

A woman with a warm smile, wearing a wide-brimmed straw hat and a light blue sleeveless denim shirt, is kneeling in a nursery. She is holding a small black plastic pot containing a young green plant. The background is filled with rows of similar plants in trays, creating a lush green environment. The lighting is bright and natural, suggesting an outdoor setting.

2016 Annual Report

ACCION

Serving Southern California
Imperial | Riverside | San Bernardino | San Diego

Join the finance industry by financial tools, and support to owners who lack access to financial sources of credit.

California

Under dedicated to
possible financing
new healthy
\$1,000, Accion
income, economic
history, Accion
more than \$30

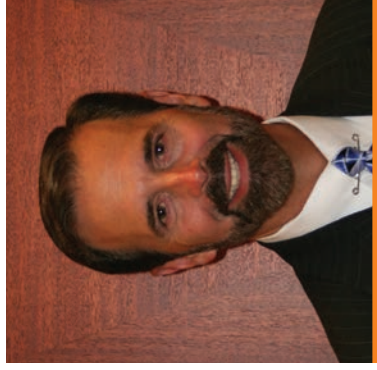
economic opportunity
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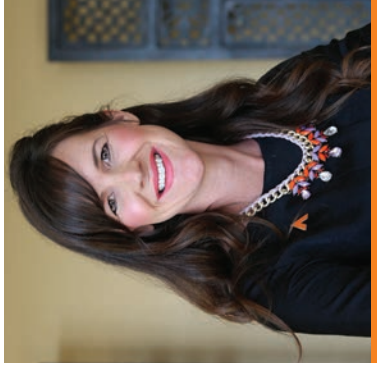
About Accion in the U.S.

Accion is a nationwide network of mission-based lenders combining deep local knowledge with cutting-edge lending solutions and unmatched personalized advising to fuel growth in underserved communities across the U.S. Our work is directed through the efforts of four independent, regional community development financial institutions (CDFIs) and a national office that invests in innovation, technology and information sharing for the benefit of the entire network.

Globally, Accion combines decades of on-the-ground experience with insights into emerging technologies to create higher-quality, faster, better, cheaper and safer ways to meet the financial needs of the poor and underserved. For more than 50 years, Accion has helped tens of millions of people through its work with more than 90 microfinance and financial technology partners in 40 countries.



GORDON BOERNER
BOARD CHAIR



ELIZABETH SCHOTT
CHIEF EXECUTIVE OFFICER

We are pleased to share this report showing our inception in 1994, we have invested more than \$1 billion in small businesses. Last year, we experienced a more robust infrastructure to best serve the geographic region.

At our inception more than 20 years ago, Accion has passionately supported individuals. Today, Accion has 200+ employees and 200+ franchise positions, while opening three new offices to support entrepreneurs of the Imperial Valley Empire, respectively. We built partnerships and work closely with our long-standing partners to enhance the client experience through new technology to position the organization to serve more entrepreneurs.

While we continue to expand our capacity, we empower small business owners to build successful businesses, create jobs and reach economic prosperity. Our capital and resources so their small business neighborhoods all across our region. Every entrepreneur has access to create real and lasting impact in their community.

To demonstrate this impact, we would like to introduce Rick and Dorothy Wineman from Restore K&L in Redlands, California.

“Without the support from Accion, we would not have been able to start our new restaurant. The helpful staff at Accion helped us through the process to get the funds we needed to start our business. We’ve hired 10 part-time and 15 full-time employees and are growing. We believe in us, and helping us succeed at F&B.”

In 2016 Accion was a catalyst for positive change provided in loans to entrepreneurs through our franchise program. We are also proud of the clients in 2016 were minorities, 68 percent were women of color and nearly half were women.

As we reflect on 2016, we thank our devoted partners for helping us address the needs of our community. To help our clients realize their dreams, we are committed to lasting change within our communities through the support of all of you. We look forward to continuing to help in the coming year.

Sincerely,

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- SUPPORTERS VOLUNTEERS



CA



CA



ASHLEY ROSALES
All Color Growers, Bermuda Dunes, CA



LINDA NGUYEN
Pink & White Nail and Spa, San Diego, CA



FARAH PEPPARD
Pit Stop Salon, El Centro, CA



JOSIAH BRUNY
Gorilla Del'Africa



LIZETTE VELA



JAYSON RADTLETT



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MERAKI

Accion's First Year of Lending in Imperial County

Accion expanded its services to Imperial County in July 2015, and in January 2016, hired Business Development Officer Diana Moreno-Inman, who works out of Accion's new office in El Centro, California. Lending in the region more than doubled 2015 levels with 22 loans disbursed, up from 13 the prior year, totaling \$286,100, up from \$110,000 in 2015. The organization also hosted three business resource events in the county last year. Financing workshops held in both English and Spanish were hosted in the spring and attracted more than 15 business owners. A larger resource event, Keys to Business Success, was held in early June and featured five local experts making presentations on various business topics, such as marketing and credit repair. The free event was attended by more than 30 entrepreneurs and will be featured annually in the region.

Expansion into Riverside and San Bernardino Counties

In January 2016, Accion added Riverside and San Bernardino counties to its geographic service area. In May, the organization hired Business Development Officers Ruben Flores and Christine Sanchez to drive forward its work in the area. They meet one-on-one with business owners in need of financing and work in collaboration with local partner agencies to build a strong resource network for businesses in the region. Flores is based in Coachella Valley and Sanchez works out of offices in Riverside and Ontario. In addition to its loan program, the organization brought two business financing workshops to Riverside and San Bernardino counties last year. Free panel-style events were held in June and September, in partnership with California Bank & Trust, which attracted approximately 30 business owners to each event. Attendees learned about local loan programs and how best to prepare to apply for a small business loan.

Awards and Recognition Four Star Charity Navigator

Accion received the highest four-star rating for sound fiscal management from Charity Navigator. The rating

\$1 Million CDFI Award

Accion was awarded a \$1 million grant from the U.S. Department of the Treasury's Community Development Financial Institution (CDFI) Fund. The CDFI Fund uses federal resources to invest in CDFIs like Accion to build their capacity to serve low-income people and communities that lack access to affordable financial products and services. This is the largest CDFI Fund grant that the organization has ever received, having been awarded \$880,000 in 2014. It is also the single largest financial contribution received in the organization's 22-year history. The fund will be used for loan capital, which will be deployed throughout Accion's service area.

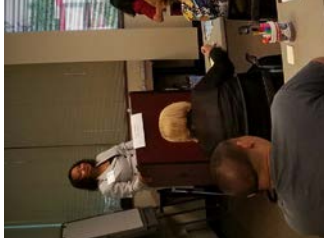
2016 Neighborhood Builder Award

The Bank of America Charitable Foundation named Accion as the 2016 Neighborhood Builder award recipient. As the recipient, Accion will receive leadership training for the CEO and an emerging leader and \$200,000 in flexible funding. The organization was recognized for creating economic opportunity by assisting low- to moderate-income business owners who lack access to traditional sources of credit. This is the second time Accion has been the grant recipient of the award. Accion holds the distinction as the first San Diego nonprofit to be a repeat winner, having earned recognition in 2004, the initial year of the program.



Financial Serv

Accion CEO Elizabeth... Financial Services C... Business Administr... Financial Services C... individuals who ass... efforts to increase t... accounting or finan... leadership team me... in the past three ye... received the same a



PHOTOS: Left: Board m... (middle left), CEO Elizabeth... Method (middle right), and B... Humanity fundraising event-b... Bank & Trust... Middle Right:...

Farah Peppard

PIT STOP SALON
El Centro, California

There is nothing Farah Peppard can't handle. After she went through a challenging divorce, she had to make the difficult decision to close her successful San Diego-based plumbing business that she co-owned with her ex-husband. After the business closed, Farah decided to enroll in cosmetology school to earn an income through hairdressing for herself and her two young sons. She had always loved to style hair for friends and relatives and felt that with an education and training in the field, she could really flourish.

Farah moved back to her hometown of El Centro, California, and established herself in the community as a great hairstylist. She worked at a popular hair salon in the Imperial Valley Mall, but the job didn't give her the flexibility she needed in her schedule to care for her sick mother and son with special needs. It was then she found the courage to open her new business, Pit Stop Salon, in a renovated front portion of her home. She applied for funding from Accion after meeting the new Business Development Officer Diana Moreno-Inman in the county.

"Starting over gives you a whole different attitude in life," stated Farah. "The staff at Accion took a chance on me and I don't know what I would have done without their help."



She used her Accion loan to purchase inventory and materials to complete the build-out of her new workspace. She also used the funding to purchase marketing materials to spread the word about her new home-based business.

Pit Stop Salon is a full-service beauty salon offering haircuts, hair coloring, waxing, pedicures and manicures, along with acrylic and gel nails. Farah also sells products and make-up as an additional source of revenue.

"My life is all about little victories," continued Farah. "Owning

Jayson is a great example of how Accion clients are making a difference in our communities. As a veteran, Jayson wanted to give back to others who have served by volunteering with the Navy Medical Center San Diego Surf Clinic, an eight-week rehabilitation program for active duty military members who were wounded in the line of duty. The service members, from all five branches of the military, experience both physical and psychological benefits from getting out in the ocean, learning how to surf and having fun.

Through his volunteer experience, Jayson realized that many of the participants of the surf clinics could not afford their own surfboards. Others, who were amputees, required custom-made wetsuits, which can be very expensive. In response, Jayson started an online fundraiser and raised nearly \$1,000 for the surf clinic's participants.

"I feel empowered seeing people's lives changed by surfing, which I've been passionate about throughout my entire life," said Jayson. "The way these men and women have persevered through the challenges that their injuries create has really resonated with me."

Currently, SoCal Surf Life operates out of three small warehouses, but Jayson hopes that his growing business will soon be able to purchase a retail location on the main street in the beach community he calls home.



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Manuel G

HOPE CAFE AND
Calxico, California

Manuel Guerrero entrepreneurs. His entrepreneurship is his entrepreneurial spirit. After attending college on international by completing a bachelors in Washington.



Hope Cafe and Calico, California, melds opened the doors focuses on French

Manuel received of 2016 through the Dream program. equipment so Hope their quickly grow

Hope Cafe has been customers can be immersed in the located in a reputation with local theme books, and human

Incorporating the Manuel supports Hope Cafe also has opportunity to market products and real

"Supporting other rewarding for me with a powerful

ales

Color Growers, a family business in the Coachella Valley, Pomona, California, has grown from a small operation to a thriving business. The company's success is due to the support of its customers and the dedication of its employees.

Color Growers is still very much a family business. Ashley and Isaac are equal partners in the business, with Ashley as the full-time operating manager. Their two children are growing up in the business just like Isaac did with his parents. They have also been able to employ several of their extended family members.

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capital for the upcoming slow months and to purchase a trailer to increase their operational efficiency in advance of the next planting season.

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“Going into the family business has been a wonderful learning experience for us,” said Ashley. “Now that we have the funding from Accion, we are able to run our business more efficiently and feel more comfortable about our cash flow during the slower months.”



Josiah Bruny

GORILLA DEL'AFRIQUE
Redlands, California

Josiah Bruny has been involved in the music industry for nearly 20 years. One of 16 children, he discovered his passion for music when he was a child through the influence of his older brother, Won G.

When Josiah was in his teens, he and his brother teamed up to pursue Won G's career in music. The brothers wrote and produced Won G's first album, which they sold and distributed through grassroots efforts. Eventually the album became very popular and opportunities grew as Won G became a well-known rap artist.

Through the connections he made with his brother and the experience he gained as a rapper in the music industry, Josiah began working for large record label companies, managing street distribution and sales, setting up tours and recruiting artists. He was also able to find success in his own recording career as a rapper and producer of his own music. Based on his experience and success, Josiah had dreams of making a positive impact in the community through music and art, which inspired him to open his own social enterprise, Gorilla Del'Afrique.

“I noticed many youth living in underserved communities who have little or no access to the arts due to the reduction in funding at public schools,” said Josiah. “There is a dire need to empower minority and low-income youth by exposing them to music and the arts.”

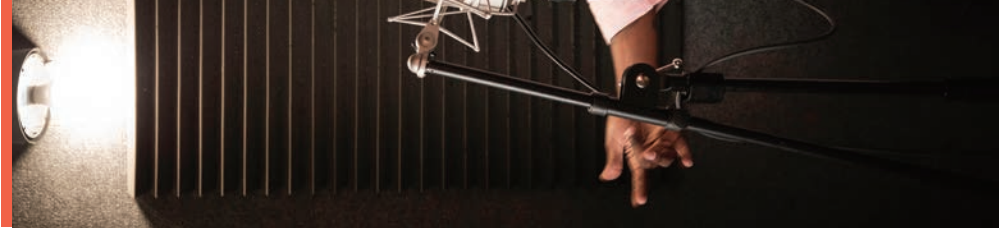
Josiah launched Gorilla Del'Afrique, a recording studio and music business, in the fall of 2016. His goal was to raise money to support the efforts of his nonprofit organization, Music Changing Lives, which has been helping kids discover and learn about music and art since 1998. Music Changing Lives is a successful afterschool program, serving more than 300 children and youth in three community centers and five schools throughout Riverside and San Bernardino counties.

Josiah brought together many talented artists who recorded songs to create a compilation album to sell. Proceeds from the album benefit Music Changing Lives, so that more youth can continue to experience the positive impact that music and the arts can have on their lives.

He received his Accion funding for the album and produced Del'Afrique artists in the community.

With five employees, social business and art, such as clothing and accessories, he has been able to employ several of his extended family members.

“Thanks to Accion funding, you are the first level of support if you put your mind to it.”



Financial Position

ASSETS	DEC 2016	DEC 2015
Cash and cash equivalents	3,440,720	4,044,318
Contributions and grants receivable	243,825	66,603
Microenterprise loans receivable (Net of allowance for Loan Losses of \$301,313 in 2016 and \$211,962 in 2015)	5,487,463	4,796,541
Fixed assets (Net of accumulated depreciation of \$77,961 in 2016 and \$68,487 in 2015)	19,799	29,273
Other assets	377,455	258,029
TOTAL ASSETS	\$9,569,262	\$9,194,764

LIABILITIES	DEC 2016	DEC 2015
Accounts payable & accrued expenses	228,065	186,889
Deferred revenue	74,058	663,990
Notes payable	1,650,000	1,650,000
TOTAL LIABILITIES	\$1,952,123	\$2,500,879

NET ASSETS	DEC 2016	DEC 2015
Unrestricted	6,599,540	6,599,540
Temporarily restricted	33,626	94,345
TOTAL NET ASSETS	\$7,583,513	\$6,693,885
TOTAL LIABILITIES AND NET ASSETS	\$9,569,262	\$9,194,764

Complete financial statements, audited by Leaf & Cole, LLP, reflect certain 2016 reclassified results to be considered upon request through Accion. * Portfolio at risk is equal to the total outstanding loan balance of loans past due ** Self sufficiency is calculated by dividing revenue from lending operations (including write-off recoveries) by

Revenue

SUPPORT & REVENUE
Grants and contributions
Federal Awards
Loan Interest & Fees
Contributions
Grants
In-Kind Contributions
Investment Income
TOTAL SUPPORT & REVENUE

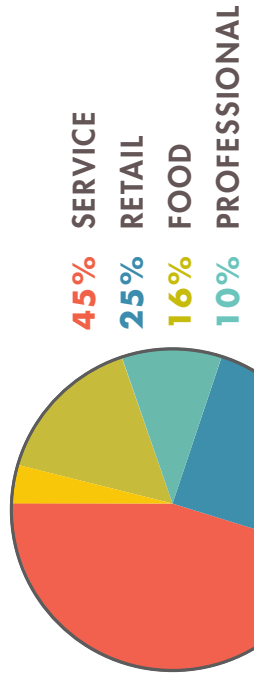
EXPENSES
Program services
Supporting services
Fundraising
Management & general
Total supporting
TOTAL EXPENSES

CHANGE IN NET ASSETS
NET ASSETS-BEGINNING
NET ASSETS-END OF PERIOD

erved with Loans
 were Low- to Moderate-Income
 Portfolio (at 12/31)
 Size

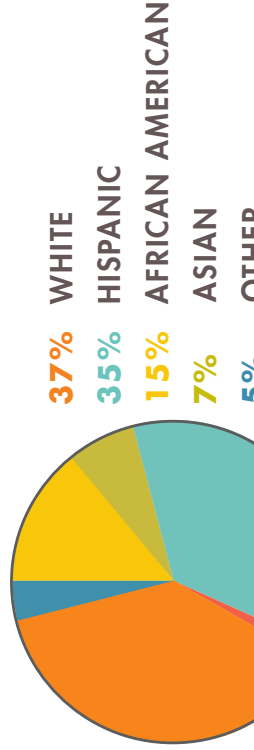
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ETHNICITY



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Mary Strobbe
 Mauricio Perez
 MetLife Foundation*
 Michael Lengyel
 Michelle Diaz
 Mills Family Foundation
 Morgan Adam
 Mr. & Mrs. Javier Islas
 MUFJ Union Bank
 Foundation
 Murray Farms, Inc.
 Nick Palmer
 Nicole & TJ Jansma
 Nicole Rand
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 Pacific Western Bank
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 Qualcomm Incorporated
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 Foundation
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 Annual Report Design by:
 Lauren Lara at
 Designing Lara
 Suzanne Anderson

Annual Report Copy by:
 Photos by:
 Collin Chappelle
 Wendy W. Smith
 (Jayson Bartlett Story)

Proofreaders:
 Valery Belloso
 Nicole Jansma
 Julia Simms
 Gordon Boerner
 Erin Vuong
 Angela Zappia

*Facilitated by the Accion U.S. Network

STAFF
AS OF JUNE 2017

LEADERSHIP TEAM
ELIZABETH SCHOTT
 Chief Executive Officer
JAVIER ISLAS
 Chief Financial Officer
JUAN CARLOS HERNANDEZ
 Chief Credit Officer
VALERY BELLOSO
 Chief Strategy Officer

STAFF TEAM
SUZANNE ANDERSON
 Director of Marketing and Communications
MONICA BATTAH
 Accountant
ERICKA CORDERO
 Office Administrator
LINDA DAO
 Junior Accountant
ROSALINDA DELGADO
 Lead Business Development Officer
ROQUE FAURA
 Senior Underwriter

RUBEN FLORES
 Business Development Officer
ETLA MORENO
 Portfolio Service Manager
NICOLE G. JANSMA
 Director of Grants and Impact
ISAAC RAMIREZ
 Business Development Officer
ALMA PALENCIA-REYES
 Business Development Associate
MARIA PARTIDA
 Client Experience Manager
DANEA RAMOS
 Business Development Associate
CHRISTINE SANCHEZ
 Business Development Officer
EDUARDO SANCHEZ
 Loan Processor
JOHN VENEKLASEN
 Junior Loan Underwriter
ERIN VUONG
 Junior Loan Underwriter
ANGELA ZAPPIA
 Development and Communications Associate

BOARD MEMBERS AS OF JUNE 2017
GORDON BOERNER:
 Senior Vice President
 West Region Private Bank
 Manager
 The Private Client Res Bank
MARK EMCH: VICE-
 VP of Finance & CFO
 San Diego Conventi
 Corporation
STACEY KARTCHNER:
 SECRETARY
 Attorney at Law
WILLIAM BECKER
 Corporate CRA Mana
 Comerica Bank
CECILE BEREAL
 President & CEO
 RMA Management Al
SEAN CARPENTER
 Climate Economy Adv
 City of Fort Collins
SALVATORE CRIVELLO
 Commercial Banker
 Wells Fargo & Co.
PAMELA DAVIS
 Banking Consultant



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Accion

404 Euclid Avenue, Suite 271

San Diego, CA 92114

Tel: 619.795.7250

Fax: 619.795.7260

E-mail: info@accionsandiego.org

us.accion.org

Imperial Valley

1405 North Imperial Avenue, Suite 1

El Centro, CA 92243

Inland Empire

3780 Market Street

Riverside, CA 92501

Coachella Valley

3111 E. Tahquitz Canyon Way

Palm Springs, CA 92262

