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John D. Hawke, Jr.  
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Neighborhood Reinvestment Corporation and the NeighborWorks® Network

Annual Report 2000

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A Remarkable Year
A Letter from the Chairman

2000 was a remarkable year of change, challenge and success for the Neighborhood Reinvestment Corporation and the NeighborWorks® network.

The foremost change was the leadership transition at Neighborhood Reinvestment. George Knight retired as executive director. After a brief but intense search in which the board was ably assisted by an advisory committee representing Neighborhood Reinvestment, the NeighborWorks® network and Neighborhood Housing Services of America, Ellen Lazar was appointed to succeed him. George had been with Neighborhood Reinvestment for more than two decades, and served as executive director for the past 10 years. Ellen headed the Community Development Financial Institutions Fund at the U.S. Department of the Treasury before coming to Neighborhood Reinvestment. Ellen previously had served as executive director of the National Association of Affordable Housing Lenders, and as vice president and general counsel of The Enterprise Foundation.

The Corporation and the NeighborWorks® network (and, indeed, the entire affordable-housing/community-revitalization field) owe a great deal to the stewardship of George Knight. His vision, commitment and leadership over the past decade helped the network’s service area grow more than 470 percent, with 215 locally based NeighborWorks® organizations serving more than 1,500 urban, suburban and rural communities throughout America as of September 30, 2000.

George helped make Ellen’s start as executive director as smooth as possible, sharing with Ellen the benefit of his insight and understanding of the NeighborWorks® network and the partners who make it possible for Neighborhood Reinvestment and its affiliated NeighborWorks® organizations to strengthen the communities they serve.

We can all take great pride in Congress’s inclusion in Neighborhood Reinvestment’s fiscal 2001 appropriation of a $2.5 million endowment fund established in George Knight’s name that will provide scholarship grants through the Neighborhood Reinvestment Training Institute for years to come.

The Corporation’s fiscal 2001 appropriation of $90 million also includes a $5 million set aside to enable more NeighborWorks® organizations to provide home-ownership opportunities through HUD’s Section 8 program. This pioneering effort was begun in 2000 by four NeighborWorks® organizations: CDC of Long Island, Burlington (Vermont) Community Land Trust, Affordable Housing Resources in Nashville, and Home Headquarters in Syracuse, New York.

As Neighborhood Reinvestment enters a new era of leadership, it will continue building on the solid foundation the NeighborWorks® network and its partners have established. In FY 2000, NeighborWorks® organizations helped more than 34,000 lower-income fam-
ilies purchase, repair and maintain their homes, and attracted nearly $1.3 billion in total direct investment to their neighborhoods – an increase of 23 percent over the previous year. In addition, local NeighborWorks® organizations owned or managed nearly 25,000 affordable rental and mutual housing units.

During the first five-year NeighborWorks® Campaign for Home Ownership, which ended in 1997, nearly 16,000 families became new homeowners and more than $1.1 billion had been invested in communities served by campaign organizations. Today, a little more than halfway through its second five-year initiative, the NeighborWorks® Campaign for Home Ownership 2002 already has helped create more than 24,000 new homeowners, counseled more than 151,000 prospective homebuyers, and secured $2.1 billion in total investment. And 34 of the more than 50 planned NeighborWorks® HomeOwnership Centers have opened, providing one-stop financial and educational assistance for prospective homebuyers.

Through the Campaign for Home Ownership 2002, the NeighborWorks® network is also forging new partnerships so that communities can address and mitigate the potential damage caused by predatory mortgage-lending practices that strip the equity from homes in the very communities we are working to strengthen.

In 2000, Neighborhood Reinvestment and NeighborWorks® network affiliates also strengthened their commitment to rural areas and to quality, affordable multifamily housing, frequently with strong resident participation and leadership and critical collateral services such as computer labs, after-school learning and play centers, and community centers. By helping network affiliates working in these areas come together to share and enhance expertise, resources and experiences, and to develop high and consistent standards, the benefits to individuals and communities are vastly multiplied. For example, the Neighborhood Capital Corporation, formed as an adjunct to the NeighborWorks® Multifamily Initiative, will help speed the acquisition of key properties in NeighborWorks® neighborhoods through predevelopment loans and interim development loans.

As we look ahead, Neighborhood Reinvestment and the NeighborWorks® network, assisted by our partners, will continue to gain momentum to revitalize the nation’s communities and assist still more families to achieve the American dreams of home ownership and living in a community of choice. What is past, truly, is prologue.

Ellen Seidman
Chairman, Neighborhood Reinvestment Corporation
Director, Office of Thrift Supervision
In 1990, NeighborWorks® organizations were serving 270 communities and assisting nearly 5,800 families. By 2000, the NeighborWorks® network had expanded to serve more than 1,500 communities, helping more than 18,000 families realize their dreams of homeownership. Total investment, at the same time, grew more than six-fold, to nearly $1.3 billion.
“Supported by Neighborhood Reinvestment Corporation’s leadership, the network’s extraordinary growth has been accomplished with a sense of purpose and commitment that creates positive results for people and communities throughout America. Freddie Mac is proud to stand with Neighborhood Reinvestment and the NeighborWorks® network as we strive to draw families from the economic margin into the mainstream of American life, and transform our communities through home ownership.”

Leland C. Brendsel, Chairman and CEO, Freddie Mac
Changing Eras at Neighborhood Reinvestment

With George Knight’s resignation as executive director on September 30, 2000, Neighborhood Reinvestment witnessed the end of one era and moved purposefully into another under the leadership of a new executive director, Ellen Lazar.

Neighborhood Reinvestment’s roots go back more than a quarter-century. What started with a simple handshake agreement between the U.S. Department of Housing and Urban Development and the Federal Home Loan Bank Board soon expanded one prototypical Neighborhood Housing Services organization in Pittsburgh, Pennsylvania, into a national experiment. To do this, Bill Whiteside was named executive director of the resulting organization, first called the Urban Reinvestment Task Force. George Knight soon joined him, as the first support officer for the network. “When I joined,” George Knight later recalled, “we probably had 20 to 25 organizations around the country, the staff of the Task Force was probably less than 20 people, and the budget was a couple of million dollars a year.”

The national experiment soon was codified as the Neighborhood Reinvestment Corporation in the Housing and Community Development Amendments of 1978 (P.L. 95-557). Bill Whiteside continued as executive director, with George Knight as his deputy. When Bill Whiteside resigned in 1990, George Knight succeeded him.

From the early 1990s to 2000, Neighborhood Reinvestment moved to scale:
- The number of families assisted with affordable housing grew from 5,788 a year to 18,161 a year. In addition, by September 30, 2000, NeighborWorks® organizations owned or managed 24,935 affordable rental or mutual housing units.
- Total direct reinvestment increased from $140.5 million a year to $1.3 billion a year.
- Training contact hours provided by Neighborhood Reinvestment Training Institutes and other local and regional training events rose from 11,088 a year to more than 160,000 a year.
- The NeighborWorks® network expanded from serving 270 communities through 161 local organizations to serving 1,559 communities through 215 local organizations.
- Neighborhood Housing Services of America’s loan purchases increased from $9.9 million a year to $83.3 million a year.

“What’s been satisfying for me,” George Knight said in retiring, “is that the median income of the households served has stayed about the same over time. That means NeighborWorks® organizations have stayed true to their mission of serving neighborhoods that are stressed and in need of revitalization.”

National Programmatic Initiatives

In the 1990s, in addition to the technical assistance and other key services provided to chartered organizations, Neighborhood Reinvestment also began offering opportu-
nities for NeighborWorks® organizations to participate in national programmatic initiatives. These initiatives focused on such areas as single- and multifamily housing, rural development, resident leadership and access to property and hazard insurance.

In 2000:

- The NeighborWorks® Campaign for Home Ownership 2002 saw the cumulative number of new homeowners exceed 24,000 and total investment in revitalized neighborhoods pass the $2 billion level. During this time, the Campaign also expanded its network of NeighborWorks® HomeOwnership Centers, promoted financial fitness, combated predatory lending, and tested Section 8 vouchers in assisting homebuyers.

- With a $1.2 million initial investment from Neighborhood Reinvestment, the Multifamily Initiative launched the Neighborhood Capital Corporation (NCC), a source of low-cost capital to help member organizations acquire affordable properties in their target areas. In addition, the Initiative nearly doubled its membership - from 18 to 31 organizations - and strengthened the capacity of its members to manage assets, develop resident leadership, provide resident services and develop new units.

- The Rural Initiatives hired a national coordinator, David Dangler, immediate past board president of Rural Neighborhood Alliance (RNA) Community Builders. With the help of a steering committee, Dangler worked closely with RNA leaders and Neighborhood Reinvestment staff to set a strategic course.

- The Resident Leadership Initiative provided skill-building workshops to more than 500 newly active community leaders at three Community Leadership Institutes; gave specialized training to more than 100 NeighborWorks® staff at a Community Organizer Symposium; and assisted other national initiatives.

- The National Insurance Task Force (NITF) provided more than $750,000 in operating grants to six NeighborWorks® organizations to help in their efforts to promote home safety and carry out loss-prevention programs. The NITF also held a National Insurance Symposium for more than 130 community development leaders and insurance industry representatives.

Taken together, these achievements offer great promise. “We owe a great deal to the stewardship of George Knight,” said Ellen Lazar on becoming the Corporation’s third executive director.

**Future Challenges**

But even so, challenges threaten. By most accounts, the most significant factor is the national economy. Its extraordinary, sustained expansion - without inflation - helped
push home ownership to record levels. But new low- and moderate-income home owners, such as those assisted by Neighborhood Reinvestment, could become the first victims of wage cuts and layoffs if the economy slows or falters.

Also pressing, especially in NeighborWorks® neighborhoods, is the destructiveness of predatory lending. It is estimated that predatory lending will strip American home owners of billions of dollars in home equity if the practice is not checked.

As a result, Neighborhood Reinvestment, directly and with partners, has pursued a number of efforts to combat predatory lending. Strategies focus on protecting the new homebuyers assisted by the NeighborWorks® network but also address the threat predatory lending poses to entire communities.

Other challenges are sure to arise as well, but Neighborhood Reinvestment believes its values, strategies, systems and processes will serve it well in carrying out its Congressional mandate to study, refine, pilot-test and replicate new ideas and approaches for revitalizing older urban, suburban and rural communities.

"Wells Fargo Home Mortgage is committed to increasing home-ownership opportunities for families. Through the Wells Fargo Housing Foundation’s partnership with Neighborhood Reinvestment Corporation, we are offering impactful solutions to home ownership in many of the communities we serve. Together, we are helping more families realize the dream of home ownership, and that is very rewarding."

Pete Wissinger, President and CEO, Wells Fargo Home Mortgage
The NeighborWorks® System: An Engine for Revitalization

The engine for revitalizing NeighborWorks® communities across the country is the NeighborWorks® system, comprised of three separate but interrelated entities:

The Neighborhood Reinvestment Corporation;
Member organizations of the NeighborWorks® network; and
Neighborhood Housing Services of America.

From its humble beginnings in 1972 as an effort by the Federal Home Loan Bank Board to increase thrift-industry lending in declining neighborhoods, the NeighborWorks® system has grown into an effective nationwide resource. Over the years, the NeighborWorks® system has achieved great success in leveraging significant gains in community revitalization from limited public-sector resources. At the same time, Neighborhood Reinvestment and Neighborhood Housing Services of America have helped local NeighborWorks® organizations build capacity, expand their service areas, improve service delivery and use their revolving loan funds effectively.

In the year ending September 30, 2000, the NeighborWorks® system assisted more than 34,000 families (including repaired units) to purchase, improve and maintain their homes, generated nearly $1.3 billion in direct investment in NeighborWorks® neighborhoods, and owned or managed 24,935 affordable rental and mutual housing units. A $75 million congressional appropriation helped leverage these resources.

To achieve its results, the NeighborWorks® system relies on a mix of local and national entities. Private-public partnerships and flexible revolving loans are key. But it is local control – and the resulting innovations generated at the local level in response to locally identified needs – that are the hallmarks of the NeighborWorks® system.

Neighborhood Reinvestment Corporation
The Neighborhood Reinvestment Corporation is the founder of the NeighborWorks® network. It is a congressionally chartered corporation that nurtures and strengthens local NeighborWorks® organizations through training, technical assistance and funding.

When Neighborhood Reinvestment was chartered in the Housing and Community Development Amendments of 1978 (P.L. 95-557), Congress designed it as a place where “new ideas and approaches could be studied, refined, piloted and replicated.”

Neighborhood Reinvestment focuses on training, technical assistance and risk monitoring. It also provides a limited amount of very flexible funding to expand and maintain the strength of the NeighborWorks® network. Businesses, local government and other investors feel confident in turning to local NeighborWorks® organizations,

“State Farm has been a proud supporter of Neighborhood Reinvestment Corporation, Neighborhood Housing Services of America and NeighborWorks® organizations for more than 20 years. The reason? Their programs work! We know State Farm dollars are being put to the best possible use in the hopes of helping people achieve the American dream of owning a home. Like State Farm, Neighborhood Reinvestment is a good neighbor in our communities.”

Clayton Adams,
Vice President,
Community Development,
State Farm Insurance Companies
because Neighborhood Reinvestment has established charting standards for each NeighborWorks® member. Further, Neighborhood Reinvestment closely monitors factors that may adversely affect an organization’s stability. Training, provided through national and regional training institutes and on-site delivery of targeted technical assistance, helps local organizations address specific needs.

The Corporation also supports NeighborWorks® organizations and the broader community-development field with printed materials, online resources and training materials that address a breadth of issues. Moreover, it documents best practices in community development throughout the country.

In addition to its nationally recognized training institutes, Neighborhood Reinvestment also encourages peer mentoring – local NeighborWorks® organizations learning from each other – as a basis for rapid learning. Examples of peer mentoring are provided by the NeighborWorks® Campaign for Home Ownership 2002, the Multifamily Initiative, RNA Community Builders (an alliance of rural NeighborWorks® organizations) and the National Insurance Task Force.

The NeighborWorks® Network
The NeighborWorks® network is comprised of 215 community-based and resident-led partnerships serving more than 1,500 communities in 48 states as well as Puerto Rico and the District of Columbia. They are chartered as NeighborWorks® organizations by the Neighborhood Reinvestment Corporation. Committed to revitalizing their communities, these organizations may be known locally as Neighborhood Housing Services, Mutual Housing Associations or go by an altogether different name.

Each nonprofit NeighborWorks® organization is locally organized and governed. It is tax-exempt, and raises its own operating funds, mostly from local, private-sector partners. Most importantly, it determines its own strategies – typically, using its revolving loan fund as a primary revitalization tool. Community residents, officials of local financial institutions, insurance companies, local businesses and civic organizations, as well as local government, are all active participants.

Revitalization is spurred by a series of proven strategies advanced by NeighborWorks® organizations. They include:

- creating access to conventional capital and private-market property and casualty insurance;
- promoting home ownership;
- assisting homeowners to repair and rehab their homes;
- promoting high-quality, responsive management of multifamily developments;
- advancing ownership techniques for multifamily property families;
- making commercial and micro-enterprise lending products available;

“Your hard work and determination transformed a home that was in grave disrepair and made it a home that my Mom can be so proud of.”

Joelene Holley-Thomas,
On a home-rehab project by Aberdeen, Washington, NHS
providing financial, homebuyer, insurance and foreclosure-prevention counseling; and
organizing residents to address acute challenges, such as high crime rates.

A critically important element in all this is that the local board of directors of each NeighborWorks® organization determines the organization’s mix and scope of strategies, raises the needed resources, and oversees its progress.

**Neighborhood Housing Services of America**

Neighborhood Housing Services of America is a private nonprofit corporation that provides direct financial services, including loan purchases and capital pools, to the NeighborWorks® network through NHSA’s secondary market for NeighborWorks® loans. Neighborhood Reinvestment is NHSA’s principal source of operating funds. In the year ending September 30, 2000, NHSA broke all its previous records, closing $83.3 million in loans, bringing its total loan fundings to $408.7 million. As of September 30, 2000, it had attracted $710 million in borrowing capacity to operate the secondary market.

NHSA serves as a backstop to local NeighborWorks® organizations when credit needs cannot be met either conventionally or locally. NHSA’s purchases provide a stream of investment capital flowing back into local NeighborWorks® organizations.

Membership in the NeighborWorks® network provides local organizations access to NHSA’s specialized secondary market. With administrative and capital support from Neighborhood Reinvestment, NHSA purchases local organizations’ loans at par, allowing NeighborWorks® organizations to originate the loans with interest rates and terms based on the borrowers’ ability to repay.

NHSA secures private-sector capital from a pool of socially responsive national insti-
tutional investors, including insurance companies, financial institutions, foundations and pension funds. Proceeds from these investments then are used to purchase loans.
Revolving Loan Funds: A Critical Key to Success

The locally controlled and managed revolving loan funds of NeighborWorks® organizations are the basis for much of the nationwide achievements of the NeighborWorks® system. Local - mostly private - sources provide much of the capital in these funds. Among the sources are loans and grants from banks, insurance companies, local government, foundations and other local investors.

The loans NeighborWorks® organizations make from their revolving loan funds are central to the organizations’ community-revitalization efforts. One reason for this is that the loans can be remarkably flexible. For example, NeighborWorks® organizations can use their revolving loan funds to increase home ownership, repair and rehabilitate older homes, develop decent and affordable mutual housing and rental housing, and catalyze other types of business and economic development activities. The liquidity of the organizations’ revolving loan funds can be maintained by selling loans to Neighborhood Housing Services of America, when local takeout sources are not available.

Neighborhood Reinvestment, in turn, maximizes use of the organizations’ revolving loan funds by providing technical expertise, training, information and limited funding to each local NeighborWorks® organization. In addition, the Corporation supports initiatives that connect local NeighborWorks® organizations with national business partners, typically financial institutions and insurance companies. These business partners realize that flexible, local capital from a local NeighborWorks® organization both improves the quality of life for residents in a community and also helps stabilize neighborhoods as safer business investments.

The strong national economy of recent years has encouraged increased investment in NeighborWorks® communities. To a great extent, this achievement was made possible by the high degree of leverage provided by private investors. In 1994, for every $1 invested by NeighborWorks® organizations, other investors provided more than $7. By 2000, the leverage grew to nearly $13 from other investors for each $1 from NeighborWorks® organizations. In 2000, nearly $1.3 billion was invested in communities served by the NeighborWorks® network. Of the $92.7 million provided through NeighborWorks® organizations’ revolving true funds in 2000, 38 percent was used for such community revitalization efforts as housing rehabilitation, multifamily housing, mutual housing, commercial development and other housing services - in addition to home ownership.

Each NeighborWorks® organization sets its own underwriting terms and policies for its revolving loan fund. Local determination of the funds’ best use is an especially critical factor in the achievements of the NeighborWorks® network. Local need or preferences may include first and second mortgages, rehab loans, down-payment and

“Neighborhood Reinvestment’s home-ownership programs help us help consumers make educated decisions about insurance. These programs also give us the opportunity to support loss-prevention programs that have a positive impact on individual costs as well as area rates. The positive brand-name recognition Travelers has received from Neighborhood Reinvestment has helped us establish a larger market share in urban low- and moderate-income neighborhoods.”

Donald W. Davis, Director, National Urban Markets, Travelers Insurance
closing-cost assistance, repair and emergency loans, multifamily acquisition and development, equity capital for opportunity purchases, gap financing and economic development.

In responding to local economic conditions, NeighborWorks® organizations can make extensive use of their revolving loan funds’ great flexibility. In a soft market, where rehabilitation of existing homes is critical, the ratio of revolving loan funds to conventional funds can be close to 1:1. In contrast, helping a family purchase a home (even in the same neighborhood) can push the ratio as high as 1:15. Without the flexible, local use of their revolving loan funds, NeighborWorks® organizations’ revitalization of complex, distressed communities and provision of affordable housing in hot markets would be more cumbersome, costly and time-consuming.

In connection with the NeighborWorks® Campaign for Home Ownership 2002, the revolving loan funds of participating organizations provide the largest portion of funds for second mortgages. The 33-month results for the Campaign show that of the 24,038 families who were assisted in becoming homeowners, 11,605 required second mortgages.

The success of local NeighborWorks® organizations in using their revolving loan funds to leverage additional - largely private - investment in their communities enabled the network to substantially increase the number of families directly served. This, in turn, further stabilized these communities. Between 1994 and 2000, community investment from NeighborWorks® revolving loan funds rose from $33 million to more than $91.7 million. Total investment in NeighborWorks® communities in the same period rose from $268 million to nearly $1.3 billion. This translated into expanding the number of families served (excluding repaired units) from 7,581 units in 1994 to 18,161 in 2000. These figures include newly created units, as well as rehabilitated single-family, multifamily and mutual housing units, but excluded minor home repairs.

The following examples illustrate the great range of activities facilitated by local organizations’ revolving loan funds.

Assisting Homebuyers. For Ken and Ethel Shepard in Hamilton, Ohio, Hamilton NHS used a $2,300 second mortgage from its revolving loan fund as the final piece of financing in a $15,800 purchase-and-rehab deal. The Shepards had raised nine children over 22 years in the house they rented at 1127 Elm Street. But when their absentee landlord fell ill and needed to sell, the Shepards knew their low income and special medical needs put home ownership virtually out of reach. They faced almost-certain displacement. Then they happened to see a television advertisement for homebuyer services from Hamilton’s NeighborWorks® HomeOwnership Center. They made an appointment, and a trained housing counselor helped the Shepards develop a corrective action plan for purchasing the house that took into account their very low

“The house-moving projects were truly exciting. It was heartwarming to see all those neighbors on their porches cheering us as the houses rolled down the street.”

Barbara Mann, Long-time board member, NHS of Davenport, Iowa
income and Ethel Shepard’s emphysema-related, medical-oxygen service. A $13,500 first mortgage from a local lender-partner and a $6,000 emergency-repair grant from the city were also part of the package. As a result, the Shepards’ monthly housing payments totaled $156. This compared to the $135 they had been paying in rent each month - for a far-more distressed house.

For Thelma Nowell of Hugo, Oklahoma, Little Dixie Community Action Agency (LDCAA) of Hugo provided a low-interest loan from its revolving loan fund to pay her first-year’s insurance premium. A 78-year-old widow, Thelma had come to Little Dixie CAA searching for a house to escape noisy, around-the-clock traffic in the housing project where she lived with her 73-year-old mentally retarded sister. Thelma required special attention, since she does not read. Little Dixie’s housing specialist packaged Thelma’s loan application and submitted it to USDA Rural Development. She was approved for a home loan at 2 percent for 33 years. She also qualified for a principal-reduction grant of $5,710 that LDCAA received from the Federal Home Loan Bank of Topeka. This financing package enabled Thelma to purchase a three-bedroom, one-bath, brick home that LDCAA had built in a new subdivision. Thelma’s new house payment was $147 a month, compared to $197 a month, plus utilities, for her two-bedroom apartment in the housing project.

**Foreclosure Prevention.** Most revolving loan funds were initially capitalized to support home repairs. Now, however, as delinquency intervention has emerged as a community issue, revolving loan funds increasingly have been used to help customers “cure” temporary delinquencies. Short-term bridge loans let homeowners overcome a temporary financial setback and get back on their feet financially.

The Portland, Oregon, Housing Center used its revolving loan fund to continue a mortgage-foreclosure-prevention program after outside funding ran out. The program focuses on homeowners who have had financial problems due to situations beyond their control, but who, with assistance, have the ability to maintain home ownership. People typically seek help because of divorce, disability or unemployment. In the last two years, the program has limited its services to homeowners who have an affordable mortgage through a private lender, are case-managed by a senior-citizen or disability agency, or have purchased houses through a community development corporation or Portland Housing Center. Services include default counseling, financial assistance and ongoing education. Results include individual counseling for 741 persons, 226 foreclosures prevented, loans totaling more than $200,000 to assist 68 households, and grants totaling more than $85,000 for 52 households.

**Section 8 Home Ownership.** Over the past year, the Neighborhood Reinvestment Corporation has been working with selected NeighborWorks® organizations to develop models for using HUD’s Section 8 voucher program to assist low-income families into home ownership. Four NeighborWorks® organizations in Vermont, New York and

“*Our support of Neighborhood Reinvestment Corporation underscores our position as a leader in community development and enables us to strengthen our commitment to local communities across the country. Through the Citigroup Homeownership Initiative, insurance counseling is being made available via a network of nearly 200 local organizations, along with homebuyer/home-maintenance resource centers that have been opened to provide a broad range of information to assist Chicago, Richmond and New York City.*”

Charles V. Raymond, President and CEO, Citigroup Foundation
Tennessee have helped a combined total of 19 Section 8 voucher holders become first-time homeowners. One of the two models being used includes a prominent role for local organizations’ revolving loan funds as a source for second mortgages to fill financing gaps. In this design, first mortgages come through a traditional lender-borrower relationship and are made by a local conventional lender. The loan principal, interest, taxes and insurance are based on 30 percent of a family’s income. The Section 8 voucher is not used in calculating this mortgage underwriting; only the family’s income counts. The difference between the purchase price and the first mortgage – which the participant can afford without Section 8 assistance – determines the second mortgage.

**Regional Rural Fund.** In Vermont, where the majority of residents live in communities of less than 2,500, Rutland West Neighborhood Housing Services of West Rutland led the way for residents, local government officials and local businesses from four communities to band together to create a shared regional revolving loan fund. Over time, the original four-town consortium grew to 11 towns, and the revolving loan fund stands now at more than $3 million. Uses for the revolving loan fund expanded, too, from low-interest housing rehab loans to down-payment and closing-cost assistance, home-ownership lending and foreclosure intervention. Some funds are also available for rental-property owners who need to modify older homes to meet building codes. Whenever possible, revolving loan funds are used to leverage conventional financing. As the regional revolving loan fund has gained recognition, local businesses have explored employer-assisted housing programs. Rutland West recently signed agreements with Carris Reels and the Killington Ski corporations involving substantial investments in the regional loan fund in exchange for employee housing assistance.

**Neighborhood Revitalization.** In a multi-organization partnership for improving targeted blocks in specific neighborhoods, Philadelphia NHS uses its revolving loan fund to offer homeowners interior home-improvement loans. The partnership sought to integrate home purchase with other neighborhood-revitalization strategies in a model-block program. Essentially, three partners implemented the program: area community development corporations, the resident homeowners and PNHS. The CDCs organized residents on specific, target blocks. The homeowners on a targeted block signed up for exterior repairs or improvements. PNHS’s revolving loan fund supported interior home improvements. A special loan-incentive program was available to encourage additional home improvement.
In the Coming Year
A Letter from the Executive Director

George Knight leaves Neighborhood Reinvestment and the entire NeighborWorks® network in a terrific strategic position to further increase investment in lower-income communities and help all Americans enjoy safe, affordable housing. He was extremely helpful in making my start as executive director as smooth as possible. He continues to share with me his insight and understanding of the NeighborWorks® network and the partners who make it possible for us to strengthen the communities we serve.

During my first weeks here, I traveled throughout the NeighborWorks® network, seeing first-hand the outstanding work on affordable housing and community revitalization that is being accomplished by local NeighborWorks® organizations.

The welcome I received from the NeighborWorks® network, Neighborhood Reinvestment staff and our partners across the country has been warm and genuine. I cannot thank you enough for your support.

The NeighborWorks® system is clearly poised for an exciting and productive future. Together, we can make it possible for thousands of working families to enter the mainstream of American life and reach their potential. The communities we serve are getting stronger and safer, and are better places in which to raise families. Even so, we need to continue monitoring their progress, reaching out to all residents, fostering resident leadership, and encouraging job creation and new business development.

At the outset, we want to revisit the Corporation’s strategic plan, in recognition of the significant growth of the NeighborWorks® system over the years and the ever-changing marketplace in which it operates. We will be seeking the most effective combination of guiding principles and program priorities consistent with our mission, vision, goals and objectives.

In the coming year, it is our underlying resolve to strengthen existing partnerships, forge new partnerships, explore new strategies and create new opportunities for making our communities the places we all know they should be.

Ellen Lazar
Executive Director
Neighborhood Reinvestment Corporation
Neighborhood Reinvestment Corporation
District Maps and Contacts

NeighborWorks® Organization Listings
Great Lakes District
Indiana, Kentucky, Michigan, Ohio, Tennessee

INDIANA
La Casa of Goshen
Project Renew (Fort Wayne)
Lafayette NHS
NHS of South Bend

KENTUCKY
Community Ventures Corp. (Lexington)
NHS of Louisville

MICHIGAN
Neighborhoods Inc. of Battle Creek
Detroit NHS
Kalamazoo NHS
Pontiac NHS
Neighborhood Renewal
Services of Saginaw

OHIO
Neighborhood Conservation Services of Barberton
The HomeOwnership Center of Cincinnati
NHS of Cleveland
Columbus NHS
St. Mary Development Corp. (Dayton)
Hamilton NHS
NHS of Massillon
Portage Area Development Corporation (Ravenna)
NHS of Toledo

TENNESSEE
Chattanooga Neighborhood Enterprise
Knox Housing Partnership (Knoxville)
Affordable Housing Resources (Nashville)
Housing Development Corporation of the Clinch Valley (Oak Ridge)

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Mid-Atlantic District
Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia

DELAWARE
Interfaith Housing of Delaware (Wilmington)

DISTRICT OF COLUMBIA
Manna Inc.

MARYLAND
MHA of Baltimore
NHS of Baltimore
Cumberland NHS
Salisbury NHS

NEW JERSEY
NHS of Camden
Housing Partnership for Morris County (Dover)
Brand New Day (Elizabeth)
HANDS Inc. (Orange)
NHS of Trenton

PENNSYLVANIA
Allentown NHS
Philadelphia NHS
NHS Inc. (Pittsburgh)
NHS of Reading
Scranton NHS

WASHINGTON, D.C.
NHS of the District of Columbia

NEW YORK
Housing Assistance Council
...

VIRGINIA
NHS of Richmond
WEST VIRGINIA
CommunityWorks in West Virginia (Wheeling)
Fairmont Community Development Partnership

Karen Kollias, District Director
Neighborhood Reinvestment Corp.
Latrobe Building
2 East Reed Street, Fourth Floor
Baltimore, MD 21202-2470
Phone: (410) 962-3181
Fax: (410) 962-7679
Contact: owilliams@nw.org
New England District
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

CONNECTICUT
Bridgeport Neighborhood Housing and Commercial Services
MHA of Greater Hartford
NHS of New Britain
MHA of South Central Connecticut (New Haven)
NHS of New Haven
NHS of Norwalk
MHA of Southwestern Connecticut (Stamford)
NHS of Waterbury
MAINE
Kennebec Valley CAP (Waterville)

MASSACHUSETTS
Codman Square NDC (Boston)
Neighborhood of Affordable Housing (Boston)
Nuestra Comunidad Development Corp. (Boston)
Urban Edge Housing Corp. (Boston)
Cambridge Neighborhood Apartment Housing Services
Chelsea NHS
Twin Cities CDC (Fitchburg)
Coalition for a Better Acre (Lowell)
Quincy NHS
Springfield NHS
Oak Hill CDC (Worcester)

NEW HAMPSHIRE
Concord Area Trust for Community Housing
Laconia Area Community Land Trust
AHEAD (Littleton)
Manchester NHS
French Hill NHS (Nashua)

RHODE ISLAND
Greater Elmwood NHS (Providence)
West Elmwood CDC (Providence)
Woonsocket NDC

VERMONT
Central Vermont Community Land Trust (Barre)
Burlington Community Land Trust
Glimmerglass Trust (Newport)
Rockingham Area Community Land Trust (Springfield)
Rutland West NHS (West Rutland)

Nelson Merced, District Director
Neighborhood Reinvestment Corp.
507 Boylston Street, Fifth Floor
Boston, MA 02116-4802
Phone: (617) 450-0410
Fax: (617) 450-0427
Contact: nmerced@nrc.org

New York/Puerto Rico District
New York, Puerto Rico, Virgin Islands

NEW YORK
Steuben Churchpeople Against Poverty (Bath)
Neighbors Helping Neighbors (Brooklyn)
Black Rock-Riverside NHS (Buffalo)
Broadway-Fillmore NHS (Buffalo)
Buffalo NHS
Kenmore-Bailey NHS (Buffalo)
West Side NHS (Buffalo)
NHS of South Buffalo
St. Lawrence County Housing Council (Gouverneur)
CDC of Long Island (Centereach)

Housing Resources of Columbia County (Hudson)
Ithaca NHS
Rural Ulster Preservation Co. (Kingston)
Jamaica Housing Improvement (NYC)
NYS of New York City
NHS of Bedford-Stuyvesant
NHS of East Flatbush
NHS of Jamaica
NHS of Northern Queens
NHS of Staten Island
NHS of Williamsbridge/Olivo/Northbridge
Niagara Falls NHS

Hudson River Housing Inc. (Poughkeepsie)
NYS of Rochester
Rural Opportunities Inc. (Rochester)
Rural Revitalization Corp. (Salamanca)
Home Headquarters (Syracuse)
Syracuse Model Neighborhood Corp.
Syracuse NHS
Troy Rehabilitation & Improvement Program
Utica NHS

PUERTO RICO
Ponce NHS
San Juan NHS

Ellisabeth Prentice, District Director
Neighborhood Reinvestment Corp.
Clinton Hall
108 North Cayuga Street, Third Floor
Ithaca, NY 14850-4346
Phone: (607) 273-8374
Fax: (607) 273-0865
Contact: kprentice@nrc.org
North Central District
Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Wisconsin

Robert Burns, District Director
Neighborhood Reinvestment Corp.
1111 West 35th Street, Suite 100 W
Kanaska City, MO 64111-2614
Phone: (816) 931-4176
(606) 823-1428
Fax: (816) 931-4964
Contact: dmitchell@nw.org

ILLINOIS
Joseph Corporation of Illinois (Aurora)
NHS of Chicago
NHS of Elgin
NHS of Freeport
Neighborhood Partnership of Kankakee
East Bluff NHS (Peoria)

IOWA
NHS of Davenport
NHS of Des Moines

KANSAS
El Centro Inc. (Kansas City)
Kansas City, Kansas NHS
Community Housing Services of Wichita/Seagwick County

MINNESOTA
NHS of Duluth
Northside NHS (Minneapolis)
Southside NHS of Minneapolis
Community NHS (St. Paul)
Dayton’s Bluff NHS (St. Paul)
Twin Cities NHS (St. Paul)

MISSOURI
NHS of Kansas City
Weastside Housing Organization (Kansas City)
NHS of St. Joseph
NHS of St. Louis

NEBRASKA
Neighborhoods Inc. (Lincoln)

NORTH DAKOTA
Lewis & Clark Community Housing Development Corp. (Bismarck)

SOUTH DAKOTA
NHS of the Black Hills (Deadwood)
Siouan Enterprise Center (Rosebud Reservation, Mission)

WISCONSIN
NHS of Beloit
NHS of Green Bay
NHS of Kenosha
NHS of Milwaukee
NHS of Richland County (Richland Center)

Pacific District
Alaska, California, Hawaii, Oregon, Washington

Margaret Frisbee, District Director
Neighborhood Reinvestment Corp.,
2400 East Katella Avenue, Suite 440
Anaheim, CA 92806-5959
Phone: (714) 940-2144
Fax: (714) 940-0973
Contact: psm itch@nw.org

ALASKA
Anchorage MHA
Anchorage NHS
Fairbanks NHS

CALIFORNIA
NHS of Orange County (Anaheim)
South County Housing (Gilroy)
Inglewood NHS
Los Angeles NHS
Neighborhood Partnership of Montclair
Spanish Speaking Unity Council (Oakland)
Pasadena NHS
Richmond NHS
Sacramento MHA
Sacramento NHS
NHS of the Inland Empire (San Bernardino)
San Diego NHS
NHS of Silicon Valley (San Jose)
Cabrillo Economic Development Corporation (San Diego)
Rural Communities Housing Development Corporation (Ukiah)
Vallejo NHS

HAWAII
MHA of Hawaii (Honolulu)

OREGON
Corvallis NHS
Portland Housing Center

WASHINGTON
Aberdeen NHS
Central Area Development Association (Seattle)
Rocky Mountain District
Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming

ARIZONA
NHS of Southwestern
Maricopa County (Avondale)
NHS of Phoenix
Navajo Nation Partnership for Housing (St. Michaels)

COLORADO
Rocky Mountain MHA (Denver)
NHS of Pueblo
Colorado Rural Housing Development Corp. (Westminster)

IDAHO
NHS of Boise
Nampa NHS
Pocatello NHS

MONTANA
NHS of Great Falls

NEVADA
NHS of Southern Nevada
(Las Vegas)

NEW MEXICO
NHS of Albuquerque
Tierra del Sol Housing Corp.
(Las Cruces)
NHS of Santa Fe

UTAH
NHS of Provo
Salt Lake NHS

Grace Buckley, District Director
Neighborhood Reinvestment Corp.,
1776 South Jackson Street, Suite 810
Denver, CO 80210-3807
Phone: (303) 782-0299
Fax: (303) 782-5508
Contact: mdavis@nw.org

South Central District
Arkansas, Louisiana, Oklahoma, Texas

ARKANSAS
Arkansas Land & Farm Development Corp. (Brinkley)
Argenta CDC (North Little Rock)

LOUISIANA
NHS of Lafayette
NHS of New Orleans

OKLAHOMA
Little Dixie CAC (Hugo)
NHS of Oklahoma City
Community Action Project of Tulsa County (Tulsa)

TEXAS
Cen-Tex Certified Development Corporation (Austin)
Central Texas Homeward Bound Corporation (Austin)

Ruth Osuna, District Director
Neighborhood Reinvestment Corp.,
4801 Northwest Loop 410, Suite 750
San Antonio, TX 78223
Phone: (210) 256-8518
Fax: (210) 256-8349
Contact: emiranda@nw.org

Central Texas MHA (Austin)
NHS of Dimmit County (Carrizo Springs)
NHS of Fort Worth
Fifth Ward CDC (Houston)
Laredo-Weibb NHS
Midland NHS
Amigos del Valle (Mission)
Alamo Area MHA (San Antonio)
NHS of San Antonio
NHS of Waco
Southern District
Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina

ALABAMA
NHS of Birmingham
Community Service Programs of West Alabama (Tuscaloosa)

FLORIDA
Clearwater NHS
NHS of Fort Pierce
Neighborhood Housing & Development Corp. of Gainesville
Jacksonville Housing Partnership
Miami-Dade NHS
St. Petersburg NHS
Housing Partnership (West Palm Beach)

GEORGIA
Atlanta MHA
NHS of LaGrange
Cobb Housing Inc. (Marietta)
Gwinnett Housing Resource Partnership (Norcross)
NHS of Savannah

NORTH CAROLINA
NHS of Asheville
Charlotte-Mecklenburg Housing Partnership
Downtown Housing Improvement Corporation (Raleigh)

SOUTH CAROLINA
Charleston NDC

Key for all maps
CAP Community Action Program
CDC Community Development Corporation
MHA Mutual Housing Association
NDC Neighborhood Development Corporation
NHS Neighborhood Housing Services
Postscript

Leaving Neighborhood Reinvestment after 24 years (the last 10 as executive director) was a deeply moving experience. I was overwhelmed with emotion at the outpouring of words, hugs, cards and memories.

The wonderful opportunities over the years to join with residents, representatives of the private and public sectors, as well as financial supporters, including the Congress, board agencies and countless others, allowed me, along with hundreds of others, each in our own small way, to help build stronger communities.

Always the focus was on revitalizing neighborhoods. When a family awakens each day in their own home, secure from cold and rain, they have the opportunity to take the next step in building their lives, in assisting their neighbors to build a strong and vital community, and in raising the next generation of Americans. Watching the NeighborWorks® network grow in its capacity to secure places for people to live – as owners and as renters – has been a great joy.

Leaving, I’m more convinced than ever that it all begins with residents leading the way. Talking with residents in any community, one quickly learns what they believe would make their community better. While sometimes it’s fairly small in the grand scheme of things, although huge from their point of view, achieving that first, small step begins to build a base of confidence and trust in themselves and in each other. Once confidence is built and emerges victorious from a crucible of frustration or even defeat, a leadership base has been laid down that has the power, with partners, to transform a community.

We live in a world-wide web of partners each doing their own “thing.” The community development task is to entice those partners into joining with residents to revitalize the residents’ communities. If truth be told, it’s not very hard. NeighborWorks® financial (lending and insuring) partners are eager to expand into new communities, especially when NeighborWorks® organizations fill in the gaps so each can do what it does best. NeighborWorks® public-sector partners are also eager to build strong communities.

A final word of thanks to the staff of Neighborhood Reinvestment and NeighborWorks® organizations. Without you, none of this would even be possible. A “servant leader” is someone who works so well helping others achieve their goals that they say, “We did it ourselves.” And the servant leader finds joy and fulfillment in that. I’ve had the great pleasure to work with thousands of such servant leaders. They answer the phones, counsel homebuyers or those in trouble, guide a youth away from danger, and speak out when authorities are considering decisions that would rip away years of progress.

Thank you all for allowing me to have been part of this great good effort. To have enjoyed the pleasure of your company and shared the high spirits of great achievements have filled me with awe at your dedication, your skills and your leadership.

Now I look forward to cheering you on for many more years, and for many more families whose lives, neighborhoods and communities will each be better for your having been there with them and for them. Peace!

George Knight
Former Executive Director
Neighborhood Reinvestment Corporation
NEIGHBORHOOD REINVESTMENT CORPORATION

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR’S REPORT

SEPTEMBER 30, 2000 AND 1999

Board of Directors
Neighborhood Reinvestment Corporation

We have audited the accompanying balance sheets of Neighborhood Reinvestment Corporation (the Corporation) as of September 30, 2000 and 1999 and the related statements of revenue, expenses and change in fund balance, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Corporation’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued reports dated December 6, 2000 on our consideration of the Corporation’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Washington, D.C. December 6, 2000

THOMPSON, COBB, BAZILIO & ASSOCIATES, P.C.
Certified Public Accountants and Management, Systems and Financial Consultants
## NEIGHBORHOOD REINVESTMENT CORPORATION

### BALANCE SHEETS

#### SEPTEMBER 30, 2000 AND 1999

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$12,453,573</td>
<td>$6,269,717</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighborhood Housing Services of America, Inc. (Note 3)</td>
<td>-</td>
<td>250,000</td>
</tr>
<tr>
<td>Government agencies and private corporations/ foundations</td>
<td>390,630</td>
<td>928,143</td>
</tr>
<tr>
<td>Other receivables</td>
<td>103,269</td>
<td>213,665</td>
</tr>
<tr>
<td>Travel advances</td>
<td>229,786</td>
<td>269,975</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>327,493</td>
<td>247,137</td>
</tr>
<tr>
<td>Fixed assets (Note 4)</td>
<td>1,152,004</td>
<td>1,083,675</td>
</tr>
<tr>
<td>Total Assets</td>
<td><strong>$14,656,755</strong></td>
<td><strong>$9,262,312</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>3,302,536</td>
<td>3,187,993</td>
</tr>
<tr>
<td>Grant commitments (Note 5)</td>
<td>4,647,124</td>
<td>1,975,531</td>
</tr>
<tr>
<td>Deferred revenue (Note 6)</td>
<td>3,020,370</td>
<td>2,515,674</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td><strong>10,970,030</strong></td>
<td><strong>7,679,198</strong></td>
</tr>
<tr>
<td>Commitments and contingencies (Note 7)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fund balances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,534,721</td>
<td>499,439</td>
</tr>
<tr>
<td>Property</td>
<td><strong>1,152,004</strong></td>
<td><strong>1,083,675</strong></td>
</tr>
<tr>
<td>Total Fund Balances</td>
<td><strong>3,686,725</strong></td>
<td><strong>1,583,114</strong></td>
</tr>
<tr>
<td>Total Liabilities and Fund Balances</td>
<td><strong>$14,656,755</strong></td>
<td><strong>$9,262,312</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# NEIGHBORHOOD REINVESTMENT CORPORATION

## STATEMENTS OF REVENUE, EXPENSES AND CHANGE IN FUND BALANCE

FOR THE YEARS ENDED SEPTEMBER 30, 2000 AND 1999

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Congressional appropriation</td>
<td>$75,904,358</td>
<td>$88,360,908</td>
</tr>
<tr>
<td>Government agencies and private corporations/ foundations</td>
<td>3,475,758</td>
<td>3,674,392</td>
</tr>
<tr>
<td>Interest</td>
<td>2,169,716</td>
<td>2,163,297</td>
</tr>
<tr>
<td>Training registration fees</td>
<td>1,530,693</td>
<td>1,287,728</td>
</tr>
<tr>
<td>Other</td>
<td>572,657</td>
<td>241,938</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>83,653,182</strong></td>
<td><strong>95,728,263</strong></td>
</tr>
</tbody>
</table>

|                |               |               |
| **Expenses**   |               |               |
| Personnel      | 18,975,626    | 18,606,230    |
| Grants and grant commitments | 48,891,732    | 63,642,643    |
| Travel         | 2,102,213     | 2,420,952     |
| Occupancy      | 2,398,505     | 1,956,637     |
| Professional services | 3,795,577     | 4,174,797     |
| Conferences and workshops | 996,669       | 1,111,006     |
| Other operating costs | 3,905,472     | 4,519,318     |
| Depreciation   | 483,777       | 527,911       |
| **Total Expenses** | **81,549,571** | **96,959,494** |

|                | 2000          | 1999          |
| Excess (Deficiency) of Revenue Over Expenses | 2,103,611     | (1,231,231)   |

| Fund Balance, Beginning | 1,583,114 | 2,814,345 |
| Fund Balance, Ending    | $3,686,725 | $1,583,114 |

The accompanying notes are an integral part of these financial statements.
NEIGHBORHOOD REINVESTMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2000 AND 1999

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>$ 2,103,611</td>
<td>$(1,231,231)</td>
</tr>
<tr>
<td>Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>483,777</td>
<td>527,911</td>
</tr>
<tr>
<td>Loss on disposition of furniture and equipment</td>
<td>11,403</td>
<td>34,593</td>
</tr>
<tr>
<td>Decrease in receivables</td>
<td>647,908</td>
<td>340,049</td>
</tr>
<tr>
<td>Decrease (Increase) in travel advances</td>
<td>40,189</td>
<td>(203,504)</td>
</tr>
<tr>
<td>(Increase) Decrease in prepaid expenses and other assets</td>
<td>(80,356)</td>
<td>701</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued expenses</td>
<td>114,543</td>
<td>503,108</td>
</tr>
<tr>
<td>Increase in grant commitments</td>
<td>2,671,593</td>
<td>896,934</td>
</tr>
<tr>
<td>Increase in deferred revenue</td>
<td>504,696</td>
<td>1,070,653</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td>$6,497,364</td>
<td>1,939,214</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of office furniture and equipment</td>
<td>(563,508)</td>
<td>(182,097)</td>
</tr>
<tr>
<td>Collections on NHSA advances</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Net Cash (Used In) Provided by Investing Activities</strong></td>
<td>(313,508)</td>
<td>67,903</td>
</tr>
</tbody>
</table>

Net Increase in Cash and Cash Equivalents | $6,183,856  | 2,007,117   |

Cash and Cash Equivalents, Beginning | $6,269,717  | 4,262,600   |

Cash and Cash Equivalents, Ending | $12,453,573 | $6,269,717 |

The accompanying notes are an integral part of these financial statements.
NEIGHBORHOOD REINVESTMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2000

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Creation of New Organizations</td>
<td>Capacity Building</td>
<td>Preserving Affordable Housing</td>
</tr>
<tr>
<td>Personnel</td>
<td>$1,206,453</td>
<td>$6,435,403</td>
<td>$926,133</td>
</tr>
<tr>
<td>Grants and grant commitments</td>
<td></td>
<td>18,016,592</td>
<td>21,578,104</td>
</tr>
<tr>
<td>Travel</td>
<td>110,875</td>
<td>781,250</td>
<td>119,757</td>
</tr>
<tr>
<td>Occupancy</td>
<td>116,214</td>
<td>716,192</td>
<td>173,268</td>
</tr>
<tr>
<td>Professional services</td>
<td>56,858</td>
<td>618,668</td>
<td>245,943</td>
</tr>
<tr>
<td>Conferences and workshops</td>
<td>15,719</td>
<td>84,302</td>
<td>26,070</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>44,969</td>
<td>260,382</td>
<td>504,715</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$1,551,088</td>
<td>$26,912,789</td>
<td>$23,573,990</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NEIGHBORHOOD REINVESTMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 1999

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Support Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of New Organizations</td>
<td>Personnel</td>
</tr>
<tr>
<td></td>
<td>Capacity Building</td>
</tr>
<tr>
<td></td>
<td>Preserving Affordable Housing</td>
</tr>
<tr>
<td></td>
<td>Risk Management</td>
</tr>
<tr>
<td></td>
<td>Training and Informing</td>
</tr>
<tr>
<td></td>
<td>Secondary Market Activities</td>
</tr>
<tr>
<td></td>
<td>Total Program Services</td>
</tr>
<tr>
<td></td>
<td>General and Administrative</td>
</tr>
<tr>
<td></td>
<td>Total Expenses</td>
</tr>
<tr>
<td>Grants and grant commitments</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>180,592</td>
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<tr>
<td>Occupancy</td>
<td>107,721</td>
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<tr>
<td>Professional services</td>
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</tr>
<tr>
<td>Conferences and workshops</td>
<td>37,739</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>93,119</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$1,611,917</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NOTE 1: ORGANIZATION

Neighborhood Reinvestment Corporation (the Corporation) was established by Congress in 1978 by the Neighborhood Reinvestment Corporation Act. The purpose of the Corporation is to continue the joint efforts of the federal financial supervisory agencies and the Department of Housing and Urban Development (HUD) in promoting reinvestment in older neighborhoods by local financial institutions in cooperation with the community, residents and local governments. These efforts were previously conducted by the Urban Reinvestment Task Force, which the Corporation succeeded.

The Corporation is exempt from federal income tax under the provisions of the Neighborhood Reinvestment Corporation Act and is recognized by the Internal Revenue Service as a tax-exempt organization as described in Section 501(c)(3) of the U.S. Internal Revenue Code.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements are prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recorded when incurred, without regard to the dates of receipt or payment of cash.

Fund Accounting - To ensure the observance of limitations and restrictions placed on the use of resources available to the Corporation, the accounts are maintained in accordance with the principles of fund accounting. This practice allows resources for various purposes to be classified into funds established according to their nature and intended use. The funds are as follows:

Unrestricted fund - unrestricted resources available for the regular operations of the Corporation. The use of this fund is at the discretion of the board of directors and management.

Property fund - net investment in fixed assets used in the regular operations of the Corporation.

Restricted fund - the portions of Congressional appropriations awarded for specific uses, contributions and grants from other entities and the related expenditures incurred to carry out the activities specified by the donors.

Revenue Recognition - The Corporation's primary funding is through Congressional appropriation. Support is also provided by federal and local government agencies and private corporations and foundations. Unrestricted Congressional appropriations are recognized as revenue when appropriating legislation is enacted. Congressional appropriations restricted for equity capital grants and other specific programs are recognized as revenue when the related grant commitments are made and/or when other specific program costs are incurred. Support from federal and local government agencies and private corporations and foundations is recorded as revenue when costs are incurred; funds received but unexpended are reflected as deferred revenue.

Grants and Grant Commitments - Grants and grant commitments are recorded as expenses when letters of intent or grant commitments are signed by the Corporation's management. Undisbursed grant funds that are deobligated are reflected as reductions of grant expense when the related grant commitments are revoked.
NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - Cash in excess of amounts required to fund current operations is invested in short-term investments. Such short-term investments are stated at market value. Cash equivalents include investments with original maturities of three months or less.

Fixed Assets - Office furniture, equipment and software acquired at a cost in excess of $1,000 are capitalized. Depreciation is calculated using the straight-line method over their estimated useful lives.

Accounts Receivable - Accounts receivable are stated at net realizable value. The allowance for doubtful accounts is based on management’s estimate of uncollectible accounts.

Functional Allocation of Expenses - Costs of program activities and support services are presented on a functional basis in the financial statements. Accordingly, certain direct and indirect expenses have been allocated among the programs and support services benefitted.

NOTE 3: NEIGHBORHOOD HOUSING SERVICES OF AMERICA, INC. (NHSA)

NHSA is a private non-profit corporation which provides financial and fundraising services to the NeighborWorks® network. The Corporation is the principal source of funding for NHSA. Grants made by the Corporation to NHSA for fiscal years 2000 and 1999 amounted to $7,750,000 and $7,500,000, respectively.

On September 29, 1986, the Corporation entered into a Revolving Credit Agreement with NHSA to make advances to NHSA as needed through September 29, 1997, not to exceed an aggregate outstanding balance of $1,000,000. These advances were used to purchase and warehouse low-interest mortgages from NeighborWorks® programs pending closing on sales to institutional investors. NHSA pays the Corporation an annual fee of 3% of the average daily outstanding loan balance. The balance of $250,000 as of September 30, 1999 was paid by NHSA during fiscal year 2000.

NOTE 4: FIXED ASSETS

Fixed assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, equipment and software</td>
<td>$5,646,494</td>
<td>$5,224,841</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(4,494,490)</td>
<td>(4,141,166)</td>
</tr>
<tr>
<td>Net fixed assets</td>
<td>$1,152,004</td>
<td>$1,083,675</td>
</tr>
</tbody>
</table>

NOTE 5: GRANT COMMITMENTS

The Corporation provides grant funds to NeighborWorks® programs, neighborhood preservation projects and other similar programs in partial support of program costs, to create revolving loan funds, and to provide certain equity capital funding. Grants are recorded when the funds are committed. Committed but unexpended grant funds are recorded as a liability in the accompanying financial statements. The Corporation remains liable for outstanding grant commitments in the following program areas:
NOTE 5:  GRANT COMMITMENTS (Continued)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Capital</td>
<td>$1,776,090</td>
<td>$1,629,681</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>2,721,034</td>
<td>195,850</td>
</tr>
<tr>
<td>Creation of New NeighborWorks® Organizations</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Total</td>
<td>$4,647,124</td>
<td>$1,975,531</td>
</tr>
</tbody>
</table>

NOTE 6:  DEFERRED REVENUE

Deferred revenue consists of funds from the following:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congressional appropriation</td>
<td>$ 734,733</td>
<td>$1,639,092</td>
</tr>
<tr>
<td>Private corporations/foundations</td>
<td>2,285,637</td>
<td>876,582</td>
</tr>
<tr>
<td>Total</td>
<td>$3,020,370</td>
<td>$2,515,674</td>
</tr>
</tbody>
</table>

NOTE 7:  COMMITMENTS AND CONTINGENCIES

**Leases** - The Corporation leases office space and equipment under various agreements through the year 2006 in Washington, D.C., and in other cities throughout the United States. Certain office space agreements provide for annual rental adjustments based upon increases in the Consumer Price Index. In addition, these agreements call for a pass through of operating expenses and real estate taxes. The following is a schedule of future minimum rental payments under noncancellable operating leases, having initial or remaining terms of more than one year as of September 30, 2000:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$ 2,297,800</td>
</tr>
<tr>
<td>2002</td>
<td>2,251,897</td>
</tr>
<tr>
<td>2003</td>
<td>2,274,982</td>
</tr>
<tr>
<td>2004</td>
<td>2,067,845</td>
</tr>
<tr>
<td>2005</td>
<td>1,880,881</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,875,310</td>
</tr>
<tr>
<td>Total</td>
<td>$12,648,715</td>
</tr>
</tbody>
</table>

The cost of operating leases included in occupancy expense for the years ended September 30, 2000 and 1999 was $2,398,505 and $1,956,637, respectively.

**Mortgage Guarantees** - Under the terms of an agreement executed between the Mortgage Guaranty Insurance Corporation (MGIC) and the Corporation, MGIC insures some mortgage loans that do not meet all of MGIC’s standard underwriting guidelines. The purpose of this agreement was to create a loan product with Freddie Mac and MGIC that would allow for special underwriting guidelines to make mortgages to low and moderate income borrowers. The Corporation shares a portion of this higher financial risk. The maximum liability under the agreement is $162,000.
NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Under the agreement, MGIC has insured 43 mortgages totaling $4,031,080 which carry the insurance risk of $1,196,577. The Corporation's maximum liability under the agreement is the lesser of $162,000 or 25% of the claims paid by MGIC. However, no payment to this loan loss reserve has been required as of this date.

NOTE 8: PENSION PLAN

The Corporation has a defined contribution pension plan which meets the requirements of Section 401(k) of the U.S. Internal Revenue Code. The Corporation contributes an amount equal to 8% of the social security integration level in effect and 13.7% of each active participant's compensation in excess of the social security integration level. In addition, each active participant may enter into a salary deferral agreement with the Corporation in an amount equal to not less than 1% or more than 12.5% of his or her compensation for the contribution period. The Corporation matches each participant's pre-tax contributions up to 100% of the first 6% of the employee's compensation. Employer contributions to employee accounts vest 33% after three years of employment and 100% after five years. Employees may also borrow against their vested benefits. Total pension expense for fiscal years 2000 and 1999 was $1,606,065 and $1,371,328, respectively.

Effective as of September 1, 2000, the Plan covers all regular full-time and regular part-time employees of the Corporation who have a 30-day period of service. At that time, eligible employees can contribute their own money to the Plan, and the employee will be eligible for the employer match after the employee completes one year of service.
INDEPENDENT AUDITOR’S REPORT ON ADDITIONAL INFORMATION

Board of Directors
Neighborhood Reinvestment Corporation

The report on our audits of the basic financial statements of Neighborhood Reinvestment Corporation for the years ended September 30, 2000 and 1999 appears on page one. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Combining Statements of Revenue, Expenses and Change in Fund Balances are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the years ended September 30, 2000 and 1999, taken as a whole.

Washington, D.C. December 6, 2000

Thompson, Cobb, Basilio & Associates, PC
## COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGE IN FUND BALANCES FOR THE YEAR ENDED SEPTEMBER 30, 2000

<table>
<thead>
<tr>
<th></th>
<th>Congressional Appropriation</th>
<th>Other Sources</th>
<th>Grants and Contracts</th>
<th>Fixed Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>appropriations, grants</td>
<td>$75,904,358</td>
<td>$</td>
<td>$3,475,758</td>
<td>$</td>
<td>$79,380,116</td>
</tr>
<tr>
<td>and other awards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest</td>
<td>-</td>
<td>2,169,716</td>
<td>-</td>
<td>-</td>
<td>2,169,716</td>
</tr>
<tr>
<td>training registration fees</td>
<td>-</td>
<td>1,530,693</td>
<td>-</td>
<td>-</td>
<td>1,530,693</td>
</tr>
<tr>
<td>other</td>
<td>-</td>
<td>-</td>
<td>572,657</td>
<td>-</td>
<td>572,657</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$75,904,358</td>
<td>4,273,066</td>
<td>3,475,758</td>
<td>-</td>
<td>83,653,182</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>personnel</td>
<td>18,942,086</td>
<td>-</td>
<td>33,540</td>
<td>-</td>
<td>18,975,626</td>
</tr>
<tr>
<td>grants and grant commitments</td>
<td>42,336,143</td>
<td>3,336,588</td>
<td>3,219,001</td>
<td>-</td>
<td>48,891,732</td>
</tr>
<tr>
<td>travel</td>
<td>1,958,381</td>
<td>105,991</td>
<td>37,841</td>
<td>-</td>
<td>2,102,213</td>
</tr>
<tr>
<td>occupancy</td>
<td>2,398,505</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,398,505</td>
</tr>
<tr>
<td>professional services</td>
<td>3,102,188</td>
<td>578,294</td>
<td>115,095</td>
<td>-</td>
<td>3,795,577</td>
</tr>
<tr>
<td>conferences and workshops</td>
<td>826,885</td>
<td>151,301</td>
<td>18,483</td>
<td>-</td>
<td>996,669</td>
</tr>
<tr>
<td>other operating costs</td>
<td>3,828,937</td>
<td>24,737</td>
<td>51,798</td>
<td>-</td>
<td>3,905,472</td>
</tr>
<tr>
<td>depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>483,777</td>
<td>483,777</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$73,393,125</td>
<td>4,196,911</td>
<td>3,475,758</td>
<td>483,777</td>
<td>81,549,571</td>
</tr>
<tr>
<td>deficiency of revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>over expenses before capital purchases</td>
<td>2,511,233</td>
<td>76,155</td>
<td>-</td>
<td>(483,777)</td>
<td>2,103,611</td>
</tr>
<tr>
<td>furniture and equipment purchases</td>
<td>(563,508)</td>
<td>-</td>
<td>-</td>
<td>563,508</td>
<td>-</td>
</tr>
<tr>
<td>loss on disposition of furniture and equipment, net</td>
<td>11,403</td>
<td>-</td>
<td>-</td>
<td>(11,403)</td>
<td>-</td>
</tr>
<tr>
<td>net change in fund balance</td>
<td>1,959,128</td>
<td>76,155</td>
<td>-</td>
<td>68,328</td>
<td>2,103,611</td>
</tr>
<tr>
<td>fund balances, beginning</td>
<td>115,905</td>
<td>383,533</td>
<td>-</td>
<td>1,083,676</td>
<td>1,583,114</td>
</tr>
<tr>
<td>fund balances, ending</td>
<td>$2,075,033</td>
<td>$459,688</td>
<td>$</td>
<td>$1,152,004</td>
<td>$3,686,725</td>
</tr>
</tbody>
</table>

See Independent Auditor's Report on Additional Information.
NEIGHBORHOOD REINVESTMENT CORPORATION

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGE IN FUND BALANCES FOR THE YEAR ENDED SEPTEMBER 30, 1999

<table>
<thead>
<tr>
<th>Congressional Appropriation</th>
<th>Other Sources</th>
<th>Grants and Contracts</th>
<th>Fixed Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations, grants and other awards</td>
<td>$88,360,908</td>
<td>$</td>
<td>$3,674,392</td>
<td>$</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>2,163,297</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Training registration fees</td>
<td>-</td>
<td>1,287,728</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>241,938</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>88,360,908</td>
<td>3,692,963</td>
<td>3,674,392</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>18,549,769</td>
<td>-</td>
<td>56,461</td>
<td>-</td>
<td>18,606,230</td>
</tr>
<tr>
<td>Grants and grant commitments</td>
<td>57,173,985</td>
<td>3,067,290</td>
<td>3,401,368</td>
<td>-</td>
<td>63,642,643</td>
</tr>
<tr>
<td>Travel</td>
<td>2,396,853</td>
<td>8,406</td>
<td>15,693</td>
<td>-</td>
<td>2,420,952</td>
</tr>
<tr>
<td>Occupancy</td>
<td>1,952,007</td>
<td>-</td>
<td>4,630</td>
<td>-</td>
<td>1,956,637</td>
</tr>
<tr>
<td>Professional services</td>
<td>3,678,546</td>
<td>406,808</td>
<td>89,443</td>
<td>-</td>
<td>4,174,797</td>
</tr>
<tr>
<td>Conferences and workshops</td>
<td>877,667</td>
<td>188,987</td>
<td>44,352</td>
<td>-</td>
<td>1,111,006</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>4,433,387</td>
<td>23,486</td>
<td>62,445</td>
<td>-</td>
<td>4,519,318</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>527,911</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>89,062,214</td>
<td>3,694,977</td>
<td>3,674,392</td>
<td>527,911</td>
<td>96,959,494</td>
</tr>
</tbody>
</table>

**Excess (Deficiency) of Revenue Over Expenses Before Capital Purchases**

| | | | |
| (701,306) | (2,014) | - | (527,911) | (1,231,231) |

**Furniture and equipment purchases**

| | | |
| (182,097) | - | - | 182,097 | - |

**Loss on disposition of furniture and equipment, net**

| | | |
| 34,593 | - | - | (34,593) | - |

**Net Change in Fund Balance**

| | | |
| (848,810) | (2,014) | - | (380,407) | (1,231,231) |

**Fund Balances, Beginning**

| | | |
| 964,715 | 385,547 | - | 1,464,083 | 2,814,345 |

**Fund Balances, Ending**

| | | |
| $115,905 | $383,533 | $ | $1,083,676 | $1,583,114 |

See Independent Auditor's Report on Additional Information.
THOMPSON, COBB, BAZILIO & ASSOCIATES, P.C.
Certified Public Accountants and Management, Systems and Financial Consultants

<table>
<thead>
<tr>
<th>Main:</th>
<th>Regional:</th>
<th>Regional:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1101 15th Street, N.W.</td>
<td>100 Pearl Street</td>
<td>21250 Hawthorne Boulevard</td>
</tr>
<tr>
<td>Suite 400</td>
<td>14th Floor</td>
<td>Suite 500</td>
</tr>
<tr>
<td>Washington, D.C. 20005</td>
<td>Hartford, CT 06103</td>
<td>Torrance, California 90503</td>
</tr>
<tr>
<td>(202) 737-3390</td>
<td>(203) 249-7246</td>
<td>(310) 792-7001</td>
</tr>
<tr>
<td>Fax: (202) 737-2684</td>
<td>Fax: (203) 275-6504</td>
<td>Fax: (310) 792-7004</td>
</tr>
</tbody>
</table>
Neighborhood Reinvestment Corporation Officers and Senior Managers

Ellen Lazar
Executive Director

Clarence Snuggs
Deputy Executive Director/Treasurer

Margaret H. Kelly
Deputy Executive Director/Field Operations

Jeffrey T. Bryson
General Counsel/Secretary

DeLois Babiker
Director, Information Management

Esmail Baku
Director, Research

Grace Buckley
Director, Rocky Mountain District

Charles Buki
Director, Training

Robert Burns
Director, North Central District

Daniel Ehrenberg
Deputy General Counsel

Brooke Finn
Director, Staff Development

Margaret Frisbee
Director, Pacific District

Ronald Johnston
Director, Risk Management

Cornelia Kent
Director, Finance

Karen Kollias
Director, Mid-Atlantic District

Allan Martin
Senior Operations Manager/Assistant Treasurer

Nelson Merced
Director, New England District

Ruth Osuna
Director, South Central District

Donald Phoenix
Director, Southern District

Paul Poston
Director, Great Lakes District

Elisabeth Prentice
Director, New York/Puerto Rico District

Steven Tuminaro
Director, External Affairs

Frederick Udochi
Internal Audit Director

Kenneth Wade
Director, National Initiatives

Margaret Ziemba
Director, Human Resources

The 2000 Annual Report was prepared by Neighborhood Reinvestment Corporation.

Steven Tuminaro
Director, External Affairs

Allan Martin
Acting Publishing Director

Project Management and Writing

Prentice Bowsher
Publishing Project Manager

Design

David Plihal
Senior Graphic Designer

Photo Credits
The full-page photos of families, individuals and architectural details throughout this report were taken in selected NeighborWorks® communities across the country. These images, viewed as a whole, convey the diversity and texture of the communities served by the NeighborWorks® system.

All photos, unless otherwise noted, are by Séan Bennett, photography/video specialist, Neighborhood Reinvestment Corporation. Other credits: George Ceola, Better Homes & Garden, page 7; Massillon Gazette, page 15; John Booz Photo, page 19; David Plihal, NRC, pages 13, 25, 29.

The 2000 Annual Report is a brief overview of the status of the NeighborWorks® system at the conclusion of the fiscal year. The NeighborWorks® system includes the Neighborhood Reinvestment Corporation, the NeighborWorks® network and Neighborhood Housing Services of America. For regular updates on the system's progress, visit its Web site at www.nw.org or call (202) 220-2300 and ask to be placed on the mailing list for Neighborhood Reinvestment publications.

If you would like additional copies of the 2000 Annual Report, please contact the Neighborhood Reinvestment Corporation's external affairs department at (202) 220-2368. This annual report is also available at www.nw.org.

Neighborhood Reinvestment Corporation is a public, nonprofit corporation established by Act of Congress in 1978 (P.L. 95-557).

NeighborWorks® is a registered service mark for the neighborhood revitalization and educational services offered by Neighborhood Reinvestment Corporation, Neighborhood Housing Services of America, and a national network of private/public partnerships, including Neighborhood Housing Services, mutual housing associations and similar community-based, housing development organizations. It identifies the provider of those services as a member of the national NeighborWorks® network.

A NeighborWorks® Publication
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Washington, D.C. 20005-3100
(202) 220-2300
www.nw.org
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Washington, D.C. 20005
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