

2013 ANNUAL REPORT

U.S. NETWORK

ACCION

The Accion U.S. Network is the largest nonprofit microfinance network in the United States.





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DIGITAL EXCLUSIVES:



Read, watch and enjoy additional Annual Report content online, including a video highlights library. Visit usnetwork.accion.org/2013report today, and look for our digital highlights symbol throughout this report.

ON THE COVER:

Kahlil Bryant

OWNER OF K CUTZ
SAN DIEGO, CA

Kahlil started cutting hair at age 14 and quickly realized he had an amazing skill. That skill followed him throughout his life, whether he was in high school, the Air Force or college. Kahlil, with the support and encouragement of his wife, made the leap and opened his own barbershop. Today, he's loving every minute of it and could not be happier pursuing his passion.

Dear Partners, Friends & Supporters



GINA HARMAN
CHIEF EXECUTIVE OFFICER



BRAD HENDERSON
BOARD CHAIR

We are very excited to share with you our 2013 Accion U.S. Network Annual Report. It was a year filled with historic moments, milestones, and progress. We advanced corporate partnerships, fostered innovation, and scaled operations to reach even greater numbers of entrepreneurs in the U.S.

Our accomplishments were many but a few stand out as exceptional examples of what we achieved together with our member organizations and supporters. For the first time in Accion history, all five member organizations were awarded Community Development Financial Institutions (CDFI) grants from the U.S. Department of the Treasury. This was an enormous vote of confidence for our member organization's abilities and financial health. In addition, we mobilized the Accion team worldwide to support the La Idea program, a collaboration with the U.S. Agency for International Development (USAID) and the U.S. State Department.

We also worked to better understand the impact of our work. Our second nationwide microTracker outcomes study affirmed anew that our microloans are encouraging financial well-being and economic development for individuals, families and communities across America. Business owners such as Moctar Yara, featured in this report, are inspiring examples of these outcomes.

Like many other Accion loan recipients, Moctar immigrated to the U.S. in pursuit of the American Dream. Through hard work, dedication, and access to resources, he built a business that is renowned in his community and serves as an example for others.

Our success in 2013 only drives us to work harder and smarter to advance our mission in 2014. We anticipate that healthy growth and healthy portfolios will continue to be hallmarks of our collective work. And we expect that projects begun in 2013 will come to maturity in 2014 building stronger bridges between Accion and the business owners we are so proud and inspired to work alongside in realizing their dreams.

We invite you to explore the pages of this report and all the digital exclusives it has to offer. At usnetwork.accion.org/2013report, you can access videos, photos, and stories that you are not going to want to miss.

We have a great deal to celebrate and we hope you will share our journey as we recount 2013.

Sincerely,

Gina Harman
Chief Executive Officer

Brad Henderson
Board Chair



When U.S. entrepreneurs have access to affordable capital, small businesses grow, hardworking individuals are provided with job opportunity, and communities thrive. The Accion U.S. Network increases essential access to capital by scaling innovation, creating and growing groundbreaking partnerships, and focusing on rigorous evaluation and research.

Small loans incite sustainable change, and we are uniquely positioned to bring this change to meaningful scale in the United States. Five Accion member organizations headquartered in cities throughout the United States form the largest nonprofit micro- and small business lending network in the country.

Since 1991, the organizations now part of the Accion U.S. Network have provided more than 50,000 loans

totaling more than \$406 million—lending more than \$46 million in 2013 alone.

The work of the Accion U.S. Network, established in 2011, supports these organizations in scaling impact and multiplies the opportunity created for small business owners nationwide. Globally, Accion (www.accion.org) is a pioneer in microfinance, reaching millions of individuals through its international network of partners.



3,710 Loans Made

\$46,229,306 Lent

\$12,460 Average Loan Size

3% Net Loan Losses

42% Loans Disbursed to Women

65% Loans Disbursed to Minorities

3,918 Jobs Created

8,891 Jobs Sustained





Bertha Cerda

**OWNER, BETA CRAFTS
DENVER, CO**

DIGITAL
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In 2010, Bertha opened Beta Crafts to sell handmade clothing and jewelry sourced from Central and South America. All Beta Crafts' products come from artisans who are paid fairly, so they can continue producing their crafts as well as support their families.

Soon after opening, Bertha looked for ways to grow her business. "It was because of Accion's loans that I've been able to buy more inventory," she says. Today Beta Crafts has a stall in Denver's Mile High Flea Market, a shared retail space, and will soon be opening an additional store at a local mall.



Our Historic Gathering



For the first time in our history, all of Accion's leaders gathered for the Accion U.S. Network and Accion International board meetings in San Antonio, home to Accion Texas Inc. The visit provided an extraordinary opportunity for discussion around Accion's U.S. and international work and the boards of directors that support, inspire and guide us.

For three days in June, Accionistas from around the world collaborated and learned via in-person meetings, client

visits and more. We discussed our 20 years of impact and how we plan to serve even more business owners through access to capital and financial education. The gathering was the perfect time to assess where we had been and preview where we are heading as an organization.

To celebrate the historic occasion, San Antonio Mayor Julián Castro declared the three days as "Accion Days" in the city of San Antonio.



"Hosting all the Accions in San Antonio was an amazing first for the organization. It was a wonderful time for reflection on the progress made on building our worldwide brand, and a motivating look at what's to come in the future."

Janie Barrera
CEO, Accion Texas Inc.



Accion leaders, board members and clients presented with the proclamation from San Antonio Mayor Julián Castro, declaring June 19-21, 2013 as "Accion Days."

2013 Member Highlights



This year, in addition to celebrating Accion's 2013 accomplishments across the U.S. Network, we are also celebrating a milestone anniversary—20 years of microlending in the U.S.



Accion Chicago

Accion Chicago teamed up with the City of Chicago and World Business Chicago to create a program encouraging local job creation and economic growth. Seed Chicago, a curated Kickstarter page administrated by the Accion Chicago team, promotes projects by small business owners and community organizations. Since launching in late 2013, 16 businesses have successfully funded their projects.

Accion East

Accion East made their online loan application process faster and easier. Through a new, shorter online loan application, a mobile friendly website, and instant income verification technology, Accion East has cut turnaround time in half and doubled their application completion rate.



CDFI Grant Awards

For the first time, all five Accion member organizations were awarded grants from the Community Development Financial Institutions (CDFI) Fund in the same year. The CDFI Fund uses federal resources to invest in CDFIs to build their capacity to serve low-to-moderate income people and communities that lack access to affordable financial products and services.

In total, the members of the Accion U.S. Network were awarded \$7.1 million from the CDFI Fund.

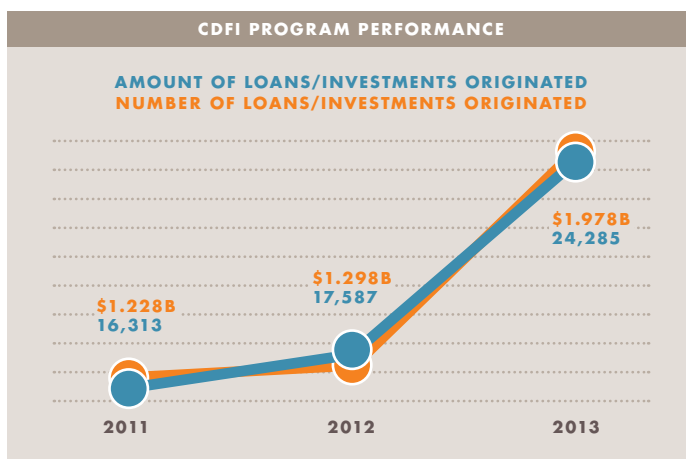
The 2013 awards provided over \$172 million to 191 organizations serving low-to-moderate communities throughout the United States. Awardees represent a diverse group of credit unions, depository institutions, loan funds, and venture capital funds.

Accion's CDFI Fund awards will support us in increasing access to capital in the nearly 30 cities and 49 states our members collectively serve.



"We are grateful to the CDFI Fund and send our warm congratulations to all the grant recipients across the country. It's thrilling that all five Accion organizations received funding this year. We are excited for the impact these dollars will have on the lives of entrepreneurs across the country."

Anne Haines Yatskowitz
CEO, Accion New Mexico • Arizona • Colorado.



Accion New Mexico • Arizona • Colorado

Accion New Mexico • Arizona • Colorado launched their "Presto Loan"—a loan product creating greater economic access for entrepreneurs seeking loans of \$8,000 or below. By streamlining processes and systems, they have been able to employ timesaving methods, allowing them to work towards a one-hour turnaround time from application to disbursement.

Accion San Diego

To help serve those entrepreneurs who need more preparation before taking on a loan to grow or start a business, Accion San Diego launched the Accion Academy for Entrepreneurial Success, an eight-week, hands-on training program that walks participants from business concept to launch. Upon successful completion of the program, graduates become eligible for a business loan up to \$5,000.

Accion Texas Inc.

On March 15, 2013, former President Bill Clinton joined Accion Texas President and CEO Janie Barrera, Kiva President Premal Shah and officials from Visa Inc. at the Clinton Presidential Center in Little Rock, Arkansas to announce the launch of Kiva City Little Rock, an initiative that expanded the availability of microloans for small business owners and aspiring entrepreneurs in the Little Rock area.

Building National Partnerships

Our industry-leading corporate partnerships allow us to create relevant programs and resources that resonate with communities of entrepreneurs—such as veterans, women, and food and beverage businesses—and provide increased opportunity for those businesses to grow and succeed.



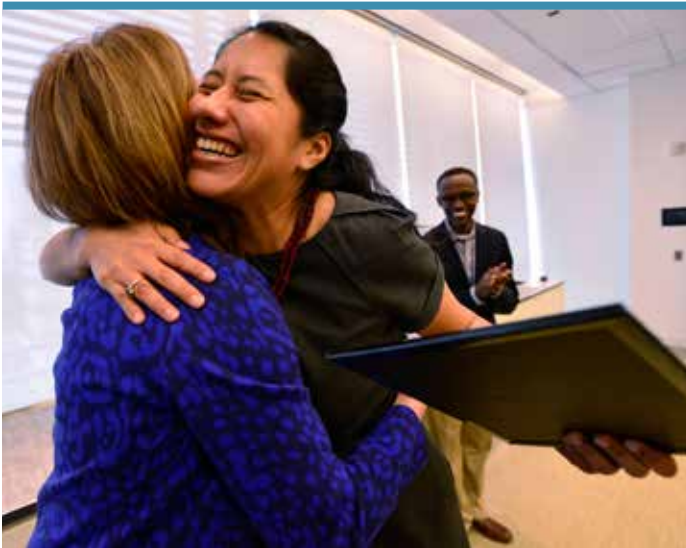
Renee Estes

OWNER, MOJO EXPRESS
CHICAGO, IL



La Idea

DIGITAL EXCLUSIVE 



“La Idea was an amazing opportunity for me to share my passion—my business—with others around the world. I gained a ton of knowledge and connections. I’m so grateful for having the opportunity to participate in the program.”

Isela Hernandez | Owner, HERNÁN

2013 was the second year in Accion’s two-year program partnership with the U.S. State Department and the U.S. Agency for International Development (USAID). The La Idea program aimed to encourage economic partnerships between businesses in the U.S. and Latin America. It included three components: a business advising series, a digital platform to connect entrepreneurs to resources and each other, and a business pitch competition.

Business Advising Events

The La Idea en Acción business advising event series engaged Latino entrepreneurs with local business experts in topics such as international trade, access to capital, and marketing. Throughout the year, nearly 1,000 entrepreneurs attended 17 events in 11 cities across the U.S. and Latin America.

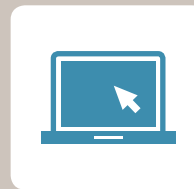
Digital Platform

La Idea’s digital platform was built to provide entrepreneurs with networking opportunities and business education resources. In less than nine months, we built an online community that drew 2,000 members and connected them with hundreds of local and regional organizations.

Business Pitch Competition

The La Idea Business Pitch competition included semifinal events in New York and Bogotá, as well as a final pitch showcase in Miami. Sixty semifinalists selected from 900 submissions were invited to pitch their ideas.

LA IDEA PROGRAM OUTCOMES



- 20,000 individuals engaged on laidea.co
- 2,000 members in the La Idea online community



- 17 La Idea en Acción events
- 1,000 Latino entrepreneurs trained
- 100 local and regional organizations participated



- 900 online submissions to the La Idea Business Pitch Competition
- 60 partnerships selected as semifinalists
- 2 semifinal pitch competitions

PHOTO:

Accion client Isela Hernandez being awarded a finalist at the La Idea Business Pitch Competition semifinal event in New York.

Building National Partnerships

Sam's Club Driving Small Business Success



“We’re so grateful there are organizations like Accion and Sam’s Club who have supported us from the beginning. They’ve been amazing partners.”

Maria Harrison

Tea Gallerie, San Diego, CA

In partnership with Sam’s Club, the Accion U.S. Network set out to leverage technology in new and innovative ways to reach more small business owners in need of capital.

In 2013, we laid the foundation for increasing the number of small business owners served via our online platform by launching an in-depth online marketing strategy that leverages e-commerce best practices along with access to financial education.

Key features include a simplified application and a library of articles and video content for on-demand business advice and tips for small business owners.

Three years ago, Maria Harrison and her husband, John, decided to create their own brand of tea—wanting to revive loose-leaf teas and help people improve their health one cup of tea at a time. With the help of Accion, they received a loan that they used to develop a website and purchase inventory.

Citi Salutes



“I was excited to hear that Accion and Citi have partnered to provide resources and financing to veteran entrepreneurs like me.”

Bob Mishler

Uncertain Farms, Seguin, TX

Citi Salutes: Realizing Your Dream is a program committed to fostering veteran entrepreneurship in America. At the end of 2013, Citi Salutes turned to Accion to be the lending partner in its efforts. We worked with Citi and the Institute for Veterans and Military Families with the hope of solving a problem veterans encounter returning to civilian life: finding the funds to support their choice to be self-employed.

Despite being one of the most successful groups in starting and growing businesses, accessing capital still remains a significant challenge. By developing a unique point of contact online for veterans, we hope to make the process far less frustrating and far more successful.

Bob Mishler has been operating Uncertain Farms for the last 16 years. Aside from his produce, Mishler is known for his amazing treats, including candied jalapeños, homemade ice cream, fresh-baked breads, and jams. While serving in the Marines, Bob learned valuable lessons in discipline and confidence that he applies to his business today.



Samuel Adams Brewing the American Dream

A flagship example of national partnerships at work, Samuel Adams Brewing the American Dream (BTAD) helps food and beverage entrepreneurs start or scale their businesses and achieve economic independence.

Since joining forces with Samuel Adams in 2008, we have collaborated to provide microloans to small businesses as well as expert advice and personalized mentorship through speed coaching events and business seminars. In 2013, we disbursed \$863,000 in loans to more than 90 entrepreneurs, and mentored more than 800 individuals.

Also in 2013, the program launched its first-ever business pitch competition. The BTAD Pitch Room Competition was a national contest for small businesses in the food and beverage industry. Entrepreneurs from across the country competed with their best sales pitch for a \$10,000 grant, extended mentoring from Samuel Adams and the chance to pitch their product to a panel of retailers and buyers. At the finals in Boston, BTAD program participant Brewla Bars of New York was selected as the grand prize winner.



PHOTOS:

Top left: Cruz Caudillo, BTAD program participant and owner of Praline Patisserie, hard at work in his kitchen in San Diego, CA. Above: Rebecca and Daniel Dengrove, winners of the Samuel Adams BTAD Pitch Room Competition, receiving the grand prize from Founder and Brewer of Samuel Adams, Jim Koch.

DIGITAL EXCLUSIVE



Our outcomes evaluation and market research are essential activities in ensuring that Accion delivers quality products and services that allow small businesses in America to flourish.



microTracker

For the second year in a row, the network as a whole participated in the Aspen Institute's microTracker outcomes study. The survey, conducted in 2013, asked 2011 Accion loan recipients questions regarding the state of their business in 2012, one year after receiving their Accion microloan. The microTracker study offers insights into the outcomes of microlending including job creation, business sustainability, and income generation.

MICROTRACKER 2013 OUTCOMES RESULTS



4.8 jobs created or retained by each borrower reporting employees



97% of businesses remain open one year after receiving a loan



47% of our borrowers report satisfaction with income earned from their business

National Poll

Launched in 2012 and carried out through 2013, Accion conducted a survey to find out more about small businesses in America. The poll drew responses from nearly 650 entrepreneurs, 80 percent of which reported having four or less employees and having been in business for more than five years. Despite challenges such as limited access to education and minimal industry experience, nearly all of the entrepreneurs surveyed expressed confidence in their ability to achieve their business goals.

NATIONAL POLL RESULTS PREVIEW



Survey participants represent 50% women; 33% immigrants; and 55% minorities.



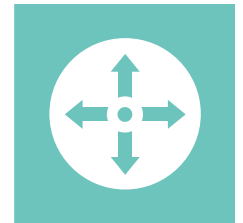
Small businesses surveyed cited access to credit as their primary challenge, ranking it higher than concerns over the economy and low sales.



85% of responding entrepreneurs believe their actions outweigh external factors when it comes to their financial well being.



Throughout the United States we facilitate the transfer of knowledge from market to market, allowing for increased innovation and the ability to scale microfinance nationally.



Lending Learning Meetups

Created in 2013, Lending Learning Meetup is a quarterly training series for Accion's lending staff across the country. The goal of the series is to share best practices and learn from external experts. The sessions present an opportunity for us to scale innovation through knowledge sharing and internal community building. Each session focuses on a single topic of interest, such as customer service or cultivating leads through entrepreneurship programs, and includes formal presentations and discussion time.

In 2013, Accion offered four network-wide training sessions with an average of 60 participants per training. Feedback was positive with nearly 90 percent of our participants saying they learned a new skill, and 100 percent of our participants saying they would like to attend additional trainings.



"The Lending Learning Meetups have provided us with a great opportunity to gain insight into how other Accion offices are attacking some of the more challenging issues we all face."

Nick Miluso
Lead Loan Officer,
Accion San Diego

New Product Development

Throughout the year, Accion members piloted services to lower costs, increase efficiency, and improve satisfaction. With carefully agreed to metrics, rigorous customer reporting standards, and a commitment to sharing best practices, each member pushed the frontiers of outreach and loan processing.

By leveraging new innovations in alternative scoring methods, automated document collection, and big data, goals to reduce loan-processing time from weeks to days and now to hours are achievable and hold great promise of increasing capacity.

Our friends at Capital One generously supported the seed funding of these efforts and continue to provide guidance as we focus now on adding new products and services to Accion's offering.



"Implementing new and innovative technologies that allow us to access information digitally eases the burden on both the applicant and the loan consultant, allowing us to shorten the process and better serve clients."

Paul Quintero
CEO,
Accion East





Moctar Yara

OWNER, YARA AFRICAN FABRICS
NEW YORK, NY

DIGITAL
EXCLUSIVE 

“I love to sell textiles. It doesn’t matter where it comes from, I just love to sell textiles. And for that I’m grateful everyday.”

I’m from Mali. I came to New York over 20 years ago with a goal in mind—one that still brings a smile to my face when I think about it. I wanted to be the first person from Mali to bring home an American cow. Let’s just say my goals have evolved.

I brought my work ethic from Mali, but everything I know about business I learned on the streets of New York. And it all started the winter of 1992. When I arrived to JFK Airport in New York I told the taxi driver to drop me off where the most Africans were. So he left me at 125th and Lenox in Harlem. I’ll never forget the day. When I got out of the taxi I heard a familiar sound—it was a language from Mali, Bambara.

The man who was speaking it was running his own table selling hats and scarfs. And that’s where I got my start. For a couple of dollars I would help street vendors take out and unpack their merchandise in the morning and then for a couple more dollars I would help them pack it all up for the night.

From there it was only a matter of time before I had my own table, and then eventually I grew that table into my own store. I decided to sell fabric—specifically fabric from Mali. But let me tell you, going from the rent-free street to \$1,000 a month was difficult. And rent only went up from there.

I finally realized that my goal was to become one of the largest African textile wholesalers. And that day, after seven years on the street and 11 years jumping from store to store, I packed up all my fabrics, took them to my warehouse in the Bronx, packed up a truck, and hit the road going to textile shows across the country. It was hard—really, really hard.

Many people ask me how my business has grown so big, and I’ll tell you the secret. I treat every customer

as a friend and I love what I do. It’s not just about selling something for the money and that’s it. You want to sell good things to your friends. I never worry about my competition; my clients are my friends and they always come back to me because they trust me.

My fabrics were featured in Harper’s Bazaar. And I also started selling my textiles internationally. I have customers right now in Jamaica and Mexico.

People often ask what the future will be for me. In 20 years I see myself back in Mali—returning to the cows. But until then, I want to keep going expanding out of the U.S. and growing my wholesale business. Who knows? Maybe one day I will become the largest African textile wholesaler.



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* AS OF DECEMBER 31, 2013



Daven Lee

**OWNER, MILK AND HONEY
ALBUQUERQUE, NM**

With a plentiful supply of goat's milk and beeswax at her farm, Daven Lee started making body products to sell at her local farmer's markets. Looking to turn her passion into a livelihood, Daven transformed Milk and Honey into an online wholesale business.

Without a storefront to manage, she has more time to do what matters most to her—be a mom. Both of her children help at the market and get a chance to learn good business skills. "I want to show people that they can have the kind of life they want," says Daven.

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