Accion Texas Inc. is a nonprofit, multi-state micro-and small business lender that helps new and existing entrepreneurs successfully grow their businesses.
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ON THE COVER

Phillip Puzzo
TEXAS CYCLE WORKS
AUSTIN, TEXAS
ACCION CLIENT SINCE 2012

Accion Texas client, Phillip Puzzo offers a wide selection of mountain, road, triathlons, hybrid and lifestyle bicycles at all price levels. His shop also services the bikes it sells and offers the latest, high-tech accessories for riders. An Accion loan enabled him to relocate and upgrade his store in 2012.

2012: It Was A Very Good Year!

Without a doubt, 2012 was another incredibly successful year for Accion Texas Inc.

By year’s end, we had $29.7 million loans under management. We furthered our expansion into the Delta Region, making major inroads in Alabama and Tennessee. For the second consecutive year, we were named one of the top nonprofit organizations in the United States by Charity Navigator – an honor that only 17 percent of the nonprofits they work with ever receive.

We strengthened our mutually beneficial ties with the Accion U.S. Network and Accion International. We were recognized as one of the most successful SBA lenders in Texas.

And we completed a comprehensive three-year strategic plan that already has helped us strengthen and streamline our operations – positioning us for future success.

The biggest news of 2012 was the public announcement of “We Believe,” our $5.5 million capital campaign to build a new Accion Texas Lending & Learning Entrepreneurial Center on San Antonio’s West Side. With more than half of the funds already committed, we held a press conference on our future two-acre site at 2015 W. Martin Street. Mayor Julián Castro and more than 100 civic and business leaders joined us while we shared our vision for the center, which will consolidate our San Antonio operations in one location, allowing us to better serve deserving entrepreneurs who need a “hand up” to support themselves, their families and their communities.

We disbursed more than $17.9 million in loans in 2012 – up 23 percent over the previous year. We also substantially increased the number of business education and training programs in all of our markets, providing much-needed assistance to thousands of businesses from startups to established enterprises.

During the past year we also ramped up our marketing efforts on behalf of our proprietary Microloan Management Services™ (MMS™), signing on several new customers in the process. And Janie’s memberships on the President’s Advisory Council on Financial Capability and the board of the Federal Reserve Bank of Dallas’ San Antonio branch helped us become a more powerful voice for small business across the country.

We wish to thank all of our friends and supporters who continue to help us live our mission each and every day. What we do is rewarding beyond words. And knowing we are helping at the grassroots level in the communities we serve is a blessing and an honor.

Sincerely,

Janie Barrera
Founding President & CEO

Rose Mary Fry
Board Chair
2012 Highlights

2012 was a pivotal year of phenomenal growth, strategic planning and industry recognition for Accion Texas Inc.

23% Increase
In 2012, we provided over $17.9 million micro- and small business loans, an increase of 23 percent over 2011.

3 Year Plan
We created a three-year strategic plan for taking Accion Texas to the next level. We are well into the first phase, which is a focus on strengthening infrastructure, stabilizing and nurturing the growth of our human capital and technology, and building systems that will help us fulfill our mission effectively and efficiently.

Innovation
Throughout the year, we further diversified our products and services, launching the new Promise Loan product, revamping existing products, growing our large loan division (loans of $50,001 to $250,000), boosting our SBA 504 product, aggressively marketing our Microloan Management Services” (MMS”) platform as an additional revenue stream, and laying the groundwork for a new business support/business development department.

Delta Region
We continued our successful expansion in the Delta region of the United States, disbursing approximately 200 loans totaling $2.4 million in 2012 in Alabama, Arkansas, Louisiana, Mississippi, Missouri, Tennessee and Kentucky. Accion Texas also invested $1.4 million in the Delta, opening new offices in Birmingham and Memphis, forging new alliances with banks, universities, chambers of commerce and other potential referral partners, and creating a number of new technical training and small business education programs.

Headlines
In Texas, we generated headlines when we officially dedicated our new small business incubator in McAllen in February, announced a new Accion Texas/Capital One “Second Look” small business referral program in Corpus Christi, and formally dedicated our new Dallas location in the Comerica Bank building on Stemmons Freeway. All three events drew large crowds and media interest, which we immediately capitalized on with direct mail campaigns and other marketing outreach, resulting in an uptick in completed loans and educational offerings.

On April 10, Accion Texas President and CEO Janie Barrera joined other members of the President’s Advisory Council on Financial Capability to ring the opening bell of the New York Stock Exchange. The ceremony officially marked the beginning of Financial Literacy Week in the U.S. By year’s end, Janie and the Council completed a full report and recommendations for President Obama and in February of 2013, they formally presented the report to him at the White House.

On June 15, we publicly announced our $5.5 million capital campaign to build a new Lending & Learning Entrepreneurial Center on San Antonio’s West Side. Janie Barrera was joined by San Antonio Mayor Julián Castro on the two-acre site of our future campus where we unveiled plans for the center, to be located at 2015 W. Martin Street in the historic Prospect Hill area near downtown. The story made local, regional and national news. (A special report on the capital campaign is featured elsewhere in this annual report.)

In the fall, Accion Texas and the Federal Reserve Bank of Dallas co-sponsored “A Town Hall: Successes and Challenges in Improving Employees’ Financials” at the San Antonio Branch of the Federal Reserve Bank of Dallas. The free event showcased local resources for workplace financial education, emphasizing that financial literacy improves employee productivity and job performance. Presenters included Janie Barrera (a member of the board of the San Antonio Branch), Phil White, director of Racker Rewards for Rackspace, and Blake Hastings, vice president in charge of the San Antonio Branch of the Federal Reserve Bank of Dallas. Sponsors included the San Antonio Hispanic Chamber of Commerce, the Greater San Antonio Chamber of Commerce, the FDIC and the San Antonio Area Foundation.

NYSE

Capital Campaign
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Four Star Rating
A Town Hall
Over the summer, Accion Texas received its second consecutive four-star rating by Charity Navigator – America’s premier charity evaluator that rates organizations on such criteria as accountability, transparency and financial reporting.

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New Strategies
Nearly 180 staffers and management from the five members of the Accion U.S. network, including Accion Texas, as well as Accion International convened in Estes Park, Colorado, in September. It was the first time all components of Accion gathered in one spot to learn from each other, share best practices, and formulate new strategies for working together as we grow our common mission of providing loans and education to small business owners around the world.

Women of Distinction
Janie Barrera was named one of 13 “Women of Distinction” by the Texas Association of Mexican American Chambers of Commerce (TAMACC). The award honors Latinas whose careers have included outstanding contributions to their professions, community service, leadership and mentoring.

Renewed Buy-Down
Accion Texas and the City of Corpus Christi, Texas, renewed a special interest-rate buy-down program (originally launched in 1999) to make small business loans more affordable to area entrepreneurs – with rates as low as 5.5 percent.

Top 504 Lender
The U.S. Small Business Administration’s El Paso District Office named Accion Texas the “Top 504 Volume Lender” for 2012 for El Paso area loans totaling $6.4 million. In 2012, Accion Texas ranked fourth among Region 6 of the nation’s Community Development Corporations (CDCs) area of operations. Region 6 includes Texas, Louisiana, Arkansas, New Mexico and Oklahoma.

From a field of nearly 100 highly competitive proposers, Accion Texas was selected as one of three partners to participate in the Behavioral Economics Technical Assistance (BETA) project, designed to help America’s build assets and create financial stability. The other two organizations selected were the Neighborhood Trust Financial Partners in New York and the Cleveland Housing Network in Ohio. The project was created by The Corporation for Enterprise Development, (CFED), ideas42 and the Citi Foundation.

BETA Project
Accion Texas showcased nearly 30 of its successful clients from San Antonio, Austin and other Texas cities at the Opportunity Finance Network’s “Entrepreneur Marketplace” during the OFN’s 28th annual national conference in the Alamo City. The marketplace spotlights small businesses from many industries that have achieved success through the power of microfinance and other small business lending made possible by community development financial institutions (CDFIs).

Academic Study Results
We closed out the year with exciting news from a national academic study using our proprietary lending database – proving quantifiably that startups benefit greatly from small business loans, increasing their likelihood of success by a whopping 44 percent. “How Much Does Credit Matter for Entrepreneurial Success in the United States?” is the first study of its kind and researched 5,400 Accion Texas clients. The study was conducted by UCLA’s Anderson School of Management, UT-Austin’s McCombs School of Business and New York University’s Stern School of Business.

OFN’s 28th Conference
Accion Texas President and CEO Janie Barrera, second from right, and other members of the President’s Advisory Council on Financial Capability pose with President Barack Obama in the Oval Office in February 2013. The group had just presented its final report to the President, outlining recommendations to help Americans pursue lifelong financial education in their personal, community and work lives.
Researchers using Accion Texas Inc.'s lending data reveal that credit greatly increases entrepreneurial success in the United States. At Accion Texas, we always have known that providing credit and educational assistance for startups significantly contributes to the success and long-term survival of businesses. But in December 2012, a group of researchers published an academic study that has proven quantitatively what we have witnessed in nearly 20 years of lending.

"Startups receiving funding are dramatically more likely to survive, enjoy higher revenues and create more jobs," wrote the researchers after analyzing client data collected by Accion Texas Inc. from 2006 through 2011. "Obtaining a loan has a strong effect on the future financial position of small business; Startups receiving capital are dramatically more likely to survive, have stronger revenue and create jobs; and Accessing capital creates opportunity to build assets while growing a business."

The researchers analyzed the data of 5,400 loan applicants tracked by the Accion Texas Microloan Management Services™ (MMS™) – a proprietary microloan underwriting platform created by our organization with significant funding assistance from Citi Community Development. MMS uses an automated algorithm for preliminary review. The researchers compared applicants with similar profiles: those who barely qualified for loans and those who marginally failed to meet criteria and were denied loans, to come to their conclusion.

"We find that a loan from Accion Texas has a tremendous impact on the applicants," Garmaise said. In addition to learning the tremendous difference that loans make on the probability of survival, the researchers discovered that loan recipients also saw a growth in sales of 72.9 percent, compared with 41 percent growth for the mean of full population. Also, borrowers were able to double their number of employees. The researchers also correlated success with applicant characteristics and concluded that entrepreneurs with at least 13 years of education saw higher rates of survival. They found that an applicant’s credit score had no significant correlation to survival. And entrepreneurs lacking management experience saw greatest benefit in subsequent loan approvals.

**Academic Study**

**Microlending Promotes Startup Success**

A microloan from Accion Texas helped Shannon Lovett Sullivan and his parents start Valet Transit in Dallas in 2012. The company is a wheelchair and non-emergency transportation business utilizing a specially equipped Americans with Disabilities Act (ADA) certified van. "We have an agreement with rowing homes and an emergency transportation business who call us when they have overflow," Shannon says. Valet Transit also provides services to grocery stores, dins, pharmacies, drug stores and other destinations.

**How Much Does Credit Matter for Entrepreneurial Success in the United States?**

In 2012, four academic researchers utilized Accion Texas applicant and borrower data to study if microloans had a positive effect on entrepreneurial success.

**THEY FOUND:**

- Start-up capital plays a significant role in the future financial position of small business;
- Startups receiving capital are dramatically more likely to survive, have stronger revenue and create jobs; and
- Accessing capital creates opportunity to build assets while growing a business.

**THE IMPACT DATA:**

- Those that received a microloan with Accion Texas had a 74% survival rate, compared to 30% of firms that survived overall within the data;2
- Financing increased the probability of a firm’s survival by 44%.
- 72.9% sales growth increase for borrowers - compared to 41% growth for non-borrowers.
- Borrowers were able to double number of employees.
- Entrepreneurs lacking management experience saw greatest benefit in subsequent loan approvals.

**METHOD:**

- Analyzed Accion Texas applicant data from 2006-2011.
- Selected more than 5,400 applicants at and around the approval/rejection threshold as like-applicants.
- Compared outcomes of like-applicants who received loans and didn’t receive loans.

**PROVEN RESULTS**

In 2012, while independent researchers discovered through our data that start-up capital greatly improves the chances of long-term business success, Accion Texas also conducted a separate study of its own. In June, we surveyed 363 past and present borrowers. Here’s what we learned:

- **Credit Score:**
  - 52% 0 to 650
  - 29% 651 to 699
  - 15% 700 to 750
  - 5% Above 750

- **Payment Rate:**
  - 94% on time

- **Jobs Created By Our Borrowers**
  - 48% Create Full-Time Jobs
  - 39% Create both full & part-time jobs
  - 34% Create Part-Time Jobs
  - 27% Create Full-Time Jobs

In 2012 we interviewed a sample of borrowers and they confirmed hiring staff.
Accion Texas Inc. and the SBA: Winning Partnership Creates Entrepreneurial Success

In 2012, the Small Business Administration and Accion Texas Inc. continued their robust long-time relationship, stepping up to help entrepreneurs start or expand their businesses. In all, they assisted 86 small businesses across our footprint through three different programs with fixed-rate financing and loans ranging from as little as $1,000 to as large as $2.2 million.

Through its partnership with the SBA, Accion Texas offers small short-term, fixed-rate microloans up to $50,000. In 2012, Accion disbursed 40 microloans from $1,000 to $50,000 to help businesses purchase inventory, working capital, furniture, and machinery.

The SBA 7(a) Community Advantage loan program administered by Accion Texas doubled the number of loans made over the previous year. (66 loans were approved in 2012, versus 33 in 2011.) Currently, Accion offers SBA 504 loans only in Texas. The program strives to spur economic development, financing up to $5.5 million for capital projects that boost business district revitalization, expand minority business development, and create small business opportunities for women and veterans. Typically, the Accion Texas SBA 504 program provides 40 percent of the total project cost, a participating third-party lender covers up to 50 percent, and the borrower contributes 10 percent.

On the following page are three of the many clients who benefited from the SBA/Accion Texas partnership in 2012:

SBA 504: East El Paso Animal Hospital in El Paso, Texas

Born in Alice, Texas, Dr. Orlando Garza, Jr. moved to El Paso in 1983, after earning his doctorate in veterinary medicine from Texas A&M University. He spent three years gaining solid experience – primarily with horses and dairy cattle – at the Americas Animal Clinic. Then, in 1986, he started his own clinic, East El Paso Animal Hospital, P.A. He began in a 1,800-square-foot building but quickly expanded it to 3,000 square feet. Today, with the help of Accion Texas and the SBA, East El Paso Animal Hospital occupies a sparkling new 5,300-square-foot facility.

In 2012 Dr. Garza obtained a $400,000 SBA 504 loan and a $500,000 commercial loan from a local bank in El Paso for the expansion of his hospital. The expansion enabled him to take on contracts with the U.S. Border Patrol and U.S. Customs to provide veterinary care for the government’s horses and canine force. His practice consists of 90 percent small animals and 10 percent horses. Dr. Garza’s practice continues to flourish, employing 20 people, and he is regarded as one of the city’s premier veterinarians. He recently was named El Paso’s “SBA Champion of the Year.”

SBA 7(a) CA: Branchline Brewing Company in San Antonio, Texas

In 2012, 5 Accion clients took advantage of this program, acquiring loans from $55,000 to $250,000 to jump-start or expand their businesses.

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Jason Ards of Branchline Brewing Company tests a batch of one of his three flagship beers.

Dr. Orlando Garza was recently named El Paso’s “SBA Champion of the Year.”

Wes McWhorter started his mobile bicycle repair and fitting business with an SBA microloan from Accion.

Dr. Garza received a $150,000 SBA 7(a) CA loan from Accion Texas. They were approved in April 2012 and Branchline Brewing Company became a reality. The Ards were able to secure a warehouse, refurbish the property they leased, and purchase specialized equipment, such as fermentation vessels and kegging equipment. Since their inception in October 2012, the couple has created three flagship beers and signed contracts with more than 20 bars and restaurants for distribution.

SBA MICROLOAN: Rouler in New Orleans, Louisiana

In 2011, Wes McWhorter participated in the Pablove Across America cycling event, which raises money for children with cancer. During his 533-mile trek from Nashville to New Orleans, he realized his passion for cycling needed an entrepreneurial outlet. So he took a leap of faith the following year and launched Rouler - a mobile bicycle repair and fitting business based in New Orleans.

McWhorter got his business off the ground with the help of a $15,000 SBA microloan from Accion, which he used to purchase a high-tech bicycle fitting system and to prototype a custom bicycle – due to be released in the summer of 2013. McWhorter believes in “worshipping the bike” and, with the help of his lead mechanic, Brian Hair, leverages their experience and passion for the sport to help their clients achieve a more efficient, comfortable, and enjoyable ride. Rouler also offers men’s and women’s cycling apparel and accessories – including a newly designed water bottle that reclaims the “history” of the Rouler brand. He envisions building a community well beyond New Orleans. “It’s not about selling bicycles,” McWhorter says. “We’re interested in building a community of rider ‘fans’, and positioning Rouler as a global cycling lifestyle brand – one focused on great design and healthy, life-changing experiences.”

Wes McWhorter has been using his passion for cycling and design to create a new generation of bicycle repair and fitting business with an SBA microloan from Accion.
Our Entrepreneurs: Diverse and Dedicated

Edward Ashford

Ed’s Smok-N-Q
San Antonio, Texas
Accion Client Since 2008

In her hometown of Houston, Texas, Deidra Patrice Hughes runs Tropical Express, a shaved ice shop. “I’ve been trying to be an entrepreneur for about eight years,” she said. “It just hasn’t happened because I haven’t been able to purchase the equipment.”

Hughes’ career as a small business owner began five years ago. She operated a small shaved ice shop out of her grandmother’s backyard, selling just 14 flavors, but was discouraged by the brutal summer. “I did so well, but it got to be too much with the heat, so I stopped,” she explained.

After taking a business class, Deidra decided to return to work. With the help from Accion Texas Inc., she reopened her store, this time offering 100 flavors of shaved ice as well as hot dogs and nachos, in order to sustain her business throughout the year. The capital infusion from her Accion loan allowed her to purchase hot dog cookers, syrup containers, and a large cooler.

Tropical Express is “the only shop in the area with shaved ice,” she says. The business employs three people, though Hughes plans to hire high school and college students as temporary seasonal workers.

Hughes described the impact of the assistance she received from Accion. “I’d probably still be sweating and trying to start up,” she said. “I really appreciate Accion helping me and being patient with me while working through the loan process.”

Deidra Patrice Hughes

Tropical Express
Houston, Texas
Accion Client Since 2012

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Eric Medina

Medina’s Custom Poker Tables
Brownsville, Texas
Accion Texas Client Since 2012

Eric Medina loved to entertain. Inconvenienced by the lack of a poker table and frustrated with improvised solutions, the creative craftsman with experience in construction built himself a custom table. This innovative solution to an inconvenient problem gave rise to his small business: Medina’s Custom Poker Tables.

“I built my very first table by trial and error, and it turned out well,” said Medina. “Then, I started building table after table and I got better at it. I quickly progressed and everyone noticed.” As word spread and friends and acquaintances took interest in his project, Medina realized that no one else in the Rio Grande Valley made and sold custom poker tables. He seized the opportunity and started his business.

With myriad options for color of cloth, wood stains, built-in metal cup holders, and legs, the custom tables that Medina builds are handmade works of functional gaming art. One of his eight designs even doubles as a dining table, with a removable top allowing for easy transition from meal to after-dinner card game.

He hires part-time help when a large order necessitates it, but primarily works alone. With his loan from Accion Texas Inc., Medina has laid the groundwork for growth through an aggressive online advertising campaign, and hopes to hire a permanent part-time employee as his business expands.

Roxie Rachelle Sibley

R.S. Holding Group
New Orleans, Louisiana
Accion Client Since 2012

Being an entrepreneur was something Roxie contemplated for many years. She finally took the leap and started her own business in August of 2012, creating R.S. Holding Group and opening a home-based franchise of Candy Bouquet International, which has more than 300 locations throughout the United States and around the world.

After being turned down by her bank, Roxie was referred to Accion’s New Orleans office by the City of New Orleans Department of Economic Development. Accion’s commitment to helping startups helped her secure an $8,000 loan. Roxie used the loan for franchise training and to purchase the candy bouquet starter kit. She also invested some of the loan in college classes to learn how to market her business and paid for advertising on the Candy Bouquet website.

A single mother of two, Roxie still works part time in a retail store while running her home-based business—but hopes to eventually run her franchise full time. She currently employs one assistant but plans to hire three to five more in the near future.

Roxie says Accion’s assistance was crucial to pursuing her dream of entrepreneurship: “I probably wouldn’t have been able to purchase the franchise without their help,” she said.
April Kling Meyer

FABRIC ER
Austin, Texas
Accion Client Since 2011

April’s passion for fine fabrics and sewing led to the creation of a blog in 2010. Then she started a business out of her home in June of 2011. She staged “trunk shows,” where she would fill her car with wools, cottons, chiffons and silks, rent out a bar, and charge a drink and door cover. People would come, enjoy the atmosphere, and peruse her fabrics. Word quickly spread about her luxurious offerings and impeccable taste. With the help of an Accion Texas loan, she opened her Fabricer store in Austin in January 2012 and plans to keep on growing: “I want to expand selection and size. Then, I want to open a second location in Austin. Later, I want to open in other cities. I want to make this a business I can retire on.”
Our Entrepreneurs: Can-Do and Creative

Michael Kent Happs
MKH Construction
SAN ANTONIO, TEXAS
ACCIÓN CLIENT SINCE 2012

Gregory Wagnon
Little Rock Pedicab
LITTLE ROCK, ARKANSAS
ACCIÓN CLIENT SINCE 2012

Gavin O’Neill
Hello Boys
NASHVILLE, TENNESSEE
ACCIÓN CLIENT SINCE 2012

Melissa Kendrick
Sojourns, LLC
BIRMINGHAM, ALABAMA
ACCIÓN CLIENT SINCE 2012

Michael Kent Happs was a drug addict for nearly 50 years. He lost everything and was left wandering the streets of San Antonio, homeless, with only a backpack of clothes to his name. Now, at 59, Michael is sober. He owns a business, and he’s creating jobs for others.

He started his business, MKH Construction, in June 2012. Within two months, he had contracted 10 projects. He repairs homes to make them presentable for leasing. His business employs four to five residents of Haven for Hope, a transitional living campus for the homeless in San Antonio where he also spent time getting his life back together.

Happs has worked in the construction industry since he was 17 years old, when he took his first roofing job in California. While living at Haven for Hope, he attended a class about construction. “I volunteered to work with the instructor,” the entrepreneur said, “and he saw I knew a little more than him.”

That instructor introduced him to Acción Texas Inc., and Happs became the first Haven for Hope resident to receive one of Acción’s new, small “Promise” loans. “I’m running an honest job. What’s different about me is that I buy all materials and I don’t collect until the project is complete,” he says proudly. “The loan enabled me to buy tools that will help me do an even better job for my clients.”

Gregory Wagnon

Watching his father transform a hobby, carpentry, into a contracting business inspired the then 10-year-old Gregory Wagnon to one day own his own business. As an adult, he realized this dream by merging his love of cycling with a need for transportation in his city, creating a taxi service called Little Rock Pedicab in Little Rock, Arkansas.

Wagnon spent four months solidifying his business plan and preparing to launch his entrepreneurial endeavor. He carefully researched the pedicab industry to be certain he made the safest cabs possible and thoughtfully laid the groundwork for a successful small business.

While looking into lenders, Wagnon found that most required a business to be open and established before considering it for a loan. Fortunately, a local banker referred him to an Acción Arkansas loan officer able to provide assistance to Wagnon’s startup.

“The Acción Texas loan really started the process of owning my own business,” said Wagnon. The majority of his loan went to purchase the pedicabs, and the rest went to insurance, licensing, and other start-up costs. Today, Wagnon employs himself and a handful of subcontractors who serve as drivers.

“Thanks to Acción for helping me accomplish the dream I had since I was a kid,” Wagnon said. “Telling people at Acción made me feel that they believed in me, the person behind the business. Thanks for believing.”

Gavin O’Neill

While other 20-somethings toughed it out in the brutal job market, 22-year-old Gavin O’Neill became his own employer.

He and his partner opened up Hello Boys, a men’s vintage clothing shop in Nashville in August 2012. Determined and motivated, Gavin converted an old office into a retail space for his consignment shop, purchased inventory, established a website and opened his store, all within two months. After acquiring a loan from Acción Tennessee, Gavin paid for shelving, the store’s first month’s rent and deposit, and other supplies. He credits the loan for allowing the doors of Hello Boys to open.

After his first weekend of business, he had to temporarily close the shop because he sold out of most of his inventory and needed to replenish. Word is spreading rapidly about the exciting new venture. Gavin even reports that legendary musician Elvis Costello, his wife jazz star Diana Krall, and their children recently visited the shop.

Melissa Kendrick

A world traveler, Melissa Kendrick has owned Sojourns since 2005. She is passionate to expand Americans’ knowledge of its global neighbors and help erase some misconceptions that many of us have about other people. She has traveled to nearly 40 countries, discovering unique folk art to bring home to her Birmingham customers.

In 2012, a $6,000 loan from Acción Texas Inc. helped Melissa purchase goods from more than 40 different countries including Bangladesh, Burkina Faso, Guatemala, India, Peru, Uganda and Vietnam. Most items are obtained through a network of fair trade importers, recent travels, and others acquired from a direct relationship between artisan groups and Sojourns. Fair trade imports empower low-income, disadvantaged artisans, and laborers and farmers around the globe and promote understanding between them and industrialized nations.

Melissa believes customers will spend more for an item knowing that workers were paid fairly and treated with respect. The store is the first of its kind in Alabama and is a 600-square-foot “mini-trip around the globe” gallery. Sojourns continues to serve the community through cultural education and interaction, local partnerships with area foundations, and festivals to present international food, music, and art throughout the year.

Melissa continues to fuse her love of travel, exploring new cultures, and operating a fair trade store and gallery to fit perfectly into her life and Birmingham.
Our Entrepreneurs: Making Dreams Come True

Ofelia Posas
POSAS BEAUTY CONSULTING
NEW ORLEANS, LOUISIANA
ACCION CLIENT SINCE 2012

Ofelia Posas immigrated to the United States in late 2009, moving into her son’s home in New Orleans. Having worked all her life in Honduras, she was quick to start her career as a beauty cosmetic sales consultant in 2010.

Ofelia applied for her first loan with Accion Louisiana in May 2012 and was approved for a $500 credit start loan. Six months later, her credit score increased into almost the mid-600s, when she applied for a second loan. She received her second loan of $2,500 to purchase inventory and fixtures for the peak season months of November and December.

In May 2013, Ofelia applied for her third loan with Accion. She requested $7,000 and thanks to the creation of the Latino Emerging Loan Fund, she was able to qualify with limited collateral - to purchase more inventory.

Ofelia is a great example of an exemplary Accion borrower. She attends monthly one-on-one sessions with her business advisor, and is currently working to graduate from a handwritten bookkeeping system to an automated Excel program.

Lillie McCoy
SOUL HEAVEN CAFÉ
MOBILE, ALABAMA
ACCION CLIENT SINCE 2012

Lessons from Lillie McCoy’s grandmother and mother led her to open Soul Heaven Café, a soul food restaurant. After conducting customer research, McCoy leased a building surrounded by fast food restaurants where soul food has little competition in her hometown of Mobile, Alabama, and went into business in July 2012.

McCoy also worked for a major Italian chain restaurant that sent her to culinary school. She also managed multiple restaurants. She says: “What I have learned from managing other businesses is you have to jump through hoops. It’s not about the customer, it’s about the dollar.”

Modelled after a take-out establishment, the restaurant seats 15 and is the only restaurant in her area offering made-from-scratch breakfast before 11 a.m.

Knowing she might not qualify for a bank loan, McCoy progressively purchased kitchen equipment. She learned of Accion Alabama through a Google search but didn’t apply until Alabama Women in Business encouraged her. McCoy’s loan for kitchen equipment led to a larger menu, she says.

Without the loan, Lillie would have taken longer to open. “I would like to thank Accion for believing in me and helping me achieve my dreams.”

Barrett Lee Hopper
ROCKWALL CENTER
ROCKWALL, TEXAS
ACCION CLIENT SINCE 2012

In 2009, Coach Barrett Lee Hopper opened Rockwall Running Center (RRC) in Rockwall, Texas – a town about 25 miles from Dallas. An award-winning runner who raced for 31 consecutive years in 43 states and six countries, he has trained more than 30 All-American athletes, and over the past eight years, helped the Rockwall community earn a reputation as a “running town.”

Coach Barrett’s training began in the 1980s when he was in college helping high school athletes, and by 1996, his work snowballed into a training club, which eventually expanded into a business. In his home state of North Carolina, he organized several community group runs. He moved to Rockwall eight years ago and started the first of now 10 daily running groups.

Barrett wants to bring runners to one place and help them bond with the community. He calls it “action with passion.” He formed a separate team to run marathons nationwide, which quickly grew to 300 members. His Patriot Half Marathon held every year on Memorial Day continues to sell out with 1,500 runners annually competing for the grand prize.

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An Accion Texas Inc. loan helped his business remain competitive, he said. He used it to purchase nutritional snacks, first aid items and name-brand running shoes to sell at the center’s store. The loan helped sustain eight RRC jobs, as well.

Phil Zavala
IMAGE AVENUE CLOTHIERS
SAN ANTONIO, TEXAS
ACCION CLIENT SINCE 2011

Phil Zavala has been in the apparel business for over 30 years – and it shows. From his crisp custom-made shirt to his stylish tie with a perfect knot, he is a walking advertisement for his work.

Before he opened Image Avenue Clothiers in San Antonio, he worked at Saks Fifth Avenue, Ann Taylor, The Gap and Marshall Field’s, where he was store manager.

Phil was also a sewing contractor at the Burlington Coat Factory, where he leased space at three store locations and employed five full-time employees who did alterations. He had this side business for 15 years while working full-time.

In 2009, he decided to use his 401(k) to open his own store at Wonderland of the Americas shopping mall in San Antonio. He specializes in custom-made clothing and alterations. He has built a solid network of referrals from local retail outlets and partners with design schools, allowing students to display their creations in the store.

He also has some high profile clients, including El Rey Feo (one of the “kings” of the annual 10-day Fiesta San Antonio celebration) and local football and baseball teams.

Phil heard about Accion Texas through the local media – and then an Accion employee visited his store. He applied for and received a loan to purchase inventory and fixtures for and received a loan to purchase inventory and fixtures and to give the store a facelift.

“Accion Texas made our dream a reality,” he says.

He and his wife, Rosie, hope to eventually open locations in Austin and the Rio Grande Valley. And they plan to return to Accion for help.
On June 15, 2012, Accion Texas Inc. officially announced a $5.5 million capital campaign, “We Believe,” to build a new two-acre campus on San Antonio’s West Side.

The new Accion Texas Lending and Learning Entrepreneurial Center – to be located on a two-acre campus at 2015 W. Martin Street in the historic Prospect Hill area – will consolidate the organization’s San Antonio operations under one roof, creating a totally new, self-contained “one-stop” location for small business lending, education, training and support. Designed by Lake|Flato Architects, the “green” building will feature a 14,000-square-foot headquarters building, a 1,500-square-foot conference and training center and a 1,200-square-foot small business incubator. The campus will allow Accion Texas to better serve San Antonio, the state of Texas and some of the most economically challenged areas of the country.

As this annual report went to press in July 2013, 63 percent of the fundraising goal had been achieved. It is anticipated that Accion will break ground for the new center in 2014.

More than 100 business and civic leaders joined Accion Texas President and CEO Janie Barrera on the site of the planned center June 15 when the campaign was announced. The event was covered by media from throughout South Texas.
Small Loans, Big Impact

Performance Summary*

With almost two decades of service, we take pride that our volume reflects our commitment to supporting entrepreneurs. During this time we have served thousands of entrepreneurs with millions in small business loans. When you combine our work with the resiliency of the entrepreneur, it is clear microfinance plays a critical role in growing our economy.

$139 MILLION small business loans disbursed since 1994

$29.7 MILLION total loans under management

13,132 LOANS small business loans disbursed since 1994

2,204 CLIENTS number of active clients

10,500 JOBS jobs created or retained since 1994

$13,513 average loan balance

We’re proud of our track record, but we’re not about to rest. There is much work to be done.

* Data as of December 31, 2012

A Look at Accion Texas Inc.

WHO WE ARE

Accion Texas Inc. is a San Antonio-based nonprofit organization, one of the first microcredit lenders in the United States. We were founded in 1994 with one employee. Today we serve the great states of Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Missouri, Tennessee and Texas.

WHAT WE DO

- Microloans – $500 to $50,000
- Small Business Loans – $50,001 to $250,000
- SBA 7aCA Program Loans – $35,000 to $250,000
- SBA 504 LOANS
- Business Education

Our Borrowers

- 62% Hispanic
- 17% African-American
- 16% White
- 5% Other

Gender

- 60% Men
- 40% Women

Borrower Median Income: $38,000

In response to the growing demand we’ve seen over the past three years, we’ve:

- diversified our loan products to serve a wide range of businesses;
- added business education so entrepreneurs have the tools to succeed;
- deployed cutting edge technology to grow our services while improving quality and customer support; and
- expanded our footprint – both in person and online - to bring the American dream to more places and more people.
Thanks To Our Supporters

2012 Financial Summary

Balance Sheet

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Equivalents</td>
<td>$14,360,846</td>
<td>$12,710,090</td>
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<tr>
<td>Contributions and Grants Receivable</td>
<td>3,094,142</td>
<td>3,431,220</td>
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<tr>
<td>Nonborrowed Loan</td>
<td>214,709,577</td>
<td>196,918,700</td>
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<tr>
<td>Total Assets</td>
<td>$25,489,582</td>
<td>$23,832,734</td>
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LIABILITIES

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<th><strong>Net Assets</strong></th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td>Restricted</td>
<td>$1,274,683</td>
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<tr>
<td>Unrestricted</td>
<td>$13,109,477</td>
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Net Losses = net losses for fiscal year divided by portfolio outstanding at year end

Impact

2012 Total Loans

<table>
<thead>
<tr>
<th>LOCATION</th>
<th># TOTAL LOANS</th>
<th>AMT DISBURSED</th>
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</thead>
<tbody>
<tr>
<td>Austin</td>
<td>35</td>
<td>$91,613</td>
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<tr>
<td>Brownsville</td>
<td>74</td>
<td>$1,292,190</td>
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<td>El Paso</td>
<td>122</td>
<td>$1,941,737</td>
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<td>Houston</td>
<td>106</td>
<td>$2,419,737</td>
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<tr>
<td>McAllen</td>
<td>100</td>
<td>$2,581,013</td>
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<tr>
<td>McAllen</td>
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<td>$4,708,863</td>
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<td>McAllen</td>
<td>100</td>
<td>$959,100</td>
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<tr>
<td>McAllen</td>
<td>61</td>
<td>$91,910</td>
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TOTAL | $919 | $17,994,771 |

Complete financial statements, audited by West, Davis & Company, LLP, are available upon request through ACCION Texas, Inc.

Revenue & Expenses

<table>
<thead>
<tr>
<th>SUPPORT &amp; REVENUE</th>
<th>2012</th>
<th>2011</th>
</tr>
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<tbody>
<tr>
<td>Cash and Equivalents</td>
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</table>

Expenses

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>2012</th>
<th>2011</th>
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</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>$9,706,465</td>
<td>$8,495,553</td>
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<tr>
<td>Administration and Support Services</td>
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<td>$1,549,878</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>$11,349,977</td>
<td>$9,980,431</td>
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</table>
### Texas

#### Austin Office
- Wells Fargo Bank, Suite 280
- 4800 North Lamar Boulevard
- Austin, TX 78753
- Narda Hernandez, Loan Processor II
- Juddon McGhee, VP Central Region
- Rocio Valdez, Loan Officer

#### Brownsville Office
- Chase Bank Bldg.
- 2nd Floor
- 2300 Boca Chica Blvd.
- Brownsville, TX 78522
- Josefine Molina, Loan Processor
- Sergio Rodriguez, Loan Officer

#### Corpus Christi Office
- Del Mar College Center
  For Economic Development
- 3209 South Staples, Room 146
- Corpus Christi, TX 78411
- Sylvia Ford, VP Coastal Bend

#### Dallas Office
- 825 North Stemmons Fwy, Suite 101
- Dallas, TX 75247
- Singapura Aguilar (C.K.), Loan Processor
- Danny De Valdenebro, Business Advisor
- Leticia Lopez, Loan Processor
- Juddon McGhee, VP North Region
- Ysbel Medina, Loan Officer
- Rocio Rueda, Loan Officer

#### El Paso Office
- 1421 Lom Treviño Drive, B-1
- El Paso, TX 79935
- Norma Alvarado, Loan Processor
- Enrique Anguill, Loan Processor II
- Juan Gonzalez, Loan Processor
- Elvira M. Valles, VP West Region

#### Fort Worth Office
- 1327 North Main Street
- Fort Worth, TX 76164
- Business Assistance Center
  (By appointment only)

#### Houston Office
- (West)
  - 3300 Chimney Rock, Suite 100 A
    - Houston, TX 77056
  - Shirley Brooks, VP Lending-East TX Region
  - Jennifer Dale-Flors, Loan Admin Officer
  - Joseph Gonzalez, Regional President-Houston
  - Anthony Lopez, Loan Officer
  - Keita Walker, Loan Processor

- (North)
  - Inside Prosperity Bank 2nd Floor
  - 2310 Yale St, Houston, TX 77008
  - Nikal Purvan, VP Large Loans/Houston

#### Laredo Office
- 902 East Calton Road
- Laredo, TX 78041
- Lorena Garcia, Loan Processor
- Edna I. Gonzalez, Business Advisor/Loan Officer
- Sara Montalvo-Soldano, VP South Texas Region
- Gina Palm, Loan Officer

#### McAllen Office
- 220 North 10th Street
- McAllen, TX 78501
- Marina R. Rodriguez, Senior Loan Officer
- Jesse Sanchez Jr., Business Advisor
- Lorena M. Silva, Loan Processor

#### San Antonio
- 225 West Pearl
- San Antonio, TX 78212
- Elvia Bara, Credit Analyst/Underwriter
- Maria Cardona, Loan Officer
- Mary Esther Hernandez, Senior Loan Processor
- Laura Martinez, Loan Processor Large Loan
- Brenda Sandoval, Loan Processor
- Patrick Sharer, Market President
- Alma Valdez, Loan Officer

#### Women's Business Center
- Ruth Easterling, Program Coordinator
- Maggie E. Fuentes, Business Advisor
- Alexandra Lee, Business Advisor
- Maria Rios, Business Advisor
- Martha N. Zurita, Director

#### SBA 504
- Justin Allen, SBA Loan Portfolio
- Maria “Cruz” Montoya, SBA Business Development Officer
- Bob Schrafft, SBA Loan Portfolio Manager

### Alabama

#### Birmingham Office
- One 58th Place South, Office #01
- Second Floor
- Birmingham, AL 35212
- Lisa Riley, Delta Region Manager

### Arkansas

#### Little Rock Office
- 324 W. Park Hill Blvd., Suite P10
- North Little Rock, AR 72114
- Russell Hampton, Market Manager
- Katie Stark, Loan Processor

### Louisiana

#### Alexandria Office
- Central Louisiana Business Incubator
- 1501-A Wimbledon Drive, Suite 124A
- Alexandria, LA 71301
- Byron Lavalais, Market Manager North LA

#### Baton Rouge Office
- 3233 S. Sherwood Forest Boulevard, Suite 108-A
- Baton Rouge, LA 70816
- Maria Greenup, Loan Processor II
- Mel Robertson, VP South Louisiana
- Nikatra Whitfield, Loan Officer

#### New Orleans Office
- 3330 N. Causeway Boulevard, 4th Floor, Room 446
- Metairie, LA 70002
- Stephanie Belda, Loan Processor II
- Tawana Hardy, Loan Processor
- Lindsey Navarro, Director Business Support
- Jarrett Woods, Regional Market Manager

### Shreveport Office
- 4066 Hwy 319, Suite 121
- Shreveport, LA 71107
- Jennifer Johnson, Loan Officer

### Tennessee

#### Memphis Office
- (Serving Tennessee, North Mississippi, East Arkansas)
- 316 Tennessee St., Suite 407
- Memphis, TN 38103
- Nathaniel Owen, Market Manager