



California Association for
Micro Enterprise Opportunity

WE MIGHTY F MICRO

CAMEO MEMBERS CREATING THE JOBS AND MOVING CAPITAL IN OUR COMMUNITIES

2012 Annual Report



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



The fundamental notion of 'a job' is changing. One thing we know is that firms are becoming smaller and self-employment is a 21st

century labor trend, projected to grow at an annual rate of 7.2% - twice as fast as in past 5 years. This shows that very small businesses are the drivers of the economy. If we want to stimulate business creation, we need to change the economic development and workforce systems to bring them with us into the future.

Michael Shuman writes in his new book *Local Dollars, Local Sense*, "the most prosperous communities follow three rules: maximize the percentage of their workforce in locally owned businesses; increase local self-reliance through production of local goods and services, knowing that many of these businesses will grow; and replicate local business

models with high labor and environmental standards. The critical challenge is to channel local capital into increasingly profitable and competitive local businesses."

This past year CAMEO was at the forefront of this conversation because we represent a network of organizations that served 21,000 micro-businesses last year. Increasingly, we are being called upon to articulate an alternative vision for local development. We continued to build the case for *Homegrown Economies*, or investing in locally owned businesses, as more effective than traditional business attraction strategies. A new investigation by *The New York Times* found that states and other local governments spent \$80 billion on tax giveaways to attract large businesses with little job creation to show for it. Imagine how many jobs our sector could create with a small fraction, say 1% or \$800 million, of that money!

We brought our micro message to a diverse audience - from the California League of Cities to the Federal Reserve Board of Governors. We are now creating platforms to ramp up production and decrease the costs of microloans in communities still lacking access to bank credit. We are promoting self-employment for the unemployed and showing how the emergence of the 1099 independent worker is a positive factor in local development.

CAMEO will continue to engage in systems change, bringing micro-business and self-employment to the forefront of local development and by promoting the work of our members and the talented and hard-working entrepreneurs they serve.

Claudia Viet

Claudia

2012 FUNDERS

\$100,000 +

Wells Fargo Foundation

\$40-99,999

Bank of America
Citi
Comerica
Rabobank
U.S. Bank

\$25-39,999

AHEAD-FHLBank
HSBC
U.S. Small Business Administration
Union Bank

\$5-24,999

Bank of the West
Cathay Bank
Friedman Family Foundation
McGurk Foundation
USDA Rural Development

2012 FINANCIAL STATEMENTS*

Profit and Loss		Balance Sheet	
Revenues		Assets	
Contributed	653,599	Total Cash	836,002
Member dues	26,950	Accounts Receivable	93,406
Earned Income	11,349	Other Current	7,629
		Fixed	8,872
Total	691,898	Total Assets	945,909
Expenses		Liabilities and Equity	
Personnel	340,742	Accounts Payable	18,987
Operations	308,011	Other Current	5,011
Total	648,753	Total Liabilities	23,998
NET	43,145	Equity	
		Opening Balance	10,154
		Retained Earnings	868,612
		Net Income	43,145
		Total Equity	921,911
		TOTAL LIABILITIES AND EQUITY	945,909

*Not audited

AMBITIOUS GOAL:

Expand Micro Enterprise training, business technical assistance and lending five fold to serve 100,000 small and micro-businesses in California.

2012 PROGRAMS AND INITIATIVES

Microlending: The bright spot in the micro sector is that microlending grew for two years in a row. While final 2012 figures are pending, we have initial reports of significant growth. In 2011 the number of loans increased by 18% from 1,257 to 1,544; the loan volume increased by 13% to \$17.3 million.

CAMEO secured R&D funding in 2012 to develop two pilot projects to increase access to capital in under-served communities: the Kiva pilot will increase capital and connect borrowers to potential lenders in their own backyard; the ACCION Texas MMS underwriting platform is designed to increase loan production and operations efficiencies.

To improve competencies of delivering loan-ready customers, we held training workshops in San Francisco and Los Angeles - *Building the Micro Loan Pipeline*, where 26 organizations benefited. This training reinforced key financial management and analysis strategies that assist microentrepreneurs to qualify for loan capital. Business and credit assistance are critical to further growth of microlending. Our sector's greatest challenge remains funding this "pipeline building" stage of capital access. We formed an exciting new partnership with the Specialty Foods Association that will

increase lending and business assistance resources to food-related businesses in California.

Capacity Building: CAMEO provided 15 of our members' staff with professional development scholarships. Over 150 CAMEO members participated in our training webinars on topics such as new capital sources for entrepreneurs, emerging lending platforms, effective communications, and best practices for data collection. CAMEO also provided substantial direct technical assistance to three member organizations to expand organizational effectiveness.

In November, 60 people attended the Women's Symposium in Los Angeles that focused on women veterans and women in the food industry. At CAMEO's Rural Summit, participants learned about stewardship tourism opportunities and rural marketing tools that led to a collaborative project in the North Coast. CAMEO built member engagement and collaboration by convening our members in five regions: Central Valley, San Diego, North Bay/Sonoma, San Francisco Bay Area and Los Angeles.

Veterans Micro-Business Development: California is home to over two million veterans. As the conflicts in the Gulf and Afghanistan wind down, that number will grow. With young veterans experiencing high unemployment (the unemployment rate for women veterans under 25 years old is 30%), CAMEO believes entrepreneurship is an excellent career option. CAMEO members have a significant opportunity to offer start-up assistance and financial training to veterans.

We believe that entrepreneurship services to returning veterans must be delivered at the community based level. In 2012

MEMBER SERVICES 2013 HIGHLIGHTS

CAMEO Annual Meeting and Legislative Day, June 5-6 in Sacramento

Kiva and Accion Texas MMS platforms launch Women Entrepreneurship Symposium, fall in Los Angeles

Intensive capacity building

Scholarship fund for advanced training

the CAMEO veteran program operated a facilitated peer support network with limited pass-through funding to six groups. The results exceeded our original expectations; we served 329 veterans and 115 businesses, created 117 jobs and facilitated 9 loans of over \$1.5 million. Corporations have made public commitments to help veterans. However, in order to help veterans become self-employed and successfully re-integrate into society, those commitments need to be fulfilled.

Self-Employment Workforce Demo

Project: CAMEO created a productive partnership with the California Workforce Association (CWA) to advance the integration of self-employment into the Workforce system. CAMEO conducted three trainings for the CWA that have increased the recognition of self-employment as a labor market reality. WIBs slowly are beginning to fund micro-business training; two WIBs in rural areas contracted with CAMEO member Small Business Development Centers to provide entrepreneurial training. CAMEO developed a training module for One-Stop/WIB staff to understand entrepreneurship and local resources for training and business assistance. Unfortunately, we were unable to secure Workforce Innovation Funds to create a new funding stream for self-employment training that would have incentivized WIBs to contract with our members.

THANK YOU

The following members and individuals contributed to CAMEO's Advocacy Fund to continue our momentum at state and federal levels:

\$1K : Amy Damianakes

\$500-750 : Bay Area Development Company

\$100-\$499 : Susan Brown, Jefferson Economic Development Institute (JEDI) in honor of David Blicher, Pacific Asian Consortium in Employment, Women's Economic Ventures

POLICY AND ADVOCACY

CAMEO's policy efforts were aligned with our goals of systems change in Workforce and local economic development. We also shifted from a mostly federal-centric effort to focus on what we could accomplish in California. And after having developed an alternative vision to local development in 2011 with our *Homegrown Economies* white paper, we took it on the road, presenting to new audiences in 2012.

In February 2012, President Obama signed a bill that authorized a \$35 million Self-Employment Assistance program. The bill allocates \$5.3 million for California to start a program that would allow unemployed workers to maintain their unemployment insurance benefits while they start their own small businesses. The only catch is that California has to pass legislation to be eligible to receive the money.

With Assemblywoman Mariko Yamada as our champion, we became the proud sponsor of AB 152. In 2013, CAMEO and our members will educate our legislators on the merits of the unemployed starting their own businesses and work towards the passage of this bill. An additional benefit to this advocacy is that CAMEO is strengthening our relationships in Sacramento and throughout the state with other stakeholder groups.

In May of 2012, Representative Lois Capps (D-San Luis Obispo) introduced the Entrepreneurial Training Improvement Act of 2012, (H.R. 5805), which directs the U.S. Department of Labor to establish alternative performance measures for entrepreneurial training programs. Local WIBs are reluctant to offer entrepreneurial training because self-employment is more difficult to measure than wage employment.

It is imperative to be able to measure the impacts of self-employment to justify training dollars in this sector and make it easier for WIBs to offer these programs. Due to federal budget politics, H.R. 5805 will be reintroduced in 2013.

We brought our *Homegrown Economies* message to a diverse audience starting with the Federal Reserve Board of Governors in February and filling up the year with engagements at the California League of Cities, CALED, Social Enterprise Alliance, and CAN Do California conferences. Increasingly, CAMEO is recognized as a thought leader with expertise in job creation, micro-business, self-employment, and alternative local economic development efforts.

MEMBERSHIP

153 Total Members

98 Micro Enterprise Development Organizations (MDO's),
6 government agencies, and
8 consulting practitioners
operate in 7 regions:
Central Coast (10)
Central Valley (12)
Rural North (17)
Sacramento/Sierra (8)
San Diego (11)
San Francisco Bay Area (32)
Southern California/LA Basin (22)
23 Reciprocal Associations
18 Corporate and Government Partners

2011 Impacts from Annual Survey:

- 21,157 businesses served
- 8,350 new jobs created
- 36,822 employees supported
- Combined annual gross sales of \$1.5 billion
- 1,544 loans under \$50,000 totaling \$17.3 million; average loan size of \$11,236

2013 BOARD

Constance Anderson

Director, Pacific Coast Regional Corp. SBDC

Oscar Dominguez

Director, Contra Costa SBDC

Emily Gasner

Executive Director, Working Solutions

Judy Hawkins

Ruby Road Leadership

Carmen Herrera-Mansir

Executive Director, El Pajaro Community Development Corporation

Salam M. Nalia

CEO, Fresno CDFI

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Executive Director, Community Action Agency, Butte County

Claudia Viek

CEO, CAMEO

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