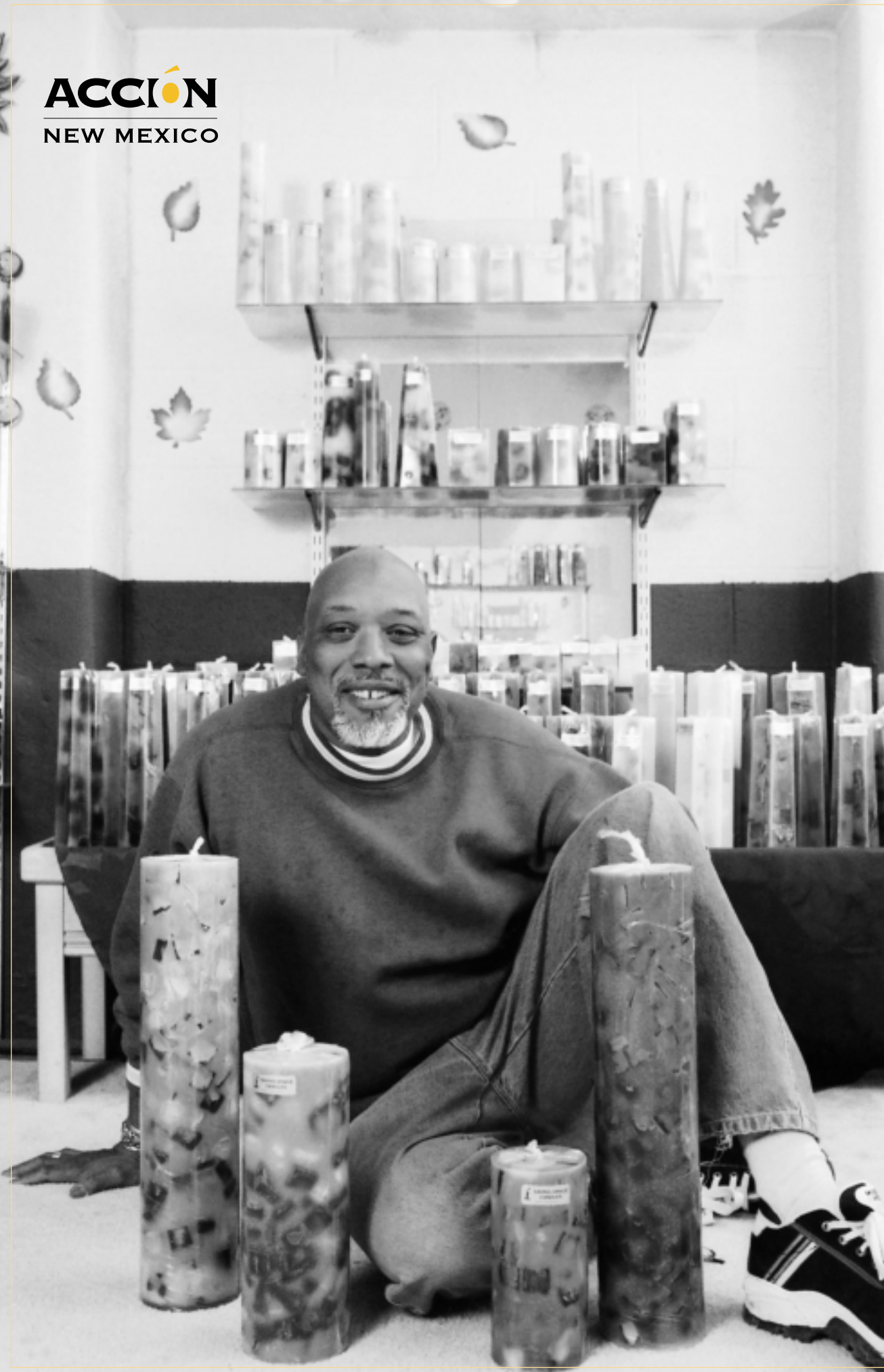


ACCION
NEW MEXICO



Lending. Supporting. Inspiring.

ACCION NEW MEXICO ANNUAL REPORT 2001

MISSION



Alberto and Bertha Figueroa, *Silver Eagle/ Royal Prestige*, Albuquerque

The mission of ACCION New Mexico is to increase access to business credit, make loans and provide training, which enable emerging entrepreneurs to realize their dreams and be catalysts for positive economic and social change.

www.accionnm.org

MESSAGE FROM THE

2001 Chair of the Board



2001 was a time of national tragedy and economic recession – a time that emotionally and financially tested all Americans. As we all focused on recovery and rebuilding, ACCION New Mexico stepped up efforts to support the state's vital community of entrepreneurs, who continue to demonstrate strength and resilience in challenging circumstances.

ACCION's determination to be a dependable resource for microbusinesses in New Mexico was stronger this year than ever before. We are proud to have reached more borrowers in 2001 than in any year in our eight-year history. Many of these borrowers were new to ACCION, indicating the resolve of the state's small businesses in a difficult economic climate.

Outreach and support for remote clients were more important than ever in 2001. Led by Anne Haines Yatskowitz, the dedicated ACCION New Mexico team successfully expanded lending operations to include some of the most remote areas of the state. Now, emerging entrepreneurs in 45 New Mexican communities can access credit through ACCION.

Even during an economic downturn, ACCION New Mexico completed another successful fundraising campaign in 2001. Direct and in-kind contributions totaled over \$806,280. Such generosity reflects a commitment to the importance of ACCION's

mission. Both new and longtime donors recognize that contributing to ACCION is an investment in hope and in the well-being, culture and economic viability of New Mexico.

This investment enabled us to do what we do best – support the small businesses of New Mexico. In turn, our borrowers continued to flourish, maintaining an excellent repayment rate, providing essential income for their families and creating much-needed jobs throughout the state.

These borrowers, like Fern Wood, truly embody the spirit of ACCION New Mexico. Fern, a candle maker and silversmith of Navajo descent, sells her crafts from a small, rural community in western New Mexico. Though she has encountered obstacles to business success, she wouldn't have it any other way. "This business is the best thing I can do for myself," says Fern.

The extraordinary spirit displayed by creative and brave entrepreneurs like Fern is truly inspiring to us all. Thank you to the ACCION New Mexico staff, volunteers, board, donors and, above all, to the visionary entrepreneurs we are privileged to serve.

Carol Mayo Cochran
2001 Board Chair

FILLING THE GAP

for Credit and Services in New Mexico

New Mexico has one of the highest poverty rates in the country. New Mexico also has a proud history of entrepreneurship. As a result, many people turn to self-employment – 96 percent of New Mexico employers are small businesses. Although microbusiness owners constitute over half of these small businesses, these hardworking entrepreneurs still lack access to resources like credit, support services and healthcare.

ACCION New Mexico has reached hundreds of emerging entrepreneurs in our eight-year history. By the end of 2001, ACCION had lent nearly \$4 million to over 860 businesses – but there are so many more that can still be reached.

To address the high demand for business credit and training in New Mexico, ACCION is expanding its outreach to underserved markets. To better reach remote businesses, ACCION partners with commercial banks and local Small Business Development Centers (SBDCs). These partners refer small business owners to ACCION, and provide business training to our clients throughout the state.

In 2002, ACCION will strive to work with a greater number of entrepreneurs – especially those in areas least likely to have access to financial resources – through partnerships with private, community, and faith-based organizations. Partnerships such as these bring all parts of the community together and foster camaraderie and hope for New Mexicans.

But our clients' needs go beyond credit and business services. ACCION New Mexico has seen the critical need for health insurance in the state – which ranks last in the nation for health insurance coverage – and among our own clients. To address this problem, ACCION is exploring viable ways to connect our borrowers with health insurance in 2002. We are also collaborating with a local counseling organization to develop an innovative program that will be a resource for borrowers' emotional and psychological needs.

By providing more than financial services, ACCION New Mexico helps clients achieve success well beyond their balance sheets.

FERN WOOD

Deeldaa Bighan

Three years ago, Fern Wood decided it was time to take control of her life. Living in a small, remote community in western New Mexico, Fern turned to entrepreneurship to make a living for herself and her children.

“Where I live, you can't even get a decent job,” Fern says. “A lot of people are on public assistance, and I can't handle that. In order to make ends meet, you have to do something for yourself. I had to make work for myself.”

Fern did just that. Using her artistic talent and love of decorating, she began making candles in herb scents and designing sterling silver candle holders and jewelry. She named her new business *Deeldaa Bighan* – Navajo for “fern” and “friend's home.”

But faced with strong competition from other local artists, Fern realized she had to differentiate her products. Drawing upon her Navajo culture, Fern started producing candle holders in the *ye'bi'che* design – seven dancers representing the seven days of the week. She had found her niche.

After the costs of supplies, Fern didn't have much money left for publicity. Luckily, in October 2001 she applied for and received her first loan from ACCION New Mexico, which she used to create marketing materials.



Fern continues to work hard at her business, building a name for herself, by selling at craft shows in Albuquerque and surrounding states, often with her eight-month old daughter in tow.

Now, *Deeldaa Bighan* is strong enough to support Fern and her five children, and to give the family new opportunities. Best of all, “My daughter is about to be the first woman at her school to graduate with a degree in mechanical engineering,” Fern says with a smile.

2001 HIGHLIGHTS

In 2001, ACCION New Mexico surpassed all of its previous annual outreach and lending numbers. We issued 321 loans to small business owners in urban and rural communities throughout New Mexico. Our loan portfolio grew by 77 percent, and loan repayment rates remained very strong. Most important, we reached out to a larger number of entrepreneurs; 60 percent of all loans were made to first-time ACCION clients.

We also moved closer to our goal of statewide operations, through partnerships with local banks. Bank officers are trained to close ACCION loans in locations throughout New Mexico – a cost-effective way to provide business credit to microentrepreneurs throughout the state. During 2001, ACCION launched new services in three communities – Las Cruces, Gallup and Espanola.

ACCION New Mexico's strategy of expansion to remote regions of the state has worked. In 2001, over 28 percent of all loans – and 28 percent of all dollars lent – were disbursed outside of Albuquerque, indicating the success of our rural lending program.

To better serve our existing clients and to reach even more new borrowers, ACCION enhanced internal

operations in 2001. Longtime ACCION development director Beth Chavez took on the new position of outreach director, a role that focuses on developing community relations and strengthening client relationships in remote sites. We also hired new operations staff to streamline loan processing and organizational capacity.

New initiatives and hard work continued to earn ACCION New Mexico recognition as a leader in local economic development and in the field of microcredit. The U.S. Small Business Administration (SBA) honored outreach director Beth Chavez as the New Mexico "Women in Business Advocate of the Year Award" recipient. Past ACCION Board Chairman H. Patrick Dee received the "New Mexico Financial Services Advocate of the Year Award" from the SBA.

ACCION president and CEO Anne Haines Yatskowitz was honored with a YWCA "Woman on the Move Award," which recognizes women who have made outstanding contributions to their communities. Ms. Yatskowitz also co-authored a national publication on strategic marketing research for U.S. microlending organizations.

SAUL AND CARMEN MANRIQUEZ

Carnicería La Especial

Saul and Carmen Manriquez are the proud owners of *Carnicería La Especial*, a vibrant meat shop and specialty market in Albuquerque.

Over six years ago, the couple started selling imported specialty dry goods at a flea market, but their long workdays weren't paying off. "We would make \$18 of profit out of two days of work," Saul remembers.

But, with an initial loan of just \$500 from ACCION New Mexico, Saul and Carmen could import goods in bulk from their hometown of Juárez, Mexico. After making this investment in their inventory, their sales quickly increased. Several loans later, Saul and Carmen had saved enough money to open a storefront.

Today, on their fourth ACCION loan, they have seen a real difference in their business success. "With the help of the loans, we have been able to get more things in stock, and more people can trust in us," Saul says.

A focus on customer service is important to the couple, who personally greet every shopper. "We treat everyone who comes in the door really well," Carmen says. A friendly and colorful atmosphere has given *La Especial* a reputation that draws repeat customers from local neighborhoods and as far away as Gallup.



Now, Saul and Carmen are enjoying the rewards of years of hard work. They used their last ACCION loan to double their store's space, add a fresh meat counter and paint a mural by the store's entrance. Their ultimate goal is financial security for themselves and their two young daughters, who regularly spend time at the store. "We'd really love to own this building," Saul says.

Saul and Carmen remain dedicated to the success of their dream and to their financial independence. "I always wanted to own my own business," Saul says. "Beginning with the first loan from ACCION New Mexico, it became more of a reality."

FINANCIAL SUMMARY

BALANCE SHEET	DEC. 2001	DEC. 2000
ASSETS		
Cash and Equivalents	\$ 1,004,012	\$ 487,472
Investments, Temporarily Restricted	\$ 9,908	\$ 0
Accounts Receivable	\$ 665	\$ 2,168
Contributions Receivable	\$ 331,162	\$ 201,824
Microenterprise Loans Receivable (Less Allowance for Loan Losses of \$129,282 in 2001 and \$67,296 in 2000)	\$ 1,303,141	\$ 733,450
Equipment (Less Accumulated Depreciation of \$33,499 in 2001 and \$26,284 in 2000)	\$ 39,573	\$ 16,258
Prepaid Expenses	\$ 5,664	\$ 4,047
Total Assets	\$ 2,694,125	\$ 1,445,219
LIABILITIES		
Accounts Payable	\$ 9,505	\$ 7,483
Accrued Payroll	\$ 59,955	\$ 36,859
Other Accrued Liabilities	\$ 1,174	\$ 929
Lines of Credit	\$ 350,000	\$ 250,000
Notes Payable	\$ 1,000,000	\$ 0
Total Liabilities	\$ 1,420,634	\$ 295,271
NET ASSETS		
Unrestricted	\$ 1,063,054	\$ 1,019,948
Temporarily Restricted	\$ 210,437	\$ 130,000
Total Net Assets	\$ 1,273,491	\$ 1,149,948
Total Liabilities & Net Assets	\$ 2,694,125	\$ 1,445,219
REVENUE AND EXPENSE STATEMENT		
	DEC. 2001	DEC. 2000
SUPPORT AND REVENUE		
Support and Contributions		
Unrestricted	\$ 424,404	\$ 535,726
Restricted	\$ 198,129	\$ 113,898
In-Kind	\$ 183,747	\$ 53,168
Total Support and Contributions	\$ 806,280	\$ 702,792
Revenue		
Loan Interest and Fees	\$ 191,956	\$ 113,357
Interest	\$ 11,059	\$ 13,642
Other Income	\$ 3,902	\$ 843
Total Revenue	\$ 206,917	\$ 127,842
Total Support and Revenue	\$ 1,013,197	\$ 830,634
EXPENSES		
Program Services	\$ 761,663	\$ 440,832
Fundraising	\$ 98,471	\$ 69,051
Supporting Services	\$ 29,520	\$ 26,868
Total Expenses	\$ 889,654	\$ 536,751
Change in Net Assets	\$ 123,543	\$ 293,883



Dane Owen is one of the enterprising people to receive credit from ACCION New Mexico in 2001. The owner of *Shibui*, a Japanese antiques store in the heart of Santa Fe, Dane used his ACCION loan to purchase inventory from Japan and jump-start his store's profits. "Capital was the solution," Dane says.

IMPACT

INDICATOR	12/31/2001	12/31/2000
Number of Clients Served	456	332
New Clients	192	139
Number of Loans Disbursed	321	231
Amount Loaned	\$1,519,734	\$867,158
Active Portfolio (at 12/31/01 & 12/31/00) ¹	\$1,415,424	\$800,746
Active Clients (at 12/31/01 & 12/31/00)	341	241
Average Loan Size	\$4,734	\$3,870
Portfolio at Risk ²	5.83%	4.86%
Percentage Self-sufficiency ³	29%	26%

CUMULATIVE TOTALS TO DATE (since inception in March 1994)	12/31/2001	12/31/2000
Clients Served	867	675
Number of Loans Disbursed	1,572	1,251
Amount Disbursed	\$3,922,265	\$2,402,531
Net Dollars Written Off	2.5%	2.3%

- 1 Excluding loan disbursements in transit.
- 2 Portfolio at risk is equal to the total outstanding principal balance of loans past due more than 30 days divided by the total active loan portfolio.
- 3 Self-sufficiency is calculated by dividing revenue from lending operations and investments by total expenses (less in-kind).

Complete financial statements, audited by KPMG, are available upon request through ACCION New Mexico.



NEW MEXICO

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