

# HOTEL CON CORAZÓN

## ANNUAL REPORT 2014



**FEBRUARY.**

▲ Maritza: "You're always welcome!"



**MARCH.**

▲ "Good luck in Spain, Franklin!" Mar'a is ready to take care of Corazón Trips!



**APRIL.**

▲ 20 cars, 40 crazy Dutch drivers - Viva orange party on April 30<sup>th</sup>.  
▼ At our team day we played soccer, ate fritanga and had a nice swim in Lake Apoyo.



**MAY.**

### BASEQUARTERS

Foundation Hotel con Corazón has its "basequarters" in the Netherlands. Together with a large group of careholders we work on a voluntary basis to grow Hotel con Corazón.

- ☒ Petra de Boer - Branding
- ☒ Joost van Duin - Finance & Operations
- ☒ Onno Oostveen - Business Development
- ☒ Geertje van der Pas - Education
- ☒ Marcel Zuidhof - Human Resources



**JANUARY.**

▲ Start of the school year, beginning of their future.

**HOTEL CON CORAZÓN IS A SOCIAL ENTERPRISE. OUR AIM IS TO MAKE A HEALTHY PROFIT TO INVEST IN EDUCATION. 100% OF OUR PROFITS GO TO PROJECTS THAT SUPPORT CHILDREN TO FINISH THEIR SCHOOLING. THAT WAY THEY CAN HELP THEMSELVES AND THEIR COUNTRY TO BUILD A BRIGHTER FUTURE.**

### WE DID IT AGAIN!

During 2014, the new managers of Hotel con Corazón, Boris and Marcela, succeeded in continuing to run the best hotel in Granada. We were awarded TripAdvisor Traveler's Choice and Most Romantic Hotel in Nicaragua. Tourism in Nicaragua is still growing and new hotels are popping up everywhere, but despite this Hotel con Corazón had another great year with 66% occupancy, revenues of US\$ 285,000, and - most important of all - 259 children and youngsters supported in their education. Education is their key to a better future.



**JUNE.**

▲ Kids seeding plants at school, organized by the Global Glimpse brigade.

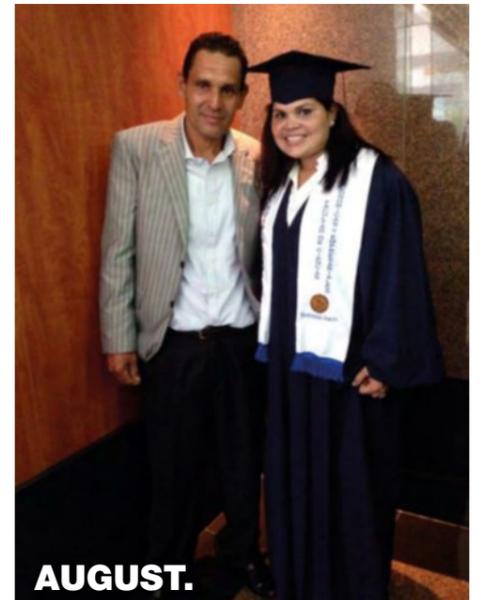
### NEW CHALLENGES

The four new country teams for the expansion of Hotel con Corazón worldwide spent 2014 working hard on their fundraising campaigns. There were sponsored running races, hiking tours, wine-tasting evenings, cooking workshops, burgers con Corazón sold in a restaurant, and many other activities - all to raise money for the new hotels. We have not yet reached our goal, but we have made great progress and anticipate the opening of our second Hotel con Corazón in 2016.



**JULY.**

▲ One man, on a bicycle, over 17,000 miles, all for charity.



**AUGUST.**

▲ Meyling Masis was our first Corazón student to graduate (here together with her father).



**SEPTEMBER.**

▲ Girls' soccer team winning the Peace Cup.



**OCTOBER.**

▲ Our sixth-year anniversary party with the theme "Mexico - Oaxaca, Ajijuuuuua!"



**NOVEMBER.**

▲ Running in Amsterdam for the new Hotels con Corazón

▼ New rancho roof.



**DECEMBER.**

### TYPICAL CON CORAZÓN.

Four business principles guide our decisions:



**HOTEL CON CORAZÓN**

- 1. Fun and fresh**  
Contemporary, no-nonsense and having fun together.
- 2. A place to be you**  
Simple luxury and genuine service to offer a home away from home.
- 3. "Local color"**  
International spirit in our hearts and local blood in our veins.
- 4. Good business**  
We want to make a healthy profit for a good cause.

**ENJOY TODAY, CARE FOR TOMORROW.**

## HOTEL

### Occupancy

In 2014, Hotel con Corazón had its second best occupancy rate ever – with a 66% average across the whole year! We're proud that we kept the annual occupancy rate above 60% for the third year in a row, after improving on three previous record-month occupancies in May, August and October to balance out a slow April (due to reduced local tourism generally after several earthquakes).

### Guests

Our guests constantly supported us on

TripAdvisor: we were in the top three in July and ended as the number one hotel in Granada in December, winning awards along the way (both Best Bargain Hotel and number one Romantic Hotel in Nicaragua). Hotel con Corazón also retained the famous "our pick" status in the Lonely Planet Nicaragua guidebook.

We tried a brief experiment using an online booking provider but this didn't capture the serious quantities of bookings in the emerging Latin American market that we were looking for. In addition to this marketing strategy trial, we continued developing good relationships with local (El Socio) and European travel agencies like Matagalpa tours, Va Pues and Oro Travel who schedule stays at Hotel con Corazón for both groups and individual travellers to visit us, especially during the northern hemisphere winter and in July. There's also good news from our main tour group partner since the hotel's inception: Sawadee has created a new travel itinerary, which is a circuit of Costa Rica and Nicaragua. Of course we will receive these new guests with open arms!

December was a special month for the hotel as we received a visit from the two co-founders, Onno and Marcel, who had come back to enjoy seeing the Corazón-project growing!

### Corazón Trips

The activity of our own in-house travel agency has been a strong success; incomes grew by more than 60% in comparison with 2013. As a result of this increased activity, Corazón Trips now proudly generates Nicaraguan sales taxes and we're working with four guides in high season. We also invested in six bicycles to offer our visitors the possibility to ride around Granada by bike Nica style!



### Restaurant and Events

Besides the healthy breakfast in the morning, the restaurant since 2013 has only been serving dinner in the evening for group reservations (the setup having changed from daily dinners). However, we do still have culinary activities taking place each month.

Several local partners send groups to the hotel to enjoy an evening meal around the flowered first courtyard. These partners include: Casa de la Mujer, board meetings of Alabama Clinique, APAN-Diriamba seminars, ICCO seminary, and Community Connect.

### Staff

This year we lived through a cyclical change of personnel. On the one hand, we were sad to say goodbye to five members of the team, on the other hand we were satisfied to see they had learned a lot working with us and now wanted to use their knowledge and experience in new ways, at other places. Thus we continue to generate new opportunities for eager hospitality professionals. The Foundation continues to support the hotel's workers through a 10% salary bonus to pay for academic studies, plus an English teacher comes in to teach the staff every day.

### Building and inventory

As the property is quite large, it requires thorough maintenance each year. In April, the repeated earth tremors brought on a problem with the pool tubes, but fortunately we could resolve this quickly.

The successfully high occupancy rate pushed us to buy a new washing machine. Actually, the four laundry machines need frequent check-ups, which represent the main hotel maintenance cost along with looking after the paintings, woodwork and car wheels. In order to balance costs through the years, we renew sheets and towels stock twice a year.

We've changed the Internet contract we have with Claro from 2 GB cabled to the maximum possible speed and bandwidth available in Granada (5 GB ADSL), to offer better facilities to our guests.

HOTEL - PROFIT & LOSS	2014	2013
<b>Revenues</b>		
Hotel	\$ 218,855	\$ 197,579
Restaurant	\$ 4,816	\$ 5,860
Bar	\$ 12,268	\$ 11,215
Corazon Trips	\$ 49,334	\$ 30,754
Other	\$ 358	\$ 1,587
<b>Total revenues hotel</b>	<b>\$ 285,631</b>	<b>\$ 246,995</b>
<b>Costs</b>		
Personnel	\$ 72,613	\$ 69,236
Purchases hotel	\$ 25,861	\$ 21,269
Stocking restaurant	\$ 1,278	\$ 4,031
Stocking bar	\$ 6,429	\$ 5,424
Maintenance hotel	\$ 5,394	\$ 10,114
Gas, water, electricity	\$ 20,701	\$ 19,177
Admin & promotion	\$ 12,751	\$ 11,302
Cleaning	\$ 5,129	\$ 3,845
Transportation	\$ 983	\$ 1,093
Corazon Trips	\$ 30,833	\$ 19,464
<b>Total expenses hotel</b>	<b>\$ 181,972</b>	<b>\$ 164,955</b>
<b>Operational profit</b>	<b>\$ 103,659</b>	<b>\$ 82,040</b>
<b>Income taxes</b>		
Income taxes	\$ 7,601	\$ 5,226
Reservation - maintenance	\$ 7,500	\$ 7,500
Reservation - installations	\$ 6,000	\$ 6,000
<b>Net profit</b>	<b>\$ 82,558</b>	<b>\$ 63,314</b>

### Financials

This year the hotel operations generated very high incomes. We realized the best-yet total annual revenues of US\$ 286,000 (up from US\$ 247,000 in 2013). Our average revenue per night jumped from US\$ 75 to US\$ 79. The in-house travel agency, Corazón Trips, not only adds value to the experience of guests staying with us but now also to a fair share of profit.

We managed to control total costs despite inflation and the 10% increase in staff salaries. The day-to-day maintenance is optimized thanks to the recent employment (starting in 2013) of a specialist. All in all, we spent US\$ 182,000 (up from US\$ 165,000 in 2013) to run the hotel operations.

Each year we make reservations for long-term structural maintenance (US\$ 13,500 in 2014) and pay for regular maintenance out of our yearly profit-and-loss account. After the first six full years of operation we are very pleased with a net profit in 2014 of US\$ 83,000. That means a net profit of 29% of the revenues and 12% of our investment (up from US\$ 63,000 net profit, 26% of revenues and 9% of investment in 2013).

The hotel generated a cash flow of US\$ 49,000 after the deduction of our investments in educational projects, which increased our bank accounts to US\$ 246,000 in total. Thus ensuring all the commitments we have given for our educational projects and scholarships can be met.

### Future

Our main travel and tourism business partners have already scheduled stays with us for 2015, 2016, and 2017, and we also compete for new long-term relationships with other tour companies. We make every possible step to defend our number-one position on TripAdvisor and to further develop our presence on social media to involve our guests in our mission. We aim to secure and prolong all the support we've already started with the children and students over the last few years.



## EDUCATION

### OPERATIONS & RESULTS

All the profit of Hotel con Corazón is spent on local education projects. We support two schools with tutoring and extracurricular classes in Las Lagunas, a 20-minute drive outside Granada. Further, there are scholarships for secondary and university students and there is cooperation with two other NGO's.

### Las Lagunas

As announced in last year's report, we started using a new method to measure educational progress in 2014, which was developed by the new education manager and coordinator. We are now monitoring all students individually on the following criteria:

1. The abilities that we want the child to develop: literacy, math, logical reasoning.
2. Assimilation processes – when we evaluate the students we measure their degree of integration.
3. Indicators that help define more precisely what we want the students to achieve: handwriting control, identification of the consonants and phonemes, reading and writing of numbers, mental arithmetic.
4. Students' attendance via the daily class register.

A rating system with letters instead of numbers was created: E = excellent (achievements go beyond expected), MB = very good (achieving the expected results), B = good (in the process of achieving the expected results), R = average (just started developing the skill), I = insufficient. This new monitoring scheme allows us to follow more exactly the progress of the children individually.

The main obstacle facing children in rural areas is that they do not associate the subjects taught at school directly into their daily lives. It is important that in the tutor classes we explain this relationship clearly. And it's also important to make sure the classes have an atmosphere showing that it is fun to learn. When we're successful our students come to our classes with good humor! The real success of this project can be seen in the change of attitude towards education: more students are going to and staying in school. The contribution of Hotel con Corazón towards this change of attitude comes from awareness workshops on issues of education, environment, and health. Parents are included in the workshops and, in addition, in 2014 we organized several other sessions about child development.

Elementary school students	168
Secondary school students	32
<b>Total during the year</b>	<b>200</b>

### Social values

In addition to reinforcing academic learning in math, English, Spanish, plus computer classes, this year we wanted to give an additional focus on the transmission of social values, which lead to positive benefits for the community. We identified that entrepreneurship and leadership would give students the tools to create social change in their communities and be successful in their own lives. Therefore we ran a

workshop for twenty students on promoting entrepreneurship, leadership, and personal growth. In November, we organized a "careers" week and took the last grade students to different vocational centers so that they could discover what their skills and desires were, and then start preparing for next year.

### Secondary school

In 2014, for the first time in the San Pablo school's history, the Ministry of Education initiated what is known as "sabathino", which means that students come to school only on Saturday, so they can help their parents working on the fields or in the household. The school managed to win this option, in effectively a contest between several rural schools, thanks to a large student demand that undoubtedly has helped to motivate the student population continuing with their secondary education. Thirty-two high-school students started our tutoring program; seven were removed for various reasons, leaving a total at the end of the year of 25 students.

### Fun facts

In July we celebrated the end of the first semester with a special activity to bring families together. A delegation of artists from the School of Comedy and Mime in Granada gave a marvelous show for and together with the children and their parents. This Mime School works with the youngsters in both artistic and educational areas.

### Rural communities

The reading speed greatly improved, especially in 3rd and 4th grade. In 2nd grade there are still children who have more difficulties and require individual attention and a lot of support at home. Reading comprehension is also a skill that is gradually developing. Traditional education, especially in rural areas, is poor and did not put a lot of effort in this skill. For much of 2014 the rural community of Las Lagunas, where the two schools are situated, did not have drinking water. Both the schools, San Pablo and Bertha Gutierrez, were also without electricity for part of the year. These difficulties caused lower school attendance. Families were forced to buy water, which meant children had to help them transport the water, or help out more by working in the fields because of lack of money. Due to the lack of water, children could not take a shower or wash their clothes – an additional reason why they stayed at home instead of going to school. Another major factor in school attendance is the distance of people's houses to the school, especially for those attending Bertha Gutierrez. This year, 41 students in primary school withdrew from the tutor classes. They continued in regular school in the morning, but it was too much coming back in the afternoon - even for those who were motivated.

RESULTS	2014	2013	2012
Attendance, elementary school	92%	96%	78%
Retention rate, elementary school	97%	96%	
Attendance, secondary school	95%		
Retention rate, secondary school	99%		
Average reading speed in 2nd grade	40		52
Average reading speed in 3rd grade	71		66
Average reading speed in 4rd grade	96		

### Actual and projected number of students

	Actual						Projected			
	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Elementary school (Las Lagunas)	48	86	96	105	145	168	150	150	150	
Secondary school (Las Lagunas)	0	0	7	10	37	32	30	35	40	
University scholarships	0	1	2	4	12	19	15	15	15	
Secondary school scholarships					4	8	9	12	15	
Via other NGOs	11	11	21	11	22	21	21	20	20	
Employees Education				12	12	11	12	12	12	
<b>TOTAL</b>	<b>59</b>	<b>98</b>	<b>126</b>	<b>142</b>	<b>232</b>	<b>259</b>	<b>237</b>	<b>244</b>	<b>252</b>	

### Scholarships

This year we again increased the number of scholarships for university students. We are now supporting 19 involved and enthusiastic youngsters (up from 12 in 2013), studying accountancy, tourism, pharmacy, health, and more. One student unfortunately dropped out during the year due to family problems. All the others passed their year. We are very proud to report that one of our students, who started five years ago with a Hotel con Corazón scholarship, has now graduated fromUCA Managua in Tourism and Management.

We also increased the number of scholarships for secondary students. In 2014, there were eight students from the Las Lagunas communities working hard at private secondary schools in the city of Granada. All these students passed the year. The two best 6th-grade elementary school students in the communities were each awarded a Corazón-scholarship for 2015. They have high grades, are motivated and supported by their parents to keep on studying.

### Other NGOs

We continued sponsoring children through Empowerment International. In 2014, our scholarship student Ramón had the opportunity to start a proper job, as well as completing his last year of study, working at La Esperanza Granada.

EDUCATION PROGRAM - PROFIT & LOSS	2014	2013
<b>Revenues</b>		
Hotel con Corazón investments	\$ 46.622	\$ 38.115
Hotel guests donations	\$ 3.035	\$ 7.262
<b>Total revenues education</b>	<b>\$ 49.657</b>	<b>\$ 45.377</b>
<b>Costs</b>		
<i>Las Lagunas</i>		
Personnel costs	\$ 26.612	\$ 24.816
Transport costs	\$ 2.195	\$ 1.779
Other project costs (school material, books, extra activities)	\$ 2.964	\$ 3.953
	<b>\$ 31.771</b>	<b>\$ 30.548</b>
<i>Other contributions and expenses</i>		
Contribution Empowerment International	\$ 6.000	\$ 6.000
Contribution La Esperanza	\$ 1.200	\$ 1.200
Scholarships universities	\$ 8.433	\$ 5.930
Other contributions and expenses (like school material)	\$ 2.253	\$ 1.699
	<b>\$ 17.886</b>	<b>\$ 14.829</b>
<b>Total costs education</b>	<b>\$ 49,657</b>	<b>\$ 45,377</b>

He now is responsible for all the organization's computer equipment.

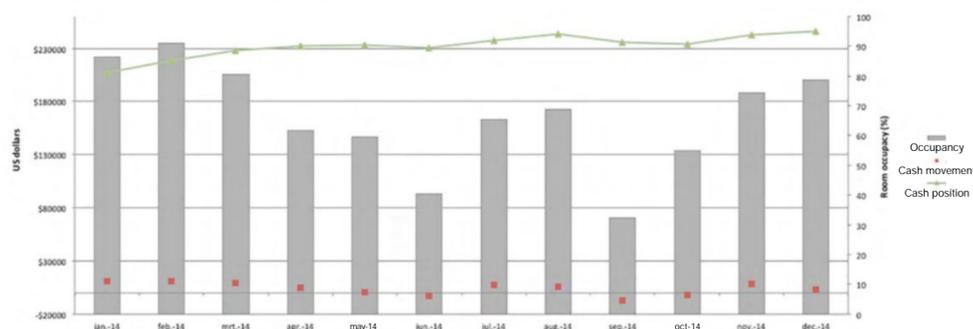
We continued sending Bibliobus to the two schools in Las Lagunas and are happy to see that the children are taking books to their homes. Since several years Hotel con Corazón cooperate with Soccer Without Borders. Their mission is to use soccer as a vehicle for positive change, providing under-served youth a toolkit to overcome obstacles to growth, inclusion and personal success. In September they organized the "Global Peace Games" for girls. Our students from Las Lagunas, with only two weeks of training, won these games. The girls learned a lot about teamwork, respect for others, punctuality and good sportsmanship. Winning the trophy meant a lot for their self-esteem and their empowerment!



### Financials

Similarly to in 2013, we increased the number of scholarships, both for university and secondary school, so we spent a total of US\$ 8,433 on scholarships. Our own tutoring classes in Las Lagunas continued to be our

### Cash movements & occupancy



biggest investment. Most of the education program financing (US\$ 26,612) was spent on the salaries of our tutors. The focus for the coming years is to grow qualitatively. Because of limited school classrooms and infrastructure instabilities, we have a maximum number of students for each tutor (total elementary 150 students). Also for the university scholarships we will establish a limit of 15.



# NEW HOTEL IN CAMBODIA

**Our objective is to help more children finish their education. Therefore we have the ambition to open ten more hotels in the next ten years. All the hotels will have the same concept, offering an exceptional hotel stay and making a healthy profit to invest in education.**

The next Hotel con Corazón will be opened in Cambodia by Eva de Hartog and Gijs Heuvingh. They developed a business plan to start a hotel in the area of Kep. The same as the hotel in Granada, it will also be of 3-star designation. However, since it is not located in a city but along a coastal area, it will have a different setup. This hotel will consist of 20 small bungalows. Of course, we will stick to our business principles so our guests will feel right at home, just like in Granada.

The profits made by the hotel will be spent on education projects, such as providing grants to students for higher education. Other projects will focus on improving the access to and quality of education, like teach the teacher and tutoring programs. The aim is to encourage and assist children to finish their schooling, all the way from elementary school through to higher education.

## FROM FOUNDATION TO SOCIAL ENTERPRISE

Our worldwide growth ambition needs investments of between 750,000 and

1 million euros per hotel. We have realized that this cannot be financed by donations alone, as was done for the hotel in Granada. Therefore we have set up a different structure to attract impact investors. Impact investors invest not only for profit but also for social impact. They will receive a fair return on their investment. The consequence of this structure is that we will not be able to invest 100% of our profits in education projects but the figure will always be at least 75%.

## FINANCING WELL ON THE WAY

By this point, we have managed to attract 500,000 of the 950,000 euros in funding needed for the new hotel in Cambodia. We are talking to other impact investors and feel confident to say that Eva and Gijs will buy the land in the beginning of 2016.

## OTHER INITIATIVES

As well as Cambodia, there are plans for hotels in Mexico (Oaxaca), Suriname (Paramaribo), and a second hotel in Nicaragua (León). Business plans have been made and fundraising started in 2014.

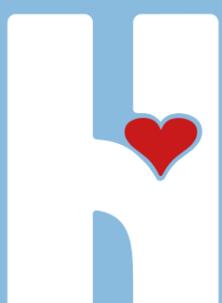
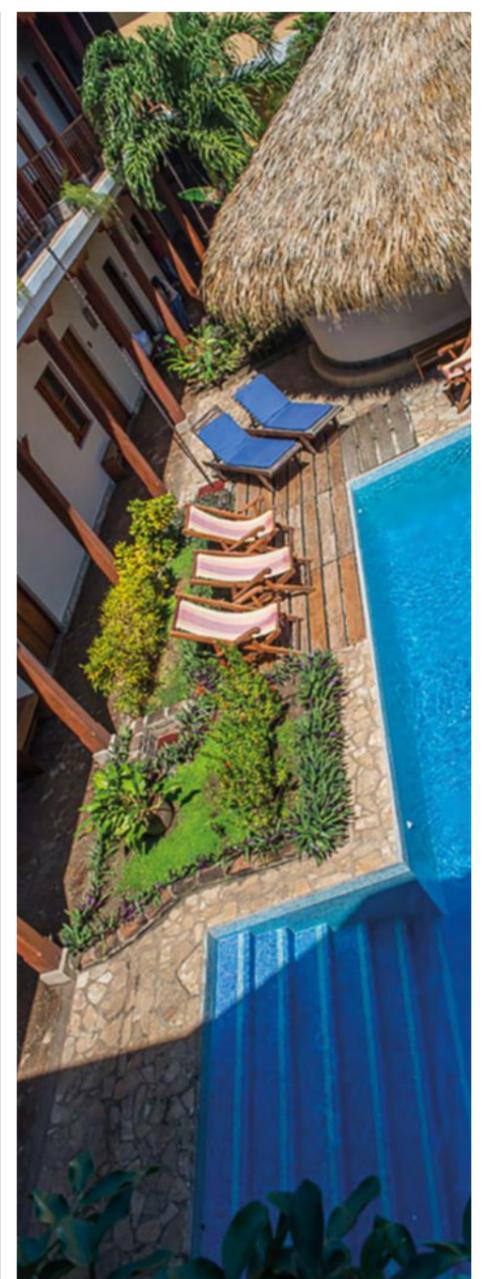
All these teams want to build comfortable hotels from which at least 75% of the profits will be invested in local education:

- ☑ Scholarships for children and young adults who want to continue their studies, but are not able to because their parents can't afford it.
- ☑ Educating parents about the importance of education for their children.
- ☑ Supporting extracurricular classes and activities (sports, creative classes, library, computer classes, English).
- ☑ Creating a sustainable way to improve education for children, without being dependent on occasional or intermittent donations.

## How to get involved?

- ☑ Become co-owner of one of the hotels by buying a Social Share costing 500 Euros. Dividends will be paid in the form of one free night per year at the con Corazón hotel of your choice.
- ☑ Provide us with a loan of 5,000 Euros or more for 10 to 20 years at 2% interest.
- ☑ Connect us to an impact investor, i.e. people in your network who invest in social projects.
- ☑ Join our team of volunteers to make these great plans happen.

If you are excited about these plans, visit: [www.hotelconcorazonworldwide.com](http://www.hotelconcorazonworldwide.com).



**We build 10 new hotels in 10 years, to support children all over the world to finish their education.**



**HOTEL CON CORAZÓN** Build with us @ [hotelconcorazonworldwide.com](http://hotelconcorazonworldwide.com)  
**ENJOY TODAY, CARE FOR TOMORROW**

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