

## MICHELLE LAZAR: COAST MUSIC THERAPY

### A MUSICAL INSPIRATION



There are few things as commendable as people who dedicate their lives to helping others. It takes commitment, self-sacrifice and imagination to make a difference in an area where many others have lost hope. For Michelle Lazar, helping children with special needs is her passion and she has made it her life's work by starting Coast Music Therapy in 2000. Over the first few years in business, she and other music therapists traveled to schools around San Diego engaging children in special education classrooms. Their uniquely designed lessons which incorporate music into concepts such as social skills, mathematics and dance fancied the teachers and students alike. They were always anxious for Coast Music Therapy to visit again.

In 2004, Michelle recognized a further need for her services. She and a fellow music therapist, Jeremy Jensen, began producing home-made CD's which were distributed to classrooms enabling children to access learning opportunities more frequently. Soon these CD's became a big hit offering a comparable alternative to the in-

classroom presentations. To move their business to the next level, Michelle and Jeremy sought the advice of a literary agent to publish the prototype and they were referred to ACCION San Diego for help in financing. With a \$10,000 loan from ACCION, an initial edition of the CD with an accompanying booklet and DVD were created. Soon thereafter, a website was also designed to promote the "Tuned in to Learning" products.

Due to the success of the products, Michelle was able to pay her first ACCION San Diego loan in advance and she was ready for a larger loan to finance the expansion of her initial product. Michelle received her next loan for \$20,000 allowing "Tuned in to Learning" to evolve into nine volumes of CD's and Learn-Along books which are now available to schools, teachers and individuals. As more special needs children benefit in their learning environments as a result of the "Tuned in to Learning" products, Michelle and the team at Coast Music Therapy continue to glow with pride.

"It is difficult to get financial backing as a female start-up business owner in a field that people know very little about. ACCION San Diego really believed in us."

## JAMES URIBE

### A SHINING ENTERPRISE



James Uribe's artistic passion is evident in the creative jewelry on display at his new store Jewel Vision, located in the Bankers Hill area of San Diego. From pendant necklaces to wedding bands, James uses the latest computer technology to offer his customers a chance to visualize their piece of jewelry throughout every step of the custom design phase.

James' career began in Chicago 33 years ago when he started working as a teenager at a jewelry shop owned by his friend's father. Now with over 20 years of experience in the San Diego market, James has developed a solid customer base and enjoys having the independence of owning a small business.

As his business began to expand over the years, James discovered that he was in need of a larger space, increased inventory and most importantly a safe to properly store his valuable merchandise. "Insurance companies require jewelers to have a safe, plus jewelry can be a dangerous business and I needed a safe to meet sales demands,"

says James. After trying to secure financing at multiple local banks, James read about ACCION San Diego's small-business loan program in the newspaper and decided to apply. ACCION San Diego was impressed by James' experience and the uniqueness of his products. He was quickly approved for a loan enabling him to purchase the safe he needed to ensure proper security for his jewelry.

Now that James' business is located in a larger retail space, he offers all jewelry services including repairs, custom design, restoration, sizing, soldering and polishing. As a result of James' dedication and some help from ACCION San Diego, James has seen substantial growth in product sales and expansion in his business services. James is currently living his dream and has taken on a new apprentice who happens to be his 18 year-old son. His plan is to mold his son into a fine jeweler and continue creating extraordinary jewelry for his loyal customers.

"With the loan from ACCION San Diego I was able to purchase a safe for my jewelry business allowing me to expand my services."

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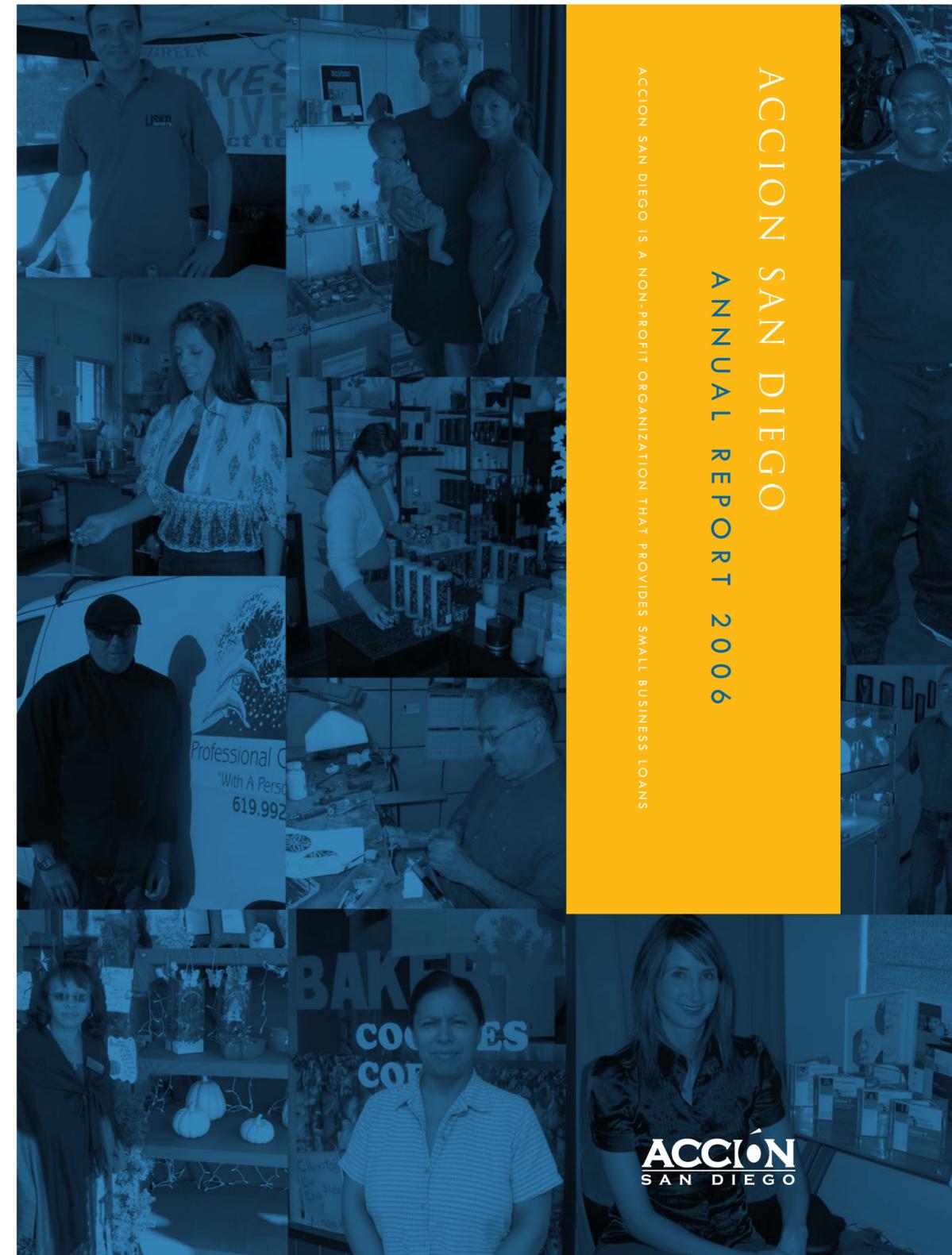
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BRUTTEN FAMILY FUND AT THE SAN DIEGO FOUNDATION  
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**ACCION**  
SAN DIEGO

# ACCION SAN DIEGO ANNUAL REPORT 2006

ACCION SAN DIEGO IS A NON-PROFIT ORGANIZATION THAT PROVIDES SMALL BUSINESS LOANS



## 2006 HIGHLIGHTS

### MESSAGE FROM THE 2006 BOARD CHAIR



Gordon Boerner  
Board Chair

2006 has been a year filled with new initiatives and strategic planning for ACCION San Diego ("ASD") as we have witnessed changes in the market and our clients. With San Diego's cost of living 41% higher than the national average, many local small business owners are faced with increasingly challenged financial profiles. Fortunately, ASD's mission allows us to work creatively with our clients on an individual basis. This enables us to alter our program services to meet these changing needs of our clients.

In October, our staff and board participated in a strategic planning session to focus on new loan products while increasing the technical assistance available to our clients. By lifting our first-time loan cap from \$10,000 to \$35,000, new clients now have the opportunity to apply for increased financing to supplement and/or expand their business models. We also developed a new Quick Loan product with targeted turn-around time of 48 hours on a simple one-page application for loans up to \$2,000. In addition, we continue to use many evolving partnerships to expand our technical assistance training for our clientele as well.

To date, ACCION San Diego has disbursed over \$10 million dollars in loans assisting more than 1,300 local small business owners

who contribute to the vibrancy of our region. Small businesses represent the economic backbone of San Diego, comprising over 90% of all businesses in the City. ASD therefore recognizes the significant importance of providing access to capital, and our goal continues to focus on fostering an environment that encourages entrepreneurs to make beneficial "next step" financial decisions.

On behalf of the small business community we serve, and our ASD Board & Staff, I would like to formally extend a heartfelt thanks to all of our supporters. ACCION's program is able to offer an opportunity for small business owners to expand as a result of your commitment and belief in our value-added financing methodology. We again truly thank you and look forward to your continued support as we strive to provide tools for entrepreneurial success on a daily basis.

Sincerely,  
  
Gordon Boerner  
Board Chair

The mission of ACCION San Diego is to provide economic opportunity for low-to-moderate income level business owners who lack access to traditional sources of credit. Through business loans and support services, we strengthen the roots of emerging entrepreneurs enabling them to create social and economic change.

### IMPACT

San Diego's local economy has seen many increases in the cost of living over the past few years, all of which have a direct impact on the cities' small business owners. In 2006, ACCION San Diego (ASD) was able to help many of these dedicated microentrepreneurs in their path to success including 95 new clients with a total of 154 loans. With the support of many community partners and donors, ASD disbursed over \$1 million, ending the year with 336 active clients and a portfolio balance of \$1.7 million.

With this economic struggle in mind, ASD is developing additional support systems to assist our clients in today's challenging marketplace. We are participating in a research study through the Aspen Institute which will measure the impact of our loan program and help us to make efficient changes to our future loan services. This study was made possible by a Citigroup Foundation grant awarded to ASD for a summer intern who will gather statistical data on ASD's clients. ASD's final data will help to compile one of the largest sets of U.S. microenterprise data reported by the Aspen Institute.



An ACCION San Diego donor generously awarded five exemplary clients with \$1,000 each to commend them on their commitment, character and their excellent repayment history on their loans.

### AWARDS & UPDATES

ASD received the highest four-star rating for sound and fiscal management from Charity Navigator for the second consecutive year. The rating commends ASD as an exceptional non-profit allocating 80% of its organizational budget towards the microlending program.

The microenterprise field also took center stage in 2006 as Muhammad Yunus and the Grameen Bank won the Nobel Peace Prize for their pioneering work in this growing industry. ASD congratulates Muhammad Yunus for his efforts and thanks him for the work he has completed to help microentrepreneurs around the world.

A fresh look was developed in 2006 with the launch of a new bilingual ASD website including user friendly functions of online loan applications, resourceful business information and a new online donation page. Further developments of the website will encompass a business term glossary, additional training information and marketing opportunities for ASD clients.

Through May 2006, ASD continued servicing Orange County and the other Southern California markets via fax and internet. The distance of the other counties prevented site visits and the personal contact with clients that ASD has always espoused. In May of 2006, ACCION USA launched their nationwide internet lending program, thus providing us with a referral source for these microentrepreneurs. Our loan portfolio continues to carry a small portion of loans from these counties, however ASD has returned to our commitment to economic development for the microentrepreneurs within San Diego County.

### ACCION SAN DIEGO IN THE COMMUNITY

In partnership with Southwestern College Family Resource Center and the Foundation for Women, ASD was able to assist various immigrant entrepreneurs in 2006 with start-up and home-based businesses. The mentoring and training programs provided by these organizations enabled business owners to qualify for loans from ASD, assisting them to build credit in this country and to grow their nascent businesses.

ASD has developed a volunteer program consisting of three levels which is designed to assist in client mentoring and or marketing and outreach. This program offers an opportunity for ASD clients to receive hands-on business counseling in the areas of finance, management and marketing. Volunteers provide invaluable skills and expertise to both ASD and the clients that we serve.

We also continue to foster our many community and banking relationships to build cross referrals and work together to assist the local entrepreneurs. We thank each of our partners for their support and look forward to another prosperous year.

## FINANCIAL SUMMARY

Balance Sheet	DEC. 2006	DEC. 2005
<b>ASSETS</b>		
CASH AND EQUIVALENTS	\$ 1,861,270	\$ 1,091,597
CONTRIBUTIONS AND GRANTS RECEIVABLE	\$ 101,215	\$ 96,694
MICROENTERPRISE LOANS RECEIVABLE (NET OF ALLOWANCES FOR LOAN LOSSES OF \$91,069 IN 2006 AND \$80,909 IN 2005.)	\$ 1,626,600	\$ 1,591,899
FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION OF \$100,967 IN 2006 AND \$82,613 IN 2005.)	\$ 42,201	\$ 51,056
OTHER ASSETS	\$ 28,051	\$ 26,943
<b>TOTAL ASSETS</b>	<b>\$ 3,659,337</b>	<b>\$ 2,858,189</b>
<b>LIABILITIES</b>		
ACCRUED EXPENSES AND ACCOUNTS PAYABLE	\$ 37,389	\$ 32,213
NOTES PAYABLE	\$ 1,450,000	\$ 950,000
<b>TOTAL LIABILITIES</b>	<b>\$ 1,487,389</b>	<b>\$ 982,213</b>
<b>NET ASSETS</b>		
UNRESTRICTED	\$ 1,824,448	\$ 1,707,001
TEMPORARILY RESTRICTED	\$ 347,500	\$ 168,975
<b>TOTAL NET ASSETS</b>	<b>\$ 2,171,948</b>	<b>\$ 1,875,976</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 3,659,337</b>	<b>\$ 2,858,189</b>
<b>Revenue And Expense Statement</b>	<b>DEC. 2006</b>	<b>DEC. 2005</b>
<b>REVENUE</b>		
GRANTS AND CONTRIBUTIONS		
Unrestricted	\$ 308,688	\$ 105,518
Temporarily Restricted	\$ 255,000	\$ 305,000
In-Kind	\$ 111,972	\$ 84,225
Contract Revenue	\$ 167,908	\$ 143,558
PROGRAM REVENUE		
Interest Fees	\$ 193,053	\$ 242,143
Other Income	\$ 117,259	\$ 32,941
<b>TOTAL CONTRIBUTIONS AND INCOME</b>	<b>\$ 1,153,880</b>	<b>\$ 913,385</b>
<b>EXPENSES</b>		
PROGRAM SERVICES	\$ 680,701	\$ 612,632
SUPPORTING SERVICES		
Fundraising	\$ 28,394	\$ 23,858
Grants And Administration	\$ 148,813	\$ 156,158
Total Supporting Services	\$ 177,207	\$ 180,016
<b>TOTAL EXPENSES</b>	<b>\$ 857,908</b>	<b>\$ 792,648</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 295,972</b>	<b>\$ 120,737</b>

## IMPACT

INDICATOR	2006	2005
NEW CLIENTS	96	120
NUMBER OF LOANS DISBURSED	154	232
AMOUNT LOANED	\$1,048,141	\$1,481,254
ACTIVE PORTFOLIO (AT 12/31/06)	\$1,717,588	\$1,672,808
ACTIVE CLIENTS (AT 12/31/06)	336	343
AVERAGE LOAN BALANCE	\$6,806	\$6,385
PORTFOLIO AT RISK*		
San Diego County	4.7%	
San Diego County/ Orange County Combined***	6.6%	5.6%
LOSS RATE		
San Diego County	6.5%	
San Diego County/ Orange County Combined***	7.9%	5.5%
PERCENTAGE SELF-SUFFICIENCY***	42%	39%
<b>CUMULATIVE TOTALS TO DATE</b>	<b>2006</b>	
CLIENTS SERVED	1,127	
NUMBER OF LOANS DISBURSED	2,117	
AMOUNT DISBURSED	\$9,889,613	
HISTORICAL LOSS RATE	6%	



"My husband and I started a construction company and because of the Foundation for Women I was able to get a loan with ACCION. I am very happy to tell you that ACCION made our dreams come true!"

Alma Duran

COMPLETE FINANCIAL STATEMENTS, AUDITED BY NICHOLAS M. PASCALL, CPA, 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). \*\*\* ALL FIGURES INCLUDE ACCION SOUTHERN CALIFORNIA, SATELLITE OFFICE OF ACCION SAN DIEGO, CLOSED IN SEPTEMBER OF 2005. AT YEAR-END 2006 SAN DIEGO COUNTY COMPRISED 91% OF THE COMBINED PORTFOLIO.