

SOSTENICA, Inc.**Balance Sheet**

(updated 01-08-12)

	Dec 31, 11 (unaudited)	Dec 31, 10 (audited)	Dec 31, 09 (audited)	Dec 31, 08 (audited)
Assets				
Total Checking & Savings	290,887	106,436	71,134	103,202
Interest Receivable	89,948	78,725	76,856	71,940
Prepaid Expense			690	
Notes Receivable (< 1 yr)	788,552	536,543	366,558	182,929
Net Fixed Assets		406	707	365
Notes Receivable (> 1 yr)	1,556,479	1,614,738	1,695,513	1,729,321
Total Assets	2,725,865	2,336,848	2,211,458	2,087,757
Liabilities				
Interest Payable	32,997	29,815	27,856	25,638
Payroll Liabilities	2,200	2,256	1,979	1,648
Notes Payable (< 1 yr)	620,552	496,043	329,558	130,929
Notes Payable (> 1 yr)	1,662,537	1,422,738	1,494,013	1,566,321
Total Liabilities	2,318,284	1,950,852	1,853,406	1,724,536
Net Assets				
Unrestricted (SosteNica, Inc. Investment with CEPRODEL)	247,500	247,500	241,000	250,000
Unrestricted (Operating)	153,574	124,924	103,480	102,171
Temporarily Restricted (CRT)	2,500	2,500	2,500	
Temporarily Restricted (Earthright)	22	22	22	
Temporarily Restricted (Friends of the Cloudforest)	3,985	11,050	11,050	11,050
Total Net Assets	407,581	385,996	358,052	363,221
Total Liabilities & Net Assets	2,725,865	2,336,848	2,211,458	2,087,757
Total Portfolio with CEPRODEL	2,345,030	2,151,281	2,062,071	1,912,250

SOSTENICA, Inc.
Income and Expense
(updated 01-08-12)

	2,011 (unaudited)	2010 (audited)	2009 (audited)	2008 (audited)
Income				
Bank Interest	299	369	600	547
CEPRODEL Interest Paid	150,339	144,549	136,897	121,156
Donations-Individual	10,454	22,456	22,405	11,792
Donations-Institutional	8,250	4,393	3,000	3,235
Earthright Income			22	
Friends of the Cloudforest Income	2,660			11,050
09 NextGen Conference Income			3,843	
Grants				
Increase/Decrease in				
Interest Receivable	11,223	1,869	4,915	8,417
Miscellaneous Income				
Total Income	183,225	173,636	171,682	156,197
Expenses				
09 Conference Expenses		200	2,969	
Friends of the Cloudforest Expense	10,065			
Accounting Fees	5,400	5,400	5,000	4,800
Advertising	100		1,204	
Bank Charges	685	474	373	254
Conferences, Conventions	97	79	1,156	
Depreciation - Equipment	406	301	506	428
Dues	600	125	930	790
E-mail	582	649	385	436
Earthright Expenses				
Grants-Technical Assistance	19,120	27,421	55,530	8,063
Grants-Other		385	2,214	
Increase/Decrease in				
Interest Payable	3,182	1,959	2,218	3,959
Insurance	3,678	251	1,922	1,917
Interest Added to Principal	3,150	200	2,000	
Interest Paid to Investors	56,115	55,727	49,986	45,731
Licenses & Permits	100	170	100	100
Loan Processing Fee				
Miscellaneous				215
Payroll Expenses	55,052	45,459	44,052	43,462
Postage & Shipping	840	715	801	808
Printing & Copying	862	1,305	3,655	1,048
Supplies	600	392	362	479
Telephone & Fax	795	880	855	910
Travel	213	3,599	633	2,670
Total Expenses	161,642	145,692	176,851	116,070
Net Income/Loss	21,583	27,944	-5,169	40,127

CEPRODEL
Balance Sheet (\$US)
(updated 01-22-12)

Assets	Dec 31, 11 (unaudited)	Dec 31, 10 (audited)	Dec 31, 10 (unaudited)	Dec 31, 09 (audited)	Dec 31, 08 (audited)
Cash and Bank Deposits	782,475	1,100,858	1,100,858	1,325,360	983,832
Temporary Investments	13,605	13,474	13,474	13,344	6,218
Permanent Investments	5,000	5,000	5,000	5,000	5,508
Loan Portfolio	8,057,796	7,899,926	7,899,926	9,675,716	11,567,638
Less Loan Loss Reserve	(466,643)	(381,188)	(229,423)	(1,151,604)	(544,133)
Interest & Commissions Receivable	1,428,337	1,151,602	1,151,602	1,183,754	971,642
Accounts Receivable	24,132	28,527	28,527	195,762	196,282
Net Fixed Assets	363,613	431,171	431,171	484,172	594,075
Prepaid Expenses	118,614	107,478	107,478	58,327	42,747
Deferred Charges	29,995	48,471	48,471	81,369	109,323
Goods Received on Unpaid Loans	439,620	338,281	338,281	314,689	274,209
Other Assets	645,943	273,244	273,244	235,222	53,928
Pending Operations	1,587	8,013	8,013	14,495	118,390
Total Assets	11,444,073	11,024,855	11,176,621	12,435,605	14,379,658
Liabilities					
Collateral Deposits	146,495	297,951	297,951	347,832	479,265
Interest Payable on Collateral					
Notes Payable (<1 yr)	1,401,841	3,561,168	3,561,177	3,939,334	5,634,674
Notes Payable (>1 yr)	7,817,957	5,788,024	5,788,015	5,842,048	5,318,495
Interest Payable	688,335	521,477	521,477	286,023	213,929
Accounts Payable	198,939	198,754	198,754	188,304	59,166
Provision for Obligations	202,181	204,234	204,234	254,679	333,130
Subordinated Obligations	346,495	98,806	98,806		
Minority Interest (CODELSA-Telica)					
Total Liabilities	10,802,244	10,670,414	10,670,414	10,858,220	12,038,660
Net Assets					
Donations	652,952	684,217	683,760	717,948	753,845
Net Assets Not Capitalized	435	0	457	480	504
Voluntary Reserves	310,665	326,200	326,200	490,211	467,298
Retained Earnings from Previous Years	(620,792)	351,188	351,188	1,066,049	1,142,830
Corrections to Retained Earnings	(3,070)	0	(4,143)	(30,837)	(19,059)
Retained Earnings from Current Year	301,638	(1,007,164)	(851,256)	(666,465)	(4,420)
Total Net Assets	641,829	354,441	506,207	1,577,385	2,340,998
Total Liabilities & Net Assets	11,444,073	11,024,855	11,176,621	12,435,605	14,379,658

CEPRODEL
Income and Expense (\$US)
(updated 01-22-12)

	2011 (unaudited)	2010 (audited)	2010 (unaudited)	2009 (audited)	2008 (audited)
Income					
Financial Income	1,876,507	2,390,257	2,390,257	2,973,961	3,714,967
Maintenance of Value	466,212	530,425	530,425	655,559	549,216
Recuperation of Assets	716,593	725,062	725,062	933,164	453,042
Diverse Operations	176,458	58,530	58,530	60,923	65,374
Extraordinary	13,189	2,316	2,316	6,704	12,697
Total Income	3,248,959	3,706,589	3,706,589	4,630,311	4,795,296
Expenses					
Financial	711,534	786,288	786,288	909,796	962,933
Currency Devaluation	468,644	477,445	477,445	514,501	547,986
Provision for Loan Loss	232,567	1,625,465	1,473,699	1,981,838	964,705
Operations	70,840	103,405	99,263	52,761	48,393
Personnel Costs	789,774	896,723	896,723	942,059	1,244,323
Contract Services	164,690	248,998	248,998	284,406	247,296
Transportation & Communications	227,278	261,778	261,778	273,446	295,586
Infrastructure	158,878	188,459	188,459	218,204	257,893
General	118,882	121,952	121,952	116,511	220,883
Extraordinary	3,775	1,914	1,914	737	9,719
Tax	460	1,327	1,327	2,515	
Total Expenses	2,947,322	4,713,753	4,557,844	5,296,776	4,799,717
Net Income/Loss	301,638	(1,007,164)	(851,256)	(666,465)	(4,420)
Number of Offices	12	16	16	16	23
Number of Staff	103	116	116	124	167

CEPRODEL PORTFOLIO STRUCTURE

(updated 01-22-12)

	Dec 31, 11	Dec 31, 10	Dec 31, 09	Dec 31, 08
LOANS OUTSTANDING				
Number	9,592	9,021	10,988	13,866
Amount	8,057,796	7,899,926	9,675,716	11,567,688
WOMEN				
Number	50.59%	54.54%	55.92%	55.82%
MEN				
Number	49.36%	45.44%	44.07%	44.15%
AGRICULTURE				
Number	4.12%	3.57%	4.40%	4.65%
Amount	10.22%	10.20%	11.17%	5.81%
COMMERCIAL				
Number	19.13%	24.54%	24.65%	26.35%
Amount	15.17%	15.81%	15.70%	18.37%
INDUSTRY				
Number	0.20%	0.51%	0.63%	0.34%
Amount	0.16%	0.24%	0.40%	0.36%
LIVESTOCK				
Number	14.44%	15.89%	25.92%	25.17%
Amount	26.77%	29.49%	39.05%	38.46%
PERSONAL				
Number	45.70%	35.51%	32.21%	35.29%
Amount	27.02%	23.12%	21.49%	25.88%
HOUSING RENOVATION				
Number	14.50%	18.70%	11.05%	6.08%
Amount	11.20%	10.93%	6.23%	4.99%
NEW HOUSING				
Number	1.86%	1.19%	1.15%	2.12%
Amount	8.94%	6.91%	5.96%	6.13%
FINANCIAL INSTITUTIONS				
Number	0.05%	0.10%		
Amount	0.53%	3.29%		
NEW LOANS DURING THE PERIOD				
Number	7,917	7,782	9,690	19,852
Amount	6,035,566	5,945,123	7,208,072	14,367,769
Average New Loan Per Client	762.36	763.96	743.87	723.74

CEPRODEL PORTFOLIO QUALITY

(updated 01-22-12)

	Dec 31, 11	Dec 31, 10	Dec 31, 09	Dec 31, 08
LOANS OUTSTANDING				
Number	9,592	9,021	10,988	13,866
Amount	8,057,796	7,899,926	9,675,716	11,567,688
% PORTFOLIO AT RISK	7.52%	7.68%	13.36%	6.81%
% PORTFOLIO AT RISK GREATER THAN 30 DAYS	6.61%	6.13%	11.56%	4.16%
LOAN LOSS RESERVE	466,643	229,423	1,151,604	544,133
AMOUNT OF PORTFOLIO CATEGORIZED AS RESTRUCTURED	623,213	832,405		
AMOUNT OF PORTFOLIO CATEGORIZED AS WRITTEN OFF		1,624,649		
% OF TOTAL PORTFOLIO AT RISK BY AGING OF PAYMENTS				
0 - 15	92.54%	92.92%	87.58%	94.30%
16 - 30	0.04%	0.93%	0.86%	0.67%
31 - 60	0.12%	2.27%	0.44%	0.94%
61 - 90	0.19%	0.98%	0.66%	0.62%
90 +	7.11%	2.90%	10.47%	3.47%
% OF TOTAL PORTFOLIO AT RISK BY SECTOR				
AGRICULTURE	NA	26.45%	5.38%	3.87%
COMMERCIAL	NA	13.35%	13.39%	24.68%
INDUSTRY	NA	0.31%	0.26%	0.32%
LIVESTOCK	NA	44.86%	64.80%	39.81%
PERSONAL	NA	9.04%	11.97%	24.26%
HOUSING RENOVATION	NA	4.45%	2.94%	5.68%
NEW HOUSING	NA	1.48%	1.26%	1.38%
FINANCIAL INSTITUTIONS	NA	0.06%		

Commentary Page 1

Commentary on Financial Statements by Chris Bell, Administrator

SOSTENICA, Inc - Pages 1 & 2

Thanks to the confidence and generosity of our Investors and Donors, SosteNica's net investment with CEPRODEL increased by \$193,749 in 2011. After expenses, net Income was \$21,583.

CEPRODEL - Pages 3 - 6

Since the second half of 2008, our clients and our partners at CEPRODEL have had to face severe political, economic and natural challenges. These include: worldwide economic recession; political turmoil in Honduras; the rise of the No Pay Movement and the initial response by the Nicaraguan Government; and seasons of either too little, or too much, rain.

The financial impact of these was that many of CEPRODEL's credit clients fell in arrears on their loan repayments which had a dramatic impact on CEPRODEL'S income and on their Net Assets. Net Assets fell from \$2,340,998 at the end of 2008 to \$354,441 at the end of 2010.

Thanks to prudent financial management, during this time CEPRODEL has not missed any payments of Principal or Interest to their International Supporters. Going forward, their Balance Sheet suggests that they are trying to maintain adequate cash reserves to continue this practice.

In addition, CEPRODEL has restructured its operations, reducing the number of offices (23 in 2008 to 12 in 2011) and staff (167 in 2008 to 103 in 2011). This has had a dramatic impact on reducing their administrative costs.

Commentary Page 2

For 2012, CEPRODEL anticipates improvements in client repayment thanks to:

- Growth in the Nicaraguan economy, especially in the sectors of agriculture and livestock;
- Political stability following the recent national elections;
- Normalization of the Micro-Finance Industry, with the implementation of the new Microfinance Law effective February, 2012.

CEPRODEL ends 2011 with Net Assets of \$641,829, an increase of \$287,388 from the previous year. While CEPRODEL still needs to further increase their total capitalization, the trends are positive

Despite the economic challenges of the last three and a half years, CEPRODEL continues to accomplish its mission of creating opportunities for clients in the areas of credit; employment; housing and agriculture, while making significant progress toward bringing these activities into a better balance with nature, through numerous sustainability initiatives.

To learn more about these sustainability initiatives and about SosteNica's program accomplishments, please visit our website at www.sostenica.org and our Facebook page.

In the spirit of transparency SosteNica now posts CEPRODEL's Financial Summary on the Financial page of our website. We update this information monthly, as soon as we receive reports from CEPRODEL.