

QUECHUA BENEFIT BUSINESS PLAN

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QUECHUA BENEFIT BUSINESS PLAN

ORGANIZATION

Quechua Benefit is incorporated as a 501(3) c corporation that is recognized as a tax exempt charitable organization (31-1682324) by the Internal Revenue Service (IRS). Quechua Benefit is also registered as a tax exempt charitable association in Peru by Superintendencia Nacional de Administración Tributaria (SUNAT). The members of the Board of Directors of Quechua Benefit are Dr. Mario Pedroza, Michael Safley, and Russell Grattan. Current financial statements are maintained on the corporation's website, www.quechuabenefit.org.

MISSION STATEMENT

Quechua Benefit operates in the highlands of Peru delivering dental care, clothing, medicine, shelter, food, and sociological services to the Quechua population at large with a focus on children. Our goal is to create sustainable solutions that nurture life skills and deliver hope for the future through education.

NEED

The need is undeniable. Forty percent of the Indian population in the highlands is undernourished, too few children graduate from high school, and even fewer advance to higher education. Infant mortality is 12.5% at year one and reaches over 25% by age ten. The life expectancy of an adult is 55 years. The average annual income of the Quechua peasant is \$872 US dollars. Children are abandoned, orphaned, and many live in remote areas without schools. Single mothers are commonplace.

At the root of Peru's poverty are universal social conditions: unemployment, alcoholism, family violence, single mothers with few resources, and worse yet, orphans. Parents are often too poor to feed their children, who go to bed hungry and, wake up hungry. Little boys and girls suffer first; their eyes dulled by hunger. The questions that

inspire action at Quechua Benefit are how, even in a small way, can we reverse the cycle of despair, repair a life, and touch someone who will go on to touch another. The goal is simple, the task is complicated

Peru's society is complex. There are no government traditions of social welfare for peasants in the highlands, no large private charitable foundations, and little means of delivering help directly to the poor. The Roman Catholic Church in Peru has traditionally been the source of a social safety net administered in ad-hoc fashion, pueblo by pueblo. These informal programs often receive operating funds from foreign religious congregations of all denominations or from secular organizations similar to Quechua Benefit. In the past year this practice has begun to change. Pope Benedict XVI, elected in April, 2005, appointed new Bishops in Peru to enforce a conservative church doctrine that focuses on evangelism and administration of the sacraments. This new policy has taken precedence over the historical role of the Roman Catholic Church in Peru, which since the time of Pope John Paul II has included providing social services to the poor. The change in policy by the Church has created a void in a time of immediate need.

HISTORY

Quechua Benefit began in 1996 with a simple request. Don Julio Barreda, a famous Peruvian alpaca breeder, asked if alpaca breeders in the United States could help the children of his pueblo, Dr. Mario Pedroza responded, "Could I provide dental care?" "Bueno," said Don Julio. Twelve years later during the annual Quechua Benefit trip to Peru, Dr. Wayne Jarvis shared with the dental team members a New Testament verse that perfectly defines the moral imperative at the soul of the charity.

*"But whoever has this world's goods,
and sees his brother in need,
and shuts up his heart from him,
how does the love of God abide in him?"*

—1 John 3:17

These words, the past trips, the lessons learned, and the people served have become the beacon that lights our path to the future.

Alpaca breeders from around the world, far more fortunate than the Quechua of Peru, have opened their hearts and given their worldly goods. This generosity has made it possible to provide free dental care to more than 30,000 people in over forty communities, to aid earthquake victims in Ica, to respond to bone cracking winter freezes with antibiotics and alpaca blankets, to help sister Antonia, an 85 year-old Maryknoll nun feed 800 people a day at the church in Yanque, to build dormitories that house school children who live too far from school to attend, to support twenty-six girls at the Mosoq Runa orphanage in Macusani, to help deserving young adults attend college in Arequipa, and to fund life-saving surgeries for the poorest of the poor. The generosity has accomplished much.

All of these experiences have provided Quechua Benefit with insight into the hidden truth behind the children's shy smiles—neglect, hunger, domestic abuse, and missing parents. Trip by trip, Quechua Benefit searches for a way to answer a nagging question: How can they create a permanent solution in the lives of young people with running noses and abscessed teeth who find their way to the mobile dental clinics? Year by year a balance sheet of good will is built with local mayors, priests, nuns and school teachers. Quechua Benefit believes it can do more.

OPERATIONS

The charity delivers dental assistance to more than 40 rural communities, most with populations of less than 10,000. In addition, it supports three orphanages/boarding schools and two soup kitchens that feed approximately 1,000 people per day. Each of these programs is operated by nuns and priests affiliated with the Catholic Church. In the United States, Quechua Benefit has no paid staff—only a dedicated group of volunteers. In Peru, it employs Dr. Wilfredo Uscamayta Condori, a full-time dentist along with two assistants to operate a mobile dental facility that travels monthly from pueblo to pueblo. To fully fund the operation it has cost an average of \$36,938.29 over the last four years.

The current program will be funded every year for the foreseeable future with the support of individual contributions, the annual auction, and fundraising events.

Quechua Benefit is currently planning a project to build a new orphanage and school with a sustainable operating environment. (See page 7, “The New Project,” for details.) The construction project will be funded separately. (See “Construction Fund” on page 9 for more detail.)

FINANCIAL REPORT

In 2007 Quechua Benefit raised \$251,320.00 in donations and spent \$77,036.72 in the following ways: 1) Peruvian Operations and 2) Fundraising

Peruvian Operations

<u>Expenses</u>	<u>2007</u>	<u>% of Total</u>
Banking Fees/ Wire Transfer	\$1,722.00	3.81%
Local Dental Supplies	\$6,672.00	14.76%
Peruvian Dentist Salary	\$15,470.00	34.23%
Travel and Transportation	\$4,997.00	11.06%
Disaster Relief, food programs, and orphanages	\$16,333.00	36.14%
Totals	\$45,194.00	100.00%

Fundraising

<u>Expenses</u>	<u>2007</u>	<u>% of Total</u>
Adverstising & Marketing	\$2,176.00	8.58%
Futurity Auction Expenses	\$23,170.00	91.42%
Total	\$25,346.00	100%

The percentage of overhead compared to the services provided is low. A small amount of money can make a big difference in Peru. Not only are exchange rates favorable, but the cost of supplies and labor are substantially less than in the United States. In addition, Quechua Benefit operates in the United States without director's salary or overhead expenses. In other words, the foundation is operated entirely by volunteers. Quechua Benefit believes that with monies generated from generous alpaca breeders and ongoing philanthropic activities alike, we can make meaningful differences for the children of the highlands in Peru.

The net assets of the corporation as of December 31, 2007 was \$455,519.34 and there was \$433,269.34 cash on hand. Please visit www.quechuabenefit.org to view the tax return and complete financial reports.

FUNDRAISING

Quechua Benefit currently has three primary sources of income: 1) An annual auction, 2) Fundraising events at alpaca shows, and 3) Donations by individual alpaca breeders. The organization has also attracted in kind and cash grants from other charitable organizations.

Quechua Benefits gross income over the past 4 years is \$757,400.00. The All America Alpaca Futurity and Sale, has raised an average of \$149,476.91 per year for three years. U.S. alpaca affiliates and fundraising events have contributed, on average, \$49,347.66 for the past three years. Alpaca affiliates from Australia and England have donated a total of \$21,423.00 to Quechua Benefit. The total funds raised include individual contributions, totaling \$487,639.82. Of the total individual contributions 73.78% were donations of \$0-\$500, 7.56% were \$500-\$1,000, 2.22% were \$1,000-\$2,000, and 16.44% were \$2,000 and above. \$52,600.00 has been in the form of grants from other charitable organizations.

The organization recently retained a grant writer who is applying for a construction grant from large institutional organizations interested in assisting Quechua Benefit in the construction of an orphanage in Peru. Additional sources of funds are being solicited through an internet-based campaign designed to attract additional donations from alpaca breeders and contributions from members of the general public.

THE NEW PROJECT: *CASA CHAPI*

In Quechua, *chapi* means “here” and in Spanish *casa* means “home.” All too often small children in Peru have no home. Quechua Benefit aims to change this reality.

For twelve years Quechua Benefit has observed and identified the need: hunger, lack of shelter and available education, affordable medical and dental services, clothing—a never-ending flood of need. The charity has been looking for a successful model, a way to create hope, a permanent solution. The search led us to Jean Bouquet and his wife, Swiss educator Silvia Fischer, who operate a children’s home called Allin Kawasy.

Allin Kawasy is unique. The residents are half boys and half girls. There are greenhouses to grow vegetables, and sheds full of chickens, rabbits, cuy, and pigs. A trout hatchery generates cash flow. Alin Kawasy feeds itself and earns needed funds from selling produce and trout at the local market. They are immersed in cultural values that emphasize mutual respect, self sufficiency, self esteem, and education. Each child is encouraged to embrace continuing education beyond high school and to learn a trade or profession. The home is owned by a foundation that oversees the development of the children when they live in the home but also after they leave. Students that go to Arequipa for higher education are given a total of \$1,500 in small amounts over time. This money helps them and creates an easier transition into the world outside the home.

The staff at Alin Kawasy is much larger than similar facilities and trained to instill values that encourage each child to live out those values in a culturally appropriate manner. Jean and Silvia also train teachers at the schools their children attend, as well as passing on their methods to parents and other students and teachers from the broader Coaza community. Every Tuesday night the children are encouraged to talk about and

deal with their problems in a group therapy environment. Quechua Benefit plans to implement a similar program at *Casa Chapi*. In recent years, their ministry to prevent family violence has spread across other highland communities. Their success is evident in the lives of the children who have lived and graduated from Allin Kawasy. Many have gone to Arequipa or Juliaca for higher education, and many have broken the cycle of family violence and poverty to become stable, productive parents and valuable members of their communities. The facility has been thriving for more than ten years.

The model in Kawasy can be replicated for our new project, *Casa Chapi*, as well as other future Quechua Benefit projects. The investment is not prohibitive and the dividends can compound through future generations. The key to success is leadership. Jean and Silvia have agreed to help train staff, consult on the operation of *Casa Chapi*, and assist with the creation of appropriate child development programs at the facility. With twelve years on the ground and with the continued support and open hearts of alpaca breeders, Quechua Benefit can build *Casa Chapi* and permanently change young lives for the better.

Construction Fund

The construction of the new orphanage is a tremendous opportunity. Quechua Benefit plans to fund the project with grants and individual donations earmarked solely to construct the orphanage. For those wanting to “sponsor” certain rooms, buildings, or other facilities, donors will be given the privilege of donating their money for the room that they would like to build, this building will feature their name or the name of someone dear to them. Cost estimates for constructing various components of the orphanage are as follows:

Casa Chapi

<u>Structures</u>	<u>Cost</u>
Kitchen	\$14,388.00
Library	\$24,796.00

Greenhouse	\$1,549.00
Dormitory for 50 kids	\$30,994.00
Computer Room	\$12,398.00
Classrooms	\$37,193.00
Medical Building	\$28,776.00

Quechua Benefit has deposited \$250,000 of their \$433,269.34 cash on hand to the *Casa Chapi* building account. The total construction cost when complete, including furnishings, will be approximately \$600,000.

THE FUTURE

Quechua Benefit intends to continue the annual funding of the dental program and support for the orphanages, feeding programs, and disaster relief. Once Quechua Benefit creates *Casa Chapi* as a successful model, it is our intention to replicate the effort in other communities in the Peruvian highlands.