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Message from the Chair of the Board and the President

Dear Friends,

The concept of a divided United States is becoming increasingly prevalent. As a greater number of U.S. families feel more financially vulnerable than ever and as wealth and income inequality continue to grow, the schism in our society is no longer a risk—it’s an ever-present reality.

Here is what we know.

More than 50 million of us are in financial distress. Millions of us are working hard every day to make ends meet. We’re doing everything right to provide for our children and families. We pay our taxes. Many of us have college degrees. Many of us even hold two or three jobs. Yet we’re not getting ahead.

The situation is worse for families of color. In some states, 25% fewer African American youth graduate from high school compared to white youth. The unemployment rate for people of color is nearly 57% higher than for whites. And, only 41% of African Americans and 53% of Latinos own their home—the biggest source of wealth for U.S. families—compared to 71% of whites.

Unless we close the wealth and opportunity gap in the U.S., some children and families will never get ahead.

That’s why in 2015, thanks to your support, CFED launched the Campaign for Every Kid’s Future. This initiative will ensure that 1.4 million kids in the U.S. have a Children’s Savings Account to help them save for college by 2020.

We also deepened our understanding of the racial wealth divide and made significant investments to ensure that all of our programs and policy recommendations address the unique financial needs of children and families of color. Specifically, we disaggregated our annual Assets & Opportunity Scorecard by race to gain deeper insight into the particular challenges facing families of color. We started building the capacity of trusted local organizations of color so they can better meet the financial needs of their constituents. At the same time, we strengthened longstanding partnerships with civil rights organizations, including National Urban League, National Council of La Raza and National Coalition for Asian Pacific American Community Development.

Finally, because financial security impacts all aspects of our life—our education, our health, our ability to hold down a job, our chance to live in healthy homes—we partnered with some of this country’s preeminent thought leaders to publish What It’s Worth: Strengthening the Financial Future of Families, Communities and the Nation. A collection of more than 30 essays on financial health, What It’s Worth is a call to action for all sectors of society to work together to make financial well-being a reality for low-income children and families.

We’re pleased to share CFED’s 2015 Annual Report to highlight all that we accomplished with your support. Thank you again for helping us build an opportunity economy. Together, we can ensure that all U.S. children and families achieve financial security and prosperity.

Warmest wishes,

Brandee McHale
Chair

Andrea Levere
President
Building an Opportunity Economy

Our Vision
CFED envisions an opportunity economy where we are all empowered to build more prosperous futures for our families, our communities and our country.

Our Mission
CFED’s work makes it possible for millions of people to achieve financial security and contribute to an opportunity economy. We scale innovative practical solutions that empower low- and moderate-income people to build wealth, we drive responsive policy change at all levels of government and we support the efforts of community leaders across the country to advance economic opportunity for all.
Our Ten-Year North Stars

To guide our course, measure our progress, remind us of our mission and align the thousands of partners whose combined work, innovation and collaboration will bring about the changes we wish to see in our nation, we will follow five “North Stars.” These are the audacious and critical outcomes we aim to achieve by 2025:

- Millions of low-income and asset-poor U.S. families will gain access to their fair share of the half-trillion dollars spent through the federal tax code to encourage savings and investments.

- Racial wealth inequality will increasingly be relegated to history.

- Every child in the United States will have a seeded college savings account and will be connected to the financial mainstream.

- One million more low- and moderate-income families will own homes that appreciate in value, building household wealth and strengthening communities.

- One million more entrepreneurs will start businesses each year, contributing their dreams, skills and energy to the U.S. economy.
In 2015, CFED worked on the following initiatives to make wealth-building products work for low-income individuals and families:

We published *What It’s Worth: Strengthening the Financial Future of Families, Communities and the Nation* with the Federal Reserve Bank of San Francisco and Citi Foundation. *What It’s Worth* sounds a call to action for all sectors of society to work together to make financial well-being a reality for families, communities and the nation. The book garnered two million social media impressions on the day it launched, and as of June 2016, more than 12,000 copies had been ordered.
We worked with the Consumer Financial Protection Bureau to create a financial well-being scale. This scale provides an unprecedented opportunity for thousands of practitioners to better understand what drives financial well-being in the United States and design and deliver products and services with greater impact. We look forward to continuing to work with our partners in the field to implement this important new metric.

We launched the Campaign for Every Kid’s Future with 53 partners to ensure that 1.4 million kids have a Children’s Savings Account (CSA) by 2020, on the way to our ultimate goal of universal CSAs by 2025. To advance this initiative, we organized five events to serve the 32 existing CSA programs that together reach 240,000 children. We also secured over $500,000 to match the savings of thousands of children across the country.

We provided technical assistance to over 175 organizations to help them improve their matched savings programs and to integrate financial capability into a range of other services. We also published two interactive guides to help additional organizations better meet the financial needs of their clients, including *Building Financial Capability: A Planning Guide for Integrated Services* and *Investing in Dreams: A Blueprint for Designing Children’s Savings Account Programs*.

We released seven research reports, including our upgraded *Assets & Opportunity Scorecard*, which reached 81,000 readers and received 85 media hits. Our *Scorecard* also included data disaggregated by race for the first time to provide more insight into the unique challenges facing people of color. Additionally, our human insights research aimed to deepen understanding of the financial insecurity facing key populations, including grandparents raising grandchildren, microbusiness owners, people working to build or repair their credit and low-income families struggling to save for their futures.
SOLVED

How Solutions Impact Low-Income Families: Building Credit to Build Dreams

The happiest times Blanca had growing up with her family in Mexico were the days everyone lined up to ask her for a haircut. For her, hair care was an outlet for creativity she learned from her uncle, one of the biggest supporters of her talent. Blanca’s dream was to open her own salon, and when she came to the United States to get better care for her daughter’s medical condition, she began pursuing her dream. Blanca worked two jobs for several years so she could save money for the tuition and fees of California Beauty School, and she continued working full-time when she was a student to make ends meet. After graduating, Blanca worked at different salons in the Bay Area to learn everything she could and build her clientele.

“I was working, working, working; but I never gave up,” she said. Blanca knew that to take out the loan she needed to start her business, she had to build her credit.

Blanca
Hair salon owner

“I was working, working, working; but I never gave up,” she said. Blanca knew that to take out the loan she needed to start her business, she had to build her credit. That’s when she reached out to CFED partner Mission Asset Fund (MAF). MAF connected Blanca to business classes where she learned what she needed to do get her business up and running. Through MAF, Blanca also accessed business loans, which not only provided her with the seed capital she needed but also helped her build her credit.
By the time the owner of the salon Blanca was working for announced her retirement, Blanca was ready.

Now that she’s an established businesswoman with a strong credit history, Blanca is focused on growing her dream. She wants to expand her business to include a beauty store, makeup studio and multiple hair salons. She is also working to attract employees with a drive to learn and she wants to pay them well while they’re being trained. “I want the best for them and the best for the business.”

Blanca’s salon is now a family affair, with her and her daughters managing the business together. And with her drive and motivation, it’s easy believe in her success.

In 2015, CFED published *What It’s Worth: Strengthening the Financial Future of Families, Communities and the Nation*, which includes a chapter by Jose Quinonez, Chief Executive Officer of MAF. In addition to highlighting the important role of informal lending practices among immigrant communities and attesting to the impact of MAF’s formalized lending circles, *What It’s Worth* sounds a call to action for all sectors of society to work together to make financial well-being a reality for families like Blanca’s.

**About Mission Asset Fund**

Mission Asset Fund (MAF) is a nonprofit on a mission to create a fair financial marketplace for hardworking families. MAF’s zero-interest, zero-fee Lending Circles™ are a fresh take on social lending, enabling participants to save for college, apply for citizenship and start businesses—all while building credit. Acclaimed for its impact, this model has helped over 5,000 low-income individuals access more than $5 million in loans while saving them over $1 million in interest and fees. In partnership with 51 nonprofits, MAF now offers Lending Circles™ nationwide in 17 states and the District of Columbia. To learn more about MAF, please visit [www.MissionAssetFund.org](http://www.MissionAssetFund.org).
In 2015, CFED advocated for the following policies to change the rules so more low-income families can succeed:

We launched the Turn It Right-Side Up campaign to make the federal tax code more equitable and put more money in the pockets of families who need it most. In addition to a video designed to explain the upside-down nature of our tax code, we issued a statement of principles and released infographics describing spending on unfair tax programs and explaining who benefits from these programs. Our campaign reached over 2,100 taxpayers and advocates in its first month alone, and in July 2015, CFED joined 160 organizations to support increases to the Earned Income Tax Credit (EITC), which Congress took action to expand later in the year.
We mobilized the Volunteer Income Tax Assistance (VITA) field to educate policymakers on the importance of increasing federal funding for VITA, and as a result we helped catalyze a $3 million increase for the VITA program. This is the first increase in VITA funding since 2008 and will provide VITA sites across the country with the resources to serve an additional 500,000 taxpayers. As a result, VITA programs will put an additional $550 million in the pockets of low-income individuals and families.

We proposed a Rainy Day EITC, which would leverage the EITC to help low-wage workers build emergency savings so they can be more financially secure. Then, in April 2016, Senators Cory Booker (D-NJ) and Jerry Moran (R-KS) introduced the Refund to Rainy Day Savings Act, based on CFED’s Rainy Day EITC proposal. If the Act passes, millions of taxpayers will have an unprecedented opportunity to build the savings they need to weather a financial emergency.

We helped protect low-income owners of manufactured homes by successfully advocating to preserve the Dodd-Frank Wall Street Reform and Consumer Protection Act. We also spoke in 26 high-profile venues to lay the groundwork for expanded single-family finance through Duty to Serve and USDA 502 pilots. Both of these pilots will improve a key issue facing manufactured homeowners: access to financing that protects homeowners and helps them take advantage of the same wealth-building opportunities that owners of site-built homes enjoy.
Stephanie is a teacher’s assistant and single mom. She has a lot on her plate, but tax time helps her make it financially manageable. In fact, the tax refunds she receives are critical to her family’s continued success.

For the past three years, Stephanie has been a passionate client of Prepare + Prosper, a key CFED partner. The organization has been providing Stephanie with financial assistance and free tax filing services through its VITA program.

“My tax refund makes all the difference for me and my family,” said Stephanie. “Because of tax credits like the Earned Income Tax Credit, I’ve been able to pay off my debt and save. I was without a car for a year. After I paid for repairs, I was able to build an emergency savings account to help me the next time something like that happens.”

The volunteers at Prepare + Prosper found other tax credits Stephanie didn’t know she and her family qualified for, including the Minnesota K-12 Education Credit. They helped Stephanie open a savings account at Firefly Credit Union to support her savings. They also helped Stephanie access and
review her credit report, which led to a better understanding of her student loans and a new payment plan that enabled her to climb out of debt.

Stephanie has since taught her teenage son the value of saving, and they are now both working to save for his college education.

In 2015, CFED led a coalition of 700 members of our Taxpayer Opportunity Network, which includes Prepare + Prosper, to advocate for the $3 million increase to the VITA program. As a result, VITA sites across the country will file returns for 500,000 more taxpayers like Stephanie, helping them secure an additional $550 million in savings through the EITC and other tax programs.

About Prepare + Prosper

Prepare + Prosper is a nonprofit organization based in Minnesota and focused on financial capability for low-income households. It provides free tax preparation and access to financial services, products and coaching; builds the capacity of other organizations providing these services; and works to advance policies and practices that directly benefit the people it serves. In 2015, 555 volunteers prepared taxes for 13,256 taxpayers who received $25 million in refunds, and 1,000 of those taxpayers committed to saving $1.6 million of their refunds. For more information, please visit www.prepareandprosper.org.
In 2015, CFED mobilized communities, local leaders and National Allies like those showcased below to build an opportunity economy in the following ways:

We launched our Racial Wealth Divide program to provide leaders and organizations of color in New Orleans and Miami—with two additional cities to come—with the skills, access and influence they need to address financial insecurity in their communities. This new initiative will also inform and advance a focus on racial equity across all CFED programs. By doing so, we will ensure that our work promotes racial wealth equality and ultimately leads to economic justice for all.
CFED’s Assets & Opportunity Network grew to over 1,800 members and 92 Lead Organizations representing 45 states and the District of Columbia. In fall 2015, we convened key leaders of the Network along with National Allies and experts from throughout the field to build their skills, make meaningful peer connections and inspire action to improve programs and policies in their communities. Attendees also educated 63 congressional offices about the importance of increasing tax credits for working families and providing more funding for VITA programs, which contributed to our policy achievements.

We successfully navigated the Taxpayer Opportunity Network’s first tax season, supporting hundreds of community tax preparers across the country to advance their work and integrate financial capability strategies at tax time. In 2015, we also partnered with the Consumer Financial Protection Bureau, the U.S. Department of the Treasury, the Center for Social Development at Washington University in St. Louis, the IRS, Baltimore CASH Campaign, University of Missouri and nearly a dozen VITA programs to integrate financial capability into tax-preparation services.

We engaged 220 leaders during the 2015 Platforms for Prosperity Summit to discuss how we can increase financial security through the workplace, in partnership with employers, workforce development agencies, microenterprise development organizations and nonprofit partners. Participants learned about topics including financial capability on the job; financial technology in the workplace; and leveraging financial products and services to secure and sustain employment.

We developed 16 formal partnerships with other national organizations, including National Allies like those highlighted on page 16, to bring financial capability services to families across the country. Through these partnerships, CFED’s webinars and resources reached more practitioners in the field than ever before. We look forward to sharing the growing impact of these new partnerships next year!
National Allies of CFED’s Assets & Opportunity Network include:

Member of the A&O Network

- State Network Leaders (39)
- Local Network Leaders (51)
- Native Network Leaders (2)
- Not yet part of the A&O Network
“Too often ‘think tanks’ and funders are far removed from the realities of front line work. I am impressed by CFED’s ability to connect theory and research with on the ground practice through useful tools and solutions. CFED provides vital links between research, practice and policy, making our work more informed and more successful.”

Jessica Sotelo, Executive Director
Partners for Prosperity: New Beginnings for Eastern Idaho
Because of You

Because of you, we made great strides in 2015 to build more prosperous futures for all individuals and families across the United States. Thank you for your support.

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Ideas42
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JPMorgan Chase Foundation
Lisa and Douglas Goldman Fund
Margaret A. Cargill Philanthropies
MetLife Foundation

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Benevity Community Impact Fund
California Healthcare Foundation
Charles Stewart Mott Foundation
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Brian Stull and Sejal Zota  
Warren Unna  
Marilyn and Murry Waldman  
Deborah and Fred Wilds  
Joan L. Wills  
Laura and Brian Wodar  
Steven J. Wolf  
Charlie Zelle
Financials

2015 was another great year for CFED. Below are two financial accomplishments that contributed to our success:

Maintained $18 million in assets.
Increased revenues to nearly $13 million.

For a PDF of CFED’s 2015 Audited Financial Statements, please email Jocelyn Harmon at jharmon@cfed.org.
At the Helm: CFED’s Leaders

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Join Us Today to Build an Opportunity Economy!

Take action to fight inequality and build opportunity by joining the Turn It Right-Side Up campaign.

Listen to our Race & Wealth podcasts to learn more about the intersections of race and financial insecurity.

Check out CFED’s Assets & Opportunity Local Data Center to learn more about the financial insecurity facing families and people of color in your state and community.

Join the Campaign for Every Kid’s Future.

Download your free copy of What It’s Worth: Strengthening the Financial Future of Families, Communities and the Nation.

Join CFED’s Assets & Opportunity Network to learn, connect and advocate for policy change.

Donate now at cfed.org/donate to ensure that all families—especially families of color—can achieve their financial dreams!