

ACCION

U.S. Network



2014 ANNUAL REPORT

The Accion U.S. Network is the largest nonprofit micro- and small business lender in the United States.



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PARTNER PERSPECTIVES



“Whether it’s providing small businesses with accessible and flexible financial services, partnering with governments as a resource for residents, or enabling the private sector to more fully serve communities, Accion is promoting employment and economic growth across the country and building a foundation for more inclusive communities.”

Bob Annibale
Global Director of Citi Inclusive Finance & Community Development



GINA HARMAN
CHIEF EXECUTIVE OFFICER

As we mark our twentieth year supporting business owners in the U.S., Accion is poised to deliver value to entrepreneurs like never before. By championing risk-takers like Eleazar, Melissa, and Carlene, we learned from their struggles and successes to reenvision how best to connect them with the tools they need to put their dreams within reach. Our lives are richer for their drive, our economy and culture more diverse and vibrant.

As we chart the future, we recognize how the world has changed and the opportunity we now have to help shape it once again. Where face-to-face meetings were once the mainstay of matching supply with demand, an online marketplace has disrupted the financial services industry. New players entice entrepreneurs with quick decision making, no-hassle applications, and innovative products. Though we have seen business owners struggle to manage financial products online that carry no obligations to disclose fees, pre-payment penalties, or interest rates, technology is a powerful tool to increase financial inclusion and Accion is taking steps to bridge the gap.

In 2014, we launched our new home online where business owners can find great educational materials and apply for a loan. Technology enables the connection, and our loan officers create the personal relationship that has been the core of our success these past twenty years. Our staff across the country are ready to reshape the promise of microlending. See for yourself at us.accion.org!

We are energized by the possibilities the next twenty years offer. With our supporters, we are able to invest today to realize a more financially inclusive world tomorrow.

Sincerely,

Gina Harman
Chief Executive Officer

Brad Henderson
Board Chair

Turon Cummings

OWNER OF CREATIVE CONCEPTS
WHITING, IN



Who We Are



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. Four Accion member organizations headquartered in cities throughout the United States form the largest nonprofit micro- and small business lender in the country.

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

than 54,000 loans totaling \$454 million, lending more than \$47 million in 2014 alone.

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



4,427 Loans

\$47M Lent

\$10,833 Average Loan Size

69% Loans Disbursed to Minorities

13,686 Jobs Created & Sustained

54,221 Loans Since 1991

\$454M Lent Since 1991

500,000 Owners Trained Since 1991

Twenty years ago, Accion took a leap of faith, expanding to five cities nationwide in 1994 to strengthen local communities and fuel the dreams of entrepreneurs. One such entrepreneur was Eleazar Delgado, owner of Café Jumping Bean in Chicago, Illinois.



In 1994, Eleazar introduced bagels, cream cheese, and cappuccinos to a community far more familiar with tacos, Mexican bread, and instant coffee. A \$5,000 Accion loan gave his young business a boost.

The first years were tough. But the business grew,

thanks to a community of support and Eleazar's vision, all of which have made his coffee and sandwiches a mainstay of the Pilsen neighborhood.

Now, he employs 14 people – including family and six full-timers with vacation and benefits.



● JANUARY 1994

Eleazar's Journey



Meeting A Need

When Café Jumping Bean opened, there was nothing like it around. "I opened to a full house, it was beautiful. I felt on top of the world – this is what it's going to be like. But I soon realized no, because that was just the first night. It was something completely new, but it was too new... I had to educate people on what a cappuccino was."

● 1995

Shot in the Arm

Eleazar couldn't open a checking account, much less qualify for a loan. After two meetings, Accion gave him a loan. "[They] said, 'Here's the interest rate, here's how we break it up, here's what you pay, and be on time.' I took a deep breath and said, 'I can do that.'" He closed for five days, reworking the interior and buying new equipment.

● 1995

His First Hire

When his business started to attract new customers, Eleazar realized he couldn't do everything. He hired his first waitress, who came after school to help him when the cafe got busy. "Wow, I can actually pay somebody. Even though she was making mostly tips, I was still paying something. For me that was huge."

● 1999

A Second Shot

Eleazar applied for a second loan from Accion to buy a new sandwich fridge and a larger pastry display case. "We evolved from a small café offering four sandwiches to 10, from two cakes in the display case to six. We added salads, desserts, appetizer stuff. We hired more staff. Slowly things started to change for me."

● 2001

Paying It Forward

The business made its first donation of \$500 to support the chess club at the library. "In the café, we held chess tournaments. For me, just keeping the kids involved with something was pretty important. It taught me a lot. My business is giving back." Many parents became customers, and he now regularly hosts local artists on a rotating basis.

● 2002

Rally of Support

Starbucks wanted to set up shop nearby. The community worked with a local organization to convince the building owner not to sign off on the proposal. "They wanted me to survive. My place was important for the neighborhood – they knew what I was doing and said, 'We can't let this happen. This is our neighborhood.'"

● 2014

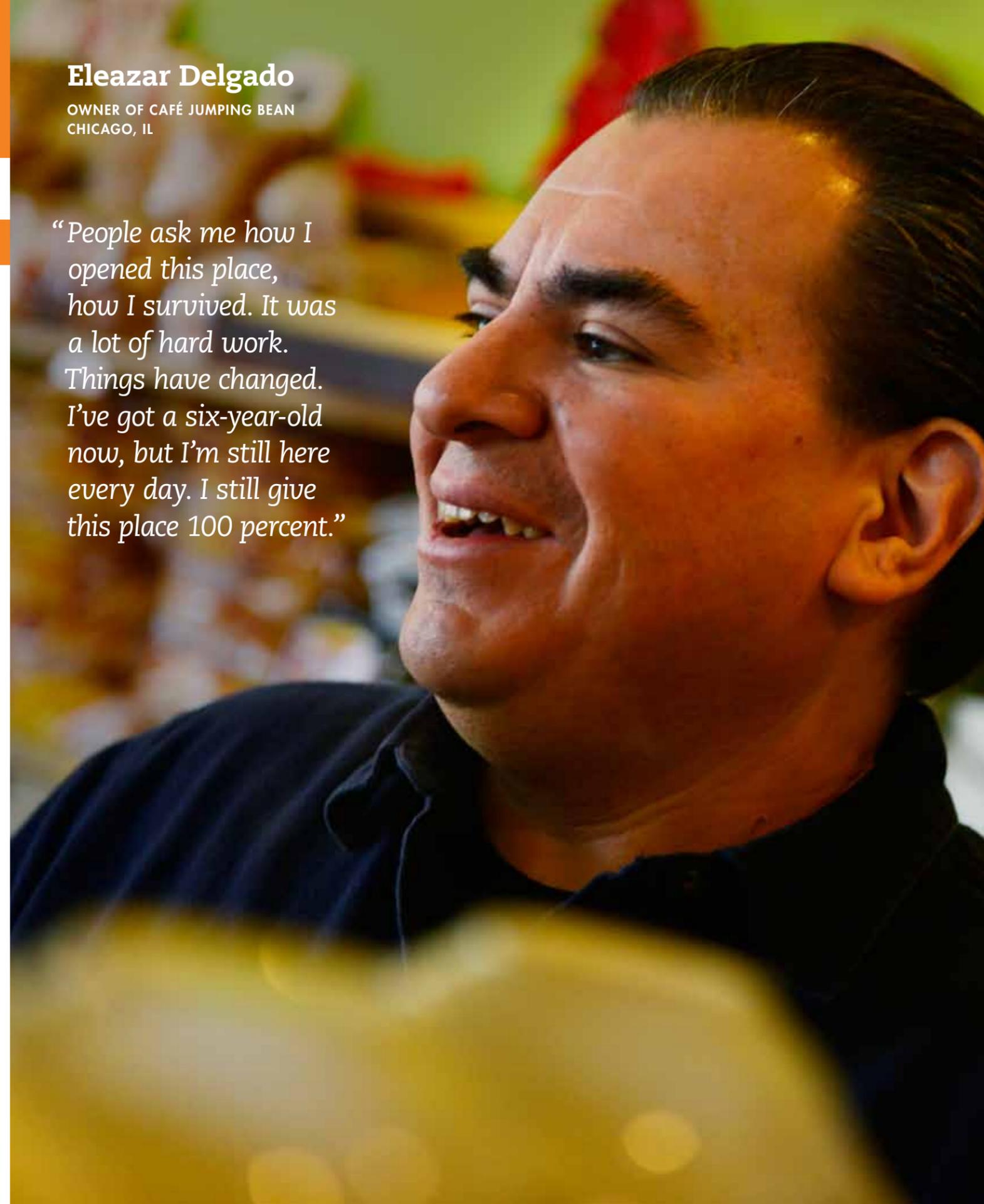
The Next 20

As Pilsen changes, Eleazar hopes to leverage his uptick in business by giving back to the community. "I have a lot of kids who want to work here. I don't know if I'm going to open up another spot, I'm really comfortable with what I do here. I keep myself busy here. I work the trenches. I'm not just the owner, I'm a worker."

Eleazar Delgado

OWNER OF CAFÉ JUMPING BEAN
CHICAGO, IL

"People ask me how I opened this place, how I survived. It was a lot of hard work. Things have changed. I've got a six-year-old now, but I'm still here every day. I still give this place 100 percent."





Melissa Lynch

OWNER OF THE ROVING LUNCHBOX
BOSTON, MA

“It was fantastic. I loved the process, it was really streamlined. I used to work in software, so I’m a pretty harsh critic. And I thought the website was really crystal clear.”

Leveraging Technology for Good



Imagine you’re an entrepreneur like Melissa Lynch, starting a new career after two decades working for someone else. You learned how to cook interesting flavors from the best — your mom — and you get the chance to try out your dreams for six months in a commercial kitchen. You love it. Now you want to grow — selling savory and sweet pies out of a food truck. As a new business, who will you turn to for capital? Who will help you take your next step?



The U.S. Network Online Lending Platform

In 2014, as entrepreneurs across the U.S. prepared for their next challenge, many took their dreams online.

With large banks failing to meet their demand for capital, business owners applied for loans through the online lending marketplace. These relatively new lenders used technology to disrupt the financial services industry, promising entrepreneurs speedy and easy access to capital. A loan application process that once took months lasted minutes, hours or days. By eliminating infrastructure costs like physical branches and staff, these leaner, more efficient lenders sought to deliver high returns to their financial benefactors — their investors.

As the largest nonprofit micro- and small business lender in the U.S. with a track record of success through bank referrals, community partnerships, and word of mouth, we leveraged this technology for good,

bolstering our support for entrepreneurs searching for capital online and putting the interests of business owners first. The U.S. Network launched a new online lending platform to help more women, minority, and immigrant entrepreneurs achieve business health and growth. With Accion’s support, entrepreneurs will have the information and personalized support they need to choose the right type of capital, at the right size, and at the right time for their businesses.

In 2014, the platform processed more than 1,000 applications and disbursed \$1.7 million to U.S. small businesses. To expand our support beyond capital, we created a library of online education resources to help entrepreneurs run and better manage their businesses. Every step of the way, loan applicants worked with Accion staff to answer their questions and make smart business decisions.



Melissa's Search for Capital Online



Melissa always wanted to open her own business.

After 18 years spent working for someone else, it was a passion for cooking developed alongside her mother that inspired her one day to take a 6-month leap of faith in a licensed kitchen in a VFW post. She recalls a defining moment from her youth: To earn her Girl Scout badge, she cooked a meal of meatloaf, mashed potatoes, and pudding in a cloud, a dessert with pudding nestled in cool whip.

She took recreational cooking classes to explore her interest in cooking and eventually formalized her business. Soon, she needed new avenues to grow her fledgling operation, The Roving Lunchbox. Her vision? Become the best rookie food truck in Boston.

Learning about Accion through SCORE, she went online to search for capital. She found Accion's new online lending website, applied for a loan to purchase a dough sheeter to increase product volume for future sales from her food truck, and received a call from Ana, an Accion East loan officer, to help explain and close the loan.

"I thought it was fantastic," Melissa says. "I loved the process, it was really streamlined. I used to work in software, so I'm a pretty harsh critic. And I thought the website was really crystal clear ... For a nonprofit to make that call and provide that personal touch was really special."

Her ambitions are to expand in a year or two and become USDA certified to sell wholesale. Since applying for capital with Accion, Melissa has reviewed and strengthened her business plan with Accion staff and participated in the Samuel Adams Brewing the American Dream program.

"I love not knowing exactly what I'm going to have to do, that something is going to come up, some opportunity ..." Melissa says. "I just think there's an excitement about being able to set your own schedule and do what you enjoy."

ONLINE LENDING MARKETPLACE FACTS

Over \$10B

Value of the online lending marketplace

\$3.9B Lent

Amount of peer-to-peer loans from 6/13-6/14

30-120% APR

The effective Annual Percentage Rate for an online loan

13% APR

The effective Annual Percentage Rate for \$10K Accion loan

20%

Percentage of small businesses in 2014 that reported applying for a loan through an online lender

Funder Spotlight

"Everyone needs access to the right financial tools to pursue more from life..."

In 2013, MetLife Foundation announced a new commitment to financial inclusion to ensure that low income households and businesses have access to quality, affordable financial services.

In support of our efforts to scale lending using technology, MetLife Foundation announced a partnership with the U.S. Network in 2014 to expand access to capital online for small businesses nationwide. Through our partnership, entrepreneurs will have the information and support they need to wisely invest capital to position their businesses for long-term success.

"Everyone needs access to the right financial tools to pursue more from life," said Dennis White, president and chief executive officer of MetLife Foundation. "We believe Accion's work in local communities across the nation gives us the unique opportunity to help test new technology solutions and scale the impact of our investment for the benefit of more Americans."

**MetLife
Foundation**



Carlene O'Garro

OWNER OF DELECTABLE
DESIRES PASTRIES
BOSTON, MA

“You can do whatever you want. You can manifest anything. That’s what keeps me motivated.”

Building National Partnerships



When a national study in 2014 revealed persistent lending disparities to entrepreneurs across lines of race, gender, and firm size, the fight to reduce these inequities stood at the heart of Accion’s work and our corporate partnerships in support of communities of color, women, very small businesses, and veterans. Together, we put economic opportunity and small business success within reach for enterprising entrepreneurs across the country.

Helping Food and Beverage Businesses Thrive with Samuel Adams Brewing the American Dream



Life wouldn’t be the same without small food, beverage, and craft brewing businesses that create the food and drink we share daily with our friends and family.

In 2014, Accion was proud to celebrate six years of partnership with the Boston Beer Company through its Samuel Adams Brewing the American Dream program to expand access to capital, coaching, and mentoring to small food and beverage businesses around the country. With the support of Samuel Adams, we disbursed 85 loans totaling \$828,000 to businesses nationwide, which helped to create or retain more than 200 jobs.

We also partnered to host 14 Speed Coaching events around the country, benefiting more than 700 individuals with advice from expert coaches on a range of business topics to help them strengthen and grow their businesses.

Despite having industry experience, Carlene O’Garro could not qualify for a loan at a bank to support her baking ambitions.

Having secured her first loan through the Samuel Adams Brewing the American Dream program in 2008, Carlene secured additional financing as well as coaching and mentoring through the program in 2014 to help open her first storefront business just minutes away from where she grew up.

Laura English

OWNER OF MAKE IT A BLAST
SAN DIEGO, CA



Building National Partnerships



Championing Local Difference Makers with The Hartford

In 2014, Accion was pleased to launch a national partnership with The Hartford, a leader in property and casualty insurance, group benefits, and mutual funds, to support small business owners who are having a positive impact in their communities.

As part of its Communities with HART program, The Hartford supported Accion in lending to twenty community-oriented small businesses, including a social service agency in Chicago, an energy efficiency business in San Diego, and a business that connects musicians online in San Antonio.

The Hartford also worked with Accion to deliver educational events for entrepreneurs that reached more than 250 individuals with coaching and resources to enable their businesses to grow. The partnership also promoted online tools to empower small businesses.

Laura English, owner of San Diego party planning business Make It a Blast, is making a difference in her local community, receiving support from The Hartford in 2014.

Laura buys all her equipment from local stores, employs local college students, supports children's school events, and works with the San Diego Children's Hospital to entertain children and their families. By connecting local shops, students, families, and organizations, all aspects of Make It a Blast help serve, connect, and engage the San Diego community.

Addressing the Gender Gap with Sam's Club

More than 150,000 women visit Women's Business Centers (WBCs) every year for help starting or growing a small business. Many face unique challenges relative to male entrepreneurs, including having less capital when starting a business and lower business revenues.

Forty percent of Accion's portfolio are women-owned businesses, and in 2014, the U.S. Network was one of three national non-profits to work with Sam's Club to increase access to loans and training at WBCs to support women entrepreneurs.

Accion formed relationships with 11 WBCs nationwide, creating opportunities for support and collaboration. These partnerships helped hundreds of entrepreneurs become loan-ready, access larger loans than some WBCs could provide, and develop planning skills.

KNOW THE FACTS ON THE GENDER GAP



67% of women-owned businesses rely on personal savings to finance their business.



In 2012, for every 10,000 male and women-owned businesses, respectively, male-owned businesses received 2.6 times more SBA 7(a) loans.



Men start their businesses with nearly twice as much capital on average (\$135,000) than women (\$75,000).

Source: Sam's Club/Gallup Microbusiness Tracker; National Women's Business Council; National Community Reinvestment Coalition Small Business Lending Deserts and Oases Report

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GOODWIN PROCTER

FOR SERVICE IN 2014*

Mary "Karen" Cruz

MANAGER OF SANTO NINO
FILIPINO ASIAN MARKET
LAS VEGAS, NV

*"I like being a mom
and a business
person. My family
inspires me."*



ACCION STAFF AT OUR SEPTEMBER 2014 MEMBER MEETING IN NASHVILLE, TN



Accion U.S. Network 2014 Financial Summary

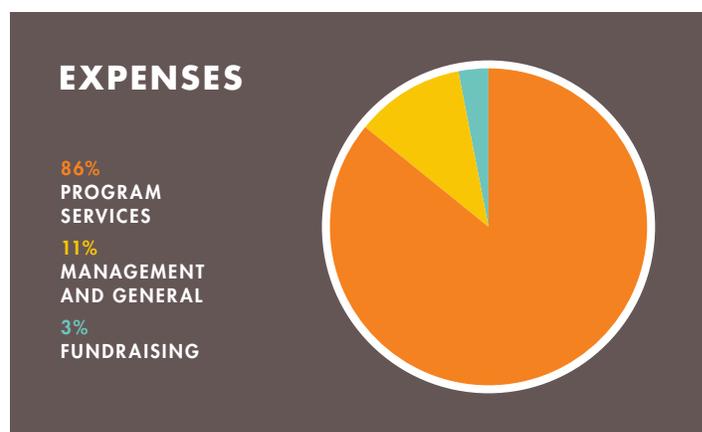
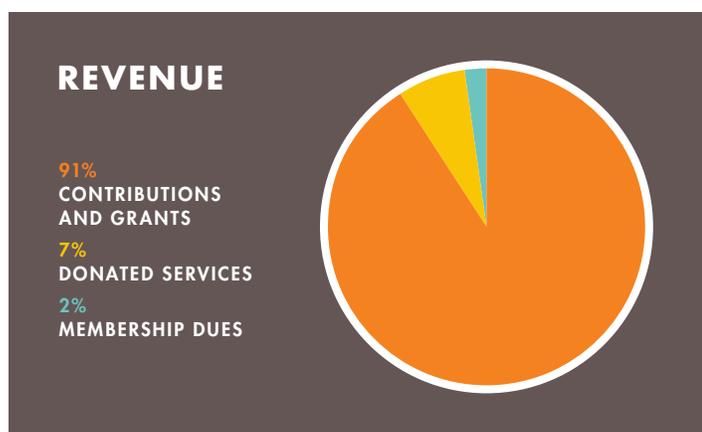
Revenue & Expenses

OPERATING SUPPORT & REVENUE	2014	2013
Contributions and grants	4,922,501	2,530,458
Donated services	384,621	305,398
Membership dues	85,000	90,000
Contract services	-	341,766
TOTAL SUPPORT & REVENUE	5,392,122	3,267,622
OPERATING EXPENSES	2014	2013
Program services	4,025,533	2,673,592
Supporting services		
Management and general	551,336	379,162
Fundraising	120,262	33,042
Total supporting services	671,598	412,204
TOTAL OPERATING EXPENSES	4,697,131	3,085,796
CHANGE IN NET ASSETS	694,991	181,826
NET ASSETS-BEGINNING OF YEAR	1,550,736	1,368,910
NET ASSETS-END OF YEAR	2,245,727	1,550,736

Balance Sheet

ASSETS	2014	2013
Cash and cash equivalents	1,864,708	895,337
Pledges receivable, net	577,100	538,964
Accounts and contract receivable	7,140	268,473
TOTAL ASSETS	2,448,948	1,702,774
LIABILITIES		
Accounts payable and accrued expenses	203,221	152,038
Due to related parties	-	-
Grants payable	-	-
TOTAL LIABILITIES	203,221	152,038
NET ASSETS		
Unrestricted	416,727	442,664
Temporarily restricted	1,829,000	1,108,072
TOTAL NET ASSETS	2,245,727	1,550,736
TOTAL LIABILITIES & NET ASSETS	2,448,948	1,702,774

Revenue & Expenses Visualized



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