

DEVEN MCCARTY AND AMBER SCHMID FIRST CLASS WAX



FIRST CLASS ENTREPRENEURSHIP

Deven and Amber were two colleagues working in a La Jolla salon with one common goal.... the desire to become entrepreneurs. Although content with their past positions, these two estheticians, specialized in waxing, realized there were very few opportunities for growth. This being early on in their careers, they quit their jobs and set out to develop their own product, "Pureste," a post-hair removal treatment for ingrown hair and other common skin irritations. With business and marketing backgrounds and a basic knowledge of chemistry from esthetician school, they developed the perfect formula for "Pureste."

In order to fund their product, Deven and Amber continued to provide waxing services in a tiny room they rented in La Jolla, but needed to find a location that would better position them for growth. As start-up business owners, Deven and Amber lacked the qualifications to obtain a traditional bank loan and came to ACCION for assistance in opening their new business called First Class Wax. The partners were approved

for two loans in the amounts of \$8,000 and \$14,000, which they used toward renting the new space and conducting tenant improvements to reflect their style and first class treatment.

Now situated in a charming century-old house in the Bankers' Hill area of San Diego, First Class Wax offers a comfortable and relaxing environment and business is growing steadily. They have maintained existing clients from their old salon and increased new clientele through word of mouth and TV advertisement spots facilitated by ACCION San Diego. Pureste continues to be popular and Deven and Amber are looking to expand their product line further.

These business women pride themselves in providing excellent customer service, upholding the highest level of safety and sanitation, and creating a healthy environment. Deven and Amber work well together as business partners and enjoy each other's support. Thankful to ACCION for providing a service they couldn't find anywhere else, these two clients continue to be "first class entrepreneurs."

KOSTA HOUDALAKIS LISKO IMPORTS



A NEW FOUND GOURMET FOR SAN DIEGANS

Kosta Houdalakis is a member of the Psomataki family which has been growing olives in Greece for more than 50 years. This long history of producing and consuming high- quality food inspired him with an entrepreneurial dream during a vacation to San Diego in 2006. Disappointed with the quality of gourmet food here, he tasted an opportunity that he could not pass up. Quickly, Kosta moved to San Diego and ventured into a new business with virtually no contacts, family, and little knowledge of doing business in the U.S.

By late 2006, after much research, he created Lisko Imports, a business based on importing olive oil and olives from Greece. His business expanded quickly and inventory now includes delicious pickled vegetables and cheeses from Greece, fresh eggs from a farm in Ramona, homemade pasta from Temecula, and pastries from a French bakery. Initially selling his products only at farmer's markets, Kosta's entrepreneurial endeavor now stocks local restaurants, hotels and casinos with fresh gourmet foods.

Kosta's background in sales and management aided him in his new business venture, but it is his passion for good food which created a strong consumer base in San Diego. Attracting new clients was not difficult for Kosta, but what was difficult was obtaining a business loan. Kosta needed to increase his inventory, meet demand, and ensure a timely supply to his customers, but as a foreign investor he lacked credit history in the U.S. He turned to ACCION San Diego and received his first loan of \$5,000 in December 2006 which he used as additional working capital. By the middle of 2007, Lisko Imports' monthly sales increased ten-fold and Kosta applied for his second loan. He obtained a vacuum seal for his packaging facility in North Park and was able to develop his own website www.liskoimports.com. In less than a year, Kosta was able to establish credit and employ 11 additional people, therefore contributing to his local community.

As a proud entrepreneur, Kosta is very optimistic about his business and is already expanding to Orange County, planning on serving all of California in the next several years.

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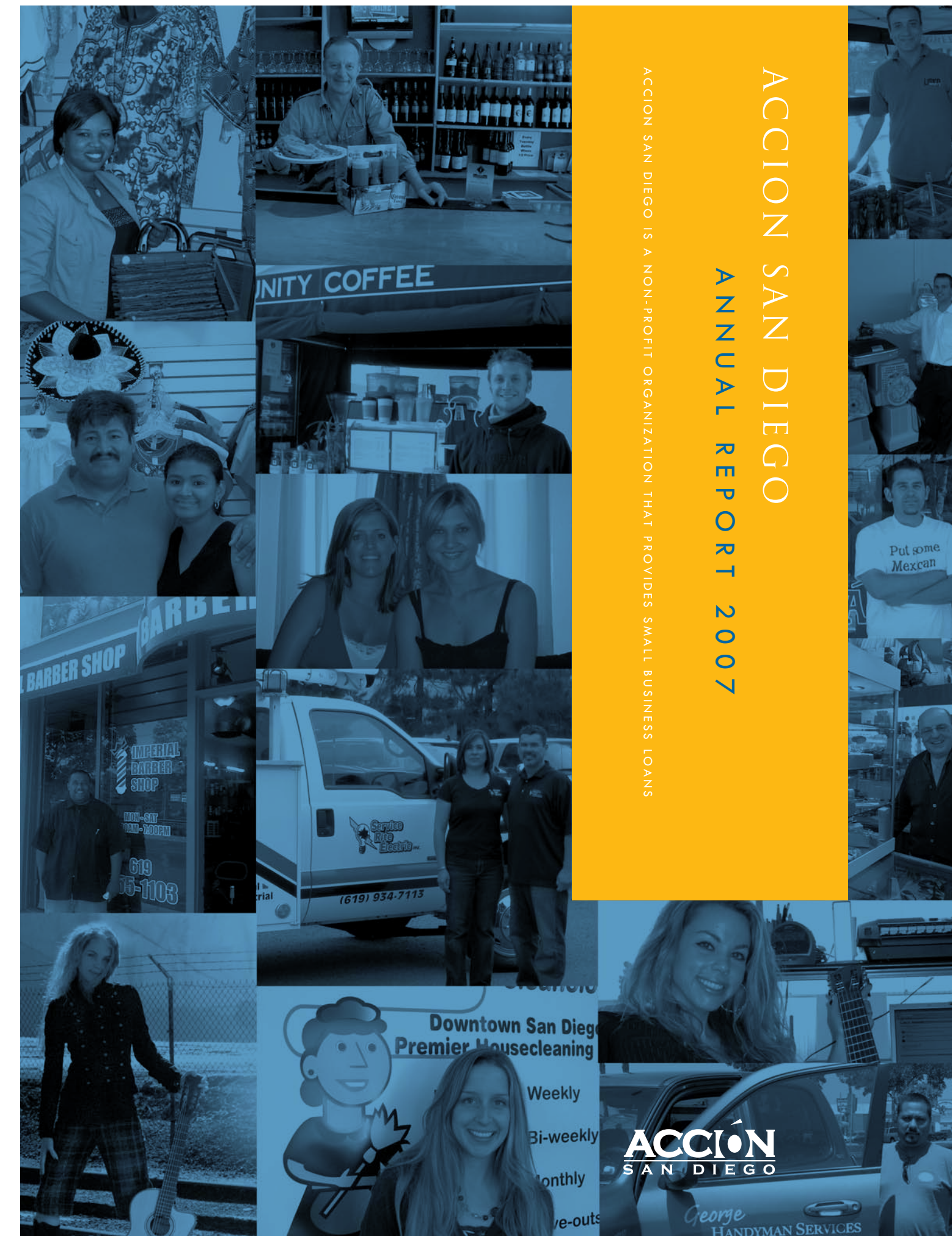
Irene Carranza Art Studio

2007 FUNDING PARTNERS

BANK OF AMERICA FOUNDATION
BANK OF THE WEST
DENIS TAT BARNES
SONYA BOLTON
CITIGROUP FOUNDATION
CITY OF SAN DIEGO, COMMUNITY DEVELOPMENT BLOCK GRANT
CITY OF SAN DIEGO, ECONOMIC DEVELOPMENT AND TOURISM SUPPORT FUND
CITY OF SAN DIEGO, SBEP GRANT
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ACCION
SAN DIEGO

1250 6th Avenue, Suite 500 • San Diego, CA 92101
Phone: (619) 685-1380 • Toll Free: (800) 967-4429
Fax: (619) 685-1470 • Email: info@accionsandiego.org
www.accionsandiego.org



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

ACCION SAN DIEGO
ANNUAL REPORT 2007

ACCION
SAN DIEGO

George
HANDYMAN SERVICES

2007 HIGHLIGHTS

MESSAGE FROM THE 2007 BOARD CHAIR



Gordon Boerner
Board Chair

The 2007 national mortgage and housing crisis affected Americans across the nation, resulting in subsequent local economic ramifications and financial difficulties for many. During these challenging times, ACCION San Diego served as a strong resource for business owners and encouraged the entrepreneurial spirit that shines through economic downturns. We are proud to report financial assistance provided to over 100 new start-up and existing business owners through our loan program.

In a focused effort to mitigate our own program's risk and ensure that we can continue to provide lasting resources to our community, ACCION San Diego's Board of Directors and Staff developed many new initiatives in 2007. Our staff worked diligently to increase two-way interaction with our current borrowers, offering ongoing communication, resources and guidance to assist them in minimizing their risks and maximizing their strengths. We provided one-on-one client assistance and referrals, helping our borrowers make positive financial choices and boosting their opportunity for access to capital that supported their particular needs. By developing partnerships during the year with State of California loan programs such as Cal Cap and Cal Southern, ACCION San Diego implemented loan loss reserve and guarantee programs to assist in

mitigating our loan portfolio losses, thereby enabling further recirculation of our loan funding capital.

Despite the current challenges the economy presents, ACCION San Diego is focused on providing a hand-up to small business owners in becoming self-sufficient. Thanks to our supporters, partners and friends, we are a leader in microfinance and a vital program for the San Diego business community. We offer many thanks to our Board of Directors, volunteers, supporters and partners as we continue our mission of providing capital, as well as technical assistance, to our clients.

Sincerely,

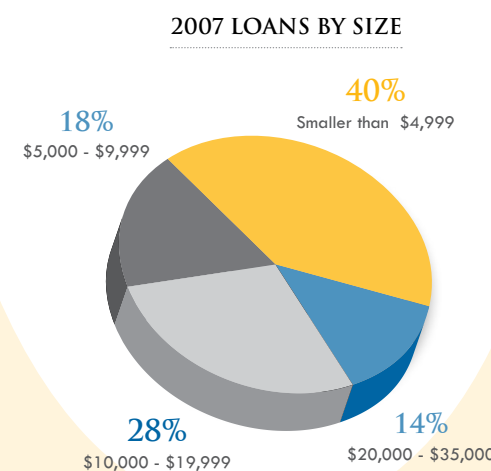
Gordon Boerner
2007 Board Chair
ACCION San Diego

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

IMPACT

From home-based daycares and farmer's market vendors to restaurants and retail shops, ACCION San Diego supported local business owners of all types in various stages of their businesses throughout 2007. It is our continued goal to provide the necessary tools and access to capital to help these spirited entrepreneurs in their paths to success.

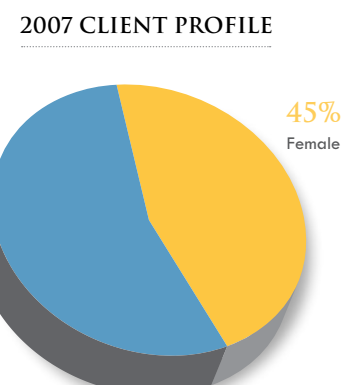
In 2007, ACCION San Diego disbursed 142 loans to 108 new clients, totaling more than \$1,265,121. As many small business owners faced economic struggles during the subprime crisis that affected our nation, our staff was there for support and serviced over 1,100 customers, assisting them with helpful business and finance information. ACCION San Diego ended the year with 317 active clients and a portfolio of \$1.9 million.



PROGRAM UPDATES

In 2007, ACCION San Diego was selected to participate in a Citigroup Foundation-funded research project coordinated by the Aspen Institute. As one of 25 organizations across the nation, ACCION San Diego's research intern conducted a survey of clients who received services in 2005, evaluating the impact of ACCION's program on selected borrowers. Resulting survey statistics demonstrated that over 94% of the businesses surveyed were still in business two years after receiving assistance through ACCION San Diego, 75% showed an increase in household income and there was a 60% reduction in the number of people in poverty.

Volunteers were hard at work with ACCION San Diego throughout 2007 as we implemented our new in-house volunteer mentoring service through our microlending program. The program consists of seasoned entrepreneurs, community professionals and students who work with ACCION to mentor clients in marketing, business management and financial skills. The program grew from one participant to 25 during the year and ACCION clients were able to gain valuable knowledge and skills through this new initiative. In partnership with University of San Diego, ACCION San Diego enrolled many graduate students in the mentoring program, allowing for their education and skills to be put to practical use by assisting our borrowers.



ACCION SAN DIEGO IN THE COMMUNITY

When local San Diego entrepreneurs dream, ACCION San Diego is there to encourage and support their endeavors, but this would not be possible without the collaboration and synergy of working with our many community, banking, educational and governmental partners. ACCION thanks each of our partners for their valued work, commitment to helping the small business community and we look forward to working together on future initiatives.

AEO
Alliance for African Assistance
Business Associations
CAMEO
Cal Cap
Cal Southern
CDC Small Business Finance
Chambers of Commerce
City of San Diego
East County Economic Development Council
Foundation for Women
International Rescue Committee
KUSI Television
MAAC Project
Money Management International
San Diego Banking Partners
San Diego BID Council
San Diego Contracting Opportunity Center
SCORE
Small Business Administration
Small Business Development Centers
South County Economic Development Council
Southwestern College
Springboard
University of San Diego
Women's Business Center of California

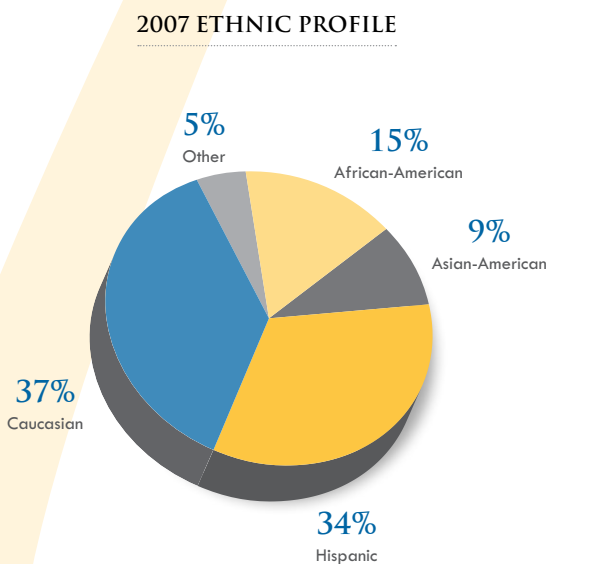
FINANCIAL SUMMARY

Balance Sheet	DEC. 2007	DEC. 2006
ASSETS		
CASH AND EQUIVALENTS	\$ 1,526,281	\$ 1,861,270
CONTRIBUTIONS AND GRANTS RECEIVABLE	\$ 116,263	\$ 101,215
MICROENTERPRISE LOANS RECEIVABLE (NET OF ALLOWANCES FOR LOAN LOSSES OF \$128,557 IN 2007 AND \$91,069 IN 2006.)	\$ 1,803,163	\$ 1,626,600
FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION OF \$20,633 IN 2007 AND \$100,967 IN 2006.)	\$ 27,885	\$ 42,201
OTHER ASSETS	\$ 29,430	\$ 28,051
TOTAL ASSETS	\$3,503,022	\$3,659,337
LIABILITIES		
ACCRUED EXPENSES AND ACCOUNTS PAYABLE	\$ 17,233	\$ 37,389
NOTES PAYABLE	\$ 1,450,000	\$ 1,450,000
TOTAL LIABILITIES	\$1,467,233	\$1,487,389
NET ASSETS		
UNRESTRICTED	\$ 1,948,289	\$ 1,824,448
TEMPORARILY RESTRICTED	\$ 87,500	\$ 347,500
TOTAL NET ASSETS	\$2,035,789	\$2,171,948
TOTAL LIABILITIES & NET ASSETS	\$3,503,022	\$3,659,337

Revenue And Expense Statement	DEC. 2007	DEC. 2006
REVENUE		
GRANTS AND CONTRIBUTIONS		
Unrestricted	\$ 291,422	\$ 308,688
Temporarily Restricted	\$ 35,760	\$ 255,000
In-Kind	\$ 124,000	\$ 111,972
Contract Revenue	\$ 112,297	\$ 167,908
Interest Fees	\$ 203,404	\$ 193,053
Other Income	\$ 149,094	\$ 117,259
TOTAL PUBLIC SUPPORT AND CONTRIBUTIONS	\$ 915,977	\$ 1,153,880
EXPENSES		
PROGRAM SERVICES	\$ 836,349	\$ 680,701
SUPPORTING SERVICES		
Fundraising	\$ 32,058	\$ 28,394
Grants And Administration	\$ 183,729	\$ 148,813
Total Supporting Services	\$ 215,787	\$ 177,207
TOTAL EXPENSES	\$1,052,136	\$ 857,908
CHANGE IN NET ASSETS	\$ (136,159)	\$ 295,972

IMPACT

INDICATOR	2007	2006
NEW CLIENTS	108	96
NUMBER OF LOANS DISBURSED	142	154
AMOUNT LOANED	\$1,265,121	\$1,045,668
ACTIVE PORTFOLIO (AT 12/31/07)	\$1,931,720	\$1,717,669
ACTIVE CLIENTS (AT 12/31/07)	317	336
AVERAGE LOAN SIZE	\$8,909	\$6,790
PORTFOLIO AT RISK*	10.2%	6.6%
LOSS RATE	10.4%	7.9%
PERCENTAGE SELF-SUFFICIENCY**	38%	42%
CUMULATIVE TOTALS TO DATE	2007	
CLIENTS SERVED	1,235	
NUMBER OF LOANS DISBURSED	2,259	
AMOUNT DISBURSED	\$11,154,734	
HISTORICAL LOSS RATE	7.40%	



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).