



Efficient

Effective

Cooperative

CDF Annual Report 2008

CHAIR'S REPORT

Terry Lewis



2008 was a year of reform and renewal for CDF. With a new Executive Director, Steve Thomas, and a new Program Director, Terence Buen, CDF had an infusion of new ideas and new energy to guide it through several changes this year. I thought I might highlight a few of those changes for you.

CDF greatly values the generous contributions given by the cooperative and community development constituencies and has placed a decided emphasis on making the most efficient possible use of those funds. This year, CDF invested in several initiatives designed to make communication with our constituencies faster and less expensive than before.

We hope you will make an opportunity to peruse CDF's new website at www.cdf.coop, if you have not already done so. We have been able to add much greater detail about all of CDF's 11 funds, as well as many success stories and publications from the organization's 65 years of serving our nation and the world. On our website you can also register for CDF events and donate directly to CDF or to its funds online. This brings CDF into the 21st century and gives us the ability to communicate much more effectively with you. If you and your organization would like to trade website links with CDF, let Steve or Terence know and we would be happy to make it happen. I am happy to report that website traffic has tripled with this new initiative, bringing hundreds of new people a month into the cooperative fold!

CDF also invested in a new database and event registration system called Cvent. If you received an email from CDF about a CDF-organized event or registered for the Hall of Fame or another CDF event online, you have used this system. Cvent not only enables CDF to save money on postage, printing, and paper over less-green methods of communication, but it speeds up the compilation of CDF's financials by facilitating registrations, donations, and thank-you letters.

As a result, our funds have held their own in what has, in general, been a very difficult year for charities. We hope the upcoming year will see continued growth in fund contributions and allow us to close the gap in funding general CDF operations. We know that neither will be possible without your support.

EXECUTIVE DIRECTOR'S REPORT

Steve Thomas

2008 was a year of many needs and fewer means.

As is the case with any tough economic time, there are fewer fundraising dollars serving greater needs across the board. The cooperative community is no exception to this. CDF, however, worked hard to rise to the occasion.

Through a challenging economic period, CDF invested in technology, making it easier to get involved with our programs and activities. We spearheaded efforts to update our database and improve our fund governance and fiduciary oversight. We also brought on a new team member to help better manage our activities and ensure we are better equipped to serve people in need through cooperative solutions.

I would invite you to log on to www.cdf.coop and find out how you can be more involved in CDF's activities. There is no better time than when the need is greatest.

I would be remiss if I did not give a word of humble thanks to Liz Bailey, CDF's Executive Director for the past five years, who initiated so many of the changes that made CDF a better foundation. From the addition of the MSC Fund to the Art and Craft Coop Auction, Liz left a positive mark on the community and her contributions will be missed.

We look forward to working with you in 2009 and beyond to apply cooperative solutions to our country's very real needs.



TREASURER'S REPORT



Gap Kovach

This past year was an especially difficult one for nonprofit organizations in general operating in any sector of the economy, and for CDF in particular. While we were contending with significant “budget stress”, we were also hard at work upgrading our accounting reporting and improving our fundraising programs.

In 2007, we were then faced with the impact of the bankruptcy of SCAN Furniture Company, of which we had a

33% equity position; yet in 2008, we gained a much needed stability in our financial results. While expenses rose just under 10% due to staffing changes and re-positionings and concurrent investments in technology capacity, overall income was steady and donations to CDF actually rose by more than 10%. In particular, a professional investment advisor was engaged to help manage our portfolio, resulting in more than a 2 percentage-point improvement in our returns. The endowment funds we support bene-

fited significantly.

Among our family of funds, grants only decreased about 2% in 2008, and few new loans were originated as we have been “loaned up” for some time.

In 2009, CDF expects to continue to closely monitor expenses and generate a modest increase in income, allowing the organization to continue to support those agencies in need during these challenging economic times.

| Assets | 2008 | 2007 |
|---|---------------------------|---------------------------|
| Current assets | | |
| Cash and cash equivalents | \$95,658 | \$37,794 |
| Grants and pledges receivable | \$53,106 | \$51,166 |
| Prepaid expenses | \$6,751 | \$6,261 |
| Investments | \$4,001,302 | \$4,186,495 |
| Notes receivable – current portion | <u>\$11,165</u> | <u>-</u> |
| | \$4,183,017 | \$4,296,751 |
| Property and equipment, net | \$3,930 | \$2,133 |
| Other assets | | |
| Notes receivable – long term portion | <u>\$452,692</u> | <u>\$429,375</u> |
| Total assets | <u>\$4,639,639</u> | <u>\$4,728,259</u> |
| Liabilities and net assets | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$125,259 | \$130,226 |
| Accounts payable – NCBA | \$73,011 | \$38,330 |
| Notes payable – current portion | <u>\$56,703</u> | <u>\$25,000</u> |
| | \$254,973 | \$193,556 |
| Other liabilities | | |
| Notes payable – long term portion | <u>\$160,000</u> | <u>\$266,703</u> |
| Net assets | | |
| Unrestricted | \$179,147 | \$262,617 |
| Temporarily restricted | \$2,869,026 | \$2,886,558 |
| Permanently restricted | <u>\$1,176,493</u> | <u>\$1,118,825</u> |
| Total net assets | <u>\$4,224,666</u> | <u>\$4,268,000</u> |
| Total liabilities and net assets | <u>\$4,639,639</u> | <u>\$4,728,259</u> |
| Revenue and Expenses | 2008 | 2007 |
| Support and revenue | | |
| Contributions and grants | \$218,523 | \$221,554 |
| Special events, net of expenses | \$179,468 | \$172,741 |
| Investment income | \$183,854 | (\$776,251) |
| Other | \$1,376 | \$1,010 |
| Loan Interest | <u>\$19,633</u> | <u>(\$6,469)</u> |
| | \$602,854 | (\$387,415) |
| Expenses | | |
| Program | \$337,864 | \$465,859 |
| Management and general | \$172,782 | \$92,046 |
| Fundraising | <u>\$135,542</u> | <u>\$75,592</u> |
| | \$646,188 | \$633,497 |
| Change in net assets | (\$43,334) | (\$1,020,912) |
| Net assets, beginning of year | <u>\$4,268,000</u> | <u>\$5,436,428</u> |
| Net assets, end of year | <u>\$4,224,666</u> | <u>\$4,268,000</u> |

*Unaudited numbers

2008 COOPERATIVE HALL OF FAME



by *Ellen Quinn*

CDF is proud to be the home of the Cooperative Hall of Fame, which was established in 1974 by the National Cooperative Business Association. Induction into the Cooperative Hall of Fame is the cooperative community's highest honor and recognizes heroic contributions to the enhancement of cooperative enterprise and the advancement of cooperative principles. The profiles of the inductees reflect lifetimes of service and achievement as educators, business and community leaders, cooperative developers, innovators, and advocates for cooperatives. The complete list of these outstanding individuals and videos of many of their induction ceremonies can be found at www.heroes.coop.



The 2008 inductees are cooperative finance and management consultants Kate Sumberg and Walden Swanson, former NCB Vice President Terry Lewis, dairy cooperative leader Gary Hanman, and former CoBank CEO Douglas D. Sims.

Nominations to the Cooperative Hall of Fame are received from all sectors of the cooperative community and screened by two committees of national cooperative leaders. The final selection is made by the NCBA board. The deadline for nominations is August 1, 2009 for induction in the spring of 2010 at the National Press Club in Washington, DC. Nominations are kept in a pool for three years. For a nomination form and more information, see www.heroes.coop or call CDF at 703 302-8093.



Nationwide
On Your Side



20TH ANNUAL RACE FOR COOPERATIVE DEVELOPMENT



by *Terence Buen*

The Race for Cooperative Development is a fun, family-friendly activity that has long been a staple of the DC community. In 2008, the Cooperative Development Foundation celebrated its 20th Anniversary of its Race for Cooperative Development. One of the biggest races to date, CDF generated more than 300 participants and more than \$60,000

dollars in revenue – a near all time high! The race also welcomed 3 new teams to the mix this year: Takoma Park-Silver Spring Food Cooperative, Maryland and Virginia Milk Producers Cooperative Association, and Southern Maryland Electric Cooperative.

The Race would not have been possible without the assistance of its sponsors. Emmet, Marvin & Martin, LLP, Bryan Cave, LLP, CoBank and Shoprite Grocers all gave generous contributions to the 20th Annual Race for Cooperative Development.

Many prizes were donated to make the race even more monumental; some of them included: Washington Wizards tickets, Sky Box tickets for the Washington Redskins, Gift Certificates for Morton's Steak House, Westin and Marriott Hotel stays, and tickets to The Round House Theatre, to name a few.

The Race for Cooperative Development was held on the C&O Trail in Arlington, Virginia. This was the first time a 5k was ever certified on that portion of the trail. In 2009, the race will be returning to Haines Point, in East Potomac Park in Washington, DC.



LIST OF FUNDS

- | | |
|---------------------------------|-----------------------|
| CDF Fund | Woodworks Fund |
| NCBA Fund | Howard Bowers Fund |
| Frank Sollars Fund | Revolving Funds: |
| Shirley Sullivan Fund | Kagawa Fund |
| James Jones Fund | Kaplan Fund |
| Cooperative Emergency Fund | Hillman-Dubinsky Fund |
| Mutual Service Cooperative Fund | |



SPOPLIGHT ON: GRATIOT WOODS

by *Ellen Quinn*

A three-storey low-income senior co-op apartment building of 61 units opened in June in Gratiot Woods, a run-down residential area of Detroit. CDF's Kaplan Fund pre-development loan of \$138,600 in 2004 was instrumental in obtaining HUD support and thus in the success of the project. It was built by CSI Support and Development Services, a long-time partner of CDF that builds senior co-op housing across the country, and the Detroit Catholic Pastoral Alliance, a coalition of churches working to improve the quality of life in Detroit. DCPA has had a major impact in the Gratiot Woods neighborhood through its work in housing, economic development, and senior services.

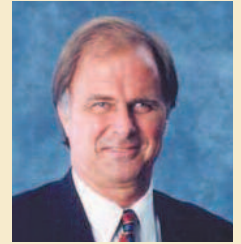
The senior housing is co-op is part of DCPA's campaign to revitalize the Gratiot Woods neighborhood through rehabbing and building diverse housing and eventually attracting retail and market-rate housing development. So the co-op not only provides affordable housing to local seniors, thus allowing them to age independently and in their neighborhood, but it is also contributes to the renewal of Gratiot Woods.

Each unit has individually controlled central air and heat and the co-op has a large community room, a library, a computer center with free wireless internet access, a first floor lounge, and lounges with balconies on the second and third floors. The co-op is within two to four blocks of several bus lines.

CDF BOARD OF DIRECTORS 2008



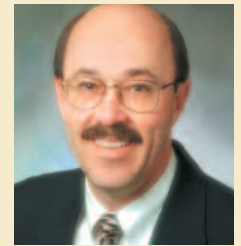
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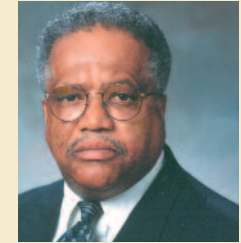
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THE COOPERATIVE DEVELOPMENT FOUNDATION

2008 PROGRAM HIGHLIGHTS

In the midst of a stout economic downturn, and accompanying increase in demand for CDF grants and loans, the level of CDF giving held roughly steady from 2007 to 2008. Grants in 2008 totaled \$246,111 (compared to \$251,000 in 2007) and loans totaled \$46,215 (compared to \$91,000 in 2007). In the meantime, CDF prepared to spin off its Kaga Student Revolving Loan Fund and made concerted efforts at increasing outreach to involve more of the cooperative community in its programs and appeals.

Examples of this outreach included:

1. Website – new host; completely redesigned, updated, and expanded website; interactive features, including success stories, a section on the auction, sponsor logos, a calendar, and a blog
2. Cvent registration and email system, for event and database management; with PayPal, makes event registration easier and captures more information for CDF's database; is much more flexible and easy to use than CDF's legacy database, which was uploaded into Cvent and scrubbed for accuracy
3. Focus on introductory meetings with co-op and non-co-op organizations
4. Two new board members and recruiting others
5. Additional hosts and recipients for UCA, resulting in 15 total recipients (close to a record)
6. Three additional teams in the Race for Cooperative Development, for a total of 14 (close to a record)
7. Developing a strategy and process for planned giving (starting with HOF inductees)
8. Review and new recommendations for the Hall of Fame through the Hall of Fame Task Force



Grants Given

CDF gave **\$246,111** in 35 grants in the areas of education and leadership development (19 grants totaling **\$43,136**), cooperative development organizations and projects (7 grants totaling **\$97,000**), research (4 grants totaling **\$40,000**), and senior issues (5 grants totaling **\$65,975**). These were given by CDF's funds as follows:

NCBA Fund

9 grants for **\$110,500** for research on the economic impact of cooperatives in the U.S., cooperative business development, cooperative education, support of the Federation of Southern Cooperatives, and support of the First Delta Federal Credit Union

MSC Fund

4 grants for **\$64,975** to projects addressing issues facing seniors in rural areas

Katrina Fund

4 grants for **\$37,500** for training in cooperative development and for cooperative development in the Gulf

Bowers Fund

12 grants for **\$29,336** for education and training, with an emphasis on new cooperatives

Sullivan Fund

2 grants for **\$2000** for Cooperative Communicators Association workshop scholarships

General Grants

4 grants for **\$1800** for the U.S. Federation of Worker Co-ops conference, Association of Cooperative Educators conference, NASCO's Low Income Scholarship Fund, and The Cooperative Network's annual Senior Co-op Housing Conference



Nationwide Mutual Insurance and its family of companies have supported CDF for many years, helping to establish CDF's Sollars Fund in honor of long-time Nationwide Chairman Frank Sollars, who also chaired NCBA and was a founder of the National Cooperative Bank. Nationwide also supports the United Cooperative Appeal by covering its operating costs to assure all other contributions are invested directly into strengthening cooperative organizations.

Founded by Ohio farmers in 1926, Nationwide Mutual continues to be owned by its policyholders, committed to cooperative development, and America's leading insurer of farms and farm cooperatives.

Doug Graham

*Director Sponsor Administration and Communication,
Nationwide Mutual Insurance*

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In these tough economic times the cooperative model has again proved to be endlessly adaptable both here and abroad. The Cooperative Development Foundation plays a key role by offering support for new cooperative ventures. Many times it is the risk capital provided by CDF that determines whether a new cooperative endeavor moves from an idea to implementation.

For many years NCB has been helping CDF on the fund-raising side, by participating in the Co-op Race and United Co-op Appeal. Last year, NCB Capital Impact received a grant from the MSC Fund to promote membership organizations of seniors for services to allow them to live independently. The seniors in Beacon Hill up in Boston created the first Village.

Seniors heard about the concept and wanted to create their own. The model has tremendous appeal for seniors who want to live in their own homes. The village model also creates a great mechanism for others as well for fellow seniors to give back to their community by volunteering. The grant will help other communities across the country start their own village. For a list of current villages please visit the Beacon Hill Village website at www.beaconhillvillage.org.

We are proud of being part of the CDF team.

*Chuck Snyder
President and CEO, National Cooperative Bank*



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