This year at Accion, we invested time in reflecting on our processes, researching market shifts and innovating, all with a goal of better serving our small business clients and the Southern California community. We challenged ourselves to find new ways of delivering our mission. Accion’s committed staff team devoted resources and time to leading technological infrastructure projects, improving our lending process and client experience.

Since inception in 1994, Accion has provided fair and flexible business loans, connections to experts and access to local and national resource opportunities specifically tailored to each business owners’ needs and goals. However, as we experienced trends throughout 2016 and 2017 of increases in average loan sizes, economic shifts and the continued rise of online lenders, we embarked on a process to more efficiently serve our target client in achieving their dreams and goals.

This process led to innovation in our credit policy, streamlining of our application process, investment in marketing and operational technology to improve communications with clients, and the launch of the new “Rapid Loan” product. The Rapid Loan is a product that reduces barriers to accessing business capital up to $8,000, allowing us to focus on the character and potential of our target clients by getting money into their hands faster to meet their needs.

Thinking innovatively and implementing enhancements to our program has enabled us to further fulfill our commitment to geographic expansion across the four-county Southern California region.

With our small business clients’ long-term success at the core of our mission, we’ve worked with you to make a positive impact by investing in entrepreneurs, creating jobs and cultivating economic opportunity. We are thankful for our donors, partners and supporters who have helped us foster this success. We are delighted to share with you our 2017 accomplishments while you join us in celebrating our clients’ inspiring success stories.

It’s their courage and perseverance that drives our work each and every day.

Sincerely,

GORDON BOERNER
BOARD CHAIR

ELIZABETH SCHOTT
CHIEF EXECUTIVE OFFICER
2017 In Review

$6.6 MILLION
Accion's loan portfolio under management grew by 14 percent since 2016 and hit a new historical high of $6.6 million. Over its 23-year history, Accion has lent more than $34 million.

WELLS FARGO DIVERSE COMMUNITY CAPITAL AWARD
Accion received $300,000 in grant funds from the Wells Fargo Diverse Community Capital (DCC) program. These funds help Accion provide flexible capital and technical assistance to diverse small businesses across Imperial, Riverside, San Bernardino and San Diego counties.

Under this program, Accion also has the opportunity to participate in a social capital component, delivered by Opportunity Finance Network, where Wells Fargo DCC awardees meet to discuss specific topics, consulting, mentoring and industry resources.

CIVIC SAN DIEGO LOAN FUND
Accion was awarded $400,000 from Civic San Diego, a nonprofit public benefit corporation created by the City of San Diego.

The funds provided loan capital to lend directly to entrepreneurs in San Diego’s urban communities, with a targeted focus on low-income, women, minority and veteran clients. The Civic San Diego Loan Fund provided twenty small businesses with loans in 2017, thereby creating and sustaining 66 local jobs.

EDUCATIONAL EVENTS REACH 700 BUSINESS OWNERS
Accion hosted 15 small business training events throughout its four-county region. From financing workshops to business resource events, the organization had a 98 percent attendee satisfaction rate. The series included two sessions of the Accion Academy for Entrepreneurial Success, which graduated 41 business owners through the startup training program in San Diego.

A highlight from 2017 was an end-of-summer mixer in September. Hosted at the Accion-funded business, Chula Vista Brewery, this event was exclusively for Accion clients and community partners to network with one another.

GDFI AWARD
The U.S. Department of Treasury awarded Accion $916,905 through their Community Development Financial Institution (CDFI) Fund. The CDFI Fund uses federal resources to invest in organizations across the country to increase access to affordable financial products and services for low-income communities.

This is Accion’s eighth CDFI award since 1998, totaling $6 million. Accion was the only microlender based in San Diego to receive the CDFI funding.

TOP CHARITY NAVIGATOR RATING
Accion received Charity Navigator’s highest, four-star rating for exhibiting sound fiscal management, accountability and transparency. This designates Accion as a leading nonprofit organization based on the use of sector best practices and financially efficient execution of the mission.

CIVIC SAN DIEGO LOAN FUND
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4,160 LOANS
to more than 2,800 clients
in its 23-year history.

PHOTOS: Top Right: Board member Joon Han presenting at the New Year, New Business event at the Carlsbad Chamber of Commerce in February. Second from Top: Timothy Parker (far left), owner of Chula Vista Brewery, speaking at the End of Summer Client Mixer. Third from Top: Accion hosts the Keys to Business Success event in the Coachella Valley. Bottom Right: Accionistas pictured at the Keys to Business Success event in Imperial Valley. Bottom Left: Accionistas visited Accion-funded business Wheat & Water for Small Business Week; client Doug Ritz (pictured top center) with Accion staff and Board Chair Gordon Boerner (pictured top right).
Paul Chapman started his massage business in the Coachella Valley in 2010 after working independently for hotels and in a chiropractor’s office. While he was able to develop connections and build a client base, the lack of space limited him to a fixed number of clients. After three years of sharing a space and upon completing business school, he knew it was time to open his own location in 2015.

With a new storefront in Cathedral City, Paul had to invest resources and time in marketing to attract new clients. These investments paid off as he now employs six part-time employees, including receptionists and massage therapists. To support his steady business growth, Paul came to Accion for funding to purchase new massage furniture, supplies and equipment to keep up with client demand.

“Massage is my passion, and Accion was crucial in helping me expand my business. My business development officer went above and beyond for me and they made my dreams a reality.” - Paul Chapman

RIVERSIDE COUNTY

Paul Chapman
BODY CONCIERGE
Cathedral City, California

“Body Concierge” spa owner Paul Chapman is opening a new location in Cathedral City. After working independently for hotels and in a chiropractor’s office, Paul knew it was time to open his own location in 2015.

With a new storefront in Cathedral City, Paul had to invest resources and time in marketing to attract new clients. These investments paid off as he now employs six part-time employees, including receptionists and massage therapists. To support his steady business growth, Paul came to Accion for funding to purchase new massage furniture, supplies and equipment to keep up with client demand.

“Massage is my passion, and Accion was crucial in helping me expand my business. My business development officer went above and beyond for me and they made my dreams a reality.” - Paul Chapman

SAN DIEGO COUNTY

Lesay Paredes
ALP TRANSPORT
San Diego, California

Lesay Paredes and her husband own ALP Transport, a trucking company in San Diego. When they started their business, they realized that being a trucker wasn’t easy – a life on the road leaves little time to spend with family. This is what motivated the couple to start their business together.

Given Lesay’s administrative background and her husband’s decade of driving experience, the couple purchased a truck in 2017. Soon after, they came to Accion to access capital to renew their insurance and license plates. ALP Transport received a Rapid Loan, Accion’s newest product that provides capital with a fast turn-around time.

Their dream is to grow the business and directly hire other truckers that work independently, providing them formal benefits and flexible schedules.

“We are grateful for this loan. Not only has it helped us financially, but it will allow us to continue with our dream and help us employ more people in San Diego with better benefits.” - Lesay Paredes

Maciej Switacz
TORTILLAS DE LOLA
El Cajon, California

Maciej Switacz and his wife Lola come from two different worlds. Lola was born in Mexico and Maciej in Poland. They both moved to the United States with different dreams, but neither of them thought about opening a business.

After getting married, Maciej and Lola went through a challenging time. He suffered a work-related injury and had to leave his job, making it difficult to keep up with expenses. To support the family, Lola had the idea to make tortillas and sell them to neighbors. To her surprise, her tortillas became popular and Maciej encouraged her to start a business, so Lola started a farmers market business with the dream of opening a storefront.

That’s when the couple heard about Accion and the opportunity to access capital at a farmers market event. They were approved for a loan to buy equipment to open their new restaurant and continue their farmers market business.

“The money not only allowed us to get more equipment but also made us feel empowered and capable of growing our business to provide for our family.” - Maciej Switacz
Husband-and-wife team, Edgardo and Analyn Farin, are quite experienced in life—prior to immigrating to the United States in 1980, Edgardo worked as a design engineer in the Philippines and Analyn has a nursing and business background. When they moved, he continued his engineering work at Southern California Edison, where he was employed for more than 30 years. In 2014, he decided it was time to venture out and form his own consulting company.

He started Fariner Consulting Engineers, an engineering and design company that focuses on electrical projects. The company works with large regional electrical companies to design and implement substations throughout Riverside and San Bernardino counties. With Analyn’s background, Edgardo recruited her to join him in the business processing invoices and bills. Even though business was going well, Edgardo knew that he needed to hire more engineers to secure larger contracts and take his business to the next level. It was then that he came to Accion to expand his operations, both by hiring additional employees and securing more office space. Thanks to their Accion loan, Fariner Consulting Engineers now has thirteen employees.

“I am so grateful to Accion; the supportive staff took the time to understand my business and to see the potential of my dreams.”
- Edgardo Farin

Brothers Jose and Roberto Yepez, along with their friend and business partner Ramiro Salas, have been part of the emerging craft beer community of the Imperial Valley for years. In 2016, they came together to start their own brewery. Their venture, Calexico Brewing Company, is the first craft brewery in their home city of Calexico.

To turn their entrepreneurial dream into a reality, the Yepez brothers sought help from their father, Jose, who owns a successful construction business in the community and is an experienced entrepreneur. Calexico Brewing Company first built a following at local craft beer festivals in the Imperial Valley as they prepared to open their tasting room. During this pivotal time for their business, Jose, Roberto and Ramiro needed additional guidance and support from industry professionals. In July, they attended Accion’s Speed Coaching event through the Brewing the American Dream program with Sam Adams in San Diego, where the brewers received one-on-one advice from local experts on subjects such as brewing and packaging.

Shortly after their Speed Coaching experience, the owners of Calexico Brewing Company received a loan from Accion to purchase equipment to open their brewery and tasting room. Jose, Roberto and Ramiro celebrated the grand opening in February 2018 with 300 of their biggest fans.

“Craft breweries have become part of the cultural identities of local communities, so we are proud to bring the first brewery to Calexico.”
- Ramiro Salas
Our 2017 Portfolio, Impact & Financial Summary

**LOANS BY SIZE**
- 10% $300-$4,999
- 28% $5,000-$9,999
- 33% $10,000-$19,999
- 23% $20,000-$49,999
- 6% $50,000-$75,000

**INDUSTRY**
- 49% Service
- 23% Retail
- 15% Food
- 9% Professional
- 4% Contractor

**ETHNICITY**
- 39% Hispanic
- 36% White
- 12% African American
- 7% Asian
- 5% Other
- 1% Pacific Islander and Native American

**LOW-TO-MODERATE INCOME (LMI)**
- 67% LMI
- 33% Non-LMI

**Our 2017 Portfolio, Impact & Financial Summary**

**(1) Loans Disbursed**
- 219 Loans Disbursed
- $3,615,158 Loaned

**(2) New Businesses Served with Loans**
- 161 New Businesses
- Served with Loans

**(3) Women Served**
- 406 Women Served

**(4) Average Loan Size**
- $16,508

**(5) Active Clients**
- 714 Active Clients (at 12/31)

**(6) Portfolio Under Management**
- $6,577,568 Active Loan
- (at 12/31)

**(7) Portfolio At Risk**
- 4.17%

**(8) Portfolio Loss Rate**
- 2.6%

**(9) Self-Sufficiency**
- 49%

**Portfolio Cumulative Totals to Date**

**(1) Businesses Served**
- 2,832 Businesses Served

**(2) Loaned**
- $34,064,791

**(3) Loans Disbursed**
- 4,160 Loans Disbursed

**(4) Historical Loss Rate**
- 6.8%

**Financial Position**

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>DEC 2017</th>
<th>DEC 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>3,867,529</td>
<td>3,440,720</td>
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<tr>
<td>Contributions and grants receivable</td>
<td>154,239</td>
<td>243,825</td>
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<tr>
<td>Microenterprise loans receivable</td>
<td>6,056,182</td>
<td>5,487,463</td>
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<tr>
<td>Loan at risk</td>
<td>30,936</td>
<td>19,799</td>
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<tr>
<td>Other assets</td>
<td>465,988</td>
<td>377,455</td>
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</table>

**TOTAL ASSETS**
- $10,574,874
- $9,569,262

**LIABILITIES**

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<tr>
<th>Description</th>
<th>DEC 2017</th>
<th>DEC 2016</th>
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<tr>
<td>Accounts payable &amp; accrued expenses</td>
<td>261,543</td>
<td>228,065</td>
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<tr>
<td>Deferred revenue</td>
<td>23,999</td>
<td>74,058</td>
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<tr>
<td>Notes payable</td>
<td>1,450,000</td>
<td>1,650,000</td>
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**TOTAL LIABILITIES**
- $1,735,542
- $1,952,123

**NET ASSETS**

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<tr>
<th>Description</th>
<th>DEC 2017</th>
<th>DEC 2016</th>
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<tbody>
<tr>
<td>Unrestricted</td>
<td>8,839,332</td>
<td>7,583,513</td>
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<tr>
<td>Temporarily restricted</td>
<td>0</td>
<td>33,626</td>
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**TOTAL NET ASSETS**
- $8,839,332
- $7,617,139

**Revenue & Expenses**

**SUPPORT & REVENUE**

<table>
<thead>
<tr>
<th>Description</th>
<th>DEC 2017</th>
<th>DEC 2016</th>
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</thead>
<tbody>
<tr>
<td>Grants and contributions</td>
<td>1,077,296</td>
<td>820,636</td>
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<tr>
<td>Federal Awards</td>
<td>997,640</td>
<td>948,227</td>
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<tr>
<td>Loan Interest &amp; Fees</td>
<td>1,384,705</td>
<td>1,168,137</td>
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<tr>
<td>Grants &amp; Contributions</td>
<td>126,923</td>
<td>100,007</td>
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<tr>
<td>In-Kind Contributions</td>
<td>3,422</td>
<td>3,238</td>
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<tr>
<td>Investment Income</td>
<td></td>
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</tr>
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**TOTAL SUPPORT & REVENUE**
- $3,589,986
- $3,040,245

**EXPENSES**

<table>
<thead>
<tr>
<th>Description</th>
<th>DEC 2017</th>
<th>DEC 2016</th>
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<tbody>
<tr>
<td>Program services</td>
<td>2,249,516</td>
<td>1,999,267</td>
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<tr>
<td>Supporting services</td>
<td>20,359</td>
<td>16,705</td>
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<tr>
<td>Management &amp; general</td>
<td>97,918</td>
<td>101,019</td>
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<tr>
<td>Total supporting services</td>
<td>118,277</td>
<td>117,724</td>
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**TOTAL EXPENSES**
- $2,367,793
- $2,116,991

**CHANGE IN NET ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>DEC 2017</th>
<th>DEC 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, beginning of year</td>
<td>$7,617,139</td>
<td>$6,693,883</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>8,839,332</td>
<td>7,617,139</td>
</tr>
</tbody>
</table>

Complete financial statements, audited by Leaf & Cole, LLP, reflect certain 2016 reclassified results to be consistent with the 2017 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, Staff & Board Members

2017 FUNDERS
Adolfo Sloboda
Alma Yadira Palencia-Reyes
Angela Zappia
Anne Haines
Anonymous
Anthony F. Glueck, Gift made in memory of Rudolf Glueck
Assy Sayyar, Attorney at Law, Inc.
Bank of the West
Big Cheese Business Services
Bill Becker
Boston Beer Company*
Bill Becker
Big Cheese Business
Banner Bank
Bank of the West
Attorney at Law, Inc.
of Rudolf Glauser
Gift made in memory
Anthony F. Glauser,
Anonymous
Anne Haines
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Weinstein Foundation
Emanuel and Anna
elpe Insurance Brokerage
Elizabeth Schott
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Rover Armstrong
Salome Casillas
Salvatore Crivello
San Diego Gas & Electric
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Donor-Advised Fund
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Signature Social Marketing Consulting
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The Blackburn Family
The Coca-Cola Foundation*,
The Hartford
The Lerner Family Fund
of the Jewish Community
Foundation
The Rizziang Family
Foundation
The William D. Lynch
Foundation for Children
Toby Reach
Tyler Carlson
U.S. Bank
U.S. Department of Treasury
CDFI Fund
United Technologies Matching Gift Program
Valery Belloso
Vernon and Gayl Von Sydow
Victor A. and Gilda P.
Vilaplana
Victor Nova
Wells Fargo Foundation
Western Alliance Bank
VOLUNTEERS & INTERNS
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Brandon Slater
Rosalie Chen
Benjamin Li
U.S. Bank San Diego
Teller Consultants
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West U.S. Region Private
Banking Manager, U.S. Bank
Private Wealth Management
MARK EMCH: VICE-CHAIR
Previous Senior Vice President &
CFO (Retired)
STEACY KARTCHNER: BOARD SECRETARY
Attorney-at-Law
WILLIAM BECKER
SVF, Corporate CFA Manager
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Robotick
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Director of Commercial Banking
Pacific Premier Bank
ALEX RODRIGUEZ
SVF, Business Relationship
Manager
Pacific Commerce Bank
VICTOR A. VILAPLANA
Attorney at Law
Foley & Larnder LLP
STAFF AS OF MAY 2018
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Chief Executive Officer
VALERY BELLOSO
Chief Strategy Officer
JAVIER ISLAS
Chief Financial Officer
JUAN CARLOS HERNANDEZ
Chief Credit Officer
STAFF TEAM
SUZANNE ANDERSON
Director of Marketing &
Communications
MIONICA BATTAI
Accountant
DOMINIC BENDDINELLI
Loan Support Specialist
ERICKA CORDERO
Office Administrator
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Development & Communications Officer

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Riverside, CA 92501

Coachella Valley
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