

# Transforming lives through Christ-centered education

2010 annual report

**edify**





**ed.i.fy**

1. *-verb.* to instruct or benefit, esp. morally or spiritually; to uplift.
2. Small-business loans for sustainable Christ-centered schools in the developing world.

# A message from management



During Jesus' ministry He gave us the Great Commandment, "Love the Lord your God with all your heart and with all your soul and with all your mind...and love your neighbor as yourself." (Matthew 22:37-39). In the final words of His earthly ministry, Jesus gave us the Great Commission. In Matthew 28:19-20, Jesus commands, "...go and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, and teaching them to obey everything I have commanded you..."

We at Edify believe we are called to obey both the Great Commandment and Great Commission in our work. We seek to love God and our neighbor by serving impoverished children and their parents through excellent education. We believe that imparting faith in Jesus Christ and Christian character development is crucial when discipling the nations. We pray this will produce men and women of integrity who will ultimately transform their own nations.

Just imagine an entire generation in the developing world who will neither ask for nor pay bribes, who will treat their workers fairly, and who will use their academic and business training to improve the lives of their families, communities and countries. If the lack of a relationship with God is not addressed, the vicious

cycle of corruption will continue to ensnare future generations just as it has in the past.

The state of education in the developing world is heartbreaking. Many children are denied life-changing educations and are cruelly relegated to living the same life of grinding poverty as their parents and grandparents before them. A recent study found that only 5% of 15 to 19 year olds in Ghana, West Africa are fully literate.<sup>1</sup>

We partner with educational entrepreneurs whose livelihoods depend on delivering a quality academic education at a low cost. A seven-year study found students educated in low-cost private schools scored higher to significantly higher than their counterparts in public schools, where teachers are often absent.<sup>2</sup>

Edify has identified a scalable way to provide a sustainable and quality education to impoverished children in the developing world.

Although we seek to address the challenges of equipping children for a better physical life, we also believe the purpose of education goes far beyond that. We believe the true purpose of education is to teach children how God interacts with His Creation – to impress upon children's hearts a Biblical Christian worldview.

Our vision at Edify is to impact the lives of 1 million children per year for Christ by 2016. To achieve that vision, we aim to make loans and provide training to 5,000 schools in the next six years.

By God's grace, we exceeded our goals for our first year of operations and provided \$682,000 in loans to 81 schools in two countries, impacting the lives of over 10,500 children.

We sincerely thank those of you who have financially partnered with us to bring this revolutionary, sustainable, Christ-centered approach of educating impoverished children to the developing world.

With appreciation,

**Christopher Crane**  
Founder & CEO

**Tiger Dawson**  
Co-Founder & Managing Director

<sup>1</sup> World Bank estimates that only 5% of 15-19 year olds in Ghana are fully literate is from (The full report of: Eric A. Hanushek and Ludger Wößmann. 2007. "The Role of Education Quality in Economic Growth." Policy Research Working Paper 4122, World Bank, Washington, D.C. [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2007/01/29/000016406\\_20070129113447/Rendered/PDF/wps4122.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2007/01/29/000016406_20070129113447/Rendered/PDF/wps4122.pdf)) Publisher: World Bank.

<sup>2</sup> From "The Beautiful Tree: A Personal Journey Into How the World's Poorest People Are Educating Themselves," by James Tooley. Publisher: Cato Institute



*Proprietress of a low-cost school in Ghana*



*Old chicken coop converted to a school in Ghana*

**the issue**

Generational poverty and spiritual darkness remain the most persistent and entrenched problems plaguing developing nations. And while education and Christian character development are a proven path to prosperity, many government-run schools are doing little to change this unbroken cycle of poverty and corruption.

**For example, in Ghana, The World Bank estimates that only half of students attending government schools complete grade 5.<sup>1</sup>**

USAID also estimates that, of those who do complete grade 5, only 19% of the boys and 12% of the girls can read a simple sentence.<sup>2</sup>

**Train up a child in the way he should go, even when he is old he will not depart from it.**

**Proverbs 22:6**

**what we do**

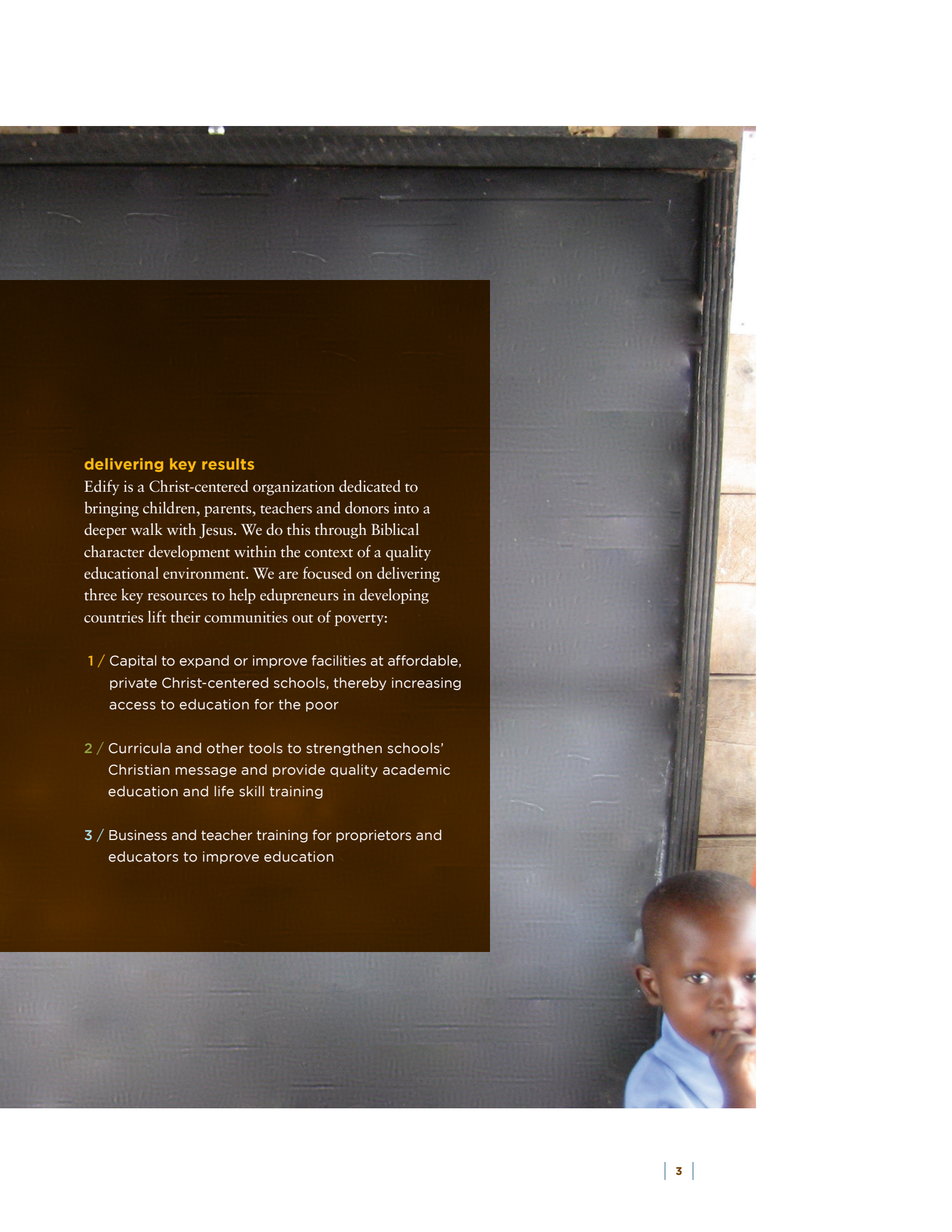
At Edify, it is our belief that affordable, private Christ-centered schools offer the best alternative to the inefficient public schools of developing nations. With the help of our financial partners, Edify comes alongside entrepreneurial educators, or “edupreneurs”, by providing capital for expanding classrooms and facilities, and business training to increase access to a quality education for many impoverished children.

These sustainable schools already exist. They were founded by nationals. The poor are already educating the poor! Edify provides academic resources and loans to these nationals to support what they are already doing for their communities.

Students benefit from Christian curricula, entrepreneurship and technology education. In short, Edify works to end poverty through a quality education coupled with the moral foundation to ethically apply it.

<sup>1</sup> World Bank estimates that only half of the students attending government schools complete grade 5 (The full report of: Eric A. Hanushek and Ludger Woßmann. 2007. “The Role of Education Quality in Economic Growth.” Policy Research Working Paper 4122, World Bank, Washington, D.C. [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2007/01/29/000016406\\_20070129113447/Rendered/PDF/wps4122.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2007/01/29/000016406_20070129113447/Rendered/PDF/wps4122.pdf)) Publisher: World Bank.

<sup>2</sup> USAID also estimates that, of those who do complete grade 5, only 19% of the boys and 12% of the girls can read a simple sentence. (The full report of: John Gillies and Jessica Jester Quijada. 2008. “Opportunity to Learn: A high impact strategy for improving educational outcomes in developing countries.” Equip 2 Working Paper, Washington, D.C.

A young child in a blue school uniform is visible in the bottom right corner, looking out from behind a dark chalkboard. The chalkboard is the central focus of the image, with a dark brown overlay on the left side containing text.

### **delivering key results**

Edify is a Christ-centered organization dedicated to bringing children, parents, teachers and donors into a deeper walk with Jesus. We do this through Biblical character development within the context of a quality educational environment. We are focused on delivering three key resources to help edupreneurs in developing countries lift their communities out of poverty:

- 1 / Capital to expand or improve facilities at affordable, private Christ-centered schools, thereby increasing access to education for the poor
- 2 / Curricula and other tools to strengthen schools' Christian message and provide quality academic education and life skill training
- 3 / Business and teacher training for proprietors and educators to improve education

# edify inspiration

God Almighty School  
Koforidua, Ghana  
“The Lost Sheep”

Samuel would not take no for an answer from his student, Foster. When Foster was in 7th grade he stopped coming to school and was full of excuses. On some days his parents didn't give him money for schools fees. On other days he had too many chores to complete. On most days though, Foster didn't come to school because he was struggling with his studies and the loneliness that comes from travelling through adolescence without a mentor. His teacher, Samuel, didn't accept any of these excuses.

Samuel is a young teacher at God Almighty School – he has taught junior high level students for 5 years. He believes in the leadership and vision of the school proprietor.

Samuel is a big believer in building the lives of the students and helping them to develop both academically and spiritually. Samuel wants to teach his students what it means to persevere through trials.

Like the lost sheep of Jesus' parable, when Foster stopped coming to school, Samuel sought him out at his home early in the morning. He helped Foster get to school by fetching water for Foster's mother and cleaning his clothes. Foster was impacted by this commitment from his teacher and now is sitting for his graduation exams. Thanks to his teacher-turned-mentor, he has learned what it means to persevere in life.

## From the back bench to the front line

Cephas Sackey (15 years old) joined Omega Schools Bortianor in class 5 as the tallest and oldest student in a class where the average age is 10. He failed the placement test. He couldn't speak or understand the English language. In fact, he couldn't even spell his name. He pleaded with the school Manager not to place him in a lower grade, promising he would work hard to catch up. For the first quarter, though, he only sat quietly at the corner, not talking to anyone since he couldn't speak English. At the end of the quarter he placed next to last on the class achievement ranking.

Unrealized at the time, Cephas was picking up English even in his solitude. Though his English was rudimentary, by the beginning of the second quarter he was participating in class discussions and opening up to his classmates. They respected him because he was very gentle and forbearing. At the end of the term he moved from next to last to the 5th position!

Since then, he has never looked back and is consistently the best student in his class (now in grade 6). He has made extraordinary improvements within a space of 18 months, even so far as to help teach classmates.

Cephas continues to amaze his teachers and fellow students. With his desire for knowledge coupled with a sound Christian worldview, he is well on the way to crossing the first bridge out of poverty.

# The edify impact



## individual donors and their foundations

Donation impact report      Tax-deductible donation



# edify

Registered 501(c)(3) non-profit based in San Diego



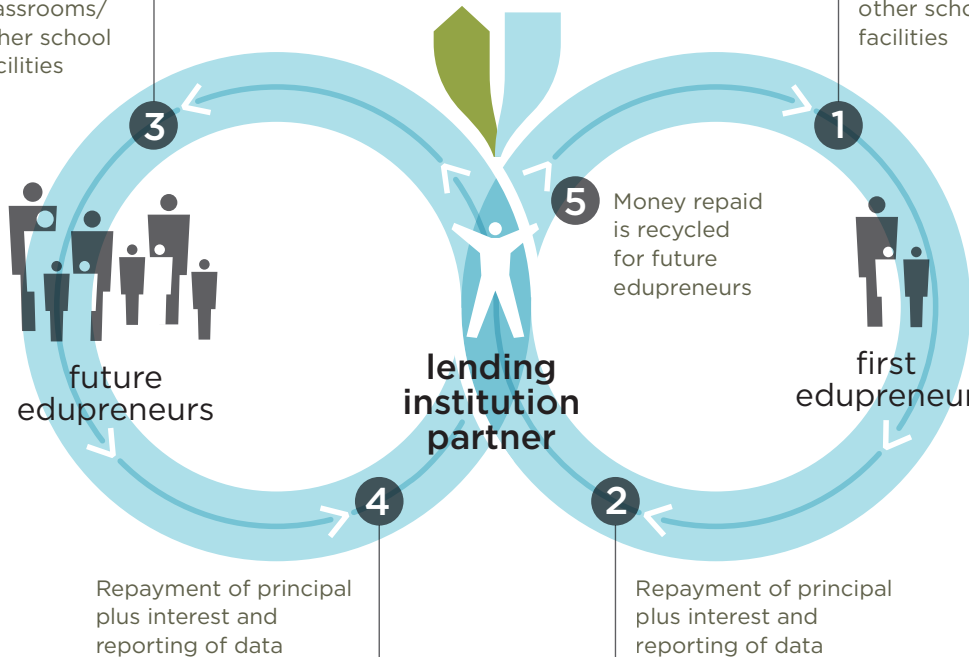
Lending institution provides Edify with financial results as well as spiritual and social metrics. Lender agrees to third-party audit to confirm its reports.

After an extensive vetting process, Edify chooses a lending institution partner in the field.\*

\* Edify provides capital to the local lending institution to make loans to schools. Edify implements educational intervention, including Christian curricula and teacher training/monitoring programs, computer labs and an emphasis on entrepreneurship.

Loan recycled to build additional classrooms/ other school facilities

Loan to build additional classrooms/ other school facilities



## sustainable cycle

Interest charged by lender covers its operating costs

# Leverage

Cumulative years of education from \$100,000 sent to the field

the loan amount

grant amount sent to the field  
**\$100,000**

classroom construction cost  
**\$5,000**

children / classroom  
**30**

length of loan term  
**3 years**

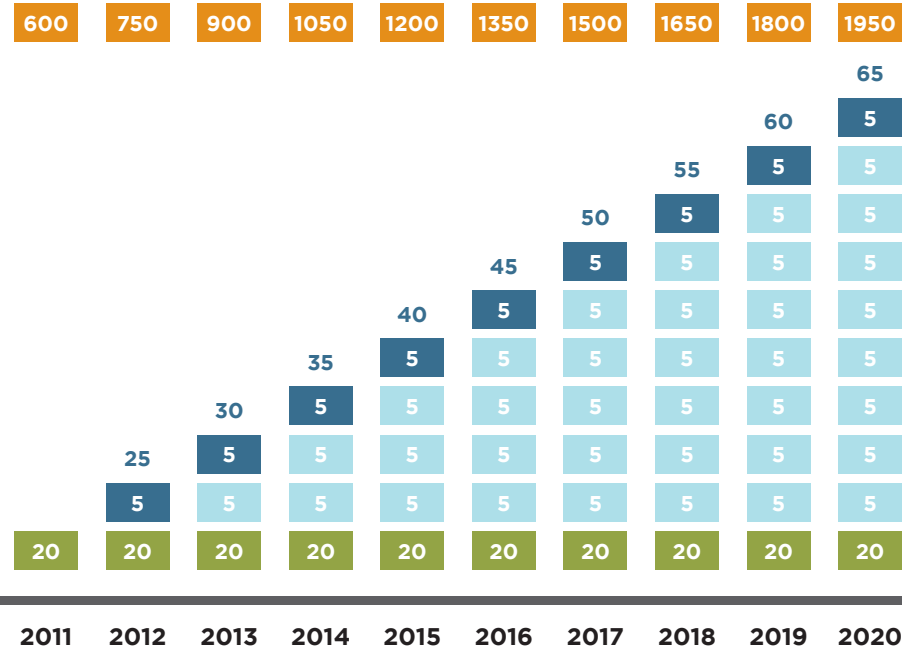
default rate  
**3%\***

\$100k will build 20 classrooms in 2011. Because of principal repayment & relending, 5 additional classrooms would be built in 2012 & each year thereafter. These 20 classrooms will educate 600 children in the first year, and 25 classrooms would educate 750 children in the second year.

cumulative student years of education

students educated per year

funded classrooms in use



ANNUAL COST PER STUDENT YEAR OF EDUCATION\*

**\$7.84 /** 

\*A \$100,000 grant sent to the field results in 12,750 years of education for students. Dividing this into the grant amount means that it only cost \$7.84 for a year of education for a student. Because the grant money continues to recycle in the future, the cost per student year of education declines each successive year.

\*The default rate of 3% is factored into the interest rate that the lending institution charges to its clients. The interest rate charged is sufficient to compensate for loan defaults.





*Used van to bring kids to school*



*Art class in a sustainable Christian School*

These edupreneurs provide a surprisingly robust education for a very affordable tuition of only \$5 to \$15 per month.

number of schools:

**71**

in Dominican Republic

**10**

in Ghana

number of students reached:

over

**10,500**

### major impact

Among the poor there are followers of Christ who are already finding ingenious ways to help themselves. They are blessed with an entrepreneurial spark, a vision for educating their communities, and a desire to share the Gospel with their neighbors. We have the privilege and opportunity to come alongside these Christian educators and help them achieve spiritual transformation through affordable private education.

These edupreneurs provide a surprisingly robust education for a very affordable tuition of only \$5 to \$15 per month. The schools, some with dirt floors and many with small classrooms, may be humble, but they offer the best chance for a child to escape an inherited life of generational poverty.

Edify believes educating the poor represents one of the greatest opportunities for profound, long-lasting Christian transformation in the developing world. A young person with book smarts and life skills can create a small business or find employment that will lift his or her family out of poverty. Young people grounded in the Christian faith will develop the moral foundation necessary to transform culture and remake society. With a dedication to serving the poor, Edify increases access to Christian education and improves the quality and relevancy of what is taught in such low-cost, private schools.

The background image shows the exterior of a school building with light green walls. A balcony with a red metal railing is visible, with a Dominican Republic flag hanging from it. The flag features a white cross on a blue and red field, with the national coat of arms in the center. Below the balcony, there is a decorative metal fence with a circular pattern. The text is overlaid on a semi-transparent dark green box.

## Colegio Divino Maestro de la Profecia

### Joanna Elizabeth Rondon Gonzalez

10 years ago, Joanna Rondon saw that many of the children in the Dominican Republic neighborhood of La Puya where she lives were receiving very little formal education because of their limited economic resources. This motivated her to start an after-school study hall where children could come to get help with their homework. Her church supported her idea, and with the space they provided, she opened her doors, free of charge, to any children in her neighborhood who wanted to come and receive help with their studies. After several years, Mrs. Rondon expanded beyond an after-school study hall, and turned the program into a small, affordable private school. The school has continued to expand and now offers classes for children from kindergarten through 5th grade.

Mrs. Rondon recently took out a loan for \$945 to replace the aging desks in her school with new ones.

She hopes that, little by little, with steps like these, her school will continue to improve and expand. Someday she hopes to move to a new location and improve her school's revenue, allowing her to award scholarships to the neighborhood's poorest children.

# Frequently asked questions

## **HOW CAN POOR PARENTS AFFORD TO PAY PRIVATE SCHOOL TUITION?**

Consider the following scenario: a hard-working mother and father each earn \$2 per day and work 25 days per month. They have a combined household income of \$100 per month. Impoverished parents recognize the importance of education in opening the door to a more prosperous life, in large part due to their realization that their own lack of education has relegated them to a lifetime of grinding poverty. Poor parents are willing to sacrifice, sometimes even to go down from two to one meal a day, to send their children to school. If private school tuition is \$8 per month, that represents only 8% of the monthly household income per child. This percentage is less than what many parents pay in the developed world. For poor parents, investing in their children's education is an investment that pays real dividends. In developing countries, there is no social security; it is up to the children to care for their aging parents. Therefore, parents sacrifice to provide their children a better education out of love and because they know that well-educated children will be able to better take care of them in their old age.

## **HOW CAN THESE PRIVATE SCHOOLS BE SELF-SUSTAINING?**

Although it is hard to imagine schools charging \$5-\$15 per month can cover all costs and provide a livelihood to the proprietor, they do. For example, take a classroom with 30 students each paying \$8 per month. The revenue from each classroom is \$240. Given that a teacher is often paid about \$80 per month, the remaining \$160 per classroom represents funds available for

the bookkeeper, the janitor, the proprietor and making payments on a loan. Edify typically funds schools that already have 4 to 6 classrooms that are owned free and clear. The proprietor has more than sufficient cash flow to service a loan that will build several more classrooms at \$5,000 each, or build a computer lab.

## **WHO ARE THESE EDUPRENEURS?**

Dr. James Tooley, Professor of Education Policy at the University of Newcastle (UK), has discovered thousands of previously overlooked affordable private schools (APS) throughout the developing world. Each is run by a teacher-turned-entrepreneur or pastor who charges \$5 to \$15 per month in tuition. Professor Tooley has recently completed a 7-year study comparing the performance achievement levels of government school students to those of affordable private school students on national standardized tests. The results are in; affordable private school students consistently outperform their peers!

As these private education entrepreneurs, or "edupreneurs", depend on their schools for their livelihoods, they must respond quickly and effectively to the demands of parents who are paying to send their children to school. If parents are not satisfied with the quality of the education, they will move their children to another school and the edupreneur will lose income. This financial incentive for edupreneurs puts in place a proper system of accountability between the edupreneur and the parents. No such accountability exists within government schools.

Statement  
of  
financial  
position /  
September 30, 2010

ASSETS:

Current assets:

Cash and cash equivalents	\$ 16,903
Restricted cash from donations	20,000
Investments, donated privately held stock	91,442
Notes receivables from schools, current portion	78,424
Prepays and other assets	<u>4,067</u>
	210,836

Notes receivable from schools, net of current portion	44,239
Property and equipment - at cost, net	<u>10,606</u>

Total assets	<u>\$ 265,681</u>
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LIABILITIES AND NET ASSETS:

Current liabilities:

Accounts payable	<u>\$ 8,882</u>
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Net assets:

Unrestricted:

Undesignated	226,193
Net investment in property and equipment	<u>10,606</u>
	<u>236,799</u>

Temporarily restricted for research project	<u>20,000</u>
	<u>256,799</u>

Total liabilities and net assets	<u>\$ 265,681</u>
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	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>	
Individuals donors and their foundations	\$ 1,249,358
Interest income	901
Corporate and large public foundations	0
Governments	0
Total support and revenue	<u>1,250,259</u>
<b>EXPENDITURES:</b>	
Program services:	
Funds for loans to schools	682,115
Other services for schools	218,010
Supporting activities:	
General and administrative	145,272
Fundraising	70,726
Total expenditures	<u>\$ 1,116,123</u>
G&A as a percentage of total revenue	11.6%
Fundraising as a percentage of total revenue	<u>5.6%</u>
Total	<u>17.2%</u>

## Statement of revenues and expenditures / year ended September 30, 2010

Fundraising and G&A as a percent of total revenue

# 17.2%

### Management Discussion and Analysis of 2010 Financial Statements

Edify seeks to deploy the highest percentage possible of revenues into loans for schools. Edify provided \$682,000 as interest-free loans to lending institutions or directly to schools in its 2010 Fiscal Year. The lending institutions then lent the capital to schools with interest. The lending institutions retained the interest collected to cover their expenses incurred in making and servicing the loan. The principal is returned into an account that the lender manages for Edify. The lender then recycles the money to other schools to build additional classrooms or other infrastructure.

If the lender adheres to the school loan parameters specified in its Memorandum of Understanding with Edify, the loan converts to a grant in the future.

Edify managed its fundraising and G&A expenses so that combined, the two expense categories amounted to only 17.2% of revenues. This is a very low percentage relative to other organizations that provide loans to small businesses in the developing world.

**Copies of the complete, audited financial statements are available upon request.**

The balance sheet shows “Restricted cash from donations.” This \$20,000 is result from a grant from a foundation designated for research measuring the impact in the field of Edify’s Christian character development and academic excellence program.

Edify is able to achieve significant leverage because it does not incur expenses for bricks and mortar in the field.

Edify instead works with existing lending institutions that already have multiple offices and many loan officers to identify Christian schools that can make good use of a loan of \$2,000-\$10,000. The cost to build a classroom is generally \$5,000. The cost to fully equip a computer lab with new equipment is typically \$7,500.

**contracts with partner organizations:**

## 2

in Dominican Republic

## 2

in Ghana

## our leadership

### executive



#### ceo, founder & chairman of the board

**Chris Crane** founded Edify in 2009. Prior to this, Chris was CEO of Opportunity International, the world's largest faith based micro-finance organization with 10,600 staff and operations in 32 countries with 1.5 million active clients. Prior to Opportunity, he was CEO of a publicly traded company, COMPS InfoSystems, which acquired 13 other companies. In 1999, he was awarded the Ernst & Young Entrepreneur of the Year Award.

He earned an MBA from Harvard Business School.



#### managing director & co-founder

**Tiger Dawson** co-founded Edify and oversees Edify's operations in the Dominican Republic.

He also runs Edify's Clapham Circle, which empowers current and former CEOs to pursue their passion in helping God's beloved poor children in the developing world. Tiger served from 2005-2009 as the Managing Director of the Halftime Organization founded by Bob Buford. Prior to his role at Halftime, Tiger served for 22 years with Young Life, a non-denominational Christian ministry bringing Jesus to youth around the globe.

### board of directors

#### chairman

**Chris Crane** (See above)



#### vice chairman

**Peter Greer** is President of HOPE International, the leading Christian microfinance organization in post-conflict countries with approximately 250,000 active clients. Peter is the co-author of a book on Christian microfinance, *The Poor Shall Be Glad*, published in 2009. For three years, he served as Managing Director for URWEGO Community Banking in Kigali, Rwanda. He also worked as a technical advisor for Self-Help Development Foundation (CARE Zimbabwe) in Bulawayo, Zimbabwe, and he was a microfinance advisor in Phnom Penh, Cambodia. Peter is a graduate of Messiah College, and he earned an M.P.P. from Harvard University.



**Dale Dawson** is the founder of the nonprofit Bridge2Rwanda, which connects resources to Rwanda and shares Rwandan talent with the world. Dale is a key member of President Paul

Kagame's Presidential Advisory Council and sits on the boards of Muhabura University, a start-up college, and Urwego Opportunity Bank, the country's largest micro-finance institution. He was partner and national director at the global accounting firm KPMG; head of investment banking at Stephens Inc. (twice); and Chairman & CEO of TruckPro, the largest U.S. distributor of heavy-duty truck parts. He is a graduate of the University of Texas.



**Steve James** is the Managing Partner of Boulder Telecom Partners and is a venture capital investor. Steve has been the acting President and CEO of several companies since the inception of

his investment and advisory business. Previously, he was the CEO for 9 years of Biomagnetic Technologies, a publicly-traded technology company. Steve serves on the boards of directors of several nonprofits, including Colorado Uplift and The Foundation for Urban Youth Ministries. Steve is a graduate of Denison University.

## advisory board



### **chairman, advisory board**

**Professor James Tooley** is the world's foremost authority on low-cost private schools in the developing world and is the author of *The Beautiful Tree*. He has founded approximately 40 schools in developing countries and currently owns and operates a chain of schools in India and in Ghana. Dr. Tooley is Professor of Education Policy at the University of Newcastle in England.



**Ken Blanchard** is the author or co-author of more than 35 books on leadership, including *The One Minute Manager*, *Raving Fans*, and *Gung Ho!* Ken is widely recognized as a premier thinker and writer on leadership. The Ken Blanchard Companies, with approximately 300 employees, are among the foremost business trainers in the world. In 1999, he co-founded the organization Lead Like Jesus. Its passion is "to glorify God by inspiring and equipping people to lead like Jesus." He earned a Ph.D. from Cornell University.



**Paula A. Cordeiro** is the Dean of the School of Leadership and Education Sciences at the University of San Diego and a Professor of Leadership Studies. Previously she was the coordinator of the masters and doctoral programs in Educational Leadership at the University of Connecticut. Dr. Cordeiro is a former teacher, principal and school head in international schools in Venezuela and Spain. Paula speaks Spanish and Portuguese and has spent approximately 15 years working and living outside the United States.



**Kwabena Darko** is the founder of Darko Farms & Co. and Director of the Bank of Ghana. Kwabena received a microfinance loan 45 years ago. Over time, he parlayed that loan into one of the most successful private enterprises in Ghana. Since 2001, he has served as a Director of the Bank of Ghana, the nation's central bank. As founding chair of both of Opportunity International's microfinance entities in Ghana, he has helped over 200,000 Ghanaians work their way out of poverty in the name of Jesus. He was chair of Opportunity International's Global Network from 1997 to 1998. Kwabena founded and presides over a 600-member Christian church in Kumasi, Ghana. He holds a Diploma in Poultry Science from the Rupin Institute, Israel, and an honorary Doctorate from Kwame Nkrumah University of Science and Technology, Ghana.



**Loren Cunningham** is the co-founder of the international Christian missionary organization Youth With A Mission (YWAM) and the University of the Nations. In 1960, at the age of 24, he founded YWAM with his wife Darlene. YWAM has more than 20,000 full-time missionaries in 140 countries and 533 primary schools – many in the developing world. He holds an MA in Education. Loren has visited every country in the world. He is also the co-founder of the Global Accreditation Association, which accredits Christian schools around the world.

**edify**

[www.edify.org](http://www.edify.org)

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Small-business loans  
for sustainable  
Christ-centered  
schools in the  
developing world