

Dignity Through Self-Reliance

Giving a Hand Up. Not a Hand Out.

2008 Annual Review | Mentors International

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Giving a Hand Up. Not a Hand Out.

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

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

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

The Mentors Mission

The mission of Mentors 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.

In developed countries, Mentors' mission is to provide those with the means and desire to assist the poor in a meaningful and lasting way, with proven and practical methods to extend "a hand up," not a hand-out.

2008 Highlights

30,830
ACTIVE CLIENTS

+11%

41,815
FAMILIES SERVED

+21%

279,108
INDIVIDUALS BENEFITED

+17%

34,632
LOANS GIVEN

+13%

Other Stats

- \$5,485,503 total loaned in 2008, each loan averaging \$158
- Repayment rate of 96%, a one percent increase from 2007
- \$30,221,846 loaned since 1990



Message from the President

Dear Supporters,

It is my great privilege to showcase the Mentors International 2008 annual report. Thanks to your support, Mentors accomplished its goals and served a record number of families last year, despite economic downturns.

Significant areas of focus included structuring our partner organizations to achieve Operational Self Sufficiency (OSS), which included creating numerous operational efficiencies, cost management, and ensuring proper leadership. These efficiencies, brought into effect in 2008 with plans for additional measures in 2009, will set the stage for future growth that will bless many more thousands of lives.

Aside from our growth and restructuring, 2008 was a year of change and progress for Mentors in other areas as well.

After completing a successful two-year term, Mary Ellen Smoot stepped down as board chair of Mentors. Smoot provided much-needed support for the transition of Mentors from the St. Louis offices to the new Utah offices during her tenure. She also helped spearhead new financial contributions and was very supportive of the new management team. Ralph Christensen, former managing director of human resources for Hallmark Cards, was elected as the new chair, with Bruce B. Bingham as vice chair and Ken Cutler as secretary/treasurer. We are excited about these new changes.

Since assuming the role of president and CEO in November 2007, it has been my focus to help our partner organizations in the Philippines and Central and South America achieve Operational Self Sufficiency (OSS). When a partner organization arrives at OSS, it means that they have become profitable in their business operations and they no longer rely on Mentors for operating grants. I'm happy to report that our first partner organization to achieve this prestigious status is Manila, Philippines. By year-end 2008 they reached 16,300 clients and 110-percent OSS. It will be rewarding to see how this success will help this partner organization grow in the coming year.

On November 7, 2008, Mentors' friends and supporters gathered for our annual gala at the Grand America Hotel in Salt Lake City, Utah. A total of \$440,000 was raised through this event. Mentors' second International Humanitarian Service Award was presented to Laura Bush, First Lady of the United States of America. We also presented a distinguished service award to Marion D. Hanks, a former chairman of the board for Mentors, and the Mormon Tabernacle Choir for the service they provide in religious choral music throughout the world. The Choir provided a stirring performance to those who attended Mentors' most successful gala in history. My heartfelt thanks go to the Mormon Tabernacle Choir and to Lloyd Newell, master of ceremonies.

I believe that there are no ordinary people; every client represents a pool of unlimited potential.

— Mark Petersen
Mentors, President & CEO



Mark L. Petersen was appointed by the Board of Directors as President and CEO in November 2007. His focus has been to bring Mentors' Partner Organizations to profitability as quickly as possible to enable the lifting of even more families out of poverty.

As you read through these pages, you will find inspiration in our client stories and come to understand the power and promise of our services. We are dedicated to transforming lives and giving those less fortunate the opportunity to become self-sufficient through mentoring, training, consulting and microlending.

I believe that there are no ordinary people; every client represents a pool of unlimited potential. Through you, our valued supporters, potential is being cultivated. The future looks bright indeed and this remarkable growth is only possible because of your personal commitment toward helping these families enjoy more successful, productive lives.

With Gratitude,

A handwritten signature in black ink that reads "Mark L. Petersen".

Mark L. Petersen
President and CEO



Mentoring as a Focus

Each day at Mentors' overseas partner organizations, business advisors provide personalized consulting for clients. As you can see, Mentors' name has been changed from Enterprise Mentors International to Mentors International, with a focus on "Mentors." This changed is based on the desire to emphasize how highly the mentoring aspect of the organization is valued. With just a simple loan and no training or mentoring, clients would not have the tools to fully develop their businesses. We want to encourage clients to run businesses that will be successful now and years into the future.

Mentors' comprehensive services:

TRAINING

- Small Business Orientation
- Bookkeeping & Accounting
- Entrepreneurial Management Skills
- Production
- Marketing
- Quality Control

CONSULTING

- On-site Visits
- Business Analysis
- Action Plans
- Organization Development
- Management Counsel
- Personnel and Human Resources

MENTORING

- Encouragement
- Networking & Referrals
- Action Plan Follow-through

LENDING

- Individual Loans
- Group Loans
- Access to Commercial Credit

“Time and money spent in helping men do more for themselves is far better than mere giving.”

— Henry Ford

Microcredit is a Lifeline

Microcredit is the extension of very small loans (microloans), without collateral, to struggling entrepreneurs in developing nations. Due to its success, microcredit has gained much credibility in the mainstream finance industry.

Small business loans are a tool for struggling entrepreneurs in the developing world. With capital at affordable market interest rates, entrepreneurs can expand their businesses and generate steady incomes.

With business loans, Mentors' clients gain the ability to work their way out of poverty for the first time in their lives. As they increase their incomes, Mentors' clients are able to adequately feed their children, buy school uniforms and books, and pay tuition for better schools. Many clients eventually hire family members and friends in their growing businesses, providing income to additional families.

In 2008, Mentors' partner organizations extended 34,632 microloans and created 4,688 jobs, impacting 279,018 people in Latin America and the Philippines. Since 1990, Mentors has loaned \$30,221,846 with an average repayment rate of 96 percent.

MICROLOANS ENABLE MENTORS' CLIENTS TO:

- Purchase tools and raw materials
- Increase product variety
- Improve product quality
- Enhance productivity and hire employees
- Satisfy market demand

TINY LOANS, HUGE IMPACT

- Many Mentors' clients start with small business loans of \$50
- Since loans are repaid with interest, donations create an everlasting impact
- Mentors' loan repayment rate averages at 96 percent
- Mentors serves many rural communities where 100 percent of clients pay back every loan!



Maria*

Women Making a Positive Change

EXTENSIVE PROBLEMS

• Nutrition

Proper nutrition is a serious concern. A diet of little more than tortillas, which is common in Guatemala, can do permanent damage to the body.

• Malnourishment

Almost half of the children in Guatemala are chronically malnourished.

• “Inherited Hunger”

“Inherited hunger,” malnourished mothers giving birth to malnourished babies, is a major impediment to development.

• Stunted Growth

Malnutrition has negative long-term effects on a child’s work capacity and intellectual performance. These serious effects reach far into adulthood.

WIDESPREAD SOLUTIONS

• Primary Caregivers

A woman is the primary caregiver for her family.

• Family Planning

When women are better educated and more in control of their lives, they have a stronger influence in smart family planning.

• Education

When women are educated, they tend to provide better health care and nutrition for themselves and their children. They are also more likely to send their children to school.

• Positive Impact

When given more influence, women seem to act more responsibly in helping people in the village and make a positive impact on their economies.

**94 percent of Mentors’ clients are women.*

See references at www.mentorsinternational.org



Meet Maria Mendez.

She owns a weaving business in Patzicia, Guatemala. >>>>>>>>

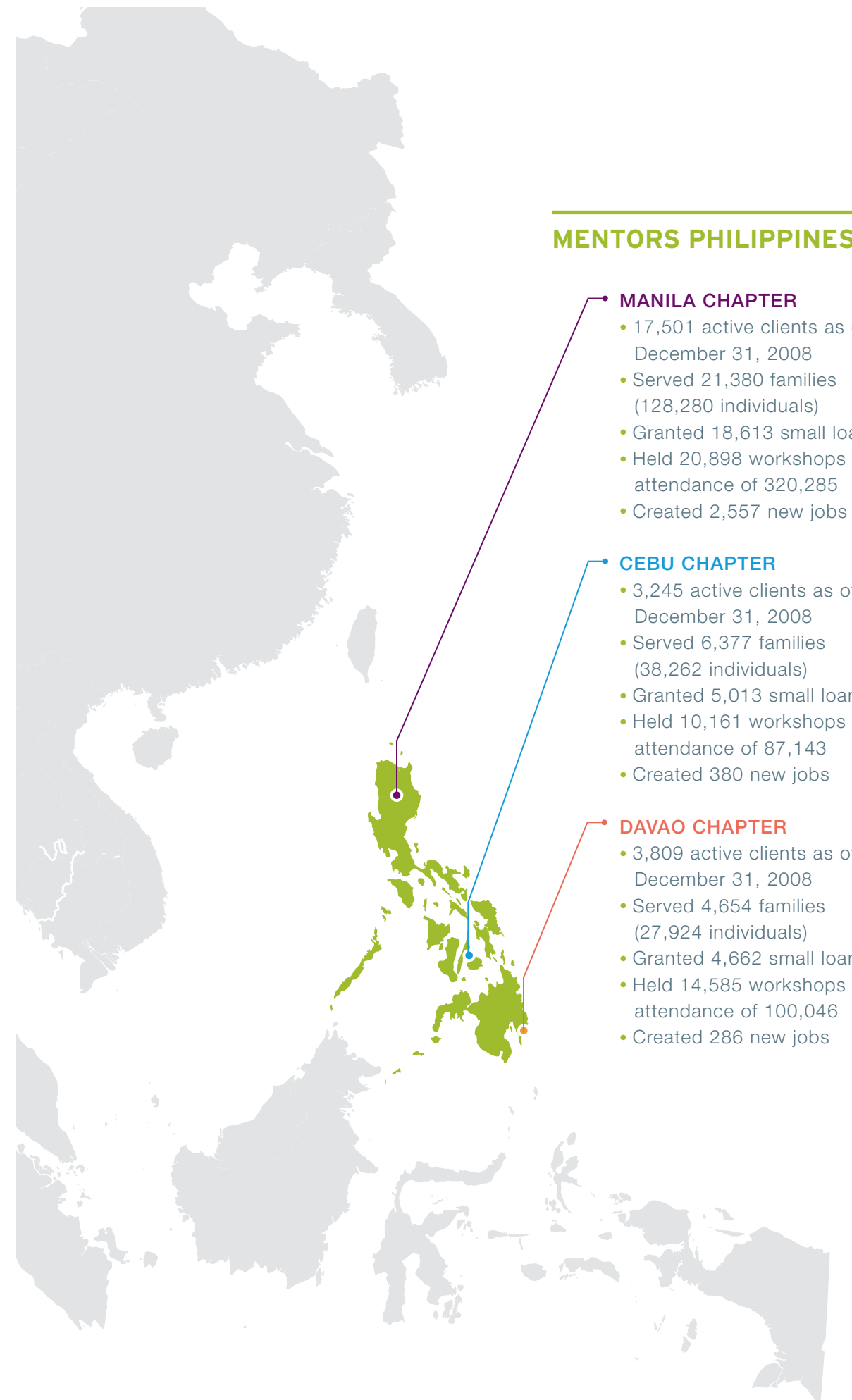
Every day, Maria kneels on a concrete floor for eight hours and weaves colorful and intricately-designed shirts, called *guipils*. *Guipils* take up to five months to complete—weavers can only advance about four inches a day.

In the past, Maria made just enough profit from her *guipils* to eat tortillas and salt daily. Her nutrition was lacking, to say the least.

With a microloan and ongoing business training from Mentors, Maria has employed two women to speed up the weaving process. In a small amount of time, she has doubled her profits and is reaching out to other women in her community.

Maria is now improving her lifestyle and nutritional health, and she helps other women do the same.





MENTORS PHILIPPINES

MANILA CHAPTER

- 17,501 active clients as of December 31, 2008
- Served 21,380 families (128,280 individuals)
- Granted 18,613 small loans
- Held 20,898 workshops with attendance of 320,285
- Created 2,557 new jobs

CEBU CHAPTER

- 3,245 active clients as of December 31, 2008
- Served 6,377 families (38,262 individuals)
- Granted 5,013 small loans
- Held 10,161 workshops with attendance of 87,143
- Created 380 new jobs

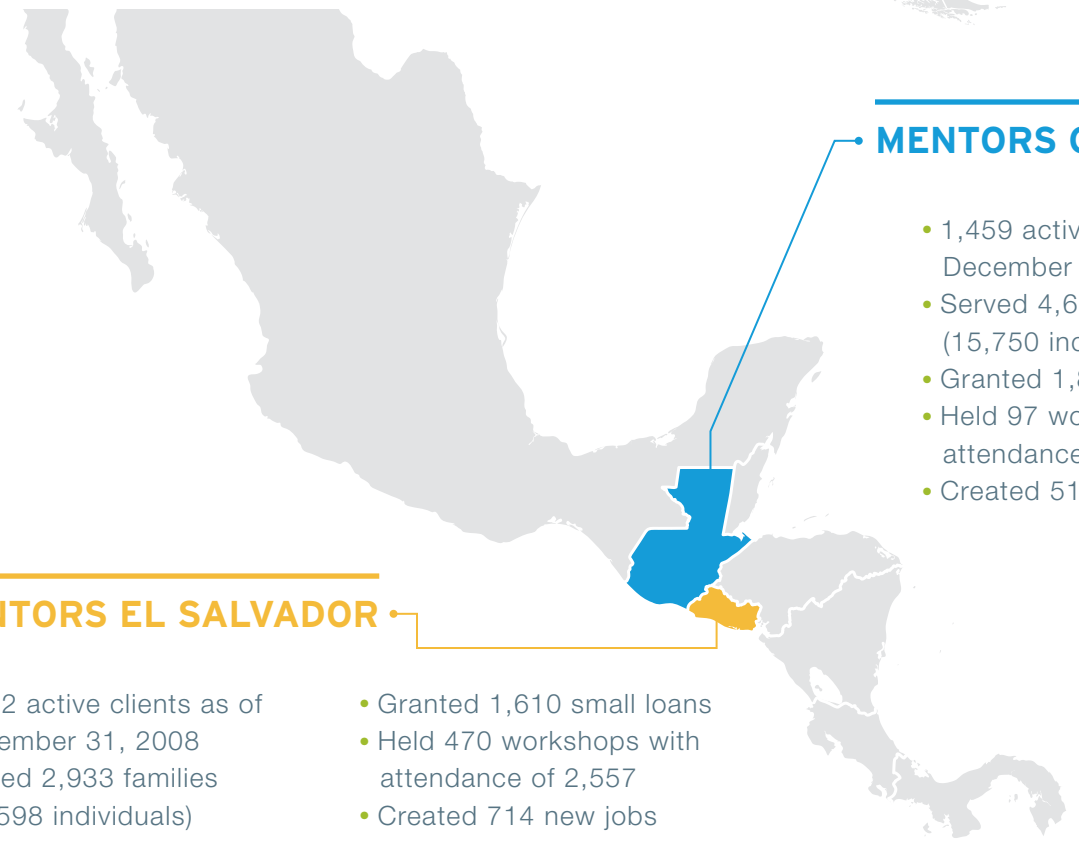
DAVAO CHAPTER

- 3,809 active clients as of December 31, 2008
- Served 4,654 families (27,924 individuals)
- Granted 4,662 small loans
- Held 14,585 workshops with attendance of 100,046
- Created 286 new jobs



MENTORS PERU

- 1,229 active clients as of December 31, 2008
- Served 2,020 families (12,120 individuals)
- Granted 2,102 small loans
- Held 158 workshops with attendance of 1,148
- Created 171 new jobs



MENTORS GUATEMALA

- 1,459 active clients as of December 31, 2008
- Served 4,654 families (15,750 individuals)
- Granted 1,819 small loans
- Held 97 workshops with attendance of 2,110
- Created 512 new jobs

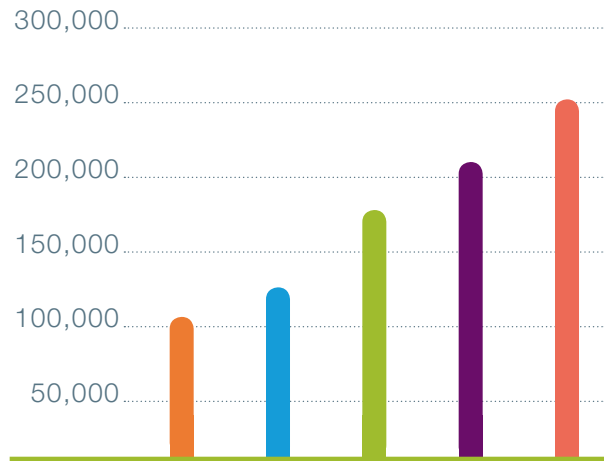
MENTORS EL SALVADOR

- 2,192 active clients as of December 31, 2008
- Served 2,933 families (17,598 individuals)
- Granted 1,610 small loans
- Held 470 workshops with attendance of 2,557
- Created 714 new jobs

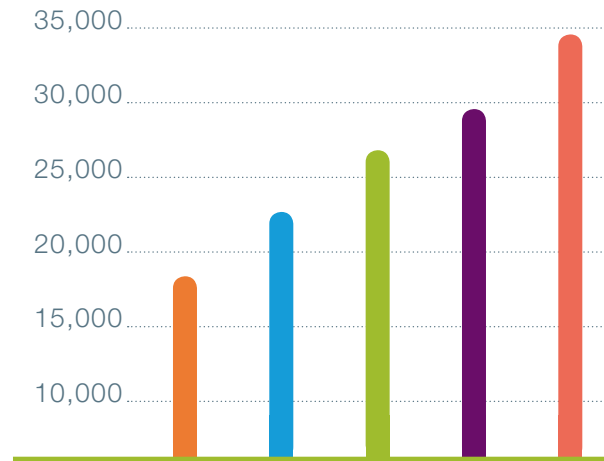
2008 Program Results

For every client served, the lives of five additional people rise out of poverty.

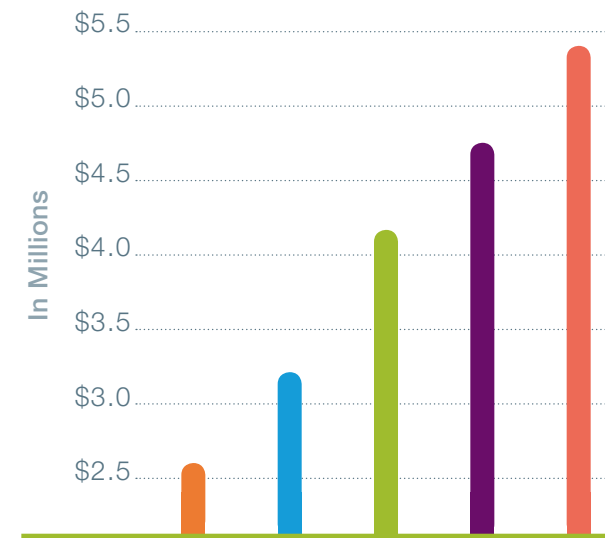
KEY
 ● 2004 ● 2005 ● 2006 ● 2007 ● 2008



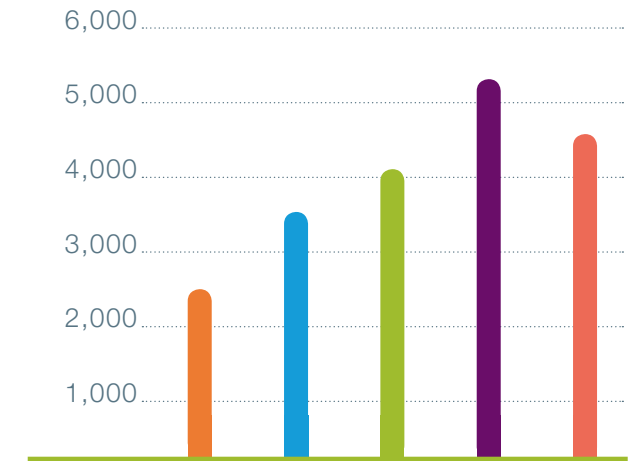
Individuals Helped



Loans Granted



Dollars Loaned



Jobs Created



Virgia's crop yield will see her children through college, giving them the power to become something more.

Meet Virgia Guma.

With her first loan from Mentors, Virgia planted turnip seeds. Those first seeds have grown into 12,000 hills of turnips and other vegetables. With these investments, her average monthly income has increased significantly.

Virgia works and prays for an abundant crop yield that will see her children through college and give them the power to become something more. **Joining Mentors, coupled with hard work and solid principles, has lightened Virgia's burdens and allowed her to become self-sufficient.**



2008 Financial Position

ASSETS	DECEMBER 31,	
	2008	2007
Current Assets		
Cash and cash equivalents	447,220	838,315
Unconditional promises to give	0	125,000
Interest receivable	0	8,323
Foreign micro-loans receivable, net of allowance for loan loss of \$25,000	364,067	0
Current portion of notes receivable	1,437	1,053
Total Current Assets	\$ 812,724	\$ 972,691
Investments	75,000	89,342
Furnishings and software, net	104,258	8,927
Other assets	12,544	12,544
Land held for sale	450,000	450,000
Notes receivable, less current portion	1,429,809	1,433,708
Notes receivable - foreign partner affiliates net of allowance for loan loss of \$100,00 and \$1,017,959	1,340,357	1,397,110
	\$ 4,224,692	\$ 4,364,322
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	159,096	96,631
Total Current Liabilities	159,096	96,631
Net Assets		
Unrestricted		
Unrestricted	644,375	935,391
Notes receivable - foreign partner affiliates	1,340,357	1,397,110
Total Unrestricted Net Assets	\$ 1,984,732	\$ 2,332,501
Temporarily restricted	2,080,864	1,935,190
Total Net Assets	\$ 4,065,596	\$ 4,267,691
	\$ 4,224,692	\$ 4,364,322

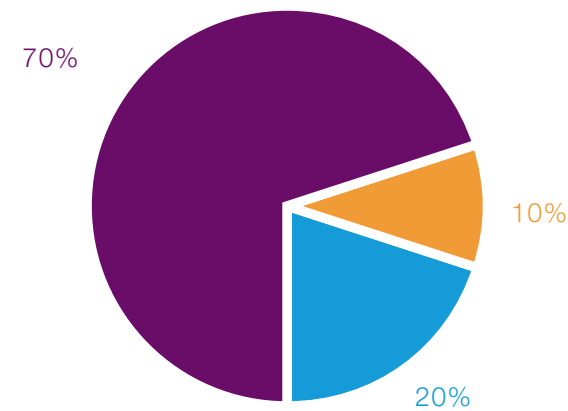
2008 ACTIVITIES AND CHANGE IN NET ASSETS

UNRESTRICTED NET ASSETS	DECEMBER 31,	
	2008	2007
Public Support		
Private donors	964,535	1,405,377
In-kind donations	20,000	20,065
Special events	357,957	225,940
Less: direct cost of special events	(149,136)	(70,353)
Revenue		
Interest and dividends	88,899	42,210
Total Unrestricted Net Assets	\$ 1,283,255	\$ 1,623,239
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions Satisfied	133,524	309,014
Total Unrestricted Public Support & Revenue	\$ 1,416,779	\$ 1,932,253
EXPENSES		
Program	1,276,768	1,944,767
Supporting Services		
Administration	230,349	274,260
Fundraising	257,419	230,317
Total Expenses	\$ 1,764,548	\$ 2,449,344
CHANGE IN UNRESTRICTED NET ASSETS	\$ (347,769)	\$ (517,091)
TEMPORARILY RESTRICTED NET ASSETS		
Public Support		
Private donors	95,430	240,178
Special events	85,500	0
Interest	98,268	98,000
Restrictions satisfied	(133,524)	(309,014)
CHANGE IN TEMPORARILY UNRESTRICTED NET ASSETS	\$ 145,674	\$ 29,164
CHANGE IN NET ASSETS	\$ (202,095)	\$ (487,927)
NET ASSETS, BEGINNING OF YEAR	\$ 4,267,691	\$ 4,755,618
NET ASSETS, END OF YEAR	\$ 4,065,596	\$ 4,267,691



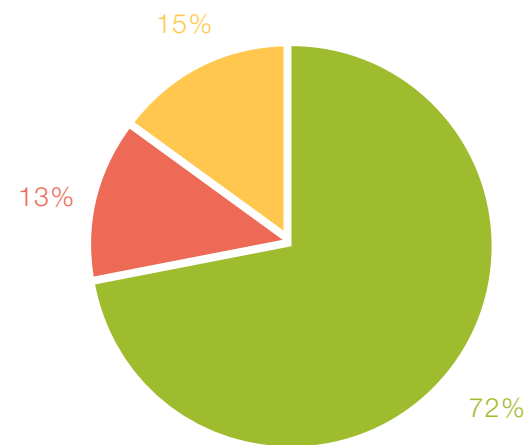
2008 Program Inflows

Board	\$283,255	20%
Public	\$1,000,000	70%
Investments	\$145,674	10%



2008 Program Outflows

Program	\$1,276,789	72%
Administration	\$230,349	13%
Fundraising	\$257,419	15%



Due to the dramatic economic downturn, 2008 saw a decrease in donations. Mentors responded by cutting its budget by 35 percent and implementing greater efficiencies in its partner organizations. With this managed efficiency, Mentors grew by 11 percent.

Company Leadership

Mark L. Petersen
President and CEO

Robert Stubbs
Vice President, Finance and Operations

Adriano Oliveira
Program Director

Anne Stewart
Development Director

Jovencio Guanzon
Regional Director
Mentors Philippines — Manila

Rowena Dolorfino
Deputy Executive Director
Mentors Philippines — Cebu

Thelma Caparas
Deputy Executive Director
Mentors Philippines — Davao

Daniel Rodriguez
Executive Director
Mentors Guatemala

Carlos Rivas
Executive Director
Mentors El Salvador

Alex Arangoitia
Executive Director
Mentors Peru

Board of Directors

James R. Albertson
Focal Point Business Coaching

Marcia Bean
Community Leader

Bruce B. Bingham, Vice Chair
Partner
Hamilton Partners

Fred Carpenter
Glenwood Group

Ralph Christensen
Director of Human Resources
LDS Church

Amy Cowley
Retired CFO
MonaVie

Ken Cutler
President
Interwest Associates

William G. Gibbs
Attorney

Debi Gilmore
Community Leader

Daniel R. Gunnell
President and CEO
Liberty Pioneer Energy Source

Ron Gunnell
The Paradigm Group

John Hawkins
CEO
Mayflower

J. Frederick Huckvale
President and Chairman
Millennial Management

Norman O. King
Cornerstone Property Services

Coleen Menlove, Vice Chair
Educator and Author

Steve Nelson
President and CEO
Unishippers

Don A. Patterson
CEO
Legacy LLC

Jaynann M. Payne
Lecturer and Author

Scott R. Petersen
Chairman
Health and Benefit Systems

David K. Richards
President
David K. Richards Company

Franklin D. Richards, Jr.
President
Franklin D. Richards Company

David J. Sanchez
Real Estate Developer

Drew Smith
Venture Capitalist

Menlo F. Smith
Chair
Sunmark Capital Corp

Mary Ellen Smoot, Chair
Smoot Realty

Robert E. Wells
Retired
Citibank of New York

EMERITUS
Marion D. Hanks
Former chairman
Hanks Foundation



