We champion the microfinance industry by providing financial tools, services and support to entrepreneurs who lack access to traditional sources of credit.

About Accion San Diego

Accion San Diego is a non-profit microlender dedicated to connecting entrepreneurs with the accessible financing and resources it takes to create or grow healthy businesses. By providing loans ranging from $300 to $75,000, the organization creates opportunity for increased income, economic stability and employment. Since 1994, Accion has provided more than 3,200 loans totaling more than $22 million in San Diego County.

The mission of Accion San Diego is to provide economic opportunity for primarily low- to moderate-income business owners who lack access to traditional sources of credit. Through business loans and support services, Accion strengthens the roots of emerging entrepreneurs and helps them to thrive in their communities, creating social and economic change.

A Member of the Accion U.S. Network

The Accion U.S. Network is the largest non-profit microfinance network in the United States, with more than fourteen field offices and an Internet lending team accessible throughout the country providing loans from $200-$300,000 to small businesses. Through its small business lending and financial education programs, the Accion member offices have fostered job creation, increases in family income and lasting economic vibrancy for small business owners and their communities nationwide.

Members of the Accion U.S. Network include Accion Chicago, Accion East and Online, Accion San Diego, Accion New Mexico · Arizona · Colorado and Accion Texas.
Accion San Diego experienced an exciting 2013 with a second, consecutive, record-breaking year on all fronts! The diversity represented in our loan portfolio, from food trucks and barbers to IT contractors and retail shops, is a testament to our ongoing commitment to serving a variety of businesses, the majority of whom are owned by low- to moderate-income (LMI), ethnic minority and female entrepreneurs. Many of these clients have difficulty finding capital due to credit history, limited time in business or a lack of understanding of the U.S. financial system.

Proving that Accion is an indispensable piston in the San Diego economic engine, the almost 600 entrepreneurs in our portfolio used their Accion loans to boost the regional economy, creating or sustaining more than 1,300 jobs in 2013. The small businesses that these entrepreneurs run make up 90 percent of all businesses in San Diego, driving the county’s economy and providing much needed services and goods for our neighborhoods.

Accion remains a strong partner to these entrepreneurs, providing access to capital of up to $75,000, while also empowering them with business training and the support needed to help their businesses thrive. In 2013, we expanded our partnership with SCORE and the Small Business Development Center (SBDC) to provide free business counseling in our office up to four days a week, we provided innovative business trainings and we helped our clients secure numerous marketing opportunities. This multi-level support demonstrates the true foundation of Accion’s program and our holistic lending approach, setting us apart from other lenders.

Below, we share a note received from one of our clients expressing her thoughts on Accion’s wrap-around services.

“Accion has not only been our financial provider, but also our marketing partner,” said Maria Harrison, owner of Tea Gallerie. “And that’s something that we feel has been SO valuable—this relationship. I’m really appreciative of them and what they’ve been able to do to help grow our business.”

We thank each of you for your collaboration and support, therefore assisting us to not just serve as a lender, but a partner to our clients. Please take a moment to read through this exciting report and celebrate our spirited entrepreneurs and their contributions to the community. Looking forward, we invite you to join us in celebrating our 20th anniversary in 2014 and we ask for your continued support, so that together we can achieve many more successes.

Warmly,

Elizabeth Schott
CEO

Gordon Boerner
Board Chair
This was another record-breaking year for Accion San Diego, as the organization saw unprecedented growth and increased its impact on local small businesses.

In 2013, Accion served small businesses in the San Diego community with more than 200 loans, seeing a 26 percent increase in the number of loans made over the prior year. This year-over-year growth is further demonstrated by the fact that Accion San Diego was recognized as the fastest-growing office from 2010 to 2013 in terms of number of clients served out of the five network offices in the United States. The increase in demand for the organization’s services shows the continuing need for alternative business financing during this period of economic recovery.

The organization itself grew significantly to meet this demand, launching a new satellite office, expanding the space of its main office and growing to 15 staff with the creation of three new positions: a loan officer based in the North County region of San Diego, a loan support manager to lead the growing customer service team and a junior loan officer to assist the lending team in underwriting loans.

Accion also hosted the fourth year of its Small Business Resource Event Series, offering free, high-quality business trainings that cover a range of critical topics including taxes, legal issues and marketing. These events were put on in collaboration with Accion’s many community partners, including the SBDC and SCORE. In line with its increased presence in North County, Accion hosted its first North County event, bringing its signature Small Business Boot Camp to San Marcos in partnership with the Housing Opportunities Collaborative and the city of San Marcos. Overall, there was a 72 percent increase in attendance for these events in 2013 over 2012, with almost 700 entrepreneurs attending 13 events throughout the year.

Innovation remains a focus for Accion as the organization strives to evolve and meet the ever-changing needs of local small businesses. One such innovative initiative has been the pilot launch of the Accion Academy for Entrepreneurial Success. AAES is an eight week intensive course for those interested in starting a business, but who lack the knowledge of how to start. Students, such as artist Lanita Parnell, learned how to write a business plan, draft a budget and develop a marketing strategy. Successful graduation also qualified Lanita for a special character-based loan of $1,500, which she used to purchase materials and build a website.

“I have dreamed for decades of using my talent to sell prints at local art galleries, farmers’ markets and online,” shared Lanita, owner of Original Art by Lanita. “After completing the academy, I finally feel confident that I can.”

Finally, Accion San Diego has continued to strengthen its relationship with the Accion U.S. Network and the four other members across the country. The network facilitates collaborative marketing and partnership efforts, using innovative marketing strategies and the collective strength of being a national network to reach more entrepreneurs and new partners. In 2013, the network developed a national client website, implementing advanced search engine optimization techniques, while streamlining the application process for clients. This website, launching in 2014, will be the first time in the network’s 19-year history that all five member offices will have a unified online presence.
**Highlights & Achievements**

**Portfolio Hits New High**

Accion’s loan portfolio in San Diego reached a new high of almost $4 million in 2013, growing by 29 percent since 2012. The amount of dollars disbursed was up 20 percent, with a record $2.5 million disbursed in 2013 compared to $2.1 million in 2012. Loan issuance was up 26 percent, with 209 loans funded compared to 166 in 2012. Portfolio quality remained strong with an on-time repayment rate of almost 98 percent and net losses under half a percent in 2013.

**Office Expansion**

In the first quarter of 2013, Accion expanded its main office in the Jacobs Center building by 800 square feet, enabling the organization to continue growing its staff and better serving its clients with a new conference room, dedicated counseling rooms and a larger lobby packed with client resources. Accion also placed a full-time team member in its newly launched North County satellite office in Vista, housed in the North County Lifeline offices.

**The Accion Academy**

In October, Accion graduated its first class from the Accion Academy for Entrepreneurial Success, an eight-week series of hands-on training with access to one-on-one business counseling and business resources. Accion offers graduates a character-based business loan of up to $5,000 to cover start-up costs. Fourteen students graduated from this pilot class, going on to launch businesses such as a green cleaning company and a day care.

**Awards & Recognition**

**$747,000 CDFI Award**

For the third year in a row, Accion San Diego was the recipient of a CDFI award, which will primarily be used for loan capital over the next three years. This is the largest grant ever received by the organization to date.

**Four Star Charity Navigator Rating**

Accion San Diego once again received the highest four star rating for its transparent and sound fiscal management from Charity Navigator.

**2013 Dealmaker of the Year Award**

Point Loma Nazarene University honored Accion San Diego as an organization that exemplifies creativity, innovation and ethical practices, creating long-term value for the San Diego business community.

**2013 San Diego Entrepreneur Day Problem Solver Award**

Accion San Diego received recognition for helping local entrepreneurs overcome obstacles by providing business support and flexible financing options.

**PHOTOS**

Top: Graduates of the first Accion Academy class; Bottom (left to right): Accion’s new lobby as part of its office expansion; Accion staff, Nick and Valery, assisting an entrepreneur at a free Accion resource event.
Amanda has always loved shopping. With an eye for fashion, she has spent many days visiting the stores less traveled in order to find the perfect dress or accessory for her outfit. She never imagined that she could turn her love for shopping into a business until she started to notice that people were always complimenting her on what she was wearing and asking where they could buy the items. After years of this, she took the plunge and decided to open her own store. She sought assistance from a Small Business Development Center to help put together a business plan, and afterwards, they referred her to Accion for financing. Due to past credit challenges, she knew that she had little chance at a business loan from a bank, so Accion was the perfect fit for her.

“[Accion] was responsive and helpful through everything,” said Amanda. “They really laid out step-by-step what I needed to do. Instead of saying, ‘great business plan, here’s your money,’ they really wanted you to understand the different types of resources available for entrepreneurs.”

Amanda received a $15,000 Accion loan in November 2012 and opened up The Trend in Santee, California, one of the first fashion boutiques in the city specializing in unique, hard-to-find clothing and accessories. What distinguishes The Trend from other stores is the customized service it offers to its customers, with The Trend employees often serving as a customer’s stylist and personal shopper.

Every week, Amanda drives up to Los Angeles’ fashion district to hand-pick items to sell at her store. She will often find a piece of clothing or an accessory that reminds her of a specific customer and bring it back to the store. Her customers look forward to her calls or Facebook messages notifying them of something special she has found that fits their unique style. It is this personal touch that has built The Trend’s loyal community of more than 2,000 regular customers and a Facebook following of more than 4,000.

In 2013, Amanda has seen a 25 percent growth in monthly revenue and expects to turn a profit in 2014, just over a year after opening. She has also hired a dream team of three employees, each offering the same type of personal touch that The Trend’s loyal customers have come to expect. As The Trend grows, Amanda continues to invest in the business, most recently refinancing her Accion loan and taking out a second $25,000 loan to purchase shirt embellishment equipment to make custom shirts.

With three boys and a husband all involved in the shop, Amanda hopes that The Trend will grow to become a family business for generations to come. She is also looking to expand her footprint, branching out into e-commerce and considering opening a second store in Las Vegas.
Despite growing sales, the exorbitant $1,900 a month rent he was paying for his food truck was killing his profit margins. He needed to purchase a truck; however, being an immigrant with little credit history, he knew he stood no chance of finding traditional financing. He was hit with a stroke of luck when an Accion loan officer connected with him at a food truck rally and shared information about Accion’s services. Marko took out a $25,000 Accion loan in November 2012 to purchase the truck he was leasing, instantly dropping his monthly overhead from $1,900 in rent to $780 in loan payments. In 2013, his revenue increased by 40 percent and net profit by more than $15,000, which he reinvested into the business to hire seven employees, make truck improvements, purchase an integrated point-of-sale system and move into his own 2,500-square-foot commissary.

“You guys changed my life,” said Marko, when asked about the kind of impact his Accion loan had on his business.

Since taking out his loan, business has continued to boom for Marko. He recently opened up an Italian deli specializing in catering and corporate lunch orders. He was also recently featured on both the Cooking Channel and the Food Network, as well as ABC’s “The Chew” with Mario Batali. He eventually hopes to open a small number of Mangia Mangia shops, selling freshly made Italian dishes all around the city.

“Mangia Mangia to you!” “Come hungry, leave happy.” These are just a few of the things you might hear Marko Pavlinovic yelling out into hungry crowds when you visit Mangia Mangia, a food truck featuring the flavors of old world Italy.

Marko first learned how to cook watching his grandmother prepare meals in Italy. When he immigrated to the U.S. in 2002, he began throwing dinner parties for friends to great acclaim, and they encouraged him to open a restaurant. One day, after eating at a gourmet food truck for the first time, he was inspired to take his grandmother’s Italian recipes to the streets. He rented a food truck and exhausted his savings to renovate it, starting Mangia Mangia in May 2010.

Mangia Mangia quickly amassed a loyal following, with customers drawn to Marko’s charismatic and warm personality. He does most of his prep work before hitting the road and has his staff heat and plate food as it is ordered, spending his time out in front of the truck personally welcoming his long line of hungry customers. This personal touch is what distinguishes Mangia Mangia from other trucks. For Marko, it is not just about the food, but the entire experience that he calls an “Italian show.”
Our 2013 Portfolio & Impact

209 Loans Disbursed
$2,490,167 Loaned
189 New Businesses Served with Loans
70% of Clients Served were Low- to Moderate-Income
$3,838,492 Active Portfolio (at 12/31)
546 Active Clients (at 12/31)
$11,915 Average Loan Size
2.31% Portfolio At Risk*
0.75% Loss Rate
52% Self-Sufficiency**

Cumulative Totals to Date

1,978 Businesses Served
3,102 Loans Disbursed
$20,664,422 Loaned
8.36% Historical Loss Rate

2013 Portfolio Statistics

2013 Loans by Size

- 27% $300 - $4,999
- 26% $5,000 - $9,999
- 28% $10,000 - $19,999
- 19% $20,000 - $50,000

Industry

- 06% Contractor
- 19% Food
- 11% Professional
- 24% Retail
- 40% Service
# 2013 Financial Summary

## Balance Sheet

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>DEC 2013</th>
<th>DEC 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>2,025,837</td>
<td>2,399,638</td>
</tr>
<tr>
<td>Contributions and grants receivable</td>
<td>100,167</td>
<td>17,442</td>
</tr>
<tr>
<td>Microenterprise loans receivable (Net of allowances for loan losses of $201,105 in 2012 and $201,106 in 2011)</td>
<td>3,626,531</td>
<td>2,791,562</td>
</tr>
<tr>
<td>Fixed assets (Net of accumulated depreciation of $53,591 in 2012 and $37,714 in 2011)</td>
<td>41,905</td>
<td>57,784</td>
</tr>
<tr>
<td>Other assets</td>
<td>145,505</td>
<td>156,320</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$5,939,945</strong></td>
<td><strong>$5,422,746</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>160,063</td>
<td>117,057</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>721,920</td>
<td>1,145,412</td>
</tr>
<tr>
<td>Notes payable</td>
<td>1,150,000</td>
<td>1,150,000</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>$2,032,023</strong></td>
<td><strong>$2,412,469</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>3,093,422</td>
<td>2,951,694</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>14,500</td>
<td>58,583</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>$3,907,922</strong></td>
<td><strong>$3,010,277</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$5,939,945</strong></td>
<td><strong>$5,422,746</strong></td>
</tr>
</tbody>
</table>

## Revenue & Expenses

<table>
<thead>
<tr>
<th>SUPPORT &amp; REVENUE</th>
<th>DEC 2013</th>
<th>DEC 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>566,290</td>
<td>282,538</td>
</tr>
<tr>
<td>Debt forgiven</td>
<td>-</td>
<td>350,000</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>14,500</td>
<td>58,583</td>
</tr>
<tr>
<td>In-kind</td>
<td>131,029</td>
<td>145,073</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>890,273</td>
<td>539,254</td>
</tr>
<tr>
<td>Interest, fees &amp; recoveries</td>
<td>583,779</td>
<td>558,849</td>
</tr>
<tr>
<td>Other income</td>
<td>3,673</td>
<td>3,731</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT &amp; REVENUE</strong></td>
<td><strong>$2,189,544</strong></td>
<td><strong>$1,938,028</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>1,185,684</td>
<td>1,068,228</td>
</tr>
<tr>
<td>Supporting services</td>
<td>37,653</td>
<td>36,189</td>
</tr>
<tr>
<td>Fundraising</td>
<td>68,562</td>
<td>57,475</td>
</tr>
<tr>
<td>Management &amp; general</td>
<td>106,215</td>
<td>93,664</td>
</tr>
<tr>
<td>Total supporting services</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$1,291,899</strong></td>
<td><strong>$1,161,892</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET ASSETS</th>
<th><strong>$897,645</strong></th>
<th><strong>$776,136</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>NET ASSETS-BEGINNING OF YEAR</td>
<td><strong>$3,010,277</strong></td>
<td><strong>$2,234,141</strong></td>
</tr>
<tr>
<td><strong>NET ASSETS-END OF YEAR</strong></td>
<td><strong>$3,907,922</strong></td>
<td><strong>$3,010,277</strong></td>
</tr>
</tbody>
</table>

Complete financial statements, audited by Leaf & Cole LLP for 2013 and Slabaugh Accountancy Corporation for 2012, are available upon request through Accion San Diego. *Portfolio at risk is equal to the total outstanding loan balance of loans past due more than 30 days divided by the total loan portfolio. **Self-sufficiency is calculated by dividing revenue from lending operations (including write-off recoveries) by total expenses (less in-kind).*
Thanks to Our Supporters & Volunteers

2013 FUNDERS

Anonymous
Adam & Susan Metzger
Adelaide Sloboda
Andrew Su
Aon Brady
Capital One*
Bank of America Charitable Foundation
Bank of the West
Bill Becker
California Bank & Trust
Cari Butler
Carnitas’ Snack Shack
US Treasury - Community Development Financial Institution
Cecile Bereal
Citi Foundation
City National Bank
City of San Diego - Community Development Block Grant, U.S. Department of Housing and Urban Development
City of San Diego - Small Business Enhancement Program
Claude Blackburn, Blackburn Family Fund
Comerica Bank
Comerica Charitable Foundation
Corinne Hollings
Dan Manheim
David Hammond
David Hollings
David Wallace
Denis T. Barnes
eBay Giving Works
Edward A. Seebol
Elizabeth Arteaga
Elizabeth Schott
Emanuel & Anne Weinstein Foundation
Eskinder Berhanu
Eva Quam Videri Foundation
Elba Moreno
Eugene Louie & Karen Schneider
Eva Longoria Foundation
Frank & R.C. Miller
Gina Hornan
Glenn Becker
Gordon Boerner
Gustavo Bidart
Janet Makee
Jenix Iizasa
Jeff Harding
Johanna Spriggs
Jonathan Grissom
Joseph Lee
JP Morgan Chase Foundation
Julie Simms
Kaufman Foundation Matching Gifts Program
Ken Gutierrez
Leece Hoffman
Lichting Foundation
Lila Swedarsky
Linda Cohn
Michael Stippler Fund
Mama Tetsa Taqueria
Marc & Judith Shuckit
Manny & Mark Jenne
Maria Montana
Mark Emch
Melissa Villalpando
Michael Jones
Mike Sofan
Mills Family Foundation
Monica Battah
Morgan Spriggs
New York Stock Exchange Job Growth Fund*
Nick Miluso
Pacific Mercantile Bank
Pacific Western Bank
Pamela Davis
Parker Foundation
Patricia Cullner
Raja Ilyas
Rebecca Harver
Robert Lopez
Rosalind Delgado
Salvatore Crivello
Samantha Adams Brewing the American Dream*
Sam’s Club Giving Program*
San Diego Gas & Electric
Seán Carpenter
Shadya Hagisufi
Silvergate Bank
Stacey Kortchner
Steve Welby
Torrey Pines
Union Bank Foundation
University of San Diego
U.S. Bank
U.S. Bank Foundation
U.S. Department of Treasury Community Development Financial Institution Fund
Valery Bellaso
Walmart Foundation
Wells Fargo
Wells Fargo Foundation
William D. Lynch

IN-KIND DONATIONS

Bernardo Vasquez
Bill Winter
Brady Cheffield

2013 INTERNS

Annik Prasad
Brian Shin
Kelsey Shanzt
Leo Pham
Rory Soltan

VOLUNTEERS

Brian Friedich
Bridget O’Rordan
Charles Andrew Waddell
Daniel Woods
Francine Garnat
Henry Finkelsstein
USD MBA Students

PHOTOS (Top to bottom): Malakiah Hammers, Broke Girls’ Coffee Bar; Adam Cholak, Yesteryear Comics; Caroline Anthony, Claytime Ceramics & Gifts; Maria Harrison, Tea Gallerie
Our Staff & Board Members

STAFF AS OF JUNE 1, 2014

EXECUTIVE TEAM

ELIZABETH SCHOTT
Chief Executive Officer

JAVIER ISLAS
Chief Financial Officer

ROBERT LÓPEZ
Chief Credit Officer

STAFF TEAM

ELIZABETH ARTEAGA
Portfolio Quality & Compliance Officer

MONICA BATTAH
Accountant

VALERY BELLOSO
Business Development Officer

ROSALINDA DELGADO
Loan Officer

NICOLE GATES
Impact & Development Associate

SHADIYA HAGISUFI
Junior Loan Officer

REBECCA HARVER
Customer Service Representative

JOSEPH LEE
Marketing & Communications Manager

NICHOLAS MILUSO
Lead Loan Officer

MARIA MONTAÑO
Senior Loan Officer

ETLA MORENO
Loan Support Manager

MELISSA VILLALPANDO
Loan Support Specialist

BOARD MEMBERS AS OF JUNE 1, 2014

GORDON BOERNER: CHAIR
Senior Vice President &
San Diego Private Banking Managing Director
The Private Client Reserve of U.S. Bank

MARK EMCH: VICE-CHAIR & TREASURER
Vice President of Finance & CFO
San Diego Convention Center Corporation

JON GRISSOM: SECRETARY
Attorney at Law
Higgs, Fletcher & Mack LLP

WILLIAM BECKER
Vice President, Western Market
California CRA Manager
Comerica Bank

CECILE BEREAL
President & CEO
RMA Management Alliance, Inc.

GUSTAVO BIDART
Senior Vice President
Citi Community Development
Southern California Regional Manager

SEAN CARPENTER
Senior Technical Advisor
Project Concern International

SALVATORE CRIVELLO
Commercial Banker
Wells Fargo & Co.

PAMELA DAVIS
Banking Consultant

JEFFREY HARDING
President
Recycle San Diego
*Former Successful Accion Client

STACEY KARTCHNER
Attorney at Law

GENE LOUIE
Senior Vice President & Controller
California Bank & Trust

WILLIAM LYNCH
The William D. Lynch Foundation

ADAM METZGER
Director of Debt Acquisition
Pacifica Companies

JULIA SIMMS
President
San Diego PR

DAVID WALLACE
General Manager
Senior Helpers

Our Staff & Board Members

ACCION SAN DIEGO STAFF TEAM