CFED is a nonprofit organization that expands economic opportunity. We work to ensure that every person can participate in, contribute to, and benefit from the economy by bringing together community practice, public policy, and private markets.

We identify promising ideas; test and refine them in communities to find out what works; craft policies and products to help good ideas reach scale; and foster new markets to achieve greater economic impact.

Established in 1979 as the Corporation for Enterprise Development, CFED works nationally and internationally through its offices in Washington, DC; Durham, North Carolina; and San Francisco, California.

NATIONAL OFFICE
777 North Capitol Street, N.E., Suite 800
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202.408.9788 ■ Fax 202.408.9793

SOUTHERN OFFICE
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919.688.6444 ■ Fax 919.688.6580

WESTERN OFFICE
353 Folsom Street
San Francisco, CA 94105
415.495.2333 ■ Fax 415.495.7025

E-mail: cfed@cfed.org
Website: www.cfed.org
In 2004, CFED’s Board of Directors unanimously appointed Andrea Levere as President. Part of CFED’s leadership team for 12 years, Andrea’s energy, outreach to partners, devotion to mission, entrepreneurial directness and competence, and creativity and vision have ensured a smooth transition and continued growth.

dear friends:

CFED’s organizational investments have supported an explosion of innovation over the past year. With generous support from the Ford Foundation, we expanded every aspect of the SEED initiative, to demonstrate the long-term economic returns of creating a national policy of Children’s Savings Accounts. A partnership with the W.K. Kellogg Foundation launched a national effort to create Entrepreneurship Development Systems to transform the landscape for business development services, especially in rural areas. Both of these initiatives were built on the foundation of CFED leadership—in both Individual Development Accounts and asset building, and in supporting microenterprise through state level development, policy advocacy and entrepreneurial training.

Moving forward, CFED is poised to further build upon our strengths. Our plans include an unprecedented partnership with the Federal Reserve System, a deepened commitment to state and federal policy advocacy across all our issue areas and a bold initiative to transform manufactured housing into a wealth creation opportunity.

As we celebrated our 25th anniversary, we reaffirmed our mission to expand economic opportunity and our business model of combining community practice, public policy and private markets. To enhance our effectiveness, we aligned the organization with our core competencies of policy, applied research and field development. We found better ways to communicate about our work through a new look and branding strategy.

Letter from the President
As a small organization with a big mission, CFED's impact is inextricably linked to the work of our partners. As CFED's new President, I salute the many local and statewide policy and practitioner organizations that improve the lives of their customers and fellow citizens. I also want to express our appreciation for the generosity of our funders and donors whose support creates the environment and opportunities necessary to achieve our mission. We learn and profit daily from the national research, policy and trade association partners that expand the scope and ambition of our major initiatives and make the goal of improving policy and practice realistic.

I want to close by saluting the staff of CFED. It is they who embody our organization’s true potential. It is their talent and passion for providing every American an opportunity to achieve financial security and economic opportunity that frames CFED’s future. I look forward to sharing this dynamic future with you for years to come.

Andrea Levere
President
CFED

As we celebrated our 25th anniversary, we reaffirmed our mission to expand economic opportunity and our business model of combining community practice, public policy and private markets.
In 2004, CFED has seen significant growth in virtually every field we are active in developing—Individual Development Accounts and asset-building, microenterprise and entrepreneurship, regional economic development, and development finance. This growth means that we are able to enjoy opportunities to work and share with an increasing array of diverse organizations. On the policy front, partisanship and budget deficits at both federal and state levels have continued to present major obstacles. Still, we have been able to build on our track record of innovative thinking and on-the-ground experience to find bipartisan champions and mark progress, particularly at the state level.

The year saw CFED’s presidency pass from Brian Dabson to Andrea Levere, only the third leadership transition in CFED’s 25-year history. This smooth passing of the baton opened opportunities for all involved. Brian seized the chance to write, think, speak and lead in the field of rural entrepreneurship he has done so much to develop.

His 13 years of collaborative leadership of the highest integrity was marked by CFED’s growth in size, capacity and impact.

CFED’s Board of Directors unanimously appointed Andrea Levere as CFED’s new President. A member of CFED’s leadership team for 12 years, Andrea’s energy as chief executive, her outreach to our many partners, her devotion to mission, her entrepreneurial directness and competence, and her creativity and her vision have exceeded all expectations.
We are very fortunate for the leadership provided by Brian, and now Andrea. We have a wonderful, strong, diverse and committed Board of Directors, and perhaps the most talented staff we have ever had.

CFED has repeatedly bet on the talents, energy and potential contributions of low-income people, and we have never been disappointed. We have a continuing commitment to the millions of Americans who strive to build more secure lives for their families, to the institutions and systems which support them, and to the vision of an ever more inclusive and productive economy. We offer this annual report to you, our essential partners, as both an act of accountability and an invitation to your suggestions of how we can do better.

Robert Friedman
Chair of the Board
CFED
CFED celebrated its 25th Anniversary in 2004 with a new president, a new look, and an impressive record of innovation and achievement.

**President Andrea Levere**

On October 20, Andrea Levere became CFED’s president, succeeding Brian Dabson. Andrea arrived well-suited for the job, having served as executive vice president and a number of other leadership positions in her 12 years with CFED.

Andrea quickly moved to reinvigorate CFED stakeholders by meeting personally with all staff members, leading supporters, and partners. Andrea has set an ambitious agenda that will bring CFED’s work to new audiences, forge new partnerships and raise products like Individual Development Accounts to a much larger scale.

Brian accepted appointments as director of the RUPRI Rural Poverty Research Center and research professor at the Truman School of Public Affairs, both at the University of Missouri.
NEW LOOK FOR CFED

As CFED has evolved, its mission has grown well beyond its early work on microenterprise. In 2004, CFED recognized that fact by introducing a new CFED logo and a new, more expansive and accessible look to its website and publications.

The new logo serves to demonstrate CFED’s approach: going beyond normal barriers, and working with ideas and processes different from those of other traditional think tanks and nonprofit organizations. The tagline, “Expanding Economic Opportunity,” expresses CFED’s mission to ensure that every person can participate in, contribute to, and benefit from the economy.

The new CFED website added a number of new features, including personal success stories, toolkits and interactive features for our program partners. The site now also features a grassroots advocacy center to help link community practitioners and private partners with policymakers. Visitors to the site can sign up at the advocacy center to receive regular policy updates and calls to action.
bringing together community practice, public policy and private markets

Economic opportunity can be expanded from the ground up—through the innovation and testing found in local community programs. It can also be a result of the vision of policymakers or the drive of business leaders. CFED believes community practice, public policy and private markets are all vital to building a healthy and inclusive economy. That is why our work focuses on bringing these elements together in new and effective ways.

IDA Learning Conference

In September, CFED hosted the 2004 IDA Learning Conference, “Sharing Our Visions, Forging Our Paths,” in New Orleans. The conference, which was the seventh IDA conference, brought together nearly 800 participants, including community-based organizations, financial institutions, policymakers, researchers, funders and accountholders. Sessions highlighted resources, key innovations, and best practices, and recognized leading individuals and organizations. The conference offered an unparalleled opportunity for sharing information and resources, networking, coalition-building and learning.

Children’s Savings

2004 saw the establishment of the first SEED (Saving for Education, Entrepreneurship and Downpayment) accounts, which will enable children and their families to save using matched savings accounts. Under the leadership of CFED, the SEED initiative seeks to set the stage for universal, progressive American policy for asset building among
children, youth and families. Over the next few years, more than 1,000 children of varying ages will participate in SEED.

Three new community partners joined SEED in 2004. They are:

- **Cherokee Nation—Tahlequah, Oklahoma**

  The Cherokee Nation offers SEED accounts to Cherokee foster children and American Indian students attending the tribally operated Sequoyah High School.

- **Fundación Chana Goldstein y Samuel Levis—San Juan, Puerto Rico**

  Fundación Chana Goldstein y Samuel Levis works with the Center for the New Economy to offer SEED accounts to Spanish-speaking first and second grade students.

- **People for People—Philadelphia, Pennsylvania**

  The People for People Charter School and the People for People Community Development Credit Union partner to deliver SEED accounts to fifth and sixth grade students in North-Central Philadelphia.

Under the leadership of CFED, the SEED initiative seeks to set the stage for universal, progressive American policy for asset building among children, youth and families. Over the next few years, more than 1,000 children of varying ages will participate in SEED.
RURAL ENTREPRENEURSHIP

In partnership with the W.K. Kellogg Foundation, CFED produced Mapping Rural Entrepreneurship, a groundbreaking report on the institutions, programs and activities that support entrepreneurship across rural America. In addition to providing a national overview, the report provided recommendations about what opportunities may exist for policy and practical action. Acting on these findings, the Kellogg Foundation involved CFED in a major initiative to stimulate entrepreneurship in rural America. CFED managed the proposal and selection process to identify programs for Rural Entrepreneurship Development Systems grants of up to $2 million. More than 180 applications were reviewed by CFED for the Kellogg Foundation.

HIDDEN IN PLAIN SIGHT

For generations, federal policies and programs have helped Americans in their efforts to buy homes, prepare for retirement, send their children to college, and weather unexpected financial storms. Despite their clearly high price tag, no one had ever taken a comprehensive look at these policies as a whole.

CFED broke new ground by conducting the first analysis of how much federal asset-building initiatives cost, where the money goes, and who benefits. The report found that, counted conservatively, the cost is at least $335 billion per year. Overwhelmingly, the benefits of these policies and programs go to those who already have assets — high- and very high-income families — while benefiting middle- and lower-income families only modestly.
Hidden in Plain Sight: A Look at the $335 Billion Federal Asset-Building Budget found that federal asset policies are uncoordinated, disproportionately benefit people who already have assets, and are often limited to people with certain types of assets or levels of tax liability.

The study provides a clearer picture of the impact these federal policies are having. This is a starting point for a more coherent understanding of asset-building policies, which can lead to more informed and better decision-making at the federal level.

Development Report Card for the States

The 18th edition of the Development Report Card for the States (DRC) was released in December 2004. The focus of the 2004 DRC was the surge in entrepreneurial activity, evidenced by the growing number of new companies and jobs created by new companies. The report also pointed out, however, that the quality of these jobs is insufficient to make up for losses in recent years. The report recommended measures that alleviate job displacement as well as those that cultivate entrepreneurship.

CFED broke new ground by conducting the first analysis of how much federal asset-building initiatives cost, where the money goes, and who benefits. The study found that these policies are uncoordinated, disproportionately benefit those who already have assets, and are often limited to people with certain types of assets or levels of tax liability.
Introduction of the America Saving for Personal Investment, Retirement, and Education (ASPIRE) Act in both the Senate and the House of Representatives demonstrated the bipartisan support for children’s savings as being demonstrated by CFED’s SEED initiative. The ASPIRE Act would provide every child with a small savings account that can be used to build assets. Children from lower-income families would receive larger savings incentives for their accounts. Sponsors of the bill included Senators Rick Santorum (R-PA), Jon Corzine (D-NJ), and Representatives Pat Kennedy (D-RI), Harold Ford (D-TN), Tom Petri (R-WI) and Phil English (R-PA). Although the measure was not approved, the introduction of the bill attracted significant attention to the idea of children’s savings accounts and established a foothold for further action. The bill is expected to be reintroduced in 2005.

Local Capital Markets Investment Fund (LCMIF) National Institute

In 2004, CFED held its third national Institute, designed to showcase lessons learned via the LCMIF—a research and development fund that invests in innovative products and services. The Institute, hosted in
June by the Federal Reserve Bank of Chicago, highlighted new ideas and trends in development finance products and institutions. The Institute brought together leading innovators to explore financial products with the potential to support entrepreneurship, business expansion, and homeownership in new and effective ways.

The 2004 Institute featured the Investing in Innovations awards to formally recognize the leading organizations that have invested in the LCMIF and to share the experiences of customers who have benefited from fund-related products. The second part of the Institute featured a full day of intensive training in product development techniques, delivered jointly by ACCION International and CFED. The goal of the Institute and the LCMIF is to create a community of innovators willing to create and share new products and services that expand access to capital in low-income and underserved communities nationwide.

Investing in Innovations Award recipients:
- Chris Page (formerly of the Ford Foundation)
- Charles Stewart Mott Foundation
- Enterprise Corporation of the Delta
- Fannie Mae Foundation
- Ford Foundation
- JPMorgan Chase Foundation
- John D. and Catherine T. MacArthur Foundation
- Northwest Area Foundation

The goal of the Local Capital Markets Investment Fund and the LCMIF Institute is to create a community of innovators willing to create and share new products and services that expand access to capital in low-income and underserved communities nationwide.
2004 Supporters

Institutions:
AmSouth Bank
Annie E. Casey Foundation
Bank of America
Bank of Oklahoma
Charles and Helen Schwab Foundation
Charles Stewart Mott Foundation
Citigroup
Citigroup Foundation
Community Development Venture Capital Alliance
Compass Bank
Edwin Gould Foundation for Children
Enterprise Corporation of the Delta
Evelyn and Walter Haas, Jr. Fund
Ewing Marion Kauffman Foundation
F.B. Heron Foundation
Fannie Mae Foundation
Faultline Foundation
Fleet Financial Foundation
Ford Foundation
Freddie Mac
Friedman Family Fund at the San Francisco Community Foundation
Friedman/Kiehl Fund at the San Francisco Community Foundation
H&R Block
Hershey Trust Company
Hibernia Bank
House Appropriations Committee, Commonwealth of Pennsylvania
ISED Solutions
Jim Casey Youth Opportunities Initiative
John D. and Catherine T. MacArthur Foundation
JPMorgan Chase Foundation
Levi Strauss Foundation
Metropolitan Group
North Carolina Rural Economic Development Center
Northwest Area Foundation
Office of Community Services
The Philanthropic Collaborative, Inc.
Richard and Rhoda Goldman Fund
ShoreBank Advisory Services
United Way of America
W.K. Kellogg Foundation
Washington Mutual
Whitney National Bank
William Penn Foundation
William Randolph Hearst Foundation
Z. Smith Reynolds Foundation

Individuals:
Angela Glover Blackwell
Lisa Cleary and Warren Stone
David Dodson
David Friedman and Paulette Meyer
Eleanor Friedman and Jonathan Cohen
Phyllis Friedman
Robert Friedman and Kristina Kiehl
Anthony Gooch
Ronald and Audrey Grzywinski
Rochelle Korman
Ellen Lazar
Kate McKe
Maurice Lim Miller
Chris and Janet Page
Chuck and Nancy Parrish
Sally Paynter
Hilary Pennington
Karsten and Carol Rist
Stanley Weithorn
Grace and Ronald Young

CFED gratefully acknowledges the support of institutions and individuals who make its work possible through their tax-deductible grants and contributions.
2004 Statement of Activities

Sources of Funds

Contributions and grants ........................................ $7,735,108
Government contracts and grants ................................. 2,030,686
Conference revenue .................................................. 420,251
Investment income .................................................. 297,414
Other income ......................................................... 92,401
Total ...................................................................... $10,575,860

Uses of Funds

Applied research and innovation ................................. $1,332,413
Field development .................................................. 3,388,904
Policy ................................................................. 1,012,443
SEED ................................................................. 2,428,072
Fundraising .......................................................... 112,661
Management and general ..................................... 235,138
Total ...................................................................... $8,509,631

Change in net assets .................................................. $2,066,229
Net assets, beginning of year .................................. $7,271,717
Net assets, end of year ............................................ $9,337,946

2004 revenue was $10.6 million. Temporarily restricted net assets increased by $2.3 million, representing foundation grants for specific program work to be performed in the following period. Of total expenses of $8.5 million, 96% was for program work while 3% was for management and general, and 1% was for fundraising.
### Combined Schedule of Financial Position
(as of December 31, 2004)

#### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$810,041</td>
</tr>
<tr>
<td>Investments</td>
<td>5,781,378</td>
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<tr>
<td>Accounts receivable</td>
<td>628,475</td>
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<tr>
<td>Grants receivable</td>
<td>2,712,050</td>
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<tr>
<td>Fixed assets, net of accumulated depreciation</td>
<td>98,385</td>
</tr>
<tr>
<td>Deposit</td>
<td>2,242</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$10,032,571</strong></td>
</tr>
</tbody>
</table>

#### Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$569,625</td>
</tr>
<tr>
<td>Line of credit</td>
<td>125,000</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$694,625</strong></td>
</tr>
</tbody>
</table>

#### Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undesignated</td>
<td>$1,569,437</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>5,768,509</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>$9,337,946</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$10,032,571</strong></td>
</tr>
</tbody>
</table>

*Uses of funds:*

- Programs: 96%
- Management and general: 3%
- Fundraising: 1%

*A complete copy of the independent auditor's report is available by request.*
Staff Listing
(as of December 31, 2004)

Fiona Adams, Senior Communication Manager
Emily Appel, Program Associate
Dan Baskin, Management Information Systems Director
Sam Bishop, Writer
Shawnice Blakes, Events Planner
Jennifer Brooks, Senior Policy Manager
Paige Brown, Senior Program Manager
Rene Bryce-Laporte, Senior Program Manager
Dave Buchholz, Director, Applied Research & Innovation
Cecilia Cuthbert, Office Manager
Phoebe de Reynier, Chief Financial Officer
Rachel Dobbs, Development Associate
Robert Friedman, General Counsel
Tracey Gordy, Policy Associate
Meredith Graham, Senior Accountant
Cullen Gurganus, REAL Director
Liesl Heeter, IT Manager
Liana Humphrey, Senior Program Manager
Andrea Levere, President
Anne Li, Development Director
Jennifer Malkin, Senior Program Manager
Deborah Manley, Human Resources Manager
Betty Nelson, Senior Financial Manager
Kim Pate, Director, Field Development
Carl Rist, Director, SEED
Bill Schweke, Vice President, Learning and Innovation
Anna Smith, Accounting Technician
Jessica Thomas, Program Manager
Michael Torrens, Senior Program Manager
Heather Tyler, Policy Director
Jerome Uher, Communications Director
Kathryne Whitfield, Receptionist
Beadsie Woo, Senior Economist
**Board of Directors**
(as of December 31, 2004; affiliation shown for identification only)

Robert Friedman (Chair), General Counsel, CFED, San Francisco, California
Rebecca Adamson, President, First Nations Development Institute, Fredericksburg, Virginia
Angela Glover Blackwell, CEO, PolicyLink, Oakland, California
David Dodson, President, MDC, Inc, Chapel Hill, North Carolina
Ronald Grzywinski, Chairman, ShoreBank Corporation, Chicago, Illinois
Ellen Lazar, Senior Vice President, Fannie Mae Foundation, Washington, D.C.
Andrea Levere, President, CFED, Washington, D.C.
Maurice Lim Miller, Director, Family Independence Initiative, Oakland, California
Chris Page, Senior Vice President, Rockefeller Philanthropy Advisors, New York, New York
Chuck Parrish, Hillsborough, California
Denise Durham Williams, National Director, Community Relations, Citibank N.A., Long Island City, New York
Grace Young, President, CTC Public Benefit Corporation, Camden, South Carolina
Kate McKee (ex officio), Director of Microenterprise Development, U.S. Agency for International Development, Washington, D.C.

**Resource Development Committee**

Chris Page (Chair)
David Dodson
Robert Friedman
Ellen Lazar
Andrea Levere
*Mark Constantine, Durham, North Carolina
*Margaret A. Siegel, Washington, D.C.

*not CFED board members

**Writing/Coordination**
Jerome Uher, CFED

**Photography**
GTodd Photography (pages 1, 3, 11 top)
Fiona Adams (page 5)
Dennis Mann (page 8)
Sandi Smith (pages 11 bottom, 12)
Mel Yates, Photodisc (cover)

**Illustration**
Diane Gray (page 7)

**Design/Production**
Betsy Rubinstein, InForm

**Printing**
Linemark Printing