



*Subsidiary of  
Fresno County EOC*

# Annual Report 2010



*Affordable financing,  
training, and technical assistance for  
individuals, small businesses, and  
community facilities.*

Fresno  
Community  
Development  
Financial  
Institution

# Message from the President



2010 proved to be a year of growth and expansion for Fresno CDFI. New public and private funding sources have enabled us to branch out into new industries like manufacturing, software development, healthcare and construction. In today's difficult financing climate, business owners who have traditionally gone to the banks, have turned to Fresno CDFI as a financing option. This has required us to evolve in order to meet the expanding needs of Central Valley businesses.

## Board of Directors

**Vong Mouanoutoua**  
President

**Jess Saldana**  
Secretary

**Tim Bakman**  
Treasurer

**Brian Angus**  
Member

**Charles Garabedian**  
Member

**Lori Mayfield**  
Member

**Darren Miller**  
Member

**Jose Antonio Ramirez**  
Member

The current economic climate has made lending to small businesses challenging. Small business owners have lost credit strength, real estate equity has diminished, and personal and business debts have increased. Regardless, we aim to overcome these obstacles.

While Fresno CDFI has grown tremendously in the past year, we maintain our focus on serving low to moderate income families in our local communities. Despite the difficult state of our economy, we aim to be flexible in order to serve those who cannot qualify at a traditional financial institution.

I look forward to the continued success of our borrowers in 2011!

**Vongsavanh Mouanoutoua**  
President



## Our Mission...

*is to secure capital from individuals and institutional social investors and financial institutions and lend this money to nonprofit entities, housing projects, and business developers primarily for investments in projects in economically distressed communities.*

# Message from the CEO



Mohammad Yunus once said, “In the future the question will not be, “Are people credit-worthy”, but rather “Are banks people-worthy?” I’m proud to say that we at Fresno CDFI do strive to be "people-worthy." Through the services that our multi-lingual staff provides we strive to be accessible to all communities, regardless of economic status or cultural background. We strive to go the extra mile

in working with individuals who are looking for a first or second chance at being business owners.

We understand that the recent economic recession has left our communities in difficult circumstances. Bank lending standards continue to be stringent, while wealth and credit profiles decline. These conditions have given us clear marching orders in our quest to serve the underserved. As an organization, we are working to establish lending methods that are consistent with traditional bank standards, but also take into account the people factor, such as character, determination and skill, into the underwriting equation. In essence, we want to enable ALL individuals to have a chance at receiving capital and technical assistance.

In the next year, Fresno CDFI will continue to strive to be a “people-worthy” institution. We will support the notion that every individual has the right to better their life. By investing in people we will bring our poorest communities out of poverty and into wealth.

**Salam Nalia**  
Chief Executive Officer

## We support...

*the entrepreneurial spirit and offer business opportunities to underserved by providing access to capital and business resources through a network of financial institutions, community development agencies and businesspersons.*

## Staff

**Salam Nalia**  
*Chief Executive Officer*

**Blong Lee**  
*Manager*

**Jeremy Hofer**  
*Loan & Resource  
Development Officer*

**Maishing Xiong**  
*Business Plan  
Development Officer*

**Siah Moua**  
*Asset Development /  
Credit Specialist*

**Neil Voss**  
*Business Development  
Officer*

**Lafield Phetvixay**  
*Business Development  
and Collections Officer*

**Jonathan Enns**  
*Accountant*

**Carolyn Moreno**  
*Administrative Analyst*

**Heather Wootten**  
*Business Outreach and  
Development,  
AmeriCorps VISTA*

# Revolving Loan Fund

Last year's numbers compared with totals since Fresno CDFI was founded.: 2010 vs. 3 year totals since 2008

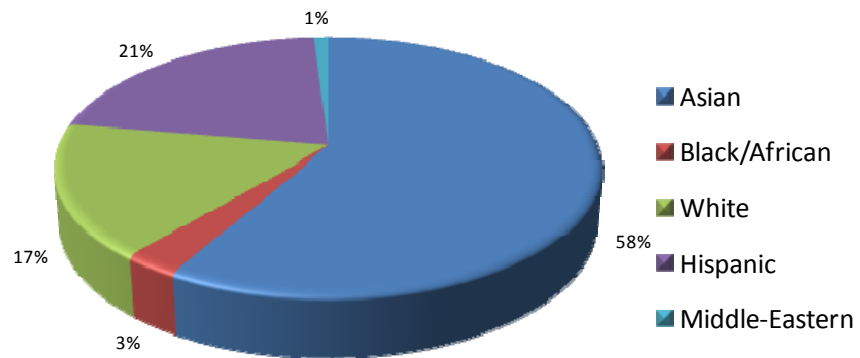
	2010	2008 & 2009
# of Loans	56	109
\$ Loaned	\$2,165,391	\$842,538
Jobs Created	93	72
Jobs Retained	344	151
Start-ups	12 21%	33 30%
Refugee-owned Businesses	14 25%	56 51%
Women-owned Businesses	15 27%	25 23%
Minority-owned Businesses	42 75%	80 73%
Former IDA Participants	8 14%	32 29%

*"Give a man a fish he'll eat for a day. Give a woman a microcredit she, her husband, her children, and her extended family will eat for a lifetime."*

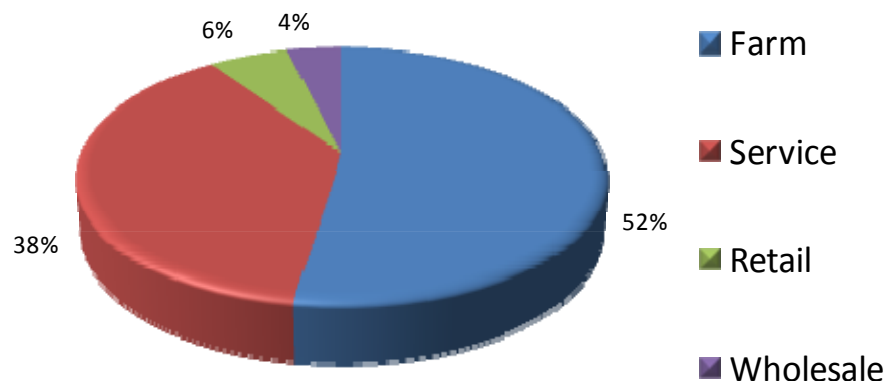
- Bono

*In 2010, Fresno CDFI joined the State of California CalCAP program. This program provides matching funds into a loan loss reserve which will enable us to assist more entrepreneurs who want to start businesses.*

Loans by Ethnicity of Recipient



Loans by Business Type



# Individual Development Accounts

## *A pathway towards building wealth*

Individual Development Accounts have been a part of EOC (our parent organization) since 1999. As of December of 2010, EOC/Fresno CDFI helped 660 IDA participants acquire assets such as a first home purchase, start or expand a small business, and pay for post-secondary education expenses.

In 2010, Fresno CDFI's IDA program leveraged \$426,450 (participant's investment plus matching funds) towards business assets and operations.



*Thongsy Bandaphone—Small Farm Owner: IDA and Micro-Loan Recipient*

### IDA Program—past three years

	2010	2009	2008
Participants Served	74	47	32
Participant Savings	\$142,824	\$87,344	\$64,224
Match Paid	\$283,626	\$171,615	\$124,703
Total Investment	\$426,450	\$258,959	\$188,927
Leveraged Asset Value	\$452,993	\$306,030	\$239,691
Farmers That Bought Equipment	19	6	6
Farmers That Bought Farm Supplies, Labor & Land Lease	56	41	26
Participants' Revenues for 2010	\$1,784,188	\$1,827,842	\$ 1,725,700
Jobs Retained			
Full Time	61	59	40
Part Time	3	n/a	n/a
Jobs Created			
Full Time	41	16	6
Part Time	7	75	46
Participants that Received Farm Loans From Fresno CDFI	24	28	27
Total Amount of Loan Funds Disbursed	\$42,139	\$95,000	\$90,000

**Individual Development Accounts (IDAs)** are savings accounts that can be used for purchasing a first home, capitalizing a small business, or for educational or job training expenses. Contributions by low income participants are matched 2:1 using both private and public funds.

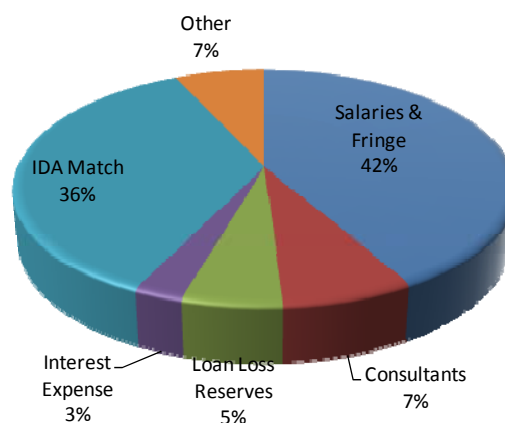
# Consolidated Statement of Activities—2010

(with comparative 2009 totals)

	<u>2010</u>	<u>2009</u>
<b>REVENUES AND SUPPORT</b>		
Billing Income	1,592,135	720,443
Grant Fund	600,000	22,384
Credit Application Fee	3,276	3,600
Interest Income	105,731	40,875
Late Fee Income	14,098	2,295
Miscellaneous Income	32,309	2,908
<b>TOTAL REVENUES AND SUPPORT</b>	<u>2,347,549</u>	<u>792,506</u>
<b>EXPENSES</b>		
Salaries	329,854	265,392
Fringe	103,383	79,389
Client Match / Loan Funding	1,694,751	255,040
Operating Costs	176,260	167,088
<b>TOTAL EXPENSES</b>	<u>2,304,247</u>	<u>766,909</u>
<b>NET SURPLUS (DEFICIT)</b>	<u><u>43,302</u></u>	<u><u>25,597</u></u>
<b>BEGINNING FUND BALANCE</b>	106,284	80,687
<b>ENDING FUND BALANCE</b>	<u><u>149,586</u></u>	<u><u>106,284</u></u>

## Expenditures

(Excluding Loan Disbursements)



*No enterprise can exist for itself alone. It ministers to some great need, it performs some great service, not for itself, but for others; or failing therein, it ceases to be profitable and ceases to exist.*

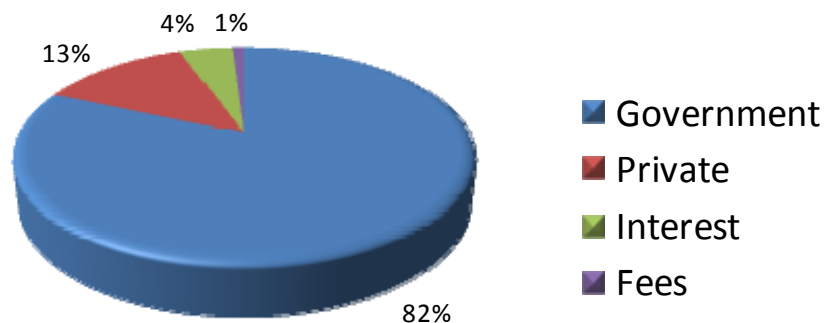
Calvin Coolidge

# Consolidated Statement of Financial Position—Dec 31, 2010

(with comparative totals as of December 31, 2009)

	<u>As of Dec 31,</u> <u>2010</u>	<u>As of Dec 31,</u> <u>2009</u>
ASSETS		
<u>Current Assets</u>		
Cash / Program A/R	1,550,560	1,685,255
<u>Other Assets</u>		
Notes Receivable	2,422,959	1,278,871
Reserve for Bad Debts	(60,465)	(117,793)
Total Other Assets	<u>2,362,494</u>	<u>1,161,078</u>
 TOTAL ASSETS	 <u><u>3,913,054</u></u>	 <u><u>2,846,333</u></u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable	292,114	299,243
Deferred Revenue	177,558	771,086
Total Current Liabilities	<u>469,672</u>	<u>1,070,329</u>
<u>Long-Term Liabilities</u>		
Note Payable	<u>1,223,906</u>	<u>1,669,720</u>
<u>Net Assets</u>		
Restricted Loan Fund	713,160	0
Revolving Loan Fund	1,506,315	106,284
Total Net Assets	<u>2,219,475</u>	<u>106,284</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>3,913,054</u></u>	 <u><u>2,846,333</u></u>

## Sources of Revenue



## Borrower Spotlight: Click Co, LLC

A protein drink that tastes like a coffee house gourmet coffee drink? It sounds like an active person's dream come true! CLICKco. – the developer, manufacturer and distributor of CLICK, a unique product that combines protein and espresso coffee in a great tasting all in the beverage – and founders Greg and Beth Smith made this dream, their dream, a reality in 2008 when their product hit store shelves across the nation and Canada. CLICK was an instant success.



But the Smith's personal dream of expanding the product line with new flavors was halted when our economic environment took a turn for the worse; banks were leery of lending, let alone to a start-up business. When they turned to Fresno CDFI the couple was able to secure \$30,000 for the expansion and promotion of a new product line.

Today CLICKco's new flavor, Vanilla Latte, is doing well and has been rated as one of the "#1 Hot New Releases" in the protein category at Amazon.com. Along with this achievement CLICKco is currently selling in over 350 Vitamin Shoppe stores across the nation and in highly regarded retailers such as Drugstore.com, Vitacost, Netrition, Bodybuilding.com, and Diet Direct. CLICKco, LLC has now launched an All Natural CLICK product line and has been picked up by the largest natural foods and supplement distributor United Natural Foods Inc. and Select Nutrition. CLICK All Natural Mocha and Vanilla Latte are in talks with Wegman Foods with over 70 stores across the country and two divisions of Whole Foods Market.

## Small Farm Program



The small farmers that come to Fresno CDFI typically are in need of capital to purchase supplies/equipment and financial training to become more knowledgeable business owners. While the priority for these small farmers is to obtain capital for farm supplies and equipment, they also walk away having received training on the specifics of management and operations of a small business. Workshops and one-on-one consultations offered by Fresno CDFI have helped farmers in the areas of tracking finances, obtaining proper insurances and permits, and filing business taxes. Each year, more success stories emerge as these small farmers take advantage of these resources and expand their business aptitude.

*"If just one in three microenterprises hired a single employee, the US would be at full employment."*

*- 'The Power of One in Three',  
Association for Enterprise  
Opportunity Study*

*In 2010, Fresno CDFI lent over \$720,000 in American Recovery and Reinvestment Act (ARRA) funds across 19 loans resulting in the creation/retention of 317 jobs. A Revolving ARRA Job-Creation Fund continues to assist businesses who are expanding their employment.*



Jon and Leslie Paredes received a loan for equipment upgrades and to hire an engineer so their company, Central Valley Networks can provide better services to their clients in the medical industry.

*“Micro-loans enable the poor to lift themselves out of poverty through entrepreneurship.”*

*- Pierre Omidyar*

## *Loan Committee Members*

**Debi Engelbrecht**  
*Rabobank*

**Tony Simone**  
*Citizens Bank*

**Gilbert R. Lara**  
*Wells Fargo*

**Mark Smith**  
*Central Valley Community Bank*

**Mark Layne**  
*Bank of the Sierra*

**Ben Torchia**  
*Citibank*

**Rosemary McCave**  
*United Security Bank*

**Messe Yilma**  
*Bank of America*

**Lucia Robeson**  
*Union Bank*

*“Microfinance recognizes that poor people are remarkable reservoirs of energy and knowledge. And while the lack of financial services is a sign of poverty, today it is also understood as an untapped opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves.”*

*- Kofi Annan*

## *Thank you to our investors:*

*In 2010, Fresno CDFI became a Small Business Administration (SBA) intermediary microlender with a \$271,300 infusion from the SBA. These funds enable Fresno CDFI to meet the need of small businesses throughout the Central Valley. The funds are specifically for businesses looking for a loan of \$50,000 or less.*

*Also in 2010, Fresno CDFI started a rural microenterprise fund with \$605,000 in loan and grant funds from the USDA. These funds enable us to extend our services to businesses located in rural communities with populations less than 50,000.*

Bank of America  
CDFI Fund  
Citibank/Citi Foundation  
Fresno County EOC  
Office of Refugee Resettlement  
Office of Community Services  
Rabobank  
Small Business Administration  
USDA Rural Development  
Wells Fargo Bank  
W.K. Kellogg Foundation



Alicia Rodriguez received a loan which she used to purchase a truck that is compliant with California's strict pollution control standards.

## Our Lending and Technical Assistance Programs

### Refugee Micro-Enterprise Fund

Up to \$15,000

This loan fund is specifically for refugees and asylees in need of business financing and business training. Under this program, applicants will receive guidance in business planning, marketing, financial training, and obtaining permits and licenses. Applicants to this fund typically have weak or no credit and may lack sufficient collateral.

### SBA Micro-Enterprise Fund

Up to \$50,000

Loan financing and technical assistance to help micro-enterprise businesses, defined as a sole proprietorship, partnership, or corporation with a need for financing under \$50,000 that cannot obtain bank loans, equity, or other conventional financing.

### USDA Micro-Enterprise Fund

Up to \$50,000

Loan financing and technical assistance to help rural micro-enterprise businesses, defined as a business entity located in a city or town with a population of 50,000 or less, with not more than 10 full-time-equivalent employees.

### Enterprise & Community Development Fund

Up to \$250,000

Targeting innovative small businesses and social enterprises that need capital for strengthening or expansion. Special consideration given to 'green' and job-creating applicants.

*“If companies believe they are in business to serve people, to help solve problems, to use and employ the ingenuity of their workers to improve the lives of people around them by learning from the nature that gives us life, we have a chance.”*

- Paul Hawken

*“Coming generations will learn equality from poverty, and love from woes.”*

- Khalil Gibran

*"We can't change history. But we can create a better life for our people with economic enterprises."*

*- Ute Indian Tribe of Utah*



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