

**ACCION
OPPORTUNITY
FUND**



Impact

FY22 Annual Report





From our CEO

In June 2022, the number of self-employed Americans soared to its highest point since the 2008 financial crisis.ⁱ After COVID devastated small businesses—especially those owned by people of color—we are now living through an entrepreneurial renaissance.ⁱⁱ The hardest-hit communities are rebounding the strongest, with Black entrepreneurship now exceeding pre-pandemic levels by 30% and Latino/a/x-owned businesses experienced a median revenue growth rate of 25% from 2019-2022.ⁱⁱⁱ In particular, women of color are charting new paths into entrepreneurship.^{iv}

The small business owners we serve are helping lead this renaissance. Among small business owners who received an AOF loan in 2019, 38% closed up shop for all or part of 2020, and 38% did not take home any of their own pay the same year.^v Yet by November 2021, 75% of these determined entrepreneurs were open for business yet again. Most of our clients reported pivoting: updating their products or services, expanding into online sales or services, finding new customers, and moving operations into reconfigured spaces.

Whether they've been entrepreneurs for one year or twenty, small business owners' resolve and ingenuity inspires our work.

This past fiscal year, we have innovated to grow side-by-side with small business owners. We have gained insights about entrepreneurs' needs and built our infrastructure accordingly: launching a research and development program and a business Coaching Hub, which connects entrepreneurs to free, customized business advice. We have advocated for small business owners' rights, from Capitol Hill to international summits. And, because small businesses rely on healthy neighborhoods, we leverage federal New Markets Tax Credit financing to attract private investments to improve community infrastructure. This fiscal year, we closed on three New Markets Tax Credit projects: A health center and two campuses providing supportive services to individuals experiencing homelessness.

With your help, we support small business owners at different stages in their entrepreneurial journeys. Small business owners

turn to Accion Opportunity Fund for loans to hire that new employee or invest in a new long-haul truck; bounce ideas off a trusted business coach; or sharpen their budgeting, e-commerce, or marketing skills with our vast educational business resources.

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Read on to see what we have accomplished together over the past fiscal year (July 1, 2021–June 30, 2022). Thank you for believing in small business owners, who are pursuing their passions while building inter-generational wealth, providing employment opportunities, and keeping our neighborhoods vibrant.

With gratitude,

Luz Urrutia
CEO, Accion Opportunity Fund

The small business owners you've supported...



Create prosperity for their families and neighborhoods...

Top industries for both business advising and loan clients:

- Services (including management, scientific, technical)
- Health and beauty
- Restaurants, food and beverage
- Transportation

Additional top industries for loan clients:

- Trucking
- Residential building construction

Additional top industries for business advising and education clients:

- Retail

“Being the first one [in my family] to have a business, the first one on the road to generational wealth... hearing the success stories of the families we help, big or small... it’s very rewarding.” —Mika Clark

Mika runs Treasure Family Services in Georgia, a community-based agency providing resources and support to low-income families. With average personal credit, and new business credit, Mika found securing funding was a tedious process: “Nobody wanted to fund me...credit has been a barrier. Institutions were not willing to assist me; I’d get predatory lending offers.”

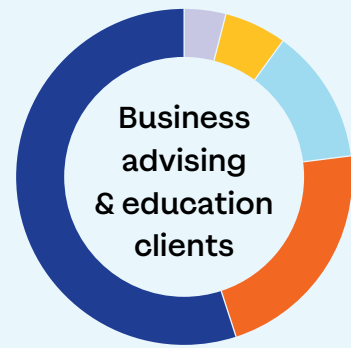
Mika secured an affordable, transparent Southern Opportunity And Resilience (SOAR) Fund loan, administered by AOF, to help her business recover from COVID.

Represent our diverse communities...

Race/Ethnicity²



- Asian American, Middle Eastern: 35%
- Black, African, African American: 24%
- White: 21%
- Latino/a/x: 18%
- Hawaiian, Pacific Islander, Native American, Alaskan: 1%
- Unknown: 1%



- Black, African American: 55%
- White: 22%
- Latino/a/x: 13%
- Asian American, Middle Eastern: 6%
- Two or More Races: 4%
- Hawaiian, Pacific Islander, Native American, Alaskan: <1%; Unknown: <1%

¹ Loan clients can only select one category for race/ethnicity.

Our lending to Black entrepreneurs more than doubled over last fiscal year, from 11% to 24%.

Gender



- Men: 58%
- Women: 34%
- Unknown: 8%



- Men: 27%
- Women: 72%
- Non-binary or gender non-conforming: 1%

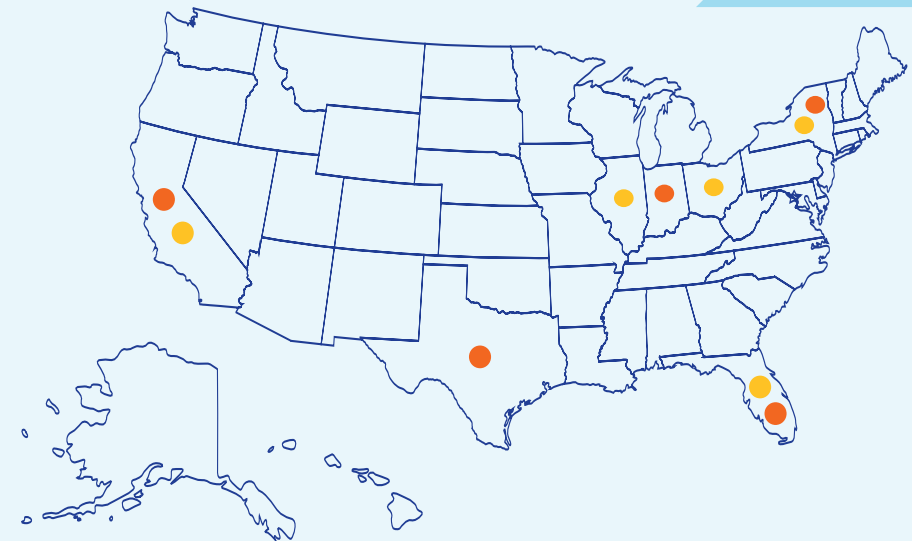
Geography

Top five states for loan clients:

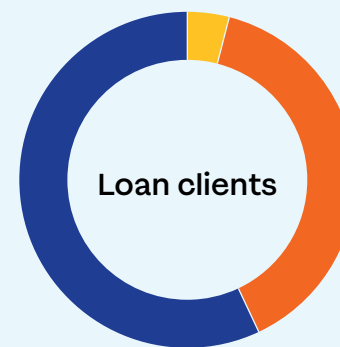
- 01 California
- 02 New York
- 03 Florida
- 04 Texas
- 05 Indiana

Top five states for business advising and education clients:

- 01 California
- 02 Ohio
- 03 Illinois
- 04 Florida
- 05 New York



Income



- Low-to-moderate income: 57%
- Middle-to-upper income: 39%
- Unknown: 4%

And sharpen their business skills.

Most popular business advising and education topics:

- Access to capital
- Business and start-up strategy
- Financial management

² All percentages rounded to nearest whole percentage; percentages less than one percent noted accordingly.

To support these determined entrepreneurs, Accion Opportunity Fund:

Originated
\$113M
in loans to
2,421
borrowers.

Trucking loans \$64,671,499

Working capital loans \$44,229,175

Includes public-private partnership loans (\$26.9M)—highly subsidized loans supporting entrepreneurs as their businesses recover from COVID-19; and general working capital loans (\$17.4M), which cover day-to-day expenses like payroll, inventory, and rent.

Mobile food loans \$4,324,638

Reached 1 million+ unique visitors online

with more than 400 articles, educational videos, infographics and business courses—including 52 new pieces of educational content published this fiscal year.

Helped small business owners to apply for federal Paycheck Protection Program (PPP) loan forgiveness. Ultimately,

97%

of the \$34M in PPP loans AOF disbursed were forgiven.



my sunroom. That ‘bonus’ salary was enough to restock my savings account and put towards the down payment for a condo I’d been working on for five years.

“The forgiveness process could not have been easier. I was a little surprised at its simplicity. Thanks for all you’ve done for me, the PPP saved my business, and provided salary for my one-income family. Now that I’m back to earning full time with my kids back to school and in-person activities, we are actively back to providing support to our community whenever we can.” —**Jessi Allender**

Jessi provides nutritional coaching to parents and caregivers of children with developmental delays in Chicago. Jessi moved to a telehealth model during COVID, which cut down on her travel time—allowing her to support double the number of families as she did pre-pandemic.

“In January 2021, I learned that my PPP was going to be fully forgiven, and that I could retroactively pay salary to my company’s one employee: me. It was amazing to learn that that chunk of money in the bank was mine to use wisely for my family, it was my salary. And because I had saved every penny I could from every aspect of our life, I was now in a position to get my family moved into housing that we fit in. My kids now each have their own bedroom, and I have an office that looks out on a park from

Reached 4,951 small business owners

through seven events, three signature educational programs, and 22 live webinars:

- Popular business education topics include financial management, access to capital, marketing strategy, and supplier diversity programs.
- 84% of viewers felt more prepared to run their business.³

³ Among educational webinar participants who completed a post-webinar survey

Provided one-on-one business coaching through our new Coaching Hub to

1,380 entrepreneurs

on topics including access to capital, business and startup strategy, and marketing.

Disbursed
\$1.87M

in small business grants to
383
small business owners.



“Before the program, we didn’t know the importance of all this—the cost of the goods, the cost of new equipment, marketing. I shared the program with my family; I sent them the link so they can see everything I learned. Even now, I want to reach out to the other entrepreneurs in my cohort. I ask them for some help to try out some new things. Because of Accion Opportunity Fund, I’ve seen the resources that people are willing to offer for free.” —Cheiha Chleuh

Cheiha runs Bon Appetit Crêperie with her family in Boston. Cheiha joined the Local Restaurant Accelerator program, a partnership between Accion Opportunity Fund and DoorDash, which offered small business owners grant funding and an online curriculum focused on the restaurant industry.

Partnered with these corporations to deliver grants and educational resources to small business owners:



Advancing inclusive lending by expanding our credit criteria

Credit scores have become a nearly-universal metric of loan “worthiness,” but small business owners who lack personal wealth or the opportunity to build credit tend to have lower credit scores—or none at all. When financial institutions rely extensively on credit scores, they may perpetuate exclusionary lending practices, preventing many first-time entrepreneurs, recent immigrants, and/or low-income individuals from accessing affordable capital to grow their businesses. Over 40% of Americans say their credit scores prevented them from accessing financial products like credit cards or loans.^{vi}

At Accion Opportunity Fund, we have long used credit scores as one—but not the defining—indicator of a small business owner’s readiness for loans. For years, we’ve lent to entrepreneurs with low or no credit scores.

As we innovate to extend credit to a new wave of diverse entrepreneurs, we wanted to expand our current

credit criteria even further: How could we avoid replicating the biases and barriers facing underinvested small business owners? What additional metrics could inform our decisions to lend responsibly to as many entrepreneurs as possible?

In December 2021, we launched a research and development pilot program to expand our credit criteria, hoping to offer loans to a broader group of underinvested entrepreneurs. During the pilot, we adjusted our criteria, eliminating our standard \$50,000 revenue and one-year in business requirements. We captured and began monitoring cash flow, bank account, tax return, enhanced fraud indicators, payday lending, bill payment and trended credit data.

From comparing these borrowers to our broader pool of borrowers, we found several indicators of a small business owner’s ability to repay loans: An average business account balance of at least \$300, coupled

with average business revenue of \$500 or more per month, predicted a successful loan repayment—regardless of the entrepreneur’s credit score.

Over the 2022 fiscal year, this pilot provided 632 loans totaling nearly \$6 million to small business owners, representing 5.27% of the total amount AOF lent in FY22.

In the short term, this pilot is enabling business owners with less cash flow, low credit scores, less time in business, or other traditional obstacles to access small, affordable loans to build their businesses and their credit. Ultimately, this research will help us expand our small business lending criteria, reaching more entrepreneurs who often have limited lending options.



Business coaching

AOF continues to deepen and expand free coaching services for small business owners. In May 2022, responding to the growing demand for small business coaching, we launched our online Coaching Hub to connect small business owners with a diverse range of expert business coaches from around the country. Through 30-minute virtual sessions, coaches provide guidance on a range of topics, from financial management to human resources to legal support.

In FY22, our coaches provided over 1,500 hours of coaching to clients, 83% of whom identified as people of color and 64% of whom identified as women. 98% of coaching participants⁴ reported learning something new that they could apply to their business, and 91% said they were extremely likely to recommend AOF coaching services to other small business owners.

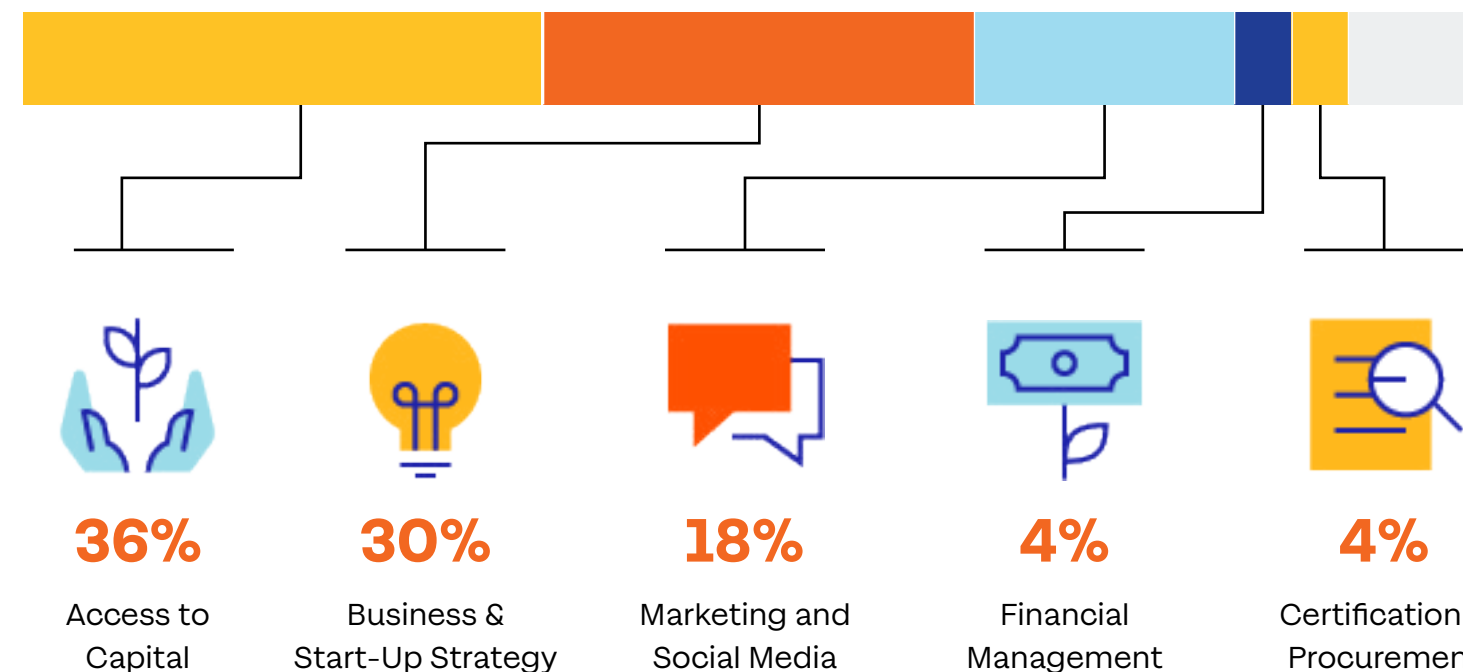
³ Among coaching clients who responded to a post-coaching survey



“[My coach] supported me through writing grants, finding legal advice, and building my website—many of my business’ foundational pieces that grew my business from an idea to a sustainable and prosperous model.” —Shea Rose

Shea worked with her coach to refine her business model that ties together her artistic curation, vocal coaching, and work as a recording artist.

Most popular coaching topics:



Advocating for an inclusive financial system

Strengthening protections for small business owners

In November 2021, U.S. House Rep. Nydia Velázquez and Senator Bob Menendez introduced the Small Business Lending Disclosure Act in Congress. This historic legislation would enhance transparency and borrower protections to small business owners, requiring lenders to provide a similar level of protections that have accompanied consumer financial products, like credit cards and personal loans, since the passage of the 1968 Truth in Lending Act.

If passed, this legislation would save small business owners billions of dollars annually (for entrepreneurs of color, the savings would be in the hundreds of millions).^{vii} The Small Business Lending Disclosure Act would also prevent vicious debt cycles and spur financial industry innovation by requiring transparency in the marketplace.

What's next: While the bill has stalled in Congress, we're advocating for its re-introduction.

Advancing fair lending with greater visibility into small business owner data

The Consumer Financial Protection Bureau (CFPB) collects data surrounding financial institutions' lending practices. For years, we have advocated for broad borrower, product, and lender coverage, so that the CFPB can effectively document lending practices. The Consumer Financial Protection Bureau can capture the needs of underfunded small business owners—and illuminate unfair lending patterns and practices.

In January 2022, we welcomed the proposed rules and provided additional recommendations on how to further strengthen Section 1071, which regulates data collection on lending to people of color- and women-owned businesses.

What's next: Though outside the scope of this fiscal year, we are pleased to share that as of March, 2023, the CFPB is ready to implement rule 1071.



Checking in with small business owners

In FY22, Accion Opportunity Fund concluded its biennial EntrepreneurTracker survey in collaboration with the Aspen Institute. This survey connects with AOF clients from two years ago; in this iteration, clients reflected on how they navigated COVID-19.

Amplifying the voices of small business owners with elected officials

In February 2022, our CEO Luz Urrutia testified before the House Committee on Financial Services. She discussed how community-

based lenders—like AOF—are essential resources for underfunded communities, especially during the pandemic.

In June 2022, the the Office of Vice President Kamala Harris invited Luz to join a roundtable at the ninth Summit of the Americas, which focused on best practices in supporting women entrepreneurs. Vice President Harris and participants discussed women's participation in the workforce, expanding financial and digital inclusion, and promoting diverse and inclusive workforces. The roundtable was co-hosted by the Partnership for Central America and the U.S. Chamber of Commerce.



Clinicas Blythe
Blythe, CA

Clinicas Blythe will provide physical, mental and dental health care services to low-income, unhoused and migrant residents on the California/Arizona border.

Renewal Center
Image opposite, top right
Chico, CA

A campus serving individuals experiencing homelessness that consists of emergency, easy-to-access shelter (including family apartments); a commercial kitchen; a health clinic, and spaces for other agencies that provide supportive services.

Fresno City Center
Image opposite, bottom right
Fresno, CA

A facility housing counseling services, substance abuse treatment, job training initiatives, healthy food options, clothing and housing placement to individuals experiencing homelessness. The campus will also host a middle and high school, specializing in educating at-risk youth.

Building strong communities with New Markets Tax Credits

Our New Markets Tax Credit program leverages federal tax credits to attract private investments to construct, or rehabilitate, nonprofit-operated community facilities in the Western U.S. These facilities house critical safety net services (healthcare, housing for those experiencing homelessness, education, youth services) for low-income communities.

In FY22, we closed the following three transactions that will provide health care, temporary housing, and supportive services across California. All three projects are currently under construction:

\$35.5M

invested in FY22

894,853

individuals served by all AOF-backed New Markets Tax Credit projects

54%

low-income individuals

41%

people of color

Financials

Accion Opportunity Fund, Inc. (consolidated*) for the year ended June 30, 2022

(in thousands)

Assets

Cash and cash equivalents	\$24,540
Cash—programs	10,656
Loans receivable—small business, net	142,896
Other assets	25,971
Total assets	\$204,063

Liabilities and Net Assets

Notes payable	\$118,513
Other liabilities	5,607
Net assets	79,943
Total liabilities and net assets	\$204,063

Revenues

Earned revenues	\$25,412
Contributions and grants	38,414
Total revenues and contributions	\$63,826

Expenses

Program service	\$31,137
Support services	10,541
Total expenses	\$41,678

Change in net assets	\$22,148
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*Accion Opportunity Fund, Inc. includes the consolidated financial position and activities of Accion Opportunity Fund Community Development

Our donors

The following individuals, foundations, and corporations donated to Accion Opportunity Fund between July 1, 2021 and June 30, 2022.

Catalysts: Multi-year commitments and impact investments

In FY21, a transformational gift from MacKenzie Scott launched AOF’s campaign driving forward AOF’s 2022-2024 strategic plan. We offer special thanks to the following Catalysts, whose multi-year investments drive sustainable and equitable access to economic opportunity.

Avis Family Foundation* **	Fifth Third Bank Foundation*	Mark and Debra Leslie*	Harrison Miller and Clare McCamy*
Phil Black and Brigitte Sandquist* **	Global Atlantic Financial Group	Sara and Josh Leslie*	Samuel Adams—Boston Beer Company
Crankstart*	Harman Family*	Local Initiatives Support Corporation (LISC)*	Sobrato Family Foundation
Dickson Chu* **	Mr. James M. Koshland* **	Luz L. Urrutia* **	W. K. Kellogg Foundation*
Engel Family Fund* **	Leslie Family Foundation*		

Visionaries

Bank of America CDFI Fund	Mr. Adam James Winkel and Dr. Abigail F. Winkel	Bloomberg Philanthropies (Recommended by Diana Taylor)**	Economic Justice Fund, a fund of Tides Foundation
eBay Foundation	Wurwand Foundation	John Bullitt	GoFundMe
MasterCard Center for Inclusive Growth		CBS Group	LegalZoom
		Coca-Cola	Molson Coors
		DoorDash	MUFG Union Bank Foundation
			UPS

Champions

Capital One	Greg Isao Nakamoto and Lauri Bortscheller Nakamoto	Eli Schuldt and Elana Schuldt	The Sue Hostetler and Beau Wrigley Family Foundation
Joni and David Cropper**	PennyMac	Sobrato Philanthropies (Recommended by Greg Avis)**	Tito’s Handmade Vodka
Discover	The Ralph M. Parsons Foundation		Travelers
Yun-Fang Juan**			U.S. Bank

Collaborators

Todd and Diane Baker**	David Friedman and Paulette Meyer	Deirdre and Paul Hegarty	Kari S. Lyddon
Bank of Hope	Goldman Sachs (Recommended by Swati Bhatia)**	Heising Simons Fund	Mary Hynes and Marc Tessier-Lavigne Giving Fund
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Cathay Bank		Hutton Family Foundation	Western Alliance Bank
Charles Schwab Bank		Krishnan-Shah Family Foundation**	Judith Wolf
CIT One West Bank		Juanita Lott**	

*Multi-year commitment
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Luz Urrutia, Accion Opportunity Fund, CEO
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Endnotes

ⁱ Tanzi, Alexandre. (July, 2022). "More Americans are Self-Employed Than Any Time Since 2008 Crisis." *Bloomberg*. <https://www.bloomberg.com/news/articles/2022-07-08/more-americans-are-self-employed-than-any-time-since-2008-crisis>

ⁱⁱ Washington, Kemberley. (June, 2021). "Covid-19 Has Had a Disproportionate Financial Impact on Black Small Businesses." *Forbes*. <https://www.forbes.com/advisor/personal-finance/covid19-financial-impact-on-black-businesses/>

ⁱⁱⁱ Stanford Graduate School of Business Latino Entrepreneurship Initiative in collaboration with the Latino Business Action Network. (February, 2023). "State of Latino Entrepreneurship: 2022 Research Report." <https://www.gsb.stanford.edu/sites/default/files/publication/pdfs/state-latino-entrepreneurship-2022.pdf>

^{iv} Oladipo, Gloria. (February, 2022). "US Black Business Ownership Sees Rise Thanks to Women, Study Finds." *The Guardian*. <https://www.theguardian.com/us-news/2022/feb/08/us-black-business-ownership-sees-rise-women-study>

^v Accion Opportunity Fund. (December, 2022). "Small Businesses Sacrifice and Succeed During COVID-19." <https://aofund.org/news/small-businesses-sacrifice-and-succeed-during-covid-19/>

^{vi} Davis, Maggie. (August, 2022). "42% of Americans Were Denied a Financial Product—Like a Credit Card or Personal Loan—in the Past Year Because of Their Credit Score." *LendingTree*. <https://www.lendingtree.com/personal/credit-scores-financial-products-survey>

^{vii} Responsible Business Lending Coalition. (November, 2021). "Responsible Business Lending Coalition Commends Small Business Lending Disclosure Act of 2021." <http://www.borrowersbillofrights.org/smallbizact2021.html>

