ACCION TEXAS, INC.

Combined Financial Statements
Independent Auditor's Reports
Single Audit Reports

December 31, 2013

WEST, DAVIS & COMPANY, LLP
Certified Public Accountants
Austin, Texas

ACCION TEXAS, INC.
TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ACCION Texas, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying combined financial statements of ACCION Texas, Inc. (a nonprofit organization) and subsidiaries, which comprise the combined statement of financial position as of December 31, 2013, and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements. The prior year summarized comparative information has been derived from the combined financial statements of ACCION Texas, Inc. as of December 31, 2012 and, in our report dated May 3, 2013, we expressed an unqualified opinion on those combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of ACCION Texas, Inc. and subsidiaries as of December 31, 2013, and the changes in their net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the combined financial statements of ACCION Texas, Inc. and subsidiaries taken as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* is presented for purposes of additional analysis, and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2014, on our consideration of ACCION Texas, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACCION Texas, Inc.'s internal control over financial reporting and compliance.

West, Davis & Company, LLP

April 25, 2014

ACCION TEXAS, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

Assets

	2013	2012
Cash and cash equivalents	$ 4,996,062	$ 4,360,046
Cash, restricted	6,686,036	1,192,549
Receivables:		
Loans receivable, net of allowance for loan losses of $2,757,618 in 2013 and $2,824,228 in 2012	27,408,535	25,599,659
Participation in Citi portfolio, net of allowance for loan losses of $2,186 in 2013 and $43,519 in 2012	22,103	39,953
Grants and contributions receivable, net of allowance for cost refunds of $241,993 in 2013 and 2012	5,171,039	3,094,432
New Market Tax Credit loan receivable	4,454,220	-
Accrued interest receivable	182,642	168,148
Accrued late and NSF fees	22,688	16,869
Other	93,049	226,279
Prepaid expenses and other assets	436,791	78,631
Recovered asset inventory	80,684	80,684
Property and equipment, net of accumulated depreciation of $1,954,430 in 2013 and $1,740,105 in 2012	4,137,643	4,101,809
Total assets	$ 53,691,492	$ 38,959,059

Liabilities and Net Assets

	2013	2012
Liabilities:		
Accounts payable	$ 693,551	$ 466,589
Accrued liabilities	574,308	358,168
Capital Access Fund reserves	-	6,703
Deferred revenue	25,016	55,119
Notes payable	35,737,943	22,976,887
Equity equivalents	3,087,146	1,986,116
Total liabilities	40,117,964	25,849,582
Commitments and contingencies		
Net assets:		
Unrestricted	7,332,738	7,860,685
Temporarily restricted	5,663,627	4,671,629
Permanently restricted	577,163	577,163
Total net assets	13,573,528	13,109,477
Total liabilities and net assets	$ 53,691,492	$ 38,959,059

The accompanying notes are an integral part of the financial statements.

ACCION TEXAS, INC.
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	2012
Revenue and support:					
Public support:					
Contributions	$ 1,481,912	1,680,575	-	$ 3,162,487	$ 5,427,035
Governmental grants	3,332,419	-	-	3,332,419	212,536
Revenue:					
Interest	659	-	-	659	3,358
Loan interest and fees	4,707,155	-	-	4,707,155	4,256,483
Portfolio management services	268,216	-	-	268,216	297,883
SBA 504 income	1,051,700	-	-	1,051,700	1,039,401
Gain on sale of loans	2,686	-	-	2,686	53,845
Incubator - office space rental income	33,649	-	-	33,649	47,990
In-kind contributions	173,203	-	-	173,203	163,813
Miscellaneous revenue	12,783	-	-	12,783	15,028
Total public support and revenue	11,064,382	1,680,575	-	12,744,957	11,517,372
Net assets released from restrictions	688,577	(688,577)	-	-	-
Total revenue and support	11,752,959	991,998	-	12,744,957	11,517,372
Expenses:					
Program services - lending	10,541,330	-	-	10,541,330	9,706,465
Management and general	1,394,550	-	-	1,394,550	1,185,683
Fundraising	345,026	-	-	345,026	352,749
Total expenses	12,280,906	-	-	12,280,906	11,244,897
Change in net assets	(527,947)	991,998	-	464,051	272,475
Net assets at beginning of year	7,860,685	4,671,629	577,163	13,109,477	12,837,002
Net assets at end of year	$ 7,332,738	5,663,627	577,163	$ 13,573,528	$ 13,109,477

The accompanying notes are an integral part of the financial statements.

ACCION TEXAS, INC.
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 464,051	$ 272,475
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for loan losses	1,083,474	1,326,463
Depreciation	214,325	262,851
(Increase) decrease in operating assets		
Participation in Citi portfolio	17,850	10,866
Grants receivable	(2,076,607)	748,196
New Market Tax Credit loan receivable	(4,454,220)	-
Accrued interest receivable	(14,494)	6,867
Accrued late and NSF fees	(5,819)	628
Other receivables	133,230	(92,578)
Prepaid expenses and other assets	(358,160)	5,522
Recovered asset inventory	-	-
Increase (decrease) in operating liabilities		
Accounts payable	226,962	176,598
Accrued liabilities	216,139	(10,091)
Capital Access Fund reserves	(6,703)	(20,081)
Deferred revenue	(30,103)	15,031
Net cash provided (used) by operating activities	(4,590,075)	2,702,747
Cash flows from investing activities:		
Disbursements under loan programs	(20,257,433)	(17,994,771)
Collections under loan programs	14,661,006	13,787,223
Proceeds from sale of loans	2,704,078	739,293
Purchase of property and equipment	(250,159)	(418,982)
Net cash provided by investing activities	(3,142,508)	(3,887,237)
Cash flows from financing activities:		
Change in restricted cash	(5,493,487)	(22,943)
Proceeds from notes payable and equity equivalents	16,620,508	3,564,591
Repayments of notes payable and equity equivalents	(2,758,422)	(1,700,200)
Net cash provided by financing activities	8,368,599	1,841,448
Net increase (decrease) in cash	636,016	656,958
Cash at beginning of year	4,360,046	3,703,088
Cash at end of year	$ 4,996,062	$ 4,360,046
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 718,453	$ 713,977
In-kind donations of fixed assets, occupancy costs, and interest	$ 173,203	$ 163,813

The accompanying notes are an integral part of the financial statements.

ACCION TEXAS, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

		Supporting Services			
	Program Services	Management and General	Fundraising	2013 Total	2012
Personnel costs:					
Salaries and wages	$ 4,258,934	622,415	208,494	$ 5,089,843	$ 4,535,332
Payroll taxes	358,052	46,827	17,775	422,654	392,767
Employee benefits	569,234	71,832	19,398	660,464	470,484
Total personnel costs	5,186,220	741,074	245,667	6,172,961	5,398,583
Advertising	188,007	15,619	1,291	204,917	121,168
Conferences and meetings	133,795	31,011	522	165,328	114,394
Consultants	440,132	214,155	52,275	706,562	387,159
Contracted services	9,272	508	-	9,780	13,824
Dues and subscriptions	98,497	40,108	2,095	140,700	125,293
Equipment rental and maintenance	316,405	89,430	-	405,835	363,863
Insurance	90,753	5,042	5,042	100,837	98,098
Interest	733,030	-	-	733,030	716,136
In-kind interest	158,421	-	-	158,421	150,704
Mileage and parking	35,058	2,531	324	37,913	43,890
Occupancy	268,085	15,398	15,398	298,881	258,070
In-kind occupancy	9,082	-	-	9,082	12,409
Office supplies	71,429	9,096	148	80,673	81,757
Portfolio expenses	234,325	-	79	234,404	333,939
Postage	50,536	17,749	621	68,906	52,671
Printing	30,613	1,701	1,701	34,015	12,548
Professional fees	500,959	42,074	-	543,033	464,073
Loan loss provision	1,083,474	-	-	1,083,474	1,251,463
Service charges and fees	75,069	671	-	75,740	69,217
Taxes	96,498	5,361	5,361	107,220	86,700
Telecommunications	371,922	7,732	969	380,623	360,288
Travel	162,400	57,799	2,817	223,016	233,258
Special programs	4,455	86,775	-	91,230	232,541
Total expenses before depreciation	10,348,437	1,383,834	334,310	12,066,581	10,982,046
Depreciation	192,893	10,716	10,716	214,325	262,851
Total expenses	$ 10,541,330	1,394,550	345,026	$ 12,280,906	$ 11,244,897
Percent of total expenses	85.8%	11.4%	2.8%	100%	

The accompanying notes are an integral part of the financial statements.

Note 1 – The Organization and Summary of Significant Accounting Policies

Organization and Background

ACCION Texas, Inc. (ATI)'s mission is to stimulate local economic growth and facilitate local efforts to combat poverty through providing credit and other support services to small enterprises that generally do not have access to commercial business credit. Through its loans and services, ATI helps micro entrepreneurs strengthen their businesses, stabilize and increase their incomes, create additional employment and contribute to the economic revitalization of their communities. ATI conducts special outreach efforts to reach disenfranchised, low income, and minority entrepreneurs and is an intermediary lender between commercial banks and micro-entrepreneurs.

ATI is funded primarily by governmental grants, contributions from banks and foundations, and corporate and individual contributions. Representatives of these banks and other organizations often serve as members of the board of directors. ATI is a Texas non-profit corporation organized March 1994.

The significant accounting policies followed by ATI are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities and objectives specified by donors.

Basis of Combination

In 2008, ATI formed a wholly owned subsidiary named AT Microloans I LLC, a Texas limited liability company. In 2013, ATI formed a wholly owned subsidiary named ACCION Martin Holdings, Inc., a Texas corporation. The financial statements of ATI and its wholly owned subsidiaries, AT Microloans I LLC and ACCION Martin Holdings, Inc., are presented in the financial statements on a combined basis as both have common board members and management. Inter-organization transactions and balances have been eliminated for financial statement purposes.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth in its Auditing Standards Codification (ASC) 958, *Presentation of Financial Statements of Not-for-Profit Organizations.* Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

> Unrestricted net assets – Net assets not subject to donor-imposed stipulations
>
> Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the organization and/or the passage of time. These balances

represent the unexpended portion of externally restricted contributions and investment return to be used for specific programs or activities.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions, which include unconditional promises to give, are recognized as revenues in the period ATI is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. All other support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Fair Value Measurements

Investments are shown at their estimated fair value in accordance with FASB ASC 820, “Fair Value Measurements and Disclosures”. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash and cash equivalents, interest and fees receivable, prepaid expenses, accounts payable, accrued expenses, and deferred revenue.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other organizations, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Revenue Recognition

ATI recognizes loan interest revenue over the term of the loan. Loan fees are earned when the loan transaction is finalized.

Grants from governmental agencies which are conditional on the performance of specified program services or activities are recorded as revenue when the related expenses stipulated by the grants are incurred.

Cash and Cash Equivalents

For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of cash accounts that are required to be maintained for a specific purpose or required by the grantor. Cash accounts restricted are the Individual Development Account Program account, the Goldman Sachs loan loss reserve account, the Small Business Administration Microloan Reserve accounts, the ACCION Martin Holdings, Inc. construction and expense reserve accounts, and other miscellaneous minor accounts.

Grants and Contributions Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management evaluates the need for an allowance for doubtful accounts applicable to its grants receivable based on various factors, including an assessment of the credit worthiness of its donors, aging of the amount due and historical experience. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses on grants receivable balances outstanding at year-end have been adequately provided for.

Allowance for Loan Losses

The adequacy of the allowance for loan losses is evaluated monthly by management and quarterly by the Board. Following current policy, the allowance reached 9.1% of outstanding portfolio as of December 31, 2013. This excludes the cash reserves available to ATI from state capital access program reserves and the allowance for loans losses from the subsidiary. Including capital access program reserves and the allowance from the subsidiary the total allowance and reserves as of December 31, 2013 were also 9.1% of outstanding portfolio.

The allowance for loan losses is based on management's estimates of the creditworthiness of its borrowers, current economic conditions, and historical information. Ultimate losses, however, may vary materially from current estimates at December 31, 2013.

Property and Equipment

Property and equipment is valued at cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated. Expenses for repairs that materially extend the useful life of an asset are capitalized at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets which range from 3 to 30 years. ATI capitalizes all purchases of property and equipment exceeding $500.

In-Kind Contributions

Donated facilities and services are reflected in the accompanying financial statements at fair market value at the time of receipt. Donated facilities, which include office space at various locations where ATI operates, and interest on below-market interest rate notes payable, are recorded as an expense.

Income Taxes

ATI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, ATI qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under IRC Section 509(a)(2). No provision for income taxes has been made in the accompanying financial statements, as there are no activities subject to unrelated business income tax.

On January 1, 2009, ATI adopted the provisions of Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" (ASC 740). ASC 740 prescribes a new threshold for determining when an income tax benefit can be recognized, which is a higher threshold than the one imposed for claiming deductions on income tax returns. The adoption of ASC 740 did not have any impact on ATI's financial statements.

ATI's tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the returns have three year statute of limitations.

Expenses

The costs of providing various programs and other activities of the organization have been summarized on a functional basis by the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs by their natural classification are presented in the statement of functional expenses.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Summarized Financial Information for 2012

The financial information as of December 31, 2012 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Note 2 – Loans Receivable

ATI offers loans to qualifying businesses. These loans are offered to startup or established businesses. Loans range from $500 to $250,000 with loan terms of 5 to 120 months. Borrowers must have sufficient collateral to cover loan amount. Individual and group loans carry a 5.5% to 18% annual interest rate, calculated on the declining balance of the loan. During 2013, ATI disbursed $20,257,433 in new loans.

2,257 loans receivable were outstanding as of December 31, 2013 for a total balance receivable of $30,166,152, less an allowance for loan losses of $2,757,618.

The loan delinquency status at December 31, 2013 was as follows:

Current	$ 29,157,001	96.7%
Past Due		
31-60 days	463,293	1.5%
61-90 days	180,796	0.6%
91-120 days	156,890	0.5%
Over 120 days	208,172	0.7%
Subtotal	1,009,151	3.3%
Total ATI portfolio	$ 30,166,152	100%

Loans are considered delinquent if past due over 31 days and delinquent loans over 180 days are charged off.

Changes in loans receivable during 2013 were as follows:

Balance, December 31, 2012	$ 28,423,887
New Loans	20,257,433
Principal collected on loans	(14,360,037)
Sale of Loans	(2,704,078)
Loans written off	(1,451,053)
Balance, December 31, 2013	$ 30,166,152

Changes in the allowance for loan losses during 2013 were as follows:

Balance, December 31, 2012	$ 2,824,228
Loans written off	(1,451,053)
Loan loss accruals	1,083,474
Recoveries	300,969
Balance, December 31, 2013	$ 2,757,618

Non-performing loans fall into one of the following categories: (1) loans in Chapter 7 bankruptcy that are expecting a reaffirmation agreement, (2) loans enrolled in state Capital Access programs that will be charged off upon confirmation from the related state oversight agency, and (3) loans in the process of real estate foreclosure. There were no non-performing loans at December 31, 2013.

ATI assesses and monitors the credit quality of its loans receivable on an ongoing basis. The Organization uses several internal credit quality indicators, depending on the type of loan receivable and availability of reliable information for that asset type. All loans receivable are considered part of ATI's business loan portfolio; the Organization does not further disaggregate loans by segment or class.

The allowance for possible loan losses is established through a provision for possible loan losses charged to current operations. Management reviews ATI's three year loan receivable performance history at least quarterly. The provision for possible loan losses is determined based on evaluations of collectability and prior loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the portfolio, overall portfolio quality, specific problem loans and current and anticipated economic conditions that may affect the borrowers' ability to pay. The allowance for loan losses is set based on the greater of the amount determined from the three year loan receivable performance history or the amount required to be recognized under ATI's loan and grant agreement covenants.

Loans are charged against the allowance for possible loan losses when management believes that the collectability of the principal is unlikely. Recoveries of loans previously charged off are credited to the allowance for possible loan losses.

As a matter of practice, on a continuing basis, the company assesses its loans receivable portfolio, using its internal credit quality indicators. All loans receivable have been assessed and monitored through December 31, 2013.

ATI is exposed to several risk factors related to its loans receivable:

- Interest rate risk associated with a large portion of commercial loans with fixed interest rates.

- Risk of a deteriorating economic climate and its impact on the Organization's collection of loans.

- Economic, industry, and geographic risks associated with secured loans to small businesses primarily in Texas.

Note 3 – Property and Equipment

Property and equipment consists of the following at December 31:

	2013	2012
Land	$ 1,084,426	$ 1,084,426
Buildings	3,516,460	3,298,141
Equipment	666,142	645,721
Software	645,953	634,534
Vehicles	179,092	179,092
Total Cost	6,092,073	5,841,914
Less accumulated depreciation	(1,954,430)	(1,740,105)
Net property and equipment	$ 4,137,643	$ 4,101,809

Depreciation expense was $214,325 for the year ended December 31, 2013.

Note 4 – Notes Payable

Notes payable consist of the following:

Lender	Interest Rate	Maturity Date	Balance 12/31/2013	Collateral
Accion International	3.00%	Dec-14	$ 1,000,000	* $1,000,000
Adorers of the Blood of Christ	2.00%	Oct-14	50,000	-
Adrian Dominican Sisters	3.00%	Jan-16	100,000	-
Aissatou Sidime-Blanton	2.00%	May-14	2,000	-
Alison Wenger Boone	2.00%	Jan-15	25,000	-
Amegy Bank	4.50%	Jul-14	398,450	-
Anna Brooke Gutzler	2.00%	Jan-15	4,859	-
Annie E. Casey Foundation	3.00%	May-15	1,000,000	-
Aurelio Esparza	2.00%	Jan-19	20,000	-
Bank of America	3.00%	Jan-17	1,200,000	-
Bank One	4.00%	Dec-14	52,799	-
BBVA Compass Bank	5.85%	Aug-15	86,616	-
BBVA Compass Bank	2.00%	Jun-14	250,000	-
BBVA Compass Bank	2.00%	Dec-14	150,000	-
Bernard McGraw	2.00%	Feb-14	1,000	-
Bradley E Lehman	1.00%	Dec-14	2,000	-
Broadway National Bank	4.00%	Oct-14	500,000	-
Broadway National Bank	3.75%	Oct-14	125,000	-
Broadway National Bank	3.25%	Oct-14	75,000	-
Cadence Bank	3.00%	Feb-15	427,542	-

Lender	Interest Rate	Maturity Date	Balance 12/31/2013		Collateral
Calvert Social Investment	4.50%	Jun-16	2,000,000		-
Capital One Bank	1.00%	Oct-16	450,000		-
Capital One Bank	1.00%	Feb-14	500,000		-
Capital One Bank	3.50%	Dec-18	3,500,000	***	-
Carla Marshall & Laurence Doxsey	2.00%	Mar-14	25,000		-
Carla Marshall & Laurence Doxsey	2.00%	Nov-14	107,161		-
Carla Marshall & Laurence Doxsey	2.00%	Apr-14	15,000		-
Carmen Barraza Casas	3.00%	Mar-16	25,000		-
Carmen Barraza Casas	2.00%	Oct-17	25,000		-
CDFI Fund	0.00%	Jun-19	200,000		-
CDFI Fund	2.12%	Jan-16	1,000,000		-
Central Bank	3.00%	Apr-18	218,841		-
Charles A Gonzalez	0.00%	Jan-14	1,000		-
Christus Health	1.00%	Oct-15	800,000		-
Communities at Work Fund	4.30%	Sep-15	500,000		-
Creed, Inc.	2.00%	Feb-14	5,000		-
Crockett National Bank	0.00%	Dec-17	200,000		-
Daniel Lopez/Gina Amatangelo	0.00%	Dec-14	6,000		-
Debra Salge	2.00%	Feb-14	1,000		-
Department of the Treasury	0.62%	Jun-15	750,000		-
Donna M Anderson	2.00%	Dec-16	30,000		-
Dr. Charles Conlon	2.00%	Jan-15	25,000		-
Dr. Harry J. Shafer	2.00%	Jan-15	2,000		-
Dr. William Elizondo	2.00%	Oct-14	1,000		-
East West Bank	3.00%	Aug-14	250,000		-
Edward R or Luz Elena Day	2.00%	Nov-14	10,000		-
Edward R or Luz Elena Day	2.00%	Oct-14	3,000		-
Eliot M Lee	2.00%	Jan-15	1,000		-
Embrey Family Foundation	2.00%	Dec-15	50,000		-
Everence Community Investments	4.50%	Oct-16	200,000		-
First Citizens Bank	3.00%	Feb-14	50,000		-
First Community Bank, N.A.	2.50%	Oct-16	100,000		-
Frost National Bank	4.00%	Mar-14	250,000		-
Goldman Sachs	3.75%	Apr-19	2,405,755	*	2,405,755
Green Bank	4.00%	May-17	288,410		-
Heartspring Methodist Foundation	2.00%	Dec-14	200,000		-
IBC Bank	2.00%	Dec-14	30,000		-
Immaculate Heart of Mary Church	2.00%	May-14	80,000		-
Immaculate Heart of Mary Church	2.00%	Dec-14	10,000		-
Immaculate Heart of Mary Church	2.00%	May-14	35,000		-

Lender	Interest Rate	Maturity Date	Balance 12/31/2013		Collateral
Immaculate Heart of Mary Church	2.00%	May-14	20,000		-
Jaime G Perez	3.00%	Aug-14	30,000		-
James R Adams or Judy Adams	0.00%	May-14	10,000		-
John or Margaret Foley	2.00%	Jun-14	1,500		-
JP Morgan Chase	5.00%	Mar-15	224,556		-
JP Morgan Chase	4.00%	Dec-14	211,190		-
KIVA	0.00%		762,333		-
M Elizabeth Blissman	2.00%	Jan-15	4,000		-
Maria Berriozabal	2.00%	Apr-14	50,838		-
Mary T. Green	2.00%	Jan-15	1,000		-
Mercantil Commercebank	3.25%	Jul-14	250,000		-
MidSouth Bank	2.00%	Apr-16	415,000		-
Nazareth Literary & Benevolent Institution	1.00%	May-14	50,000		-
Opportunity Finance Network	4.00%	Apr-14	400,000		-
Opportunity Finance Network	3.00%	Jan-18	2,500,000		-
People Fund	1.02%	Dec-43	4,454,220	**	-
People Fund	1.02%	Dec-43	1,523,780	**	-
Philip Gates	2.00%	Mar-14	15,000		-
Philip Gates	2.00%	Mar-14	15,000		-
REAP Green Enterprise	3.00%	May-14	100,000		-
REAP Green Enterprise	3.00%	May-14	250,000		-
Red River Bank	3.00%	Jun-14	80,420		-
Redman Foundation	3.00%	Nov-14	10,000		-
Residential Energy Assistance	3.00%	May-14	450,000		-
Robert Boehlert	2.00%	Nov-14	20,000		-
Rose Mary Fry	2.00%	Aug-14	1,000		-
Roy Thoppil-Joseph	2.00%	Mar-18	10,000		-
Shari K Gore	0.00%	Dec-16	5,000		-
Sheila Beissel	2.00%	Mar-14	15,000		-
Sisters of Charity Houston	2.00%	Aug-14	200,000		-
Sisters of St. Dominic of Racine	2.00%	Nov-14	50,000		-
Sisters of the I.W.B.S/CC	3.00%	Jan-14	510,000		-
Sisters of the I.W.B.S/CC	2.00%	Jan-14	250,000		-
Small Business Administration	0.38%	Dec-21	666,667	*	766,667
Small Business Administration	0.38%	Dec-21	666,667	*	766,667
Small Business Administration	4.63%	Jul-17	317,957	*	365,651
Small Business Administration	1.63%	Jul-14	36,758	*	42,271
Small Business Administration	1.38%	May-18	454,894	*	523,128
Society of the Divine Word	2.00%	Mar-14	50,000		-
Sterling Bank	3.25%	Feb-19	47,878		-
Sustainable Communities Fund	3.00%	Jun-14	42,436		-

Lender	Interest Rate	Maturity Date	Balance 12/31/2013		Collateral
Sustainable Communities Fund	3.00%	Jun-14	26,523		-
The Basilian Fathers of Toronto	3.00%	Apr-15	100,000		-
Tides Foundation	0.00%	Mar-15	100,000		-
Tolleson Private Bank	3.00%	Jun-14	50,000		-
USDA	1.00%	Apr-34	346,504	*	346,504
USDA	2.00%	Aug-28	11,390	*	11,390
Valerie L Wenger	2.00%	Jun-14	10,000		-
William M Cunningham	2.00%	Apr-14	100,000		-
Total			$35,737,943		

* Collateralized by loans receivable
** Collateralized by Martin Street property
*** Collateralized by Poplar Street property & capital campaign pledges & grants receivable

Scheduled principal payments of notes payable are as follows:

Years Ending December 31,	
2014	$ 7,491,073
2015	4,101,573
2016	4,325,000
2017	2,031,368
2018	6,683,736
Thereafter	11,105,193
	$ 35,737,943

Note 5 – Equity Equivalents

An equity equivalent is an unsecured general obligation. It is fully subordinated to the right of repayment of all other creditors. The obligation has a rolling term and therefore, an indeterminate maturity. Payment of interest is required quarterly and semi-annually. Interest payments are current at December 31, 2013. Equity equivalents consist of the following loans:

Lender	Interest Rate	Balance 12/31/2013
BBVA Compass Bank	2.00%	$ 100,000
BBVA Compass Bank	2.00%	500,000
BBVA Compass Bank	4.50%	334,646
Raza Development Fund	1.00%	100,000
Raza Development Fund	2.00%	200,000
Wells Fargo Bank	3.00%	200,000
Wells Fargo Bank	3.00%	250,000
Wells Fargo Bank	2.00%	1,402,500
Total		$ 3,087,146

Note 6 – Restrictions on Net Assets

Temporarily restricted net assets at December 31, 2013 are available for the following purposes:

For subsequent years' activities:	
Construction	$ 2,448,621
Loan programs	2,005,662
Subtotal	4,454,283
For required reserves:	
Small Business Administration	668,685
Goldman Sachs Bank	480,000
Loan programs	60,659
Subtotal	1,209,344
Total temporarily restricted net assets	$ 5,663,627

The net assets for all programs are restricted to use as defined by the grantor.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donors during 2013 as follows:

Construction	$ 65,244
Loan programs	319,829
Small Business Administration reserves	1,100
U.S. Department of Agriculture reserves	25,000
Loan program reserves	277,404
Total net assets released from restrictions	$ 688,577

Permanently restricted net assets of $577,163 at December 31, 2013 and 2012 consist of various contributions received from banks and individuals restricted in perpetuity for loans to micro enterprises.

Note 7 – Retirement Plan

ATI has a defined contribution 401(k) plan covering all employees with at least three months and 390 hours of service. Employees are automatically enrolled to contribute 3% of the employee's salary unless they select a different amount or sign a waiver within 90 days of their enrollment date. Under the plan, ATI matches 100% of the employee's contributions up to 3% of the employee's salary, plus 50% of the employee's contributions up to the next 2% of the employee's salary. Total retirement plan expense charged to operations was $53,436 in 2013.

Note 8 – Operating Leases Commitments

ATI leases office space under noncancelable operating leases expiring through September of 2017. ATI leases copiers and computer equipment under operating leases expiring through November of 2018. Lease expense charged to operations for the year ended December 31, 2013 was $499,439.

Future minimum lease payments under the operating leases in excess of one year as of December 31, 2013 are as follows:

Years Ending December 31,		
2014	$	459,841
2015		152,439
2016		141,879
2017		53,471
2018		3,165
	$	810,795

Note 9 – Loan Sale Agreements

In 2010, ATI and AT Microloans I LLC entered into agreements with Citibank, National Association (Citi) for the sale to Citi of loans originated by ATI. ATI retains a participation in the expected cash flows and losses of the portfolio sold to Citi. It also services the loans. At December 31, 2013, the remaining participation in loans sold to Citi, net of the allowance for loan losses, was $22,103, which is reflected in the accompanying combined statement of financial position as participation in Citi portfolio.

ATI has entered into agreements with various banks for the sale of loans originated by ATI. ATI services the loans sold to these banks under the agreement terms. Loans totaling $2,704,078 were sold at cost during 2013.

Note 10 – New Market Tax Credit Agreement

In 2013, ATI received a loan in the amount of $3,500,000 from Capital One, N.A. for ATI to construct its new headquarters on Martin Street. The loan is secured by ATI's land and buildings on Poplar Street and by a lien on ATI's capital campaign pledges and grants receivable. The loan bears interest at 3.5% and requires monthly interest only payments through February 15, 2015, and thereafter requires monthly payments of accrued interest plus $19,444 in principal through December of 2018, the loan's maturity date. Capital One requires that any collections of the capital campaign pledges and grants by ATI be placed into a collateralized bank account and applied to the loan balance on a quarterly basis.

In 2013, ATI and ACCION Martin Holdings, Inc. (AMHI), as a qualified active low-income community business (QALICB), entered into a series of agreements with COCRF Investor 21, LLC, as investor and PeopleFund, as sponsor, to finance the construction of ATI's Martin Street headquarters under an arrangement qualifying as a New Market Tax Credit (NMTC) investment. As of December 31, 2013, ATI had contributed cash in the amount of $4,454,220 to COCRF Investor 21, LLC evidenced by a promissory note. The promissory note payable to ATI has a fixed interest rate of 1% per annum and obligates COCRF Investor 21, LLC to make interest-only payments on a quarterly basis through January 2021 and thereafter quarterly payments of principal and interest through July of 2038, the loan's maturity date. COCRF Investor 21, LLC then provided the contributed cash along with an equity investment contribution to PeopleFund, as sponsor, who in turn provided two (2) loans to AMHI. The loans, totaling $5,978,000 are payable by AMHI to PeopleFund and are secured by a second lien on the Martin Street property and the new headquarters building under construction. These loans have an interest rate of 1.02% and are payable in interest only installments quarterly through January of 2021 and in principal and interest installments quarterly through July of 2038, the loan’s maturity date. The United States Economic Development Administration holds a first lien on the Martin Street property and improvements pursuant to a grant of $1,315,000 dated April 8, 2011.

Note 11 – Concentrations of Credit Risk

ATI provides financing to small businesses in Texas, Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee. The organization has been in business since 1994. Financial instruments that potentially subject the organization to concentrations of credit risk consist of cash and equivalents, notes payable, and revenue from government grants and contracts. ATI maintains cash accounts in various financial institutions. Interest bearing balances are insured up to $250,000. At December 31, 2013 the cash balances in excess of FDIC limits approximated $84,356.

At December 31, 2013, ATI was scheduled to make $7,391,073 in principal repayments on its outstanding notes payable during 2014. Based on its experience with lenders renewing their loans to ATI, the Organization believes that it is maintaining cash balances sufficient to cover all notes payable amounts due in 2014.

ATI receives substantial funding through grants and contracts with governmental agencies. Concentrations of credit risk with respect to grants and contracts receivable are reduced due to the limited amount of credit risk exposure from government grants and contracts.

Note 12 – Commitments and Contingencies

ATI's grant and contract programs are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, ATI has no provision for the possible disallowance of program costs included in its financial statements.

Note 13 – Evaluation of Subsequent Events

ATI adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855), as of January 1, 2009. ASC 855 established new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through April 25, 2014, the date on which the financial statements were available to be issued.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND OMB CIRCULAR A-133

WEST, DAVIS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
ACCION Texas, Inc.
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of ACCION Texas, Inc. (ATI) and subsidiaries, which comprise the combined statement of financial position as of December 31, 2013, and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated April 25, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered ACCION Texas, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of ATI's internal control. Accordingly, we do not express an opinion on the effectiveness of ATI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACCION Texas, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

West, Davis & Company, LLP

April 25, 2014

WEST, DAVIS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
ACCION Texas, Inc.
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited ACCION Texas, Inc.'s (ATI) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of ATI's major federal programs for the year ended December 31, 2013. ATI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ACCION Texas, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ATI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ACCION Texas, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, ACCION Texas, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of ACCION Texas, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ATI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ATI's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

West, Davis & Company, LLP

April 25, 2014

ACCION TEXAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grantor/ Pass-through Identifying Number	Program or Award Amount	Federal Expenditures
U.S. Small Business Administration				
Women's Business Ownership Assistance	59.043	SBA HQ 06 W 0007	$ 125,520	$ 46,786
Women's Business Ownership Assistance	59.043	SBA HQ-11-W-0014	117,569	72,670
Microloan Demonstration Program - Grant	59.046	SBA HQ 11 Y 0037	502,035	175,031
Microloan Demonstration Program - Grant	59.046	SBA HQ-13-Y-0032	557,844	185,093
Microloan Program - Loans	59.046	545-380-4103	500,000	109,352
Microloan Program - Loans	59.046	489-163-4204	750,000	324,609
Microloan Program - Loans	59.046	545-380-4201	750,000	481,244
Microloan Program - Loans	59.046	482-773-5005	750,000	490,543
Microloan Program - Loans	59.046	482-772-5002	750,000	37,444
Total U.S. Small Business Administration				1,922,773
U.S. Department of Agriculture				
Intermediary Relending Program	10.767		750,000	163,028
U.S. Department of Commerce				
Financial Assistance Award CD-450	11.307	EDA 08-01-04656	1,315,000	17,324
Passed Through City of El Paso				
North American Development Bank	11.307	2001-039-TX-P	100,000	100,000
Total U.S. Department of Commerce				117,324
Total Expenditures of Federal Awards				$ 2,203,125

See accompanying notes to schedule of expenditures of federal awards.

ACCION TEXAS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

1. Basis of Presentation

The accompanying schedule of federal awards includes the federal grant activity of ATI and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Loans Outstanding

ATI had the following loan balances outstanding at December 31, 2013. Amounts of new loans made are included in the following loan balances outstanding and are also included in the expenditures presented in the schedule.

Program	Federal CFDA Number	New Loans	Amount Outstanding
CDFI - Microloan Support Program	21.020	$ -	$ 1,200,000
Small Business Administration Microloan Demonstration Program	59.046	-	2,142,943
Department of Agriculture	10.767	11,505	357,894

ACCION TEXAS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued - **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified: _______ Yes ___X___ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ Yes ___X___ None reported

Noncompliance material to financial statements noted? _______ Yes ___X___ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: _______ Yes ___X___ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _______ Yes ___X___ None reported

Type of auditor's report issued on compliance for major programs - **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _______ Yes ___X___ No

Identification of Major Programs

- **59.046 - Small Business Administration Microloan Program**

1. Dollar threshold used to distinguish between Type A and Type B programs - **$300,000.**
2. Is the auditee qualified as a low-risk auditee under Section 530 of OMB Circular A - **Yes**

Section 2 - Financial Statement Findings

None

Section 3 - Federal Award Findings and Questioned Costs

None

Section 4 - Prior Year Audit Findings

None