Neighborhood Reinvestment Corporation
Board of Directors
As of the close of the 2001 fiscal year

Edward M. Gramlich
Chairman
Member, Board of Governors,
The Federal Reserve System

John M. Reich
Vice Chairman
Director, Federal Deposit Insurance Corporation

Ellen Seidman
Director, Office of Thrift Supervision
(Ellen Seidman served as the Chairman,
then Vice-Chairman during FY 2001)

Mel Martinez
Secretary, U.S. Department of
Housing and Urban Development

John D. Hawke, Jr.
Comptroller of the Currency,
U.S. Department of the Treasury

Julie Williams
Chief Counsel, Comptroller of the Currency,
U.S. Department of the Treasury (Designate)

Yolanda Townsend Wheat
Board Member,
National Credit Union Administration

John C. Weicher
Assistant Secretary/FHA Commissioner,
U.S. Department of Housing and Urban
Development (Designate)

Former Board Members
who served during the 2001 fiscal year

Andrew Cuomo
Secretary, U.S. Department of
Housing and Urban Development

Norman E. D'Amours
Chairman, National Credit Union Administration

Andrew C. Hove, Jr.
Vice Chairman,
Federal Deposit Insurance Corporation

William C. Apgar.
Assistant Secretary/FHA Commissioner,
U.S. Department of Housing and Urban
Development (Designate)
Positional Reinvestment Corporation

Annual Report 2001

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A Letter from the Chairman

Homeownership has significant social and economic implications for all of us, and ranks high on the list of personal and national priorities. The Neighborhood Reinvestment Corporation and its affiliated NeighborWorks® organizations, along with many other for-profit, nonprofit and government entities, are committed to increasing homeownership opportunities. Great progress was made in 2001, as it has been made in earlier years. In fact, since 1995, home ownership rates reached new highs in each successive year.

All this has happened in an expanding economy. While it appears we are now faced with a somewhat less-ebullient economy, underlying housing values have remained relatively strong and home-equity levels for lower-income families, particular among African-American and Latino homeowners, are still rising.

NeighborWorks® organizations are well positioned to deal with the challenges and opportunities presented by changing economic environments. Through the creation of strategic partnerships with financial and secondary market institutions and government agencies, community-based organizations have provided home-ownership and credit counseling, generated new financing structures to leverage funding, and devised programs to prevent delinquencies and foreclosures.

Affordable-housing proponents are assisting the growing number of new Americans by tailoring counseling and outreach programs to bridge language and cultural gaps. Because these programs are locally run, they can respond to clients’ educational needs with regard to household budgeting, credit management, and the mortgage process.

To mitigate delinquencies and foreclosures, affordable-housing organizations have implemented assistance and intervention programs. One example is the Neighborhood Housing Services of Chicago’s neighborhood ownership recovery mortgage-assistance loan (NORMAL). In partnership with several financial institutions, NORMAL provides alternate financing to borrowers in danger of losing their homes in credit deals with unscrupulous lenders. NORMAL, and other programs like it, illustrate the creativity and responsiveness of NeighborWorks® and other affordable-housing groups in averting financial tragedy for lower-income families. Such programs also can serve as models for educating borrowers and providing resources to families suffering from the financial stress of less-favorable economic times.

In 2002 and beyond, Neighborhood Reinvestment and the NeighborWorks® network, assisted by their partners, will continue their work to revitalize the nation’s communities, helping families to achieve and preserve the American dream of more affordable housing and high rates of home ownership.

Edward M. Gramlich
Chairman, Neighborhood Reinvestment Corporation
Member, Board of Governors, The Federal Reserve System
Celebrating Our Nation’s Neighborhoods
A Letter from the Executive Director

In a period of great advancements in so many areas, we were all shocked by the September 11 terrorist attacks, which forced us to deal with heightened concerns for basic needs in very personal ways. For many of the people who work at the Neighborhood Reinvestment Corporation and across the country in the more than 220 independent NeighborWorks® organizations, dedication to strengthening communities was – and continues to be – a cornerstone of our lives, helping to keep us energized and engaged.

Particularly this year, we want to celebrate the strength and diversity of our nation – as demonstrated by the people who live in our neighborhoods. We’ve selected a miniscule sampling from the more than 1,900 neighborhoods assisted by local NeighborWorks® organizations in urban, rural and suburban settings. The residents of our neighborhoods worship in many different ways, speak a host of the world’s languages and reflect America’s rich and varied cultural heritage. Likewise, our approach to community revitalization is multi-dimensional and includes the provision of training and information to the community development field as a whole as well as technical assistance and financial support to the NeighborWorks® network. The particular strategies to be employed are determined by each local organization under the leadership of a volunteer board of directors and paid professional staff.

This year, we have worked in a participatory way to frame our vision and values in order to set and communicate strategic planning goals, strategies and anticipated outcomes. We have made notable progress, and expect to soon implement refinements that will directly benefit us all.

Despite the slowdown in the economy in FY 2001, the NeighborWorks network’s activities resulted in:

► Total investment of nearly $1.4 billion, an increase of 9 percent over FY 2000;
► Total programmatic housing units (single- and multifamily rehabs, home ownership, mutual housing associations) reached 18,840, 4 percent more than last year, including 12,459 families assisted to become homeowners; in addition, 14,835 homes were provided with emergency/minor home repairs; and
► The inventory of rental units owned and/or managed by the network (including mutual housing associations) increased 20 percent, for a total of 29,912 units.

With all the resources at hand, we pledge in the coming year to continue our efforts to assist America’s neighborhoods to become true communities of choice and our residents to enter fully into all facets of American life.

Ellen Lazar
Executive Director
Neighborhood Reinvestment Corporation
Evolving from an earlier effort by the Federal Home Loan Bank Board to increase lending in declining neighborhoods, Neighborhood Reinvestment, founder of the NeighborWorks® network, was created by an act of Congress in 1978 to revitalize America's communities. By statute, it is governed by a board of directors composed of representatives from the Department of Housing and Urban Development and five financial regulatory agencies (the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the National Credit Union Administration).

During 2001, the Neighborhood Reinvestment Corporation, with the full support of its board of directors and under the leadership of its Executive Director, Ellen Lazar, engaged in a comprehensive strategic planning process. The Neighborhood Reinvestment Corporation undertook this strategic planning process with the intention to:

- Better understand the changes in the environment in which it operates and the challenges it is likely to face in the coming three to five years;
- Identify ways that it could be even more responsive to its customers and stakeholders, as well as effective and efficient in its business; and
- Create a living document that would guide decisions and communicate its mission and priorities.

Using an intensive and participatory process, the Neighborhood Reinvestment Corporation revisited its vision and values; commissioned an extensive environmental scan; performed an assessment of its strengths, weaknesses, opportunities and threats; and interviewed and surveyed its staff, customers, stakeholders, partners and sponsors. This plan articulates the Neighborhood Reinvestment Corporation's new vision, values, core business areas, and strategic directions for the coming five years. This strategic plan is a commitment to:

- Increase the capacity of NeighborWorks® organizations to help underserved communities and populations meet their revitalization goals and improve the quality of housing and economic opportunities for low- and moderate-income people;
- Expand the impact and reach of the NeighborWorks® network;
- Maximize the visibility of the NeighborWorks® system (NeighborWorks® organizations, Neighborhood Reinvestment and affiliated entities);
- Increase resources that primarily support the activities of the NeighborWorks® system;
- Provide responsive, integrated, seamless, and efficient customer oriented services, and
- Be in the vanguard of the community development field.

While this plan will guide the development of work plans and activities in the next five years, it is not a static document. Neighborhood Reinvestment will regularly monitor progress toward the goals and changes within the environment, and make adjustments to ensure that the plan remains vibrant and relevant.
The Neighborhood Reinvestment Corporation was created under Title VI of the Housing and Community Development Amendments of 1978, P.L. 95-557, to implement and expand the demonstration activities of the Urban Reinvestment Task Force. The principal purpose of the Corporation is to revitalize neighborhoods by mobilizing public, private and community resources at the neighborhood level. The law, as amended, states in Section 606(a) that:

1. The Corporation shall continue the work of the Urban Reinvestment Task Force in establishing Neighborhood Housing Services programs in neighborhoods throughout the United States, monitoring their progress and providing them with grants and technical services.

2. The Corporation shall continue the work of the Urban Reinvestment Task Force in identifying, monitoring, evaluating, and providing grants and technical assistance to selected neighborhood preservation projects which show promise as mechanisms for reversing neighborhood decline and improving the quality of neighborhood life.

3. The Corporation shall experimentally replicate neighborhood preservation projects which have demonstrated success and, after creating reliable developmental processes, bring the new programs to neighborhoods throughout the United States, which in the judgment of the Corporation can benefit therefrom, by providing assistance in organizing programs, providing grants to expand its national loan purchase pool and may contract out for services which can be performed more efficiently or effectively than by the Corporation.

4. The Corporation shall continue the work of the Urban Reinvestment Task Force in supporting Neighborhood Housing Services of America (NHSA), a nonprofit corporation established to provide services to local neighborhood housing services programs, with support that may include technical assistance and grants to expand its national loan purchase pool or to provide other services.

In the 1990 National Affordable Housing Act, the Corporation’s funds were authorized for these purposes:

a. To expand the national neighborhood housing service network (now known as the NeighborWorks® network) and to assist network capacity development, including expansion of rental housing resources.

b. To expand the loan purchase capacity of the NeighborWorks® secondary market operated by Neighborhood Housing Services of America.

c. To make grants to provide incentives to extend low-income housing use in connection with properties subject to prepayment pursuant to the Low-Income Housing Preservation and Resident Ownership Act of 1990.

d. To increase the resources available to the NeighborWorks® organizations for the purchase of multifamily and single-family properties owned by the Secretary of Housing and Urban Development for rehabilitation (if necessary) and sale to low- and moderate-income families.

e. To provide matching capital grants, operating subsidies, and technical services to mutual housing associations for the development, acquisition and rehabilitation of multifamily and single-family properties (including properties owned by the Secretary of Housing and Urban Development) to ensure affordability by low- and moderate-income families.
NEIGHBORHOOD REINVESTMENT CORPORATION

VISION

The Neighborhood Reinvestment Corporation strengthens communities and transforms lives across America by supporting innovative local partnerships of residents, businesses and government, collectively known as the NeighborWorks® network, and by advancing broader community development goals.

Our vision is a powerful guide for our actions in the coming years, so we’ve chosen our words carefully to ensure that they reflect our values and intentions.

The Neighborhood Reinvestment Corporation ...
Our statement reflects the intentions of Neighborhood Reinvestment, a congressionally chartered independent nonprofit Corporation.

strengthens communities and transforms lives ...
Residents of underserved communities are the ultimate beneficiaries of Neighborhood Reinvestment’s work. The Corporation’s efforts are designed to improve the fabric of each community as a whole; housing is a primary strategy, but other challenges are also addressed toward the goal of improving the quality of life across America.

across America ...
The Corporation’s vision is to strengthen communities in every state of the United States of America (as well as the District of Columbia, Puerto Rico and the Virgin Islands) – and in every kind of setting (urban, suburban, rural and native lands).

by supporting innovative local partnerships ...
The Corporation strengthens communities through the national NeighborWorks® network, composed of locally governed, independent 501(c)(3) organizations that flexibly respond to needs of the communities served, often acting as laboratories to devise and test new approaches to community building and development. Neighborhood Reinvestment provides grants, technical assistance, access to the secondary market administered by Neighborhood Housing Services of America, and training to chartered NeighborWorks® organizations in good standing.

of residents, businesses and government collectively known as the NeighborWorks® network ...
Each NeighborWorks® organization is governed by a board of directors composed of representatives from the communities served as well as businesses and government entities.

and by advancing broader community development goals.
Neighborhood Reinvestment also shares the NeighborWorks® network’s innovations and builds the understanding of best practices in community development more broadly through training, research, information dissemination and collaboration.
FUNCTIONAL ACTIVITIES

The Corporation’s core functional activities include chartering new NeighborWorks® organizations, building organizational capacity, preserving affordable housing and equity capital, program review/risk management, training and informing, and support of the secondary market administered Neighborhood Housing Services of America (NHSA).

Chartering New NeighborWorks® Organizations
Chartering a new NeighborWorks® organization requires extensive educational and partnership-building efforts, usually over a period of 12 to 18 months. In instances where no appropriate nonprofit exists but community need is great, Neighborhood Reinvestment will work with local residents, business leaders and government representatives to develop a new community-based organization. More frequently, however, Neighborhood Reinvestment works with an existing organization through an affiliation process. In FY 2001, the network added eight new NeighborWorks® organizations, raising the total to 225. Taken together, they serve over 2,000 communities in 48 states, plus Puerto Rico and the District of Columbia.

Building Organizational Capacity
Neighborhood Reinvestment expands the capacity of network members by providing a high degree of on-site technical assistance. Often this helps a local organization reexamine its operations or delivery of services in order to improve efficiency.

Preserving Affordable Housing and Equity Capital
The availability of equity capital, in the form of highly flexible Neighborhood Reinvestment grants to local organizations’ revolving loan funds, is vitally important to their ability to create an asset base from which to build future community-revitalization initiatives. This flexible capital enables NeighborWorks® organizations to leverage private-sector investments that finance the bulk of their revitalization activities. 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.

Risk Management/Program Review
Neighborhood Reinvestment pays great attention to network organizations’ capacity to successfully manage their programmatic risks, as well as their financial and organizational stability. Neighborhood Reinvestment’s risk-management approach is designed to reduce risk to individual organization, better focus limited technical assistance, and steadily increase the health, performance, productivity and effectiveness of the NeighborWorks® network as a whole. Neighborhood Reinvestment conducts an on-site program review of each NeighborWorks® organization every 24-36 months, and requires an annual audit from every NeighborWorks® organization. In addition, the Corporation maintains a system for “continuous monitoring” which provides ongoing, off-site, risk-based reviews based on individual program profiles.

Training and Informing
Through its research, external affairs, publishing, information services and training departments, Neighborhood Reinvestment collects and disseminates pertinent and useful information about and for the NeighborWorks® network and the broader community development field. Neighborhood Reinvestment imparts this data and information through a variety of vehicles, and trains and informs the network and representatives of the broader industry through national and regional training events, publications, its Web site (www.nw.org) and other venues. Neighborhood Reinvestment Training Institutes operate like a week-long community college, offering an average of 70 courses at each institute. Training Institutes are open to all persons and organizations interested in any aspect of affordable housing and neighborhood revitalization. In conjunction with Harvard’s Houser Center, Neighborhood Reinvestment is also developing a new advanced practitioner platform for seasoned community development professionals. Intense classes at Harvard will be augmented by off-site applied learning, consulting and technical assistance.
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NHS of Birmingham
Community Service Programs
of West Alabama (Tuscaloosa)

ALASKA
Anchorage MHA
Anchorage NHS
Fairbanks NHS

ARIZONA
NHS of Southwestern Maricopa
County (Avondale)
NHS of Phoenix
Navajo Partnership
for Housing (St. Michaels)
Primavera Builders Inc.
(Tucson)

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

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 NHA
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
Corp. (Saticoy)
Rural Communities Housing
Development Corp. (Ukiah)
Vallejo NHS Self-Help
Enterprises (Visalia)

COLORADO
Rocky Mountain MHA (Denver)
The Energy Office Inc.
(Grand J unction)
NHS of Pueblo
Colorado Rural Housing
Development Corp.
(Westminster)

CONNECTICUT
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

DELAWARE
Interfaith Housing Delaware
Inc. (Wilmington)

DISTRICT OF COLUMBIA
Manna Inc.

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

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

HAWAII
MHA of Hawaii (Honolulu)

IDAHO
NHS Inc. (Boise)
Nampa NHS
Pocatello NHS

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

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

IOWA
Mid-America Housing
Partnership (Cedar Rapids)
Mississippi Valley NHS
(Davenport)
NHS of Des Moines

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

KENTUCKY
Community Ventures Corp.
(Lexington)
NHS of Louisville

LOUISIANA
NHS of Lafayette
NHS of New Orleans

MAINE
Kennebec Valley CAP
(Waterville)

MARYLAND
MHA of Baltimore
NHS of Baltimore
Cumberland NHS
Salisbury NHS

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

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

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

MONTANA
NHS Inc. of Great Falls

NEBRASKA
Neighborhoods Inc. (Lincoln)
NEVADA
NHS of Southern Nevada (North Las Vegas)

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

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

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

NEW YORK
Steuben Churchpeople Against Poverty (Bath)
Neighbors Helping Neighbors (Brooklyn)
Black Rock-Riverside NHS (Buffalo)
Broadway-Fillmore NHS (Buffalo)
Kensington-Bailey NHS (Buffalo)
NHS of South Buffalo
West Side NHS (Buffalo)
St. Lawrence County Housing Council (Canton)
CDC of Long Island (Centereach)
Housing Resources of Columbia County (Hudson)
Ithaca NHS
Rural Ulster Preservation Co. (Kingston)
Jamaica Housing Improvement (NYC)
NHS of New York City
NHS of Bedford-Stuyvesant
NHS of East Flatbush
NHS of Jamaica
NHS of North Bronx
NHS of Northern Queens
NHS of Staten Island
Niagara Falls NHS
Opportunities for Chenango Inc. (Norwich)
Hudson River Housing Inc. (Poughkeepsie)
NHS of Rochester
Rural Opportunities Inc. (Rochester)
Rural Revitalization Corp. (Salamanca)
Home Headquarters Inc. (Syracuse)
Syracuse Model Neighborhood Corp.
Syracuse NHS
Troy Rehabilitation & Improvement Program
UNHS HomeOwnership Center

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

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

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

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

OREGON
Corvallis NHS
Portland Housing Center

PENNSYLVANIA
Allentown NHS
New Kensington CDC (Phil a.)
Philadelphia NHS
NHS Inc. - Pittsburgh
NHS of Reading
Scranton NHS

PUERTO RICO
Ponce NHS
San Juan NHS

RHODE ISLAND
Greater Elmwood Neighborhood Services (Providence)
West Elmwood CDC (Providence)
Woonsocket NDC

SOUTH CAROLINA
Charleston HomeOwnership Center

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

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

TEXAS
Cen-Tex Certified Development Corp. (Austin)
Foundation Communities (Austin)
NHS of Dimmit County (Carrizo Springs)

UTAH
NHS of Provo
Salt Lake NHS

VERMONT
Central Vermont Community Land Trust (Barre)
Burlington Community Land Trust
Gilman Housing Trust (Newport)
Rockingham Area Com-munity Land Trust (Springfield)
Rutland West NHS (West Rutland)

VIRGINIA
AHC Inc. (Arlington)
NHS of Richmond

WASHINGTON
Aberdeen NHS
Central Area Development Association (Seattle)
HomeSight (Seattle)

WEST VIRGINIA
CommunityWorks in West Virginia (Elkview)
Fairmont Community Development Partnership

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

NHS of Fort Worth
Fifth Ward CDC (Houston)
Laredo-Webb NHS
Amigos del Valle (Mission)
Alamo Area MHA (San Antonio)
NHS of San Antonio
NHS of Waco
The NeighborWorks® System – A “Road Trip”

For 25 years, the NeighborWorks® system has proven to be a highly effective vehicle for leveraging significant private-sector resources in support of community revitalization and affordable housing efforts – with a modest investment of federal funds. Three interrelated components of the NeighborWorks® system fulfill a coordinated mission to promote locally directed community revitalization and expand affordable housing opportunities:

► The Neighborhood Reinvestment Corporation
► The NeighborWorks® network
► Neighborhood Housing Services of America, NHSA

The Neighborhood Reinvestment Corporation serves as both a catalyst and a control on local community development organizations. It encourages and actively supports residents, businesses and local governments in their efforts to revitalize their communities. Private-public partnerships, Congressional funding support, 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.

Local organizations in the NeighborWorks® network are responsible for setting strategy, raising funds and operating their program. Most provide homebuyer counseling, rehab monitoring, and targeted lending services that complement conventional lending activity. Many local NeighborWorks® organizations are known as Neighborhood Housing Services or Mutual Housing Associations; some organizations are known by other names.

Neighborhood Housing Services of America (NHSA) operates in conjunction with Neighborhood Reinvestment. NHSA acts as a secondary mortgage market to purchase loans made by local NeighborWorks® organizations that carry rates or terms that make them not sellable in the conventional secondary mortgage market. NHSA’s activities assure local NeighborWorks® organizations’ of liquidity and continued ability to make loans from their revolving loan funds.

Working together, the NeighborWorks® system has indeed brought joy and a sense of home security to so many American families. Our FY 2001 annual report celebrates the strength and diversity of America as demonstrated by the people who live in our neighborhoods and work in our organizations. We worship in many different ways and speak a host of languages, but are united in our determination to make America’s neighborhoods safe and appealing home communities of choice.

Like America itself, the NeighborWorks® network’s approach to community revitalization is multi-dimensional. Therefore, our annual report reflects this diversity by taking you on a “road trip” through some of America’s neighborhoods, introducing you to a small fraction of the good people and beneficial activities of the NeighborWorks® system. Our trip begins in Boston and continues through New York, Maryland, Florida, Ohio, Illinois, Oklahoma, Colorado, California and ends up at our “home office” in Washington, D.C. Along the way, you’ll be struck at the comprehensive and innovative approaches to neighborhood revitalization exemplified in this small sampling of warm people and good places.

Bon Voyage!
For years, Hector Peña’s modest restaurant of five tables that seated only 22 patrons was positioned next to a derelict building that had been abandoned for more than 25 years. Although his small business in Roxbury’s Dudley Square was successful, it had no chance to grow or even to attract new patrons until something was done with the eyesore next door.

So when Nuestra Comunidad, a 20-year-old, locally run nonprofit, began recruiting area merchants to get involved in the revitalization of the Dudley Area, Peña eagerly signed on. Within two years he was elected to Nuestra Comunidad’s board of directors, where he served for three years. He became very involved in decision-making regarding affordable housing, youth programs, micro-business development and, finally, property development.

By 2001, Nuestra Comunidad’s staff of 33 had closed more than $1.1 million in home-improvement and acquisition loans, provided home-ownership counseling to nearly 1,300 people, helped 354 families buy their first homes, and worked with the school system and others to improve education and employ neighborhood youth.

Commercial real estate and economic development became an area in which Nuestra Comunidad has really shone. Long a supporter of small businesses, the organization has originated $4.2 million in small-business loans and provided technical assistance to more than a thousand local business owners. Its Village Pushcarts micro-enterprise development initiative, begun in 1998, has helped 34 low-income residents become entrepreneurs.

Most significant, though, has been the impact of its property-management company, Nuestra Properties, Inc. Nuestra Properties has developed 40,300 square feet of commercial property and produced 349 units of affordable housing (often located in or near the commercial properties). It also manages 257 residential units.

But it is Nuestra’s restoration of large properties that has had the greatest visible - and therefore psychological and economic - effect on the community. First, the company converted Palladio Hall, a late-1800s function venue, into an office and retail complex. Then, with financing, in part,
from Neighborhood Reinvestment, it purchased last June the 130-year-old Dartmouth Hotel, a huge, mostly boarded-up structure that covers an entire city block. The $2.3 million in needed financing came from three investment and community corporations and a grant from Neighborhood Reinvestment. It will enable the rehabilitation of 45 units of housing and the construction of 20 additional units, with the ground floor continuing to house commercial businesses.

Nuestra Properties also renovated the eyesore that once inhibited the growth of Hector Peña’s Merengue Restaurant. Now called La Cocina, this renovated structure enabled Peña to expand his restaurant to seat 90 patrons in two separate dining rooms – one of which is Internet-wired and PowerPoint-ready for business meetings and other functions. A unique financing package provided Peña with a $90,000 loan to finance the expansion but also will enable him to eventually purchase the building.

“Over seven years, I have to make an investment in the property, and then I’ll be in a position to pay off this loan and my share of the mortgage,” Peña said. “This approach has been great for me, because I couldn’t have come up with that huge amount of money to open the larger restaurant otherwise.”

According to Dudley Square Main Streets, a public-private partnership that includes Nuestra Comunidad, Dudley Square is in the process of seeing more than $200 million in investment – bringing back to life a thriving, self-sufficient community.
Diane West’s journey toward homeownership shows just how far patience and persistence can get you. A single mother of two, West was renting a home using vouchers from HUD’s Section 8 program for low-income families. She doubted that she would ever be able to buy a home that was still in her children’s school district on Long Island (something they really wanted), since the median price of housing there was around $170,000.

But then she became a participant in the Community Development Corporation of Long Island’s NeighborWorks® Homeownership Center™. West made contributions into a fund for a down payment. Every dollar she saved was matched by three dollars from the Federal Home Loan Bank of New York’s First Home Club, which, in her case, was operated through HSBC Bank in partnership with CDC-LI. West became a participant in the town of Brookhaven’s Section 8 Family Self-Sufficiency program and began taking pre-homeownership classes at the CDC of Long Island’s HomeOwnership™ Center. She eventually became eligible for the full $5,000 match from the Federal Home Loan Bank of New York.

CDC-LI was one of four NeighborWorks® organizations being assisted by Neighborhood Reinvestment to develop models for how Section 8 vouchers could be used to help low-income families become homeowners. For two years, West attended classes at CDC-LI’s HomeOwnership Center™ so that she could learn about the home-purchase process and be prepared to successfully maintain her investment. Finally, CDC-LI helped broker a down-payment assistance grant from Suffolk County, a low-interest-rate mortgage from HSBC, and a very low-interest rate second mortgage from its own revolving loan fund that is paid back using the Section 8 voucher.

Thus, West was able to buy her home. Her final purchase price was $115,000. She has a first mortgage of $76,781 with HSBC for 30 years at 6.785 percent. Her payment on the HSBC mortgage, with taxes, amounts to $805. Her second mortgage, with CDC, is $28,219, for 10 years at 3 percent, with a monthly payment of $272, resulting in a total monthly mortgage payment of $1,077.

After searching the real-estate listings on the Internet, West found a house that she
knew was “it.” And talk about feeling at home: Her new house has a floor plan identical to the one she was renting, and it’s in her neighborhood of choice.

CDC of Long Island has been serving the needs of Nassau and Suffolk counties’ low-income households for more than 30 years, traditionally focusing on housing development and rehabilitation, weatherization, rental assistance, economic development and self-sufficiency programs. It has built, repaired and rehabilitated over 12,000 units of housing, stimulated more than $250 million in investment in its target communities, counseled more than 1,000 individuals interested in buying a home, provided $3 million in loans to small businesses and, with advice from Neighborhood Reinvestment’s National Insurance Task Force, drawn insurance partners into a loss-prevention program for its customers.

Managing the Section 8 to Homeownership Program has its challenges and risks. Buyers often have very low incomes, significant credit issues and irregular employment histories. It can take a long time to bring a participant to “mortgage-readiness.”

Still, when a resident commits to the program and sees it through, the rewards are great. As Diane West noted: “The CDC program allowed me to buy a house now instead of 10 years from now.”
The Construction Technology and Education program in Wicomico County, Maryland, culminates in a senior project that is truly lasting: building a house that becomes home to a family.

This program has run smoothly for more than 20 years, but last year the family that had contracted with the school system to purchase the home backed out the week before school began. Through one of its board members, Salisbury Neighborhood Housing Services was asked to purchase the home.

Time was of the essence. The students got as much work done as they could before school ended, and the house (which was built at Parkside High School) was moved to a permanent location in July 2001. SNHS completed the work, and the house is now for sale.

This school year, SNHS again agreed to partner with the program. Because the organization was involved from the beginning, SNHS was able to design a house that would fit on one of the vacant lots in its target neighborhood of Westside.

Andy Buchanan, supervisor of the school system’s Career and Technology program, was pleased to have the opportunity to build a house “for somebody in the community who really needed help.” Students from around the county started construction on the three-bedroom, two-bath house the first week of September 2001, and it will be completed in May 2002.

Michael Hudson, a Mardela High School senior, said, “The actual experience of building a house from the ground up is very rewarding and a great feeling. I feel like I am really accomplishing something here.”

Being adaptable enough to respond in a positive way to community needs as they arise is typical of a NeighborWorks® organization’s approach to community revitalization. SNHS’s products and services are in keeping with the philosophy that good neighborhoods are made of more than bricks and mortar. Reaching out to numerous partners attests to their putting this philosophy into action.

For example, the organization offers below-market, fixed-rate first- and second mortgages, down payment and closing cost...
assistance funds to residents who want to purchase a home. A “Live Near Your Work” program uses grants from employers, the state, and SNHS to offer a one-to-one match for savings put toward a down payment.

Partnerships with financial institutions and other supporters have led to a broad array of homebuyer education, financing and development services. Recently, the organization piloted an Individual Development Account (IDA) program that offers matching funds to residents saving for a down payment. Participants must also get engaged in neighborhood-based activities, attend monthly financial management sessions, and contribute a set amount each month. After two years, they will have developed good home-ownership skills, become good neighbors, and amassed $3,000 to contribute to their down payment.

As of November 2001, SNHS had helped 129 families become homeowners in their three target neighborhoods, for a total investment of nearly $9 million.

Homeowners who want to spruce up their properties also benefit from SNHS products and services. These include low-interest loans, grants, and customer support in understanding the housing-rehabilitation process. More than $700,000 in rehab dollars have been reinvested in SNHS communities thus far.

For seven years, SNHS has been a responsive partner to area residents, including its young people - making it one of the most trusted and valued organizations in its community.
Hundreds of homes custom-built or rehabilitated by Neighborhood Housing & Development Corporation (NHDC) dot the landscape in Gainesville, Florida, and surrounding communities.

One home really stands out. First-time homebuyer Alishia Doualehi chose vivid pink siding with teal-colored trim for her new home in Lincoln Estates, a 19-unit infill project of three- and four-bedroom homes that NHDC recently built in the Gainesville community.

Doualehi is typical of many NHDC buyers whose lives are forever changed by achieving status as a homeowner. She is a single mother of four young children who formerly lived in public housing. A corrections officer, Doualehi earns about $27,000, less than 80 percent of median household income. She came to NHDC in February 2000, worked with a housing counselor to repair her credit and reduce her debt, took homebuyer education classes at the organization’s NeighborWorks® HomeOwnership CenterSM, and purchased her home 19 months later, in September 2001. Funding for the HomeOwnership CenterSM came, in part, from Neighborhood Reinvestment.

NHDC was able to provide a low-interest loan through Chase Manhattan Mortgage at 6.9 percent, as well as a second mortgage utilizing HOME funds. This brought the $84,500 sales price down to a more affordable price of $76,125.

NHDC’s $1.7 million loan portfolio attests to its success at making home ownership affordable to lower-income families. Since 1995, the organization has developed and sold 94 homes to lower-income, first-time purchasers; provided home-repair and home-ownership financial assistance to 370 households; and served 1,600 residents with homebuyer education.
With its staff of six and an operating budget of $420,000 (including more than $170,000 in fees-for-services generated each year), NHDC operates as a significant resource to the community. In addition to its new-construction program, NHDC’s Home Repair Loan Program enables homeowners to fix serious problems and improve exteriors, making neighborhoods far more attractive; its involvement with Paint Your Heart Out is also changing the face of its communities; and its Vacant Structure Rehab-Resale Program transforms neighborhood eyesores into choice residences.

Currently, NHDC is developing a 16-unit, single-family, infill development called Iron Village in Gainesville and a 17-unit, single-family, rural home-ownership project called Ashley Oaks, located in Hawthorne, Florida. It intends to begin construction in March 2002 on a 43-unit, single-family subdivision called Lake Forest Farms, also in Gainesville.

Alishia Doualehi says she could not have made this leap to home ownership had it not been for NHDC. She pursued her dream of home ownership “for the sake of her kids,” she said, and called them “very happy and satisfied.”

Certainly the 20-year-old Neighborhood Housing & Development Corporation can be counted on to change the lives of hundreds more families like hers well into the future.
It’s not every 84-year-old who thinks about starting a kazoo band with the ladies in his senior housing complex “just for fun,” but Charlie Wiggenhorn is a man who knows how to enjoy himself.

Retired from Dayton Power & Light for 23 years, Wiggenhorn was a homeowner until his wife became ill and taking care of her and the house became too much. He and his wife moved to a retirement village, where she passed away in 1993. But the village was too expensive for him, really.

“I went around to different places looking for someplace to live, and I either made too much money or not enough,” he said. Then he discovered Twin Towers Place, the first senior housing project built by St. Mary Development Corporation (SMDC) of Dayton, Ohio.

Wiggenhorn is now among the fortunate seniors who reside in the more than 400 units of senior housing SMDC has created in four locations: the 100-unit Twin Towers Place; the 144-unit Hoover Place; the 86-unit Huffman Place, a restored school where Wiggenhorn now lives; and the 70-unit Grand Place, a beautiful, terra-cotta structure that was rebuilt brick-by-brick. Neighborhood Reinvestment capital grants often have provided key financing. SMDC expects to open four additional senior-housing projects before 2005.

SMDC’s focus on the needs of seniors is in keeping with its faith-based mission of having a firm commitment to the community, a genuine persistence in purpose, ongoing development and empowerment of people, an optimistic outlook and a corporate culture that holds that all things are possible.

Since 1989, SMDC and its various subsidiary corporations have grown to include more than 70 employees and a nearly $4 million annual budget. Its key activities include the provision of safe, affordable housing (having renovated and sold more than 100 single-family homes); excellent educational and family support services (soon to include a NeighborWorks® HomeOwnership Center™ and a new Family Health Connections Center); and access to jobs and economic development.
SMDC is especially proud of its growth and expansion since 1998, when it created a subsidiary corporation, East End Community Services Corporation (EECSC). SMDC and EECSC programs have positively affected the quality of life for 220 youth (ages 5 to 16), 199 health clients, 180 adults (education, training and job connections), 250 families in need of resources, advocacy or therapy, and 20 resident leaders.

In addition, SMDC volunteers contribute more than 16,000 hours each year to SMDC programs. Forty-seven public and private funding sources have helped underwrite these programs’ costs.

SMDC’s strategic business plan for 2001 through 2005 seeks to create program-specific initiatives linked to community needs. Its purchase, rehab and sale program has a goal of 300 homes financed by a variety of loan products. EECSC will double its capacity to provide advocacy, case management and empowerment education to individuals and families.

SMDC also hopes to fully staff a youth development center; merge its Miracle Makers after-school program into a community charter school; operate a neighborhood job connections center; and strengthen educational partnerships that begin with early childhood education through to adult education and job training.

But senior housing remains the cornerstone around which other community revitalization efforts are structured. This makes a world of difference for older adults like Charlie Wiggenhorn, who, instead of being lonely or isolated, notes that Huffman Place’s activities director has “different things going on all the time.”

“I have a lot of fun with a lot of people,” he says.
About a year ago, a close friend of Linda Miller’s bought a home from Neighborhood Housing Services of Chicago in the Roseland community. At first skeptical about moving into an area suffering from decades of neglect and crime, Miller decided she was willing to take a chance and move into a new apartment complex being built there by NHS.

Now, as Roseland Ridge Apartment’s first resident, Miller and her two teenagers have been settled there since November 2000, when the development opened. She says she can clearly see that Roseland is a community “that is getting better and better.”

NHS of Chicago is one of the largest, most established and seasoned community-development organizations in the NeighborWorks® network, and in the country. Formed in 1975, NHS has reinvested more than $1 billion in Chicago’s neighborhoods, served more than 123,000 clients, and rehabilitated or built 21,310 housing units, including 374 units of low-income rental housing owned and managed by the NHS Redevelopment Corporation.

Roseland Ridge Apartments is among the latest ventures in NHS’s strategy of utilizing multifamily housing as a tool for community revitalization. The $6.4 million development contains 40 units of one- and two-bedroom garden style apartments and two- and three-bedroom duplexes. The apartments are the first new multifamily development in the greater Roseland area in more than 50 years.

Nearly 800 people applied for consideration as tenants, and the apartments were quickly leased to families earning up to 60 percent of the area median income ($40,750 for a family of four). The city Department of Housing’s Affordable Rents for Chicago Program also provides $200 per month in rental subsidies for several families who earn less than 30 percent of the area median.

Roseland Ridge is an excellent example of the prototypical NeighborWorks® partnership model in action, with government agencies, businesses and residents working together to invest in and strengthen a neighborhood. The city Department of Housing provided more than $2.5 million in low-interest loans and $441,270 in federal low-income housing tax credits to the project. The credits generated nearly $3.2 mil-
lion in equity underwritten by the National Equity Fund. First mortgage financing was received from Bank of America and additional support was provided by the Illinois Department of Commerce and Community Affairs, and State Farm Insurance.

Roseland Ridge’s design, with its gabled roofs, colorful brickwork and central courtyard where children can play, is so attractive that it received a second-place award in the prestigious Richard H. Driehaus Foundation Award for Architectural Excellence in Community Design, presented at the Community Neighborhood Development Awards in February 2001. The development also received the American Institute of Architects Chicago Chapter Distinguished Building Award and the Chicago Association of Realtors’ Good Neighbor Award.

In addition to Roseland Ridge Apartments, NHS has developed 19 new, single-family homes on formerly vacant lots in the community and is now building an additional 37 homes and two-flats. Roseland Ridge residents who are interested are now signing up for free counseling in preparation for possible home ownership in this community and others served by NHS.

Among these aspiring homeowners is Linda Miller. “I plan to work with NHS over the next few years to achieve that goal,” she said. “And when I am ready to buy a house, I plan to stay in Roseland.”

Now that is the sign of a community that is experiencing a turnaround.
Ida Jenkins of Idabel, Oklahoma, was having her hair done when she began chatting with Juanita Pollard, who just happened to mention her new job as site manager for an apartment complex for senior citizens that was being created in the old, long-condemned Rouleau Hotel.

This chance meeting at The Hair Affair led the 84-year-old Jenkins to investigate. She found out that her small fixed income qualified her to become a resident, and after submitting her application, she began visiting the construction site every two weeks.

“I kept talking to the lady who did the painting and Greg [Combs, of the management company] and just kept after them about which apartment I wanted,” she said. She and her close friend, Lillie Haltom, became the first residents to move into what was once the finest hotel in Southeast Oklahoma and is now a stellar example of senior living.

The Rouleau Hotel’s transformation was undertaken by Little Dixie Community Action Agency, a newly affiliated NeighborWorks® organization. This was a no-brainer, as Little Dixie has long been known throughout Oklahoma as a tremendously successful developer of properties, communities and people.

Begun in 1968, Little Dixie has a budget of more than $10 million, a staff of 248, and a long list of programs and accomplishments. Economic development and tourism are among its main focuses. Little Dixie operates a federally designated Enterprise Community program, a Rural Community Development Initiative and numerous other economic-development programs. It runs Family Service Centers, a ride-to-work transit program and Self-Help Housing programs in three counties; manages an Early Head Start and Head Start Program with centers in 16 communities; and runs a Child and Adult Care Food Program.

Little Dixie recruits volunteers to be advocates for abused and neglected children as they move through the court system; channels the energies of people over 55 for its Retired and Senior Volunteer Program; and, since 1978, has operated a statewide Youth Restitution Program that each year places about 400 delinquent teens in jobs that enable them to pay back the victims of their crimes.
Renovating the Rouleau Hotel was just one of many projects completed by Little Dixie in 2001. Still, it has special significance, for the Rouleau was both a historical landmark and an eyesore in its Enterprise Community of Idabel. Its rehab cost more than $1.9 million, with $1 million of the funding provided by a Rural Development loan and the balance coming from low-income housing tax credits, a HOME grant, private funds and Enterprise Community funds. It now is a real asset in an area undergoing much-needed revitalization.

Ida Jenkins calls the Rouleau a godsend. “Honestly, I had looked all over the place for an apartment with a reasonable rent,” she said. She had been living with her son and daughter-in-law in an apartment that cost $450 per month. In the Rouleau, because of her low income, doctors’ bills and other factors, she pays only $78. And “it’s perfect for me,” she said. “Just the right size, with a bedroom, bath, living room, dining room and kitchen.”

It has also been a place to make new friends and combat the loneliness that plagues so many elderly people. “On my floor, we really have some nice people,” she said.

“Moving here has really helped me.”
BreAna Smith, 11, a resident of Heritage Estates apartments in East Denver, is curious about what it feels like to rocket into space and then to carry out a mission. She will soon have the opportunity to talk directly to NASA astronauts working aboard the International Space Station. The 30-minute conversation is scheduled to take place early in 2002, 10 days after the astronauts have completed their mission to repair and upgrade the Hubble telescope.

BreAna and about 40 other children living in Garden Courts and Heritage Estates apartments, managed by Rocky Mountain Mutual Housing Association, a NeighborWorks® organization, are only one of two groups selected to participate nationwide in the conversation with the astronauts.

“I think I would like to ask them what they eat in space,” says BreAna, who has also been learning about space in school.

The Colorado I Have Dream Foundation operates an on-site program at the apartments and was able to get the “dreamers” involved with learning opportunities at the Denver Museum of Nature & Science. The museum is developing a Space Odyssey exhibit that will open in 2003 and lined up the opportunity for the kids to talk to the NASA astronauts.

How things have changed at the Garden Court and Heritage Estates apartments! A decade ago, before being acquired by Rocky Mountain MHA (known as “the Mutual), the apartments were in terrible shape and riddled with drug dealers. The Mutual ousted the drug dealers, invested in the properties, and put together a multifaceted resident program. Most important, the Mutual was able to keep the rents affordable, even through the Denver real estate boom of the 1990s.

Federal guidelines for funding the apartments encouraged building a child care center, but Bill Sullivan, the Mutual director, polled residents and found what they really wanted was an indoor gym.

Today, the cleanly operated Joint Activity Center at the apartments includes a spacious gym, weight room, community meeting rooms and a technology center where instructors like Tony Frank throw weekly challenge questions to eager participants. “The technology is just a gateway for learn-
“The benefit of all these activities for the children is just overwhelming,” says Linda Jusu, a resident and grandmother of nine-year-old Chaquille, who is active in the programs. “The recreational activities, the gym, the computer lab — all are having a tremendous impact. It keeps the kids focused on education. And you always know where to find them.”

“It’s the community partnerships that are the cornerstone of what we do,” points out Steve Schott, the community leadership coordinator for the Mutual. “They help us maintain a stable presence in the community and advance the knowledge base among residents.”

For those who want to make a better life for themselves, Rocky Mountain Mutual housing provides a path. Truly, the sky is the limit for what’s possible for residents living at the Garden Court and Heritage Estates apartments.
Cynthia Brooks, the youth organizer of the Sacramento Mutual Housing Association, a NeighborWorks® organization, has to look no further than across her dinner table to find ideas that will engage and educate the hundreds of young people who are her constituents. Her 13-year-old son, Nicolas, and his 17-year-old sister know what excites them, and right now, it’s computers.

The collective zeal of young people for anything computer related led to Brooks’s setting up the Cyber Café at River Garden Estates, one of seven housing complexes managed by the residents of Sacramento MHA. At the Cyber Café, 15 Internet-linked computers are available for the young people’s use, and three days a week, the public school system sends in a teacher who helps them do their homework and learn to navigate the World Wide Web.

But what her children inspire in Brooks has been greatly enhanced by what she has learned at two Community Organizers Symposia sponsored by Neighborhood Reinvestment.

“At the first symposium, I learned that I was on track with everyone else,” she said. “We all face the same challenges: how to keep young people attentive, how to make our meetings more alive and interactive, and how to keep youth leaders committed.”

By then, Brooks had already established a Youth Council of eight to 10 young people between the ages of 13 and 17 whom she met with regularly. Her mission was to get them to plan and implement activities and programs, which led to marble tournaments, cooking clubs, fund-raising activities, a talent showcase, and “lots of pizza parties.” For several months, a group of teens were team teachers for a 4-H program called Youth Experiencing Science, where they followed a curriculum and taught it to children in kindergarten through third grade.

At the second symposium, “I was really seeking some ideas to go to the next level,” she said. “And there the message was to include young people on advisory boards and adult councils and to encourage them to take part in advocacy in our community.” She now has some young people on an advisory board in the community and is looking to bring some onto the mutual housing board, on resident councils and in training programs.
Sacramento Mutual Housing Association has invested in youth development as part of its commitment to resident participation and leadership, since the mutual housing philosophy is that this is key to creating strong and stable communities. Mutual housing is a form of “ownership” in which residents make decisions about the management of their complexes and have the right to retain their home even into the next generation. The MHA’s seven communities house more than 1,900 residents in nearly 500 affordable homes.

Since its inception in 1988, SMHA has leveraged more than $33 million in private and public capital for investment in underserved, low-income communities. It serves a very diverse population whose median household income is just $15,588.

Cynthia Brooks is doing her part to raise the hopes and expectations of the young people in her community so that they have more options in the future. Her own family shows how much can be done. Two of her four children are in college, and if her son Nicolas is any indication, the young people who live in the mutual housing associations have already expanded their horizons.

Of the Cyber Café, Nicolas said that one of the things he likes about it is that “it shows me new things, like how to use Graphix and how to make our own Web sites.

“I think this will help me later on in my life because in a job, everything will be used with computers.”
Executive Services
Executive Services develops recommendations and implements policies, goals and objectives authorized by the board of directors; maintains relations with Congress, federal agencies, other nonprofit and trade associations and the general public; serves as liaison between the NeighborWorks® network and the Corporation; and pursues and secures resource development opportunities.

External Affairs
The External Affairs unit is Neighborhood Reinvestment’s central tender of the Corporation’s image and message. The unit seeks to strengthen support for the NeighborWorks® System (the NeighborWorks® network, Neighborhood Reinvestment and Neighborhood Housing Services of America, especially with external audiences and investment partners.

Finance and Budget
The Finance and Budget unit provides dependable, responsive financial services and accurate financial information to the Corporation and members of the NeighborWorks® network in order to safeguard the resources entrusted to the Corporation by federal taxpayers and other supporters in the private sector.

General Counsel
The Office of the General Counsel serves as the principal legal counsel to the Corporation, its board of directors, officers and staff on matters of legal or public policy significance that relate to the Corporation’s programs and operations.

Human Resources
Human Resources provides services that support the strategic and business goals of the Corporation and contribute to operational and staff excellence. The unit ensures that the Corporation operates with the clearest understanding of its obligations as an employer, so that it can focus on its efforts with the communities it serves.
Information Management
Information Management provides quality and timely support to assist Corporation staff to meet their business goals. The unit’s information-system team provides software development support and product evaluation as well as Internet services. The network-operations services team provides network-communication and system-administration services.

Office Services
Office services supports the daily operations of the Washington, D.C., office by fulfilling a variety of functions such as reception, security, copying, mail services, purchasing, inventory and building operations.

Publishing
The Publishing unit conceives, writes, edits, produces and distributes the NeighborWorks® Journal, bright ideas, the annual report, the general information brochure and other print publications. It also envisions, creates and compiles content for www.nw.org; and works with customers and corporate staff to help devise improvements and monitors results. In addition, the unit provides graphic-design, photography, PowerPoint, audio and video support to other business units of the Corporation for special presentations.

Research
The Research unit collects timely and accurate data from NeighborWorks® organizations and transforms the data into relevant and meaningful information. The unit undertakes substantive research projects on selected topics in collaboration with academic research institutions.

Training
The training unit provides high-quality training to the staff and board members of organizations dedicated to improving the affordability of neighborhood housing, the vitality of neighborhood economies and the quality of community life. The Neighborhood Reinvestment Training Institute curriculum includes eight primary courses and programs of study:

- Management and Leadership
- Community Building
- Neighborhood Revitalization
- Community Economic Development
Affordable Housing
Construction and Production Management
Home Ownership Development
Community Lending

In addition, specialized training geared toward the specific needs of practitioners within the NeighborWorks® network is produced in collaboration with Field Operations. These include

- Community leadership institutes
- Community organizers symposium
- Executive directors symposium, and
- Executive directors orientations.

Risk Management
Many Risk Management staff are based in Boston, Massachusetts, or Kansas City, Missouri, but since the unit operates on a national scale, we've included a brief discussion of their work in this section. The Risk Management system is designed to identify and reduce risks to individual NeighborWorks® organizations, the network as a whole, Neighborhood Reinvestment and NHSA. In the process, the health, performance, productivity and effectiveness of NeighborWorks® organizations are increased.

Monitoring occurs regularly (sometimes referred to as "continuously") off-site, periodically (at least every 36 months) on-site, and through the activities of the cross-functional Risk Analysis Committee, which meets each quarter. Risk is not necessarily a negative term; it is so only when an organization lacks the capacity to manage the risk it has assumed.

Eight key risk factors have been identified:

- Competency or transition of key personnel
- Loss of resources or support from funders
- Production instability
- Shift in program direction
- Poor board/partnership oversight
- Cash flow and income losses, balance sheet composition or assets imbalance
- Unfavorable economic, regulatory or political environment
- Internal systems weakness, such as in finance or organizational management

A key program-review tool is called PROMPT, which looks at each of the significant areas of an organization:

- Planning
- Resource Development
- Organizational Oversight
- Management
- Production and Program Services
- Technical Operating Systems
Staff Development
The staff development unit assists staff to achieve their personal and professional goals. The unit’s responsibilities include corporate orientations for new staff, performance-management coaching, and various other training programs, including regular practice groups devoted to building competence in key skill areas critical to the work of management consultants and risk-management personnel. In addition, the unit designs and implements other special events.

National Initiatives
The National Initiatives unit consists of six different departments dedicated to various aspects of interest to the NeighborWorks® network:

- Home Ownership
- Insurance
- Multifamily
- Resident Leadership
- Resource Development
- Rural Initiatives

The Home Ownership unit promotes home ownership through the NeighborWorks® Campaign for Homeownership™, including NeighborWorks® HomeOwnership Centers™ and the Section 8 to Homeownership effort.

The Insurance Initiative develops local and regional insurance partnerships and identifies potential resources. It acts as the Corporation’s primary liaison to the insurance industry and staffs the National Insurance Task Force and the National Loss Prevention Partnerships Program.

The Multifamily Initiative works to expand the development and preservation of affordable multifamily housing while promoting excellence in property management, asset management and resident services.

The Resident Leadership Initiative strengthens resident participation and involvement through technical assistance and training, including the annual Community Organizers Symposium.

The Resource Development unit, known as the Financial Industry Relationship Managers (FIRMs), develops regional partnerships with financial services institutions and government-sponsored entities on behalf of NeighborWorks® organizations.

The Rural Initiatives work to expand services, resources, capacity and marketing of organizations devoted to rural revitalization.
By all accounts, Neighborhood Housing Services of America (NHSA) had a banner year. NHSA, the NeighborWorks® network’s specialized secondary market for non-conventional loans, continued its flawless performance on its investments, exceeded its loan-purchase goals, launched a new CDFI affiliate, expanded its loan-product line, and completed the first phase of a U.S. Department of Housing and Urban Development demonstration.

Following the successful launch in fiscal year 1999 of NHSA-LLC, a new, limited liability corporation which issues rated securities, NHSA responded to network and investor requests to create a new entity to facilitate access to U.S. Treasury’s Bank Enterprise Awards. In fiscal year 2001, NHSA launched Neighborhood Housing Services of America-Community Development Financial Institution (NHSA-CDFI) capitalized with a two-year grant of $2 million from State Farm Insurance Companies and a $10 million investment from Bank of America. The U.S. Treasury’s Community Development Financial Institutions Fund also provided a $1 million matching grant. By the end of its first year of operation, NHSA-CDFI’s total net assets were $2.9 million and total assets reached $14.9 million. The sound capitalization of NHSA-CDFI is a continuation of the strong commitment of NHSA’s investors, who funded $83 million in fiscal 2000 and $52 million in fiscal 2001 for home ownership, home repair and small multifamily loans. Further, it broadens investor participation in special new below-market rate direct-loan products designed to capitalize local NeighborWorks® loan funds for housing rehabilitation, down-payment assistance and an insurance loss-prevention loan product, to fortify properties against losses related to fire, flood, wind and theft.

With investor support, NHSA also built a $16-million loan pool for the U.S. Department of Housing and Urban Development in the form of its Secondary Market Demonstration for Low-Wealth Borrowers. Through this program, NHSA and HUD will study the loan pool’s performance over the next five years.

NHSA’s board of directors, following a high-volume year in fiscal 2000, voted to plan $900 million in resource development initiatives over the next five years, including the offering of additional rated securities, investments for NHSA’s full range of loan products, and $150 million in grant funds. NHSA’s trustees received this proposal in January 2002 and preliminary responses have been favorable. These new resources will greatly enhance NHSA’s ability to continue to meet the ever-growing, affordable-housing finance needs of the NeighborWorks® network.
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Clarissa Walker, Secretary
Family Resource Director
Sabathani Community Center
Minneapolis, Minnesota

Fred Pillon, Esq., General Counsel
Senior Partner
Gibson, Dunn & Crutcher
San Francisco, California

Mary Lee Widener
President and Chief Executive Officer
Neighborhood Housing Services of America
Oakland, California

Clayton J. Adams
Vice President, Community Development
State Farm Insurance Companies
Bloomington, Illinois

Richard C. Ainsworth
Vice President, Director of Community Affairs
Whitney National Bank
New Orleans, Louisiana

George W. Behymer
Chairman and Chief Executive Officer, Retired
Gateway Federal Savings and Loan
Cincinnati, Ohio

Rose Espinoza
Member of La Habra City Council
Secretary, Board of Directors
NHS of Orange County
La Habra, California

Sophia Jeffery
Director of Social Services
Early Childhood Center of Springfield
Springfield, Massachusetts

Peter A. Lefferts
Executive Managing Director, Retired
Corporate Development
American Express Financial Advisors
Minneapolis, Minnesota

Robert B. Oehler
President
Far East National Bank
Los Angeles, California

Myron J. Resnick
Senior Vice President &
Chief Investment Officer, Retired
Allstate Insurance Company
Wilmette, Illinois

Hugh J. Shaw
Senior Vice President
AmSouth Bank
Birmingham, Alabama

Rhonda Woodard
Product Vice President
Product Operations
Allstate Insurance Company
Northbrook, Illinois
NHSA Board of Trustees

Roger Joslin, Chairman
Chairman of the Board
State Farm Fire & Casualty Company
Bloomington, Illinois

James F. Montgomery
Chairman of the Board
Frontier Bank
Park City, Utah

Galen R. Barnes
President and Chief Operating Officer
Nationwide Insurance Company
Columbus, Ohio

Terrence Murray
Chairman and Chief Executive Officer
FleetBoston Financial Corporation
Boston, Massachusetts

Raymond H. Elliott
President, Retired
Federal Home Loan Bank of Boston
Framingham, Massachusetts

Honorable Ed Lopez Pastor
Member of Congress
Second District
Phoenix, Arizona

General Robert T. Herres
(USAF, Retired)
Chairman of the Board
USAA
San Antonio, Texas

Leland S. Prussia
Chairman of the Board, Retired
BankAmerica Corporation
Alameda, California

Edward M. Liddy
Chairman, President and Chief Executive Officer
Allstate Insurance Company
Northbrook, Illinois

Honorable Joseph P. Riley, Jr.
Mayor, City of Charleston
Charleston, South Carolina

Preston Martin
Chairman of the Board
Martin Associates
San Francisco, California

Arthur F. Ryan
Chairman and Chief Executive Officer
The Prudential Insurance Company of America
Newark, New Jersey
Neighborhood Reinvestment Corporation Officers and Senior Managers

**Ellen Lazar**
Executive Director

**Margaret H. Kelly**
Deputy Executive Director/Field Operations

**Clarence Snuggs**
Deputy Executive Director/Treasurer

**Jeffrey T. Bryson**
General Counsel/Secretary

Senior Management Team

DeLois Babiker,
Director, Information Management

Gary Wolfe,
Director, Rocky Mountain District

Daniel Ehrenberg,
Deputy General Counsel

Margaret Frisbee
Director, Pacific District

Cornelia Kent,
Director, Finance

Karen Kollias,
Director, Mid-Atlantic District

Donald Phoenix,
Director, Southern District

Elisabeth Prentice,
Director, New York/Puerto Rico District

Frederick Udochi,
Internal Audit Director

Margaret Ziembka,
Director, Human Resources

Allan Martin,
Senior Operations Manager/Assistant Treasurer/Publishing Director

Esmail Baku,
Director, Research

Robert Burns,
Director, North Central District

Brooke Finn,
Director, Staff Development

Ronald Johnston,
Director, Risk Management

Jeanne Engel
Interim Training Director

Nelson Merced,
Director, New England District

Ruth Osuna,
Director, South Central District

Paul Poston,
Director, Great Lakes District

Steven Tuminaro,
Director, External Affairs

Kenneth Wade,
Director, National Initiatives
The 2001 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 2001 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 an 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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(202) 220-2300
www.nw.org

The 2001 Annual Report was prepared by Neighborhood Reinvestment Corporation.

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Publishing Director

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Publishing Project Manager
Catherine A. Smith,
Consultant
Charlotte Underwood,
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Andrea Washburn,
Communications Officer, NHSA

Design
David Plihal,
Publishing Project Manager

Photo Credits
The 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: James Tallon, page 12; Jason Cohn, pages 14-15, 22-23; Alex Jones, pages 18-19; Mark Pokempner, pages 24-25; Little Dixie CAA, page 26; Mark N. Kiryluk, pages 28-29; J. McGuire, page 34 top; Gerard Romany, page 34 bottom. Icons collection of David Plihal.

Appendices

Graphs and Tables
- Revolving Loan Fund and Leveraged Investment
- Trend in Affordable Housing Units
- Owned or Managed Rental Units
- Homebuyer Income and Demographics

Financial Statements and Independent Auditor’s Report
Revolving Loan Fund and Leveraged Investment

Source: Neighborhood Reinvestment Quarterly Survey
Neighborhood Reinvestment Corporation

Annual Report 2001

Statistical Information

Trend in Affordable Housing Units
FY 1992-FY 2001

Data Source: Neighborhood Reinvestment Quarterly Surveys

Owned or Managed Rental Units
FY 1992-FY 2001

Source: Neighborhood Reinvestment Quarterly Surveys
Comparative Demographic Data

Ethnicity of Homebuyers

- White: NeighborWorks®Loans 48%, Government-Backed Loans 65%, Conventional Loans 81%
- African-American: NeighborWorks®Loans 24%, Government-Backed Loans 15%, Conventional Loans 5%
- Hispanic: NeighborWorks®Loans 23%, Government-Backed Loans 17%, Conventional Loans 3%
- Other: NeighborWorks®Loans 5%, Government-Backed Loans 7%, Conventional Loans 7%

Gender of Homebuyers

- Male: NeighborWorks®Loans 25%, Government-Backed Loans 30%, Conventional Loans 27%
- Female: NeighborWorks®Loans 42%, Government-Backed Loans 22%, Conventional Loans 20%
- Married or Joint Ownership: NeighborWorks®Loans 33%, Government-Backed Loans 48%, Conventional Loans 53%

Household Incomes

- Less than 80% of Area Median: NeighborWorks®Loans 67%, Government-Backed Loans 45%, Conventional Loans 25%
- 80-120% of Median: NeighborWorks®Loans 23%, Government-Backed Loans 35%, Conventional Loans 25%
- More than 120% of Median: NeighborWorks®Loans 10%, Government-Backed Loans 20%, Conventional Loans 50%

Data Source: Campaign for Home Ownership 1998-2002 Surveys (as of September 2001)
INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS

Board of Directors
Neighborhood Reinvestment Corporation

We have audited the accompanying balance sheets of Neighborhood Reinvestment Corporation (the Corporation) as of September 30, 2001 and 2000, 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 auditing standards generally accepted in the United States of America 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, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued reports dated December 7, 2001, 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Washington, D.C. December 7, 2001

THOMPSON, COBB, BAZILIO & ASSOCIATES, P.C.
Certified Public Accountants and Management, Systems and Financial Consultants
<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 9,325,566</td>
<td>$ 12,453,573</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government agencies and private corporations/foundations</td>
<td>184,724</td>
<td>390,630</td>
</tr>
<tr>
<td>Other receivables</td>
<td>147,704</td>
<td>103,269</td>
</tr>
<tr>
<td>Travel advances</td>
<td>228,231</td>
<td>229,786</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>333,273</td>
<td>327,493</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$10,219,498</td>
<td>$13,504,493</td>
</tr>
<tr>
<td>Endowment Investments (Note 9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>516,355</td>
<td>0</td>
</tr>
<tr>
<td>Investments</td>
<td>2,532,626</td>
<td>0</td>
</tr>
<tr>
<td>Total Endowment Investments</td>
<td>$3,048,981</td>
<td>$0</td>
</tr>
<tr>
<td>Fixed assets (Note 4)</td>
<td>1,790,393</td>
<td>1,152,004</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$15,058,872</td>
<td>$14,656,755</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND FUND BALANCES** |                             |                             |
| Current Liabilities       |                             |                             |
| Accounts payable and accrued expenses | $ 3,779,618               | $ 3,302,536                 |
| Grant commitments (Note 5) | 1,126,723                   | 4,647,124                   |
| Deferred revenue (Note 6)  | 4,050,973                   | 3,020,370                   |
| Total Current Liabilities | $ 8,957,314                 | $10,970,030                 |
| Commitments and contingencies (Note 7) | 0                        | 0                            |
| Fund balances             |                             |                             |
| Unrestricted              | 1,262,184                   | 2,534,721                   |
| Restricted (Note 9)       | 3,048,981                   | 1,152,004                   |
| Property                  | 1,790,393                   | 1,152,004                   |
| Total Fund Balances       | 6,101,568                   | 3,686,725                   |
| Total Liabilities and Fund Balances | $15,058,872        | $14,656,755                 |

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, 2001 AND 2000

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Congressional appropriation</td>
<td>$87,675,323</td>
<td>$75,904,358</td>
</tr>
<tr>
<td>Government agencies and private corporations/foundations</td>
<td>3,819,760</td>
<td>3,475,758</td>
</tr>
<tr>
<td>Interest</td>
<td>2,753,502</td>
<td>2,169,716</td>
</tr>
<tr>
<td>Training registration fees</td>
<td>1,756,007</td>
<td>1,530,693</td>
</tr>
<tr>
<td>Other</td>
<td>736,389</td>
<td>572,657</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>96,740,981</td>
<td>83,653,182</td>
</tr>
</tbody>
</table>

| **EXPENSES**        |                  |                  |
| Personnel           | 19,781,359       | 18,975,626       |
| Grants and grant commitments | 60,306,189      | 48,891,732       |
| Travel              | 2,370,262        | 2,102,213        |
| Occupancy           | 2,611,325        | 2,398,505        |
| Professional services | 6,100,403        | 3,795,577        |
| Conferences and workshops | 1,222,580      | 996,669          |
| Other operating costs | 4,414,044        | 3,905,472        |
| Depreciation        | 519,986          | 483,777          |
| **Total Expenses**  | 97,326,148       | 81,549,571       |

| Excess (Deficiency) of Revenue Over Expenses |                  |                  |
| Before Non-Operating Revenue                | (585,167)        | 2,103,611        |
| Non-Operating Revenue – Endowment Funds (Note 9) | 3,000,000        | -                |
| Excess of Revenue Over Expenses             | 2,414,833        | 2,103,611        |
| Fund Balance, Beginning                     | 3,686,725        | 1,583,114        |
| Fund Balance, Ending                        | $6,101,558       | $3,686,725       |

The accompanying notes are an integral part of these financial statements.
NEIGHBORHOOD REINVESTMENT CORPORATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2001 AND 2000

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>$2,414,833</td>
<td>$2,103,611</td>
</tr>
<tr>
<td>Adjustments to reconcile excess of revenue over expenses to net cash (used in) provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment funds</td>
<td>(3,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Investment income on endowment funds</td>
<td>(109,840)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>519,986</td>
<td>483,777</td>
</tr>
<tr>
<td>Loss on disposition of furniture and equipment</td>
<td>93,230</td>
<td>11,403</td>
</tr>
<tr>
<td>Decrease in receivables</td>
<td>161,471</td>
<td>647,908</td>
</tr>
<tr>
<td>Decrease in travel advances</td>
<td>1,555</td>
<td>40,189</td>
</tr>
<tr>
<td>Increase in prepaid expenses and other assets</td>
<td>(5,780)</td>
<td>(80,356)</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued expenses</td>
<td>477,082</td>
<td>114,543</td>
</tr>
<tr>
<td>(Decrease) Increase in grant commitments</td>
<td>(3,520,401)</td>
<td>2,671,593</td>
</tr>
<tr>
<td>Increase in deferred revenue</td>
<td>1,030,603</td>
<td>504,696</td>
</tr>
<tr>
<td>Net Cash (Used in) Provided by Operating Activities</td>
<td>(1,937,261)</td>
<td>6,497,364</td>
</tr>
</tbody>
</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES** |                   |                   |
| Purchase of office furniture and equipment | (1,251,605)       | (563,508)         |
| Purchase of investments                   | (2,532,626)        | -                 |
| Collections on NHSA advances              | -                  | 250,000           |
| Net Cash Used In Investing Activities      | (3,784,231)        | (313,508)         |

| **CASH FLOWS FROM FINANCING ACTIVITIES** |                   |                   |
| Endowment funds                           | 3,000,000          | -                 |
| Investment income on endowment funds       | 109,840            | -                 |
| Net Cash Provided By Financing Activities  | 3,109,840          | -                 |
| Net (Decrease) Increase in Cash and Cash Equivalents | (2,611,652)       | 6,183,856         |
| Cash and Cash Equivalents, Beginning      | 12,453,573         | 6,269,717         |
| Cash and Cash Equivalents, Ending         | $9,841,921         | $12,453,573       |

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

**STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2001**

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Personnel</th>
<th>Grants and grant commitments</th>
<th>Travel</th>
<th>Occupancy</th>
<th>Professional services</th>
<th>Conferences and workshops</th>
<th>Other operating costs</th>
<th>Depreciation</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of New Organizations</td>
<td>$1,429,931</td>
<td>-</td>
<td>166,062</td>
<td>144,368</td>
<td>82,166</td>
<td>21,921</td>
<td>44,891</td>
<td>-</td>
<td>$1,889,339</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>$7,121,424</td>
<td>20,893,139</td>
<td>984,386</td>
<td>63,971</td>
<td>1,422,763</td>
<td>189,759</td>
<td>505,296</td>
<td>-</td>
<td>$26,912,789</td>
</tr>
<tr>
<td>Preserving Affordable Housing</td>
<td>$194,705</td>
<td>29,529,393</td>
<td>899,923</td>
<td>125,710</td>
<td>1,774,260</td>
<td>2,337</td>
<td>187,330</td>
<td>-</td>
<td>$30,131,423</td>
</tr>
<tr>
<td>Risk Management</td>
<td>$2,116,155</td>
<td>-</td>
<td>200,918</td>
<td>370,253</td>
<td>-</td>
<td>11,915</td>
<td>130,208</td>
<td>-</td>
<td>$3,020,410</td>
</tr>
<tr>
<td>Training and Informing</td>
<td>$4,247,747</td>
<td>1,733,657</td>
<td>811,540</td>
<td>535,686</td>
<td>-</td>
<td>1,081,406</td>
<td>1,658,799</td>
<td>-</td>
<td>$3,582,240</td>
</tr>
<tr>
<td>Secondary Market Activities</td>
<td>$ -</td>
<td>8,150,000</td>
<td>-</td>
<td>84,302</td>
<td>3,582,240</td>
<td>1,130,208</td>
<td>-</td>
<td>130,208</td>
<td>$1,889,339</td>
</tr>
<tr>
<td>Total Program Services</td>
<td>$15,109,962</td>
<td>60,306,189</td>
<td>2,190,883</td>
<td>3,616,325</td>
<td>3,582,240</td>
<td>1,081,406</td>
<td>2,526,524</td>
<td>519,986</td>
<td>$97,326,148</td>
</tr>
<tr>
<td>Support Services</td>
<td>$4,671,397</td>
<td>-</td>
<td>179,379</td>
<td>597,124</td>
<td>141,174</td>
<td>141,174</td>
<td>1,887,520</td>
<td>519,986</td>
<td>$97,326,148</td>
</tr>
</tbody>
</table>

**NEIGHBORHOOD REINVESTMENT CORPORATION**

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

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Personnel</th>
<th>Grants and grant commitments</th>
<th>Travel</th>
<th>Occupancy</th>
<th>Professional services</th>
<th>Conferences and workshops</th>
<th>Other operating costs</th>
<th>Depreciation</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of New Organizations</td>
<td>$1,206,453</td>
<td>-</td>
<td>110,875</td>
<td>116,214</td>
<td>56,858</td>
<td>15,719</td>
<td>44,969</td>
<td>-</td>
<td>$1,551,088</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>$6,435,403</td>
<td>21,578,104</td>
<td>119,757</td>
<td>173,268</td>
<td>245,943</td>
<td>84,302</td>
<td>260,382</td>
<td>-</td>
<td>$26,912,789</td>
</tr>
<tr>
<td>Preserving Affordable Housing</td>
<td>$926,133</td>
<td>21,578,104</td>
<td>251,601</td>
<td>313,468</td>
<td>155,644</td>
<td>26,070</td>
<td>504,715</td>
<td>-</td>
<td>$23,573,990</td>
</tr>
<tr>
<td>Risk Management</td>
<td>$2,174,085</td>
<td>-</td>
<td>706,817</td>
<td>459,002</td>
<td>1,532,359</td>
<td>11,736</td>
<td>1,221,368</td>
<td>-</td>
<td>$3,020,410</td>
</tr>
<tr>
<td>Training and Informing</td>
<td>$4,141,039</td>
<td>1,547,036</td>
<td>706,817</td>
<td>459,002</td>
<td>1,532,359</td>
<td>11,736</td>
<td>1,221,368</td>
<td>-</td>
<td>$10,356,085</td>
</tr>
<tr>
<td>Secondary Market Activities</td>
<td>$ -</td>
<td>7,750,000</td>
<td>-</td>
<td>886,291</td>
<td>-</td>
<td>110,378</td>
<td>1,760,162</td>
<td>-</td>
<td>$7,750,000</td>
</tr>
<tr>
<td>Total Program Services</td>
<td>$14,883,113</td>
<td>48,891,732</td>
<td>1,970,300</td>
<td>3,795,577</td>
<td>1,186,105</td>
<td>110,378</td>
<td>1,760,162</td>
<td>483,777</td>
<td>$81,549,571</td>
</tr>
<tr>
<td>Support Services</td>
<td>$4,092,513</td>
<td>-</td>
<td>131,913</td>
<td>620,361</td>
<td>7,750,000</td>
<td>110,378</td>
<td>1,760,162</td>
<td>483,777</td>
<td>$81,549,571</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.

- **Restricted Fund** - permanent endowment funds established to provide a permanent source of income for awarding training institute scholarships through investment earnings.

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

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.

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 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Investments** - Investments are carried at fair market value.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

NHSA is a private nonprofit 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 2001 and 2000 amounted to $8,150,000 and $7,750,000, respectively.

NOTE 4: FIXED ASSETS

Fixed assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, equipment and software</td>
<td>$6,659,057</td>
<td>$5,646,494</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(4,868,664)</td>
<td>(4,494,490)</td>
</tr>
<tr>
<td>Net fixed assets</td>
<td>$1,790,393</td>
<td>$1,152,004</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:

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Capital</td>
<td>$ 900,000</td>
<td>$1,776,090</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>226,723</td>
<td>2,721,034</td>
</tr>
<tr>
<td>Creation of New NeighborWorks® Organizations</td>
<td>–</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,126,723</strong></td>
<td><strong>$4,647,124</strong></td>
</tr>
</tbody>
</table>

NOTE 6: DEFERRED REVENUE

Deferred revenue consists of funds from the following:

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private corporations/foundations</td>
<td>$3,329,985</td>
<td>$2,285,637</td>
</tr>
<tr>
<td>Congressional appropriation</td>
<td>559,411</td>
<td>734,733</td>
</tr>
<tr>
<td>Registration fees</td>
<td>161,577</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,050,973</strong></td>
<td><strong>$3,020,370</strong></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, 2001:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$2,657,497</td>
</tr>
<tr>
<td>2003</td>
<td>2,682,937</td>
</tr>
<tr>
<td>2004</td>
<td>2,473,802</td>
</tr>
<tr>
<td>2005</td>
<td>2,292,843</td>
</tr>
<tr>
<td>2006</td>
<td>1,283,519</td>
</tr>
<tr>
<td>Thereafter</td>
<td>812,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,203,498</strong></td>
</tr>
</tbody>
</table>

The cost of operating leases included in occupancy expense for the years ended September 30, 2001 and 2000 was $2,611,325 and $2,398,505, 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. 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 2001 and 2000 was $1,735,522 and $1,606,065, 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.

NOTE 9: ENDOWMENT FUNDS

The Corporation received $2.5 million as part of the fiscal year 2001 Congressional appropriation for the purpose of establishing The George Knight Scholarship Endowment. In addition, the Corporation received $500,000 from Washington Mutual Bank to establish an endowment fund. Both endowment funds were established for the purpose of funding training institute scholarships. The Endowment funds' principal balances will remain in perpetuity, while interest income will be used to fund training institute scholarships.

NOTE 10: COMPARATIVE 2000 FINANCIAL DATA

Certain 2000 account balances have been reclassified to conform with the presentation used in 2001.
INDEPENDENT AUDITOR’S REPORT ON SUPPLEMENTARY 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, 2001 and 2000, 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, 2001 and 2000, taken as a whole.

Washington, D.C. December 7, 2001

[Signature]
## NEIGHBORHOOD REINVESTMENT CORPORATION
### COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGE IN FUND BALANCES
#### FOR THE YEAR ENDED SEPTEMBER 30, 2001

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Congressional Appropriation</th>
<th>Other Sources</th>
<th>Grants and Contracts</th>
<th>Fixed Assets</th>
<th>Endowment Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations, grants and other awards</td>
<td>$87,675,323</td>
<td>$</td>
<td>$3,819,760</td>
<td>$</td>
<td>$</td>
<td>$91,495,083</td>
</tr>
<tr>
<td>Interest</td>
<td>–</td>
<td>2,643,662</td>
<td>–</td>
<td>–</td>
<td>109,840</td>
<td>2,753,502</td>
</tr>
<tr>
<td>Training registration fees</td>
<td>–</td>
<td>1,756,007</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1,756,007</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>736,389</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>736,389</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>87,675,323</td>
<td>5,136,058</td>
<td>3,819,760</td>
<td>–</td>
<td>–</td>
<td>96,740,981</td>
</tr>
</tbody>
</table>

| Expenses | Personnel | 19,766,823 | – | 14,536 | – | – | 19,781,359 |
| Travel | 2,243,011 | 84,124 | 43,127 | – | – | 2,370,262 |
| Occupancy | 2,611,325 | – | – | – | – | 2,611,325 |
| Professional services | 5,062,865 | 920,605 | 116,933 | – | – | 6,100,403 |
| Conferences and workshops | 786,626 | 264,739 | 110,356 | – | – | 1,222,580 |
| Other operating costs | 4,270,530 | 8,937 | 134,577 | – | – | 4,414,044 |
| Depreciation | – | – | – | – | 519,986 | – | 519,986 |
| **Total Expenses** | 87,796,528 | 5,129,015 | 3,819,760 | 519,986 | – | 97,326,148 |

| Excess (Deficiency) of Revenue Over Expenses Before Capital Purchases | (121,205) | 7,043 | – | (519,986) | 48,981 | (585,167) |
| Furniture and equipment purchases | (1,251,605) | – | – | 1,251,605 | – | – |
| Loss on disposition of furniture and equipment, net | 93,230 | – | – | 93,230 | – | – |
| **Net Change in Fund Balance before Non-Operating Revenue** | (1,279,580) | 7,043 | – | 638,389 | 48,981 | (585,167) |
| Non-Operating Revenue-Endowment Funds | – | – | – | – | 3,000,000 | 3,000,000 |
| **Net Change in Fund Balance** | (1,279,580) | 7,043 | – | 638,389 | 3,048,981 | 2,414,833 |
| **Fund Balances, Beginning** | 2,075,033 | 459,688 | – | 1,152,004 | – | 3,686,725 |
| **Fund Balances, Ending** | $795,453 | $466,731 | $ | $1,790,393 | $3,048,981 | $6,101,558 |
## NEIGHBORHOOD REINVESTMENT CORPORATION
### COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGE IN FUND BALANCES
#### FOR THE YEAR ENDED SEPTEMBER 30, 2000

### Revenue

<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>$75,904,358</td>
<td>$3,475,758</td>
<td>$79,380,116</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>–</td>
<td>2,169,716</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>1,530,693</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>572,657</td>
<td>–</td>
<td>572,657</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>75,904,358</strong></td>
<td><strong>4,273,066</strong></td>
<td><strong>3,475,758</strong></td>
<td><strong>83,653,182</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>Personnel</th>
<th>Grants and grant commitments</th>
<th>Travel</th>
<th>Occupancy</th>
<th>Professional services</th>
<th>Conferences and workshops</th>
<th>Other operating costs</th>
<th>Depreciation</th>
<th><strong>Total Expenses</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations, grants and other awards</td>
<td>18,942,086</td>
<td>42,336,143</td>
<td>1,958,381</td>
<td>2,398,505</td>
<td>3,102,188</td>
<td>826,885</td>
<td>3,828,937</td>
<td>–</td>
<td>73,393,125</td>
</tr>
<tr>
<td>Interest</td>
<td>–</td>
<td>3,336,588</td>
<td>105,991</td>
<td>–</td>
<td>578,294</td>
<td>151,301</td>
<td>24,737</td>
<td>–</td>
<td>4,196,911</td>
</tr>
<tr>
<td>Training registration fees</td>
<td>–</td>
<td>3,219,001</td>
<td>–</td>
<td>–</td>
<td>115,095</td>
<td>18,483</td>
<td>51,798</td>
<td>–</td>
<td>3,475,758</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>483,777</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>73,393,125</strong></td>
<td><strong>4,196,911</strong></td>
<td><strong>3,475,758</strong></td>
<td><strong>483,777</strong></td>
<td><strong>81,549,571</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

| Excess (Deficiency) of Revenue Over Expenses Before Capital Purchases | 2,511,233 | 76,155 | – | (483,777) | 2,103,611 |

### Furniture and equipment purchases

| Furniture and equipment purchases | (563,508) | – | – | 563,508 | – |

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

| Loss on disposition of furniture and equipment, net | 11,403 | – | – | – | (11,403) |

### Net Change in Fund Balance

| Net Change in Fund Balance | 1,959,128 | 76,155 | – | 68,328 | 2,103,611 |

### Fund Balances

| Fund Balances, Beginning | 115,905 | 383,533 | – | – | 1,083,676 |
| Fund Balances, Ending | $2,075,033 | $459,688 | $ | – | $1,152,004 |

### Fund Balances, Ending

| Fund Balances, Ending | $2,075,033 | $459,688 | $ | – | $1,152,004 |

See Independent Auditor’s Report on Supplementary Information.