



# Lending. Supporting. Inspiring.

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## Mission

ACCION San Diego is committed to providing credit and training to microentrepreneurs who lack access to traditional forms of credit. By providing credit to microentrepreneurs, the program seeks to increase business and family incomes, create jobs, and contribute to the revitalization of disenfranchised neighborhoods in San Diego County.

## A Message

FROM THE BOARD



### The first year of the millennium brought new accomplishments to ACCION San

Diego. We finished our sixth year of operation and produced some of our strongest numbers ever. By year-end, we had disbursed 25% more loans than in 1999, with nearly a million dollars infused in the small businesses that are so vital to San Diego's economy. We also achieved a 42% rate of self-sufficiency, up from 27% the year before.

Although these figures attest to the significant impact ACCION San Diego has made financially, our progress is most evident in the lives of the microentrepreneurs we've helped. Kelly Fukushima is one of the clients ACCION funded this year (see page 2). He is a commercial fisherman, and used an ACCION loan to purchase a larger boat. Kelly's new boat enabled him to increase his fishing range, catch more fish, and enjoy a dramatic increase in revenue as a result.

ACCION San Diego is always looking for innovative ways to reach clients such as Kelly. In 2000, we strengthened our ties to the community and established new partnerships with local

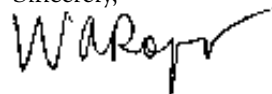


GAIL BRENT, LICENSED ACUPUNCTURIST

business organizations. We extended our outreach to include more of San Diego County, and reached untapped business communities as a result. Our new stepped interest rate also made ACCION accessible to more microentrepreneurs, and the Client Incentive Program encouraged clients to introduce a friend to our services.

ACCION San Diego is proud of the accomplishments we achieved in 2000. We will strive to grow our active loan portfolio to one million dollars in the coming year, and plan to continue fostering the growth of San Diego's microentrepreneurs. We are indebted to all of our community supporters, and thank everyone for making our sixth year a memorable one.

Sincerely,



William A. Roper, Jr.  
Board Chair

## Partnerships with SBDCs Benefit Clients

In 2000, ACCION San Diego initiated a new partnership with the North County Small Business Development Center in Oceanside, and continued our productive alliance with the Small Business Development & International Trade Center at Southwestern College. These organizations provide ongoing professional assistance to ACCION's microentrepreneurs.

Orientation sessions are held at the Oceanside center on a monthly basis; each session has led to the loan approval of at least one new microentrepreneur. After the loan disbursement, clients are referred back to the North County SBDC for business counseling, and are advised in the financial and technical aspects of running a successful business.

Our continued partnership with the Small Business Development & International Trade Center at Southwestern College generated crucial support to our clients. Over 40 of ACCION San Diego clients received business counseling through the Center this year. Representatives from the Center also took part in ACCION's fall networking event, and presented an informative lecture on accessing business resources.

Our partnerships with these vital business organizations helped ACCION further the education of our clients this year. We proudly salute San Diego's SBDCs for fostering the entrepreneurial spirit of our clients.



DAVID BELL, ABBA CONSTRUCTION CONCEPTS

## Entrepreneur of the Year

DAVID BELL

### Most successful entrepreneurs

begin their endeavor with a business plan. David Bell's was drawn out on a napkin on his dining room table. He had recently left his job as an appliance repairman, and now David was determined to start his own business. With \$50 and a makeshift workspace in his garage, he set out on his venture.

David printed 500 flyers and business cards and paid a local youth to distribute them in the neighborhood. He received a call from a neighbor who read the flyer, and his first job was the repair of her microwave. Word of David's reputable handiwork spread, and soon he found himself on the threshold of a booming enterprise.

David was eager to grow his fledgling business, and realized expansion would require an investment in advertising, as well as more working capital. He decided a small business loan would help him meet these needs. Despite the healthy success of his business and homeowner status, David was turned down by bank after bank. Then he turned to ACCION San Diego for help.

With an initial loan of \$2,500, David advertised in local publications and bought a truck to transport his equipment. Now David was well prepared to handle the increasing demand for his services. A second loan two years later allowed him to purchase the licensing and insurance necessary to become a licensed general contractor and convert Dave's Home Maintenance into ABBA Construction Concepts, a full service construction and maintenance business.

David has reaped the rewards of his efforts, and enjoyed a profit of 33% over his projected estimates for 2000. "It takes a lot to build and run a business, and with ACCION's help I've gotten there," David proudly affirms.

## 2000 Highlights

2000 was a very successful year for ACCION San Diego. We unveiled our new stepped interest rate as well as several new initiatives. Outreach was increased throughout the South, Central, and North County regions. The County's two Small Business Development Centers provided support, and new partnerships with other organizations were fostered. All of these efforts helped us serve the needs of small businesses in San Diego County in the past year.

ACCION San Diego established several new programs to reach and reward more microentrepreneurs in 2000. Eligible Mary Kay Consultants were encouraged to apply for funding through ACCION San Diego, and the Mary Kay Corporation provided a 90% buy-back guarantee to secure these loans. As a result of ACCION's funding, many Mary Kay Consultants were able to purchase inventory and grow their businesses.

Our new Client Incentive Program, implemented in 2000, gives clients the opportunity to help other microentrepreneurs — and get paid for doing so! This program encourages existing clients to refer a friend to ACCION San Diego. For each new client that a current borrower refers, the existing client receives a \$50 credit towards his or her loan balance. Since the program's inception, existing clients have referred over 20% of our new borrowers.

ACCION San Diego's new stepped interest rate also rewards existing clients. Our interest rate remains at 16% for first time borrowers, drops to 14% for second time borrowers with timely repayment, and down to 12.5% for qualified third time borrowers.

Our dedicated AmeriCorps\*VISTA Volunteers expanded outreach and integrated new areas of South, Central, and North County previously untapped. A focus on San Ysidro, Logan Heights, and Golden Hills was established, and community informational meetings in these targeted neighborhoods spread awareness of ACCION's services. Collaborations with the Small Business Development Center, Inner City Business Association, and the San Ysidro Business Improvement Association have helped us to make inroads in these communities.



KELLY FUKUSHIMA, COMMERCIAL FISHERMAN

## Kelly Fukushima

REELING IN THE PROFITS

While the rest of San Diego is still asleep, Kelly Fukushima is beginning his day. As a commercial fisherman, Kelly starts work at 4:30 a.m., and often fishes until five or six in the evening.

Kelly found himself continually filling his boat to capacity, and often had to stop fishing early because of his large catch. The dilemma he faced was simple; Kelly needed capital to purchase a larger boat to accommodate more fish. After paying off his first ACCION loan, which he used to purchase lobster traps, he returned for additional financing. "I felt comfortable with ACCION, and they were able to give me a loan quickly," he attested.

His new boat is 35 feet long, which allows Kelly to increase his fishing range. The ambitious entrepreneur is enjoying his present success and has more than tripled his revenue since his first loan with us. Kelly would like to increase his boat size again, and "catch anything that swims or crawls," he laughs. ACCION San Diego is proud to have contributed to Kelly's success.

# Financial Summary

BALANCE SHEET	DEC. 2000	DEC. 1999
<b>ASSETS</b>		
Cash and Equivalents	\$ 534,885	\$ 808,324
Contributions and Grants Receivable	\$ 70,481	\$ 53,835
Microenterprise Loans Receivable (Net of Allowance for Loan Losses of \$82,633 in 2000 and \$66,323 in 1999.)	\$ 743,802	\$ 596,906
Fixed Assets (Net of Accumulated Depreciation of \$35,612 in 2000 and \$26,780 in 1999.)	\$ 27,364	\$ 34,119
Other Assets	\$ 2,386	\$ 5,006
<b>Total Assets</b>	<b>\$ 1,378,918</b>	<b>\$ 1,498,190</b>
<b>LIABILITIES</b>		
Accrued Expenses and Accounts Payable	\$ 42,663	\$ 102,524
Notes Payable	\$ 885,000	\$ 1,135,000
<b>Total Liabilities</b>	<b>\$ 927,663</b>	<b>\$ 1,237,524</b>
<b>NET ASSETS</b>		
Unrestricted	\$ 422,455	\$ 180,953
Temporarily Restricted	\$ 28,800	\$ 79,713
<b>Total Net Assets</b>	<b>\$ 451,255</b>	<b>\$ 260,666</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 1,378,918</b>	<b>\$ 1,498,190</b>
<b>REVENUE AND EXPENSE STATEMENT</b>		
	<b>DEC. 2000</b>	<b>DEC. 1999</b>
<b>REVENUE</b>		
Grants and Contributions		
Unrestricted	\$ 285,589	\$ 287,725
Temporarily Restricted	\$ 28,800	\$ 48,362
In-Kind	\$ 101,985	\$ 69,423
Contract Revenue	\$ 124,194	\$ 116,245
Interest and Fees	\$ 118,843	\$ 93,906
Other Income	\$ 28,948	\$ 7,184
<b>Total Public Support and Revenues</b>	<b>\$ 688,359</b>	<b>\$ 622,845</b>
<b>EXPENSES</b>		
Program Services	\$ 305,503	\$ 330,523
Supporting Services		
Fundraising	\$ 50,660	\$ 45,263
Grants and Administration	\$ 131,607	\$ 125,493
Total Supporting Services	\$ 182,267	\$ 170,756
<b>Total Expenses</b>	<b>\$ 487,770</b>	<b>\$ 501,279</b>
<b>Change in Net Assets</b>	<b>\$ 200,589</b>	<b>\$ 121,566</b>



ANDREA ZUBILLAGA, ZUBILLAGA'S TAMALES

## Impact

INDICATOR	2000
New Clients	89
Number of Loans Disbursed	169
Amount Loaned	\$770,604
Active Portfolio (at 12/31/00)	\$826,435
Active Clients (at 12/31/00)	202
Average Loan Balance	\$4,560
Portfolio at Risk*	3.38%
Percentage Self-Sufficiency**	42%
<b>CUMULATIVE TOTALS TO DATE (AS OF 12/31/2000)</b>	
Clients Served	454
Number of Loans Disbursed	838
Amount Disbursed	\$2,915,319
Historical Loss Rate	5%

\* 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 by total expenses.

Complete financial statements, audited by Nicholas M. Pascall, CPA, are available upon request through ACCION San Diego.

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FRANCISCA LUGO, Q & B ENTERPRISES

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Corporate Counsel:

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**Partner**

Luce, Forward, Hamilton & Scripps

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