with four children. With their jobs at port they were able to sustain the family's needs. Then, the unthinkable happened. Jose fell ill and passed away. They had already been poor, and now without her husband's salary she simply could not feed her children. She opened a small neighborhood store so she could provide for her children's needs while earning a living, but she was only earning \$4 per day. She joined with Mentors Philippines in 2003 and received her first loan of \$120. She became a faithful client, repaying each of her loans on time over the years. With her loans she was not only able to sustain her convenience store, but she was able to set aside a small amount of capital each month to start a frozen fish trading business. She now employs 20 people to help her run these businesses. From her humble appearance, no stranger would think that Narcissa runs businesses that net about \$120 of profit per day. Her children hold university degrees, and her daughter is now a partner with her in the business.

At the close of the meeting, Narcissa held my hand and told me with great warmth, “Thanks to Mentors

international and your donors for helping my family out of poverty. It has been a blessing to provide for my family and with their educations, they, too, can now be out of poverty.”

Narcissa learned how to fish both literally and figuratively. She is one of my heroes.

In 2010-11 we helped nearly 44,000 people like her. We disbursed nearly \$10 million in small loans during this time period. We collected \$1.7 million in savings. Over 58,000 individuals received training. The combination of training and loans helped these families to eat better nutrition, receive education, and become more self-reliant.

A special thank you for the sacrifices of our donors who have made all of this possible!



Mark L. Petersen
CEO | Mentors International

+ MISSION STATEMENT

The mission of Mentors International in developing countries is to assist individuals and families that struggle for self-sufficiency as they attain a self-reliant livelihood. This is achieved by providing enterprise activities and educational assistance such as trainings, character development guidance, counseling, mentoring, and of course, small business loans.

+ ABOUT MENTORS INTERNATIONAL

Mentors International (Mentors) is a public, 501(c)(3) non-profit microenterprise organization that helps the impoverished in developing countries achieve self-sufficiency.

Mentors has established seven partner organizations, one in each of the largest cities of the Philippines (Manila, Cebu and Davao), and one in Peru, Guatemala, El Salvador and Honduras. Each partner has its

own local board of directors and indigenous staff, but is a legal subsidiary of Mentors International and is supervised by the U.S. management team. Mentors also provides start-up support, training, operational funding and loan capital for its partner organizations.

With Mentors' guiding principle of “a hand up, not a hand-out,” the donor-recipient relationship is transformed. Mentors requires full repayment

In developed countries, Mentors' mission is to educate those with the means and desire how they may assist the poor in a meaningful and lasting way with proven and practical methods to extend “a hand up, not a handout.”

of loans, based on individuals' ability to pay, and provides clients with the tools of knowledge necessary to become self-sufficient.

The organization's operating philosophy and policies are based on the value system that a successful life, business or society can be built only by building individual character.

+ 2010–2011 HIGHLIGHTS

43,841

ACTIVE CLIENTS

\$1,698,659

OF SAVINGS THAT CLIENTS ARE VOLUNTARILY
SAVING ON A REGULAR BASIS

2,383,176

INDIVIDUALS IMPACTED BY MENTORS
INTERNATIONAL SINCE 1990

\$2,820,848

IN MICROLOANS OUTSTANDING
REPRESENTING A 14% INCREASE

6.1%

TOTAL PORTFOLIO AT RISK
OVER 30 DAYS

\$163.85

AVERAGE LOAN SIZE DISBURSED

59,810

LOANS DISBURSED FROM
07/01/2010–06/30/2011

58,009

INDIVIDUALS ATTENDED MENTORS'
TRAINING AND WORKSHOPS

95.5%

OF MENTORS' CLIENTS
ARE FEMALE

\$9,799,572

IN SMALL LOANS DISTRIBUTED FROM
07/01/2010–06/30/2011

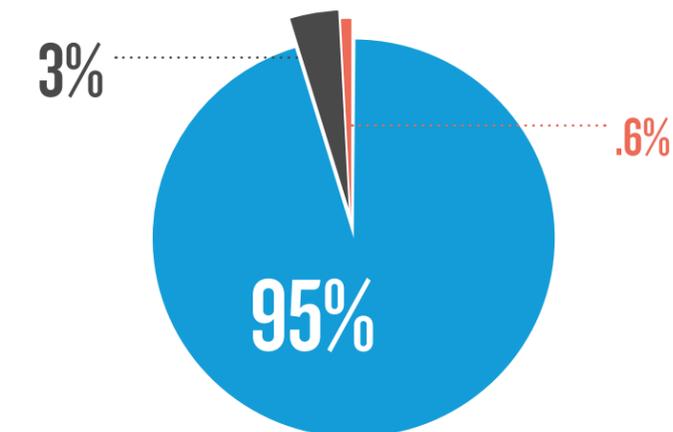
16,391

JOBS WERE CREATED FROM
07/01/2010–06/30/2011

+ 2010–2011 HIGHLIGHTS

2010–2011 EXPENSE OUTFLOW

■ Program Services	\$ 3,072,686
■ General and Administrative	\$ 128,577
■ Fundraising	\$ 21,623



2010–2011 SUMMARY OF PERFORMANCE

	PHILIPPINES	GUATEMALA	HONDURAS	EL SALVADOR	PERU
Total Clients	38,469	3,280	457	754	881
Average Disbursed Loan Size	\$ 141	\$ 256	\$ 216	\$ 241	\$ 321
Total Outstanding Loan Portfolio	\$ 1,935,122	\$ 456,715	\$ 54,692	\$ 115,187	\$ 260,132
Total Amount Disbursed	\$ 7,027,773	\$ 797,658	\$ 220,044	\$ 333,943	\$ 796,665

STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
CURRENT ASSETS						
Cash and cash equivalents	\$ 26,468	-	26,468	\$ 20,418	-	20,418
Prepaid expenses and other current assets	7,408	-	7,408	3,385	-	3,385
TOTAL CURRENT ASSETS	\$ 33,876	-	33,876	\$ 23,803	-	23,803
PROPERTY AND EQUIPMENT						
Office furnishings and equipment	\$ 17,054	-	17,054	\$ 16,254	-	16,254
Leasehold improvements	10,177	-	10,177	10,177	-	10,177
Software	85,145	-	85,145	85,145	-	85,145
Less: accumulated depreciation and amortization	(75,285)	-	(75,285)	(51,553)	-	(51,553)
TOTAL PROPERTY AND EQUIPMENT	\$ 37,091	-	37,091	\$ 60,023	-	60,023
OTHER ASSETS						
Investments, cost	\$ 7,500	-	7,500	\$ 7,500	-	7,500
Notes receivable	-	-	-	-	1,422,867	1,422,867
Notes receivable (including accrued interest of \$7,541 and \$592,603, respectively) foreign partner affiliates, net of loan loss reserve of \$960,000 and \$1,146,000, respectively)	1,680,183	-	1,680,183	1,450,740	-	1,450,740
Land held for sale	-	-	-	-	450,000	450,000
Deposits and other assets	-	-	-	10,000	-	10,000
TOTAL OTHER ASSETS	\$ 1,687,683	-	1,687,683	\$ 1,468,240	1,872,867	3,341,107
TOTAL ASSETS	\$ 1,758,650	-	1,758,650	\$ 1,552,066	1,872,867	3,424,933
CURRENT LIABILITIES						
Accounts payable and accrued expenses	\$ 162,490	-	162,490	\$ 127,698	-	127,698
Accrued interest	2,500	-	2,500	-	-	-
Line-of-credit	178,059	-	178,059	148,840	-	148,840
TOTAL CURRENT LIABILITIES	\$ 343,049	-	343,049	\$ 276,538	-	276,538
LONG-TERM LIABILITIES						
Notes payable	441,209	-	441,209	-	-	-
TOTAL LIABILITIES	\$ 784,258	-	784,258	\$ 276,538	-	276,538
NET ASSETS						
Unrestricted	\$ 974,392	-	974,392	\$ 1,275,528	-	1,275,528
Temporarily restricted	-	-	-	-	1,872,867	1,872,867
TOTAL NET ASSETS	\$ 974,392	-	974,392	\$ 1,275,528	1,872,867	3,148,395
TOTAL LIABILITIES AND NET ASSETS	\$ 1,758,650	-	1,758,650	\$ 1,552,066	1,872,867	3,424,933

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES AND SUPPORT FROM OPERATIONS						
PUBLIC SUPPORT						
Contributions	\$ 713,441	29,898	743,339	\$ 742,917	26,898	769,815
Special events	234,512	-	234,512	249,508	-	249,508
Less: direct costs of special events	(90,557)	-	(90,557)	(106,233)	-	(106,233)
TOTAL PUBLIC SUPPORT	\$ 857,396	29,898	887,294	\$ 886,192	26,898	913,090
REVENUE						
Interest and other miscellaneous revenue	\$ 161,589	-	161,589	\$ 226,889	-	226,889
TOTAL REVENUE	\$ 161,589	-	161,589	\$ 226,889	-	226,889
Temporarily restricted funds released from restriction	\$ 1,902,765	(1,902,765)	-	\$ 234,895	(234,895)	-
TOTAL REVENUES AND SUPPORT FROM OPERATIONS	\$ 2,921,750	(1,872,867)	1,048,883	\$ 1,347,976	(207,997)	1,139,979
OPERATING EXPENSES						
PROGRAM SERVICES						
	\$ 3,072,686	-	3,072,686	\$ 983,789	-	983,789
SUPPORTING SERVICES						
Fundraising costs	\$ 21,623	-	21,623	\$ 68,590	-	68,590
General and administrative	128,577	-	128,577	165,518	-	165,518
TOTAL SUPPORTING SERVICES	\$ 150,200	-	150,200	\$ 234,108	-	234,108
TOTAL OPERATING EXPENSES	\$ 3,222,886	-	3,222,886	\$ 1,217,897	-	1,217,897
CHANGE IN NET ASSETS	\$ (301,136)	(1,872,867)	(2,174,003)	\$ 130,079	(207,997)	(77,918)
NET ASSETS AT BEGINNING OF YEAR	\$ 1,275,528	1,872,867	3,148,395	\$ 1,145,449	2,080,864	3,226,313
NET ASSETS AT END OF YEAR	\$ 974,392	-	974,392	\$ 1,275,528	1,872,867	3,148,395

+ SUCCESS STORIES

Mentors International's success comes down to one thing, the individuals that we help. One by one the individuals we assist are lifting themselves out of poverty and in the process are eradicating hunger, increasing their children's educational opportunities and providing homes for their families. These are people in extreme poverty that have tried desperately to get out, but haven't been able to for one reason or another. They want to provide an honest living for their family and often, because of circumstances beyond their control, they haven't been able to break the cycle of poverty.

All of our applicants have an important story to tell. It all begins with a small micro-loan and mentoring from trained Mentors' personnel to ensure their successful business growth. Through our business mentoring program offered in neighborhood settings, eager entrepreneurs learn accountability, discipline and other skills that improve their businesses and in turn their lives. They become successful entrepreneurs, but most importantly they become heroes. Heroes to their family and to themselves, they have beaten the odds and lifted themselves with dignity out of the cycle of poverty that engulfs so many in developing countries. We would like to share a few stories of some of the individuals that we have been able to help (through the generous support of donors) end poverty through self-reliance.

VERGINIA FELISILDA

+ MENTORS PHILIPPINES



Born in Mindanao, Philippines, Virginia Felisilda grew up helping her mother peddle vegetables and fish for a living. When she was 17 years old, she met her first husband Rogelio, and had three children. Unfortunately,

Rogelio abandoned his family and left Virginia to raise their children alone. She took odd jobs to make ends meet. After many years passed she met a wonderful man, Mamerto Felisilda who moved her and her children to Cebu to make a better life for them. Mamerto taught Verginia how to make ice cream, a trade he learned in his teenage years. Together, they began to mix their own ice cream, made from the freshest ingredients, and peddle it on the streets out of a barrel they attached to a bicycle. Verginia was interested in expanding their business but lacked capital. In 2010, she joined Mentors Philippines and acquired her first loan to purchase additional bicycles and ice cream barrels. Now, she employs her two sons and a neighbor to deliver their products. Their business has become known as "one of the best" ice cream makers and is helping them successfully provide for her children. Verginia attributes their success to Mentors for helping them expand.

MARWIN & MARCIEL LIM

+ MENTORS PHILIPPINES



While still very young, Marciel Lim left her poverty-stricken parents to live with her grandmother for a chance at a better education. She completed school and moved to Manila where she found employment

and met her husband, Marwin. He supported their family by driving a jeepney as a taxi. With costly repairs for the jeepney, he struggled to provide for their basic needs. In 2006, Marciel and her husband decided to sell used tires out of their home. This provided additional income and Marciel saw the potential of improving their home-based business if only she had more capital. She joined Mentors Philippines in 2008 and used this first loan to supplement their business. With additional loans she began to purchase and sell parts for jeepneys. Now on her tenth loan cycle, the new business generates an additional \$480 a month. The couple is proud to say they now own their jeepney and are financing another one. They were able to enroll their daughter in a safer school and have begun saving for the education of their youngest, a son. Marciel is thankful to Mentors Philippines for entrusting her with loans that enable her to maintain her growing business.

LOANA HORMES

+ MENTORS PERU



Loana Hormes's husband worked early mornings to very late into the evenings in the manufacturing of *huaype*—pieces of cotton lint—to support their family. She wanted to contribute but needed financial

support to buy more fabric, "I went to many places to find financial aid and did not get it." Although she was turned away many times, she never gave up. A remembering smile adorns her face as she expresses relief when Mentors Peru came to their community in 2009. "A neighbor gave me a flyer and it caught my attention." She knew that this was the help they needed. Loana has now had a loan from Mentors Peru for three years, and their family business has blossomed. "Without the help I get from Mentors Peru I would not be able to provide for the growing demand of our product," she says happily. "We eat better, we live better and our boys are getting educated." Loana has also started her own business. "From a very young age I liked chocolate and now I make and sell them. My business is growing in my neighborhood." Truly, Loana is living her dream thanks to Mentors Peru.

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+ 65 E. WADSWORTH PARK DRIVE
SUITE #207
DRAPER, UTAH | 84020

801.676.7776 | MENTORSINTERNATIONAL.ORG