

ACCIÓN
SAN DIEGO



Lending. Supporting. Inspiring.

ACCION SAN DIEGO ANNUAL REPORT 2004

MISSION



Kenneth Sanders, owner of *Quality Care Cleaning Services* with Loan Officer, Maria Montaño during loan disbursement

The mission of ACCION San Diego is to create increased income and job stability for low-to-moderate income, self-employed men and women. ACCION San Diego accomplishes this by providing credit and other support services to these small business owners. Since 1994, ACCION San Diego has been helping microentrepreneurs strengthen their businesses, stabilize their incomes, create additional employment, and contribute to the economic revitalization of their communities.



In 2004, with the celebration of our tenth anniversary, ACCION San Diego has truly made a tremendous impact on the lives of our individual clients, the community and the economy. Since inception in 1994, we have disbursed over 1,700 loans to 911 hard-working microentrepreneurs, totaling more than \$7.2 million.

As many people in Southern California look to microenterprise as an employment option, ACCION San Diego's step-lending process allows them to augment their businesses and create additional employment in their communities. Gillian Guess, owner of a small boutique, *Niche*, has increased her inventory and sales, hired a part-time employee, improved her credit and established a history of financial statements all with the help of two loans from ACCION. Maura Nogueira, owner of restaurant *Sicilian Village*, and Oskar Thorvaldson, owner of *Source of Health Inc.*, have both had multiple loans with ACCION San Diego and recently qualified for larger loans with Bankers CDC.

As ACCION San Diego's services expand, the staff continues to grow as well. Our satellite office in Orange County celebrated their 1st anniversary commendably closing more than 50 loans in 2004. To develop new

partnerships and better serve our clients in North County, ACCION San Diego has placed a new loan officer in San Marcos who will be readily accessible in that region.

With a dedicated staff of eight, ACCION San Diego continues to aid microentrepreneurs who otherwise have nowhere to turn. The inspiration from our clients' success stories and the support of our donors, community partners, and board members enable us to look to a future filled with many more loans for deserving microentrepreneurs. Thank you for your ongoing support of our program as we continue to grow within the community.

Sincerely,

A handwritten signature in cursive script that reads "Carol Wallace".

Carol Wallace
Board Chair

MESSAGE FROM THE

2004 Board Chair

2004 HIGHLIGHTS

In 2004, ACCION San Diego's active portfolio balance reached \$1.3 million while maintaining historical delinquency and loss ratios of 5%. Since inception in 1994, we have disbursed over 1,700 loans to 911 local microentrepreneurs in excess of \$7.2 million. Through various marketing strategies and partnerships, ACCION San Diego assisted 150 new clients and disbursed 254 loans in 2004. We are also very proud to announce that through our ongoing collaboration with Bankers CDC, four of our clients qualified for loans larger than \$35,000 through their lending program.

The growth has proven successful for our Orange County satellite office as well. In their first year they disbursed over 50 loans serving 46 new clients. While the need for financial assistance is growing steadily, our Southern California staff continues to strategically market and dive deeper into the communities providing microentrepreneurs with the capital they need to

succeed. With staff in both office locations working hard to provide the best service to our clientele, we have expanded further to more efficiently serve our clients in North County with a new loan officer located in San Marcos.

In 2004, ACCION San Diego continued to play an active role in the community working alongside various partners to reach new clientele. The partnership between ACCION San Diego and the International Rescue Committee, an organization that assists refugees fleeing from persecution, has provided 20 microentrepreneurs with start-up loans, five of whom came back for second loans. ACCION San Diego also fostered ongoing partnerships with the SBDC, SCORE, the Hispanic Chamber of Commerce, North San Diego Economic Development Council, USD Entrepreneurial Legal Clinic, Connectory.com and our banking partners throughout the various counties.

JESUS CARDOZA A Traveling Success

Jesus Cardoza has been serving the travelers in the community of San Ysidro for several years. His agency walls are covered with the destinations of his clients: Brazil, Mexico, Argentina and many more. Most of Jesus' clients are Latin Americans traveling home to see family, and returning to their new homes in the U.S. to go back to work. Jesus knows their stories and speaks their languages.

"Many of my clients aren't comfortable with the internet or don't have access to it. Some of them don't trust it. They prefer to come to me for their travel arrangements and I am happy to help," says Jesus.

Over the years, his travel agency has grown to also include a notary public and a money-wiring service to Latin America, but things were not always running so smoothly. When the San Marcos branch of Copacabana Travel opened, Jesus was working alongside two partners who eventually wanted to sell the business. Jesus jumped at the opportunity for a permanent career change as business owner of the agency, which was now also operating out of an office in San Ysidro. Initially, Jesus was able to cover most of his costs for the acquisition of his new business, but



he was unable to maintain a cash flow for the security of cash transactions, which is required by federal regulations. Since most of his clientele preferred the convenience of cash sales, it was imperative that he have a cash reserve.

Jesus began inquiring at local banks for ways to finance the remainder of his business to ensure its success. Due to credit issues, Jesus was unable to obtain financing until one banker directed him to ACCION San Diego. With two loans in the amounts of \$5,000 and \$10,000 from ACCION San Diego, and his dedication to his business, Jesus continues to assist his clientele with their travels throughout the world.

FINANCIAL SUMMARY

BALANCE SHEET	DEC. 2004	DEC. 2003
ASSETS		
Cash and Equivalents	\$ 1,185,783	\$ 1,335,397
Contributions and Grants Receivable	\$ 208,158	\$ 188,186
Microenterprise Loans Receivable (Net of Allowances for Loan Losses of \$59,577 in 2004 and \$65,169 in 2003.)	\$ 1,329,060	\$ 1,064,515
Fixed Assets (Net of Accumulated Depreciation of \$72,845 in 2004 and \$65,169 in 2003.)	\$ 12,461	\$ 20,137
Other Assets	\$ 6,929	\$ 6,522
Total Assets	\$ 2,742,381	\$ 2,614,757
LIABILITIES		
Accrued Expenses and Accounts Payable	\$ 37,142	\$ 43,025
Notes Payable	\$ 950,000	\$ 1,225,000
Total Liabilities	\$ 987,142	\$ 1,268,025
NET ASSETS		
Unrestricted	\$ 1,457,939	\$ 818,732
Temporarily Restricted	\$ 297,300	\$ 528,000
Total Net Assets	\$ 1,755,239	\$ 1,346,732
Total Liabilities & Net Assets	\$ 2,742,381	\$ 2,614,757

REVENUE AND EXPENSE STATEMENT	DEC. 2004	DEC. 2003
REVENUE		
Grants and Contributions		
Unrestricted	\$ 125,695	\$ 101,348
Temporarily Restricted	\$ 492,500	\$ 179,717
In-Kind	\$ 64,930	\$ 52,225
Contract Revenue	\$ 139,050	\$ 153,003
Interest Fees	\$ 188,713	\$ 168,164
Other Income	\$ 16,696	\$ 33,376
Total Public Support and Contributions	\$ 1,027,584	\$ 687,833
EXPENSES		
Program Services	\$ 505,306	\$ 430,377
Supporting Services		
Fundraising	\$ 22,243	\$ 19,767
Grants and Administration	\$ 91,528	\$ 82,084
Total Supporting Services	\$ 113,771	\$ 101,851
Total Expenses	\$ 619,077	\$ 532,228
Change in Net Assets	\$ 408,507	\$ 155,605

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

All figures include ACCION Southern California, satellite office of ACCION San Diego, opened in November of 2003.



Martyn Howse, ClearTech Window Cleaning

IMPACT

INDICATOR	2004	2003
New Clients	150	94
Number of Loans Disbursed	254	215
Amount Loaned	\$1,297,622	\$1,142,585
Active Portfolio (at 12/31/04)	\$1,388,638	\$1,128,978
Active Clients (at 12/31/04)	314	252
Average Loan Balance	\$5,109	\$5,314
Portfolio at Risk*	5.10%	4.34%
Loss Rate	5.93%	4.18%
Percentage Self-Sufficiency**	39.03%	44.12%
Self-Sufficiency – San Diego	46.51%	45.15%
Self-Sufficiency – Southern California	20.92%	11.70%
CUMULATIVE TOTALS TO DATE		2004
Clients Served	911	
Number of Loans Disbursed	1,731	
Amount Disbursed	\$7,360,218	
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 (including write-off recoveries) by total expenses (less in-kind).

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Phil Castagnola, Select Surf Shop

PRISCILLA BRANCO

Wearing Success

Functional fashion is the driving force behind Up Vibe, Priscilla Branco's new Brazilian clothing line. "Brazilian people are active and like to have fun so it makes sense for workout clothes to be practical as well as fashionable. A versatile top that people can wear to the gym or out at night is the new trend," says native Brazilian and owner of Up Vibe.

After arriving in the U.S. a little over four years ago, Priscilla settled in San Diego because the environment reminded her of her native roots. Although she didn't speak any English when she arrived, Priscilla had all the makings of a successful microentrepreneur including savvy business sense, experience, and determination.

As Priscilla learned the language and culture of San Diego, she noticed an opportunity to market her clothing line, especially after she received countless compliments from friends and strangers alike about her Brazilian threads.

"People love the clothes and the colors give such personality to your outfit, rather than the traditional



blue, gray, and black of American gym-wear," says Priscilla.

After seeing a television spot featuring ACCION San Diego, Priscilla knew just how to seek financing to bring Brazilian style to San Diegans. Shortly after meeting with an ACCION San Diego loan officer, Priscilla was approved for a \$5,000 loan to get her clothes line up and running.

Priscilla has big plans for Up Vibe and hopes to find a partner, hire new sales representatives and continue her relationship with ACCION.

SONYA SCRIBNER

Flowing Success

As customers pour into her 1,800 square foot store to fill their water jugs with her electrolyte-infused water, "The Water Lady," Sonya Scribner sighs with happiness. After many years of pushing paperwork, Sonya is thrilled to be self-employed. Her water distribution store originally opened in the Hillcrest area after owners and friends of another distribution company had encouraged her to branch out on her own.

After seven years in Hillcrest, her business began to hit a few bumps in the road as she was forced to relocate and her equipment began to have mechanical problems. Desperate to make ends meet, Sonya began borrowing money from family members. Soon thereafter, a fellow community business owner, who had recently felt the brunt of relocation costs, suggested she contact ACCION San Diego. Although Sonya was apprehensive about the application process because of a prior bankruptcy, she hoped that she could find the help she needed.

Sonya received a \$10,000 loan in September of 2004 and began her path back to success. Although she sees less foot traffic in her new location in North Park, she attracts more families who love her line of products which include shower heads, water jugs, and individual



water bottles in an array of colored, high-grade plastic and glass.

Sonya stands by her product, monitoring the levels of electrolytes and minerals on a daily basis and offering first-time visitors the opportunity to fill up their containers for a trial at no cost. Her client testimonials as well as some scientific studies claim that water enhanced with electrolytes and minerals can boost energy, improve memory and have an overall positive effect on health.

"My goal has always been to make quality water available to the community at affordable prices. People don't know what is in their water, and we want to make sure that they know they can come to us for clean water at a good price," says Sonya.

ACCION

SAN DIEGO

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Loan Officer

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North County Loan Manager

Elizabeth Makee
Marketing Coordinator

Christian Flores
Americorps VISTA Volunteer*

Mary Laverty
Americorps VISTA Volunteer*

Current ACCION Southern California Staff

Carol Han
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Justin Hardy
Loan Officer/Outreach Coordinator

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Natalina Kentikeo sells embroidered linens from Sudan with the money she received from ACCION