

2015 Annual Report

ACCION



Serving Southern California
Imperial | Riverside | San Bernardino | San Diego



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

About Accion

Accion is a nonprofit 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 3,600 loans totaling more than \$26 million in San Diego County.

The mission of Accion 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 nonprofit microfinance and small business lending network in the United States, with fifteen field offices and an online lending presence throughout the country. Through small business lending and financial education programs, Accion has fostered job creation, increases in family income and lasting economic vibrancy for business owners and their communities nationwide.

Accion's four U.S. member organizations are headquartered in Chicago, Illinois; New York, New York; San Diego, California; and Albuquerque, New Mexico. Globally, Accion is dedicated to building a financially inclusive world with operations spanning 32 countries.



GORDON BOERNER
BOARD CHAIR

Accion had another impactful year in 2015, lending more than \$3.4 million to Southern California business owners. We continue to provide entrepreneurs with tools to support their success, and last year we helped nearly 400 business owners by investing in their entrepreneurial endeavors.

As the demand for access to capital and additional resources increases, Accion is building its program to further support this need, enabling entrepreneurs to create positive social and economic change.

In the summer of 2015, we expanded our service beyond San Diego County to our Imperial County neighbor. Through collaboration with partners and funders across that region, Accion was able to deliver much-needed capital into the hands of small businesses, from dog groomers and beauty salons to trucking and delivery services.

Southern California's economic recovery has remained slow and barriers for entrepreneurs are still very real. The cost of living in the region is 20-to-30 percent higher than the national average, yet wages have not followed suit. Unemployment and underemployment continue to represent a challenge for many and entrepreneurship provides an alternative path for self-sufficiency. It empowers people, creates jobs and enriches communities. Small business owners are some of the most driven people in our economy and the success and passion of our borrowers inspires us every day.

We would like to share a note from our client Ashley Allison Adam of The Dailey Method San Diego.

"My Accion loan gave me the support I needed to create growth for my exercise studio," said Adam. "Since receiving my loan, I've doubled the classes I offer on my schedule, tripled my staff and my revenue has grown by more than 175 percent. Accion isn't here to just give loans, the organization goes above and beyond by offering other resources and support, besides money. The staff doesn't treat you like a number; they treat you like a person and work with you and your individual situation. Accion is an essential lifeline to the heart of our communities, which are small businesses. THANK YOU for being there for me!"

As we expand to neighboring service areas, Accion is investing in technology to stay relevant in the ever-changing digital age. We are continuing to improve resources and efficiency with our processes to best serve more borrowers' needs.

Accion is dedicated to building personal relationships with our borrowers. Our wrap-around approach sets us apart from other lenders; the one-on-one support we provide ensures that our clients have the tools and resources, as well as the capital they need to achieve their dreams and support their long-term success.

In 2016, our expansion includes service extending to neighboring Riverside and San Bernardino counties, where we will support more inspiring entrepreneurs.

Thank you for your support, which has enabled us to expand our service delivery to a four-county Southern California footprint, and meet the needs of the hard-working entrepreneurs who are the driving force behind these local economies.

Sincerely,

Elizabeth Schott
CEO

Gordon Boerner
Board Chair

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2015 Impact

Accion had the highest year of production since its inception with 329 loans disbursed in San Diego and Imperial counties to nearly 400 business owners for a total of more than \$3.4 million.

Dollar amount of loans disbursed was up more than 20 percent in 2015 compared to \$2.8 million in 2014. Loan issuance was also up 25 percent compared to 262 loans in 2014.

On average, active Accion loan clients maintain and/or generate almost 1,000 jobs in the region.

As of December 31, 2015, Accion's active portfolio surpassed \$5 million with more than 700 active clients, and delinquency of less than 5 percent.

Expansion into Imperial Valley

Accion launched its program in the Imperial Valley region in July 2015 and lent more than \$110,000 to businesses in the region within the first six months. Thirteen businesses received loans to expand or start their operations, including trucking companies, a shaved ice business, and a dog grooming shop, to name a few. Accion also hired its first remote business development officer, Diana Moreno-Inman, an El Centro resident, who is based in the Imperial Valley Economic Development Corporation. Moreno-Inman has over 15 years of experience in business development, marketing and banking, and has a passion for helping others improve their financial literacy.

Accion Academy Gives Entrepreneurs the Tools To Start Businesses

Through the Accion Academy, entrepreneurs with little-to-no business experience can gain the tools and knowledge to successfully launch a business. Twice a year, students take part in eight weeks of practical, hands-on training sessions.

Training sessions include topics such as how to get started, how to manage personal and business financials, how to promote and market a business, and complete a business plan. The most innovative feature of this training program is the opportunity for these entrepreneurs to access the capital necessary (up to \$5,000) to launch their businesses once the program is completed. With the amazing support of Wells Fargo funding since 2013, Accion has graduated more than 100 startup business owners and the demand has increased more than 200 percent since Accion announced the first pilot class. More than 30 participants have received loans to start their businesses and are now building credit as well. Seventy-five percent of the participants are ethnic minorities and over 80 percent are low-to-moderate income.

Along with Wells Fargo's support, the Accion Academy is a collaboration of five community partners who provide additional support and training including Community Housing Works, SCORE, the city of San Diego and the Small Business Development Center Network.

Events and One-on-One Coaching Provides Training To Entrepreneurs

Accion offers educational workshops and one-on-one coaching to its borrowers throughout the year. Accion strives to serve as a one-stop shop to connect

entrepreneurs by giving them the opportunity to be exposed to a variety of community resources and partner organizations.

More than 2,000 business owners attended resource events and workshops throughout the year to learn about various business related topics such as business plans, marketing, legal and business financing. Accion's Boot Camp in March was the largest event in the organization's history, with more than 150 business owners in attendance. Accion also hosted two educational events in the Imperial Valley, the Small Business Boot Camp and the Where's the Money event, which were presented in both English and Spanish.

On the technical assistance side, each Accion borrower receives an average of three to five hours of one-on-one support, which includes basic credit overview, business plan reviews, and how to put together a successful loan application.

Four Star Charity Navigator

Accion continues to receive a 4-star rating from Charity Navigator, America's largest independent charity evaluator. The 4-star rating is a result of Accion's outstanding financial health, accountability and transparency while carrying out its mission of connecting entrepreneurs with accessible financing and resources.

Measuring Accion's Impact

Accion continues to be an industry leader in tracking the impact of its work. In 2015, Accion members in the Accion U.S. Network measured the outcomes of the microlending program through the Aspen Institute's Entrepreneur Tracker study. This work found that Accion-funded businesses remain strong and are contributing to the local economy. Results showed that 95 percent of small business clients who received a loan in 2013 were still in business. In addition, businesses that employ staff beyond the owner create and sustain an average of 4.5 jobs.

To evaluate whether client needs are being met, Accion surveys its entire active portfolio twice a year. These surveys provide staff a way to gather on-the-ground feedback from clients on Accion's program and the health of their businesses. A recent survey resulted in a 98 percent customer satisfaction rate on services, nearly 90 percent reported business growth or stability, and 50 percent had hired new employees.

PHOTOS: *Top left:* Hera Hub Founder Felena Hanson gives the keynote address to nearly 100 clients at Accion's Client Appreciation Event, sponsored by JPMorgan Chase, at Stone Brewing World Bistro and Gardens in January. *Top right:* CEO Elizabeth Schott (second from right) and Accion clients from the San Diego office attend the Capital One Fast Track Kickoff Training Event in Chicago in June. *Bottom right:* KUSI Reporter Brad Perry (left) interviews Accion client Brad Keiller (middle) of Nomad Dounts in January at one of the monthly segments featuring an Accion-funded business. *Bottom left:* The Accion Academy for Entrepreneurial Success graduates 22 students in October.





Marcus Betton

TROPHY AUTO SPA
San Diego, California

Some of Marcus' earliest memories are with his father working in the garage restoring custom cars together.

When Marcus moved to San Diego after high school, he worked at various car dealerships doing detailing, maintenance and repairs. Though Marcus' true passion was working in the automotive industry, he eventually ended up in a job in building maintenance at a local shopping center. One day when he came to work, he saw that the center had added an on-site auto detailing service for its customers. Marcus told himself, "I could do that," which sparked a business idea that better fit his talents.

Soon after, Marcus started Trophy Auto Spa, a full-service mechanic and auto detailing shop, out of the carport in his home. After 18 months of successful operation, Marcus knew that he needed to move out of his home into a commercial garage so that he could better service his clients.

Marcus came to Accion looking for capital to expand his business and sign the lease on his new space. Marcus was approved for a loan, which allowed him to move into the larger space he needed. He was also able to upgrade his equipment to make his business more socially responsible by using less water when he details cars. Trophy Auto Spa has been growing each month and has rave reviews and a steady clientele, with satisfied patrons posting positive reviews online and spreading the word about his business.

Because of his success, Marcus was one of the clients that was selected to participate in the Accion's Fast Track program, which supported nearly 20 of Accion's high-growth clients nationwide, including eight San Diego-based clients.

Supported by Capital One and the Blackstone Charitable Foundation, the year-long program included business coaching sessions, through partnerships with People Biz, Inc. and BusinessAdvising.org. Coaching focused on business fundamentals, such as marketing and organizational strategy, along with discussion of real life business challenges that allowed participants to learn from each other and build their networks. During the group coaching, participants were paired with other Accion clients to support each other.

In addition to the group coaching, each program participant was also paired with volunteer mentors who have



established expertise in areas where the entrepreneur is facing significant challenges, such as marketing, legal, finance, accounting, sales, or other areas. Mentors helped entrepreneurs like Marcus by assessing their business strengths and weaknesses, introducing them to colleagues or other experts, advising on markets and products, and helping them chart out a path for growth.

"The Fast Track program changed my life," stated Marcus. "It took my business to a whole new level that I didn't even know was possible."

Marcus has hired five employees since his participation in the Fast Track program and started offering a few new services such as overnight detailing, tinting, and windshield repair.

In the future, Marcus hopes to expand into an adjacent facility. He would also like to hire more employees and take over the auto detailing services offered at the office buildings in the area.

"Without the assistance from Accion for marketing, equipment, hiring, and other working capital, scaling this quickly would have been impossible," stated Marcus.

Pang and Pari Thitathan, Jr.

THE THAI BURGER COMPANY
Oceanside, California

A man with a dream meets a woman with a vision. That's how the story of husband-and-wife team Pari and Pang Thitathan, Jr. begins. The couple was struggling to make ends meet and living in Pari's parents' house while they were enrolled at Mira Costa College in Oceanside, Calif. The couple was looking for a way to make a steady income while still being able to pursue their degrees full time. With more than eight years of experience working in the food industry, Pari had the idea to transform his favorite childhood dish from Thailand into a rice burger known as the Thai Burger, so that they could pay their way through college.

That's when The Thai Burger Company, a Thai-American fusion food business, was born. Since the owners did not have much money to begin with, starting a restaurant seemed impossible, so they begin by starting a farmer's market booth. When Accion's Business Development Officer Rosalinda Delgado met them at the Oceanside Farmers Market in late 2014, they had already gained a loyal following and were thinking about expanding to a food truck to meet the growing demand.

After working with Rosalinda for more than 18 months to raise their credit score more than 50 points and plan their expansion, the couple was ready for a \$60,000 loan to manufacture their dream truck.

"We wouldn't be where we are today if it wasn't for Accion," said Pari. "The hands-on coaching I received from Rosalinda changed our lives and if it wasn't for her, we wouldn't have had the confidence to expand our business. For her to see the potential in us that we didn't see, that means everything to us."

Today, The Thai Burger Company is a thriving business, selling mouthwatering Thai burgers all over San Diego County. The business employs two part-time staff and they are already planning to launch a second food truck. Because of their hard work and dedication, Pari and Pang's delicious Thai Burgers have gained unbelievable popularity in Oceanside and everywhere they go.

PHOTOS (Top to bottom): Pari Thitathan Jr. of The Thai Burger Company; Mende Cardona of Mende's Groom Room.

Mende Cardona

MENDE'S GROOM ROOM
El Centro, California

Mende has more than 20 years of cosmetology experience. After the beauty salon where Mende was working closed, she had to make an important decision on where her career would go next. Mende has always been an animal lover, so she began working at a local pet store as a dog groomer. She worked as a groomer for over six years, and built up a steady client base in the Imperial Valley.

At the end of last year, Mende felt the time was right to venture out on her own to open a storefront location in El Centro, Calif. Mende came to Accion looking for a loan to cover startup costs such as permits and equipment, so that she could open her new business: Mende's Groom Room. She was approved for a startup loan and business already is booming! She has been able to hire one part-time employee with plans to hire more staff in the coming months.

"I have always wanted to be an entrepreneur," stated Mende. "I came to Accion with a dream to work with animals and Accion helped me realize that this dream was possible. Now, I own a business I can be proud of and I can be a part of the revitalization of the Imperial Valley."





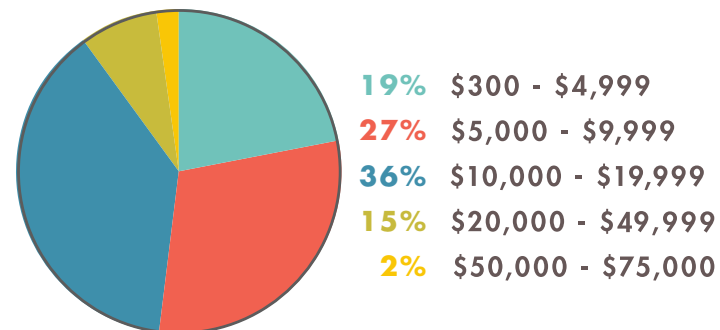
329 Loans Disbursed
\$3,421,669 Loaned
281 New Businesses Served with Loans
69% of Clients Served were Low-to-Moderate Income
\$5,008,503 Active Loan Portfolio (at 12/31)
721 Active Clients (at 12/31)
\$10,400 Average Loan Size
3.67% Portfolio At Risk*
1.7% Loss Rate
61% Self-Sufficiency**

Cumulative Totals to Date

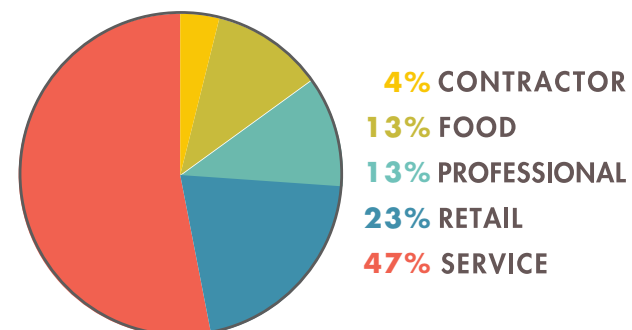
2,487 Businesses Served
3,693 Loans Disbursed
\$26,906,992 Loaned
7.1% Historical Loss Rate

2015 Portfolio Statistics

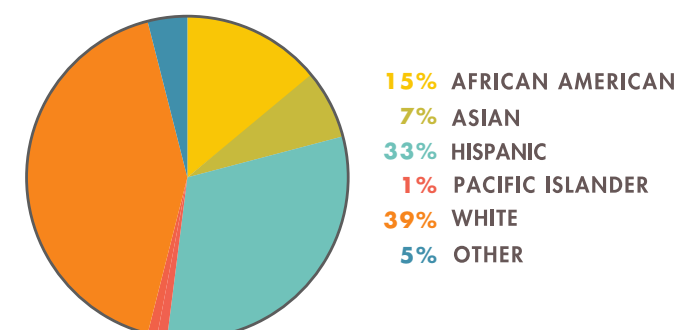
LOANS BY SIZE



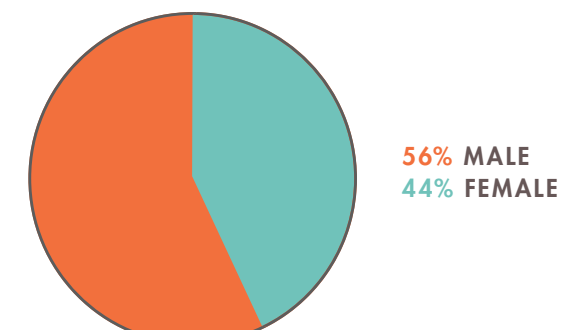
INDUSTRY



ETHNICITY



GENDER



Balance Sheet

ASSETS	DEC 2015	DEC 2014
Cash and cash equivalents	4,044,318	3,457,654
Contributions and grants receivable	66,603	11,038
Microenterprise loans receivable (Net of allowances for loan losses of \$211,962 in 2015 and \$211,962 in 2014)	4,796,541	4,208,366
Fixed assets (Net of accumulated depreciation of \$68,487 in 2015 and \$59,013 in 2014)	29,273	38,747
Other assets	258,029	172,699
TOTAL ASSETS	\$9,194,764	\$7,888,504
LIABILITIES		
Accounts payable and accrued expenses	186,889	149,625
Deferred revenue	663,990	1,756,621
Notes payable	1,650,000	1,150,000
TOTAL LIABILITIES	\$2,500,879	\$3,056,246
NET ASSETS		
Unrestricted	6,599,540	4,832,258
Temporarily restricted	94,345	-0
TOTAL NET ASSETS	6,693,885	4,832,258
TOTAL LIABILITIES AND NET ASSETS	9,194,764	\$7,888,504

Revenue & Expenses

SUPPORT & REVENUE	DEC 2015	DEC 2014
Grants and contributions		
Federal Awards	1,020,141	809,107
Loan Interest & Fees	809,008	700,488
Contributions	1,054,000	588,441
Grants	363,138	104,516
In-Kind Contributions	89,417	89,980
Investment Income	3,167	3,503
TOTAL SUPPORT & REVENUE	3,338,871	\$2,296,035
EXPENSES		
Program services	1,346,366	1,252,569
Supporting services		
Fundraising	48,504	44,266
Management & general	82,374	74,864
Total supporting services	130,878	119,130
TOTAL EXPENSES	\$1,477,244	\$1,371,699
CHANGE IN NET ASSETS	\$1,861,627	\$924,336
NET ASSETS-BEGINNING OF YEAR	\$4,832,258	\$3,907,922
NET ASSETS-END OF YEAR	\$6,693,885	\$4,832,258

Complete financial statements, audited by Leaf & Cole, LLP, reflect certain 2015 reclassified results to be consistent with the 2014 presentation and are available upon request through Accion. *Portfolio at risk is equal to the total outstanding loan balance of loans past due more than 30 days divided by the 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

Our Staff & Board Members



PHOTOS (Top to bottom): Terry Little, Bear Roots Brewing Co.; Marcus Betton, Trophy Auto Spa; Pang Thitathan, The Thai Burger Company; Linda Nguyen, Pink & White Nail and Spa

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*Facilitated by the Accion U.S. Network

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