

# CHALLENGES TO OPPORTUNITY

## Micro Sector Thinks Like an Entrepreneur

2014 Annual Report



C·A·M·E·O·



# CORE PURPOSE

CAMEO's mission is to grow a healthy, vibrant, thriving environment for *all* entrepreneurs and start-up businesses by advancing the work of our statewide member network.

## LETTER FROM THE CEO



At CAMEO, we are thinking like an entrepreneur, turning challenges into opportunities. The 15,000 clients our members served in 2013 were 11,000 fewer clients than in 2010. This reflects the sector's 40% loss of funding. Microlending increased by 28% with 2,046 microloans, but we are reaching only 0.28% of the estimated demand of LMI businesses.

The real opportunity for our sector is the trend towards self-employment, which grew 7% between 2013 and 2014. CAMEO met this challenge through our *Market Makers* initiative - reaching specialty food producers, women veterans, and Etsy artisans - that brings these businesses, often hidden in plain sight, to our members for business assistance.

To reach more borrowers, we need to

utilize innovative platforms that cut costs and increase efficiencies. CAMEO enabled small volume CDFIs to use the LiftFund MMS underwriting platform, thereby focusing their scarce resources on marketing and credit technical assistance. This first year, MMS participants increased lending by 77%; we expect a three-fold increase next year. We have seven CDFIs enrolled, up from an initial three. A special thanks goes to Rabobank for a true community investment that has produced ROI!

We also started a partnership with Centro Community Partners to pilot their Business Planning Tool mobile app in Southern California. Our goal is to halve the time spent on TA, thus decreasing costs and reaching more clients.

We ramped up our advocacy in Washington, DC, helping to save the SBA's PRIME and other programs. However, the USDA

consolidated their rural development programs; and California received less than its fair share. The challenge remains to support the 30% of our rural serving members. Our DIY Economy thought leadership is picking up steam. I recently had the privilege of testifying to the U.S. Senate Banking Committee's hearing on reducing the wealth gap.

Finally, the Department of Labor agreed to issue performance measures for self-employment outcomes! And this year we began helping WIBs *Understand[ing] Entrepreneurship* through our three-hour intensive training module.

We are bringing forth innovative technologies to increase efficiencies, reaching under-served, high-potential women veteran entrepreneurs, and speaking truth to power on business ownership in low-wealth communities.

*Claudia Viet*

## 2014 FUNDERS

### \$100,000 +

Wells Fargo Foundation

### \$40-99,999

Bank of America U.S. Bank  
Comerica USDA Rural Dev't  
Rabobank U.S. SBA-PRIME

### \$25-39,999

Citi HSBC  
Charles Schwab Union Bank

### \$5-24,999

Bank of the West McGurk Foundation  
Capital One Pacific Western Bank  
Cathay Bank  
Friedman Family Foundation

### <\$5,000

AT&T Military Home Loans  
East West Bank Seacoast Commerce  
Federal Home Bank  
Loan Bank

## 2014 FINANCIAL STATEMENTS\*

### Profit and Loss

#### Revenues

Contributed 634,906  
Member dues 20,696  
Earned Income 71,043

Total 726,645

#### Expenses

Personnel 386,067  
Operations 350,948

Total 737,015

**NET (10,370)**

### Balance Sheet

#### Assets

Total Cash 582,507  
Accounts Receivable 248,764  
Other Current 11,748  
Fixed 2,497

Total Assets 845,517

#### Liabilities and Equity

Accounts Payable 11,184  
Other Current 13,186

Total Liabilities 24,370

#### Equity

Opening Balance 10,154  
Retained Earnings 821,363  
Net Income (10,370)  
Total Equity 821,146

**TOTAL LIABILITIES AND EQUITY 845,517**

\*Not audited

# TOWARD THE FUTURE!

The world of Micro is changing. CAMEO is being called upon to do things microbusiness development has not done before. We're providing platforms, making markets and reaching new audiences. We're running full speed ahead!

## 2014 PROGRAMS AND INITIATIVES

### Microlending

Microlending grew for the fourth year in a row. In 2013 the number of microloans increased by 28% over 2012 and the dollar volume by over 50%. We can't wait to see 2014's numbers, primarily because of our success with the MMS program.

Our **MMS pilot project**, licensed from LiftFund (formerly Accion Texas), has proved the concept with seven CDFIs on board. Opening Doors joined the cohort, and three new members will join in 2015: Mission Economic Development Association (MEDA), the Economic Development & Financing Corporation of Mendocino County, and Fresno CDFI. The cohort model that we developed in 2013 to provide strategic support at the staff and leadership level is thriving as indicated by the 77% increase in loans in the first program year!

CAMEO's new program — the **MicroLending Academy (MLA)** published four newsletters and held several peer calls to provide training and support around best practices in microlending. We also designed an **Excellence in Lending (EiL)** assessment that 15 lenders completed—that's 2/3 of member CDFIs. As determined at the **MicroLenders Forum** in January 2015, this assessment will be the basis of our MLA capacity building efforts for 2015 and will help determine sector benchmarks. Our Forum was attended by 60 people from 39 organizations, including members, banks, and stakeholders.

### Capacity Building

Overall, 784 participants benefited from CAMEO trainings in microlending, best practices, and workforce development - **almost three times** the number of participants as last year. We introduced our members and colleagues from Workforce

and CALED to new opportunities and ideas such as using the Etsy platform, trends in alternative online lending, and how the DIY Economy and microbusiness can enhance local economic development efforts.

CAMEO provided staff from seven member organizations with individualized training scholarships to further their professional development. CAMEO also provided substantial direct technical assistance to three member organizations to expand their effectiveness.

## THANK YOU

CAMEO is thankful to the following members for their additional contributions to our 2014 advocacy efforts:

3CORE  
Bay Area Development Company  
Susan Brown  
El Pajaro CDC  
Judy Hawkins  
Jefferson Economic Dev't Institute  
Renaissance Entrepreneurship Center  
TMC Development  
VEDC  
West Company  
Working Solutions

### Veterans Business Development

Microbusiness and self-employment offer veterans — and especially women and disabled veterans — increased opportunities to maximize their strengths and skills, to achieve their financial and career goals, and to tailor employment to their challenges. In November 2014, with the help of the SBA and Liz Perez, our Veteran Outreach Consultant, we launched **WOVEN** (Women Veteran Entrepreneurs Network) to benefit women veterans who own businesses or want to start one. The 136 attendees connected to resources and each other, and walked away with next steps to move their businesses forward.

### Self-Employment and Workforce System Integration

After years of slowly making progress to integrate self-employment into the workforce system, we presented our **Understanding Entrepreneurship** training to four county Workforce Investment Boards (WIBs) and One-Stop staff. Most of the 80 attendees raised their hands when asked if they had clients inquire about starting their own businesses. CAMEO's partnership with the California Workforce Association (CWA) will work to expand this training to other WIBs statewide. CAMEO will continue to work on the advocacy side to enable the ecosystem for entrepreneurship to flourish.

### Go-To-Market

In May, 88 people attended our **Go-to-Market Specialty Foods Conference** in Watsonville. It included: a panel discussion on regional food opportunities; a presentation on national food trends and how to take advantage of them successfully; and workshops in selling to retail, selling direct to customer, distribution, and financing options. We partnered with the Specialty Foods Association to bring this rich program to an under-resourced community.

## MEMBER SERVICES 2015 HIGHLIGHTS

MicroLenders Forum, January  
Annual Meeting, June 9, Sacramento  
MicroLending Academy  
MMS expansion  
Centro Business Planning tool in Southern California, Spring  
Northern Cal Go-to-Market Program, Fall  
WOVEN, Women Veteran Entrepreneurship Network, Fall  
Scholarship fund for advanced training (e.g. AEO practitioners conference in September)

# POLICY AND ADVOCACY

**A**t our 20th Anniversary celebration in Sacramento, you made it clear that CAMEO's advocacy efforts are vital to your work. We provide a voice for the micro sector because strategically, strength in numbers is more effective. CAMEO's policy goals continue to focus on improving the climate for microlending, locally grown development, systems change in Workforce, and of course, sustaining (and increasing!) funding for the microbusiness sector.

Our relationships with the new leadership at the SBA enabled us to further advocate for small and micro business needs, especially for women veterans. The federal budget process went much smoother in 2014 than in previous years and our legislative efforts in Washington paid off, sustaining funding after the assault of sequestration. The FY2015 budget saw increases in

PRIME=42%, Microloan TA=12%, Women Business Centers (WBCs)=7%, and Small Business Development Centers (SBDCs)=1%. However, overall, we are down 30% from 2012 funding levels.

Progress was made to integrate self-employment into the Workforce System at the federal level with a commitment by the Department of Labor to develop performance measures for self-employment, something CAMEO has nurtured for five years. On the state level, 67 staff attended *Understanding Entrepreneurship* trainings for Workforce Investment Boards in Sacramento and Redding.

In Sacramento, we actively supported two bills that promoted business assistance: AB 2670 (Medina) and AB 2717 (Bonta, Skinner). Unfortunately, neither of these

bills passed, but the state budget included \$2 million for SBDCs. Through the advocacy process we brought WBCs and SBDCs together at our members' suggestion; we signed MOUs with California's 12 WBCs to establish CAMEO as the voice of the WBCs; and we strengthened relationships with the SBDC network and other small business groups.

If our DIY Economies launched in 2013, 2014 was the year we established our role as a leader. CAMEO spoke at nine events to bring the importance of self-employment trends and microbusiness economic impacts and tools to support the trends to new audiences. Thus, the DIY Economy empowers our advocacy work. We were so proud that Claudia testified in front of the Senate Banking Subcommittee on Economic Policy on how microbusiness can help close the income inequality gap.

## MEMBERSHIP

### 181 Total Members

111 Micro Enterprise Development Organizations (MDO's),

3 government agencies, and

16 consulting practitioners

operate in 7 regions:

Central Coast (9)

Central Valley (10)

LA Basin (31)

Rural North (20)

Sacramento (10)

San Diego (12)

San Francisco Bay Area (38)

26 Reciprocal Associations

25 Corporate and Government Partners

### 2013 Impacts from Annual Survey:

- 11,840 businesses served
- 78% LMI clients
- 23,908 employees supported
- Combined annual gross sales of \$888 million
- 2,049 loans under \$50,000 totaling \$26 million; average loan size of \$12,702

## 2015 BOARD

**Constance Anderson, Secretary**  
Director, Pacific Coast Regional SBDC

**Oscar Dominguez, Treasurer**  
Director, Contra Costa SBDC

**Emily Gasner**  
CEO, Working Solutions

**Devon Johnson**  
Director of Lending, Women's Economic Ventures

**Salam M. Nalia**  
CEO, Fresno CDFI

**Brandon Napoli**  
Director of Microlending, VEDC

**Marc Nemanic**  
Executive Director, 3CORE

**Pamela Patterson**  
CEO, West Company

**Stacey Sanchez, Vice President**  
Senior Community Loan Officer,  
CDC Small Business Finance

**Elizabeth Schott, President**  
CEO, Accion San Diego

**Namoch Sokhom**  
Director, Business Development Center, PACE

**Claudia Viek**  
CEO, CAMEO

## STAFF

**Claudia Viek**  
CEO

**Shufina English**  
Director, Member Programs and Operations

**Heidi Pickman**  
Communications Director

**Andrew Cole**  
Program Coordinator

## KEY CONSULTANTS

**Susan Brown**  
Microlending, Rural Initiatives

**Madison Services Group**  
Public Policy – Washington, D.C.