



Opening Channels

Negros Women for Tomorrow Foundation

ANNUAL REPORT 2005



NEGROS WOMEN FOR TOMORROW FOUNDATION, INC.

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The Cover

We can look at them as an *opportunity* to a passage in another world, in the midst of an area where unguarded paths can be released to a means of achieving a *formal beginning*.

That is what *Opening Channels* is all about.





Negros Women for Tomorrow Foundation, Inc.

M I S S I O N

SERVICE WITH HONOR

At Project Dunganon, we shall enable and ennoble the hardcore poor through:

- Innovative credit and savings schemes
- Socio-cultural development programs and services
- Hard work and commitment of our most valuable asset;
- An organizational culture that promotes concern, trust, and teamwork where competence and performance are greatly rewarded;
- The development of the professional and personal welfare of every staff.

We shall do all these for God, for country, for our families and for ourselves.

Working for a better tomorrow.

Chairperson's Message

A BANNER YEAR-

After 21 years of working relentlessly to help fight poverty, NWTF can proudly say that we did make a difference in the lives of the economically active poor in the Philippines today.

That we have shared our hard-earned resources to people in need is indicative of our mission to extend credit to the marginalized members of our community. In 2005, we have reached out to 67,982 beneficiaries in 36 branches located in Negros, Cebu, Samar and in Palawan.

I am therefore pleased to report to you that NWTF is stronger today than at any time in the previous years as we strive to take the lead in the microfinance industry in Western Visayas and that of the neighboring provinces. Operations increased both in volume as well as in savings which was brought about by the sustained effort of management, staff and the unwavering support of our clientele to improve our performance. Our financial performance is indeed commendable considering the risks and challenges that our Foundation and our beneficiaries are facing in the light of the economic situation of our country.

Let me assure all our employees and our members that your Board of Directors will continue to work for the fulfillment of our objectives - that making NWTF a formidable agent of change in the lives of the financially handicapped so that this country of ours can make poverty part of history in the not so distant future.

Thank you and may God bless us all.




Wilhelmina R. Gonzales
Chairperson

Channeling to Dungganon Bank

It is a known fact that there are endeavors in this lifetime that would entail sacrifices, obstacles, sweat, blood, tears and sometimes, just sometimes, our whole being - who we are and what we are. However, there is much more that one can make out of this predicament. We can look at them as an **opportunity** to a passage in another world, in the midst of an area where unguarded paths can be released to a means of achieving a **formal beginning**.

That is what Opening Channels is all about.

There was the dream that turned into a reality. Thousands of women who were given a favorable chance made it possible to launch what could have been one of the greatest embodiments of unraveling what they can offer. They found an outlet that would unwrap all their wonderful abilities that would make them Dungganon (Honorable).

Now the vision, something we can look forward to and go beyond the four corners of our desk. Should we be tied down? Or should we take that extra mile of knowing that out there we can raise the levels of our professionalism a few notches and be truly recognized as a foundation contributing in the economic system of our country?

Such was the avenue that Negros Women for Tomorrow Foundation (NWTF) has chosen. With the different programs being explored and acquired, NWTF has expanded and entered into channels where limitations are opened and possibilities embraced.

Launching Dungganon Bank last August 1, 2005 and becoming the first microfinance thrift bank in the Visayas made the services that were being offered

With bright eyes, steady hands and a courageous heart, no matter how many channels will be opened, the work put into it will make it possible to reach and achieve all limitless boundaries.



to the clients more specialized and formalized deposit activities that would avail facilities being offered by the Central Bank of the Philippines.

The vision of becoming a leading microfinance thrift bank fully committed to provide its valued client, especially the poor, with professional services to give financial opportunities where every Filipino can be truly Dungganon (Honorable) has paved the way to empower the clients to uplift their standard of living.

These clients, in turn, become entrepreneurs working for the betterment of their families and contributing by the employment they offer to other people have helped alleviate poverty. The cycle that has begun from one source, has trickled down to smaller revelations.



These revelations come in different forms. For some, it is a simple need as to feed the family with three square meals or sending their children to school, or improvement of their homes and the power to purchase home equipments such as a stove, a television and more just to hasten the household chores or for recreation purposes. For others, it gave them the chance not just to provide jobs but to also help the families of their employees when they get hospitalized or when they don't have enough funds to pay for their children's schooling.

Our clients have become an inspiration in their own community making them mentors and even heroes. The circle has transcended in a spiral way where we can steer the channel in the direction where the thrust is to be Dunganon (Honorable).

Lending is just a means to achieve in touching the lives of others. Without realizing it, Negros Women's branching out to other areas and consistently initiating and designing ways to make their services more professional has benefitted everyone involved in that vision. Moreover, the means of alleviating poverty has fought our way through all the problems and challenges that has been set before us. With bright eyes, steady hands and a courageous heart, no matter how many channels will be opened, the work put into it will make it possible to reach and achieve all limitless boundaries.



Channeling to Micro-Crop Loan

Negros is basically a mono-crop island with approximately 85% of the province's land area used for sugarcane production. This has become a big disadvantage for economic development since redistribution of land through the efforts of the government has led to the unemployment of 12,000 farm workers. Farm workers who now own the land cannot till due to lack of proper financial assistance. In spite of previous efforts to provide capital to farmers, it led to failure due to the fact that financial institutions require that labor be the equity of the farmers and their production cycle is one year. Since most of them are unemployed, most of the Agrarian Reform Beneficiaries (ARBs) would resort to leasing, pawning or selling their newly acquired land.

Negros Women for Tomorrow Foundation, Inc (NWTF) has been combating poverty in Negros for 20 years and will continue to do so until the mission is achieved. Twenty eight percent of the members who have stayed with NWTF are now out of poverty.

Since the Grameen Method is not applicable on agri-based projects, NWTF is determined to support the production of sugar and, hopefully, when all the farms are sustainable, we can move them to diversify to other ventures that will assure their families sufficient income to secure their basic needs.

Financing of labor inputs that will be needed in the farms will be included in the Micro-crop Loan so that the farmer's labor will be compensated and the support of his family during the production stage, will be maintained. The



main mission is to give the farmers the opportunity to cultivate their own land and retain ownership of it.

With the vision of having sustainable farms for a poverty-free countryside, the mission is to provide financial assistance that fits the needs of small farmers. Through this, it creates opportunities that can maximize yield of farms and net income of farmers where in the long run, they can finance their farms and diversify. It can be a venue to provide small farmers the opportunity to venture into other forms of livelihood.

Through the micro-crop loan of Negros Women for Tomorrow Foundation, clients such as Mr. Vicente Alitao Jr. is able to enjoy a low interest loan while production and financing for labor is compensated. Now he is able to send his children to school without worrying about the monetary element. Through the micro-crop loan he was able to redeem a parcel of land that he pawned and will begin to enjoy the fruits of his labor on the land that he now owns. Mr. Alitao is one of the many clients, who will be enjoying the quickest road to free Negros from poverty.



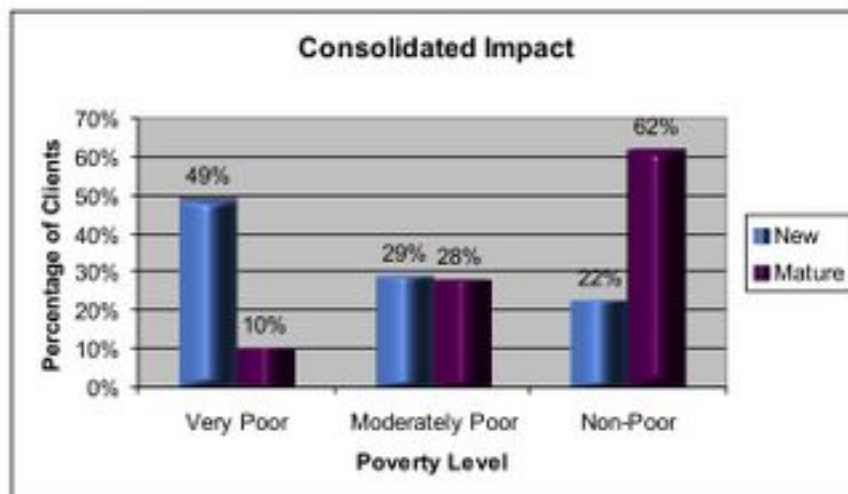
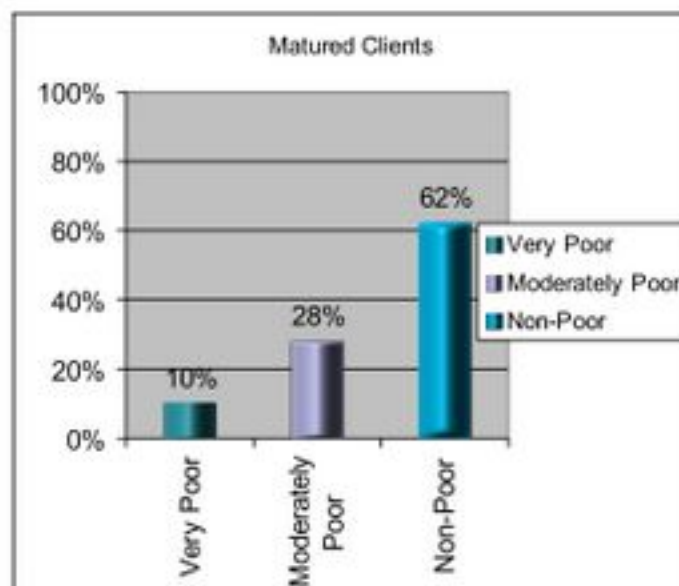
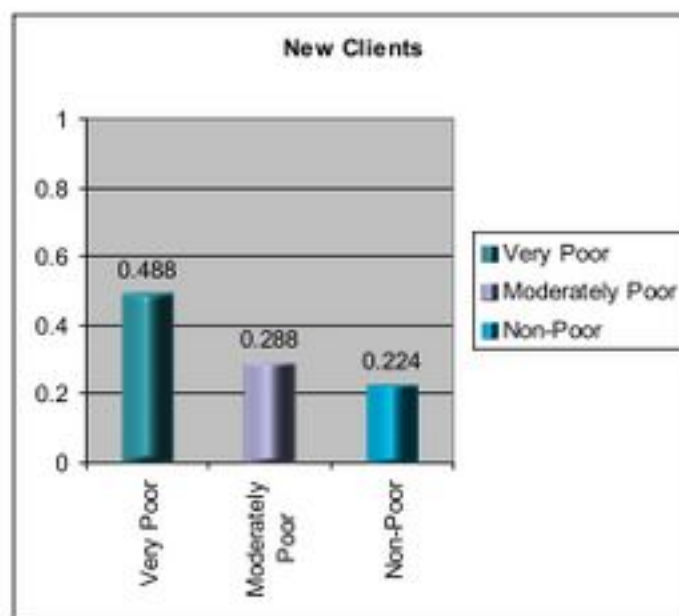
Channeling to Social Impact

Negros Women For Tomorrow Foundation has acquired the measurement of social impact which is essential to Micro Finance Institutions (MFIs) to be able to assess if one is fulfilling its mission in providing better opportunities to the poor and to certify that the program is helping solve the country's predicament of abject poverty. The Social Impact informs the MFI of the efficiency of the products and the services offered and its results serve as an indicator for product development to meet the needs of specific poverty levels. Moreover, it is also an indicator for research and other studies and for better decision-making by management.

In the middle of 2005, Grameen Foundation USA (GF-USA) came up with a poverty scorecard that measures the social impact of MFIs based on the Philippine Poverty Line. The scorecard serves as an indicator to determine the poverty status of an individual. The indicators are comprised of basic house, social and economic indexes. A score is assigned to every possible value in reply to the question and the scores for each item are added to come up with the total poverty score of an individual. The three poverty bands which are Very Poor, Moderately Poor, and Non-Poor have been set with their corresponding score range.

As Project Dunganon continues to target the very poor people to join the program, Impact Assessment using the AIMS tools has been used 2 years ago to our mature clients of seven years to assess their poverty-level status. The AIMS Tools is a widely accepted research instrument used by most micro-finance institution world wide in measuring the social effects of micro-finance products and services. These mature clients together with new clients who entered the program from January to early February 2006, when placed in contrast using the scorecard indicator, have shown a tremendous improvement in their poverty bands of moving from very poor or moderately poor to non-poor.

NWTF wishes to track the poverty scores of all its clients so as to get information for a system that is accurate and efficient to enable the staff to get quick specific responses from client issues. Getting these responses would fast track other programs and services that can be offered to the clients to assuage their living conditions and to contribute in the fight against poverty.





International Year of **Microcredit** 2005

Dungganon Congress - A Celebration



hearing how she courageously faced the challenges after her first husband left her with 4 children to feed. Other rousing stories seen in the video were shown as a tribute to clients who have had their share of ups and down but became successful.

OPPORTUNITY

The event was highlighted by the livelihood videos shown in several classrooms of Bago City Elementary School. It served as a venue for clients to see potential sources of revenue that they might consider worth venturing. Other than the videos, which were made possible through the partnership with Negros Occidental Technology and Livelihood Development Center, the Department of Trade and Industry conducted lectures like Product Packaging and Labeling, Product Development and the 5S of Good Housekeeping.



October 23, 2005, Negros Women For Tomorrow Foundation in celebration of the International Year of Microcredit held a Dungganon Congress at Manuel Y. Torres Memorial Coliseum and Cultural Center at Bago City, Negros Occidental, adopting the national theme "Sa Micro-finance, aangat ang kabuhatan, aasenso ang bayan". Clients of Project Dungganon, Project Kasanag and Dungganon Bank had a day of, **EXPERIENCE**, **INSPIRATION** and **OPPORTUNITY** that they could value for a lifetime.

EXPERIENCE

It was a summit of 1,800 women entrepreneurs or future entrepreneurs - A tribute to those who kept their feet firmly rooted in the principles and goals of micro-finance. It was an affirmation that micro-finance is a powerful tool to fight poverty.

INSPIRATION

The testimonies of two victorious clients were more than just a story to hear but an inspiration of how hardwork and perseverance could make life different. Mrs. Jerilyn Lucareza, a Project Kasanag member then a finalist of Citibank's Micro-entrepreneur Awards astounded everybody as she narrated her humble beginning as a dealer of frozen food products. Mrs. Virginia Borde, then awarded as Citibank's Micro-Entrepreneur of the Year, brought almost everyone inside the coliseum to tears and admiration

To top it all, Dungganon Congress was not just an event that the 1,800 clients would remember but also an experience, an inspiration and most of all an opportunity for the foundation to see how its services can be improved and benefit the rest of its clientele. Moreover, it was a celebration for NWTF as it continues to take hold of its vision of providing meaningful opportunities for many Filipinos towards becoming self sustainable and truly become DUNGGANON.



CITIBANK MICROENTREPRENEUR OF THE YEAR AWARD 2005

For the past four years, Citibank has meticulously rewarded small-scale business entrepreneurs from different sectors all over the Philippines. Inspired by the growing number of women living in rural areas near farms, river channels, mountain areas, barrios or cities, the different women are nominated and chosen thoroughly by their board. In spite of the desire to give all the women what is due them, only one person is chosen for each category.

Two categories are used for evaluating the women. They are the MAUNLAD category and the MASIKAP category. Each category has a regional and national award. The semi-finalists from Negros Women for Tomorrow Foundation of the MAUNLAD category were Mrs. Jocelyn Sanipa, Mrs. Jerilyn Lucareza and Mrs. Virginia Borde.

To the pride of the women of Project Dunganon, Mrs. Jerilyn Lucareza was the Visayas Regional winner for the Maunlad category while Mrs. Virginia Borde was chosen as the National winner, also, for the Maunlad category. They were rewarded with trophies and cash money.



Mrs. Virginia Borde's story has gone a long way from being a battered wife to being another wife to a sickly man with polio. Yet, through all the trials and sufferings, she never faltered from following her goals in life by giving her children a better life so they would not experience all the hardships she went through.

She started from being a fish vendor, then through a P5,000 loan from Project Dunganon, moved her way up to opening her own sari-sari store operation. Because of an unforeseen misfortune with her competitors, she diverted her interest and invested on renting out agricultural equipment. She took another loan of 10,000 from Project Dunganon and purchased her first hand tractor.

At present, she is employing 21 people, six of whom are hand tractor operators and fifteen laborers for her mechanical thresher. She shares 40 percent of her earnings with the workers and the rest are used for other expenses such as gasoline and maintenance. She charges P2,200 as rental per hectare for the tractors and gets 10 percent of the rice total produced from that farm and sells it in the market. She earns P337,500 a year from the rice and another P600,000 from the rent. She reinvests as much as 70 percent of her income and is now a proud owner of her own truck and a half-hectare piece of land for sugarcane.

Borde acknowledges her success to the money lent to

her by NWTF under Project Dunganon and her strong faith in God. Through the power of credit she has risen above poverty and realized her dreams of a better life.

Mrs. Jerilyn Lucareza could not agree more with the value of the power of credit. Like Mrs. Borde, she too loaned money from NWTF under Project Kasanag. Mrs. Lucareza, together with her husband, are owners of a frozen food processing business. In spite of the grueling conditions that they suffered, Mrs. Lucareza did not falter. Instead, she took on the advice of a friend to go to Project Kasanag and applied for a loan that helped start her business. With the start-up financing of P3,000 she slowly built her credibility as a debtor until she was able to raise her loan availment to P150,000. As the succeeding loans gradually increased in amount, Mrs. Lucareza would reserve a part to expand her business and acquiring other equipments needed for the processing.

Mrs. Lucareza's astonishment in the microfinance program of Project Kasanag has helped her live a more comfortable life where she doesn't have to hold on to every centavo in her hand and plow it back into the business. Now, as her business is beginning to pick up, Mrs. Lucareza will take on the challenge to capturing a wider market. Rising from the claws of poverty, she has now become an entrepreneur.



Banwahanon Awards

Last October 19, 2005, the prestigious Banwahanon Awards was a special feature and highlight during the 67th Charter Day Celebration of Bacolod City. Bacolodnons from the private sectors are recognized in various fields.

The nominees for the Banwahanon Awards should have accomplished acts and achievements which created considerable impact and service to the people and the community and hastened either the economic, cultural, sports, social and educational development of the city. Their significant acts and achievements should have earned the respect, support and recognition of the people in the community in order for them to be emulated as a model of outstanding service.

Together with other awardees, Dr. Cecilia D. del Castillo, executive director of Negros Women for Tomorrow Foundation Inc. and president and chief executive officer of Dungganon Bank Inc., accepted the prestigious award from Senator Richard Gordon, Congressman Monico Puentebella, Mayor Evelio Leonardia and Vice-Mayor Renecito Novero. Her dedication and commitment to service and leadership has left a bearing impression, not just in Bacolod City, but in different parts of Negros Occidental, Cebu, Palawan, and Samar. She accomplished the role of contributing in making a difference in other people's lives. Another feat for Negros Women for Tomorrow Foundation.





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REPORT OF INDEPENDENT AUDITORS

PRC-BOA Registration No. 0003
 SEC Accreditation No. 0004-FR-1
 BSP Accredited

The Board of Trustees and Members
 Negros Women for Tomorrow Foundation, Inc.

We have audited the accompanying statement of assets, liabilities and fund balance of Negros Women for Tomorrow Foundation, Inc. (a non-stock, non-profit corporation) as of December 31, 2005, and the related statements of revenues and expenses, changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Negros Women for Tomorrow Foundation, Inc. as of December 31, 2004 and for the year then ended, were audited by other auditors whose report, dated March 30, 2005, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2005 financial statements referred to above present fairly, in all material respects, the financial position of Negros Women for Tomorrow Foundation, Inc. as of December 31, 2005, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the Philippines.

Laya Mananghaya & Co.

March 24, 2006
 Makati City, Metro Manila
 Philippines

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE

December 31, 2005
 (With Comparative Figures for 2004)

	2005	2004
A S S E T S		
Cash and Cash Equivalents (Notes 6 and 16)	P 90,490,477	P 46,875,062
Receivables - net (Note 7)	345,403,594	299,531,638
Investments in Associates (Note 8)	56,250,000	1,250,000
Property and Equipment - net (Note 9)	46,960,103	44,384,102
Other Assets (Note 10)	17,205,855	68,709,946
	P 556,310,029	P 460,750,748
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued expense	P 54,878,169	P 36,703,325
Due to members (Note 11)	115,616,951	104,706,402
Loans payable (Note 12)	302,070,015	231,452,031
	472,565,135	372,861,758
Fund Balance	83,744,894	87,888,990
	P 556,310,029	P 460,750,748

See notes to Financial Statements

STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005
(With Comparative Figures for 2004)

	2005	2004
REVENUES		
Interest income from loans	P 127,595,122	P 103,599,299
Service fees	27,227,555	15,479,862
Interest income on deposits and short-term placements	6,030,112	4,399,815
Other income	896,004	3,501,824
	161,748,793	126,980,800
EXPENSES		
Salaries, wages and bonuses (Note 13)	54,881,890	40,464,556
Interest expense (Notes 11 and 12)	34,368,819	26,237,597
Travel and transportation	16,701,349	9,495,592
Provision for doubtful accounts (Note 7)	11,859,210	-
Employee benefits (Notes 13 and 14)	9,489,841	6,181,854
Depreciation (Note 9)	6,564,740	6,406,139
Stationery and office supplies	4,468,575	3,910,867
Members' incentives	4,206,835	3,035,145
Representation and entertainment	2,945,569	2,436,964
Rent (Note 15)	2,754,789	1,919,968
Light and water	2,186,366	1,859,100
"Postage, telephone and telegram"	1,888,089	1,694,337
Repairs and maintenance	1,333,792	1,341,991
Seminars and training	1,164,140	1,309,189
Professional fees	822,260	1,053,571
Insurance	232,864	177,336
Bad debts (Note 4)	-	11,259,706
Miscellaneous	1,294,555	4,128,147
	157,163,683	122,912,059
Net Excess of Revenues over expenses for the year	P 4,585,110	P 4,068,741

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005
(With Comparative Figures for 2004)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net excess of revenues over expenses for the year	P 4,585,110	P 4,068,741
Adjustments for:		
Depreciation	6,564,740	6,406,139
Provision for doubtful accounts	11,859,210	-
Receivables written-off	-	11,259,706
Loss (gain) on disposal of property and equipment	148,509	(48,999)
Interest income	(133,625,234)	(107,999,114)
Interest expense	34,368,819	26,237,597
Interest received	133,625,234	107,999,114
Interest paid	(30,744,162)	(24,116,542)
Operating income before working capital changes	26,782,226	23,806,642
Increase in receivables	(69,590,376)	(101,173,881)
Increase in accounts payable and accrued expenses	14,550,187	892,723
Net cash used in operating activities	(28,257,963)	(76,474,516)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(10,029,250)	(10,033,638)
Proceeds from disposal of property and equipment	740,000	49,000
Increase in investments in associates	-	(250,000)
Increase in other assets	(3,495,909)	(62,355,973)
Net cash used in investing activities	(12,785,159)	(72,590,611)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants and donations received during the year	3,130,004	239,851
Increase in due to members	10,910,549	17,509,754
"Proceeds from loans, net of repayments"	70,617,984	68,459,803
Net cash provided by financing activities	84,658,537	86,209,408
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	43,615,415	(62,855,719)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	46,875,062	109,730,781
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 90,490,477	P 46,875,062

See notes to Financial Statements

NEGROS WOMEN FOR TOMORROW FOUNDATION, INC.
102 San Sebastian St., Bacolod City

CONSOLIDATED PERFORMANCE INDICATORS
For the period ending December 31, 2005

	December
I. OUTREACH	
Number of Active Clients	67,982
II. COLLECTION EFFICIENCY & PORTFOLIO QUALITY	98.28%
Total collections during period	937,526,962
Amt. Due during period plus Amt. Past due	953,977,915
III. PORTFOLIO AT RISK	4.24%
Balances of loans past due (31 - days up)	14,573,658
Value of loans outstanding	343,674,667
IV. SUSTAINABILITY:	
OPERATING COST RATIO	34.97%
Operating Expense	110,896,760
Ave. loans outstanding	317,136,064
OPERATIONAL SELF-SUFFICIENCY	102.91%
Operating Income	161,933,119
Total Operating Expense	157,348,009
FINANCIAL SELF-SUFFICIENCY	100.95%
Operating Income	161,933,119
Adj. Total Operating Expense	160,402,690
V. CAPITAL ADEQUACY/LEVERAGE	
EQUITY TO ASSET RATIO	15.05%
Total Equity	83,744,895
Total Assets	556,310,029
VI. LIQUIDITY	
CURRENT RATIO	186.74%
Current Assets	436,202,333
Current Liabilities	233,592,668

Opening Channels



Negros Women for Tomorrow Foundation, Inc.

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