

ACCIÓN USA

ACCION USA ANNUAL REPORT 2003

Lending. Supporting. Inspiring.

ACCION USA is a nonprofit, community-based organization whose mission is to make access to capital a permanent resource for small business owners. By providing small or "micro" loans to men and women who have been shut out of the traditional banking sector, ACCION helps build their businesses and increase their incomes. At ACCION, we value a person's character, commitment to their business, and their potential to succeed.

Photos, this page and cover: Juan Altamirano, *El Norteño Distributors*, Miami
Credit: Rohanna Mertens



INVESTING IN THE
ENTREPRENEURIAL SPIRIT

A year ago, Juan Altamirano was struggling to keep his grocery store in downtown Miami afloat. Eager to supplement his store's income by importing and distributing Central American specialties, Juan turned to a loan shark. But a $6,000 loan quickly became a hefty $7,200 debt when Juan factored in over $100 a day in interest.

Fortunately, Juan learned about ACCION USA. He applied for a loan and was shortly approved for $6,500. The money was exactly what he needed to pay off the loan shark and launch *El Norteño Distributors*, a food import and distribution business. In the following months, Juan received a second ACCION loan for $12,000 that he used to stock the grocery and expand *El Norteño Distributors*. With ACCION's help, Juan was finally able to begin investing in the business of his dreams.

For more information about ACCION USA, please visit www.accionusa.org.

LETTER FROM THE PRESIDENT AND BOARD CHAIR

In 2003, with unemployment rates in the United States rising to their highest since 1995, more and more people turned to self-employment in pursuit of the American Dream. ACCION USA played a vital role in providing business loans to hardworking entrepreneurs unable to access credit from the conventional banking sector.

ACCION USA borrower Rafaela Diaz is just one example of how a small loan can impact both a business – *La Sopresa*, a party decorations store in Atlanta – and a family's well being. "I want my children to have a better future," she told us. "Without ACCION, it would have taken me much longer to build up the store, but now I'll be able to support them in whatever they want to do."

Collaborating with banks and community partners, ACCION USA reached many more enterprising men and women like Rafaela in 2003. With the introduction of new loan products, our total loans outstanding increased by 17 percent to just over $2 million.

ACCION USA's expansion to Miami in early 2003 was very well received by the East Little Havana and Little Haiti neighborhoods. In the nation's poorest city, where 21 percent of women and men own small businesses, our office fielded close to 600 inquiries in just the first month of operation. By year-end, ACCION's Miami office had exceeded all expectations by disbursing over $754,000 in loans averaging $6,450 to more than 100 clients.

Despite our success in reaching out to hardworking entrepreneurs, there is much more to do. We are committed to improving our efficiency and outreach to serve the thousands of self-employed families in the United States that still have nowhere to turn for the capital they need to grow their businesses and improve their lives.

We want to thank you – our loyal contributors, volunteers, and stakeholders – for your continued support as we strive to bring new economic opportunities to low-income families.

Sincerely,

William W. Burrus
President & CEO

Samuel C. Scott, III
Board Chair



When Noemy Velasco immigrated to Massachusetts ten years ago, she supported her young daughter by selling jewelry door-to-door. Having owned a small business in her native El Salvador, she knew the key to her success would be to open a permanent store. But without a credit history, Noemy realized it would be impossible to obtain a traditional bank loan. Then, she saw an ACCION advertisement and decided to apply for a loan.

Now, after four ACCION loans totaling $23,000, Noemy has opened not one – but two – stores. "ACCION gave me the opportunity to establish credit, which has helped so much," Noemy says.

Credit: Amy Rymer

To make a donation, please visit www.accionusa.org and click on "Give a Gift" on the home page.



Latanza and Keith Baldwin run a unique business repairing fire-damaged homes. But slow-paying insurance companies kept the Baldwins from working on more than one job at a time. Then, Latanza learned about ACCION USA's Atlanta office and within two weeks received a $5,000 loan.

Now, the Baldwins are able to work on multiple houses and they're focused on keeping *Baldwin Construction* growing. "The loan helped us finish a job and put us ahead," Latanza says. "ACCION gave us an edge – an extra advantage."

Credit: Rohanna Mertens

ACCION USA:
WHO DO WE SERVE?

In New England's mill towns, Atlanta's sprawling communities, and Miami's vibrant neighborhoods, there is no typical ACCION USA client. We serve a diverse population of small business owners including immigrants, refugees and laid-off workers. But they all face common barriers to accessing business financing – no credit history, damaged credit, or needing a loan that is too small for a bank to make. ACCION's role is to create loan products, partnerships and training opportunities that break down these barriers and ensure the success of our clients.

Our newest loan product, the "Credit Builder" loan, helps our clients with no past credit history to invest in their businesses. For many, qualifying for a bank loan and accessing the capital they need to grow their businesses is impossible. A small injection of capital, as little as $500, not only helps these clients with business expenses, but also serves as a foundation on which to grow their enterprises, establish their credit, and ultimately fosters their potential to succeed.

WHO ARE OUR PARTNERS?

This past year, ACCION worked to facilitate bank referrals of applicants without sufficient assets or collateral for conventional business loans. Additionally, in each of ACCION's communities, we provided our borrowers access to specialized courses in vital business skills.

To promote bank referrals, we organized luncheon briefings for bankers in Atlanta and throughout Massachusetts, bringing together more than 200 bank representatives to meet our customers and hear our story. Currently, small business lenders including Bank of America, Fleet Bank, Banknorth, Citizens and Wachovia refer potential borrowers they can't help to ACCION USA.

We also capitalized on innovative partnerships to provide credit and training to support small business development. In New England, ACCION began offering business credit to participants of the "New Entry Sustainable Farming Project," a community initiative that helps Asian immigrants establish themselves as small-scale commercial farmers. Miami community partner AXA Financial provided funding for ACCION USA clients to receive one-on-one marketing and accounting training.

THE ACCION USA NETWORK

ACCION USA serves low- and moderate-income self-employed people in Massachusetts, Rhode Island, Georgia and Florida. ACCION associate organizations also operate in Southern California, Illinois, New Mexico, New York and Texas. By providing loans and business training to men and women who are unable to tap into the traditional banking sector, this national network brings new opportunities to an ever-growing number of hardworking entrepreneurs.

To date, the combined efforts of ACCION programs in the United States have resulted in $90 million loaned to more than 10,000 men and women in over 30 cities and towns across these nine states.

At year-end 2003, the ACCION Network in the United States reported:

- $19.5 million loaned
- $24.0 million in outstanding loan portfolio
- 4,355 active clients
- $5,491 average loan balance



Mario Mejia, *Exterminadora Mejia*, Boston
Credit: Rohanna Mertens

ACCION USA RESULTS IN 2003

2003	ATLANTA	MIAMI	NEW ENGLAND	TOTAL
Amount Loaned	$ 595,907	$ 754,309	$ 923,140	**$ 2,273,356**
Active Loan Portfolio	$ 611,724	$ 567,160	$ 880,646	**$ 2,059,530**
Active Clients at Year-End	136	110	208	**454**
Average First Loan Size	$ 5,422	$ 6,449	$ 5,861	**$ 6,007**
Average Loan Balance*	$ 4,498	$ 5,156	$ 4,234	**$ 4,536**
SINCE INCEPTION				
Total Amount Loaned	$ 1,562,957	$ 754,309	$ 5,726,226**	**$ 8,043,492**
Total Clients Served	223	114	1,355**	**1,692**
Historical Loss Rate	10.0%	0.0%	8.9%**	**8.3%**
Start-Up Date	Nov. 2000	March 2003	May 1992	

*Average loan balance is the total outstanding portfolio at year-end 2003, divided by the total number of active clients.
**Figures for New England reflect ACCION USA's October 2001 merger with Working Capital.
Note: Loans receivable are at gross.

For more information about ACCION's growth, please visit www.accionusa.org/impact.asp

FINANCIAL SUMMARY

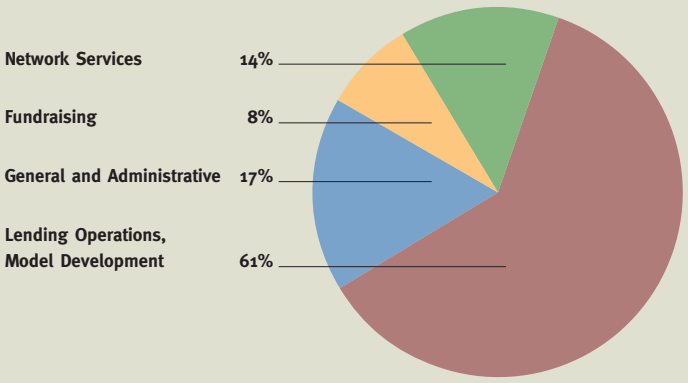
Statement of Financial Position
December 31, 2003 and 2002

	2003	2002
ASSETS		
ASSETS:		
Cash – operations	$ 317,578	$1,154,276
Cash and investments – loan fund	2,591,117	1,909,913
Grants and contributions receivable	848,448	1,363,011
Microloans receivable (net)	1,935,114	1,547,786
Advances and other receivables	57,002	71,805
Property and equipment (net)	91,762	124,359
TOTAL ASSETS	**$5,841,021**	**$6,171,150**
LIABILITIES & NET ASSETS		
LIABILITIES		
Accounts payable and accruals	$ 156,065	$ 239,031
Notes payable – loan fund	3,382,000	3,152,000
Notes payable – subordinated debt	1,100,000	250,000
Total Liabilities	**$4,638,065**	**$3,641,031**
NET ASSETS:		
Unrestricted	350,246	833,767
Temporarily restricted	852,710	1,696,352
Total Net Assets	**1,202,956**	**2,530,119**
TOTAL LIABILITIES AND NET ASSETS	**$5,841,021**	**$6,171,150**

Statement of Activities
Years Ended December 31, 2003 and 2002

	2003	2002
REVENUES:		
Private contributions	$1,026,293	$2,305,238
United States government grants	133,000	889,821
Investment and fee income – loan fund	409,086	328,009
Contracts and fees	108,323	190,135
Total revenues	**1,676,702**	**3,713,203**
FUNCTIONAL EXPENSES		
Program Services:		
Network services	413,608	612,832
Lending operations, model development	1,845,461	1,636,731
Total program services	2,259,069	2,249,563
Supporting Services:		
General and administrative	503,870	678,942
Fundraising	240,926	234,982
Total supporting services	744,796	913,924
Total functional expenses	**3,003,865**	**3,163,487**
TOTAL (DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	**$(1,327,163)**	**$ 549,716**

2003 Expenses



ACCION USA received a clean audited opinion for the fiscal year 2003. Complete financial statements for ACCION USA, audited by Deloitte & Touche, are available at www.accionusa.org/annualreport.asp or upon request.

For more information please email info@accionusa.org.

ACCION USA
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(as of May 31, 2004)

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Bank of America

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($50,000 and above)
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Equitable Life Assurance Society
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Printed on recycled paper
with soy-based inks