OUR VISION
CFED believes every family, given the opportunity, can save, build assets and create a more prosperous future. The proof lies not only in the results of rigorous evaluations but also in the lives of tens of thousands of low-income and even very poor families who have turned opportunity into enduring economic and social benefits. We believe that such an opportunity economy not only will produce a fairer, more cohesive and inclusive society, but a more prosperous, resilient and sustainable one.

OUR MISSION
CFED empowers low- and moderate-income households to build and preserve assets by advancing policies and programs that help them achieve the American Dream, including buying a home, pursuing higher education, starting a business and saving for the future. As a leading source for data about household financial security and policy solutions, CFED understands what families need to succeed. We promote programs on the ground and invest in social enterprises that create pathways to financial security and opportunity for millions of people.
Welcome

CFED Annual Report 2012

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Dear Friends of CFED,

Over the course of three decades, CFED has become a fixture in Washington, DC and around the country, recognized as a leader in the drive to expand economic opportunity for all Americans through smart public policy, real world applicable research and tested, effective interventions on the ground. The remarkable results we achieved in 2012, in collaboration with our partners, funders, policy allies and other stakeholders, heightened our leadership in the assets field and created new important opportunities to achieve greater impact in the communities we care so deeply about.

We must not underestimate the economic malaise left behind by the Great Recession. Economic data showed that the income gap between the wealthiest and poorest Americans had grown to levels not seen since the Gilded Age. According to the U.S. Census, fully 46 million of us were living below the poverty line. And CFED’s own research in the 2012 Assets & Opportunity Scorecard showed that a frightening 43% of all American households were liquid asset poor, without sufficient savings to withstand a three-month loss of income.

Yet, largely because issues of income and wealth have become so prevalent in the national discourse, financial access and asset building are finally recognized as mainstream solutions for any efforts to reduce systemic poverty. Asset building, financial security and economic opportunity were no longer topics reserved for economists and policy wonks, but rather the subjects of intense debate in the media, on the presidential campaign trail, in Congress and on Main Street. CFED’s message, advocacy and programs attracted bigger and more diverse partners and audiences.

With increasing momentum and in partnership with new critical allies to advance research, policy and practice, we scaled our efforts to create new, more resilient pathways to financial security and opportunity. Local governments are developing Children’s Savings Accounts programs. Domestic violence shelters are offering financial counseling and Individual Development Accounts. The new Consumer Financial Protection Bureau is working hard to ensure the American financial system functions for all consumers. CFED collaborated in these and many more arenas, working to ensure that these new efforts were buttressed with community support, technical know-how and research-driven design. The combined power of a number of promising new partnerships, such as the Assets & Opportunity Network and the Asset Building Policy Network; plus initiatives such as the Behavioral Economics Technical Assistance Project and social enterprises such as the 1:1 Fund, made 2012 a game-changing year. Together with many colleagues, we began to tackle several of the impediments to scale that have confounded assets practitioners in the field for years.

At CFED’s 2012 Assets Learning Conference, the largest convening of assets practitioners, advocates and researchers in the country, I shared a personal note during my State of the Field address, explaining that a guiding belief in my spiritual life revolves around the concept of “Tikkun olam,” or “repairing the world.” I believe CFED is leading a movement to literally repair American capitalism. Together we must tackle asset poverty on the broadest platforms possible, moving effective innovations into action and sustainable change. I encourage you to read this annual report for a sense of what is truly possible, and join us.

All my best,

Andrea Levere
President
Letter from the Chair;

This Annual Report, like most, focuses on the organization issuing it: CFED’s programs, our finances, our progress in the last year.

But the truth is that the idea of CFED is way bigger than we are, and our ability to achieve that idea is dependent on how well we work with others, how well we galvanize a movement. This truth was underscored at the 2012 Assets Learning Conference, the signature event of our year and, really, of our 33-year history.

I can remember as though it were yesterday: Newark Mayor Cory Booker bringing the 1,100 delegates to their feet, repeating the words of Langston Hughes - the same words we had cited as the central theme of our 2012-2014 Strategic Plan—“Let America be America again…the land that never has been yet…and yet still must be.”

Over the years CFED and our many partners have proven through rigorous evaluation that given a reasonable opportunity, common Americans, including low-income and very poor people, will save, start businesses, go to college, buy homes and create economic futures for themselves, their children and, indeed, for the country as a whole.

Today, the promise of America diverges dramatically from its fact: our Assets & Opportunity Scorecard revealed that nearly half of American households could not survive at the poverty level for three months if their major source of income were interrupted. Yet this fact understates the reality: without savings, hope fades; without savings, one is caught in the past, figuring out how to pay last month’s and last year’s bills; without savings, one is unable to plan, much less invest, in the future. The arc of potential is diminished.

All the more timely it was then, for the launch of the Assets & Opportunity Network, with its 75 state and regional coalitions serving tens of thousands covering most of the country, to come together to embody the Conference theme of “Ideas into Action.” Andrea Levere was right to declare in her State of the Field address: “Today, we are a movement.”

Now, as many families struggle to escape from the lingering effects of the Recession, it is time to invest again in the common genius of the American people. Our policies and innovations must encourage the savings of all Americans, including our children, so that we can form the new small businesses that have created ALL the net new jobs of the last 30 years; can go to college to provide the skilled workforces of the future; can buy homes and invest in our communities. Indeed, the economic policies of our past that have created long-term, widely-shared, economic momentum have been just these sorts of investments in the common genius: universal public education, the Homestead Acts, the GI Bill.

We CAN do this, if we do it together: The great task of the 21st Century is to build the ladder of economic opportunity; to ensure that every American has a reasonable chance to save, start a business, buy a home, go to college and create their own future. All of us—rich and poor, Right and Left, public, private, nonprofit, Black, White, Latino, Native American, Asian American, able-bodied or not, foster kids, young and old—stand to benefit in redeeming the full promise of our great country.

We hope all of our partners and the nation as a whole recognize that now is the time to invest wisely in our future, to work together to build a greater common prosperity.

With this annual report, CFED rededicates itself to being the best partner in this movement that we can be to all.

Sincerely,

Robert Friedman
Founder and Board Chair
2012 Milestones

- Assets & Opportunity Scorecard Launched
- Uniform Manufactured Housing Act Adopted
- Assets & Opportunity Network Formed
- Launch of New Children's Savings Programs
Introduction

Using Assets to Fight Poverty Goes Mainstream

Most action-oriented organizations do not embrace the term “mainstream.” They would rather be described as innovative, cutting-edge or even disruptive.

Sometimes, though, mainstream is a goal. And so it has been for the Corporation for Enterprise Development (CFED). Thirty-three years after its founding, CFED achieved a defining goal in 2012: its message regarding the importance of building assets to reduce poverty began resonating with mainstream American audiences.

From unparalleled levels of media attention accorded to the Assets & Opportunity Scorecard to legal victories such as the adoption of the Uniform Manufactured Housing Act; from the formation of broad new coalitions, including the Assets & Opportunity Network, to the launch of new children’s savings programs, 2012 was a milestone year for CFED.

CFED has long held that income levels alone can’t tell the story of financial insecurity. Research clearly documents that assets matter. Owning assets creates a financial buffer for weathering emergencies; enhances success in the labor market; fosters longer-term thinking, planning and psychological health; and improves the well-being and life chances of children, including their likelihood of entering and completing college. Assets create and reinforce every primary route by which Americans seek to build security and opportunity for themselves and their families—savings, education, homeownership and entrepreneurship.

This annual report will discuss the most important developments and initiatives of 2012 without attempting to detail all of CFED’s work. The total breadth of the organization’s activities can be found on its website at http://www.cfed.org.

The critical achievements highlighted here demonstrate that CFED’s work was accepted and understood by new and growing audiences in 2012.

33 years after its founding, CFED achieved a defining goal in 2012: its message regarding the importance of building assets to reduce poverty began resonating with mainstream American audiences.
A remarkable thing happened in 2012 with an economic metric that just a few years ago, hardly anyone outside of think tanks and academia knew existed. It became part of the national conversation.

“Asset poverty,” as charted by CFED’s Assets & Opportunity Scorecard, entered the larger discussion about wealth inequality in this country. Extensive news coverage of the 2012 Scorecard generated potentially millions of viewers and readers as the country considered empirical research outlining just how stark the boundary had become between the “haves” and “have-nots.”

Part of the expanded interest in 2012 arose with the addition of a new metric, a measure of “liquid asset poverty,” that quickly entered the lexicon of journalists and policymakers alike. But there were other factors as well. The Scorecard demonstrated beyond question that financial insecurity was burrowing deep into the middle class and getting worse. The 2012 presidential election presented the public with sharply contrasting views on the role of government in helping low- and middle-income households move toward economic opportunity, and the Scorecard documented that policies and programs at the state level made a big difference.

The Assets & Opportunity Scorecard offers the most comprehensive look available at Americans’ ability to save and build wealth, avert the cycle of poverty and create a more prosperous future. It explores how well residents are faring in the 50 states and the District of Columbia and analyzes policies that help residents build and protect assets. The 2012 edition assessed the states across 101 outcome and policy measures in five areas to determine the ability of residents to achieve financial security.
The 2012 results certainly were sobering. More than a quarter of U.S. households (27%) were “asset poor,” meaning they lacked both savings and other assets to cover basic expenses for just three months if a layoff or other crisis hit. And by the newly developed measure of “liquid asset poverty,” which excludes assets such as a home that can’t easily be converted to cash, almost half of U.S. households (43%) had virtually no savings at all.

The number of asset-poor families had increased by 21% from one-in-five families to one-in-four families since publication of the 2009-10 Scorecard, and the asset poverty rate was nearly twice as high as the Census Bureau’s official income poverty rate of 15.1%. A chilling 26% of households earning $50,000 to $90,000 annually are rated as liquid asset poor.

“In this context, the asset poverty and liquid asset poverty data tell a story of families who increasingly have nothing to fall back on and little prospect of building a more prosperous future,” the 2012 Scorecard concluded. “The story is especially disturbing for households of color, who are more than twice as likely as white households to be asset poor – 44% compared with 20%, respectively.”

While each edition of the Scorecard has attracted more attention than its predecessor, the results of the 2012 research were embraced in dramatic fashion by journalists and policymakers as strikingly relevant to many of the themes playing out on the presidential campaign trail and brought to the fore by the Occupy Movement.
In the month after the release of the 2012 results, more than 200 media hits were recorded with coverage internationally, nationally and in all 50 states and Washington, DC. Coverage ranged from *The New York Times*, The Associated Press, “Marketplace” and NPR to the Huffington Post, Chicago Tribune, Atlanta Journal-Constitution, Houston Chronicle, Dallas Morning News and Fort Worth Star-Telegram.

As CFED President Andrea Levere would later note, “For the first time in memory, the issues that you and I care about—asset building, financial security and economic opportunity for lower-income Americans—have entered the mainstream. Interest in new approaches such as asset building has become part of our national conversation.”

The *Assets & Opportunity Scorecard* is likely to shape that national conversation for years to come.
Coverage ranged from *The New York Times*, *The Associated Press* and *NPR*, to the *Huffington Post*, *Chicago Tribune*, *Atlanta Journal-Constitution* and *Houston Chronicle*.

“For the first time in memory, the issues that you and I care about—asset building, financial security and economic opportunity for lower-income Americans—have entered the mainstream. Interest in new approaches such as asset building has become part of our national conversation.”

Andrea Levere, President, CFED
The 2012 Assets & Opportunity Scorecard illuminated the still-growing wealth gap in America, including the astonishing number of households with almost no savings. But across the country, people are working to create and improve policies and programs to expand savings opportunities. The growth of the Assets & Opportunity Network clearly illustrates a burgeoning commitment to address the cycle of poverty through asset building.

In one sense, the launch of the Assets & Opportunity Network during the 2012 Assets Learning Conference was nothing short of remarkable. More than 500 asset-building leaders from across the country signed up on the spot as the conference came to a close, pledging to leverage their collective experience, power and potential to forcefully advocate at the local and state levels.

On the other hand, the Network was a full decade in the making.

Starting in 2002, CFED began supporting the development of state and local asset coalitions and providing technical assistance to their policy advocacy efforts. But the number of local and state groups receiving assistance varied each year and the only common denominator was CFED. So in 2011, an interim steering committee went to work with the goal of formalizing the links among all the various coalitions.

In January 2012, a permanent steering committee was named and began preparing to launch the Network at the Assets Learning Conference in September. And launch it they did.

“The process of getting to launch was a long road,” says Jennifer Brooks, CFED’s Director of State & Local Policy. “But we pursued it because the Network represents an evolution in our thinking as to how to increase our impact.”

Before the year was out, Network members had jumped into federal advocacy, opposing efforts by the House Agricultural Committee to cut the Supplemental Nutrition Assistance Program (formerly food stamps) and filing supportive comments with the Consumer Financial Protection Bureau on how to define effective financial education.

By the end of 2012, the Assets & Opportunity Network included 75 Lead State and Local Organizations, many of which convene state and local coalitions, and nearly 1,000 General Members. These diverse organizations touch hundreds of thousands of people across the United States. Today it stands as a truly national coalition of state and local service providers, advocates, financial institutions, researchers and policymakers working to break the cycle of poverty and create economic opportunity through asset-based strategies.
The A&O Network by the Numbers

75 Total Lead Organizations

and

1,000 General Members

serving

Hundreds of Thousands

and growing

In 2012

the A&O Network

reached 16,782 people through briefings and events

+ reached 107,821 people through blogs, Facebook and Twitter

earned 1,274 media placements

educated 832 state policymakers resulting in introduction of 30 bills, 12 of which became law
Federal Successes During a Time of Challenge

Despite a challenging climate in Washington, DC, the year did bring some federal victories, including progress on initiatives supporting the self-employed and the launch of the nationally-focused Asset Building Policy Network.

Early in 2012, as part of the federal tax compromise, Congress approved an expansion of the Self-Employment Assistance (SEA) program, a small but innovative initiative that began in 1991. If a state voluntarily participates in SEA, its unemployed residents are allowed to collect unemployment insurance benefits while they work on starting a new business, rather than seek full-time employment.

Under the expansion, self-employment training and resources will be made available to thousands more unemployed workers over the next few years. The expansion allows states to offer the program to those receiving extended benefits (beyond the standard 26 weeks) simply through a signed agreement between the governor and U.S. Department of Labor. It also provides $35 million in one-time grants to states to create or improve SEA programs.

After passage, CFED immediately began working with the Department of Labor, state workforce agencies and advocates of microenterprise development to support successful implementation of the reforms.

One hundred fifty Conference participants from 36 states became lobbyists-for-a-day, and met with their elected representatives to explain why asset-building measures ought to be part of the federal legislative agenda. Participants received instruction from two people who have around 30 years of combined experience: Jeff Hammond, Vice President at Van Scyoc Associates, and Bill Zavarello, political consultant. To help ease the knocking knees and pounding hearts, they gave their best advice for a successful meeting with elected officials: being prepared and confident, not giving political advice, and following up. CFED is supporting follow-up activities by Network members and others back home. In all, ALC attendees met with 64 Senate and nine House offices.

Finally, the Asset Building Policy Network (ABPN), a coalition of the nation’s preeminent civil rights and advocacy organizations, launched in 2012. The ABPN seeks to improve the economic progress of low-income individuals and families and communities of color by coordinating savings and asset-building advocacy efforts on a national level. Working together, the organizations aim to increase access to responsible and appropriate financial products and services that can enable families to save, invest, preserve and build financial assets.

The ABPN includes the Center for American Progress, Leadership Conference on Civil and Human Rights, National Association for Latino Community Asset Builders, National Coalition Asian Pacific American Community Development, National Council of La Raza, National Urban League; PolicyLink, Citi and CFED.

CFED began working with the Department of Labor, state workforce agencies and advocates of microenterprise development to support successful implementation of the reforms to the Self Employment Assistance (SEA) program.

CFED staff served as an advisory resource for the Office of Senator Coons (D-DE) on his American Dream Accounts.

The Asset Building Policy Network (ABPN), a coalition of the nation’s preeminent civil rights and advocacy organizations, launched in 2012.
150+ Assets Learning Conference attendees participated in Capitol Hill Visits

Advocates met with 64 Senate offices and 9 House offices, representing 36 states

CFED Event
The Forgotten 40 Percent: Restoring American Opportunity

Photos from the November 27 event with Democracy Journal that brought together some of the best minds in economic mobility and wealth creation to argue what Washington’s top post-election priorities should be to restore American opportunity.
Every two years, CFED gathers together the advocates, policymakers, academics, private-sector leaders and practitioners who work each day to help low- and moderate-income families save money, accumulate assets and connect to the financial mainstream. The goal is to provide a dedicated forum for information-sharing and capacity-building and to re-set the agenda for continued advancements in the field.

The 2012 Assets Learning Conference broke new ground as never before. The three-day conference:

- Attracted record attendance, exceeding 1,000 for the first time with a final tally of 1,100.
- Featured, for the first time, significant participation by federal government partners led by the Departments of Health & Human Services and Labor.
- Attracted 30 corporate, foundation, nonprofit and public sector sponsors.
- Featured powerful speakers such as Richard Cordray, Director of the new Consumer Financial Protection Bureau, and Newark, NJ, Mayor Cory Booker.
- Offered more than 60 concurrent sessions on a broad array of topics, ranging from new ways to measure the wealth gap and immigrants’ access to financial services to behavioral economics 101.
- Included an Applied Research Forum to showcase recent developments in academic and applied research.
- Launched the BETA (Behavioral Economics Technical Assistance) Project.
- Launched the Assets & Opportunity Network, a movement-oriented group of advocates.

Cordray, in his featured keynote, said those in attendance had come together because they shared a commitment to improving the lives of the financially vulnerable.

“We can’t climb the ladder for people,” Cordray noted. “But what we can do is hold the ladder steady for people. . . . We can make sure that climbing the ladder is safe.”

Booker, who has gained wide attention for his efforts to rejuvenate Newark, asserted that every segment of American society bears a responsibility in the war on poverty.

“The slavery of the last generation was about a physical bond,” said Booker. “The slavery of today exists because good people are limited, not because of the failures of their own but because of the failures of our common society. When you leave here today, take with you a greater courage.”

In her “State of the Field” address which opened the Conference, CFED President Andrea Levere challenged the attendees to pursue transformational change “by putting our ideas into action.” “Our issues now are in the mainstream as we begin to drive the debate,” Levere noted in her State of the Field speech. “We are testing and documenting what works on the ground. We have ideas. We have infrastructure. We know what works. And we have people. Over the last two decades, we have built a movement dedicated to the notion that assets are the keystone to financial security. Over the next decade, let’s set our sights even higher; let’s be the ones who rebuild the foundation of American economic opportunity.”
During the summer of 2012, CFED held a photography contest challenge that asked Americans what assets they are saving for. The finalists were displayed at the Assets Learning Conference. The top three finalists received cash prizes toward their goals.

“The power of the people is greater than the people in power.”
- Mayor Cory Booker

1,100 Attendees
Deploying Cutting Edge Research and Integration Services To Shape Asset-Building Strategies

In an era of fiscal austerity and political gridlock, it is more important than ever that existing government programs look for ways to improve their effectiveness and explore and test promising new approaches. CFED has embraced such work throughout its history but perhaps never more intently than in 2012, when it delved into cutting-edge research on behavioral economics and greatly expanded efforts to integrate asset-building and financial empowerment services into existing social service programs.

CFED joined ideas42 and the Citi Foundation to launch the Behavioral Economics Technical Assistance (BETA) Project, an ambitious applied research initiative to develop behaviorally informed modifications to program designs and test them in the “real world” with practitioners in order to improve both program and client success.

To launch the program, CFED and ideas42 solicited partner organizations from around the country willing to experiment and apply behavioral insights to improve service delivery with minimal additional cost. Ninety-nine proposals flooded the BETA team, an exciting response demonstrating substantial interest in behavioral economics across the asset-building field. Three were chosen for the initial BETA pilot:

- Neighborhood Trust Financial Partners in New York City, which will explore behavioral barriers that prevent low-income individuals from signing up and actively using transaction accounts.
- Cleveland Housing Network, which will look at behavioral obstacles to the use of online payment tools by families in a lease-purchase program.
- Accion Texas in San Antonio, which will examine behavioral barriers to successful loan repayment that often prevent low-income entrepreneurs from improving their credit scores and climbing the economic ladder.

In 2012, CFED also made significant strides in efforts to integrate asset-building products and services into existing social service centers. CFED has long been a proponent of the growing movement to “bundle” services through “one-stop centers.” Research has shown the effectiveness of this Integrated Service Delivery approach but revealed a shortage of organizations successfully integrating financial access and asset-building services.

In partnership with the Bank of America Charitable Foundation, CFED in 2012 competitively selected five organizations to participate in an Intensive Learning Cluster to help them improve the financial security of the low-income households they serve. The five include a mental health services provider, an employment training agency, a community action agency, a food bank and a state child support agency. Each serves tens of thousands of individuals a year. They were selected from a pool of nearly 70 applications based on the commitment of their leadership to open experimentation with integration.
strategies to determine what works.

“The Learning Cluster format introduced us to new resources and colleagues while providing opportunities to talk with peers facing similar challenges and designing solutions that would help all of us,” says Deborah Guerra, the coordinator of curriculum design and development at New York-based FEGS Health and Human Services, one of the five participants, and one of the nation’s largest and most diversified health and human services organizations providing a wide range of employment, career and workforce development services. “It opened a new window into behavioral psychology, the power of personal choices to impact financial decisions and how to proceed. Most important, it confirmed that asset-building and financial empowerment programs are multi-dimensional, combining knowledge, coaching and different paths of action.”

Furthering the effort to broaden access to financial empowerment services, CFED was selected by the Office of Community Services (OCS), within the U.S. Department of Health and Human Services’ Administration for Children and Families, to implement its ASSET Initiative Partnership (AIP). Through the six strategies it is advancing — financial education, accessing federal and state benefits, tax credits and filing assistance, getting banked, managing credit and debt, and savings and Individual Development Accounts — OCS is seeking to address the central and interrelated problems families face in achieving financial security. CFED began work on the project in 2012 and is working with OCS to:

- Help stakeholders at the local, state, regional and federal levels to answer critical questions about financial security.
- Investigate and highlight proven and promising practices that not only embed asset-building strategies in a range of programs, but also enhance the ability for those programs to achieve their objectives.
- Expand asset-building opportunities for low- and moderate-income families through pilots, partnerships, and other initiatives that leverage human service delivery channels.

Projects are currently underway with agencies that help youth aging out of foster care, TANF recipients, Head Start parents, families and teachers, and uninsured/low-income health patients.

“The Learning Cluster format introduced us to new resources and colleagues while providing opportunities to talk with peers facing similar challenges and designing solutions that would help all of us. It opened a new window into behavioral psychology, the power of personal choices to impact financial decisions and how to proceed. Most important it confirmed that asset building and financial empowerment programs are multi-dimensional, combining knowledge, coaching and different paths of action.”

Deborah Guerra
Coordinator of Curriculum Design and Development at FEGS Health and Human Services
The numbers are sobering: about 50% of low-income students who graduate from high school enter college and only about nine percent complete college.

CFED recognizes this is not a sustainable outcome for our nation and has focused intense efforts on finding solutions. Among those approaches with the greatest potential are Children’s Savings Accounts, or CSAs. These matched accounts are modeled after Individual Development Accounts but specifically designed to encourage low-income children and their families to start saving early for college. What makes their use exciting is evidence that kids with a CSA in their own name – even if their account total is small – are six times more likely to go to college than those without. These accounts give children not only a measure of economic security, but also a transformative sense of possibility and hope for the future.

2012 was unquestionably a breakthrough year for those working to deploy CSAs in communities nationwide. The first public, universal CSA program in the country, launched in 2010, was built on a partnership of the City and County of San Francisco, Citibank and the San Francisco Unified School District. Savings accounts were automatically opened for every child in public kindergarten, and by 2012, more than 8,000 kindergartners were part of this pioneering program.

In November 2012, Cuyahoga County, which includes Cleveland, OH, announced it would launch a CSA program in fall 2013 that would provide every child entering kindergarten with a $100 savings account. CFED provided technical assistance for the program, which is projected to assign accounts to 15,000 students a year, regardless of whether

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**More Communities Embrace Children’s Savings Accounts as a Pathway to College**

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**Cuyahoga County**

**Hawaii**

**Denver**

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50% of low-income students who graduate from high school enter college and only 9% complete college.
they attend public school, making it the largest such effort of its kind in the nation.

Says Edward Fitzgerald, the County Executive in Cuyahoga, "I want every child in our area to grow up knowing that college is a real and attainable goal. This is a critical investment in our children and in the development of a skilled workforce capable of meeting the needs of 21st century Ohio businesses."

Across the country, other CSA programs are getting underway or are already in place in communities from Honolulu, HI, to Grand Rapids, MI. In Hawaii, the Alliance for Community-Based Economic Development, in partnership with the University of Hawaii at Manoa, is operating a statewide savings program for elementary school children that involves 17 schools and 1,800 kids. In Colorado, the state’s Department of Human Services, in partnership with CFED and the Aspen Institute, is embarking on the design of a CSA program that could serve up to 19,000 children in families receiving child care assistance. And thanks to private support provided by the W.K. Kellogg Foundation, savings account programs have been launched in Mississippi and Grand Rapids, MI.

The current interest in CSAs can be traced to a ground-breaking research effort known as the Saving for Education, Entrepreneurship and Downpayment Policy and Practice Initiative, or SEED. Launched in 2003 by a group of funders and partners including CFED, the 10-year SEED demonstration was designed to determine if these small accounts could produce significant, life-changing outcomes for disadvantaged children and youth.

To find out, one component of the SEED initiative was dedicated to developing, implementing and testing strategies for offering matched savings accounts and financial education to more than 1,300 low-income children and youth at 12 partner sites across the country. Rigorous research, impact studies and surveys are still being completed, but certain key findings are already clear and some organizations and governments aren’t waiting to proceed.

One of the most inspiring stories from the SEED Initiative comes from Mile High United Way of Denver. CFED caught up with La Terra Cole, who started in the SEED Initiative in 2003, when she was in the foster care system. Now in her third year of law school, La Terra has dreams.

"I was introduced to the SEED initiative as part of my independent living training when I was already on my way out of the foster care system, so that means until I was 17 years old no one had the job of ensuring that someone was thinking about my future. It was all very moment by moment based, you know, crisis by crisis. CFED sort of took on a role that maybe a parent would take on to make sure that someone was thinking about my future. It made all the difference. If we could just have that role for every foster child, someone who is thinking about who we could be 15 years from now. What sort of future do we want to see for this child and it needs to be college education of some type.

I think one of the most important features of the Children’s Savings Account initiative was that they gave me money to manage and some of the other programs that I’d been involved with taught me about money management, but in my mind those lessons were really meant for people who had money to manage. By giving me those lessons, they taught me how to invest in myself and so, in addition to just the literal savings investment, I sort of had a new way to think about my own future—that I would actually have a future that didn’t have to be defined by poverty.”
As more communities across the country recognize the power of Children’s Savings Accounts to inspire college dreams, they also are searching for how best to encourage savings through matched funding by donors.

Enter the 1:1 Fund.

In a unique combination of philanthropy, technology and charitable appeal, CFED in 2012 launched the 1:1 Fund, an online social enterprise that solicits public contributions to match Children’s Savings Account (CSA) deposits by low-income families.

The Fund uses social media, traditional media, local grassroots efforts and branded national marketing to attract donors. Once on the website, donors search by community or for sponsor organizations that they would like to support. Donors are assured that all matching funds will be held until the child reaches college and will only be used for qualified educational expenses.

In its initial start-up phase, the 1:1 Fund is working with two partner groups that operate CSA programs—Kindergarten to College in San Francisco and the Mississippi College Savings Account Program.

To understand what’s at stake, one need only visit Jackson, MS—one of three communities in the state participating in the initiative.

“We can teach these kids how to save,” says Ernestine Bilbrew, a real estate broker and former mortgage banker who volunteers her time to coordinate the Mississippi effort. “But this program is also about changing aspirations and dreams. This program means a lot to me because of the impact that it has.”
More than 650 CSAs have been opened in Mississippi with an initial $50 deposit from the W. K. Kellogg Foundation on behalf of pre-kindergarten kids as young as three-years-old. The Mississippi initiative is a collaborative partnership between the Center for Community and Economic Development at Delta State University, the Mississippi Community Financial Access Coalition, Hope Credit Union and Southern Bancorp, CFED and Kellogg.

Participating children and their parents also receive extensive financial literacy education, introducing them to money basics, budgeting and saving.

The Mississippi College Savings Account Program wants to maintain a 3-to-1 match for deposits by the children and their parents, but that would cost an estimated $380,000 over the next three years. The 1:1 Fund is designed to address that need for money.

Says Carl Rist, Executive Director of the 1:1 Fund for CFED: “Having an account changes the hopes and expectations of these low-income kids. The account and the saving and the incentive are powerful because it’s not routine for low-income African-American kids in Mississippi to think about going to college. It helps to develop a college-bound identity at a young age.”
Owning a home is still the leading avenue for families to build their assets, but an entire sector of homeownership is deprived of that ability to build long-lasting assets: those who live in manufactured housing. That amounts to 17 million people, an estimated 50% of whom are over age 50. When conventional mortgage financing is unavailable, home appreciation is in jeopardy. But in 2012, a major victory in the push to turn manufactured housing into a wealth-building asset occurred when a national commission of lawyers recommended all states adopt a model law that would eliminate the problem.

The saga of manufactured housing and the Uniform Law Commission is a great example of how effective advocacy often requires a long horizon and unconventional initiatives.

THE PROBLEM
Today’s manufactured homes bear little resemblance to the travel industry trailers from which they sprung. Significantly more affordable than a conventional home while still packed with modern amenities, manufactured homes can be a great solution to helping millions of low-income families achieve homeownership.

But purchasing a manufactured house today rarely leads to ownership of an asset that builds wealth. That’s because most state governments treat manufactured homes as personal property, like a car, rather than real property, like a conventional house.

That legal distinction prevents the owner of a manufactured house from obtaining financing through a conventional mortgage. And that makes all the difference.

“We try to find ways to make it possible to build wealth through homeownership,” says Lauren Williams, a program manager with CFED’s Affordable Homeownership team. “But financing is the key. If you can’t get a conventional mortgage, you face higher financing rates with a shorter term and fewer protections.”

THE ANSWER
To combat the problem, four years ago CFED set out with a number of partners to convince the Uniform Law Commission to take up the issue. The Commission works to harmonize legal statutes that address issues or problems common to all states by writing what it considers “model” statutes. The Commission cannot compel states to adopt its model laws, but the quality of its work is such that its adoption of a model code prompts state legislatures to seriously consider the recommendation.

On July 19, 2012, the Uniform Law Commission adopted the “Uniform Manufactured Housing Act” during its annual meeting in Nashville. The suggested statute would enable the owner of a manufactured house to title or re-title his or her home as real property if it’s connected to electrical utilities and a certificate of location is filed with the local deed office.

The next step, according to Williams, is to identify states where CFED has partners willing to make the case to state legislatures. The Uniform Manufactured Housing Act already has been introduced in Vermont and some activity is starting in Minnesota, Massachusetts and Maine.

“Modernizing these laws and creating uniformity among the states is particularly important because manufactured housing is the most significant form of unsubsidized housing in this country for low-income households,” the Commission noted, reflecting CFED’s position. “By electing to be treated as real-estate, the home will qualify for real-estate financing and will achieve all the benefits and burdens of real-estate ownership.”

Clearly the road to progress will take time, but for current and future owners of manufactured homes 2012 brought an important milestone.

While the adoption of the “Uniform Manufactured Housing Act” was a real milestone, CFED continued to drive other elements of the asset-building agenda around manufactured housing.
Opening More Doors for Owners of Manufactured Homes

I’M HOME, or Innovations in Manufactured Homes, is CFED’s umbrella initiative designed to unlock the potential of high-quality manufactured housing as a key source of affordable and appreciating housing. The mission of I’M HOME is to ensure that families who purchase manufactured homes are able to build wealth through homeownership.

In order to be a good investment for families, manufactured homes must be well-built and well-installed; homeowners must own, or at least have long-term control over, the land their homes are built on; the homes must be financed with fair and affordable terms, and homeowners must be able to sell the homes at a fair value when they move.

I’M HOME provides funding and/or technical assistance to innovative programs that demonstrate the market potential of manufactured housing as a source of affordable and appreciating housing. Among them are ROC USA® and Next Step™.

- ROC USA, LLC is a nonprofit social venture which helps homeowners in manufactured home communities purchase their communities as associations by creating opportunity, providing expert assistance through a network of local and regional TA Providers and through commercial mortgage financing through a national CDFI called ROC USA Capital. In 2012, the social enterprise achieved record results, assisting 12 homeowner associations to purchase their communities and preserve 937 homes in seven states with almost $29 million in financing. ROC USA® also was the subject of an extensive profile by National Public Radio during the year.

- Next Step offers entrepreneurial nonprofit developers factory-direct access to some of the most innovative manufactured homes on the market at an affordable price. Developers are able to build larger communities across the country featuring modern, environmentally friendly houses. In their fiscal year 2012, the Next Step Network grew to include 18 member firms that supported 50 homebuyers in purchasing high-quality, energy-efficient homes. The group projects that over the next 30 years, those 50 homes will save owners $4.3 million in loan interest and $1.6 million in energy costs.

I’M HOME began work in 2012 on a metropolitan strategy in collaboration with the Ford Foundation, designed to show how manufactured housing can provide affordable homes beyond rural communities in targeted metropolitan areas. The Metropolitan Project ultimately will focus on 10 metro areas around the country and is starting with Minneapolis-St. Paul and Boston.

Over the next 30 years, those 50 high-quality, energy-efficient homes will save owners $4.3 million in loan interest and $1.6 million in energy costs.
We feel an enormous sense of gratitude and appreciation for our financial supporters, and the individuals, foundations, corporations and organizations that join us in our commitment to build financial security and expand economic opportunity for low- and moderate-income households. Thank you for both the time and investment you have made in CFED as we work together to build a greater common prosperity for all Americans.

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Joanne and Doug Williams

…and those who choose to remain anonymous
2012 Audited Financials

Statement Of Financial Position as of December 31, 2012

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<tr>
<th>ASSETS</th>
<th>2012</th>
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<tbody>
<tr>
<td>Cash</td>
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<tr>
<td>Receivables</td>
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<td>Endowment</td>
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<tr>
<td>Other</td>
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<td>TOTAL ASSETS</td>
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<tr>
<th>LIABILITIES AND NET ASSETS</th>
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<tr>
<td>LIABILITIES:</td>
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<td>Accounts payable and Accrued expenses</td>
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<tr>
<td>Grants payable</td>
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<tr>
<td>Other Liabilities</td>
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<td>TOTAL LIABILITIES</td>
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<td>Unrestricted</td>
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<td>Temporarily restricted</td>
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<tr>
<td>Permanently restricted</td>
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<tr>
<td>TOTAL NET ASSETS</td>
<td>$11,421,479</td>
</tr>
</tbody>
</table>

| TOTAL LIABILITIES AND NET ASSETS    | $12,718,373  |

2012 Financial Position

- Total Assets: $12,718,373
- Total Liabilities: $1,296,894
- Total Net Assets: $11,421,479

Financial Position 2012

- **ASSETS**
  - Cash: $1,519,818 (12%)
  - Receivables: $1,462,590 (11%)
  - Endowment: $594,113 (5%)
  - Social Investments: $1,256,163 (10%)
  - Other: $7,885,689 (62%)

- **NET ASSETS**
  - Unrestricted: $2,242,989 (20%)
  - Temporarily restricted: $6,403,330 (56%)
  - Permanently restricted: $2,775,160 (24%)

- **LIABILITIES**
  - Accounts payable and Accrued expenses: $165,000 (13%)
  - Grants payable: $475,379 (37%)
  - Other Liabilities: $656,515 (50%)
Statement of Activities and Change in Net Assets for the Year Ended December 31, 2012

2012 Unrestricted

REVENUE
Unrestricted Contributions $596,282
Earned Income Programs $2,105,673
Conference Revenue $1,280,647
Investment Returns $502,987
Grant funded programs $5,655,057
Other $117,111
TOTAL REVENUE $10,257,757

EXPENSES
PROGRAM EXPENSES:
Affordable Homeownership $955,760
Entrepreneurship $629,240
Savings and Financial Security $2,321,008
Applied Research and Policy $2,897,331
Communications $1,599,609
Total Program Expenses $8,402,948
Management & General $737,065
Development $537,163
TOTAL EXPENSES $9,677,176

Change in Net Assets $580,581
Net Assets at Beginning of Year $1,662,408

NET ASSETS AT END OF YEAR $2,242,989

Statement of Activities Unrestricted 2012
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