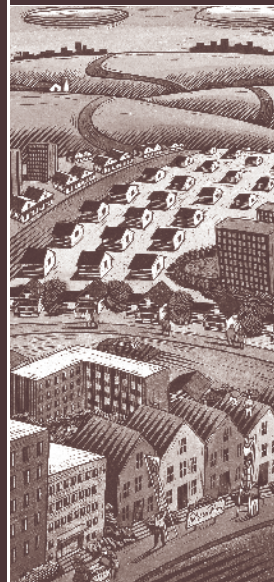




# Shared Solutions, Shared Success

Strengthening and Preserving Communities



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**Mission** NeighborWorks® America creates opportunities for people to live in affordable homes, improve their lives and strengthen their communities.

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**Vision** Through NeighborWorks® and its partnerships, America is a nation of vibrant communities all are proud to call home.



Thomas J. Curry



Kenneth D. Wade

## A Joint Letter from the Board Chairman and CEO

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The theme of this year's annual report is *Shared Solutions, Shared Success*. For nearly 30 years, NeighborWorks® America has created housing opportunities and strengthened communities by working in partnership with residents and the public and private sectors. Our successful model is built on the understanding that no one organization can tackle this nation's complex housing and community development needs, but together, we can create the affordable homes and vibrant communities that all Americans deserve.

Today, the value of our approach is most apparent in the face of the foreclosure crisis spreading across the nation. We anticipated this crisis, and the NeighborWorks® Center for Foreclosure Solutions was ready to respond, thanks to the support and engagement of our many partners. From our national public awareness campaign with the Ad Council, which directs struggling homeowners to the Homeownership Preservation Foundation's Homeowner's HOPE™ Hotline, to the network of trained foreclosure counselors in NeighborWorks® organizations across the country, we are doing our part to stem the tide of foreclosures.

While we have stepped up our efforts on foreclosure mitigation because of the magnitude of the crisis, we also have worked hard to ensure that it does not diminish our capacity in other areas essential to our mission. We continue to increase the availability of and access to high-quality rental homes. In 2007, the NeighborWorks® network produced and preserved more than 9,142 rental homes and advanced the provision of special services that enable residents to improve their lives. We continue to provide the highest quality professional development and skill-building training to community development practitioners across the country, educating more people and encouraging the highest standards of practice and professionalism. NeighborWorks® America also continues to pursue an ambitious rebuilding agenda in the Gulf Coast region, training resident leaders and supporting the development and preservation of affordable housing critical to recovery.

The corporation's 2007 accomplishments are many. We have created housing opportunities, strengthened communities and transformed lives. We will build on this success in the year ahead and take on new challenges, such as administering the National Foreclosure Mitigation Counseling program and advancing a green agenda across our operations and programs.

We are very proud of the success we have achieved over the last year and are grateful for the trust that has been placed in NeighborWorks® America by its many partners and supporters. We look forward to achieving even more in 2008 as we pursue our vision of a nation of vibrant communities all are proud to call home.

A stylized, handwritten signature in black ink, appearing to read 'T. Curry'.

Thomas J. Curry  
Chairman, NeighborWorks® America  
Director, Federal Deposit Insurance Corporation

A handwritten signature in black ink, appearing to read 'Kenneth D. Wade'.

Kenneth D. Wade  
Chief Executive Officer, NeighborWorks® America

# Strengthening and Preserving Communities: The NeighborWorks® Story

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Communities are among America's greatest strengths. As recent events have shown, though, communities themselves are vulnerable to a multitude of threats. Just as a natural disaster can devastate a region, foreclosures or other economic reversals can shred the fabric of a neighborhood, separating families from their homes and dreams.

For three decades, NeighborWorks® has been strengthening and preserving our communities by creating opportunities for people to live in affordable homes. Over that time, we have developed the innovative approaches and infrastructure — including a strong network and a multilevel partnership structure — to ensure that our efforts address local needs and that the results are sustainable over the long term. Our network continues to evolve, incorporating practices advancing healthy and sustainable communities.

As America's communities struggle with today's serious challenges, NeighborWorks® has been ready with effective responses, developed over time with partners in cities and towns nationwide. From helping homeowners prevent foreclosure to conserving our dwindling stock of rental housing to helping the Gulf Coast rebuild after the Hurricanes, NeighborWorks® provides the knowledge, skills and other resources communities trust to get the job done.

# The NeighborWorks® System

Over 30 years, the NeighborWorks® system has emerged as a highly effective model for marshaling public and private resources to revitalize communities and provide affordable housing opportunities. A national delivery system based on locally directed, community-based partnerships, it is built on three interlocking components: NeighborWorks® America, the NeighborWorks® network and the related capital corporations.

## NeighborWorks® America

Created by Congress in 1978 as the original community/public/private partnership model, NeighborWorks® America provides financial support, technical assistance and training for affordable housing and community-based revitalization efforts nationwide.

With locally driven, efficient community development and the leveraging of public investment as its hallmarks, NeighborWorks® America today achieve its mission through core competencies including homeownership and affordable rental programs; professional training and certification for community development professionals, counselors and community leaders; homeownership counseling and education; preservation and rehabilitation of existing housing stock; outcomes measurement; and the training and empowering of community residents.



NeighborWorks® America also provides financial services and resources to local NeighborWorks® network organizations including grants; programmatic support; training scholarships; and access to Neighborhood Housing Services of America (NHS), a specialized secondary mortgage market, and NeighborWorks® Capital Corporation.

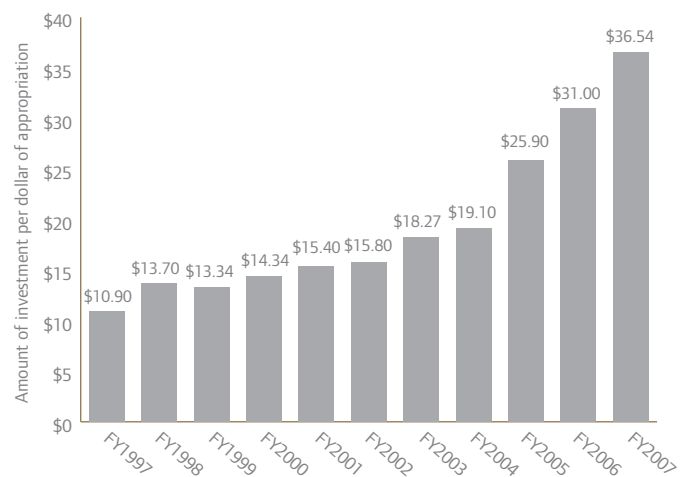
**\$4.3** billion in public and private investments were generated by NeighborWorks® network organizations in 2007.

## NeighborWorks® Network

NeighborWorks® provides most of its programs and services in partnership with the NeighborWorks® network, which includes more than 230 autonomous community-based organizations in more than 4,400 communities in all 50 U.S. states plus the District of Columbia and Puerto Rico. As of 2007, nearly one-third of these organizations are based in rural areas and make up the fastest growing segment of the network.

In 2007, NeighborWorks® network organizations generated more than \$4.3 billion in public and private investments and helped more than 204,000 low- and moderate-income families purchase homes; improve previously purchased homes; or live in safe, decent rental or mutually owned housing.

NeighborWorks® Organizations' Total Investment Leveraged by NeighborWorks® America's Appropriation





### Related Capital Corporations

Two specialized capital corporations — NHTSA and NeighborWorks® Capital Corporation — build partnerships and develop loan products that expand affordable housing opportunities in NeighborWorks® communities.

### NHTSA AND THE NHTSA GROUP

NHTSA, NeighborWorks® America's nonprofit secondary market partner, uses NeighborWorks® America grant support for credit enhancements to secure private sector capital from socially responsive investors to purchase first and second mortgages from local NeighborWorks® organizations and their lending partners. On average, NHTSA leverages \$9 of private sector capital with each dollar of NeighborWorks® capital grant funds. Some NHTSA loan programs leverage private sector returns as high as 50 to 1.

NHTSA has created two affiliates to develop innovative loan products and services and build local capacity to provide affordable housing opportunities and combat predatory lending. NHTSA and its affiliates are known collectively as the NHTSA Group.

**\$9** of private capital is leveraged by NHTSA, on average, for each dollar of NeighborWorks® capital grant funds. Some NHTSA loan programs leverage private sector returns as high as **\$50:1**.

- Neighborhood Housing Services of America-Community Development Financial Institution (NHTSA-CDFI) serves as a national financial intermediary and the NHTSA Group's direct lending affiliate to the NeighborWorks® network, providing single-family, multifamily and bridge financing to NeighborWorks® organizations.
- NHTSA's affiliate Just Price Solutions delivers an efficient solution to extend more affordable mortgages to lower-income borrowers. Using Web-based technology, Just Price combines safe, responsible loan products with groundbreaking alternative credit underwriting and optional back-office loan processing.

In 2007, the NHTSA Group

- purchased and originated more than 1,000 loans totaling \$83.7 million. Of this, NHTSA-CDFI's \$30.6 million financed more than 2,000 units of affordable housing and facilitated \$154 million in additional loan capital for NeighborWorks® affordable housing projects. Since its creation, NHTSA has purchased or originated nearly 21,000 loans totaling nearly \$889 million.
- increased its investments by \$142 million, bringing its cumulative borrowing capacity to \$1.69 billion.
- continued its successful portfolio management, which results in foreclosure rates below those of conventional lending. Key components include NeighborWorks® counseling, NHTSA's dynamic credit management and patient capital to help challenged borrowers.
- made nearly 1,500 credit decisions totaling nearly \$219 million through the JPS online engine, while enhancing the platform to facilitate foreclosure prevention initiatives in collaboration with NeighborWorks® America.
- created a "Best Fit" tool for its e-commerce platform, which helps Gulf Coast NeighborWorks® organizations to consider borrowers' mortgage readiness, potential recovery proceeds, or eligibility for grant and insurance funds, and pre-Katrina credit history to pre-qualify them for available loan products.
- collaborated with State Farm Insurance, The First American Corporation and CitiMortgage to launch the Responsible Homeownership (R-HOME) initiative, which offers affordable, 30-year, fixed-rate first mortgages for responsible borrowers with thin credit files.



**\$31** million in NeighborWorks®  
Capital financing leveraged nearly  
**\$600** million in permanent  
financing for affordable  
housing and commercial space.

#### NEIGHBORWORKS® CAPITAL CORPORATION

In late 2007, Neighborhood Capital Corporation and RNA Community Builders merged to form NeighborWorks® Capital Corporation. The independent nonprofit organization provides critical risk capital to NeighborWorks® network organizations developing beneficial projects such as affordable rental housing, affordable homeownership and commercial projects.

NeighborWorks® Capital has \$20 million in capitalization with a business plan to grow to more than \$70 million in the next five years. Since 1994, NeighborWorks® Capital and its predecessors have originated more than \$31 million in financing and leveraged nearly \$600 million in permanent financing to create or preserve 5,300 units of single- and multi-family housing and 228,000 square feet of commercial space.

In 2007, NeighborWorks® Capital and its predecessors

- supported the development of 752 units, 87 percent of which are affordable to residents earning 80 percent or less of adjusted median gross income;



- originated \$10 million in financing in support of 17 projects;
- increased its loan capital to \$20 million through consolidation of loan capital and increased investment from NeighborWorks® America;
- continued its successful program of risk-sharing certain loans with the National Housing Trust and NHTSA-CDFI, with \$1.28 million in loan participations closed in 2007; and
- recovered \$5.7 million in loan repayments and continued its strong track record of no losses to date.

# Defending Against Foreclosure

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**Foreclosure affects the whole family.  
Call today. 1-888-995-HOPE**



Foreclosure devastates communities along with families — resulting in abandoned and vacant properties, higher crime rates, decreased community investment and lower property values. One study documented a \$2,000 drop in the value of a home for every foreclosure in its immediate neighborhood.\* Foreclosure disproportionately affects minority communities. According to a study by the Center for Responsible Lending, minorities are more than twice as likely to be foreclosed on.\*\*

With more than 1 million families facing foreclosure in 2007, the NeighborWorks® Center for Foreclosure Solutions was ready to meet the growing need. Based on a program developed by our Chicago affiliate, the Center's proven, effective home-ownership preservation intervention model incorporates public awareness, a 24/7 hotline, face-to-face counseling, foreclosure workshops and work with industry leaders on systemic solutions. The Center also has stepped up its ongoing programs to train certified foreclosure counselors, research foreclosure issues, and form coalitions to address foreclosure in state and local hotspots.

### Reaching Out to Families at Risk of Foreclosure

In June 2007, the NeighborWorks® Center for Foreclosure Solutions teamed with the Ad Council to launch a three-year national public service campaign that offers practical strategies as well as hope to families at risk of defaulting on their mortgage.

Produced in English and Spanish, the engaging materials dramatize the reality that foreclosure affects the whole family, and they use the recurring message, “Nothing is worse than doing nothing,” to encourage delinquent borrowers to call the Homeowner’s HOPE™ Hotline. Borrowers also can find messages and tools on the campaign Web site, [www.foreclosurehelpandhope.org](http://www.foreclosurehelpandhope.org).

Campaign PSAs appear in donated media. In just the first six months of the campaign, the extensive exposure included airings of more than 5,000 TV spots and 10,000 radio spots along with appearances in local and national print media. Ads continue to appear in newspapers, magazines, Web, outdoor, direct mail and grassroots outlets. The campaign can be co-branded locally to tie the message to trusted local organizations and to direct distressed homeowners to resources in their communities. By the close of 2007, more than 190 groups have co-branded the campaign.



## 50% of delinquent borrowers avoid contact with lenders, hoping the problem will go away.

Managed by NeighborWorks® partner the Homeownership Preservation Foundation, the Homeowner’s HOPE™ Hotline offers free 24/7 assistance from a certified housing counselor to homeowners facing default. More than 245,000 homeowners called the hotline in 2007.

Nearly 200 NeighborWorks® organizations provide foreclosure counseling. Almost three-quarters of them are registered to receive referrals from the Homeowner’s HOPE™ Hotline. In 2007, on average, 30 percent of counseled borrowers were referred to NeighborWorks® organizations.

Home preservation fairs in dozens of cities brought concerned borrowers together with panels of local government officials, NeighborWorks® counselors, lenders and other homeowners.

\**There Goes the Neighborhood: The Effect of Single-Family Mortgage Foreclosures on Property Values* by Dan Immergluck and Geoff Smith, Woodstock Institute, June 2005.

\*\*Freddie Mac/Roper poll, 2005.



### Training Foreclosure Counselors to Meet the Urgent Need

Stepping up its efforts to build local capacity in foreclosure counseling, in 2007 the NeighborWorks® Center for Homeownership Education and Counseling (NCHC) issued nearly 2,700 certificates to local counselors completing NCHC training in foreclosure intervention and prevention. NCHC also led the team of industry leaders that developed the National Industry Foreclosure Counseling Standards in late 2007.



In December 2007, Congress designated NeighborWorks® America to administer the National Foreclosure Mitigation Counseling program, which will distribute more than \$165 million in grants to qualifying housing counseling organizations in areas with high rates of defaults and foreclosures. Under the program, NeighborWorks® America also will provide training to thousands of counselors to build capacity in foreclosure and default mitigation.

**60%** of delinquent borrowers do not know about the services that lenders can offer people who are behind on their mortgages.

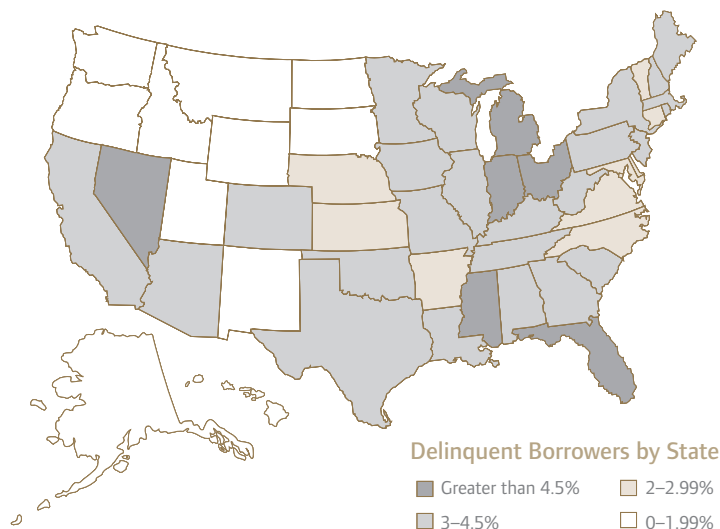
*Freddie Mac/Roper Poll*



#### Forming State and Local Coalitions

NeighborWorks® America is advancing state and local foreclosure prevention coalitions that bring many partners to the table to build on lessons learned in other markets and to create a coordinated response to local problems. NeighborWorks® works with active coalitions around the nation including but not limited to Arizona, California, Georgia, Illinois, Maine, Maryland, Massachusetts, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Texas, Virginia and Wisconsin.

**2,700** local counselors received certificates in 2007 for completing NCHCEC training in foreclosure intervention and prevention.



*Source: MBA's National Delinquency Survey. Information as of fourth quarter 2007.*



#### Creating National Partnerships

More than two dozen partners support the work of the NeighborWorks® Center for Foreclosure Solutions, which conducts outreach campaigns to struggling homeowners, researches local and national trends to develop strategic solutions, and works with local leaders to create sustainable foreclosure intervention programs. Many of the nation's largest financial services organizations support the Center's efforts.

In October 2007, NeighborWorks® America became a member of the HOPE NOW Alliance to facilitate outreach to at-risk borrowers.

# Creating and Sustaining Homeownership

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Communities benefit when families become homeowners. They become more stable, property values rise and houses have that cared-for look that shows that people are taking pride in their investments.

Over the past three decades, NeighborWorks® Homeownership Programs have made homeownership affordable, accessible and sustainable for thousands of low- and moderate-income families. Working through our local network, NeighborWorks® has helped families make informed purchasing decisions, maintain their properties and become successful homeowners over the long term, through effective strategies such as affordable loan origination and brokering, pre- and post-purchase counseling and education, integrating green practices, and other tools. NeighborWorks® also works with communities to rehabilitate homes in older neighborhoods, preserving the supply of housing while improving quality of life. Whether through new construction or home repair programs, families build equity and security for the future while helping our communities remain vital and safe.

### Opening the Door to Homeownership

In 2007, NeighborWorks® Homeownership Programs helped nearly 138,000 families purchase or improve their homes. Of the families assisted



- 93 percent are first-time homebuyers;
- 89 percent are low- or moderate-income households;
- 67 percent earn less than 80 percent of median income;
- 54 percent are ethnic minority households; and
- 41 percent are female-headed households, and 19 percent are male-headed.

### Bringing Help to Homebuyers

Nearly 100 NeighborWorks® HomeOwnership Centers in communities nationwide provide services and education to help consumers shop for, purchase, rehabilitate, insure and maintain a home. Centers assist first-time homebuyers and homeowners who need affordable financing for housing rehabilitation or repair.

### Educating Homebuyers to Make Informed Choices

Objective education before shopping for a home or a loan is a buyer's best defense against delinquency and foreclosure. NeighborWorks® offers quality homebuyer education as part of the Full-Cycle Lending<sup>SM</sup> approach, which combines flexible loan products and property services with counseling before and after purchase. In 2007, NeighborWorks® organizations provided homebuyer education to more than 78,000 families.

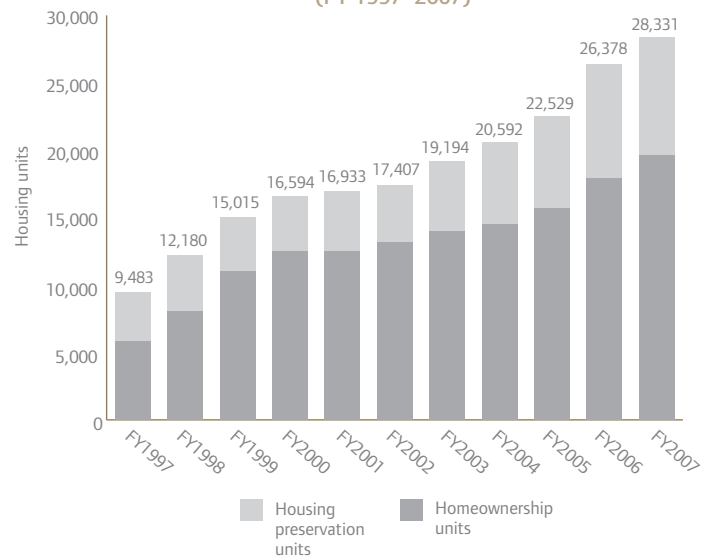
Low-income families assisted by NeighborWorks® organizations continue to achieve sustainable home ownership. Our loans perform significantly better than subprime loans. Based on fourth quarter 2007 performance, NeighborWorks®-assisted borrowers are

- 10 times less likely to go into foreclosure than subprime borrowers,
- nearly four times less likely to go into foreclosure than FHA borrowers, and
- slightly less likely to go into foreclosure than prime borrowers.

### Equipping Counselors with Uniform High Standards

NeighborWorks® America convened leaders from counseling, lending, government and real estate sectors to develop the National Industry Standards and the National Code of Ethics and Conduct for Homeownership Education and Counseling. Launched in May 2007, these standards unify the industry's commitment to provide a common platform for excellence for homeownership professionals and reliability to customers. The standards ensure that millions of existing and future homeowners have access to the quality, comprehensive information they need to make responsible choices for sustainable homeownership.

NeighborWorks® Organizations' Annual Trend in New Homeowners Created and Preserved (FY 1997–2007)





# Creating and Preserving Affordable Rental Homes

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America's supply of decent, affordable rental housing fails to meet the demand in most communities — and our supply of existing stock continues to decrease each year.

NeighborWorks® is at the forefront of creating and preserving high-quality affordable rental homes across the nation. Through the Multifamily Initiative, NeighborWorks® provides financial resources to produce new rental housing and rehabilitate existing rental stock, enabling families to remain and thrive in their communities while revitalizing their neighborhoods. The Multifamily Initiative also helps the NeighborWorks® organizations strengthen their multifamily real estate portfolios and learn about innovative strategies for effective property management. NeighborWorks® network organizations own and manage more than 66,000 affordable housing units.



### Meeting the Need Through Sustainable Development and Preservation

NeighborWorks® organizations are leaders in their communities in the use of environmentally responsible development — using green strategies in new construction and renovation and preserving essential, affordable apartment properties. Through the Multifamily Initiative programs, the NeighborWorks® network has increased its new production and preservation efforts almost tenfold, from 873 units produced or preserved in 1999 to more than 9,000 in 2007.

Conceived and initiated by the Multifamily Initiative with the support of the MacArthur Foundation, STRENGTH MATTERS™ supports the productivity and profitability of “preservation owners” and works to attract needed capital from the private, public and philanthropic sectors. STRENGTH MATTERS™ has united the nonprofit industry and is now led collaboratively by NeighborWorks® America, Housing Partnership Network and Stewards of Affordable Housing for the Future. STRENGTH MATTERS™ is fostering breakthroughs in standardizing financial reporting, benchmarking nonprofit business performance, streamlining organizational lending and identifying regulatory barriers to nonprofit ownership.

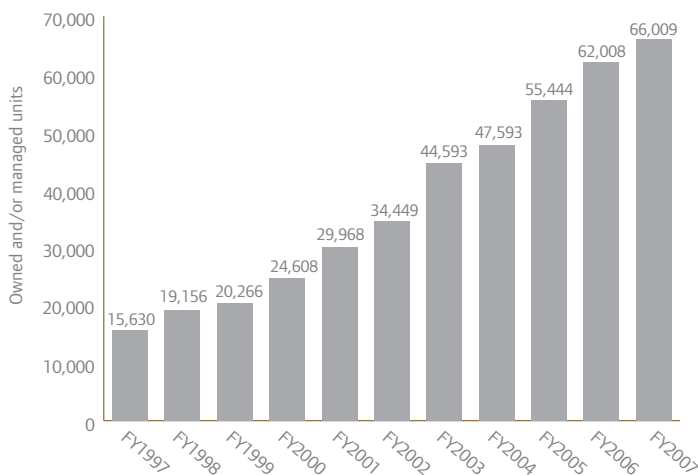
“NeighborWorks® Multifamily Initiative resources have strengthened all aspects of our rental operations through a truly unique mix of grants, portfolio data, risk management resources and peer exchange. Now STRENGTH MATTERS™ is laying the groundwork for a new level of growth in the nonprofit affordable housing sector.”

— Janaka Casper, CEO, Community Housing Partnership Corporation

### Managing Rental Property Assets

The success of high-quality rental properties that are well maintained and affordable is the mission of strong asset management. NeighborWorks® supports experienced asset managers with professional development through the Consortium for Housing and Asset Management as well as specialized clinics. In addition, the highly effective Portfolio Strengthening Program of targeted grants and “SWAT team” consultation has assisted 17 NeighborWorks® network organizations facing unusual challenges to regain positive cash flows. Quality risk management education and the joint purchasing of insurance provided by Neighborhood Risk Management Corporation further saves 47 NeighborWorks® network organizations more than \$2 million on property insurance. All these resources combine to ensure that rents are affordable for low- and moderate-income families.

NeighborWorks® Organizations’ Owned and/or Managed Rental Units (FY 1997–2007)




### Empowering and Serving Residents

Resident services offered by many affordable rental properties owned by NeighborWorks® organizations help increase family assets, strengthen property performance and attract community support for lower-income properties in moderate-income communities.

Learning centers offer high-impact resident services such as after-school programs, financial education programs and employment training partnerships. Of the young people each year who take part in the after-school programs, an average of 77 percent either maintain or improve their grades. In partnership with Enterprise Community Partners, NeighborWorks® provides resident service coordinator training through the NeighborWorks® Training Institutes.

# Preparing Counselors and Leaders

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A woman with dark hair, wearing glasses and a dark top, is speaking into a microphone. The image is overlaid with a semi-transparent pink filter. The background is a blurred indoor setting.

NeighborWorks® America leads the field in training programs to prepare community development professional practitioners to deliver high-quality executive and board leadership and program management, affordable housing development, homeowner and foreclosure-intervention education and counseling, and resident services in their communities. NeighborWorks® also partners with local network organizations to train and empower community leaders.

### Training High-Quality Community Development Practitioners

Through the NeighborWorks® Training Institutes and other venues, in 2007 NeighborWorks® America awarded nearly 14,000 training certificates to community development professionals and leaders from more than 2,700 organizations and municipalities nationwide.



#### Meeting the Need for Homeownership Educators and Counselors

Our nation's premier resource for homeownership counseling and education, the NeighborWorks® Center for Homeownership Education and Counseling offers state-of-the-art training, certification, continuing education and tools to nonprofit practitioners. In 2007, NCHCEC awarded nearly 6,500 training certificates in homeownership lending, counseling, education and foreclosure prevention.

In November 2007, NeighborWorks® received a \$4 million grant from the U.S. Department of Housing and Urban Development for NCHCEC to train professional housing counselors and provide housing support grants to more than 100 NeighborWorks® organizations. Also in 2007, 17 NeighborWorks® organizations individually received nearly \$680,000 in HUD housing counseling grants.

**14,000** community development training certificates were awarded through NeighborWorks® Training Institutes and other venues.

### Honing the Skills of Executive Leaders

The NeighborWorks® Achieving Excellence in Community Development program enables experienced community development professionals to hone their leadership skills as they address real challenges in a highly focused classroom setting. Started in 2002, the program already has generated measurable returns on investment, including



- \$5,566,076 in new income generated from internal operations by 23 organizations;
- \$6,788,978 in new income from externally generated sources by 23 organizations;
- approximately 2,500 new affordable rental units developed, managed or acquired by 18 organizations;
- 89,100 square feet of new commercial space created by seven organizations; and
- 887 new homeowners created by 15 organizations.

An external assessment by the inaugural class 28 months after the program's inception identified almost half a billion dollars of new capital leveraged by the participants' organizations, attributable all or in part to the program. This represents a 300-to-1 return on investment.

**6,500** training certificates were awarded in homeownership lending, counseling, education and foreclosure prevention.

# Rebuilding the Gulf Coast from the Neighborhoods Up

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Two years after hurricanes Katrina and Rita destroyed or seriously damaged 300,000 homes in four states along America's Gulf Coast, rebuilding efforts continue throughout the region. NeighborWorks® was among the first to respond after the storms and continues to be a strong and effective partner to the local organizations that are working to ensure that families receive information and counseling on their homeownership options and that an adequate supply of affordable homes are made available to buy or rent through rehabilitation or new production.

Drawing on NeighborWorks® America's core strengths of community building, homeowner assistance and counseling, and housing rehabilitation and production, we focus on equipping community-based organizations with the resources and skills they need for a sustainable future.

### Building Communities, Engaging Residents

In 2007, NeighborWorks® America launched the Gulf Coast Community Building and Organizing Initiative, providing extensive technical assistance along with \$30,000 in seed grants to each of 10 community-based Gulf Coast organizations to strengthen their capacity to engage their neighbors and civic leaders in local rebuilding efforts.



Community-building efforts supported by NeighborWorks® grants in 2007 included the following:

**DILLARD UNIVERSITY CDC:** Addressing economic development and housing issues of the Gentilly community through collaboration with seven neighborhoods adjacent to this historically black university.

**UNITED HOUMA NATION:** Restoring livelihoods washed away by the storms in this tribal community, including helping residents buy equipment to support recovery of the local fishing industry.

**MARY QUEEN OF VIET NAM CDC:** Increasing the capacity of this Vietnamese-American community to rebuild. The organization has provided assistance to more than 3,000 residents.

**VISIONS OF HOPE:** Developing and maintaining a Web site ([www.katrinavoices.org](http://www.katrinavoices.org)) to provide information to the numerous storm victims about available federal, state and local resources and enable residents to communicate their needs to resource providers. Participants of the youth leadership program also are helping storm victims tell their stories through short video clips.

**\$300,000** total in seed grants was awarded to 10 community-based Gulf Coast organizations to strengthen their capacity to engage their neighbors and civic leaders in local rebuilding efforts.



### Counseling and Assisting Homeowners

Having responded to the critical need for immediate “safety net” housing and financial counseling in the aftermath of the storms, NeighborWorks® now works with national, state and local partners to address the region’s long-term counseling needs.

Homeowner assistance and counseling activities supported in 2007 by NeighborWorks® grants and partnerships included these initiatives:



**ENTERPRISE CORPORATION OF THE DELTA:** Delivering a turnkey counseling program that helped nearly 4,000 residents to receive federal compensation funds and other services from the state of Mississippi. NeighborWorks® developed curricula and tracking software, provided technical assistance, and trained nearly 70 counselors serving residents from state-operated facilities.

**MAKE IT RIGHT FOUNDATION:** Delivering structured, comprehensive counseling and case management services supporting the initiative by actor Brad Pitt and his foundation to build 150 affordable, environmentally responsible homes in New Orleans’ Lower Ninth Ward.



### Rehabilitating and Producing Homes

In 2007, NeighborWorks® America's investment of more than \$3 million supported the efforts of 18 partners and affiliate organizations — resulting in nearly \$20 million in new and rehabilitated single- and multi-family units.

Initiatives supported by NeighborWorks® grants and partnerships included the following organizations and programs:

**EAST BILOXI COORDINATION, RELIEF AND REDEVELOPMENT AGENCY:** Securing operational assistance and a construction manager for the organization, which to date has gutted or repaired 2,600 homes and constructed 22 new ones.

**NATIONAL HOUSING PARTNERSHIP'S NHP FOUNDATION:** Targeting the acquisition, rehabilitation and development of 3,000 housing units in the region. Presently, three apartment complexes totaling almost 900 units are under way. Projects include the 209-unit Walnut Square mixed-use, mixed-income community.



**HORNETS' HOOPS FOR HOMES:** Uniting the New Orleans Hornets and their star center Tyson Chandler, Neighborhood Housing Services (NHS) of New Orleans, Louisiana Disaster Recovery Foundation and the Salvation Army to help as many as 150 teachers return to their homes. NHS will administer the program, and NeighborWorks® America is contributing \$250,000 of a \$1 million pool that will provide funds to close the gap between insurance and other compensation and the actual cost of repairing the homes.

**\$20** million in new and rehabilitated single- and multi-family units have resulted from a \$3 million investment by NeighborWorks® America and its partners in 2007.

## Saluting Our Partners and Supporters

NeighborWorks® America graciously acknowledges public- and private-sector organizations and institutions who partnered with us in 2007 in our efforts to create opportunities for people to live in affordable homes, improve their lives and strengthen their communities. No one organization, company or government entity can fully meet the challenges of reshaping, rebuilding and investing in communities; we realize the value of partnering with those who are committed to positive community change. Through the generous support of our programmatic efforts and initiatives, as well as direct contributions to local NeighborWorks® organizations, our partners helped us create a nation of vibrant communities all are proud to call home.

### MOST GENEROUS LOCAL NEIGHBORWORKS®

#### CONTRIBUTORS FOR FY 2007

Bank of America Corporation

United Way of America

State Farm Mutual Automobile  
Insurance Company

### MOST GENEROUS NATIONAL NEIGHBORWORKS®

#### CONTRIBUTORS FOR FY 2007

Federal National Mortgage  
Association (Fannie Mae)

State Farm Mutual Automobile  
Insurance Company

Countrywide Financial Corp.

### MOST GENEROUS NEIGHBORWORKS® SOCIAL

#### INVESTORS FOR FY 2007

Federal National Mortgage  
Association (Fannie Mae)

Washington Mutual, Inc.

Wachovia Corporation

### CONTRIBUTORS TO INDIVIDUAL NEIGHBORWORKS®

#### ORGANIZATIONS

*More Than \$5,000 in FY 2007*

84 Lumber Company

Abe Lee Charities

Abell Foundation, Inc.

Abramson Properties

Ada County Association of  
REALTORS®, Inc.

Advanta Bank Corp.

Affinity Bank

Affordable Housing  
Corporation

Aflac Incorporated

Akron Community Foundation

Alberstons, LLC

Albina Community Bank

Alexander Aronson Finning &  
Co., PC

Alfred Bersted Foundation

Alliance Data Corporation

Alliance for California  
Traditional Arts

Alliance Healthcare  
Foundation

Allstate Bank

Allstate Foundation Co.

Allstate Insurance Company

Altman Foundation

Alvin and Fanny B. Thalheimer  
Foundation

Amalgamated Bank

Amegy Bank of Texas

Amelia Peabody Foundation

American Chartered Bank

American Electric Power  
Company, Inc.

American Family Life  
Insurance Company

American General Finance

American Express Foundation

Amsouth Bank

Amy E. Tarrant Foundation

Anacostia Waterfront  
Corporation

Ann and George Macomber  
Charitable Foundation

Apple Bank for Savings

Applied Materials, Inc.

Arkansas Real Estate  
Foundation

Archdiocese of Baltimore, Inc.

Argosy Foundation

Arizona Cardinals Charities, Inc.

Arizona Diamondbacks  
Foundation

Arizona Federal Credit Union

Arizona Foundation for  
Women

Arlington Community  
Foundation

Armstrong McDonald  
Foundation

Assissi Foundation

Astoria Federal Savings &  
Loan Association

AT&T, Inc.

Atherton Family Foundation

Atlantic Bank of New York

Austin Community Foundation  
for the Capital Area, Inc.

Babylon Senior Housing  
Association

Bacon Family Foundation

Baltimore Community  
Foundation (Mercantile fund)

Baltimore Equitable Insurance  
Foundation, Inc.

Baltimore Neighborhood  
Collaborative

Banco Bilbao Vircaya Puerto  
Rico

Banco Popular de Puerto Rico,  
Inc.

Banco Santander de  
Puerto Rico

Bank Leumi

Bank Midwest

Bank of America Charitable  
Foundation, Inc.

Bank of America Corporation

Bank of Baroda

Bank of China Holding Ltd

Bank of India

Bank of New York

Bank of Smithtown

Bank of Texas, NA

Bank of the Pacific

Bank of the West

Bank of Tokyo — Mitsubishi  
Trust Company

Bank United, F.S.B.

Bankers Trust Company

Banknorth Group

Banner Bank

## Saluting Our Partners and Supporters *(continued)*

Barr Foundation	Bushrod H. Campbell & Adah F. Hall Charity Fund	CFED	Coalition for Comprehensive Immigration Reform
Barrett Burke Wilson Castle	BW Conference United Methodist Church	Charles A. Frueauff Foundation	CobbWorks
Daffin & Frappier, LLP	Cabot Family Charitable Fund	CharlesBank Homes	Codman Square Apartments LP
Bausch & Lomb	Caesars Foundation of Floyd County	Charter One Bank, FSB	Cole Taylor Bank
BB&T Corporation	Cal Turner Family Foundation	Chase Bank	Colorado Association of REALTORS® Housing Opportunity Foundation
Beach Family Foundation	Caliban Foundation	Checkpoint, Inc. Systems	Colorado Housing Enterprises
Beechmont Foundation	California Bank & Trust	Chelsea Human Services Collaborative	Columbia Gas of Ohio
Benjamin Development Company, Inc.	California State Automobile Association	Chemical Bank	Columbia River Bank
Bethpage Federal Credit Union	California Wellness Foundation	Chenango Housing	Columbus Bank and Trust
BJ's Charitable Foundation	Callaway Foundation	Chevron Corporation	Comcast
Black and Decker	Cambray Housing Corp.	Chevy Chase Bank	Comerica Bank
Blanche and Irma Weil Foundation	Campaign for Human Development	Children's Hospital & Research Center	Commerce Bank
Blue Moon Fund	Canadian Investment Corporation	Christ Church	Community Development Support Collaborative
BMC West Corporation	Capital Electric Cooperative, Inc.	Christian Fellowship	Community Foundation for Southern Arizona
BNY Mortgage Company LLC	Capital One Bank	Cincinnati Insurance Company	Community Foundation for the National Capital Region
Boeing Employees Community Fund	Capital One Financial Corporation	Citi	Community Foundation for Greater New Haven
Bohemian Foundation	Cardinal Charities, Inc.	Citi Foundation	Community Foundation for Palm Beach and Martin Counties
Boston Foundation, Inc.	Cardinal Health, Inc.	Citibank	Community Foundation of Central Florida
Boston Globe Foundation	Carver Federal Savings Bank	Citizens Bank	Community Foundation of Herkimer & Oneida Counties, Inc.
Boston Housing Partnership	Cass County Electric Cooperative	Citizens Bank Foundation	Community Foundation of Kankakee River Valley
Boston Private Bank & Trust Company	CASTO	Citizen's Housing and Planning Association (CHAPA)	Community Foundation of New Jersey
Boyer, Inc.	Caterpillar	Citron Paint	Community Foundation of West Alabama
BPD International Bank	Cathay Bank	City & Suburban Federal Savings Bank	Community National Bank
Bradford Bank	Catholic Charities of the Diocese of Camden	City of Lincoln Urban Development	Community Partnership of Southern Arizona, Inc.
Bradley-Turner Foundation	CBF Foundation for Financial Education	City of Syracuse	
Bridge Investment Group	CDFA Foundation	Claneil Foundation	
Bridgeway National Bank	Center Partners	Clark-Winchcole Foundation	
Broadway National Bank	Central Bank and Trust	Claude Worthington Benedum Foundation	
Brookwood Coram, LLC		Clough Harbour & Associates	
Brookwood Coram, LLC		CO/WYO University of Colorado Foundation	
Brown Foundation, Inc.			
Buck Family Foundation			
Builders' Ball			
Burlington Electric Development/Vermont Gas Systems			

## Saluting Our Partners and Supporters *(continued)*

Community Presbyterian Church	David and Barbara Hirschhorn Foundation	Eastman Kodak Company	Farmers Insurance Company
Community Preservation Corporation	David and Lucille Packard Foundation	EFS Foundation	Farrell Fritz
Community Savings Bank	Deaconess Foundation	EHC LifeBuilders	Federal Deposit Insurance Corporation
Community Teamwork, Inc.	DeBartolo Family Foundation	El Pomar Foundation	Federal Home Loan Bank
Con Edison	Dedham Institution for Savings	Elijah Network	Federal Home Loan Bank of Dallas
Connecticut Housing Investment Fund	Delaplain Foundation	Elkhart County Community Foundation	Federal Home Loan Bank of New York
ConocoPhillips	Della Selsor Trust	Ellason Downs Perpetual Charitable Trust	Federal Home Loan Bank of Pittsburgh
Conrad Grebel Collection	Delta Trust & Bank	EMC Mortgage Corporation	Federation of Appalachian Housing Enterprises
Constellation Energy Group	Department of Justice	Emmet, Marvin & Martin, LLP	Feldhake & Associates
Cooper Foundation	Deutsche Bank	Energy Outreach Colorado	Fidelity Bank
Cornell University	Devitt Spellman Barrett, LLP	Energy West	Fifth Third Bank
Cornerstone Bank	Diamond Foundation	Enfamilia Inc.	Financial Services Roundtable: Housing Policy Council
Cornerstone Foundation of Northeastern Wisconsin, Inc.	Digital Federal Credit Union	Enterprise Community Partners	Fireman Foundation
Cornu Management Company, Inc.	Dime Savings Bank of Williamsburgh	Enterprise Corporation of the Delta	First 5 Alameda
Corporation for Supportive Housing	Directors Mortgage, Inc.	Enterprise Foundation	First American Bank
Countrywide Financial Corporation	Discover Bank	Enterprise Housing Financial Services	First American Homeownership Foundation
Countrywide Home Loans	Disney Worldwide Services, Inc.	Ernst & Young, LLP	First American Title Foundation
Cow Creek Umpqua Indian Foundation	Dokoozian Construction LLC	ESL Federal Credit Union	First Bank
Cowell Foundation	Dollar Bank	Essex County Community Foundation	First Commonwealth Health Services
Crowe, Chizek and Company LLP	Dominion Power	Essex County Community Foundation	First Federal Bank
CSAA	Doseff Family Foundation, Inc.	Evelyn & Walter Haas, Jr. Fund	First Lutheran Endowment
CVS/Pharmacy	Downey Savings & Loan Association	EverBank	First Merit Bank
D & S Paint	Driscoll's Strawberry Growers	Everett Family Fund	First Midwest Bank
Dallas Foundation	DST Realty	Express Scripts Foundation	First Morris Bank
Dan Ryan Builders Charitable Foundation	E*TRADE Financial Corporation	F.B. Heron Foundation	First National Bank of Arizona
Daniels Farmstead Foundation, Inc.	Eash & Company, LLC	Fair Isaac Corporation	First Nations Development Institute
Daniels Fund	East Bay Community Foundation	Fairfield County Collaborative	First Presbyterian Church
	East Boston Ecumenical Community Council	Families Disaster Relief	
	East Boston Foundation	Fannie Mae	
		Fannie Mae Foundation	
		Far West Bank	
		Farmers & Merchants Bank & Trust	

## Saluting Our Partners and Supporters *(continued)*

First Regional Bank	Gibson Family Foundation	Hamilton Community Foundation	HSBC Bank
First Tennessee Bank	Gillette	Hammond Foundation	HSBC-North America
First Trade Union Bank	Girl's Latin Academy LLC	Harkins Builders	HUD
First Western Bank, F.S.B.	Glassman Foundation	Harold Brooks Foundation	Hudson City Savings Bank
FirstEnergy Foundation	Glennon Family Charitable Trust	Harris Bank	Hudson River Bank and Trust Foundation
Fletcher Family Foundation	GMAC	Hawaii Association of REALTORS®	Hunter Engineering
Flushing Savings Bank, FSB	GMAC-RESCAP	HawaiiUSA Federal Credit Union	Huntington National Bank
Ford Foundation	Goldman Sachs	HDG/Enterprise	Hyams Foundation
Foundation for the Mid South	Goldseker Foundation	Health Care Foundation of Greater Kansas City	Hyde Foundation
Four Freedoms Fund	Grace St. Luke's Episcopal Church	Heinz Foundation	IBM Employee Service Center
Fowler Housing Development Fund Company, Inc.	Grandom Institution	Heinz Housing Collaborative	Illinois FAIR Plan Association
Francis Family Foundation	Grant in Aid	Helis Foundation	Imperial Capital Bank
Freddie Mac	Great Eastern Bank	Help-U-Buy Services	Independence Blue Cross
Freddie Mac Foundation	Great Lakes Capital Fund	Hempstead Levittown Realty	Independence Community Bank
Frederick H. Leonhardt Foundation	Greater Austin Chamber of Commerce	Heritage United Way	Independence Community Foundation
Freeport Electric	Greater Buffalo Savings Bank	Herman T. and Phenie R. Pott Foundation	IndyMac Bank
Freida and Herman Miller Foundation	Greater Capital Area Association of REALTORS®	Hispanic Development Fund	Inland Northwest Community Foundation
Fremont Investment & Loan	Greater Kansas City Community Foundation	Hispanic Heritage Foundation	Insurance Industry Charitable Foundation
Frist Foundation	Greater Lafayette Community Foundation	Hoche Scofield Foundation	Interaudi Bank
Frost National Bank	Greater Manchester Charitable Trust	Holy Family Catholic Church	Inter-Cambio Express, Inc.
Fruitvale Development Corporation	Greater Minnesota Housing Fund	Home Depot	InterfaceFLOR, LLC
Fund for Change	Greater Worcester Community, Inc.	Home Federal Bank, F.S.B.	Interline Brands, Inc.
Galway Bay Foundation	Guaranty Bank	Home Street Bank	Intrust Bank
Gannett Communications	H&R Block	Homeownership Preservation Foundation	Investors Savings Bank, F.S.B.
Gary-Williams Oil Company	H&R Block Foundation	Honolulu Board of Realtors	Israel Discount Bank of New York
Gates Family Foundation	Haas Foundation	Horning Brothers	Jack Hall Housing
GE Money	Habib American Bank	Housing Affordability Fund	Jackson Electric Membership Corporation
Gebbie Foundation	Habitat for Humanity	Housing Assistance Council	James B. Nutter & Company
General Electric	Hagedorn Fund	Housing Partnership Network	James Campbell Company, LLC
General Motors Corporation	Hall Family Foundation	Houston Small Business Development Center	James Irvine Foundation
George S. and Dolores Doré Eccles Foundation		HRH of California Insurance Services	Jane B. Cook Charitable Trust
Geraldine R. Dodge Foundation			

## Saluting Our Partners and Supporters *(continued)*

Jane's Trust	Knox Area Association of REALTORS®	Marquette National Bank	Michael & Susan Dell Foundation
JB Family Charitable Foundation	Knudson & Associates LP	Marriner S. Eccles Foundation	Midsouth Bank
John and Helen Murphey Foundation	Kroll Factual Data, Inc.	Marriott Marquis	Mid America Savings Bank, F.S.B.
John D. and Catherine T. MacArthur Foundation	Laffey-McHugh Foundation	Mary Reynolds Babcock Foundation	Midwest Bank and Trust Company
John H. Sykes Foundation, Inc.	Lakeland Bank, Inc.	Maryland Legal Services Corporation	Miller Foundation
John H. and Ethel G. Noble Charitable Trust	Lakes Region United Way	Masco	Minnesota Housing Partnership
Johnson Bank	Lakeside Church	Massachusetts Housing Finance Agency	Mission Woodworking, LLC
Johnson Madison Lumber Company	LaSalle Bank	Massachusetts Housing Investment Corporation	Mizuho Corporate Bank, Ltd.
Joseph H. and Florence A. Roblee Foundation	LaSalle Bank Corporation/ ABN AMRO Mortgage Group	Mayer, Brown & Maw	Mizuo USA, Inc.
JPMorgan Chase	Last Name Left Productions	Mayfair Mansions LLP	MMA Financial, Inc.
JPMorgan Chase Foundation	LDG Development, LLC	MAZON: A Jewish Response to Hunger	Monsanto Company
J.R. Westons, Inc.	LDS Foundation	MB Financial Bank	Montgomery County Community Foundation
Julius Schnurr & Sons	Leahey & Johnson, P.C.	McCabe, Collins, McGeough & Fowler, LLP	Morgan Stanley Bank
Just Born, Inc.	Leesport Bank	McCarthy Charities	Morgan Stanley Foundation
Kaiser Federal Bank	Lehman Brothers Bank, FSB	McCune Foundation	Mortgage Bankers Association
Kaiser Permanente	Leonard & Helen R. Stulman Charitable Foundation	M.D. Anderson Foundation	Mortgage Guaranty Insurance Corporation
Kalamazoo Community Foundation	Liberty Mutual Insurance	Melville Foundation	Mortgage Only, LLC
Kankakee Federal Savings Bank	Limited Brands, Inc.	Memorial Hospital of South Bend	Mozilo Family Foundation
KB Home Tucson, Inc.	Litton Loans	Meridian Bank	MV Walsh Fund
Keefe, Bruyette & Woods, Inc.	Local Initiatives Support Corporation	Meriwest Credit Union	Nara Bank
Kelly, Rode & Kelly, LLP	Lola Wright Foundation, Inc.	Merrill Lynch	Nashville Rotary Foundation
Kentuckiana Roofing	Lowe's Foundation	Metlife, Inc.	Natelli Communications, LLC
Key Bank	Lowe's Home Improvement Center	MetLife Foundation	National Association of REALTORS®
Key Foundation	Ludwick Foundation	Metro United Way	National Bank
KeySpan Services PAC	Lyndhurst Foundation	Metropolitan Boston Housing Partnership	National Bank of Arizona
Keystone Nazareth Bank & Trust Company	M&T Bank	Metropolitan Credit Union	National City Bank
Keystone Restorations Inc.	M&T Charitable Foundation	Metropolitan Indianapolis Board of REALTORS®	National City Consumer Finance
Kline Family Foundation	Madeleine R. Brault Trust	Meyer Memorial Trust	National Community Reinvestment Coalition
Knight Foundation	Madeline G. vonWeber Trust	MFI Foundation	National Council of La Raza
	Mapleton Mobile Home Park		
	Maria Ann Frunner Fund		
	Marquette Financial Companies		

## Saluting Our Partners and Supporters *(continued)*

National Credit Union	Norman J. Stupp Foundation	Orlando Magic Foundation	Prudential Insurance Company
National Equity Fund	North Carolina Association of Community Development Corporations	Otto Bremer Foundation	Publix Supermarket Charities
National Grid	North Carolina Community Development Initiative	Overhead Door Company	Puerto Rico Community Foundation
National Life Group Charitable Foundation	North Fork Bank	Pacific Gas and Electric Company (PG&E)	Quadel Consulting
National Rural Funders Collaborative	North Indiana Conference, United Methodist Church	Pacific Steel and Recycling, Inc.	Quantum Foundation
National Trust For Historic Preservation	Northeast Atlanta Metro Association of REALTORS®	Palos Park Presbyterian Community Church	Rancho Santa Fe Foundation
Nationwide Insurance	Northeast Florida Association of REALTORS®, Inc.	Park Federal Savings Bank	Rapport Foundation
Native Tucson Builders LLC	Northeast Utilities	Park National Corporation	RBC Capital Markets
Neighborhood Partnership Fund	Northern Trust Company	Partners Trust Bank	REACH Foundation
Neighborhoods Now	Northfield Savings Bank, F.S.B.	Paul G. Allen Family Foundation	Regions Bank
Nesseralla & Company, LLC	Northfork Bank	Payne-Lake Partnership	Reiter Corporation
Nettleton Foundation	Northland Foundation	PC L'Heureux-Page-Werner	Republic Bank & Trust Company
New Alliance Bank	Northwest Savings Bank	Pekin Insurance Company	ResCare, Inc.
New Boston Fund	NPM Insurance Partnership	People's Savings Bank	Research Foundation
New Castle County Board of REALTORS®	Oakland Private Industry Council	Pfaffinger Foundation	Residential Energy Efficiency Program
New Hampshire Charitable Foundation	Ocwen Federal Bank	PFF Bank & Trust	Residential Funding Corporation
New South Federal Bank	Ocwen Loan Servicing, LLC	Philanthropic Ventures Foundation	Retirement Research Foundation
New Voices Fellowship	Ohio Capital Corporation for Housing	Picciano & Scahill, P.C.	Reznick Group
New York Community Trust	Ohio Partners for Affordable Energy	Plough Foundation	R-G Premier Bank
New York Mortgage Coalition	Old National Bank	PMI Mortgage Insurance Company	RGK Foundation
NewAlliance Bank	Omni Bank	PNC Bank, N.A.	Rhode Island Housing Mortgage Finance Corporation
Newmark & Company Real Estate Inc.	On Point Community Credit Union	PNC Foundation	Richard H. Driehaus Foundation
Nextedge Development Corporation	One Economy — Beehive	PNC Multifamily Capital	Ridgehaven Village
New Hampshire Charitable Foundation	Option One Mortgage Corporation	Polk Brothers Foundation	Ridgewood Savings Bank
NH Architecture	Oregon Community Foundation	Portland Metropolitan Association of REALTORS®	River Branch Foundation
Nicolini, Paradise, Ferretti & Sabella	Oregon Energy Services — Oregon Heat	PPL Corporation	Roberts Family Memorial Fund
Nonprofit Alliance		Price Charities	Rochester Area Community Foundation
Norcliff Foundation		Primerica Foundation	Rockford Homes
Nordstrom Fsb		Pritzker Foundation	Rockland Trust
		Promontory Financial Group, LLC	Rockwell Fund, Inc.
		Provident Bank	

## Saluting Our Partners and Supporters *(continued)*

Roman Catholic Archdiocese of Kansas City, Kansas	Season for Sharing (Arizona)	State Bank & Trust	The Annie E. Casey Foundation
Ronald McDonald House Charities	Seawell Elam Foundation	State Farm	The Anschutz Foundation
Rosie's For All Kids Foundation	Seedco	State Street Bank & Trust Company	The Arcturus Foundation
Roslyn Savings Foundation	Seedling Foundation	State Street Foundation	The Bank of New York Mellon Corporation
Roy A. Hunt Foundation	S. H. Cowell Foundation	Steans Family Foundation	The Boston Foundation
Royal Bank of Scotland	Side by Side Foundation	Sterling National Bank	The Bozzuto Group, Inc.
RTN Federal Credit Union	Sierra Health Foundation	Stites & Harbison, PLLC	The California Endowment
Rural LISC	Signal Media of Arkansas	Stoddard Charitable Trust	The Clipper Ship Foundation
Rural Preservation Corporation	Signature Bank	Strasburger & Price LLP	The Clowes Fund, Inc.
Ruth Brown Foundation	Silverton Foundation	Strategic Grant Partners	The Community Foundation
Saccomano Enterprises	Sisters of Mercy	Suburban Federal Savings Bank	The Continental Group, Inc.
Safeco Insurance	Sisters of Providence	Sullivan & Cromwell LLP	The Drescher Foundation
Safeway	Skip Johnson Charitable Foundation	Suncoast Schools Federal Credit Union	The Enterprise Foundation
Safra National Bank of New York	Sky Bank	SunTrust Bank	The First Energy Foundation
Sailors' Snug Harbor of Boston	South Shore Savings Bank	SunTrust Mid-Atlantic Foundation	The Ford Family Foundation
Salt Lake City Arts Council	Southbridge Savings Bank	Surdna Foundation	The FW Murphy Family Foundation
Samuels & Associates	Southern California Gas Company	Susquehanna Bank	The Gheens Foundation, Inc.
San Diego Association of REALTORS®	SouthTrust Corporation	Swan Society in Boston Inc.	The Gifford Foundation
San Diego City Firefighters Local 145	Southwest Bank of St. Louis	Sykes Enterprises, Inc.	The Harry and Jeanette Weinberg Foundation, Inc.
Sandy Spring Bank	Southwest Gas Corporation	Synovus	The Home Depot Foundation
Santa Clara Valley National Bank	Sovereign Bank FSB	System Sensor	The Housing Network, Inc.
Santa Fe Community Foundation	Sprint Foundation	Talbot Bernard Housing	The John M. Simpson Foundation
Santreece Foundation	St. Augustine Church	Target Corporation	The Junior League of Austin
SC Johnson	St. John's Church	TCF Financial Corporation	The Kauffman Fund
SC Ministry Foundation	St. John's of Georgetown	TCF Foundation	The KLE Foundation
Scarito's LLC	St. Louis Association of REALTORS®	TD BankNorth, Inc.	The Kresge Foundation
Scholastic Inc.	St. Mary's of Michigan	TD BankNorth Charitable Foundation	The Liberty Mutual Foundation
Schreiber Foods	Standish Hospital	TD Waterhouse Bank, NA	The Longwood Foundation
Scranton Area Foundation	St. Paul Insurance	Team Up for Youth	The Louisville Urban League
Sears, Roebuck & Company	St. Paul Travelers	Techsoup.org	The Lucky Seven Foundation
	St. Peter's Catholic Church	Texas Department of Housing & Community Affairs	The Mabel Louise Riley Foundation
	St. Peter's Episcopal Church	Thacher Proffitt & Wood	
	St. Peters Episcopal Church		
	Stanford Carr Foundation		
	Stanley H. Durwood Foundation		

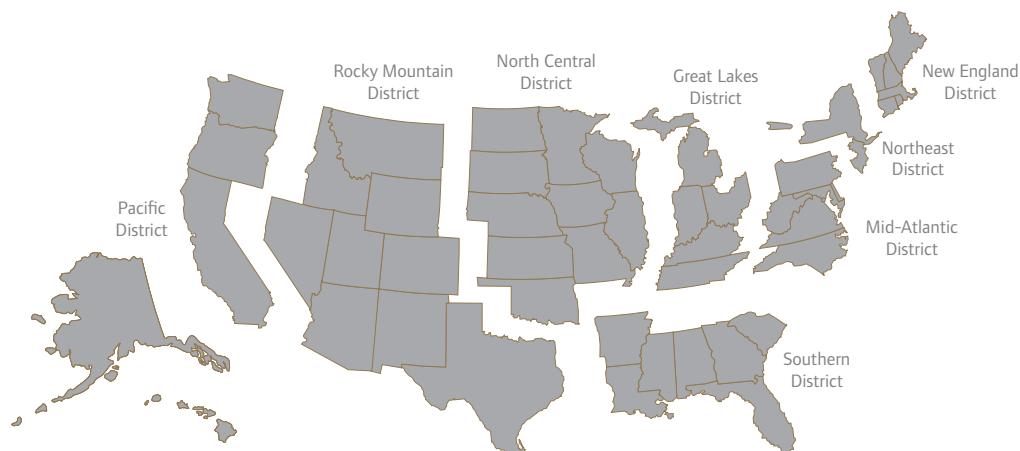
## Saluting Our Partners and Supporters *(continued)*

The Malrite Company	The Timberland Company	Twin Cities Neighborhood Housing Services	United Way of the National Capital Area
The Marmot Foundation	The TJX Foundation	Tyler Little Family Foundation	United Way Women's Legacy of United Way
The Marshall Foundation	The Toledo Edison Company	UBS	University of Tennessee at Chattanooga
The Meadows Foundation Inc.	The Tread Mill	Ulster Savings Bank	UPS
The Medical Foundation	The Trio Foundation	UMB Bank, n.a.	Urban Development Solutions
The Mervin Bovaird Foundation	The United Illuminating Company	UMB Bank of St. Louis	UrbanAmerica
The Milton & Tamar Maltz Family Foundation	The Vance County Community Foundation	Umpqua Bank	U.S. Bancorp Foundation
The Morris & Gwendolyn Cafritz Foundation	The Waco Foundation	UniDev LLC	U.S. Bank
The Nationwide Foundation	The William & Mary Ross Foundation, Inc.	Union Bank & Trust Company	USAA Educational Foundation
The Neal Family Foundation	Third Federal Savings & Loan Association of Cleveland	Union Bank of California	USAA Federal Savings Bank
The New York Bar Foundation	Thomas C. Ackerman Foundation	Union Bank of California Foundation	USAA Insurance Agency, Inc.
The Oak Hill Fund	Thornburg Mortgage, Inc.	Union County Savings Bank	Valley National Bank
The Parker Foundation	Thunderbird Charities	Union Pacific Railroad Company	Varnum de Rose
The Pettus-Crowe Foundation, Inc.	Timberland Bank	Union Savings Bank	Verizon
The Port Authority of New York and New Jersey	Time Equities, Inc.	United States Department of Agriculture	Vermont Community Foundation
The Principal Financial Group Foundation	Title Guaranty of Hawaii, Inc.	United Way Capital Area	Vermont HomeOwnership Center Initiative
The Private Bank	TitleMark of South Tampa LLC	United Way of America	Vermont Housing Finance Agency
The Provident Foundation	Tohono O'odham Gaming Enterprise	United Way of Elkhart County	Vineyard Bank
The Rouse Company Foundation	Toledo Edison	United Way of Greater Nashua	Virginia Housing Development Corporation
The Saint Paul Foundation	Tompkins Trust Company	United Way of Greater Haven	Volunteer Florida Foundation
The San Diego Foundation	Topfer Family Foundation	United Way of Greater Rochester	W.K. Kellogg Foundation
The San Francisco Foundation	Travelers Insurance	United Way of Greater St. Louis	Wachovia Bank
The Schomac Group, Inc.	TRITEC Real Estate Company, Inc.	United Way of Larimer County	Wachovia Regional Foundation
The Seattle Foundation	Trust Management Services for Braemer Foundation	United Way of Massachusetts Bay and Merrimack Valley	Waikoloa Workforce Housing
The Simmons Foundation	Trustco Bank	United Way of Miami Dade County	Washington Area Women's Foundation
The Sovereign Art Foundation	Tulsa Children's Coalition	United Way of Morris County	Washington Columbia
The Spartanburg County Foundation	Turner Foundation, Inc.	United Way of Polk County	Washington Forrest Foundation
The Spring Creek Foundation	Twenty-First Century Foundation	United Way of Sarasota	Washington Mutual Bank
The Stocker Foundation		United Way of the Mid-South	

## Saluting Our Partners and Supporters *(continued)*

Washington Mutual Foundation	NEIGHBORWORKS® CENTER FOR HOMEOWNERSHIP EDUCATION AND COUNSELING (NCHEC) PARTNERS	NEIGHBORWORKS® CENTER FOR HOMEOWNERSHIP EDUCATION AND COUNSELING (NCHEC) ADVISORY COUNCIL	NEIGHBORWORKS® CENTER FOR FORECLOSURE SOLUTIONS PARTNERS
Washington Mutual, Inc.	Citi Foundation	Bank of America	American General Financial Services
Waste Management, Inc.	Countrywide	Chase	Bank of America
Webster Bank	Fannie Mae	Chrysalis Consulting Group, LLP	Barrett Burke Wilson Castle Daffin & Frappier, LLP
Welfare Foundation, Inc.	Freddie Mac	Citi	Citi
Wells Fargo Financial, Inc.	JPMorgan Chase & Co.	Community Development Corporation of Long Island	Countrywide Home Loans
Wells Fargo Home Mortgage, Inc.	National Association of REALTORS®	Consumer Credit Counseling Services of San Francisco	EMC Mortgage Corp.
Wells Fargo Housing Foundation	U.S. Department of Housing and Urban Development (HUD)	Countrywide Financial Corporation	Fannie Mae
WesBanco, Inc.		Fannie Mae	Financial Services Roundtable (HPC)
Western Reserve Life Assurance Company		Federal Reserve	Freddie Mac
Westfield Insurance Company		Freddie Mac	GE Money
Westview Savings Bank		The Housing Partnership Network	GMAC/RFC (Homecomings Financial)
Whitney National Bank		Minnesota Housing	Homeownership Preservation Foundation
Wilmington Trust, F.S.B.		Mortgage & Credit Center	HSBC – North America
Winn Development		Mortgage Guaranty Insurance Corporation	IndyMac Bank
Winn Management		National Association of Real Estate Brokers — National Investment Division (NLD)	JPMorgan Chase
Winn Residential		National Association of REALTORS®	LaSalle Bank/ABN-AMRO
Wolfe Associates		National Council of LaRaza	Mortgage Bankers Association
Women's Fund		National Council of State Housing Finance Agencies	National City Mortgage Company
Women's Legacy of United Way		NeighborWorks® America	Ocwen Loan Servicing, LLC
Woods Family Foundation		NHS of Great Falls	Option One Mortgage Corp.
Woodward Governor Company		University of North Carolina — Chapel Hill	PMI
World Savings		U.S. Department of Housing and Urban Development (HUD)	State Farm
Wright Kingdom			SunTrust Banks
Wright-Patt Credit Union			Washington Mutual
Wyandotte Health Foundation			Wells Fargo Home Mortgage
Xcel Energy			
Xerox Corporation			
YouthPride Summer Program 2007			
Zanvyl & Isabelle Krieger Fund			
Zeppa Family Foundation			
Zions Bank			

## NeighborWorks® America District Locations and Contact Information



### GREAT LAKES DISTRICT

*(Indiana, Kentucky, Michigan, Ohio, Tennessee)*

**Paul Poston, Director**

NeighborWorks® America  
2368 Victory Parkway, Suite 210  
Cincinnati, OH 45206-2810  
Phone: (513) 221-4260

### MID-ATLANTIC DISTRICT

*(Delaware, District of Columbia, Maryland, North Carolina, Pennsylvania, Virginia, West Virginia)*

**Tim Adams, Director**

NeighborWorks® America  
400 E. Pratt Street, Suite 606  
Baltimore, MD 21202-2470  
Phone: (410) 962-3181

### NEW ENGLAND DISTRICT

*(Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)*

**LaRayne Hebert, Director**

NeighborWorks® America  
855 Boylston Street, Sixth Floor  
Boston, MA 02116-4802  
Phone: (617) 450-0410

### NORTH CENTRAL DISTRICT

*(Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Wisconsin)*

**John Santner, Director**

NeighborWorks® America  
1111 W. 39th Street, Suite 100W  
Kansas City, MO 64111-2614  
Phone: (816) 931-4176  
(800) 823-1428

### NORTHEAST DISTRICT

*(New Jersey, New York, Puerto Rico, Virgin Islands)*

**Deborah Boatright, Director**

NeighborWorks® America  
125 Maiden Lane, 15th Floor  
New York, NY 10038-4912  
Phone: (212) 269-6553

### PACIFIC DISTRICT

*(Alaska, California, Hawaii, Oregon, Washington)*

**Margaret Frisbee, Director**

NeighborWorks® America  
2400 E. Katella Avenue, Suite 440  
Anaheim, CA 92806-5929  
Phone: (714) 940-0144

### ROCKY MOUNTAIN DISTRICT

*(Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Texas, Utah, Wyoming)*

**Gary Wolfe, Director**

NeighborWorks® America  
One Cherry Center  
501 S. Cherry Street, Suite 400  
Denver, CO 80246-3326  
Phone: (303) 782-0299

### SOUTHERN DISTRICT

*(Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, South Carolina)*

**Donald R. Phoenix, Director**

NeighborWorks® America  
260 Peachtree Street  
Suite #1000  
Atlanta, GA 30303  
Phone: (404) 526-1299

## NeighborWorks® Organizations (as of 3/31/08)

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### ALABAMA

Community Service Programs of West Alabama, Inc.

Neighborhood Housing Services of Birmingham, Inc.

### ALASKA

Anchorage Neighborhood Housing Services, Inc.

Fairbanks Neighborhood Housing Services, Inc.

### ARIZONA

Neighborhood Housing Services of Phoenix, Inc.

Neighborhood Housing Services of Southwest Maricopa County, Inc.

The Primavera Foundation, Inc.

### ARKANSAS

Argenta Community Development Corporation

Arkansas Land and Farm Development Corporation

Universal Housing Development Corporation

### CALIFORNIA

Cabrillo Economic Development Corp.

Community Housing Development Corporation of North Richmond

Community HousingWorks

Ingelwood Neighborhood Housing Services, Inc.

Los Angeles Neighborhood Housing Services, Inc.

Neighborhood Housing Services of Orange County, Inc.

Neighborhood Housing Services of the Inland Empire, Inc.

Neighborhood Housing Services of Silicon Valley

Neighborhood Partnership Housing Services

NeighborWorks® HomeOwnership

Pasadena Neighborhood Housing Services, Inc.

Richmond (CA) Neighborhood Housing Services, Inc.

Rural Communities Housing Development Corporation

Sacramento Mutual Housing Association, Inc.

Self-Help Enterprises

South County Housing

The Unity Council

Vallejo Neighborhood Housing Services, Inc.

### COLORADO

Colorado Rural Housing Development Corporation

Housing Resources of Western Colorado

Neighbor to Neighbor, Inc.

NeighborWorks® of Pueblo

Rocky Mountain Mutual Housing Association, Inc.

Thistle Community Housing

Tri-Country Housing & Community Development Corporation

### CONNECTICUT

Mutual Housing Association of Greater Hartford, Inc.

Mutual Housing Association of South Central Connecticut, Inc.

Mutual Housing Association of Southwestern Connecticut, Inc.

Neighborhood Housing Services of New Britain, Inc.

Neighborhood Housing Services of New Haven, Inc.

Neighborhood Housing Services of Waterbury, Inc.

### DELAWARE

Interfaith Community Housing of Delaware, Inc.

National Council on Agricultural Life and Labor Research Fund, Inc.

### DISTRICT OF COLUMBIA

Manna, Inc.

Marshall Heights Community Development Organization, Inc.

### FLORIDA

Centro Campesino Farmworker Center, Inc.

Clearwater Neighborhood Housing Services, Inc.

Corporation to Develop Communities of Tampa

Housing Partnership of Northeast Florida, Inc.

Miami-Dade Neighborhood Housing Services, Inc.

Neighborhood Housing & Development Corporation

Orlando Neighborhood Improvement Corp.

St. Petersburg Neighborhood Housing Services, Inc.

### GEORGIA

Cobb Housing, Inc.

DASH for LaGrange, Inc.

Historic District Development Corporation

NeighborWorks® Columbus (GA)

Reynoldstown Revitalization Corporation

The IMPACT! Group

## NeighborWorks® Organizations *(continued)*

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### HAWAII

Hawaii HomeOwnership Center  
Mutual Housing Association of Hawaii, Inc.

### IDAHO

Neighborhood Housing Services, Inc.  
Pocatello Neighborhood Housing Services, Inc.

### ILLINOIS

Joseph Corporation of Illinois, Inc.  
Mid Central Community Action  
Neighborhood Housing Services of Chicago, Inc.  
Neighborhood Housing Services of Freeport, Inc.  
Neighborhood Partners of Kankakee, Inc.

### INDIANA

LaCasa of Goshen, Inc.  
Lafayette Neighborhood Housing Services, Inc.  
South Bend Heritage Foundation

### IOWA

Community Housing Initiatives  
Neighborhood Finance Corporation

### KANSAS

CHWC, Inc.  
Community Housing Services of Wichita/Sedgwick County  
El Centro, Inc.

### KENTUCKY

Community Ventures Corporation  
Federation of Appalachian Housing Enterprises  
Frontier Housing, Inc.  
New Directions Housing Corporation  
The Housing Partnership, Inc.

### LOUISIANA

Neighborhood Housing Services of New Orleans, Inc.  
Southern Mutual Help Association

### MAINE

Community Concepts, Inc.  
Kennebec Valley Community Action Program Housing Services

### MARYLAND

Cumberland Neighborhood Housing Services, Inc.  
Interfaith Housing Alliance, Inc.  
Montgomery Housing Partnership, Inc.  
Mutual Housing Association of Baltimore, Inc.  
Neighborhood Housing Services of Baltimore, Inc.  
Salisbury Neighborhood Housing Services, Inc.  
St. Ambrose Housing Aid Center

### MASSACHUSETTS

Cambridge Neighborhood Apartment & Housing Services, Inc.  
Chelsea Neighborhood Developers, Inc.  
Coalition for a Better Acre  
Codman Square Neighborhood Development Corporation  
Lawrence CommunityWorks, Inc.  
Madison Park Development Corporation  
Neighborhood Housing Services of the South Shore, Inc.  
Neighborhood of Affordable Housing, Inc.  
Nuestra Comunidad Development Corp.  
Oak Hill Community Development Corp.  
Springfield Neighborhood Housing Services, Inc.

Twin Cities Community Development Corporation  
Urban Edge Housing Corporation

### MICHIGAN

Kalamazoo Neighborhood Housing Services, Inc.  
Neighborhoods Inc. of Battle Creek  
Neighborhood Renewal Services of Saginaw, Inc.  
Southwest Solutions

### MINNESOTA

Community Neighborhood Housing Services, Inc.  
Dayton's Bluff Neighborhood Housing Services, Inc.  
Neighborhood Housing Services of Duluth, Inc.  
Neighborhood Housing Services of Minneapolis, Inc.  
Southwest Minnesota Housing Partnership

### MISSISSIPPI

Voice of Calvary Ministries

### MISSOURI

Beyond Housing/Neighborhood Housing Services of St. Louis  
Neighborhood Housing Services of Kansas City, Inc.  
North East Community Action Corporation  
Westside Housing Organization, Inc.

### MONTANA

Montana HomeOwnership Network  
NeighborWorks® Great Falls

## NeighborWorks® Organizations *(continued)*

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### NEBRASKA

NeighborWorks® Lincoln

NeighborWorks® Northeast Nebraska

### NEVADA

Neighborhood Housing Services of Southern Nevada, Inc.

### NEW HAMPSHIRE

Affordable Housing Education and Development, Inc.

CATCH Neighborhood Housing

Laconia Area Community Land Trust, Inc.

Neighborhood Housing Services of Greater Nashua, Inc.

NeighborWorks® Greater Manchester

### NEW JERSEY

Brand New Day, Inc.

Housing and Neighborhood Development Services, Inc.

Housing Partnership for Morris County

### NEW MEXICO

Homewise, Inc.

Navajo Partnership for Housing, Inc.

Tierra del Sol Housing Corporation

### NEW YORK

Chautauqua Home Rehabilitation and Improvement Corporation

Community Development Corporation of Long Island, Inc.

Home Headquarters, Inc.

Housing Assistance Program of Essex County, Inc.

Housing Resources of Columbia County, Inc.

Hudson River Housing, Inc.

Ithaca Neighborhood Housing Services, Inc.

Neighborhood Housing Services of New York City, Inc.

Neighborhood Housing Services of South Buffalo, Inc.

NeighborWorks® Home Resources

NeighborWorks® Rochester

Niagara Falls Neighborhood Housing Services, Inc.

Opportunities for Chenango, Inc.

Rural Opportunities, Inc.

Rural Ulster Preservation Company, Inc.

St. Lawrence County Housing Council, Inc.

Steuben Churchpeople Against Poverty, Inc.

Syracuse Model Neighborhood Corporation

Troy Rehabilitation & Improvement Program, Inc.

UNHS NeighborWorks® HomeOwnership Center

West Side Neighborhood Housing Services, Inc.

### NORTH CAROLINA

Charlotte-Mecklenburg Housing Partnership, Inc.

DHIC, Inc.

Durham Community Land Trustees

Neighborhood Housing Services of Asheville, North Carolina, Inc.

### NORTH DAKOTA

CommunityWorks North Dakota

### OHIO

Columbus Housing Partnership, Inc.

East Akron Neighborhood Development Corporation Inc.

Home Ownership Center of Greater Cincinnati, Inc.

Neighborhood Conservation Services of Barberton, Inc.

Neighborhood Development Services

Neighborhood Housing Partnership of Greater Springfield, Inc.

Neighborhood Housing Services of Greater Cleveland, Inc.

Neighborhood Housing Services of Hamilton, Inc.

Neighborhood Housing Services of Toledo, Inc.

St. Mary Development Corporation

### OKLAHOMA

Community Action Project of Tulsa County

Little Dixie Community Action Agency

Neighborhood Housing Services of Oklahoma City, Inc.

### OREGON

NeighborImpact

Portland Housing Center

Umpqua CDC

Williamette Neighborhood Housing Services

### PENNSYLVANIA

Neighborhood Housing Services of Lackawanna County

Neighborhood Housing Services of the Lehigh Valley, Inc.

Neighborhood Housing Services of Reading, Inc.

New Kensington Community Development Corporation

Pittsburgh Neighborhood Housing Services, Inc.

## NeighborWorks® Organizations *(continued)*

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### PUERTO RICO

Ponce Neighborhood Housing Services, Inc.

San Juan Neighborhood Housing Services, Inc.

### RHODE ISLAND

Greater Elmwood Neighborhood Services, Inc.

NeighborWorks® Blackstone River Valley

West Elmwood Housing Development Corp.

### SOUTH CAROLINA

Family Services, Inc.

Spartanburg Housing Development Corporation

### SOUTH DAKOTA

Neighborhood Housing Services of the Black Hills, Inc.

Northeast South Dakota Community Action Program

### TENNESSEE

Affordable Housing Resources, Inc.

Chattanooga Neighborhood Enterprise, Inc.

Knox Housing Partnership, Inc.

United Housing, Inc.

### TEXAS

Alamo Area Mutual Housing Association, Inc.

Amigos Del Valle, Inc.

Avenue Community Development Corporation

BCL of Texas

Fifth Ward Community Redevelopment Corporation

Foundation Communities

Loredo-Webb Neighborhood Housing Services, Inc.

Neighborhood Housing Services of Dimmit County, Inc.

Neighborhood Housing Services of North Texas, Inc.

Neighborhood Housing Services of San Antonio, Inc.

NeighborWorks® Waco

Nueces County Community Action Agency

Tejano Center for Community Concerns

### UTAH

Neighborhood Housing Services of Provo, Inc.

Salt Lake Neighborhood Housing Services, Inc.

### VERMONT

Central Vermont Community Land Trust, Inc.

Champlain Housing Trust

Gilman Housing Trust, Inc.

NeighborWorks® of Western Vermont

Rockingham Area Community Land Trust, Inc.

### VIRGINIA

AHC Inc.

Community Housing Partners Corporation

Neighborhood Housing Services of Richmond (VA), Inc.

### WASHINGTON

Central Area Development Association

Community Frameworks

HomeSight

NeighborWorks® of Grays Harbor County

### WEST VIRGINIA

CommunityWorks in West Virginia, Inc.

Fairmont Community Development Partnership, Inc.

HomeOwnership Center, Inc.

### WISCONSIN

Neighborhood Housing Services of Beloit, Inc.

Neighborhood Housing Services of Richland County, Inc.

Neighborhood Housing Services of Southeast Wisconsin, Inc.

NeighborWorks® Green Bay

Select Milwaukee, Inc.

### WYOMING

Wyoming Housing Network



Michael L. Forster

## Annual Report Message from the CFO

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Fiscal Year 2007 continued the consistently strong financial performance that has become a hallmark for NeighborWorks® America. Impacted over the past several years by implementing applicable provisions of legislative initiatives such as the Sarbanes-Oxley Act and the Pension Protection Act, the organization has continued its momentum in strengthening the corporate profile while embracing the challenges of being an increasingly complex enterprise. All in all, the corporation's long-term success and increasingly strategic focus on efficiency both inspires optimism and bodes well for continuing good financial health.

While overall financial performance was strong, the year was not without challenges. Despite anticipating an increased annual Congressional Appropriation, stalemates in the legislature resulted in continuing resolutions, effecting flat funding in this category year-over-year at \$116.8 million. Additionally, the aggregate of the corporation's other unrestricted revenue sources was also flat year-over-year, rounding out at \$17.1 million. Taken together, the Congressional Appropriation and all other unrestricted revenues totaled \$133.9 million, reflecting no gain over 2006.


Aside from the flat unrestricted revenue performance, positive financial results are reflected in two of the corporation's key performance areas. Driven by enhanced management focus in fiscal year 2007, the corporation managed a net increase in cash and cash equivalents of \$0.8 million, and an increase in total net assets of \$0.8 million (\$0.4 million in both unrestricted and temporarily restricted net assets). These gains are notable, particularly when measured against the flat revenue performance in which both improvements highlight an increase in the corporation's overall net financial position. They are also notable because total assets at year-end for 2007 were slightly lower than year-end 2006 – \$19.1 million versus \$19.4 million respectively.

The combination of these financial performance highlights demonstrates the commitment of the NeighborWorks® America leadership team and all employees to further strengthen an already firm foundation for the future. With this commitment, all corporate stakeholders, including the President and Congress, corporate partners, network organizations and the many local communities we serve, can be assured that there is responsible and unwavering stewardship over the resources that are entrusted to the corporation. And while economic conditions might fluctuate and the need for new business models to meet these changes will certainly evolve, the position of financial strength to which we are committed will ensure that NeighborWorks® America stands ready and able to embrace such challenges and continue proffering high-quality community development solutions under a modern mandate.

A handwritten signature in black ink that reads "Michael L. Forster". The signature is written in a cursive, flowing style.

Michael L. Forster  
Chief Financial Officer  
NeighborWorks® America





**Neighborhood Reinvestment  
Corporation  
(d.b.a. NeighborWorks<sup>®</sup> America)**

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**Financial Statements, Supplemental Material,  
Schedule of Expenditures of Federal  
Awards, and Independent Auditors' Reports  
Required by Government Auditing Standards  
and OMB Circular A-133**

**Years Ended September 30, 2007 and 2006**

# Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)

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## Independent Auditors' Report

To the Board of Directors  
**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
Washington, DC

We have audited the accompanying statements of financial position of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** (the Corporation) as of September 30, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** as of September 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2008 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** taken as a whole. The accompanying statements of functional expenses are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*BDO Seidman, LLP*

January 16, 2008

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Statements of Financial Position**

<i>September 30,</i>	2007	2006
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 7,840,593	\$ 7,042,617
Receivables:		
Contributions receivable, net	1,379,762	1,848,420
Grant and contract receivables	1,151,709	1,752,083
Other receivables - net of allowance for doubtful accounts of \$22,122 in 2007 and \$32,737 in 2006	325,090	365,797
Travel advances	3,601	5,704
Prepaid expenses and other assets	348,838	442,706
<b>Total current assets</b>	<b>11,049,593</b>	<b>11,457,327</b>
<b>Noncurrent assets</b>		
Contributions receivable, net of current portion	50,000	277,759
Endowment investments	3,500,000	3,500,000
Property and equipment, net	4,497,982	4,214,707
<b>Total noncurrent assets</b>	<b>8,047,982</b>	<b>7,992,466</b>
<b>Total assets</b>	<b>\$ 19,097,575</b>	<b>\$ 19,449,793</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 4,660,537	\$ 5,728,065
Deferred revenue	199,578	115,740
<b>Total current liabilities</b>	<b>4,860,115</b>	<b>5,843,805</b>
<b>Noncurrent liabilities</b>		
Accounts payable and accrued expenses	500,000	500,000
Deferred rent liability	1,925,542	2,064,705
<b>Total noncurrent liabilities</b>	<b>2,425,542</b>	<b>2,564,705</b>
<b>Total liabilities</b>	<b>7,285,657</b>	<b>8,408,510</b>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Unrestricted net assets	3,502,686	3,122,344
Temporarily restricted net assets	4,809,232	4,418,939
Permanently restricted net assets	3,500,000	3,500,000
<b>Total net assets</b>	<b>11,811,918</b>	<b>11,041,283</b>
<b>Total liabilities and net assets</b>	<b>\$ 19,097,575</b>	<b>\$ 19,449,793</b>

*The accompanying notes are an integral part of these financial statements.*

Year ended September 30,

2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains, and Other Support</b>				
Congressional appropriation	\$ 116,820,000	\$ -	\$ -	\$ 116,820,000
Contributions	1,088,958	5,004,848	-	6,093,806
Grants and contracts	6,800,130	-	-	6,800,130
Training registration fees	2,331,400	-	-	2,331,400
Interest income	1,409,203	185,537	-	1,594,740
Other income	664,037	-	-	664,037
Net assets released from restrictions:				
Satisfaction of program and time restrictions	4,800,092	(4,800,092)	-	-
<b>Total revenue, gains, and other support</b>	<b>133,913,820</b>	<b>390,293</b>	<b>-</b>	<b>134,304,113</b>
<b>Expenses</b>				
Grants and grant commitments	77,638,030	-	-	77,638,030
Personnel	28,255,821	-	-	28,255,821
Professional services	10,457,073	-	-	10,457,073
Other operating costs	6,821,744	-	-	6,821,744
Occupancy	4,481,126	-	-	4,481,126
Travel	2,627,896	-	-	2,627,896
Conferences and workshops	2,249,546	-	-	2,249,546
Depreciation and amortization	1,002,242	-	-	1,002,242
<b>Total expenses</b>	<b>133,533,478</b>	<b>-</b>	<b>-</b>	<b>133,533,478</b>
<b>Change in net assets</b>	<b>380,342</b>	<b>390,293</b>	<b>-</b>	<b>770,635</b>
Net assets, beginning of year	3,122,344	4,418,939	3,500,000	11,041,283
<b>Net assets, end of year</b>	<b>\$ 3,502,686</b>	<b>\$ 4,809,232</b>	<b>\$ 3,500,000</b>	<b>\$ 11,811,918</b>

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Statements of Activities**

Year ended September 30,

2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue, Gains, and Other Support</b>				
Congressional appropriation	\$ 116,820,000	\$ -	\$ -	\$ 116,820,000
Contributions	828,229	6,352,327	-	7,180,556
Grants and contracts	6,060,723	-	-	6,060,723
Training registration fees	2,659,046	-	-	2,659,046
Interest income	1,872,633	126,822	-	1,999,455
Other income	1,072,755	-	-	1,072,755
Net assets released from restrictions:				
Satisfaction of program and time restrictions	4,620,116	(4,620,116)	-	-
<b>Total revenue, gains, and other support</b>	<b>133,933,502</b>	<b>1,859,033</b>	<b>-</b>	<b>135,792,535</b>
<b>Expenses</b>				
Grants and grant commitments	80,404,153	-	-	80,404,153
Personnel	27,396,200	-	-	27,396,200
Professional services	9,806,307	-	-	9,806,307
Other operating costs	7,213,758	-	-	7,213,758
Occupancy	3,884,453	-	-	3,884,453
Travel	3,057,774	-	-	3,057,774
Conferences and workshops	2,302,667	-	-	2,302,667
Depreciation and amortization	843,752	-	-	843,752
<b>Total expenses</b>	<b>134,909,064</b>	<b>-</b>	<b>-</b>	<b>134,909,064</b>
<b>Change in net assets</b>	<b>(975,562)</b>	<b>1,859,033</b>	<b>-</b>	<b>883,471</b>
<b>Net assets, beginning of year</b>	<b>4,097,906</b>	<b>2,559,906</b>	<b>3,500,000</b>	<b>10,157,812</b>
<b>Net assets, end of year</b>	<b>\$ 3,122,344</b>	<b>\$ 4,418,939</b>	<b>\$ 3,500,000</b>	<b>\$ 11,041,283</b>

*The accompanying notes are an integral part of these financial statements.*

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Statements of Cash Flows**

<i>Years ended September 30,</i>	2007	2006
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 770,635	\$ 883,471
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Amortization of discount on contributions receivable	(32,928)	(32,099)
Depreciation and amortization	1,002,242	843,752
Loss on disposal of property and equipment	7,148	9,662
<b>(Increase) decrease in assets</b>		
Receivables	1,370,426	(1,392,928)
Travel advances	2,103	48,912
Prepaid expenses and other assets	93,868	17,505
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	(1,067,528)	1,946,220
Deferred revenue	83,838	10,068
Deferred rent liability	(139,163)	47,994
<b>Net cash provided by operating activities</b>	<b>2,090,641</b>	<b>2,382,557</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	53,915,196	117,131,397
Purchases of investments	(53,915,196)	(114,564,093)
Purchases of property and equipment	(1,292,665)	(1,707,645)
<b>Net cash (used in) provided by investing activities</b>	<b>(1,292,665)</b>	<b>859,659</b>
<b>Increase in cash and cash equivalents</b>	<b>797,976</b>	<b>3,242,216</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>7,042,617</b>	<b>3,800,401</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,840,593</b>	<b>\$ 7,042,617</b>

*The accompanying notes are an integral part of these financial statements.*

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 1. Organization**

Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America) (the Corporation) was established by Congress in 1978, by the Neighborhood Reinvestment Corporation Act. The purpose of the Corporation is to continue the joint efforts of the federal financial supervisory agencies and the Department of Housing and Urban Development (HUD) in promoting reinvestment in older neighborhoods by local financial institutions in cooperation with the community, residents and local governments. These efforts were previously conducted by the Urban Reinvestment Task Force, which the Corporation succeeded.

The Corporation is exempt from federal income tax under the provisions of the Neighborhood Reinvestment Corporation Act and is recognized by the Internal Revenue Service as a tax-exempt organization as described in Section 501(c)(3) of the U.S. Internal Revenue Code. The Internal Revenue Service has also determined that the Corporation is not a private foundation.

The Corporation strengthens communities and transforms lives across America by supporting innovative local partnerships of residents, business, and government, collectively known as the NeighborWorks® network. The NeighborWorks® network is a national network of 240 community-based organizations that helps low and moderate income families rent, purchase and maintain affordable homes. The NeighborWorks® network also revitalizes communities through resident leadership and private and public partnerships.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

Cash in excess of amounts required to fund current operations is invested in overnight investments and other short-term investments. Such short-term investments are stated at cost, which approximates market. Cash equivalents include investments with original maturities of three months or less, except for the repurchase agreements managed as part of the permanently restricted net assets, which are classified as endowment investments in the statements of financial position.

**Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 2. Summary of Significant Accounting Policies - (continued)**

An allowance for uncollectible contributions receivable is provided based on management's evaluation of potential uncollectible contributions receivable at year-end. Management believes that all contributions receivable as of September 30, 2007 and 2006 are fully collectible, accordingly no allowance for doubtful accounts has been established.

Grant and Contract Receivables

Receivables on grants and contracts consist of amounts due from federal agencies resulting from allowable expenditures incurred which have not been recovered from the relevant federal agencies as of the end of the fiscal year. The allowance method is used to determine the uncollectible amounts. The allowance is based upon prior years' experience and management's analysis of subsequent collections. Management believes that all grant and contract receivables as of September 30, 2007 and 2006 are fully collectible, accordingly no allowance for doubtful accounts has been established.

Other Receivables

Other receivables consist of contracts and other small miscellaneous receivables from sources other than federal agencies. The allowance method is used to determine the uncollectible amounts. The allowance is based upon prior years' experience and management's analysis of subsequent collections.

Endowment Investments

Investments are carried at fair market value. At September 30, 2007 and 2006, the permanently restricted funds are held in a cash account. As permitted, these funds are presented in the financial statement as endowment investments based on the intended use of these funds.

Property and Equipment

Property and equipment are recorded at cost. The Corporation capitalizes all expenditures for property and equipment over \$1,000. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 8 years, or the lesser of the minimum lease period or the asset's useful life for leasehold improvements. When assets are sold or otherwise disposed of, the asset and the related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Certain costs of internally developed software are capitalized in accordance with Statement of Position 98-1 "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use". These costs are being amortized over the estimated useful lives of the software.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and endowment investments held at creditworthy financial institutions.

Credit risk with respect to contributions receivable is limited because the Corporation deals with a large number of donors over a wide geographic area.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 2. Summary of Significant Accounting Policies - (continued)**

Deferred Revenue

Deferred revenue consists of training registration fees. Training registration fees received in advance and not yet earned are deferred to the applicable period.

Unrestricted Net Assets

Unrestricted net assets are available for use in general operations. The use of this fund is at the discretion of the board of directors and management.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts that are subject to donor restrictions and income earned on permanently restricted net assets. The Corporation is permitted to use up or expend the donated assets in accordance with the donor restriction.

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Corporation. The restrictions stipulate that resources be maintained permanently but permit the Corporation to expend the income generated in accordance with the provisions of the agreements. The permanently restricted net assets are established to provide a permanent source of income for awarding Training Institute scholarships through investment earnings.

Revenue Recognition

The Corporation's primary funding is through a federal appropriation. Unrestricted federal appropriations are recognized as unrestricted revenue when the legislation is enacted. Federal appropriations restricted for specific purposes or programs are recognized as temporarily or permanently restricted revenue when the funds are promised based on the nature of the restrictions outlined in the appropriation.

Functional Allocation of Expenses

Costs of program activities and supporting services are presented on a functional basis in Note 9 of the financial statements. Accordingly, certain direct and indirect expenses have been allocated among the programs and supporting services benefited.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 2. Summary of Significant Accounting Policies - (continued)**

Use of Estimates

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

Major Source of Funding

The Corporation receives a substantial portion, 87% in 2007 and 2006, of its unrestricted revenue from the congressional appropriation. The continued receipt of the appropriation may be dependent upon future overall economic conditions. While the Corporation's management believes the Corporation has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109* (FIN 48), which is a change in accounting for income taxes. FIN 48 specifies how tax benefits for uncertain tax positions are to be recognized, measured, and recognized in financial statements; requires certain disclosures of uncertain tax matters; specifies how reserves for uncertain tax positions should be classified on the statement of financial position; and provides transition and interim period guidance, among other provisions. FIN 48 is effective for fiscal years beginning after December 15, 2006. FASB has issued for exposure a proposed FASB Staff Position (FSP) FIN 48-b, *Effective Date of FASB Interpretation No. 48 for Nonpublic Enterprises* to defer FIN 48 for one year. Management is currently evaluating the impact of FIN 48, but does not anticipate the adoption of FIN 48 to have a material impact on its financial position, change in net assets, or cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. SFAS 157, *Fair Value Measurement*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosures regarding fair value measurement. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Earlier adoption is permitted. Management is currently evaluating the impact of SFAS 157, but does not expect the adoption of SFAS 157 to have a material impact on the Corporation's financial position, change in net assets or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115*. This statement allows the Federation to irrevocably elect fair value as a measurement attribute for certain financial assets and financial liabilities with changes in fair value recognized in the statement of changes in net assets. The statement also establishes presentation and disclosure requirements designed to facilitate comparisons between organizations that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. Management is currently evaluating the impact of SFAS 159, but does not expect the adoption of SFAS 159 to have a material impact on the Corporation's financial position, change in net assets or cash flows.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 3. Contributions Receivable**

Contributions receivable consist of the following:

<i>September 30,</i>	2007	2006
Unconditional contributions receivable		
before unamortized discount	\$ 1,447,086	\$ 2,192,701
Less: unamortized discount	(17,324)	(66,522)
	<b>\$ 1,429,762</b>	<b>\$ 2,126,179</b>
<hr/>		
<i>September 30,</i>	2007	
Amounts due in:		
Less than one year	\$ 1,397,086	
One to five years	50,000	
Less: unamortized discount	(17,324)	
	1,429,762	
Total unconditional contributions receivable	1,429,762	
Less: current unconditional contributions receivable	1,379,762	
Noncurrent unconditional contributions receivable	\$ 50,000	

Discount rates ranged from 2.63% to 5.04%. There were no conditional promises to give at September 30, 2007 and 2006.

**Note 4. Neighborhood Housing Services of America, Inc. (NHSA)**

NHSA is a private non-profit corporation which provides financial and fundraising services to the NeighborWorks® network. The Corporation is the principal source of funding for NHSA. Grants made by the Corporation to NHSA for the years ended September 30, 2007 and 2006 amounted to \$8,000,000 and \$8,250,000, respectively.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 5. Property and Equipment**

Property and equipment consists of the following:

<i>September 30,</i>	2007	2006
Computer and software equipment	\$ 6,125,732	\$ 4,939,266
Furniture and fixtures	3,804,095	3,762,202
Leasehold improvements	3,211,530	3,188,424
	13,141,357	11,889,892
Less: accumulated depreciation and amortization	(8,643,375)	(7,675,185)
	<b>\$ 4,497,982</b>	<b>\$ 4,214,707</b>

Depreciation and amortization expense for the years ended September 30, 2007 and 2006 was \$1,002,242 and \$843,752, respectively.

**Note 6. Commitments and Contingencies**

*Operating Leases*

The Corporation has commitments under operating leases for office space and equipment expiring at various times through the year 2015. Minimum lease payments under non-cancelable operating leases are as follows:

<i>Years ending September 30,</i>	
2008	\$ 3,581,603
2009	3,468,819
2010	3,310,999
2011	2,998,623
2012	2,708,981
Thereafter	2,595,487
	<b>\$ 18,664,512</b>

Rent expense for the years ended September 30, 2007 and 2006 amounted to \$4,481,126 and \$3,884,453, respectively.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 6. Commitments and Contingencies - (continued)**

During the year ended September 30, 2003, the Corporation amended their headquarters office space lease. As part of this amendment the landlord provided the Corporation with an allowance for tenant improvements. The value of these improvements completed through September 30, 2003 was \$1,244,903 based on information from the landlord. In 2004, the improvements were completed at an additional value of \$337,412. These improvements have been recorded as an asset and deferred rent liability. In addition, the amended lease has stated escalations in rent and the effect of this has been recorded as a deferred rent liability.

During the year ended September 30, 2005, the Corporation again amended their headquarters office space lease. As part of this amendment the landlord provided the Corporation with an allowance for tenant improvements. The value of these improvements completed through September 30, 2005 was \$139,790 based on the agreement.

*Other Commitments*

Under the terms of an agreement between the Mortgage Guaranty Insurance Corporation (MGIC) and the Corporation, MGIC insured some mortgage loans that did not meet all of MGIC's standard underwriting guidelines. The purpose of this agreement was to create a loan product with FreddieMac and MGIC that would allow for special underwriting guidelines to make mortgages to low- and moderate-income borrowers. Under this agreement, which was amended December 23, 1997, the Corporation shares a portion of this higher financial risk. In December 1998, both parties agreed that no new loans would be executed under the terms of this agreement but the Corporation will continue to carry the risk for the maximum liability for the remaining mortgages executed prior to this date. The first claim to this loan loss reserve was reported June 30, 2002 and the second was reported in July 2003. The Corporation's share, 25% of the first loan loss of \$16,048, was \$4,012, and the Corporation's share of the second loan loss of \$22,999 was \$5,750. To date, the Corporation has paid a total of \$9,762 for these two claims. As of September 30, 2007, MGIC had 43 original mortgages which it had insured under the agreement totaling \$4,031,060. The Corporation's maximum liability under this agreement is the lesser of \$162,000 or 25% of the claims paid by MGIC.

*Contingencies*

The Corporation receives funds from Federal sources that are subject to audit by the various awarding agencies. The Corporation has not been informed of any intent to conduct an audit. In the event of such an audit, management does not believe that any material adjustments will be necessary.

In the ordinary course of activities, the Corporation is party to various legal and administrative actions, mainly involving employment matters. In the opinion of management, the potential adverse impact of these legal and administrative actions is insignificant to the financial statements of the Corporation.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 7. Temporarily Restricted Net Assets**

Temporarily restricted net assets consists of the following:

<i>September 30,</i>	<b>2007</b>	<b>2006</b>
Center for Foreclosure Solutions	\$ 1,566,851	\$ -
NeighborWorks® Center for Homeownership Education and Counseling (NCHEC)	859,366	1,031,480
Campaign for Homeownership	560,863	1,662,597
Technology Initiative (CMX)	400,000	-
Endowment fund scholarships	391,273	228,346
Native American Community Development Program	340,895	638,429
Multi Family Initiative	221,568	30,239
Healthy Homes Training	185,421	230,629
Success Measures	158,212	331,904
Rural Initiative	80,599	-
Gulf Rebuilding	40,052	-
National Insurance Services	4,132	16,979
Achieving Excellence	-	211,649
Predatory Lending Initiative	-	36,687
	<b>\$ 4,809,232</b>	<b>\$ 4,418,939</b>

**Note 8. Permanently Restricted Net Assets**

The Corporation received \$2.5 million as part of the 2001 Congressional Appropriation for the purpose of establishing The George Knight Scholarship Endowment. In addition, the Corporation received \$500,000 in 2001 from Washington Mutual Bank to establish an endowment fund. In February 2002, the Corporation received an additional \$500,000 from Washington Mutual Bank increasing the total principal balance of the endowment fund to \$3.5 million. No permanently restricted contributions were received during fiscal years 2007 and 2006. Both endowment funds were established for the purpose of funding Training Institute scholarships. The Endowment funds' principal balances will remain in perpetuity, while interest income from the endowments will be used to fund Training Institute scholarships.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 9. Program and Supporting Services Descriptions**

The following is a breakdown of the Corporation's program and supporting services for the years ended September 30, 2007 and 2006:

<i>September 30,</i>	<b>2007</b>	<b>2006</b>
<b>Program Services:</b>		
Capacity building	\$ 56,615,268	\$ 58,205,463
Preserving affordable housing	33,902,000	33,596,936
Organizational assessment	5,800,827	5,947,670
Training and informing	26,709,120	24,935,877
Secondary market	8,000,000	8,250,000
<b>Total program services</b>	<b>131,027,215</b>	<b>130,935,946</b>
<b>Supporting Services:</b>		
General and administrative	2,192,012	3,403,650
Resource development	314,251	569,468
<b>Total supporting services</b>	<b>2,506,263</b>	<b>3,973,118</b>
<b>Total expenses</b>	<b>\$ 133,533,478</b>	<b>\$ 134,909,064</b>

*Capacity Building*

Capacity building refers to the practical assistance the Corporation provides to strengthen the performance of NeighborWorks® organizations to respond most effectively and efficiently to the needs of their communities. The Corporation expands the capacity of network members by providing onsite technical assistance and limited funding.

*Preserving Affordable Housing*

The Corporation helps NeighborWorks® organizations construct new housing, repair and renovate existing housing, promote homeownership and further mixed-income affordable housing opportunities. The Corporation also supports the organizations' hazard abatement, energy conservation, postpurchase counseling, and foreclosure prevention activities. Equity capital, in the form of highly flexible Corporation grants to local organizations' revolving loan funds, is also vitally important. Revolving loan funds are used to support home repair, down-payment and closing-cost assistance, energy conservation repairs, commercial and small business loans, predevelopment costs, acquisition of problem properties, and a host of other initiatives.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 9. Program and Supporting Services Descriptions - (continued)**

*Organizational Assessment*

The Corporation pays close attention to the capacity of each NeighborWorks® organization to successfully manage programmatic risks and to ensure their financial and organizational stability. The organizational assessment function evaluates all of the NeighborWorks® network members to successfully predict, mitigate and manage risk and steadily increase the health, performance, productivity and effectiveness of the organizations.

*Training and Informing*

Through communications, publishing, research and training functions, the Corporation collects and disseminates pertinent and useful information for the NeighborWorks® network and the broader community development field. The Corporation imparts this data and information through a variety of vehicles, and trains and informs the network and representatives of the broader industry through national and regional training events, publications, on-line (at [www.nw.org](http://www.nw.org)) and other venues.

*Secondary Market*

Neighborhood Housing Services of America, Inc. (NHSA) and its affiliates play a critical role in meeting the NeighborWorks® network's capital needs by bringing low-cost, flexible private-sector capital and innovative loan products to network members. Flexible loan products help meet the financing needs for housing rehabilitation, homeownership and real-estate development.

*General and Administrative*

In accordance with the National Affordable Housing Act (P.L. 101-625), the Corporation's administrative expenses are consistently held to less than 15 percent of expenditures. These expenses include the offices of the executive director, the chief operating officer, the deputy executive director/treasurer and the general counsel as well as the finance, information management, public policy and legislative affairs, human resources, and administrative services units.

*Resource Development*

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support.

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Notes to Financial Statements**  
**September 30, 2007 and 2006**

**Note 10. Pension Plan**

The Corporation has a defined contribution pension plan which meets the requirements of Section 401(k) of the U.S. Internal Revenue Code. The Corporation contributes an amount equal to 8% of the social security integration level in effect and 13.7% of each active participant's compensation in excess of the social security integration level. In addition, each active participant may enter into a salary deferral agreement with the Corporation in an amount equal to not less than 1% or more than 75% of his or her compensation for the contribution period. The Corporation matches each participant's pre-tax contributions up to 100% of the first 6% of the employee's compensation. Employer contributions to employee accounts vest 33% after three years of employment and 100% after five years. Employees may also borrow against their vested benefits.

Total pension expense for fiscal years 2007 and 2006 amounted to \$2,528,195 and \$2,122,379, respectively.

**Note 11. Subsequent Event**

Pursuant to the FY2008 Consolidated Appropriations Act signed into law on December 26, 2007 and as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8101-8107), an additional amount of \$180,000,000 has been provided until expended to the Corporation for mortgage foreclosure mitigation activities, with the following terms and conditions:

- (1) The Corporation shall make grants to counseling intermediaries approved by the Department of Housing and Urban Development (HUD) or the Corporation to provide mortgage foreclosure mitigation assistance.
- (2) Assistance shall only be made available to homeowners of owner-occupied homes with mortgages in default or in danger of default.
- (3) The use of Mortgage Foreclosure Mitigation Assistance by approved counseling intermediaries and State Housing Finance Agencies shall involve a reasonable analysis of the borrower's financial situation and other economic factors.
- (4) The Corporation shall award \$50,000,000 in mortgage foreclosure mitigation grants within 60 days of enactment.
- (5) Recipients of these funds under this paragraph shall have demonstrated experience in successfully working with financial institutions as well as borrowers facing default, delinquency and foreclosure.
- (6) Up to \$5,000,000 of the total amount may be made available to build the mortgage foreclosure and default mitigation counseling capacity of counseling intermediaries through the Corporation's training courses.
- (7) Of the total amount made available under this paragraph, up to 4 percent may be used for associated administrative expenses for the Corporation.

# Supplemental Material

Neighborhood Reinvestment Corporation  
 (d.b.a. NeighborWorks® America)  
 Statement of Functional Expenses  
 Year ended September 30, 2007

	Program Services							Supporting Services			2007 Total
	Capacity Building	Preserving Affordable Housing	Organizational Assessment	Training and Informing	Secondary Market	Total Program Services	General and Administrative	Resource Development	Total Supporting Services		
Grants and grant commitments	\$ 31,719,951	\$ 33,902,000	\$ -	\$ 4,016,079	\$ 8,000,000	\$ 77,638,030	\$ -	\$ -	\$ -	\$ -	\$ 77,638,030
Personnel	12,263,677	-	3,377,022	7,124,786	-	22,765,485	5,326,631	163,705	5,490,336	5,490,336	28,255,821
Professional services	3,890,212	-	311,369	5,192,469	-	9,394,050	1,039,088	23,935	1,063,023	1,063,023	10,457,073
Other operating costs	943,822	-	130,569	3,184,254	-	4,258,645	2,536,640	26,459	2,563,099	2,563,099	6,821,744
Occupancy	1,341,138	-	338,220	1,457,046	-	3,136,404	1,344,722	-	1,344,722	1,344,722	4,481,126
Travel	1,134,727	-	237,400	963,310	-	2,335,437	276,514	15,945	292,459	292,459	2,627,896
Conferences and workshops	275,000	-	16,537	1,839,189	-	2,130,726	101,980	16,840	118,820	118,820	2,249,546
Depreciation and amortization	-	-	-	-	-	-	1,002,242	-	1,002,242	1,002,242	1,002,242
Total expenses	51,568,527	33,902,000	4,411,117	23,777,133	8,000,000	121,658,777	11,627,817	246,884	11,874,701	11,874,701	133,533,478
Overhead allocation	5,046,741	-	1,389,710	2,931,987	-	9,368,438	(9,435,805)	67,367	(9,368,438)	(9,368,438)	-
Total expenses, after overhead allocation	\$ 56,615,268	\$ 33,902,000	\$ 5,800,827	\$ 26,709,120	\$ 8,000,000	\$ 131,027,215	\$ 2,192,012	\$ 314,251	\$ 2,506,263	\$ 2,506,263	\$ 133,533,478

**Neighborhood Reinvestment Corporation**  
 (d.b.a. NeighborWorks® America)  
**Statement of Functional Expenses**  
**Year ended September 30, 2006**

	Program Services							Supporting Services			2006 Total
	Capacity Building	Preserving Affordable Housing	Organizational Assessment	Training and Informing	Secondary Market	Total Program Services	General and Administrative	Resource Development	Total Supporting Services		
Grants and grant commitments	\$ 35,531,295	\$ 33,596,936	\$ -	\$ 3,025,922	\$ 8,250,000	\$ 80,404,153	\$ -	\$ -	\$ -	\$ -	\$ 80,404,153
Personnel	10,552,385	-	3,232,386	6,519,723	-	20,304,494	6,775,167	316,539	7,091,706	7,091,706	27,396,200
Professional services	2,942,892	-	323,899	5,162,848	-	8,429,639	1,348,598	28,070	1,376,668	1,376,668	9,806,307
Other operating costs	968,020	-	151,770	2,966,347	-	4,086,137	3,101,804	25,817	3,127,621	3,127,621	7,213,758
Occupancy	1,235,919	-	323,864	1,276,124	-	2,835,907	1,048,546	-	1,048,546	1,048,546	3,884,453
Travel	1,327,865	-	278,885	942,640	-	2,549,390	480,397	27,987	508,384	508,384	3,057,774
Conferences and workshops	345,871	-	13,007	1,766,950	-	2,125,828	164,804	12,035	176,839	176,839	2,302,667
Depreciation and amortization	-	-	-	-	-	-	843,752	-	843,752	843,752	843,752
Total expenses	52,904,247	33,596,936	4,323,811	21,660,554	8,250,000	120,735,548	13,763,068	410,448	14,173,516	14,173,516	134,909,064
Overhead allocation	5,301,216	-	1,623,859	3,275,323	-	10,200,398	(10,359,418)	159,020	(10,200,398)	(10,200,398)	-
<b>Total expenses, after overhead allocation</b>	<b>\$ 58,205,463</b>	<b>\$ 33,596,936</b>	<b>\$ 5,947,670</b>	<b>\$ 24,935,877</b>	<b>\$ 8,250,000</b>	<b>\$ 130,935,946</b>	<b>\$ 3,403,650</b>	<b>\$ 569,468</b>	<b>\$ 3,973,118</b>	<b>\$ 3,973,118</b>	<b>\$ 134,909,064</b>

**Schedule of Expenditures  
of Federal Awards**

**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
**Schedule of Expenditures of Federal Awards**

*Year ended September 30, 2007*

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA/ Public Law Number</i>	<i>Federal Expenditures</i>
Congressional Appropriation		
NeighborWorks® System Program	99.95-557	\$ 116,820,000
U.S. Department of Housing and Urban Development		
Housing Counseling Program	14.169	4,113,785
U.S. Department of Justice		
NeighborWorks® Weed and Seed Training and Technical Assistance	16.595	465,901
U.S. Department of Agriculture		
NeighborWorks® Rural Community Development	10.000	261,067
<b>Total Expenditures of Federal Awards</b>		<b>\$ 121,660,753</b>

**Notes to Schedule of Expenditures of Federal Awards**

1. **Basis of Presentation**      The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
  
2. **Subrecipients**      Of the federal expenditures presented in the schedule, the Corporation provided federal awards to subrecipients as follows:

<b>Program Title</b>	<b>Federal CFDA/ Public Law Number</b>	<b>Amount Provided to Subrecipients</b>
NeighborWorks® System Program	99.95-557	\$ 74,496,927
Housing Counseling Program	14.169	\$ 2,492,292

**Independent Auditors'  
Reports Required by  
Government Auditing  
Standards and  
OMB Circular A-133**



## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
Washington, DC

We have audited the financial statements of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** (the Corporation) as of and for the year ended September 30, 2007, and have issued our report thereon dated January 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Corporation's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Corporation's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



**BDO Seidman, LLP**  
Accountants and Consultants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*BDO Seidman, LLP*

Bethesda, Maryland  
January 16, 2008

Certified Public Accountants



## **Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

To the Board of Directors  
**Neighborhood Reinvestment Corporation**  
**(d.b.a. NeighborWorks® America)**  
Washington, DC

### Compliance

We have audited the compliance of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** (the Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2007. The Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

In our opinion, the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007.



Internal Control Over Compliance

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with requirements that could have a direct and material effect on its major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*BDO Seidman, LLP*

Bethesda, Maryland  
January 16, 2008

Certified Public Accountants

**Neighborhood Reinvestment Corporation  
(d.b.a. NeighborWorks® America)  
Schedule of Findings and Questioned Costs**

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?  yes  No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?  yes  no

Identification of major program:

CFDA/Public Law Number  
99.95-557

Name of Federal Program or Cluster  
NeighborWorks® System Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee?  Yes  No

The 2007 Annual Report is a brief overview of the status of the NeighborWorks® system at the conclusion of the fiscal year. The NeighborWorks® system includes NeighborWorks® America, the NeighborWorks® network, and three related capital corporations – Neighborhood Housing Services of America, Neighborhood Capital Corporation, and RNA Community Builders. For regular updates on the system’s progress, visit its Web site at [www.nw.org](http://www.nw.org) and at [www.nwstore.org](http://www.nwstore.org) or call (202) 220-2300 and ask to be placed on the mailing list for NeighborWorks® America publications.

If you would like additional copies of the 2007 Annual Report, please contact Deborah Johnson at (202) 220-2414, e-mail [djohnson@nw.org](mailto:djohnson@nw.org). This report also is available at [www.nw.org](http://www.nw.org).

Neighborhood Reinvestment Corporation, now doing business as NeighborWorks® America, is a public, nonprofit corporation established by an Act of Congress in 1978 (P.L. 95-557).

NeighborWorks® is a registered service mark for the neighborhood revitalization and educational services offered by NeighborWorks® America, its related capital corporations, and a national network of private/public partnerships, including neighborhood housing services, mutual housing associations, and similar community-based development organizations. It identifies the provider of those services as a member of the national NeighborWorks® network.

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